



## Fiscal Sponsor Program Introductory Resource Guide

### Overview

Siuslaw Vision offers fiscal sponsorship for qualifying local organizations serving the Siuslaw region of western Lane County. This service is just one of the many ways Siuslaw Vision is working on *Building a Better Community, Together*. Siuslaw Vision's Fiscal Sponsorship Program helps organizations with community-centered projects build capacity, primarily through the ability to apply for funding opportunities and receive donations and community support.

Organizations seeking fiscal sponsorship must further Siuslaw Vision's tax-exempt purposes, and demonstrate alignment with Siuslaw Vision's mission and purpose:

***Building a better Siuslaw community together.***

*Siuslaw Vision convenes, catalyzes, and connects individuals and organizations who want to improve quality of life for people living in the Siuslaw region. We help people implement locally-owned solutions that address community-identified goals. Our Vision is to ensure all people in the Siuslaw region have opportunities to be working, happy, educated, connected, creative, and active.*

In addition to receiving and managing financial support, Siuslaw Vision's Fiscal Sponsorship Program offers a growing list of value-added services as well.

This Resource Guide offers:

- ✓ an introduction to fiscal sponsorship in general;
- ✓ roles and responsibilities of Siuslaw Vision as Fiscal Sponsor and the sponsored organization;
- ✓ an eligibility checklist to help those seeking fiscal sponsorship determine their next steps;
- ✓ additional resources and reading.

### Fiscal Sponsorship: What is It? Who Seeks It? Who Qualifies for Siuslaw Vision's Sponsorship?

#### ***What is fiscal sponsorship?***

Fiscal Sponsorship is a contractual relationship between a federally exempt nonprofit entity under Internal Revenue Code 501(c)(3) that agrees to use its tax-exempt status to receive funds and donations on behalf of another organization or project (aka "sponsee" or "sponsored organization"). The fiscal sponsor then holds these funds and is responsible for ensuring they are administered in a manner that furthers the charitable mission and exempt purposes of the sponsor. Fiscal sponsors are ultimately fiscally responsible for the use, reporting and oversight of these funds and to ensure their proper stewardship; this generally requires some degree of

governance and fund management. In some cases, fiscal sponsors assume a higher degree of administrative oversight and operational support.

Fiscally sponsored organizations pay an administrative fee to the fiscal sponsor for the use of their exemption status and for the administrative burden and liability the sponsor, in turn, incurs. Some sponsored organizations refer to their fiscal sponsor as the administrative “home” of the financial support they receive, and this often extends beyond simply a home base. In some cases, fiscal sponsors also provide a variety of fiduciary administrative, fundraising, programmatic, and governance functions, in addition to this base level of fiscal responsibility. There are several types of fiscal sponsorship, and seemingly countless processes and protocols each relationship encompasses within these varying types. Because of this, the details, restrictions, responsibilities and more of any fiscal sponsorship should always be memorialized in an official fiscal sponsorship agreement that is a legally binding contract. This is also required by the Internal Revenue Service and protects the exempt status of the sponsor.

### ***Who seeks fiscal sponsorship?***

Fiscal sponsors will determine what qualifies for coverage under their sponsorship, but generally speaking, fiscal sponsorship is sought by:

- ✓ Nonprofit corporations that may not have federal exemption yet, but are seeking it.
- ✓ Nonprofit corporations seeking exemption that are wanting to raise funds toward the expense of pursuing exemption and/or early formation, or seeking to undertake projects in the meantime.
- ✓ Nonprofit corporations that may not have federal exemption and are not seeking this designation.
- ✓ Groups or networks who are undertaking charitable causes and activities, but do not have the structure or capacity to manage funds and/or are in the process of forming an organization.
- ✓ Nonprofit organizations that may or may not be federally exempt (or in some stage of the process) but do not have the capacity to ensure compliance with their status; this is generally in tandem with fiscal sponsors offering a higher degree of financial and administrative services such as payroll management and fundraising. This is particularly appealing to exempt nonprofits who are new or who are going through a transition or leadership or structure.
- ✓ Projects that have a clearly aligned charitable purpose but are short term and do not have the desire to formalize as an organization; this can be especially useful in disaster response.

### ***Who qualifies for Siuslaw Vision's Fiscal Sponsorship?***

Interested organizations or projects should complete a Fiscal Sponsorship Application which is reviewed and approved at the discretion of Siuslaw Vision's staff and Board of Directors. If approved, the fiscally-sponsored organization would then need to adhere to Siuslaw Vision's Fiscal Sponsorship Agreement and the various roles and responsibilities the Agreement requires.

## Roles and Responsibilities

Siuslaw Vision is excited to offer its Fiscal Sponsorship Program for local organizations and projects in their early stages that would benefit from guidance from an established organization, utilization of Siuslaw Vision's tax ID status to apply for funding opportunities, and more.

The below roles and responsibilities are further detailed and memorialized in Siuslaw Vision's Fiscal Sponsorship Agreement, a legally binding contract that Siuslaw Vision and the sponsored organization or project will enter into once eligibility and alignment has been established.

Please note the below list is non-exhaustive and represents some of the common roles and responsibilities but is not a full accounting.

<b>Siuslaw Vision - Fiscal Sponsor</b>	<b>Sponsored Organization</b>
<ul style="list-style-type: none"><li>✓ Create and administer a restricted fund on behalf of the sponsored organization.</li><li>✓ Receive all charitable contributions made to the sponsored organization.</li><li>✓ Serve as fiscal sponsor and fund administrator.</li><li>✓ Retain control and discretion over the restricted fund's use and disbursement.</li><li>✓ Provide regular financial reporting to sponsored organization about the resources held in the fund.</li><li>✓ Assume all legal compliance relating to receiving and managing the fund.</li><li>✓ Review – both for editing and approval - grants and other funding requests being sought by sponsored organization; provide feedback for strengthening requests.</li><li>✓ Provide resource navigation – connecting the sponsored organization to other technical assistance providers and networks to strengthen the organization.</li><li>✓ Provide timely review and decisions as to whether or not the fiscally sponsored organization will pursue the grants identified.</li><li>✓ Provide supporting grant and charitable request documentation such as IRS determination letter, operating budget, annual financials, and more.</li><li>✓ Notify fiscally sponsored organization immediately if there are any changes in its tax or legal structure.</li><li>✓ Communicate regularly with fiscally sponsored organization.</li></ul>	<ul style="list-style-type: none"><li>✓ Develop and deliver the project or program, as proposed.</li><li>✓ Oversee and facilitate any fundraising activities (from grant writing to events).</li><li>✓ Manage Accounts Payable and Accounts Receivable duties.</li><li>✓ Maintain sufficient insurance in alignment with programming and funding requirements.</li><li>✓ Provide at least one primary and two secondary signers and points of contact.</li><li>✓ Submit a full and complete financial and activity report to the Sponsor within thirty (30) days after the end of each quarter of the calendar year.</li><li>✓ Provide advance notice to the fiscal sponsor of any grant opportunities the organization wishes to seek. <i>See more in the FAQ below.</i></li><li>✓ Submit a full and complete financial and activity report to the Sponsor for the entire preceding year annually.</li><li>✓ Pay agreed upon fiscal sponsorship fee</li><li>✓ Receive permission from fiscal sponsor before making any press release, official public statement, or other announcement about the partnership.</li><li>✓ Share with all potential and actual funders and donors that they use a fiscal sponsor and do not have federal tax-exempt status.</li><li>✓ Notify fiscal sponsor immediately if there are any changes in its tax or legal structure.</li><li>✓ Communicate regularly with fiscal sponsor.</li></ul>

## **Frequently Asked Questions for Organizations Seeking Fiscal Sponsorship**

### **What are the benefits of using a fiscal sponsor instead of forming a 501(c)(3) nonprofit corporation right away?**

Forming a new, independent nonprofit organization is complex and requires time, money, and energy to get started. The process of applying for IRS tax exemption can also take a considerable amount of time from deciding to pursue and having your exemption letter in hand, typically 6-9 months. Properly maintaining exemption status also requires time and money, and generally the more revenue you bring to the organization, the more complex tracking, reporting, financial management and more can become. All of this requires a variety of policies, procedures and practices, and the board governance and staff or volunteer support to implement and oversee.

Fiscal sponsorship provides you with an established organization that can properly manage your funding sources, while allowing you to focus fully on your mission, goals, and programmatic and fundraising efforts. This can help you establish a strong foundation from which you may then become your own 501(c)(3), if desired, and ensures you are meeting community needs regardless of your organization's entity or structure type. Further, some fiscal sponsors can also help guide your development and growth. Siuslaw Vision offers a variety of value added services. Siuslaw Vision can also help connect you to other organizations and resources that may be able to help.

### **Does Siuslaw Vision identify funders, write grants and otherwise fundraise for our organization?**

No, not by default. Although fundraising is conducted using the fiscal sponsor's exempt status, the fiscally sponsored organization selects funding sources to approach for grants, pledges, donations and other commitments. Further, the fiscally sponsored organization "shall prepare the text of its own fundraising materials" but should be sure to submit all grants and related documents to Siuslaw Vision for Siuslaw Vision's review and approval. During this review and approval process, Siuslaw Vision provides light editing and feedback on proposals. Further, Siuslaw Vision provides most, if not all of, the often required grant request attachments such as operating budget, EOY financial statements, IRS determination letter, and more. The sponsee should provide a grant project budget in the format required by the prospective funder. Siuslaw Vision may request a more detailed project budget for its records. Siuslaw Vision offers additional fundraising support for a fee, see "Additional Services" below.

### **Are grants applied for using a fiscal sponsor guaranteed?**

No. Grants and other funding solicitations are generally competitive and are almost never guaranteed. The fiscally sponsored organization assumes the risk that any funding source sought may decide to not provide funding, or may decide to provide a reduced award amount. This can be an unavoidable frustration as it takes time and effort to write a grant, regardless of the outcome.

### **Do we have to let Siuslaw Vision know ahead of time which grants and funding sources we want to pursue?**

Yes. At least one month (and ideally two months) of advance notice is required to allow Siuslaw Vision to properly vet the source and provide approval and any additional information for the sponsee to proceed. That said, sometimes a funding opportunity has a shorter turnaround time or is simply not identified until after this two-month mark has passed. These situations will be evaluated on a case-by-case basis, and proceed or not at the discretion of Siuslaw Vision. There are additional timelines and requirements for successful funding coordination; Siuslaw Vision will determine these deadlines when a grant opportunity is agreed upon.

**What is the cost or fee to be fiscally sponsored by Siuslaw Vision?**

Fiscal sponsors usually charge a fee based on a percentage of total gross contributions received by the fiscal sponsor in order to cover administrative expenses. Siuslaw Vision charges a one-time fee and a minimum of 10% of the total gross contributions received for the project depending on the complexity of the sponsorship. The fee and percentage is decided upon before fiscal sponsorship begins and is included in the written sponsorship agreement. Siuslaw Vision does not pay for donation processing or vendor fees related to donation processing.

**Will our organization still be managed and maintained by our own Board of Directors, project manager or leadership structure?**

Yes, sponsees should have an active Board of Directors, project manager, and/or leadership structure in place and day-to-day activities will continue to be managed by its own Board of Directors or leaders. Organizations fiscally sponsored by Siuslaw Vision will retain all of their normal functioning and responsibilities, except for the administration of funds and other terms as outlined by the Fiscal Sponsorship Agreement. Siuslaw Vision's Board of Directors will remain completely separate from your organization and work. This Agreement does not create a joint venture, agency, partnership, or employment relationship between the fiscal sponsor and sponsee.

**How much advance notice is required if we wish to end our fiscal sponsor agreement? Is there a penalty for ending it?**

60 days' notice is required to end the fiscal sponsor agreement; there is no penalty for ending the agreement. There are, however, conditions required to terminate the agreement: sponsee must either identify another fiscal sponsor who is also federally exempt and able to assume all responsibilities, restrictions and reporting requirements applicable to the funds held through the fiscal sponsor agreement, or seek their own federal tax exempt status.

**What happens to our funding if our fiscal sponsor relationship with Siuslaw Vision ends?**

The funds are either transferred to the new fiscal sponsor or, if sponsee is seeking their own federal tax exception, then the funds are transferred when the organization has received its official exception letter from the IRS. Both of these scenarios are subject to any restrictions or limitations placed by grantors or funders on the funds held through the original fiscal sponsor agreement.

**Do I still need to file separate state and IRS annual reports and/or taxes?**

Yes, both fiscal sponsor and sponsee shall have the sole responsibility for their respective reporting and tax filings, returns, and payments, per the requirements specific to their organization type, size, structure and other factors.

**Do I need insurance?**

While it is recommended that fiscal sponsees maintain Directors and Officers insurance and General Liability coverage (and list Siuslaw Vision as an additional insured if and as requested), insurance requirements are made on a case-by-case basis during the application and Agreement processes.

**Do I need to set up a separate bank account for my fiscally sponsored project or organization?**

Yes. While Siuslaw Vision will hold legal title to any and all funds and assets received or solicited as outlined through the Fiscal Sponsorship Agreement, fiscally sponsored organizations should maintain a separate bank account under your corporation's name.

## **Can our organization lobby or make political contributions through a fiscal sponsorship with Siuslaw Vision?**

No lobbying and no funds shall be earmarked for use in any attempt to influence legislation whatsoever. Notwithstanding the foregoing, sponsee may engage in lobbying or legislative activities with the prior written consent of the Sponsor, and such consent may be withheld in the Sponsor's sole discretion. Sponsee shall not use any funds granted herein to participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office, to induce or encourage violations of law or public policy, to cause any private inurement or improper private benefit to occur, nor to take any other action inconsistent with IRC §501(c)(3). Even if no fiscally sponsored funds are used, the sponsee must still seek advance written consent of the Sponsor to engage in lobbying or legislative activities.

## **How will I know if fiscal sponsorship is right for my organization or project? Does my organization eventually have to seek federal tax exemption?**

Fiscal sponsorship is often used by newly formed nonprofits or community projects that need to raise funding in the early stages of their work before they are recognized as tax-exempt by the IRS or while they are evaluating the viability and true need for their project. Using a fiscal sponsor enables a program or organization that does not itself qualify as tax-exempt to apply for and receive funding for its operations that will – through the fiscal sponsor – be tax-deductible. Fiscal sponsor arrangements benefit organizations or programs that are not tax-exempt by providing administrative support and pathways for revenue from grants, donors, and more. Not all fiscally-sponsored organizations need to seek their own federally exempt designation; some may opt to be fiscally sponsored throughout the lifespan of the organization. This can be especially helpful for nonprofits with no paid staff members, or for nonprofits who simply want to outsource certain operations like grants management or payroll, for fiscal sponsors who offer those services and more.

## **Eligibility Checklist for Potential Sponsored Organizations**

When evaluating the readiness of potential sponsees to participate in Siuslaw Vision's Fiscal Sponsorship program, Siuslaw Vision will be looking for organizations that meet a majority of the characteristics and which have undertaken the actions below. However, if you are missing several items from this list, please do still reach out to us. We may be able to provide some early support or guidance even before entering into a fiscal sponsor agreement as you continue to grow your organization and initiatives.

- Your organization is managed by a Board of Directors or has a leadership structure in place
- Your mission has been established and adopted by the Board of Directors or other leaders in your organization
- You have one or more activities underway or planned to help achieve your mission. Of course, regular development and innovation is anticipated, but a basic vision for programming or projects is important to have in place
- Your organization has an EIN number
- A bank account has been established for your organization or initiative and is in your organization's name
- You have or have looked into Directors and Officers Insurance as well as General Liability Insurance (recommended)

- You have confirmed three individuals who are not related to serve as primary points of contact
- You have the ability to complete a quarterly report
- You have spoken with a staff member from Siuslaw Vision
- You have a clear understanding, after talking with Siuslaw Vision, of the fee structure and purpose of fee
- You agree to the terms of the Fiscal Sponsorship Agreement

## Additional Services Offered

In addition to the services inherent in a fiscal sponsor-sponsee relationship, and those noted above in "Roles & Responsibilities," Siuslaw Vision offers additional capacity building services to fiscal sponsees (and non-fiscally sponsored but qualifying local organizations) for an additional fee. The fee structure is unique to each organization based on the type, frequency, and duration of services required. Services may be provided by Siuslaw Vision, or they may be provided by a vetted third party that is subcontracted by Siuslaw Vision.

## Resources & Further Reading

- ✓ Learn more about becoming or converting to an Oregon public benefit corporation here. [[Link to Secretary of State page on this designation.](#)]
- ✓ A variety of resources for your board, from formation to evaluating. [Link to [BoardSource](#).]
- ✓ More on fiscal sponsorship. [Link to [National Council of Nonprofits](#).]
- ✓ [Nonprofit Association of Oregon Guidelines for Comprehensive Fiscal Sponsorship](#)
- ✓ Nonprofit Association of Oregon professional development opportunities
- ✓ Rural Development Initiatives (RDI) professional development opportunities
- ✓ [About Siuslaw Vision](#)
- ✓ Fiscal Sponsorship: 6 Ways To Do It Right (3rd edition)-  
<https://fiscalsponsorship.com/auto-draft/fiscal-sponsorship-6-ways-3rd-edition>