

## The Role of Fiscal Sponsors

Originally posted here: <https://gundfoundation.org/grantmaking/the-role-of-fiscal-sponsors/>

A fiscal sponsor is a 501(c)(3) nonprofit organization that agrees to provide fiduciary oversight, financial management, and other administrative services to support the activities of groups or individuals engaged in work that furthers the fiscal sponsor's mission. This arrangement allows such groups or individuals to seek grants and to solicit tax-deductible donations under their sponsor's tax-exempt status. The fiscal sponsor can receive and administer charitable contributions on behalf of the sponsored organization.

Fiscal sponsorship is often used by newly formed nonprofits seeking grant support before they are recognized as tax exempt by the IRS. Fiscal sponsorship can also be used to support mission-related activities that do not, in and of themselves, lend themselves to the formation of a new tax-exempt organization.

For applicants using a fiscal sponsor, The George Gund Foundation requires a written agreement between the fiscal sponsor and the sponsored group or individuals that outlines the responsibilities and obligations of both parties. The agreement should specify that the fiscal sponsor is responsible for all legal compliance relating to receiving, reporting, and acknowledging charitable donations. If the fiscal sponsor is charging any administrative fee to the sponsored organization, that should be outlined as well as any record keeping responsibilities from the sponsored organization to the fiscal sponsor.