



Guidelines for Choosing a Fiscal Sponsor

1

Mission & Alignment

- **Shared Values:** The sponsor's mission and values should align with your project's goals and impact area.
- **Sector Fit:** Some fiscal sponsors specialize in specific sectors (e.g., arts, film, environment, social justice). A strong match ensures a better understanding of your work.
- **Community Connection:** Look for sponsors that already serve or engage with communities similar to yours.

2

Experience & Credibility

- **Track Record:** Review their years in operation, number and type of projects supported, and overall impact.
- **Reputation:** Ask peers or funders for feedback. Established sponsors often have strong relationships with grantmakers and donors.
- **Leadership:** Assess the expertise of their leadership team in fundraising, compliance, and nonprofit management.
- **Verification:** Check their public profile and ratings on:
 - **Candid (GuideStar)**
 - **Charity Navigator**
 - **CharityWatch**
 - **Better Business Bureau Wise Giving Alliance (BBB WGA)** - These listings provide insights into financial transparency, governance, and accountability.

3

Services & Support

- **Core Services:** A reputable fiscal sponsor provides more than a 501(c)(3) umbrella. Look for:
 - Donation and grant processing
 - Tax receipting and acknowledgment letters
 - Compliance and reporting
 - Disbursement of funds



- **Value-Added Support:** Strong sponsors also offer:
 - Fundraising coaching or strategic planning
 - Grant writing support
 - Donor cultivation and stewardship tools
 - Financial dashboards or budget tracking
 - Learning resources, workshops, or office hours

4

Sponsorship Model

- **Understand Their Model Type:** Fiscal sponsorships are defined by the National Network of Fiscal Sponsors (NNFS) as Models A through L; each with unique legal and operational structures.
 - **Model A (Direct Project):** The project becomes a program of the sponsor. The sponsor employs staff, manages all finances, and assumes full legal liability.
 - **Model C (Pre-Approved Grant Relationship):** The project remains independent while the sponsor receives charitable donations and regrants them to the project for approved charitable purposes.
- **Why It Matters:**
 - Your administrative responsibilities, reporting, and independence differ between models.
 - Always ask which model(s) the sponsor offers and why; it determines how funds are managed, who holds liability, and how decisions are made.

5

Intellectual Property & Ownership

- **Clarify Ownership:** Confirm who owns your intellectual property (IP)
 - **Clarify Ownership Early:** Intellectual property (IP) rights—such as scripts, films, or other creative works—must be clearly defined in your fiscal sponsorship agreement.



- **Model A (Direct Project):** Because the project operates *as a program* of the fiscal sponsor, any assets created using sponsor-managed funds are generally owned by the sponsor. However, many sponsors include contract language allowing creators to retain or reclaim IP if the relationship ends.
- **Model C (Pre-Approved Grant Relationship):** The project is a separate legal entity. It typically retains ownership of its IP and grants the sponsor *limited rights* to use materials for fundraising, compliance, or promotional purposes.
- **Key Tip:** Always request that your agreement explicitly states who owns the IP, what rights (if any) the sponsor has to use it, and what happens to those rights if you leave the sponsorship.

6

Financial Transparency

- **Fee Structure:** Understand all administrative and processing fees. Typical ranges are 5–15% depending on the services provided.
- **Reporting:** Ask how often you'll receive financial statements and what details are included.
- **Audit Practices:** Confirm that the sponsor conducts annual independent audits and complies with generally accepted accounting principles (GAAP).

7

Compliance & Legal Integrity

- **IRS Status:** Verify that the sponsor is an active 501(c)(3) organization in good standing.
- **Fund Management:** The sponsor must retain discretion and control over the funds, it cannot simply serve as a pass-through.
- **Contract Clarity:** Review the fiscal sponsorship agreement carefully for:
 - Roles and responsibilities
 - Termination procedures
 - IP ownership
 - Insurance coverage
 - Conflict resolution terms



8

Communication & Culture

- **Accessibility:** Evaluate how responsive and supportive the sponsor's team is.
- **Transparency:** Ask about their process for approving expenses, reviewing grants, and handling funder relationships.
- **Community Feel:** Some sponsors build strong peer networks among projects, while others operate strictly administratively. Choose what aligns with your working style.

9

Readiness & Fit

- **Size Compatibility:** If you're small, ensure you'll receive personalized support. If you're large, confirm the sponsor has capacity for complex reporting and fund management.
- **Timeline:** Ask about onboarding timeframes and donation processing speed.
- **Exit Plan:** Confirm there's a clear path for transferring funds or IP if you establish your own nonprofit later.

10

References & Research

- **Ask for References:** Speak with at least two current or former sponsored projects.
- **Review Public Filings:** Look at their IRS Form 990 via ProPublica Nonprofit Explorer.
- **Due Diligence:** Check ratings and complaints with:
 - **Candid/GuideStar** – transparency seals and profiles
 - **Charity Navigator** – financial health and accountability metrics
 - **CharityWatch** – donor-focused performance grades
 - **BBB Wise Giving Alliance** – governance, fundraising, and privacy standards



Guidelines for Choosing a Fiscal Sponsor

Quick Checklist Before You Sign

- ☐ Mission and values alignment
- ☐ Transparent fees and financial reporting
- ☐ Verified 501(c)(3) status in good standing
- ☐ Clear fiscal sponsorship agreement
- ☐ Defined IP ownership and rights
- ☐ Appropriate model (A, C, or others)
- ☐ Accessible and responsive communication
- ☐ References and verified public listings
- ☐ Value-added services (training, compliance, fundraising support)