

Fiscal Sponsorship Information for PCEF Application Support Grant and Resources

Fiscal sponsorship is a way for informal organizations to access to grant programs and receive administrative support and other benefits by partnering with an established organization. An existing 501(c) organization agrees to provide its legal and tax-exempt status to an organization that is not yet incorporated. Fiscal sponsorship should occur between organizations with aligned missions because tax-exempt status is conditioned on an organization conducting activities that relate to their tax-exempt status. It is important that there are good relationships and written agreements in place between the two entities (fiscal sponsor and partner organization).

What a fiscal sponsor should know:

A non-profit organization can serve as fiscal sponsor to more than one entity for the purposes of PCEF Application Support Grants. It is essential that the application for each grant recipient is distinct (e.g., an application for entity number one, a separate application for entity number two) and the management of each grant is distinct (e.g., separate the tracking of funds and expenditures for each grant). Fiscal sponsors typically provide financial management, access to insurance, and/or technical assistance. Grant funds may be used to cover costs associated with fiscal sponsorship up to 10% of the grant amount and will need to be itemized in reporting.

It is important that you understand the roles, requirements, and responsibilities associated with a fiscal sponsor relationship. This includes an understanding that the fiscal sponsor is legally responsible for the funds, deliverables, and liability associated with the grant.

What an organization seeking fiscal sponsorship should know:

If successful, a grant award will be made to the fiscal sponsor, which will receive the funding and sign a grant agreement with the City of Portland. The fiscal sponsor may (but is not required to) request a fee for their services (up to 10% of the grant amount). They may also choose to withhold some of the funding and allot it incrementally based on completion of activities or deliverables. These agreements should all be worked out before applying for funds through a memo of understanding or other document. The fiscal sponsor is responsible for grant reporting and will request updates and accounting procedures to be followed, following the grant agreement requirements.

For the purposes of filling out the PCEF Application Support Grant program intake form, it is the organizational purpose and number of employees (if any) of the partner organization that will be counted. The employees of the fiscal sponsor are not intended to be part of the Full Time Equivalent (FTE) employee count.

More information and resources:

The following resources are not intended as legal guidance or endorsements; they are provided as a starting point to help organizations consider whether and how to enter fiscal sponsorship arrangements.

- https://nonprofitoregon.org/helpline_resources/tools_information/faqs/fiscal_sponsorship
- <https://www.propelnonprofits.org/resources/a-boards-guide-to-fiscal-sponsorship/>
- <https://www.perlmanandperlman.com/when-is-a-fiscal-sponsorship-a-mere-conduit/>
- <https://www.fiscalsponsors.org/>
- <https://www.councilofnonprofits.org/tools-resources/fiscal-sponsorship-nonprofits>
- <https://nonprofitquarterly.org/fiscal-sponsorship-a-balanced-overview/>
- <http://nonprofitlawblog.com/fiscal-sponsorship-six-ways-to-do-it-wrong/>