

Fiscal Sponsorship 101

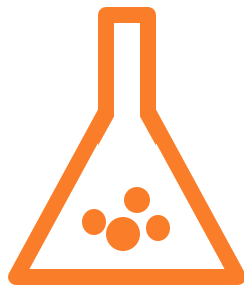
What Is Fiscal Sponsorship?

- A recognized status that permits non-profits to provide governance, programmatic and administrative support to a project that does not wish to seek independent 501(c)(3) status
- Projects can be:
 - Operational, grantmaking or a blend of activities
 - Supported by a single donor or collaborative
 - Time-limited or ongoing
 - Unstaffed or operated by employees or consultants
- Donors to projects can be individuals/families, foundations, corporations and public sector entities

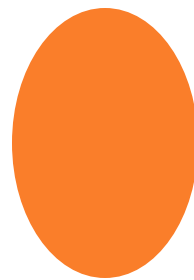
The Benefits of Fiscal Sponsorship



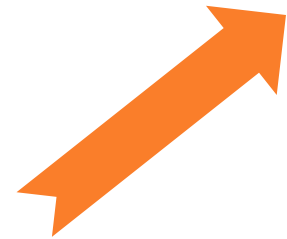
Collaboration



Experimentation



Incubation



Scale

Attributes of Strong Fiscal Sponsorship



Governance



Talent



Communication



Flexibility

What Are the Risks?

For Funder

- Too much control
- Violating self-dealing rules
- Project being classified as a donor-advised fund
- Not meeting programmatic goals

For Fiscal Sponsor

- Legal risk of all project activities, including employment, regulatory and breach of fiduciary duty

For Project

- Human resources risk of managing talent
- Managing to both funders' and fiscal sponsor's requirements

All parties face reputational risk associated with the project's activities

What Are the Specific Fiscal Sponsorship Risks?



Legal



Operational



Reputational



Financial

How To Mitigate Risk

- + Thorough initial intake approach by all parties
- + Opportunity/risk framework to evaluate prospective projects
- + Insurance coverage
- + Ongoing engagement & supervision