

CASE STUDY – TSNE

TSNE MissionWorks (TSNE), is a 501c3 tax-exempt charitable organization based in Boston, Massachusetts and serves 90 nonprofits nationally. Founded in 1959, TSNE’s mission is to provide information and services to build the knowledge, power and effectiveness of individuals, organizations and groups that engage people in community and public life. The intention is to create a more just and democratic society.

TSNE is the oldest fiscal sponsorship provider in the United States. TSNE offers comprehensive fiscal sponsorship, providing management and administration services including accounting, compliance and legal affairs, contracting, human resources, payroll services, insurance and grant and financial management. With this option, the fiscally sponsored employees technically are employed by TSNE.

TSNE also provides a more limited fiscal sponsorship option where the sponsored organization maintains a separate and independent legal structure and manages its own compliance and liability. TSNE acts as the organization’s grant administrator, allocating funds and ensuring completion of tasks and fulfillment of funding requirements.

Fiscally sponsored organizations are referred to as “projects,” and approximately half of TSNE’s projects are located in New England. Projects are expected to partner with TSNE and collaborate within TSNE’s broader network. Projects must also be committed to social justice and strongly aligned with TSNE’s values.

TSNE’s board of directors determines whether or not to fiscally sponsor a new project. The board reviews the potential project’s effectiveness, current funders, financial sustainability and board activities. The project’s risk and three to five-year vision are also considered because fiscal sponsorship, especially comprehensive fiscal sponsorship, is most effective with long-term partners. Larger and more established organizations tend to be a better fit for fiscal sponsorship with TSNE.

“We are exceptionally good for organizations that are larger in size, \$250,000 or greater, and also more developed in their programing. True start-ups usually need a lot of support, coaching and hand holding, which goes beyond the scope of fiscal sponsorship.” – Asta Petkeviciute, Former Fiscal Sponsorship Program Director, TSNE MissionWorks

FUNDING MODEL

TSNE strives for fiscal sponsorship services to centralize the provision of services and create economies of scale, generating cost savings, risk reduction, and access to higher quality services for participating projects.

Comprehensive fiscal sponsorship contracts require a two-year commitment because it typically takes two years for the services to become fully operational within a project.

RETHINKING OVERHEAD

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TSNE prices its fiscal sponsorship services as a percent of the project's expenses rather than revenues. There is a minimum annual fee for projects with limited budgets. TSNE is careful not to undercharge smaller projects as heavily discounted services are not seen as the path to financial sustainability.

TSNE also attempts to continuously improve and add value to current services. For example, a nonprofit management training series was developed and offered to projects free of charge. TSNE also offers new projects up to four hours of complimentary consulting.

KEY WINS

- From a financial perspective, the majority of TSNE projects perform well above the nonprofit sector industry averages. These statistics are taken into consideration when TSNE is evaluating their own organizational efficiency and effectiveness.

“It gives us a sense of satisfaction to see that the organizations we chose to work with are really financially viable. A majority are performing way above the market average. It shows the effectiveness of our intake process and relationship process but it also shows that working as partners really sets up these projects for success.” – Asta Petkeviciute, Former Fiscal Sponsorship Program Director, TSNE MissionWorks

- TSNE provides projects with the expertise needed to implement innovative solutions to back-office problems. Often, TSNE suggests operational optimizations that fiscal sponsor projects were previously not aware of.

LESSONS LEARNED

- Adopt best practices for shared service delivery. TSNE follows the guidelines set by the National Network of Fiscal Sponsors. Protocols support TSNE and the project to minimize costs, maximize service effectiveness and ensure the communication of accurate data in a timely manner. This holistic and collaborative partnership is critical.

“...One project's former fiscal sponsor was not as formal or structured about providing services. The project thought they were much smaller than they actually were because their fiscal sponsor delayed reports with key financial data.” – Asta Petkeviciute, Former Fiscal Sponsorship Program Director, TSNE MissionWorks

There remains some hesitancy to engage in shared services, especially comprehensive fiscal sponsorship, because organizations do not want to relinquish any control or autonomy. TSNE hopes to educate more organizations and funders about how fiscal sponsorship strategies strengthen operational practices and stability while still allowing projects to maintain their missions.

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RETHINKING OVERHEAD

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Many shared services, particularly fiscal sponsorship, frequently require participants to adopt new technology platforms and procedures for data collection and reporting. Staff and leadership must plan to invest time and energy to implement the new systems, especially during the first year of shared services.

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