

## What is a Philanthropic Intermediary?

- An entity that links funders to the groups they fund.
- There are many different kinds of intermediaries, including:
  - Donor-advised funds.
  - Community foundations.
  - Fiscal sponsors.
  - Collaborative or pooled funds.
  - Giving circles.

Philanthropic intermediaries connect funders to the groups they fund. The term “intermediary” refers to many kinds of entities that are essentially regrants of philanthropic dollars, including fiscal sponsors, community foundations, collaborative or pooled funds, donor-advised funds, giving circles and more.

### **So what do they do? And why does there need to be a middleman between funders and those they fund?**

There doesn't necessarily need to be; for most of history, direct gifts from an individual donor to a nonprofit, or a grant directly from a foundation to a 501(c)(3), have been the norm. But for a variety of reasons, philanthropic giving is increasingly happening through intermediaries.

For one thing, small grantmakers can combine their resources through collaborative or pooled funds to make a bigger impact, or more effectively move resources to grassroots organizations than they might be able to on their own.

The Proteus Fund, for example, offers collaborative funds focused on specific areas like democracy reform and racial justice. Proteus staff has done research to identify and build relationships with grassroots groups doing important work in those areas. Donors give to the collaborative fund, and Proteus then makes grants to grassroots groups it believes will have a strategic impact on that issue.

Or say a U.S.-based funder wants to support groups protecting rainforests. It can make a grant to a regional regranter that has a better understanding of the local groups in an area with a threatened rainforest, as well as the legal and administrative infrastructure



to make charitable contributions in other countries. Intermediaries like the CLIMA Fund, the Global Greengrants Fund and The Solutions Project are just a few of the groups that move funds to local grassroots partners working on environmental issues around the world.

Grantmakers aren't the only ones who use funding intermediaries. In fact, it is even more common for individual donors to use intermediaries to pool funds. Say a person wants to contribute to improving the general quality of life in their town, but doesn't have time to research which nonprofits are doing the most effective work—or doesn't want to choose between issue areas. They can donate to a community foundation that supports an array of nonprofits working on issues like health and wellness, homelessness or the arts, or they can donate to a donor-advised fund focused on a cause of interest (rather than a nonprofit).

Another form of intermediary is the fiscal sponsor, which shares its legal and tax-exempt status with groups that don't have 501(c)(3) status. This can be a way for nascent or small organizations to receive funding, and a way for funders to make tax-deductible contributions that support emerging grassroots groups.

Many intermediaries offer a combination of these functions and more. For instance, NEO Philanthropy, an intermediary focused on social justice and human rights, hosts collaborative funds and donor-advised funds, fiscally sponsors nonprofits, and gives advice to nonprofits as well as donors.

Intermediaries can help funders easily and strategically move resources to small or new groups doing important work, grassroots organizations, organizations in other parts of the world, and underfunded sectors. They can also serve as gatekeepers or extra steps in the process of moving resources. And some types of intermediaries enable a lack of transparency or accountability around philanthropic giving; for instance, gifts made through donor-advised funds and some other entities can be anonymous. Ultimately, the impact and value of intermediaries is as varied as the intermediaries themselves.



### **How can I approach an intermediary about getting a grant or fiscal sponsorship?**

This, too, varies. There's no real path to make an unsolicited ask to a donor advised fund. But intermediaries that exist to move resources to local or grassroots groups are often quite approachable by design. Check their websites for guidelines for grantseekers or organizations seeking fiscal sponsorship. If they don't accept unsolicited proposals, that usually means their staff has a process for researching and reaching out to possible grantees—so if your organization is doing good work on an issue they fund, they may well approach you. contribution by the founder or founders – is the foundation's endowment. The founders can add to it over time if they choose. The foundation's endowment is invested, and the foundation is required to pay out at least 5% of the value of its assets in the form of grants and operating expenses each year.

#### **You may also want to check out:**

- What is a giving circle?
- What is a community foundation?
- What is a donor-advised fund?
- What is a fiscal sponsor?
- What is a donor collaborative?
- What is a philanthropy-serving organization?

