



SIDE PROJECT, INC.
sideprojectinc.org | 800.330.5807
Pittsburgh | Erie | Palm Beach County
What's your charitable Side Project?

FISCAL SPONSORSHIP PROGRAM

WHAT IS FISCAL SPONSORSHIP & MANAGEMENT?

A fiscal sponsor is a tax-exempt, nonprofit corporation that receives and disburses funds for programs that may or may not be incorporated. As a fiscal sponsor, Side Project provides administrative and financial services to these groups or projects, which may lack administrative capacity. Having a fiscal sponsor can benefit a group that is not tax-exempt by providing a pathway to receive funding.

HOW DOES FISCAL SPONSORSHIP & MANAGEMENT WORK?

A newly formed group or project finds a nonprofit that is already tax-exempt, has a similar mission, and that agrees to accept the administrative responsibility of receiving charitable gifts on behalf of the sponsored organization. The fiscal sponsor must first determine that serving in that capacity is consistent with its mission and does not jeopardize its own tax-exempt status.

The sponsored organization arranges with the fiscal sponsor to receive grants or contributions on its behalf. This arrangement allows the sponsored organization to solicit contributions to support its programs, with the understanding that the donation will be made to the fiscal sponsor, not to the sponsored program/organization directly. Since the fiscal sponsor is tax-exempt, the donor's contribution will qualify as a deductible contribution.

Using a fiscal sponsor satisfies IRS requirements as long as the fiscal sponsor maintains the right to decide, at its own discretion, how it will use the contribution and, in fact, uses it consistently with its own tax-exempt status. Maintaining control over the donated funds is a requirement of a legitimate fiscal sponsor arrangement.

IS FISCAL SPONSORSHIP RIGHT FOR MY PROJECT?

- Groups may choose to be a project of a fiscal sponsor because it is more efficient than operating as a stand-alone organization. (Please read this [Funding for Good article: Nonprofit is a Tax Status Not a Business Model](#) on important factors that go into nonprofit management.)
- Some groups choose to be a project because their work is short-term (examples may include a film project, one-time event, or biannual conference).
- In other cases, the group wishes to be a project of a fiscal sponsor until it can incorporate as its own independent nonprofit organization.
- Fiscal sponsorship might be chosen by a newly formed nonprofit that seeks to test-drive its ideas or operate less formally than what is required of groups that make the commitment to apply for tax-exempt recognition from the IRS.
- Some organizations remain in a fiscal sponsorship relationship for a long time, deciding that their mission can be achieved in that structure without the need to be recognized by the IRS as an independent tax-exempt entity.
- Finally, some organizations—including those that are tax-exempt—find that utilizing a fiscal sponsor to outsource administrative responsibilities, whether back-office tasks or those relating to fundraising and disbursement of funds, is the right business model for them.

WHAT ARE THE FEES?

Our management fee for fiscal sponsorship is 10% of any funds raised. This fee is based on the nature and complexity of administering projects and on the services that are provided. The fee and the services being provided will be clearly described in the Fiscal Sponsorship Agreement.

WHAT SERVICES DOES FISCAL SPONSORSHIP INCLUDE?

The basic service of fiscal sponsorship is administering and accounting for project funds. This includes managing incoming money as well as paying bills and expenses. Side Project can provide ongoing account tracking and can provide Income Statement and Balance Sheet once a quarter. Project staff will have online access to view their project bank accounts.

WHAT ARE MY ROLES AND RESPONSIBILITIES IF MY PROJECT DECIDES TO HIRE SIDE PROJECT AS OUR FISCAL SPONSOR?

As a nonprofit, Side Project has a duty to carry out its activities and operations in a way that advances our charitable and tax exempt purpose and has a positive benefit in the communities we work in. Side Project's mission is to support socially-minded people and organizations that are engaging in charitable, philanthropic, or educational activities by providing legal and administrative support. As such, you must agree to only engage in activities that have a charitable or philanthropic purpose. Additionally, sponsored organizations are required to track and document project outputs and outcomes. Side Project staff members are here if you have any questions regarding the charitable or tax-exempt purpose of your group's projects or programs, and how to capture and measure your impact.

Your project is included on Side Project's annual federal tax return. This means that all income and expenses must be accounted for. You will keep track and document expenses as they arise. This includes keeping receipts or invoices for ALL project-related expenses.

At this time, Side Project does not carry general liability or event liability insurance. This means that you are responsible for your project and the events you conduct. It is advised that you contact an insurance salesperson to learn more about the types of event liability insurance available. Side Project staff members are happy to work with the insurance agent to try and secure coverage for you event.

For a summary of you roles and responsibilities see the Chart of Work Responsibilities below.

HOW ELSE CAN SIDE PROJECT HELP MY PROJECT OR ORGANIZATION?

In addition to fiscal sponsorship, Side Project hosts the Lawyers4Nonprofits program that provides low bono General Counsel support to small and start-up nonprofits. This includes help incorporating, applying for tax-exempt status, complying with state fundraising laws, executive compensation legal issues, social enterprise legal issues, and more. Contact our Managing Attorney, Jeff Fromknecht ([email](#) or [schedule a call](#)), to learn more about our services and rates.

WHAT IS THE NEXT STEP?

Side Project Inc. is selective in our fiscal sponsorships. We support socially minded groups and people who are doing their part to make their community a better place to live for everyone. The first step is to [set up a call with our Arwen Davis](#) to introduce your project to us. Afterwards, you may be invited to fill out our [application](#). Application questions are also provided below. Your application will be reviewed by the Side Project Fiscal Sponsorship Committee based on the [Fiscal Sponsorship Submission Schedule](#).

I WANT TO KNOW MORE ABOUT FISCAL SPONSORSHIP.

Below are some links we have found useful to understanding what a fiscal sponsorship is.

- Candid. Learning – What is fiscal sponsorship? How do I find a fiscal sponsor? (<https://learning.candid.org/resources/knowledge-base/fiscal-sponsorship/>)
- Fiscal Sponsorship – What It Is and How It Works (https://www.youtube.com/watch?v=V_alM4w3WHM)
- National Network of Fiscal Sponsors (<https://www.fiscalsponsors.org/>)
- Fiscal Sponsorship, Council of Nonprofits (<http://www.councilofnonprofits.org/fiscal-sponsorship>)
- Fiscal Sponsorship: Greg Colvin's Book and Website (<https://fiscalsponsorship.com/>)

LINKS TO REFERENCED DOCUMENTS

- Set up a call with our Fiscal Sponsor Team (Arwen Davis): (<https://www.dosomeorganizing.org/legalhelp/fiscal-sponsorship-questions/book>)
- Fiscal Sponsorship Application: (<https://forms.gle/SNTfqZf5RoUXZ62G9>)
- Fiscal Sponsorship Submission Schedule: (<https://docs.google.com/document/d/1d9CNsIh-N9lqtm3q-J33efnPouib1f4ez4kd5FDZmGM/edit>)
- Nonprofit is a Tax Status Not a Business Model – Funding for Good, October 21, 2020: <https://fundingforgood.org/nonprofit-is-a-tax-status-not-a-business-model-2/>

Roles and responsibilities should be negotiated and documented in a written agreement. Every sponsorship is different, but these are the basics:

Fiscal Sponsorship: Who Does What?



Fiscal SPONSOR

Sponsored PROJECT



As fiscal sponsors, tax-exempt organizations can provide infrastructure and support for a start-up project or new organization, as well as a home for that organization's donations.

CHART OF WORK RESPONSIBILITIES

Activities	Side Project Staff	Sponsored Organization Staff
Receive & manage all project related funds	√	
Managing grant reporting requirements	√	√
Acknowledging/Thanking Donors	√	√
Tracking Expenses and submitting documentation		√
Writing Grants & Fundraising		√
Reviewing Grants Proposals	√	
Creating a logic model for project (if requested)		√
Tracking and documenting outputs and outcomes		√



SIDE PROJECT, INC
PITTSBURGH | ERIE | PALM BEACH COUNTY
WHAT'S YOUR CHARITABLE SIDE PROJECT?

FISCAL SPONSORSHIP APPLICATION QUESTIONS

Please answer each question in as much detail as possible.

Name of Project

Contact Information

Contact Person

Phone

Email

Address

Additional Contact Information (Please provide any other information you would like us to have here, such as a website or additional contact people.)

Mission and Activities

Project Mission

Current Activities (Have you begun your work already? What are you doing?)

Proposed Activities (What are your intended activities?)

Staffing and Volunteers

Staff and Volunteer Proposed Numbers (How many people will you need to help implement your project?)

Staff and Volunteer Current Numbers (How many people have committed to helping you?)

Paid Staff (Do you plan on having any paid staff?)

Social Impact Plan

3-6 Month Plan (What will you be doing in the next 3-6 months?)

One Year Plan (What are you aiming to accomplish in the next year?)

Five Year Plan (What are you aiming to accomplish in the next 5 years?)

Outcomes and Measurements

Proposed Outcomes (How will you know if you are making progress?)

Proposed Measurement (How will you measure the outcomes listed above?)

Strategies for Success (What are your strategies for making your outcomes happen?)

Capacity for Success (What are your capacities for accomplishing your goals?)

Current Accomplishments (What have and haven't you accomplished so far?)

(continued on the next page)

FISCAL SPONSORSHIP APPLICATION QUESTIONS CONTINUED

Assets and Resources

This includes money, staff, curriculums, supplies, community support, participants, etc.

Current Assets and Resources (What assets and resources do you currently have?)

Assets and Resources Still Needed (What assets and resources will you need to acquire in the first year to be successful?)

Please completed and provide the sources of income and project expenses for your project. (We are able to provide you with a form to fill out or you may provide your own documentation.)

Additional Information

Why is fiscal sponsorship right for your project?

Please list all Side Project, Inc. Values that match your project. (Services, Inclusion, Competence, Importance of Relationships, Social Justice, Fun.)

Is there any other information that will help us determine if we are the right fit for your project?