

Understanding Fiscal Sponsorship

How Philanthropy Gets Big Results From Partnerships

What is fiscal sponsorship?

Fiscal sponsorship is a common practice in which an established nonprofit organization provides financial management and other administrative support for projects, initiatives, and less established organizations.

Example

If an earthquake devastates a nearby country and a group of American doctors wants to set up a temporary clinic there, **fiscal sponsorship** is a fast, efficient way to realize that vision. Partnering with an established nonprofit will allow the project to **raise funds** quickly through an existing channel, leverage the administrative and logistical **support** of an experienced organization, and let the medical experts focus on deploying **the help people need**.

In this relationship, the organization that will spearhead a **charitable project** enters into a written agreement with the **fiscal sponsor**. The fiscal sponsor accepts contributions that fund the project's purposes, gives the sponsored organization access to those contributions (under the sponsor's oversight), and provides guidance and support for the project.

Grants to the sponsored organization must be passed through an intermediary, which must demonstrate that it maintains full discretion and control over those funds.

When to use fiscal sponsorship?

There are a few reasons a project might consider fiscal sponsorship:

- **The incubated project:** Charity entrepreneurs with a novel idea for a program can test the waters with an existing charity to see whether the project is feasible and warrants the effort of forming a new charity to house it.
- **The perpetual project:** Many project leaders never intend to set up a separate charity and operate indefinitely under their fiscal sponsor, allowing project leaders to maintain focus on programmatic.
- **The one-time event/project:** A single, short-term project, like a nonprofit music festival or a documentary production, may not warrant the expense of setting up a new charity. Fiscal sponsorship provides an efficient solution.
- **The quick-launch project:** As in the example of the doctors above, fiscal sponsorship can offer a useful way for project leaders who need to launch their program immediately and do not have time to form a new charity.



What is a funder collaborative?

A **funder collaborative** is a charitable vehicle through which multiple grantmakers **combine resources** to jointly support a common cause. A fiscal sponsor can be used to house funder collaboratives and other **pooled giving vehicles**.

In funder collaboratives where gifts are combined under the oversight of a **fiscal sponsor**, grants go through the sponsor in order to reach the grantees.

Real-World Success

The **Say Yes Buffalo** campaign set a goal to reverse negative education achievement trends in Buffalo, New York. By collaborating with the **Community Foundation for Greater Buffalo**, funders like the Buffalo Bills Foundation, the Children's Foundation of Erie County, and the John R. Oishei Foundation joined forces to create a program that in less than eight years:

Collaborated with more than
50 foundations
total and more than 200 total
funding organizations

Gave over
\$30 million
in grants to improve education
in a city school district where
more than 80% of students
qualify for free or reduced lunch

Oversaw a more than
15 percent
increase in the high school
graduation rate

More information

To learn more, contact the Council on Foundations **Government Affairs** team at govt@cof.org.



About the Council

The **Council on Foundations** is a nonprofit membership association that serves as a guide for philanthropies to advance the greater good. Building on our almost 75-year history, the Council supports over **850 member organizations** large and small, urban and rural, community- and global-focused, in all 50 states and around the world.

