



A 501 (c)3 Nonprofit Corporation

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Better, Faster, Cheaper

What is a Fiscal Sponsor?

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Better, faster, cheaper is how CDC Director, Dr. Thomas Frieden has described fiscal intermediaries/fiscal sponsors.

The terms fiscal intermediary and fiscal sponsor are, for the most part synonymous and interchangeable.

For the purposes of this article and to reduce confusion I'll stick to using the term fiscal sponsor.

What is a Fiscal Sponsor?

According to the Tides Center website, www.tidescenter.org, fiscal sponsorship is a practice that has evolved as an effective and efficient means of starting new charitable initiatives, delivering public services, and seeding social movements. Fiscal Sponsors are nonprofits that enable the movement of resources from funders and donors to projects, activities, ideas and organizations that share the fiscal sponsor's mission.

Most fiscal sponsors are 501 (c) 3 organizations and are qualified to receive government grants, foundation grants, trusts and bequests directly on behalf of almost any public, private individual or entity.

Some fiscal sponsors may focus on a particular geographic area of the country and some are national in scope and coverage.

Also, some fiscal sponsors have a specific program or discipline focus such as the arts, the environment, public health and so on.

What do Fiscal Sponsors do?

As noted above, fiscal sponsors can receive grants and donations on behalf of another entity.

Fiscal sponsors are used in this way for several reasons;

- The entity does not possess 501 (c) 3 status
- The entity wants to avoid hiring and/or managing staff
- The entity wants to avoid cumbersome human resources and/or fiscal management processes
- The entity needs a rapid turnaround to take advantage of a time sensitive opportunity.
- The funding is only short term and too costly to ramp up to do themselves
- The entity needs a more flexible way of doing business

Most fiscal sponsors can provide complete financial management and complete human resources solutions.

On the financial side they can provide;

- Management of budgets and billings from single or multiple funding sources
- Management of accounts payable
- Financial compliance with required governmental reporting, including ARRA.
- Organization wide audit and tax filing compliance
- Assumption of legal liability
- Better buying power

On the human resources side they can;

- Provide a complete human resources solution including benefit plans, personnel policies, training, and staff recruitment and hiring
- Ensure the entity is current on relevant laws and operates in a compliant manner
- Complete any mandated governmental reporting

Fiscal sponsors also usually provide necessary and required insurance policies as well as assuring that their financial dealings are reviewed through a comprehensive annual audit.

Most fiscal sponsors are willing to assist entities in designing unique solutions to meet the entity's specific needs.

To review the NNFS guidelines for fiscal sponsors go to, www.tidescenter.org/fiscal-sponsorship/nnfs/index.html

To access a directory of fiscal sponsors go to www.fiscalsponsordirectory.org.

To find more information about PHFE go to www.phfe.org.