

**So you're  
considering fiscal  
sponsorship?**

**NEW YORK LAWYERS FOR THE PUBLIC INTEREST**

**NYLPI**



# FISCAL SPONSORSHIP GUIDE<sup>1</sup>

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<sup>1</sup>This document is not exhaustive or all-inclusive and is intended for general guidance only. For more information, please consult qualified legal counsel.



# So you're considering fiscal sponsorship?

## What is fiscal sponsorship?

Fiscal sponsorship is a formal arrangement in which an existing U.S. tax-exempt organization (the "Fiscal Sponsor") enters into an agreement with a group or organization seeking to raise tax-deductible funds to conduct a charitable project either prior to or without incorporating or obtaining Internal Revenue Service ("IRS") recognition as a tax-exempt organization (the "Sponsored Project").

Fiscal Sponsors will only accept an organization as a Sponsored Project if its charitable project furthers the Fiscal Sponsor's own charitable purposes. Fiscal Sponsors accept contributions for their Sponsored Projects and make periodic grants to them in response to specific funding requests. Sponsored Projects are required to report back to their Fiscal Sponsor periodically about their use of the granted funds.

## Who should consider fiscal sponsorship?

### Fiscal sponsorship is advisable for:

- Groups or organizations that want to test the viability of their charitable projects. In general, because there is no need to create and administer a separate tax-exempt organization, fiscal sponsorship can be a time-efficient and cost-effective way for a group or organization to determine whether sufficient funds can be raised so as to justify applying for tax-exempt status;
- Groups or organizations intending to operate charitable projects only for a short time. Instead of spending time and money obtaining tax-exempt status, these groups or organizations can get their projects underway more quickly and at less cost through fiscal sponsorship;



- Groups or organizations lacking administrative experience or manpower; and
- Individuals seeking grants and donations for charitable projects (e.g., independent filmmakers).

## **What are the benefits of fiscal sponsorship?**

### **Benefits to a Sponsored Project:**

Fiscal sponsorship allows a Sponsored Project to focus on the development of its projects and activities, while the Fiscal Sponsor provides administrative and fundraising expertise for the Sponsored Project's benefit.

Here are some additional benefits that fiscal sponsorship can offer to a Sponsored Project:

- Legal and tax-exempt status: donations received by the Fiscal Sponsor for the Sponsored Project are tax deductible;
- Increased credibility of the Sponsored Project;
- Fundraising assistance and additional funding opportunities; and
- Ease in administration and termination of the Sponsored Project.

On the other hand, fiscal sponsorship brings:

- Loss of identity for the Sponsored Project: some funders may not want to give grants through Fiscal Sponsors; and
- Loss of legal ownership over donations received by the Fiscal Sponsor: the Fiscal Sponsor maintains ownership and control over all donations it receives (donors are permitted to request, but not direct, that their donations be used for a Sponsored Project).



### **Benefits to a Fiscal Sponsor:**

Fiscal sponsorship can bring the following benefits to a Fiscal Sponsor:

- Attract new donors because of a Sponsored Project;
- Share attention and honors from a Sponsored Project's success; and
- A Sponsored Project may enable Fiscal Sponsors to further their own mission.

### **What other services can a Fiscal Sponsor provide to a Sponsored Project?**

The Fiscal Sponsor may also provide the following services to a Sponsored Project:

- Financial services (e.g., accounting/bookkeeping, donation acknowledgments, tax filings, etc.);
- Administrative/Human resources services (staff, payroll processing, employee benefits, training services, insurance, legal advice, etc.);
- Office space;
- Publicity; and
- Capacity building (assist a Sponsored Project in developing the necessary organizational capabilities to ultimately become independent).

### **How much does a Fiscal Sponsor charge?**

A Fiscal Sponsor typically charges an administrative fee based on the number of donations received annually to support the Sponsored Project. This fee is often calculated as a percentage of donations received (generally no higher than 10%). A Fiscal Sponsor may also charge an initial "set-up" or due diligence fee.



## **How to find the right Fiscal Sponsor for my group or organization?**

A group looking for a Fiscal Sponsor should consider tax-exempt public charities meeting the following criteria:

- Mission consistent with the project that you are planning to develop;
- Experience in sponsoring projects similar to your project;
- Sufficient financial resources and staff to fulfill its responsibilities; and
- Established and tested sponsorship policies and procedures.

## **What does a fiscal sponsorship agreement typically include?**

Although a fiscal sponsorship agreement is not required, it is strongly recommended in order to formally outline the rights and liabilities of both parties.

Fiscal sponsorship agreements should cover:

- Sponsorship and solicitation of funds;
- Maintenance and release of funds to the Sponsored Project;
- Use of funds by the Sponsored Project;
- Recordkeeping and reporting by the Sponsored Project;
- Grant requests by the Sponsored Project;
- Fees charged by the Fiscal Sponsor;
- Support provided by the Fiscal Sponsor;
- Liability/indemnification;
- Duration and termination of the fiscal sponsorship and;
- Intellectual property (when applicable).



## **Do I need an attorney to have a Fiscal Sponsor?**

Fiscal Sponsors often have standard sponsorship agreements. As the terms and conditions of the fiscal sponsorship arrangement, including the rights and liabilities of the parties, will be set forth in the agreement, it is advisable to have qualified legal counsel review the agreement before you sign it.

## **If I use a Fiscal Sponsor and later chose to become independent, what steps will I need to take?**

If your organization decides to become independent and seek its own tax-exempt status, you should consult qualified legal counsel. Obtaining tax-exempt status involves filing complex forms with the IRS and, once exempt, an organization will need to comply with annual filing requirements and satisfy other administrative responsibilities going forward.

If your organization is not yet incorporated, the first step would be incorporation. After incorporating, and taking a number of other organizational actions, your organization generally must obtain recognition from the IRS of its tax-exempt status under section 501(c)(3) of the Internal Revenue Code (the "Code") and seek classification as either a public charity or a private foundation under Code section 509(a). To do this, an organization generally must prepare and file IRS Form 1023 (Application for Recognition of Exemption) and pay any applicable fees.



New York Lawyers for the Public Interest wishes to thank Carolina DeSouza Andrade Santos of Debevoise & Plimpton LLP; Simpson Thacher & Bartlett LLP and its Exempt Organizations practice; and attorney Drew C. Rabe for their invaluable assistance in the drafting and preparation of this guide.

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For more information contact:

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[www.nylpi.org](http://www.nylpi.org)



# New York City Area Fiscal Sponsors

## **ARTS ENGINE, INC.**

Fiscal Sponsorship Program  
145 West 24th Street, 3th Floor  
New York, NY 10011  
(646) 230-6368  
info@artsendine.net  
<http://www.artsendine.net>

Issue Areas: Arts Engine Inc. seeks to enhance public understanding of issues related to public life, such as race relations, equality in the workplace, criminal justice, immigrant rights, religious tolerance, family life, education and cultural differences.

## **ASTRAEA LESBIAN FOUNDATION FOR JUSTICE**

116 East 16th Street, 7th floor  
New York, NY10003  
(212) 529-8021  
info@astraeafoundation.org  
<http://www.astraeafoundation.org>

Issue Areas: People or communities of color/minorities; Political advocacy/social justice; Women.



**BROOKLYN ARTS COUNCIL**

55 Washington Street, Suite 218  
Brooklyn, NY 11201  
(718) 625-0080  
<http://www.brooklynartscouncil.org>

Issue Areas: Arts and culture: specific projects by individual artists or arts groups forming as non-profits; activities of Brooklyn-based cultural organizations that are in the process of incorporating as nonprofits; specific cultural projects undertaken by for-profit organizations, that are nonprofit in nature and demonstrate strong benefit to Brooklyn residents.

**CINE QUA NON**

347 West 36th Street, Suite 901  
New York, NY 10018  
(917) 406-7142  
[info@incite-pictures.com](mailto:info@incite-pictures.com)  
<http://www.incite-pictures.com>

Issue Areas: Arts and culture; Education; Festivals and events; Political advocacy/social justice.

**DANCE THEATER WORKSHOP**

219 West 19th Street  
New York, NY 10011  
(212) 691-6500  
[info@newyorklivearts.org](mailto:info@newyorklivearts.org)  
<http://www.dancetheaterworkshop.org>

Issue Areas: Arts and culture.

**THE FIELD**

161 Sixth Avenue at Spring Street, 14th Floor  
New York, NY 10013  
(212) 691-6969  
<http://www.thefield.org>

Issue Areas: Performing Arts: Theatre, Music, Dance, Performance Art, Multi-disciplinary & Hybrid Performance Work.



**FJC - A FOUNDATION OF PHILANTHROPIC FUNDS**

520 Eighth Avenue, 20th floor  
New York, NY 10018  
(212) 714-0001  
fjc@fjc.org  
<http://www.fjc.org/>

Issue Areas: Education; Intergroup relations; Health services; Social services; Religion; Science; Arts and Culture; Environment and any other project that is operated exclusively for any activity defined by section 501(c)(3) of the Internal Revenue Service code.

**FRACTURED ATLAS**

248 W. 35th Street, 10th Floor  
New York, NY 10001  
(888) 692-7878  
support@fracturedatlas.org  
<http://www.fracturedatlas.org>

Issue Areas: Arts and culture.

**FUND FOR THE CITY OF NEW YORK**

121 Avenue of the Americas, 6th Floor  
New York, NY 10013  
(212) 925-6675  
<http://www.fcny.org>

Issue Areas: The Incubator/Partner Project Program provides support to: (i) start-up organizations so they can concentrate their energy and resources on program and fundraising; (ii) organizations that are already incorporated but find themselves diverted from their mission because of unrelenting back office and administrative demand; or (iii) organizations that want to "outsource" their fiscal, administrative and human resource functions.



**THE GLOBAL CENTER - THE INTERNATIONAL CENTER FOR GLOBAL COMMUNICATIONS FOUNDATION, INC.**

PO Box 677  
New York, NY 10035  
(212) 246-0202  
roc@globalvision.org  
<http://www.globalvision.org>

Issue Areas: Arts and culture; Education; All projects Global Center sponsors must fit with their mission to use media to educate and advance global communication and well-being.

**INDEPENDENT FEATURE PROJECT INC. (IFP)**

68 Jay Street Room 425  
Brooklyn, NY 11201  
(212) 465-8200  
<http://www.ifp.org>

Issue Areas: documentary films and other works of nonfiction; short films; low-budget fiction/narrative features (50 minutes+) that are either: a) able to be fully financed by donations and grants alone (generally projects under \$3million); or, b) fundraising only for a discrete portion of the project's budget (usually development); transmedia/multi-media projects with film/video as a primary component of the work.

**MADRE**

121 West 27th Street, # 301  
New York, NY 10001 USA  
(212) 627-0444  
madre@madre.org  
<http://www.madre.org>

Issue Areas: Disaster relief; Economic development; Environment/sustainable growth; Health/nutrition; International development; People or communities of color/minorities; Women; Youth development.



**NEW YORK FOUNDATION FOR THE ARTS**

20 Jay Street, 7th Floor  
Brooklyn, NY 11201  
(212) 366-6900  
<http://www.nyfa.org>  
<http://www.artspire.org>

Issue Areas: Arts and culture; All disciplines as long as the project or organization has arts-related activities.

**NEW YORK WOMEN IN FILM & TELEVISION - NYWIFT**

6 East 39th street, suite 1200  
New York, NY 10016  
(212) 679-0870 ext. 39  
[info@nywift.org](mailto:info@nywift.org)  
<http://www.nywift.org>

Issue Areas: Arts and Culture; Women; support educational, artistic or charitable purposes.

**OPEN SPACE INSTITUTE INC. (OSI)**

1350 Broadway, Suite 201  
New York NY 10018  
(212) 290-8200  
<http://www.osiny.org>

Issue Areas: Assists environmental groups that: protect natural habitats; make cities more livable; enhance local communities; provide environmental education; connect people with the land.



**TIDES CENTER**

55 Exchange Place, Suite 402  
New York, NY 10005  
(212) 509-1049  
nyinfo@tides.org  
<http://www.tides.org/>

Issue Areas: environmental sustainability; social justice; human rights; health and community development; global warming, AIDS treatment and prevention, and economic disparity.