

What is a Fiscal Sponsor?

- A nonprofit that shares its legal and tax status with a smaller or newer organization or less formalized project.
- Allows a mission-driven project or emerging organization to receive donations even if they don't have 501(c)(3) status.
- Provides financial and administrative oversight and support.

A fiscal sponsor is a nonprofit that shares its legal and tax-exempt status with groups or projects who don't have 501(c)(3) status. This can be a way for a new organization to receive funding while it builds itself up and works toward its own 501(c)(3) status. Or it can be a way for donors to make tax-deductible contributions to a small or grassroots project that's not a formal nonprofit.

A fiscal sponsorship is a contractual agreement between the sponsoring organization and the sponsored group. The relationship is usually based on mission alignment—that is, a nonprofit chooses to fiscally sponsor other organizations or projects whose work aligns with their mission.

Beyond receiving tax-deductible donations and redistributing them to the recipient, fiscal sponsors often provide an array of services and types of support to the projects they sponsor, including governance and financial oversight and administrative functions such as processing donor thank-you letters, financial reporting, and government filings. The fiscal sponsor almost always takes a fee for their services, which usually comes in the form of a percentage of the funds received for the sponsored organization.

How do I find a fiscal sponsor?

Many community foundations serve as fiscal sponsors. Research community foundations in your geographic area to determine if any of them might be a good partner for your project. There are also intermediaries in almost every field that provide fiscal sponsorship to like-minded organizations and projects as part of their mission. For instance, the Emerge program at Fulcrum Arts acts as a fiscal sponsor to



many groups as a way to support artists, independent arts organizations and small or emerging cultural organizations. You may also find a fiscal sponsor in an established nonprofit working in your field—especially one with which you already have a relationship and values what your project is bringing to the table.

You may also want to check out:

- What is a philanthropic intermediary?
- What is a philanthropy-serving organization?

