



## *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 sponsored by a neighborhood organization, and are too small or too new to have their charitable status recognized by the IRS.

### *How do I apply for a fiscal sponsorship?*

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 recent financial statement
3. Timetable of activities
4. Lead staff bios and job descriptions
5. Evaluation procedure
6. Grantee must obtain State of Colorado non-profit application or certificate. You may register your project in the State of Colorado at the Secretary of State website (<http://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 whether to proceed with the Agreement between the Community Foundation and the Project. Foundation staff may require additional information on a case-to-case basis.

Applications may be sent to [director@swcommunityfoundation.org](mailto:director@swcommunityfoundation.org).

# *Fiscal Sponsorship Fact Sheet*

## *Why choose fiscal sponsorship?*

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. In an environment where funding for all nonprofits is on the decline, it is important to emerging organizations not to compete with other organizations for limited funds. 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.

## *How does the fiscal sponsorship relationship work?*

In a fiscal sponsorship relationship, the Community 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 actually 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 the support of 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 a master 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 donations shall be deducted by the Community Foundation to defray the Foundation's costs of administering the restricted fund.

## *What do I need to communicate with the Community Foundation?*

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

Your project needs to send information to the Community Foundation about its 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. Typically, the Community Foundation may retain a positive balance in its restricted project fund pending receipt and acceptance of appropriate reports.

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

501(c)(3) is a specific section of federal code which describes the type of activities (i.e. educational, research, etc.) which are defined as charitable under federal law. The IRS then interprets the law and either recognizes or denies recognition of charitable status. Since your project has not yet applied to the IRS for 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. That’s why we need to be sticklers about record keeping. The Community Foundation needs to be able to justify your project’s actions as further the Foundation’s own charitable purposes.

## *Is my project a part of the Community Foundation?*

Mostly, no. The project is a separate legal entity and is not an agent or legal representative of the Foundation. The project owns its own products and equipment. Project staff does not work for the Foundation. Project correspondence should not be on Foundation letterhead. The project is a part of the Community Foundation only in the sense that any grantee is part of the Foundation which provides enabling support.

## *Who owns the project’s work products?*

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

# Fiscal Sponsorship Resources

## Southwest Colorado Organizations that Offer Fiscal Sponsorship

### **Community Foundation serving Southwest Colorado**

Briggen Wrinkle  
1309 E 3<sup>rd</sup> Avenue Room 20 A  
PO Box 1673  
Durango, CO 81301  
970.375.5807  
[www.swcommunityfoundation.org](http://www.swcommunityfoundation.org)  
[director@swcommunityfoundation.org](mailto:director@swcommunityfoundation.org)

### **Southern Ute Community Action Programs (SUCAP)**

Eileen Wasserbach  
285 Lakin Street  
PO Box 800  
Ignacio, CO 81137  
970.563.4517  
[www.sucap.org](http://www.sucap.org)  
[ewasserbach@sucap.org](mailto:ewasserbach@sucap.org)

### **San Juan Resource Conservation and Development Council (SJRCDC)**

Pam Starr  
PO Box 1006  
Durango, CO 81302  
970.382.9371  
[www.sanjuanrcd.org](http://www.sanjuanrcd.org)

### **Mancos Valley Resources**

PO Box 204

Mancos, CO 81328  
970.533.7434  
[www.mancosvalleyresources.com](http://www.mancosvalleyresources.com)

### **Onward! A Legacy Foundation**

Chuck Forth  
33 North Chestnut Street  
Cortez, CO 81321  
970.565.9200  
[www.onwardfoundation.org](http://www.onwardfoundation.org)  
[cforth@onwardfoundation.org](mailto:cforth@onwardfoundation.org)

### *Other Resources*

#### **San Francisco Study Center**

944 Market Street 7<sup>th</sup> Floor  
San Francisco, CA 94102  
[www.fiscalsponsorshipdirectory.org](http://www.fiscalsponsorshipdirectory.org)  
415.626.7276

#### **SBDC Network, Southwest Colorado**

Joe Keck  
Fort Lewis College  
1000 Rim Drive  
Durango, CO 81301  
970.247.7009  
[www.sbdcfortlewis.org](http://www.sbdcfortlewis.org)  
[keck\\_j@fortlewis.edu](mailto:keck_j@fortlewis.edu)

#### **Colorado Nonprofit Development Center**

(Fiscal Sponsors & Nonprofit Incubator)  
Melinda Higgs, Executive Director  
789 Sherman Street Suite 250  
Denver, CO 80203  
720.855.0501

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

### **Community Resource Center**

789 Sherman Street Suite 250

Denver, CO 80203

720.855.0501

<http://crcamerica.org/resources/nonprofit-startup-resources/>

### **Colorado Association of Funders**

Joanne Kelley, Executive Director

600 S Cherry Street Suite 1200

Denver, Co 80246-1712

303.398.7454

[caf@coloradofunders.org](mailto:caf@coloradofunders.org)

### **The Nonprofits Centers Network**

PO Box 29195

San Francisco, CA 94129

415.561.6365

415.561.6401 fax

[info@nonprofitcenters.org](mailto:info@nonprofitcenters.org)

### **National Network of Fiscal Sponsors**

89 South Street #700

Boston, MA 02111

[fiscalsponsors@gmail.com](mailto:fiscalsponsors@gmail.com)

## *Articles*

**Beene, M. Melanie.** "Fiscal sponsorship is maturing as a field." *Grantmakers in the Arts Reader* vol. 21 (Fall 2011) p. 36-7.

**Abstract:** This discussion of fiscal sponsorship's evolution includes eight recommended questions for funders to ask grantees to use fiscal sponsors.

**Colvin, Gregory L. *Fiscal sponsorship: 6 ways to do it right.* 2<sup>nd</sup> ed. San Francisco, CA: Study Center Press. 2005. Xii, 108 p.**

**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. A seventh model, still experimental, is also considered.

**Riek, Kaytee; Gossett, Che; Ray, Max, Parks, Virg. "No staff? No c3? No problem!" *Grassroots Fundraising Journal* vol. 30 (November-December 2011) p. 2-4.**

**Abstract:** Provides fundraising advice to activist organizations lacking 501(c)(3) status or paid staff. ACT UP Philadelphia, an AIDS group, offers fundraising tips that have worked for them over the years. Some of these include obtaining a fiscal sponsor, partnering with better-funded organizations for supplies and in-kind contributions and having silly and easy fundraisers.

## Books

**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. Includes a bibliography, glossary and index.

## Websites/Resources Online

**Fiscal Sponsorship | Grant Space**

<http://grantspace.org/Tools/Knowledge-Base/Individual-Grantseekers/Fiscal-Sponsorship/fiscal-sponsorship>

**Fiscal Sponsorship Resources | Tides Center**

<http://www.tides.org/i-want-to/turn-my-vision-ideas-into-a-nonprofit-project/fiscal-sponsorship-at-tides/>

**Comparison of Starting a New 501(c)(3) Organization with Using a Fiscal Sponsor (Model A) | Gregory L. Colvin**

[http://www.fiscalsponsorship.com/Compare%20501c3%20w%20Fisc%20Spon%20Model%20A%20\\_00075865-2\\_.pdf](http://www.fiscalsponsorship.com/Compare%20501c3%20w%20Fisc%20Spon%20Model%20A%20_00075865-2_.pdf)

**Pros and Cons of Considering a Fiscal Sponsorship | Rusty Hong**

<http://www.selfgrowth.com/articles/pros-and-cons-of-considering-a-fiscal-sponsorship>

**How Fiscal Sponsorship Nurtures Nonprofits | Jonathan Spack**

[https://www.tides.org/fileadmin/user/pdf/WP\\_TSNEHowFSNatures.pdf](https://www.tides.org/fileadmin/user/pdf/WP_TSNEHowFSNatures.pdf)

**Fiscal Sponsorship: Six Ways to Do It Wrong | Gene Takagi**

<http://www.nonprofitlawblog.com/fiscal-sponsorship-six-ways-to-do-it-wrong/>