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# Best Practices for Foundations Supporting Multi-Entity Work

## BEST PRACTICES FOR FOUNDATIONS SUPPORTING MULTI-ENTITY WORK

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These days, many of the most impactful advocacy organizations are using multiple legal entities to build power and secure wins for their communities. Multi-entity organizations are those organizations that use more than one legal entity – often 501(c)(4)s, 501(c)(5)s, PACs, or corporate entities, in addition to 501(c)(3)s – to accomplish their goals and maximize their impact. Effective grantmaking to support these organizations requires grantmakers to engage with grantees in new ways and to re-evaluate their current approaches and practices.

**Alliance for Justice's Bolder Advocacy** program is the nation's leading resource for foundations and nonprofits who want to engage more actively and knowledgeably in the policymaking process. Our legal experts help organizations move from cautious to courageous. Alliance for Justice is a national association of more than 130 organizations, representing a broad array of groups committed to progressive values and the creation of an equitable, just, and free society.

**New Left Accelerator (NLA)** runs capacity-building programs focused on supporting progressive organizations, movements, and state ecosystems that use multiple legal entities to build power, increase impact, and win. **The Capacity Shop (TCS)**, NLA's separate but affiliated 501(c)(3), serves as an education and resource center that generates knowledge about multi-entity strategy and operations.

Based on their experience with multi-entity organizations and philanthropic institutions, Bolder Advocacy and NLA have identified **12 tips for how foundations can better support bold multi-entity power-building work.**<sup>1</sup>

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<sup>1</sup>This document was based on Bolder Advocacy's 10 Best Practices for Foundations Supporting Advocacy contained in the [Philanthropy Advocacy Playbook](#) and on the initial findings from NLA's Funder Focal Area Research Project.

# BUILD TRUST

01

**Provide multi-year, general operating support** to grassroots organizations to help even out funding variances in non-election years and to show that you trust grantees to spend money where and how it is most impactful.

02

**Ensure grants have maximum flexibility** by removing any restrictions on lobbying in grants to 501(c)(3)s and avoiding restrictions on nonpartisan election-related activity beyond what the law requires.

03

**Develop a clear institutional stance in support of both advocacy and multi-entity work** even if your foundation does not fund 501(c)(4) work. A clear stance communicates to your multi-entity grantees that they can speak about their multi-entity work openly and honestly and include advocacy, financial, and compliance infrastructure needs in their funding proposals.

# GAIN KNOWLEDGE

04

**Learn how multi-entity work builds power** so that your staff and trustees understand why bold multi-entity strategies increase impact and build on 501(c)(3) work; without an understanding of movement building and power, philanthropic institutions cannot understand the import of multi-entity work.

05

**Recruit staff and board members with multi-entity experience** because staff and trustees familiar with multi-entity power-building work can help a foundation shape strategy and practices that meet both the foundation's goals and emerging needs of multi-entity grantees.

06

**Provide multi-entity training to your staff, board, and consultants** to ensure they understand the rules as to how your foundation can be bold with (c)(3) grants and invest wisely in multi-entity in advocacy power-building work. Without education and knowledge, foundation staff often act out of fear rather than possibility and institutions develop policies more restrictive and conservative than the law requires. This unnecessarily limits impact.

# INVEST WISELY

07

**Invest in grantees' multi-entity strategic capacity** by investment in training, resources, and technical assistance that helps grantees develop advocacy and multi-entity strategic capacity.

08

**Provide 501(c)(3) grants to build multi-entity capacity** because (c)(3) dollars can be used to develop legal, communications, compliance, and accounting infrastructure for 501(c)(3)s that make multi-entity work possible and safe.

09

**Ensure 501(c)(3) capacity-building consultants are multi-entity competent** because multi-entity organizations need multi-entity informed capacity expertise. Money invested in capacity support that does not account for the complexity of grantee's multi-entity structures and needs is a wasted opportunity.

## IMPROVE COMMUNICATION

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**Gather better multi-entity data** that allows your foundation to fully understand your grantees' work. Do they have (c)(3) and (c)(4) legal entities? Do grantees need legal and accounting support? Do they have a theory of change that includes power-building work?

11

**Inquire about and listen to the needs of multi-entity grantee partners.** Foundations often have gaps in their understanding of grantees' multi-entity work because they don't ask the right questions. With a clear stance about multi-entity work, foundation staff can then clearly communicate with and ask grantees for more direct questions about their multi-entity needs; increasing grantee honesty with foundation staff about their work and capacity needs.

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**Become an advocate for change within your institution, and share your bold practices with other foundations.** Multi-entity organizations need advocates within foundations to change outdated practices that no longer meet the needs of the field. This is a call for YOU to lead, inspire, and encourage both your institution and the field of philanthropy to adopt better and bolder practices that support multi-entity work; the entire funding ecosystem must evolve to better support power building work more effectively. Be part of the change!

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## WHAT BEST PRACTICE MIGHT YOU ADD?

# 2022

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## Need More Guidance?

Bolder Advocacy is here to help! Just call our Technical Assistance hotline at 1-866-NP-LOBBY or complete [this form](#), email us at [advocacy@afj.org](mailto:advocacy@afj.org), or visit our website at [bolderadvocacy.org](http://bolderadvocacy.org). Please share this with your funders, and encourage them to reach out to us with their questions.



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