

THE BENEFITS OF FISCAL SPONSORSHIP

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Agenda



- Introductions
- A primer on fiscal sponsorship
- Benefits of being sponsored
- Challenges and risks for sponsors and groups
- Questions

What is a Fiscal Sponsor?



A 501(c)(3) organization that supports projects engaged in activities that further its own charitable purpose.

- Provides management support
- Acts as a capacity building partner
- Manages grants funds
- Delivers other administrative supports

What is Fiscal Sponsorship?

- Form of shared services
- 501(c)(3) tax exempt home for mission-related projects, programs, coalitions and groups
- Sponsored programs retain identity and programmatic autonomy
- Not “fiscal agency”

Main Types of Fiscal Sponsorship

- Comprehensive administrative services
 - Corporate home: legal status, employer, insurance, audit
 - Financial services: accounting, banking
 - Human resources: benefits management
- Grant specific
- With a professional fiscal sponsor
- With a simpatico nonprofit

Typical Models Used by Sponsors

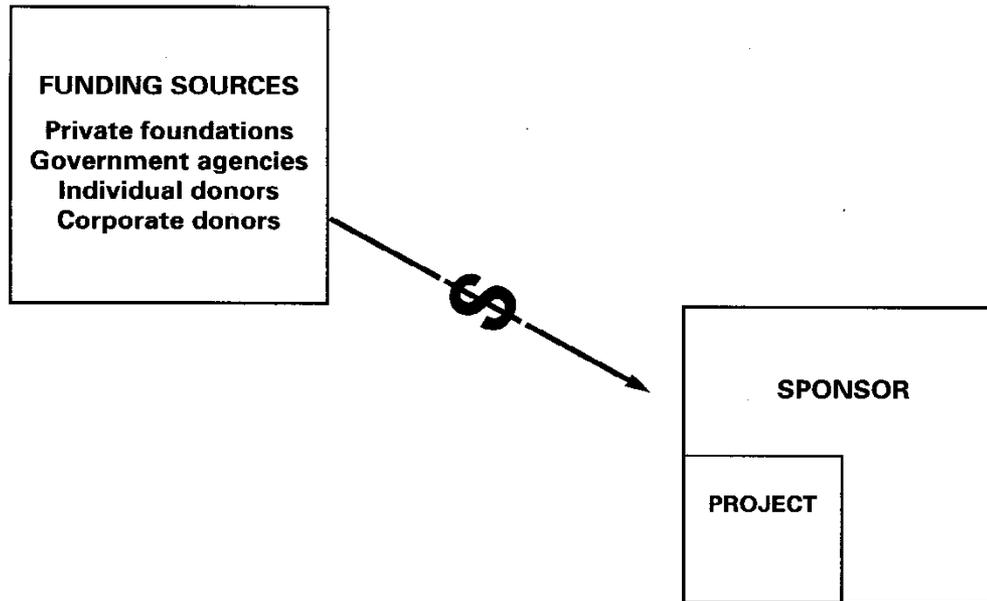


Two commonly practiced models:

- ❖ Direct Fiscal Sponsorship (Model A)
- ❖ Grant Administration Fiscal Sponsorship (Model C)

Model A: Direct Sponsorship

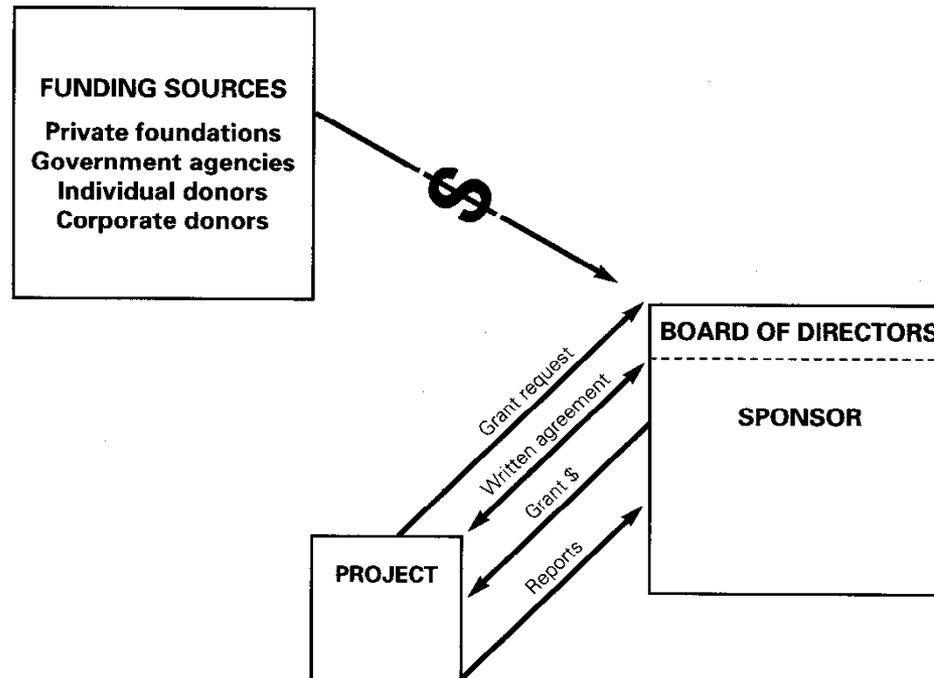
Groups become direct program of the fiscal sponsor, receive comprehensive legal and management support



MODEL A — DIRECT PROJECT

Model C: Grant Administration

Groups remain distinct entities from the fiscal sponsor, receive grant support



**MODEL C — PREAPPROVED
GRANT RELATIONSHIP**

Why Seek Fiscal Sponsorship?

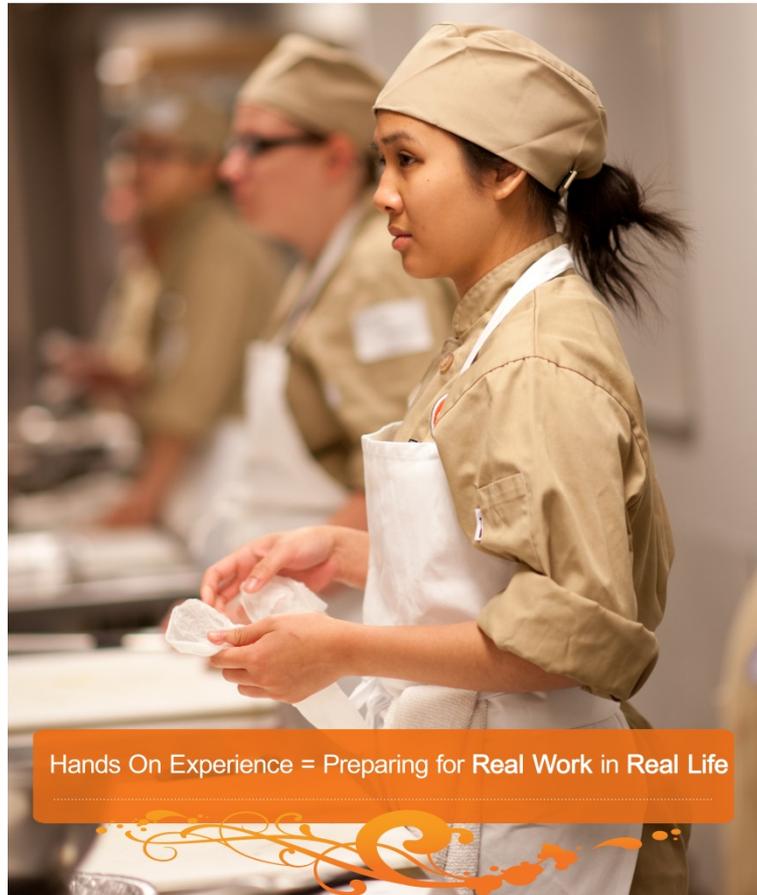


- Need support with certain administrative services (finance/human resources)
- Need capacity to accept grants or donations which require 501(c)(3) status
- If rely on a single funding source for most or all of your support
- Engage in extensive lobbying and advocacy
- Current fiscal sponsorship arrangement no longer works

Future Chefs and Fiscal Sponsorship



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Why It Makes Sense

- Consolidation and collaboration
- More efficient and effective use of resources
- Improved administration and reporting
- Stronger outcomes
- Oversight and expenditure review



Why Become a Fiscal Sponsor?



*It's a low-margin, high-risk kind of program,
Why do it?*

- Helps sponsors achieve their mission
- Promotes efficiencies in solving social problems
- Knowledge transfer of best practices in organizational excellence

Key Systems to Look for in a Sponsor



- Accounting expertise and systems for tracking and reporting on funds
- Grant management (pre-award, post-award)
- Strong human resources department with compliance, benefits, policies, employee relations
- Insurance and risk management, contracting, legal agreements
- Highly organized systems in place

What Do Sponsors Need in Place

- Staff and board capacity to administer services to programs
- Back-up systems for all key tasks
- Should be customer service oriented
- Strong backbone and infrastructure
- Understanding of your costs to price services appropriately

Keys to a Successful Relationships



- Mission compatibility
- Trust
- Clarity about services, time frame
- Fiscal sponsor has required capabilities
- Mutual commitment to communication

FAQs about Fiscal Sponsorship



- Is fiscal sponsorship a pass-through?
- Isn't fiscal sponsorship only for incubation?
- What's the difference between fiscal sponsorship and a donor-advised fund?
- Do fiscal sponsors hamper the programmatic freedom of projects?

Questions?



Thank You

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