



Fiscal Sponsorship Application Process

What is fiscal sponsorship?

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.

Some of the most effective and innovative projects are often initiated at a grassroots community level. Many of these projects are catalyzed by an individual or a small group of people and are too small or too new to have their charitable status recognized by the IRS.

Fiscal sponsorship enables a charitable organization or project without a 501(c)(3) to have access to the sponsor organization's 501(c)(3). Each sponsor organization has its own structure to support a fiscal project. Continue reading to learn how the Community Foundation supports select fiscal projects. The end of this packet contains additional resources.

How do I apply for fiscal sponsorship with the Community Foundation?

To apply for fiscal sponsorship with the Community Foundation, the project organization must submit a proposal, explaining your project in detail. Please include the following:

1. Narrative project description
2. Project budget and financial plan to raise \$25,000 per year
3. Timetable of activities
4. Lead staff bios and job descriptions
5. Evaluation procedure
6. State of Colorado nonprofit application or certificate. You may register your project in the State of Colorado at the Secretary of State website: (<https://www.sos.state.co.us/pubs/charities/charitableHome.html>).
7. Copy of completed IRS Form SS-4 (application for Employer Identification Number – EIN)
8. List of Board of Directors or Leadership Team

Upon receipt of the above materials, the Executive Director and Board of Directors of the Community Foundation will determine eligibility and fit, discerning whether to proceed with an agreement between the Community Foundation and the fiscal project. The review process generally takes 6 – 8 weeks. Foundation staff may require additional information on a case-to-case basis.

Applications may be emailed to director@swcommunityfoundation.org.



Community Foundation Fiscal Sponsorship FAQ

Why choose fiscal sponsorship with the Community Foundation?

Being fiscally sponsored is extremely cost effective, an important consideration for organizations that are just emerging, testing new approaches to difficult problems, run entirely by volunteers, or working in issue areas where funding is scarce. Fiscal sponsorship is an efficient, economic way to reduce the cost of running an organization and still maintain the integrity of the organization's purpose. Some of the benefits and cost savings include:

- General and event liability insurance coverage significantly reduced, as it is considered a project—a savings of \$2,500 annually.
- Accounting: a bookkeeper costs between \$45 and \$75 / hour.
- Accounting: 990 Tax Form completed by the Community Foundation—a savings of \$1,500-\$2,000 annually.
- Annual audit completed by the Community Foundation—a savings of \$15,000 annually.
- Governing Board of Directors is provided by the Community Foundation.
- The Community Foundation is accredited by the National Council on Foundations which serves as an industry watchdog.

How does the fiscal sponsorship relationship work?

In a fiscal sponsorship relationship, the Community Foundation (Foundation) extends its charitable umbrella over select projects and grantees whose missions closely match the Foundation's own. Donations earmarked for a project operating under the Foundation's sponsorship are given to the Foundation. This allows donors to receive the full benefits of making a charitable donation. The Foundation then places the donations in a special restricted fund dedicated only to support the project. Grants are disbursed to the project, and the project provides regular reports documenting its activities and expenditures in accordance with the terms of the agreement executed between the project and the Foundation.

What are the costs associated with fiscal sponsorship from the Community Foundation?

An administrative charge of 7.5% of income shall be deducted by the Community Foundation to defray the Foundation's costs of administering the restricted fund.

What does my administration charge cover?

In addition to the benefits listed above, the administration charge covers:

- Receipt and acknowledgment of cash or in-kind contributions
- Managing contributions through our pooled account
- Online fundraising platforms available through C-Suite and Colorado Gives
- Providing financial and donation reports regularly and as requested
- Banking services, including checking account, credit card use, Stripe for online donations, and Square payment processing for event revenue
- Records of activities and oversight
- Use of Community Foundation brokerage accounts to receive gifts of stock (additional brokerage fees also apply per transaction)

What do I need to communicate to the Community Foundation?

The project shall keep the Community Foundation informed of its fundraising activities and provide copies of fundraising solicitations. Generally, the Community Foundation must pre-approve all fundraising solicitations.

Your project will send information to the Community Foundation about activities because the Community Foundation has assumed liabilities to the IRS about the charitable nature of your activities. The Community Foundation needs to maintain records that document its oversight ensuring that your project is furthering the Foundation's own charitable mission and purpose.

Furthermore, because fiscal sponsorships use the Community Foundation's 501(c)(3), it is essential that we are made aware of all events and activities so that we can obtain proper insurance coverage for your project. Keep in mind, if your organization was sued for any reason, the Foundation is the entity liable.

Does fiscal sponsorship make my project a 501(c)(3) charity?

No. 501(c)(3) is a specific section of the federal code which describes the type of activities (i.e., educational, research, etc.) which are defined as charitable under federal law. The IRS interprets the law and either recognizes or denies recognition of charitable status. Since your

project has not yet applied to the IRS for charitable status recognition, it is acting under the “charitable umbrella” of the Community Foundation. Essentially, we have formed and documented the basis for an opinion that your project’s activities are charitable in nature and will further our charitable purposes. It is essential the Community Foundation must be able to justify your project’s actions, which is done with accurate record keeping.

Is my project a part of the Community Foundation?

The project is a separate legal entity and is not an agent or legal representative of the Community Foundation. The project owns its own products and equipment. Project staff do not work for the Foundation.

Who owns my project’s work products?

The fiscal project owns all its work products. Any tangible or intangible property, including copyrights obtained or created by the project are the sole property of the fiscal project.

Is there a minimum budget a project needs to be considered for fiscal sponsorship by the Community Foundation?

Ideally, a fiscal project would have a financial business plan to bring in at least \$25,000 in revenue each year.

How many fiscal projects does the Community Foundation work with?

The current upper limit is 10-12 projects total. All fiscal projects must be approved by the Community Foundation’s Board of Directors.

What is the mission and vision of the Community Foundation?

The Community Foundation serving Southwest Colorado facilitates the growth and effectiveness of philanthropic contributions and expands the culture of giving to meet the needs of our communities. We envision a generous, vibrant, and inclusive Southwest Colorado with opportunities for all to thrive.

For more than 20 years, the Community Foundation has been partnering with individuals, families, and businesses across Southwest Colorado to connect passion with purpose. As a committed philanthropic facilitator, we’re here to bolster nonprofits and help donors support the causes they care about most.



Websites/Online Resources

[What is fiscal sponsorship? How do I find a fiscal sponsor? | Knowledge base | Candid Learning](#)

[Fiscal Sponsorship for Nonprofits | National Council of Nonprofits](#)

[Fiscal Sponsorship Additional Resources | National Council of Nonprofits](#)

[A Board's Guide to Fiscal Sponsorship - Propel Nonprofits](#)

[Fiscal Sponsorship: A Balanced Overview - Non Profit News | Nonprofit Quarterly](#)

[The Key Differences Between Fiscal Sponsorship and 501\(c\)\(3\): a Breakdown \(getribbon.org\)](#)

[History of fiscal sponsorship: My eye view - Fiscal Sponsorship | Greg Colvin Video](#)

[Pros and Cons of Considering A Fiscal Sponsorship \(selfgrowth.com\)](#)

[Fiscal Sponsorship: Six Ways to Do It Wrong – Nonprofit Law Blog](#)

Books

Colvin, Gregory L. *Fiscal Sponsorship: 6 Ways To Do It Right*. 3rd ed. San Francisco, CA: Study Center Press. 2005.

Abstract: Describes the six forms of fiscal sponsorship recognized by the Internal Revenue Service (IRS), with examples, charts, and diagrams. Includes hypothetical scenarios, a sample sponsorship agreement, IRS Revenue Rulings, criticism, and commentary. The 3rd edition has added new insights on the use of crowdfunding, online technology, donor-advised funds and social enterprises.

Liberatori, Ellen. *Guide to Getting Arts Grants*. New York, NY: Allworth Press. 2006.

Abstract: This handbook provides practical advice to help artists obtain grants from foundations and government agencies. Topics covered include developing a plan, creating a portfolio, identifying funders, and completing a grant application. A chapter focuses on proposals submitted by arts organizations, noting that artists may collaborate with arts groups through fiscal sponsorship arrangements. The author also draws upon her prior experience as a program officer to elaborate on how grantmaking decisions are made.



Fiscal Sponsorship Resources

Southwest Colorado Organizations that Offer Fiscal Sponsorship

Community Foundation serving Southwest Colorado

Briggen Wrinkle
765 E. College Ave. #1
PO Box 1673
Durango, CO 81302
970.375.5807
swcommunityfoundation.org
director@swcommunityfoundation.org

Mancos Valley Resources

Kim Cox
PO Box 204
Mancos, CO 81328
970.533.7434
www.mancosvalleyresources.com
kim@mancosvalleyresources.com

Onward! A Legacy Foundation

Chuck Forth
33 North Chestnut Street
Cortez, CO 81321
970.565.9200
onwardfoundation.org
cforth@onwardfoundation.org

San Juan Resource Conservation and Development Council (SJRCDC)

Stephani Burditt
PO Box 1006
Durango, CO 81302
970.247.9621
sanjuanrcd.org
contact@sanjuanrcd.org

Southern Colorado Community Action Agency, Inc. (SoCoCCAA)

535 Candelaria drive
PO Box 800
Ignacio, CO 81137
970.563.4517
sococaa.org/

United Way of Southwest Colorado

Lynn Urban
1315 Main Ave #121
PO Box 3040
Durango, CO 81302
970.247.9444
unitedway-swco.org
lynnu@unitedway-swco.org

Other Resources

Colorado Nonprofit Development Center

(Fiscal Sponsors & Nonprofit Incubator)

Melinda Higgs, President & CEO

789 Sherman Street Suite 250

Denver, CO 80203

720.855.0501

cndc.org

Community Resource Center

789 Sherman Street Suite 250

Denver, CO 80203

720.855.0501

crcamerica.org/resources/nonprofit-startup-resources/

Colorado Nonprofit Association

Paul Lhevine, President & CEO

1600 N. Downing St, Suite 750

Denver, CO 80218

303.832.5710

[Colorado Nonprofit Association
\(coloradononprofits.org\)](http://coloradononprofits.org)

SBDC Network, Southwest Colorado

Mary Shepherd, Executive Director

Fort Lewis College

1000 Rim Drive

Durango, CO 81301

970.247.7009

sbdcfortlewis.org/

shepherd_m@fortlewis.edu