



FOR SOUTH CENTRAL NEW YORK

**FISCAL SPONSORSHIP FAQ
for Organizations Needing a Fiscal Sponsor**

How do I know if I need a fiscal sponsor?

You will need a fiscal sponsor if you are interested in applying to the Community Foundation and are NOT a 501 c 3, municipality, or school district.

What is a fiscal sponsor?

Fiscal sponsorship arrangements typically arise when a person or group wants to get support for a project from a foundation, but does not have a 501 c 3. A fiscal sponsor is an organization that does have 501 c 3 status and agrees to receive the funds and pass them on to the project. The IRS requires that the fiscal sponsor have “complete discretion and control” over the funds, and holds the fiscal sponsor legally responsible for the use and accounting of the funds. The fiscal sponsor is, in essence, temporarily placing your project under their 501 c 3 umbrella.

How do I choose a fiscal sponsor?

When choosing to approach an organization about acting as fiscal sponsor for your project, the primary consideration should be that your project will act to further the fiscal sponsor’s mission. There must be an argument made that the purpose of your project and the mission/vision of the organization you are approaching to act as fiscal sponsor are aligned. For example, if your project is to distribute hygiene necessities to the homeless, you’d approach an anti-poverty, mental health or harm reduction organization to act as fiscal sponsor and not a theater or a family planning clinic. Even if an organization is willing to act as sponsor, if their mission has nothing to do with your project it is not a match.

What does my potential fiscal sponsor need to know about what they are taking on?

Because you are asking an organization to “use” their 501 c 3 status, they will be taking on liability and fiduciary responsibility for your program.

The proposed fiscal sponsor:

- may request a % of your award as an administrative fee
- has the same liabilities as they would for any of their other programs
- is the owner of any assets your project may need (example: if part of your grant that is administered by the fiscal sponsor includes a computer, the fiscal sponsor owns the computer)
- similarly, if your project produces intangible assets like copyrights or trademarks, they are the property of your fiscal sponsor
- any financial transactions related to your fiscally sponsored program are reported on the sponsor’s 990
- refer to our FAQ’s for Organizations Acting as Fiscal Sponsor for more details

Can I fundraise for my project if I have a fiscal sponsor?

Yes, you can write grants and fundraise for your project but you must make your sponsor aware of your fund-raising activities. The fiscal sponsor may need to treat the funds that you raise for your project as a restricted fund.

Who can I ask if I have questions?

If you have questions about how to obtain a fiscal sponsor, please contact Program Officer, Tina Barber at tbarber@donorswhocare.org or 607-206-5180.