



## **Building Nonprofit Effectiveness through Shared Infrastructure: Cohort-based Equitable Design**

### **The Opportunity**

The nonprofit sector is staggeringly diverse and impactful, yet extremely fragmented and fragile. It is made up of approximately 1.6 million organizations, of which 92% operate with budgets below \$1M, not to mention the tens of thousands of uncounted and informal projects. Small organizations independently lack the resources to each build their own separate, fully staffed, and functional back offices to manage risk, ensure compliance, report to funders and the government and, most importantly, support the people delivering on programs and mission.

Comprehensive “Model A” fiscal sponsors are 501(c)(3) organizations built to share their tax status and corporate infrastructure including finance, HR, and legal departments with multiple semi-autonomous “projects”. Fiscal sponsors are evolving rapidly to additionally offer fundraising, leadership development and other capacity building support. Through sharing support staff and other resources, nonprofit leaders and teams are freed to focus on their particular programs, strategy, and mission delivery.

### **Call to Action**

We need more commonized nonprofit infrastructure delivered by strong, community-led, comprehensive fiscal sponsors acting at the local level. These sponsors may be organized to support a particular geographic region, city, or town; formed for the solidarity interest of specific identity groups, such as BIPOC communities; created to house a particular mission focus or impact strategy, such as social justice advocacy, environmental conservation, or arts and culture; or some combination of the above.

### **Our Approach**

To leverage economies of scale and promote community building and shared learning, Social Impact Commons prefers a cohort-based approach to advance its mission to diversify, proliferate, and strengthen the fiscal sponsor ecosystems. Cohorts may be organized around various shared interests, such as similar organization or program lifecycle (i.e., start-up, emerging, going to scale), mission and impact focus, common identity group, or geographic focus.

Any 501(c)(3) public charity can be a fiscal sponsor. In many instances we work with groups that have already started to provide some type of fiscal sponsorship or aspire to do so. For communities lacking fiscal sponsors, we work with local leaders to discern which nonprofits are best positioned to offer such support. Often, these are established “hub” organizations, such as alliances, collectives, and associations, that serve a specific community of nonprofits or people

doing charitable work. If need be we can help stand up new nonprofits to provide fiscal sponsorship.

We see the following benefits of the cohort approach:

- More efficient/lower costs per participant through shared processes and effort;
- Opportunities for peer-to-peer learning and relationship building;
- The ability to take a true ecosystem and collective approach to capacity building;
- The potential for collective financing or coordinated fundraising for the work.

## **Process**

As an initial step, we work with one or more local partners to confirm a cohort of participating organizations. We then facilitate an Equitable and Trust-based Program Design process, which blends group work and peer-to-peer learning opportunities with individual organizational design. The key outcome is cohort members make informed decisions regarding what their future fiscal sponsorship practices are desired to look like. We can then engage with implementation of design plans either as a cohort or individually under our [Organization Membership](#).

Implementation support may include:

- Board & Leadership Education and Development
- Adapting Existing Fiscal Sponsorship Tools & Templates to Participant Needs
- Financial Modeling & Systems Development
- Impact Assessment
- Fund Development
- Interim or Start-up Staffing Support
- Technology Systems Procurement & Implementation

## **Key Deliverables**

By the end of our 3-6 month process, Cohort members developing fiscal sponsorship practices will have:

- Fully developed revenue and growth strategies and plans to support the development of sustainable fiscal sponsorship practices.
- Customized agreements, policies, and documented workflows for bringing on and supporting constituent projects.
- Membership with Social Impact Commons which includes on-call expert support and access to our resource library, health and impact assessment tools and other shared resources.

## **Cost**

Cost depends on the scope and goals of the specific project.

## **Getting Started**

To explore how we can partner, please [schedule a time to chat](#) or send us an [email](#).