

Fiscal Sponsorship

General Overview

What is fiscal sponsorship?

Fiscal sponsorship is a formal relationship between a non-profit organization with 501(c)(3) (tax exempt) status (referred to as a “*fiscal sponsor*”) and an organization, program or project (referred to as a “*sponsee*”) needing specific administrative support to deliver goods, services, or programming. The fiscal sponsor holds all financial and legal responsibility for programs or projects which are managed by organizations with specific subject-matter expertise.

What does a fiscal sponsor do?

The services provided by a fiscal sponsor include but are not limited to the following:

- Human Resources services, including benefits and payroll
- Fund/grant management and spending oversight
- Fundraising and donation management
- Insurance, risk management, and legal counsel
- Coaching and capacity building

Most fiscal sponsors charge an administrative fee for their services, which usually reflects a percentage of whatever funding is managed by the fiscal sponsor. They are legally and financially responsible for proper use of funds.

Who is eligible to participate in a fiscal sponsorship?

While eligibility will vary case-by-case with each fiscal sponsorship, there are some common requirements. A fiscally sponsored project or organization must be nonprofit/charitable in nature, not engaged in anything that would endanger the 501(c)(3) status of the fiscal sponsor, and be doing work that is in line with the fiscal sponsor’s mission statement. While these are the baseline requirements, fiscal sponsorships can also be selected on other factors, such as organizational capacity, staff expertise, or conflicts of interest.

Fiscal Sponsorship FAQs for Small Organizations

Why might I consider fiscal sponsorship for my organization?

- **Outsourcing of administrative responsibilities**: Some organizations (both with and without tax-exempt status) utilize a fiscal sponsor to handle burdensome administrative services, e.g., accounting and/or fundraising tasks. This can support the business model of an organization with limited administrative staff capacity.
- **Strategic support and partnership**: Individuals and new organizations may benefit from establishing a strong foundation before making a long-term investment and starting an independent 501(c)(3), separate from a fiscal sponsor. Fiscal sponsors can provide strategic advice and expertise from previous experience partnering with organizations.
- **Ability to receive charitable funds**: Programs or organizations that do not qualify as tax-exempt pursuant to IRS Code Section 501(c)(3) can use a fiscal sponsor to collect revenue that is tax-deductible to donors.

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Am I eligible?

Each fiscal sponsor has its own criteria for assessing eligibility. Sponsors will often require that your project aligns with their mission and is located in a specific geographic region.

How do I get started? What is the process of finding a fiscal sponsor? Of maintaining a relationship with one?

Any 501(c)(3) nonprofit can be a fiscal sponsor. To find a fiscal sponsor, first look for local nonprofits in your area whose missions are similar to yours, including those already in your network. Larger organizations with greater capacity may be willing to sponsor small projects. You can also find existing fiscal sponsors online on sites like the [Fiscal Sponsor Directory](#). When approaching potential sponsors, prepare to discuss your project and its goals, staffing, and budget.

What would my responsibilities as a sponsee be?

Responsibilities may vary based on the needs of your organization and your chosen sponsor. However, some common responsibilities include the following:

- Adherence to the terms of the fiscal sponsor agreement cosigned by your organization and your fiscal sponsor
- Following through on the delivery of funded services and programming
- Reporting of programs and services provided by your organization following a regular schedule
- Documentation of project expenses and maintenance of records
- Coordination of fund disbursement with fiscal sponsor

Please note: Your fiscal sponsor may assume administrative, programmatic, financial, and legal responsibility for your work for the purposes of requirements of funding organizations. You may be required to defer this responsibility to your sponsor when receiving funds.

How much might this cost?

Each fiscal sponsor has its own fee structure. Common administrative fees may be 7-15% of charitable funds received by your organization or project through the fiscal sponsor. In addition, you may be asked to pay limited set-up or application fees at the start of your fiscal sponsorship relationship.

How might I report this relationship while bidding on a Request for Proposal (RFP) or contract?

Your fiscal sponsor will likely be responsible for submitting the bid response to RFPs and contracts issued by funders (e.g., Oakland Fund for Children and Youth). In the bid, the sponsor must report their relationship to you, their fees, and other necessary information as part of the response. You would collaborate with your fiscal sponsor to draft and submit additional programmatic details in your bid response.

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SPOTLIGHT

Learn more about partnerships from a local fiscal sponsor, the Oakland Public Education Fund



Who is the Ed Fund?

The Ed Fund leads the development and investment of community resources in Oakland public schools so that all students can learn, grow, and thrive. The Ed Fund is the only organization raising money for all Oakland public schools. Since 2003, the Ed Fund has helped raise over \$200 million for schools and programs that help students thrive.

The Ed Fund is proud to be the 501(c)(3) fiscal sponsor for a range of Oakland public schools, OUSD departments, and education-focused projects—more than 120 fiscal sponsorships in all.

All of the projects they serve do work aligned with their mission to support public education in Oakland. By acting as a fiscal sponsor and providing financial and human resources capacity, the Ed Fund frees up project staff to maximize their focus on Oakland students, families, and schools.

What services does the Ed Fund offer?

As a small, independent nonprofit, the Ed Fund can respond quickly and flexibly when organizations need to pay for goods and services, hire employees, or take care of other project-related goals.

- **Finance and accounting administrative support**, including procurement function processing requisitions to purchase goods, accounts payable and check disbursements, annual independent audit and compliance reporting.
- **Financial Management and Human Resources expertise**, which provides grant support, including application development, tracking, and reporting; tax receipts for donations; customized online donation page and portal with access to donation information; fundraising event support. In addition, they help with all employment related functions, including hiring, onboarding, and payroll.
- **Capacity building and networking support**: Financial coaching, including budgeting best practices; performance management coaching; relationship building within

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Oakland education networks; etc. Their staff can support you with the many facets of running your project, from strategic planning to fundraising to volunteer engagement.

Who is eligible to partner with the Ed Fund?

To set up fiscal sponsorship with the Ed Fund, your project, school, or department must be aligned with our mission to support public education and have a project presence in Oakland.

How much does it cost to partner with the Ed Fund?

When you join the Ed Fund as a fiscally sponsored project, you share the cost of services with other projects in the program. To accommodate budgets of all sizes, each project contributes a percentage of each transaction.*

- Single revenue transaction <\$1 Million: 10% contribution
- Single revenue transaction >\$1 Million: minimum 7% contribution
- Single revenue transaction, local government grants: minimum 15% contribution regardless of amount due to complexity of reporting requirements

Why partner with the Ed Fund?

Since 2003, the Oakland Ed Fund has played a key role in securing, managing, and providing resources to improve public education in Oakland. Some of their accomplishments include:

- Helped raise \$200 million for public schools, programs, educators, and educational projects
- Recruited, trained, and placed nearly 10,000 volunteers including community members, teams from local businesses and organizations, parents, and others
- Awarded more than 300 grants to local schools and educators through our A to Z Fund
- Fiscally sponsored over 100 schools and programs
- Supported the launch, expansion, and sustainability of key OUSD programs including Restorative Justice, Community Schools, African American Male Achievement and African American Female Achievement programs, Early Literacy, Linked Learning, and many others
- Launched major partnerships with Salesforce and Intel to provide thousands of OUSD students with opportunities to access Computer Science courses, internships, and access to tech careers

Do you want to learn more about the Ed Fund, or connect with someone to inquire about fiscal sponsorship opportunities?

Learn more [here](#) or submit an [inquiry form](#).