



SUMMARY

power your mission  
**propel**  
nonprofits

# FISCAL SPONSORSHIP

## Case Studies

# You have a big idea. Now what?

**Before applying for a 501(c)(3) status with the IRS, consider fiscal sponsorship. Read about four organizations that did and how it propelled their dream of making a difference.**

#### COVER PHOTO CREDITS:

Top row, left to right: Photo & credit: Reviving the Islamic Sisterhood for Empowerment; Minnesota Harvest Initiative, photo by Katherine Louise Harris of The Jadeite Shutter

Bottom row, left to right: Sioux Chef Sean Sherman, a member of the Minnesota Indian Business Alliance, photo by Nancy Bundt; Pollen Midwest Team, photo by Hannan Wazwaz

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## INTRODUCTION

**O**ur mission at Propel Nonprofits is to fuel the impact and effectiveness of nonprofits with guidance, expertise, and capital. As an organization, we've always lived in and served the nonprofit world — it's in the very DNA of what we do.

Propel Nonprofits' fiscal sponsorship program empowers a wide range of nonprofits to maximize their resources, pursue their vision, and make a positive difference in the world with the right kind of support. Propel Nonprofits' model of fiscal sponsorship offers sponsored organizations accounting, budgeting, grants management, and guidance on organizational development, governance, and regulatory reporting services. Our hands-on support opens doors for nonprofits and

their leaders to test a new vision, pursue a single-issue project, manage their growth mindfully, and operate with flexibility and nimbleness. Propel Nonprofits' dedicated, passionate staff are here to partner with each individual client and their specific needs. Our guidance and resources provide a solid footing for organizations, individuals, or collaborations with a dream of making a difference.

## **THINKING ABOUT STARTING A NONPROFIT?**

The IRS estimates that it takes over 100 hours to complete the application process for 501(c)(3) nonprofit status. That's a long time to spend structuring a new idea that may or may not be successful. Fiscal sponsorship provides an alternative approach. By using a fiscal sponsor, you test drive your idea before committing to the 501(c)(3) process.

## **WHAT IS FISCAL SPONSORSHIP?**

Fiscal sponsorship is when a 501(c)(3) nonprofit organization (the "sponsor") offers its tax-exempt status to groups/individuals engaged in charitable activities that further the sponsor's mission. The sponsor accepts donations and grants on behalf of the charitable project or group. The sponsored group does not have its own tax-deductible status with the IRS. This allows organizations, individuals, collaborations, or even for-profit businesses with a mission-driven component doing great work to gain access to funding sources not otherwise available to them.

## **WHY SHOULD YOU CONSIDER IT?**

Why not just apply with the IRS directly and avoid a third party, i.e. the fiscal sponsor? Starting a 501(c)(3) nonprofit is a lengthy and involved process that isn't a fit for every charitable venture.

Before getting in over your head, fiscal sponsorship allows you a way to "test the water," so to speak. You can build support

for you work, develop your programming, respond to the community you're working with, and build confidence with funders without being distracted with administrative tasks and the pressure of paying for operating infrastructure. You also get the benefit of a trusted advisor who can guide you as you move at your own pace.

Fiscal sponsorship also allows for a quicker ease of entry. Many fiscal sponsors, including Propel Nonprofits, review applications monthly, which allows you to start accepting donations and applying for grants to carry out your mission in just a few months, as opposed to the year it could take before you can start accepting donations as a 501(c)(3).

And, if using a fiscal sponsor is working for you, there is no need to apply for 501(c)(3) status. Rather than being a means to your destination (IRS-approved nonprofit status), fiscal sponsorship can be just the right structure for your work.

Fiscal sponsorship is not just beneficial for the sponsored organization; the relationship is valuable to the fiscal sponsor as well. Propel Nonprofits views fiscal sponsorship as a tool for fulfilling our vision of a diverse network of mission-driven nonprofits building a healthy, vibrant, and more just community. By sponsoring projects working toward social justice, community leadership, or racial equity, to name a few examples, we are working toward that vision.

This resource spotlights four of Propel Nonprofits' fiscally sponsored organizations. All of them chose fiscal sponsorship for different reasons, but all have put the added energy to focus on their missions to good use.

## WHO IS FISCAL SPONSORSHIP BEST FOR?

- 1. Emerging organizations who are just starting out and want to test drive their idea.** This scenario is the one where wading into the work is most beneficial. In addition to allowing an organization to test out its idea, fiscal sponsorship can help in other ways.
- 2. Projects that are temporary in nature.** Why start an entirely new legal entity if you plan to finish the work in a set period of time? Using a fiscal sponsor will allow you to have ease of entry to move forward with the work, and have ease of exit when you are done.
- 3. Collaborations.** There are times when multiple entities want to work together on a specific project and receive funding for that work without creating an entirely new organization. A fiscal sponsor works great in this scenario as a neutral third-party to receive and manage funding.
- 4. Individuals doing great work that is grant funded.** This scenario is common for independent artists who want to make art that benefits the community.
- 5. Business enterprises with a mission-driven component.** Sometimes a business enterprise wants to use its expertise to do grant-funded work in the charitable sector. These organizations could use a fiscal sponsor to ensure the funds remain in the charitable sector.

### THE FOLLOWING FOUR CASE STUDIES PROFILE EMERGING ORGANIZATIONS AND THEIR DIVERSE REASONS FOR CHOOSING FISCAL SPONSORSHIP.

- 1.** Build support, test an approach, and gain credibility with funders. *Page 4: Reviving the Islamic Sisterhood for Empowerment*
- 2.** Create space and time to develop programs, administrative systems, and a sustaining business model. *Page 8: Pollen*
- 3.** Stay nimble to be responsive to community needs within a network of volunteers. *Page 12: Minnesota Harvest Initiative*
- 4.** Centralize administration for a network of members spread across Greater Minnesota. *Page 16: Minnesota Indian Business Alliance*



## REVIVING THE ISLAMIC SISTERHOOD FOR EMPOWERMENT

### Taking Back the Narrative

Reviving the Islamic Sisterhood for Empowerment Changes the Stories of Muslim Women in America



**AND VOUCHING FOR US SAYS A LOT TO NONPROFIT FUNDERS, THAT PROPEL NONPROFITS HAS OUR BACK AND SUPPORTS US. THAT EXTENSION OF THEIR CREDIBILITY HAS REALLY HELPED.”**



PHOTO CREDIT: REVIVING THE ISLAMIC SISTERHOOD FOR EMPOWERMENT

**W**ith fiscal sponsorship through Propel Nonprofits, an idea can get off the ground quickly to test whether it has appeal and staying power, such as the notion that sparked the Twin Cities-based Reviving the Islamic Sisterhood for Empowerment and its leader, Nausheena Hussain.

The Sisterhood began with informal conversations just a couple of years ago. “We got together to talk about what it means to be a Muslim woman,” says Hussain. “We said, ‘let’s talk leadership, and the lack of women holding positions of power in our community.’”

After nearly a decade in marketing, then working for the Minnesota Chapter of the Council on American-Islamic Relations, Hussain began to see patterns in Muslim donations and activism, including an absence of women’s voices within the community as well as the broader society.

“I saw a lot of Muslim women doing work that went unnoticed,” Hussain says. “And then I saw imagery attacking women – ‘she’s wearing the black burka, she’s oppressed and uneducated and being abused.’ Things that are so far from the truth. I realized that someone is always telling our stories, so we need to take back the narrative and do it ourselves.”

The vision for Reviving the Islamic Sisterhood for Empowerment is based on empowerment and professional mentorship; shared knowledge, resources, and networking; and civic engagement and activism. The organization's leadership development focuses on workshops, training, and events with speakers, scholars, and professionals focusing on practical skills-based learning.

The Sisterhood's priorities in legislative activism include eliminating the statute of limitations for sexual abuse, countering the rise of mass shootings by strengthening criminal background checks for gun purchases, and increasing penalties for hate-

on the Islamic concept of Sadaqah, which loosely translates into "voluntary charity," Love Your Muslim Neighbor emphasizes public connection with downloadable calling cards to hand out to accompany good deeds and acts of generosity. "When I was doing a lot of donor development work (for CAIR-MN), I noticed that we are a very charitable and giving community," says Hussain.

Through the "Sheroes" series of narratives, video shorts, and podcasts, the Sisterhood tells the stories of diverse Muslim woman with vignettes about their distinctive experiences. "We're highlighting these phenomenal women," Hussain says. "There's



NAUSHEENA HUSSAIN

motivated property crimes. All policy work is done in partnership with other Minnesota social advocacy organizations.

In parallel with political initiatives, the Sisterhood's Love Your Muslim Neighbor campaign promotes generosity and positive discourse in the Muslim community. Based

a woman whose child was born deaf, and when she found there were no resources in the Muslim community, she created her own for the Muslim deaf community, finding ASL interpreters and resources for translation for family time. Her video has a reach of almost 900,000 globally."



Another installment of “Sheroes” (produced in a partnership with TPT-Twin Cities PBS) features the work of a blind woman in interfaith dialogue in Rochester, as well as a Minnesotan’s love for the outdoors and her strategies for canoeing in a full burka. “Islam isn’t monolithic, which is what these stories are about,” says Hussain. “This is a platform that shines a light on the wonderful things that are happening.”

The Sisterhood embraces a gamut of services from Propel Nonprofits: training, payroll, accounting, budgeting collaboration, and technical assistance. “We looked initially at 501(c)(3) status,” Hussain says. “In the beginning, we weren’t sure if Reviving the Islamic Sisterhood for Empowerment was something that people were going to understand, and whether women would get behind it and get involved.”

Hussain is an executive director with a talent for networking and collaboration. She excels at making the most of partnerships, as well as resources to build and expand her organization’s vision.

“With fiscal sponsorship, I get balance sheets and income statements without having to ask for them,” says Hussein. “It gives us legitimacy when a funder asks me for financials, they’re right there. I don’t have to grasp for those numbers or ask a treasurer or a board. And vouching for us says a lot to nonprofit funders, that Propel Nonprofits has our back and supports us. That extension of their credibility has really helped.”

Reviving the Islamic Sisterhood for Empowerment appears poised to become a major player in the Muslim community of Minnesota, if not beyond. For Hussain, the organization’s multi-pronged approach circles back to women’s stories and who tells them. “How can you aspire to do more,” she asks, “if wherever you look, no one looks like you?”



PHOTO CREDIT: REVIVING THE ISLAMIC SISTERHOOD FOR EMPOWERMENT



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## POLLEN

### Making the Garden Grow

Pollen used fiscal sponsorship to launch a powerhouse of storytelling and connection



**[PROPEL NONPROFITS IS] MY FAIRY GODMOTHER BUSINESS BUDDY WHO HELPS ME SLEEP AT NIGHT. THAT'S WHAT THEY DO: THEY HELP EXECUTIVE DIRECTORS SLEEP AT NIGHT."**



UNRAVELED NETWORK EVENT, 2017, PHOTO: NANCY MUSINGUZI

**F**ounded by Lars Leafblad in 2009, Pollen has enjoyed an institutional trajectory of which many other nonprofits might only dream, though its initial iteration had a narrow, but impactful focus: newsletters and a simple website aimed at professional community building. Its initial years of growth were Propel Nonprofits' first project in fiscal sponsorship, providing the inspiration to sponsor a range of projects, organizations, and initiatives.

The beginnings were humble for Pollen. "At first it was volunteer-run, paid for on our credit cards, with sweat equity on the nights and weekends between Lars, Meghan Murphy (Pollen's former Co-Executive Director and current Art + Story Director), and me," says Jamie Millard, Pollen's executive director.

The idea drew attention as a model for engagement, connection, and opportunity across a variety of fields in the diverse Twin Cities. Conversations in 2013 with the Bush Foundation had Pollen leadership, shared between Millard and Murphy, envisioning a greater role for their organization.

"We were starting to wonder whether Pollen could be more," Millard remembers. "Bush started to help us imagine that it could. We had organic and supportive conversations in which Bush started to be less like a funder

and more like a startup seed investor – they would supply capital for operations for three years for us, and we would go from there.”

With a \$1.5 million investment from the Bush Foundation, Pollen enjoyed a rare level of security and funding. Millard also recognized the management and operations this new level entailed, and that she was poised to succeed with the organization’s mission, but not necessarily with a rising level of administrative complexity. Pollen gravitated to the model of fiscal sponsorship and became the first such client for Propel Nonprofits.

jobs board that became a regular stop for opportunities with nonprofits, the arts, and with socially driven organizations.

“I’ve seen other startup nonprofits that don’t have a fiscal sponsor, and they get so bogged down in the operational details,” Millard says. “We knew we needed to build up good policies and transparency. Fiscal sponsorship takes worries about that out of the equation, especially with such a trusted partner.”

Millard describes Pollen’s three years with Propel Nonprofits’ fiscal sponsorship as a “mini-MBA,” in which she learned by watching and absorbing advice on such crucial



“CONNECTION” BY BILL REBHZOLZ, ONE OF POLLEN’S MANY FREELANCE CREATIVES

“We knew from the beginning that fiscal sponsorship would help give us operational support,” says Millard, “We could focus on creativity and the external-facing programs. We could make our programs great.”

Pollen grew quickly, publishing stories and profiles on thought leaders, along with a

leadership skills as reviewing balance sheets and how to hire, evaluate, and supervise core team members including an accountant and a primary operations employee.

Today Pollen has a network of more than 10,000 “Pollenites” across a broad spectrum of professions who receive regular messaging

and opportunities for connection. Pollen has also pioneered an online publishing model noted for depth of quality and presentation as well as its sustainability, with a 2016 local Voting Guide providing civic value with accessibility and functionality. Paying professional writers market rates for features and profiles, Pollen also employs graphic design talent to produce eye-catching layouts. Embedded in an ethic of positive collaboration and the transformative power of storytelling, Pollen has blazed a path for sponsors and partners to provide diverse revenue streams and a wider variety of narrative voices and perspectives.

“It’s amazing how much growth this led to,” says Millard of Pollen’s three years working with fiscal sponsorship. “We’ve been able to build our programs and events, hire designers and tell stories, do network building. I’m just grateful for that time period.”

Pollen is now a 501(c)(3), though Millard still regularly consults Propel Nonprofits about the organization’s finances, governance, and strategy – she likens it to graduating and leaving the nest, but knowing she’s still supported by a nurturing figure who’s invested in Pollen’s success. For its part, Propel Nonprofits has been activated by Pollen to expand its ambitions in fiscal sponsorship after learning the impact the model can have on communities.

“It’s really like a business solution for you,” Millard says. “From operations to hiring to an employee handbook. They’re my fairy godmother business buddy who helps me sleep at night. That’s what they do: they help Executive Directors sleep at night.”



LIKE A BOSS EVENTS , 2018, PHOTO: HANNAN WAZWAZ



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## MINNESOTA HARVEST INITIATIVE

### Heritage Leadership

The Minnesota Harvest Initiative Shines a Light on African American Progress and Empowerment



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PHOTO: KATHERINE LOUISE HARRIS OF THE JADEITE SHUTTER

**T**he Minnesota Harvest Initiative envisions best pursuing its impactful, flexible, and in-the-moment service mission without building major nonprofit infrastructure — a model of flexibility that works with bottom-line administrative support through fiscal sponsorship with Propel Nonprofits.

The genesis of the Harvest Initiative came in 2016 after a string of killings by police officers of young African American men. Minneapolis businessman Reynolds-Anthony Harris, with a track record in mission-driven undertakings such as a bike shop doubling as a community meeting center and support hub for youth, a partnership with the University of Minnesota focused on quality of life solutions, and decades of work in the corporate sphere, saw a framework for action.

Harris got a call from the proprietor a barbershop in North Minneapolis where a community meeting was set to take place. “Tons of people showed up,” Harris says. “And out of that came the Minnesota Harvest Initiative.”

From this meeting came a plan promoting educational choice, empowerment, and broader economic participation for the African American community using the community’s resourcefulness and assets to leverage generational change. Today the Initiative includes roughly a dozen members who own businesses or work in corporate leadership.

A first Harvest Initiative priority was focusing energy on the legislative process in order to increase scholarships for private schools in Minnesota. Another was a focus on advocating for the rights of parents with school children. Using grassroots communications through word of mouth and social media channels, the Initiative has an ambitious goal of anchoring a network of African American barbershops as centers for community organizing and empowerment with a focus on education.

“For African immigrants, African Americans, and Latinos, we ask, “What is your lived experience trying to navigate the educational

and development, while others are collating information about interactions with schools and how to leverage parental choice for children focused on academic achievement.

“Educational freedom is about equipping parents to make the best decision for their children within the reality of Minnesota,” adds Harris. “And that reality will shift over time to include other options.”

Harris cites the African American tradition of teaching and sharing in creative ways as part of his personal project of relaying the community’s history of philanthropy, scholarship, and empowerment, a perspective that he seeks to relate to African



PHOTO: KATHERINE LOUISE HARRIS OF THE JADEITE SHUTTER

system?” Harris says. “We know it’s not all bad. Rather than focusing on the negative, we want to take a different route: instead of focusing on gaps, let’s focus on excellence.”

Core members of the Initiative are tasked with initiatives for economic participation

American young people. “There’s a long and rich story of how we built our own stuff,” says Harris. “There’s a history that’s been erased, and we’ve rediscovered it so we can go forward.”



The Harvest Initiative seeks to evolve quickly in response to feedback from the community. Harris stresses that the organization sees itself as a movement unencumbered by brick-and-mortar infrastructure. “Nobody works full-time for Harvest Initiative, not even quarter-time,” he says. “We all have day jobs. People get honorariums and stipends for the work, but we don’t want to have the overhead.”

Harris describes Propel Nonprofits as essentially functioning as the Harvest Initiative’s administration, a full suite of support services that includes accounting, financial management, information and support for grants, and keeping multiple revenue streams diligently targeted to nonprofit efforts.

“We’re not interested in creating a nonprofit,” he says. “Having been a person who sat on a number of nonprofit boards, I know that it’s complicated – by the time you get a new nonprofit up and running, you might have lost two to three to four years. We were looking for a partner who was in alignment with our mission, as well as to spend a lot less money on administration so we can focus on the people and the events.”

With this nimble approach, the Harvest Initiative is generating a model of community leadership that hopes to shine a positive light on African American heritage to empower change from within.

“We want to take a child of color and take them back in history, to build a consciousness of the greatness there,” Harris says. “Because if you don’t know your history, you can’t find your inspiration.”



PHOTO: KATHERINE LOUISE HARRIS OF THE JADEITE SHUTTER



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## MINNESOTA INDIAN BUSINESS ALLIANCE

### Best Practices

Fiscal Sponsorship Empowers the Minnesota Indian Business Alliance to Promote Economic Development Across the State



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MY GRANT REPORTING.]**



FOND DU LAC COOPERATIVE DEVELOPMENT MEETING, CREDIT: MINNESOTA INDIAN BUSINESS ALLIANCE

**P**ropel Nonprofits' fiscal sponsorship model delivers resources to organizations such as the Minnesota Indian Business Alliance, a largely rural, mission-based network working with flexibility and a lean central leadership structure made possible by Propel Nonprofits' range of services.

Minnesota is home to nearly 60,000 Native Americans spread across rural tribal pockets that have historically seen limited economic development. The establishment of successful casinos on tribal lands, while generating revenue, hasn't spurred the kind of small-business creativity to fully tap the potential of a people known for resourcefulness, creativity, and perseverance. This started to change in 2006, when representatives from Minnesota attended a conference at the Montana Indian Business Alliance — an organization promoting Native entrepreneurship through partnerships and collaboration between Native businesspeople, along with fiscal resources, training, and services to get business ideas off the ground and into sustainability. Organizers put out feelers to see if this idea could take root in Minnesota.

By 2008, the Alliance formally came into being with a mission focused on respectful reciprocity and the development of organic business relationships through quarterly meetings oriented around small-business development. Today the Alliance counts approximately 135 members across a wide palette of industries and services.

“We got all of that early work accomplished without having any money. It was all volunteer,” says Alliance project director Pamela Standing. With a grant in 2010, the Alliance outlined a formal strategic plan and began to develop resources in the form of connections and information, with a major motivator provided by a study by the Bois Forte Band of Chippewa detailing the magnitude of capital that left the reservation without being invested in that community.

“Our resources are cultural and meet people where they’re at,” says Standing. “There isn’t one single curricula – you don’t build a house with just a hammer. Different

Alliance-affiliated economic development projects underway include an artists cooperative at the White Earth reservation; Tribal Shared Agriculture encouraging food sovereignty movement; a Native-owned fiber-optic utility company matched to opportunities in New Market Tax Credits; an entrepreneur connected to a social impact investing organization to build vertical aeroponics gardens with very little water and no soil; and a startup business seeking to build housing out of 40-foot shipping containers designed to be energy-efficient, stackable, and visually appealing.

The Alliance applied for fiscal sponsorship



AMERICAN INDIAN COMMUNITY HOUSING ORGANIZATION, CREDIT: MINNESOTA INDIAN BUSINESS ALLIANCE

communities have different needs, and what’s going to work is being really sensitive to what a community is looking for. We’re like a matchmaker, finding resources for entrepreneurs looking for funding, as well as partnerships with financial institutions and organizations.”

with Propel Nonprofits in 2016; with Standing as a full-time employee, the organization has seen fiscal sponsorship as a step toward allowing the Alliance to move in a mindful and purposeful way to 501(c)(3) status. Standing mentions fiscal sponsorship as allowing herself to take an active role in the

Alliance separate from the administrative burdens of a chief executive.

“It’s taken a lot of pressure off of me,” Standing says. “I know I’m going to get my financials every month, and they’re going to alert me instead of me chasing them down when I have to do my grant reporting. They’re very thorough and they stay on top of everything — the money we pay out, our 990s. They help with governmental reporting, they offer training. We couldn’t ask for a better quality relationship.”

The Alliance is one of Propel Nonprofits’ fiscal sponsorship projects that works out of Greater Minnesota (it’s headquartered in Detroit Lakes), proving the model works even in the absence of physical proximity. Looking ahead, the Alliance is focused on initiatives including implementation of the Federal Buy Indian Act for procuring contract funding, developing an equity fund, and updating efforts in capital funding and institutional storytelling.

“We’re looking for the economic model that would work in our community and be healthy for us,” Standing says. “We’re looking at what our healthy economy would look like, with best practices in Indian Country for all our communities and their members — and with someone who looks like them doing the work.”



SIoux CHEF SEAN SHERMAN, AN ALLIANCE MEMBER; CREDIT: NANCY BUNDT



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Propel Nonprofits' mission is to fuel the impact and effectiveness of nonprofits with guidance, expertise, and capital. Propel Nonprofits was created from the merger of Nonprofits Assistance Fund and MAP for Nonprofits. It serves nonprofit organizations in Minnesota and the adjacent states of Wisconsin, Iowa, North Dakota, and South Dakota.



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