WHEN STARTING a new project or collaboration, choices about infrastructure are no less important than choices about strategies for impact. You can have the right ideas, people, and funding, but you also need an operational structure that can launch and sustain them. Funders and social change leaders increasingly realize that achieving change at scale will require working with partners across sectors and geographies more effectively than ever before. The realities of deepening inequality, persistent systemic challenges within and across nations, and volatile political environments drive this point home daily. Yet the sector has learned, too, that collaborating in pursuit of large-scale change is difficult.

In this paper, Tides and the New Venture Fund (NVF) lay out the case that an evolving model of comprehensive fiscal sponsorship can serve as a social impact platform that gives funders and social change leaders the capacity to move more quickly toward desired outcomes. While fiscal sponsorship as it is traditionally understood may not seem like the obvious model for starting and scaling complex initiatives, these evolving social impact platforms do serve as a hub of tremendous breadth and depth of expertise—providing hosted projects with accordion capacity on which they draw as needed in pursuit of impact.

1 / How the Social Impact Platform Works
Tides and NVF provide comprehensive, customizable services for donors and social entrepreneurs looking to launch or scale new charitable initiatives. The model builds on the core attributes of fiscal sponsorship—providing hosted initiatives with the benefits of the host’s nonprofit tax

“Tides allows us to focus on what we are good at. We don’t lose sleep over HR or benefits or financial audits, or stress about contracts or overspending our budget. I can focus on expanding our work.”
— VEENU AULAKH, The Center for Care Innovations

“NVF employs top-notch professionals who are responsive and turn around requests quickly. Foundations and donors often have their own way of doing things. NVF understands the dynamics…and is flexible and responsive. They are also thought partners—able to grasp the zeitgeist and disseminate useful information.”
— LISA GUIDE, Women Effect Fund and Women Effect Action Fund
status, absorbing most risks, and providing grant-making and organizational scaling services—while also integrating deep strategic and operational capacity to help initiatives at different stages and with different needs.

Tides and NVF are both 501(c)(3) public charities that perform what we think of as traditional fiscal sponsorship: providing hosted initiatives with a platform within an exempt nonprofit that enables them to raise funds from donors for a specific charitable goal. We provide this support (for a low flat or percentage-based fee) to hosted projects for which being an independent entity and obtaining 501(c)(3) status would be too time-consuming or inefficient. This is a basic model of efficiency long embraced by the private sector, providing shared services that keep costs low.

Far beyond this, however, Tides and NVF have broad and deep benches of expertise available to donors and hosted projects: lawyers who are field leaders in nonprofit law, advising on the rules regulating advocacy, lobbying, and political activity; human resources teams that offer comprehensive services to cultivate and keep nonprofit talent, including competitive benefits, management training, and performance management; experts in governance models and best practices who can mastermind complex, multi-stakeholder initiatives; evaluators who can help different types of initiatives identify the best ways to measure impact; consultants who can advise on strategy and organizational development to maintain a sustainable and healthy initiative, facilitate donor collaboratives, and support network building; and far more. Both Tides and NVF also work with 501(c)(4) hosted projects and provide substantive guidance on 501(c)(3) compliance and 501(c)(4) work—enabling these projects to comply with applicable regulations while pursuing transformative policy change. Donors and hosted projects can work with the organizations to identify the mix of services and expertise that will best further their philanthropic goals, amplifying the change they make in the world.

2 / Enabling Effectiveness and Efficiency

There are two core advantages to donors and projects working with organizations like Tides and NVF.

1. The combination of resources and flexibility enables lean projects and collaboratives to tackle complex issues that require scale and capacity. In addition to the basic benefit of fiscal sponsorship—a built-in operational backbone and shared administrative services—the social
The impact platform gives projects access to a range of advisory and legal services that would be more expensive if sourced independently, especially for nonprofits with small budgets. Because of their scale, Tides and NVF can hire specialized and sought-after lawyers, philanthropy advisors, and finance experts, and provide competitive HR benefits—which in turn allow projects to hire top talent in their fields.

2. The staffs of Tides and NVF, by virtue of having executed thousands of different projects, are exceptionally well suited to advise donors and projects on services that might help them—and on how to make the best use of them. Partners can quickly and efficiently access vast networks to connect to experts who may help them.

For example, NVF helped to launch the Women Effect Fund (WEF), which supports campaigns that advance economic security for women and families. NVF advised WEF on running state-level campaigns on the family-friendly economy. “We operate a legally separate 501(c)(4) project [the Women Effect Action Fund (WEAF)] for lobbying at the Sixteen Thirty Fund—and NVF helps us to navigate the rules to ensure we stay in compliance with the two organizations, since they share overarching goals but have different strategies,” says Lisa Guide, co-founder and advisory board member. “To attract and retain a wide variety of donors, we need to show donors that we are complying fully with the legal rules. NVF staff are experts in advocacy and lobbying, so we feel confident we are adhering to the rules yet are not stifled by them.” In 2015, WEF and WEAF achieved a number of wins, including getting the first Republican governor in the country to come out in support of paid family leave.

In another instance, Tides hosts a project called the International Corporate Accountability Roundtable (ICAR), which harnesses the collective power of progressive organizations to push governments to create and enforce rules for corporations that promote human rights and reduce inequality. The project wanted to hire staff who were in the United States on visas, so Tides staff advised on regulations and “connected us with an independent legal team who specializes in immigration law to set it all up,” say Amol Mehra, executive director, and Ari Alvarez, ICAR’s operations coordinator. “[Tides staff members] have the expertise and knowledge we don’t have. The HR team feels like members of our staff. Tides has helped us to grow our organization. ...What they do helps us succeed.”

“I was talking to a colleague about a book he had just published on marriage equality. He said, ‘Why don’t we host a gathering and share information about this work?’ Within a month, NVF organized the event and 100 people showed up. They are a true partner in our work and their staff are an extension of the collaborative; it doesn’t feel like they are part of a separate organization when we work with them.”

— Lisa Guide, WEF and WEAF

“It’s hard to manage an organization in growth mode; many startups flounder in the startup phase. But, we have access to a broader team of experts than we could afford on our own. This large pool of support allows us to focus on our programs and funding.”

— Amol Mehra and Ari Alvarez, International Corporate Accountability Roundtable
How the Nonprofit Field Benefits

Social impact platforms provide a solution to one of the longest-standing challenges dogging the nonprofit sector: the difficulty of accessing core operating support. There are more than 1.4 million nonprofits in the United States, most of which are small and sacrifice staffing and administrative capacity to demonstrate program impact to donors. About one-third of nonprofits have budgets of less than $100,000, and almost 40 percent have budgets of less than $500,000. Only 14 percent have budgets between $1 and $5 million, and 9 percent above $5 million.1 While foundations give approximately $52 billion annually, nonprofits report that only 7 percent cover the full costs of programs. Local, state, and federal government funding also rarely covers these full costs.2 Surveys confirm that most nonprofits lack adequate funding for core operating support and are working with severely diminished capacity to innovate, scale, or create social change.

The drive to keep overhead low can limit organizations’ ability to be effective: a few staff members are forced to play a variety of roles, which hinders their ability to innovate or scale and can lead to high turnover. Hosting an initiative at a social impact platform enables project staff to focus on their programmatic work, as the platform provides not only the operational backbone, but also other services from which the initiative benefits: specialized accounting expertise, legal counsel, custom donor reporting, etc.

Fiscal sponsorship also tends to be provided on a predictable fee-for-service basis, which can give donors and project leaders clarity on budgeting out the expected costs of a vast array of services that otherwise have to be individually sourced, negotiated, priced, and renewed annually. And the purchasing power of the fiscal sponsor to maintain best-in-class systems and benefits on behalf of hundreds of projects and their employees can keep prices far lower to each project partner than trying to buy those systems and services on the open market as a small independent purchaser.

How the Social Impact Platform Supports Collaboratives

The increasing urgency to get to meaningful and measurable outcomes means changemakers across sectors are coming together to try to effect change via multiple levers. Yet these collaborations are time-consuming.

“We don’t get any core operating support, so if we want to start a new project or expand, we need to leverage indirect costs in the grant. The finance team has worked with us to help us understand how to position and use indirect costs to gain greater flexibility with our funders. This has resulted in stronger relationships with our funders.”
— VEENU AULAKH, The Center for Care Innovations

“We decided to host this donor collaborative in its own space and with dedicated staff to grow and be greater than the sum of its parts. NVF provided the resources, stability, and access to the experts we needed to start up right away. I have been learning best practices from them because they specialize in collaboratives, so we are able to learn from their experience with other clients who have overcome similar issues. They offer solutions grounded in real experience. I am part of a network and can learn and ask questions of other likeminded professionals. They are a strategic thought partner—enabling us to innovate.”
— LISA GUIDE, WEF and WEAF

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1 The Nonprofit Overtime Implementation Conundrum, National Council of Nonprofits (2016).
and intensive, requiring the management of multiple stakeholders with varying expectations, relationships, and capacities. For example, foundations tend to have set grant-making cycles that prevent them from moving grant capital as fast as an individual donor may want to. In many collaboratives, partners have varying amounts of time they can devote to the initiative, but do not want to have less decision-making power as a result. Every single collaborative looks different and has stakeholders with varying needs—some related to compliance and regulations and some related to tricky interpersonal and inter-organizational dynamics.

Social impact platforms such as Tides and NVF provide a breadth of specialized services to facilitate these endeavors. In addition to providing a neutral platform for pooled funds, their staff members have designed and managed dozens of collaboratives. They have a breadth of expertise in identifying suitable governance models, anticipating risks and inflection points, mapping stakeholders’ intersecting and diverging interests, facilitating group decision-making, and more. Having these issues managed by a neutral party enables collaboratives to launch quickly, scale up or down as necessary, and adapt their governance and infrastructure to support evolving goals.

Working with a social impact platform is not right for every charitable initiative, but in the right circumstances it can provide the best of both worlds: you can customize your program team while relying on your fiscal sponsor partners for operational and legal expertise, vast networks, and an array of subject-matter expertise. The model is still evolving; for example, there is work to be done to identify the best ways to support smaller projects with varied funding streams, such as social justice nonprofits and newly emerging grassroots organizations. These changes are exciting as well as necessary; now more than ever, those working on social change need to be able to draw on all the right people and tools if they are going to get to the change they seek.

“I led the design and pilot of a complex national collaborative based at Tides focused on US post-secondary schools. Tides’ expertise in creating backbone organizational structures that can rapidly set up and scale employee support, programmatic planning and execution, RFP management, and grant-making functions saved us months in getting ready to launch. At every step of our growth, Tides had the systems and people to keep our 30-institution national collaborative in sync and hitting its goals.”
— DIANA HUNTER, Consultant

“Developing how [our] collaboration would operate, be staffed, and engage in grant making was complicated because one funder was starting the sunsetting process but was interested in this work, and the other didn’t have staff with experience in Latin America. NVF enabled us to get going right away and helped us work through the complex arrangements between the two funders and staffing the collaborative.”
— MEGAN MACDOWELL, Andes Amazon Fund