



Date: March 2023

What is fiscal sponsorship?

Fiscal sponsorship is a program provided for charitable organizations or groups in the community that deliver needed services and important initiatives as a means of providing a service to the community. In providing fiscal sponsorship to an organization or group, the YSCF confers its 501(c)(3) tax-exempt status to groups that are engaged in activities that serve our mission, typically for a fee.

As fiscal sponsor, the YSCF assumes accountability for the organization's actions, thus requiring complete transparency and compliance throughout the term of the agreement.

Why choose fiscal sponsorship?

A well-run nonprofit spends between 25-30% of annual revenue on administrative and overhead expenses. Fiscal sponsorship provides services to organizations that otherwise would not legally be able to conduct without 501(c)(3) tax-exempt status: legal and financial oversight, financial management, and other administrative services to receive donations that are tax deductible, as well as grants from funders. For the comprehensive package of administrative, legal, and capacity-building support that the YSCF provides, typical fiscally sponsored organizations and projects pay only 7.5% of their annual revenue.

For organizations that have 501(c)(3) tax-exempt status but have a small or non-existent paid staff, a fiscal sponsor can provide the required administrative expertise that can be costly for a newly formed or small nonprofit.

Administrative Policies / Requirements of Fiscally Sponsored Groups

Fiscal sponsor organizations are responsible for assuring their activities fulfill their charitable purpose. A YSCF's fiscally sponsored organization or project's partner is responsible for overall programmatic operations, all fundraising, and the financial sustainability of the project, including the supervision of their employees and volunteers. In exchange, the YSCF provides resources, experience, grants management, finance management, accounting, and more.

Fiscal sponsor organizations are required to do the following:

- Follow the YSCF code of conduct
- Not engage in political activity or lobbying
- Ensure that all donations to the organization are through the YSCF
- Obtain insurance for the organization for events, etc.
- Provide all marketing to the YSCF for review, with the YSCF properly identified in public marketing materials
- Recognize the YSCF in all marketing and promotional efforts
- Sign a fiscal sponsor agreement
- Ensure compliance with applicable employment laws
- Maintain an effective working relationship with the YSCF
- Ensure all organization staff / volunteers are trained to follow YSCF processes and procedures outlined in the fiscal sponsor agreement
- Follow all YSCF procedures associated with the obligations and expenditure of funds
- Prepare grant proposals consistent with YSCF policies and ensure compliance with all grant agreements
- Inform the YSCF of any new program activities in order to assure assessment of potential risks
- Maintain clear communication and keep the YSCF informed of all current advisory board members' names, contact information, and term-ending dates
- Annually complete and sign the YSCF's Conflict of Interest Disclosure form and arrange for each fiscally sponsored project advisory board member to sign Conflict of Interest Disclosure forms as well

Fiscal Sponsorship Fees

The YSCF includes the following general charges for every type of Fiscal Sponsorship:

- Direct charge for any insurance, such as for events
- Any required filing (990, etc. if for 501c3)
- Any excessive administrative costs (beyond 3 checks / month),

- 1. Grant Funding Administrative Support:** The YSCF as a 501c3 partners with organizations with missions in alignment with the Foundation's, to apply for grant funding from other 501c3 organizations. Funds are provided to the YSCF, and the program is paid for directly by the YSCF in accordance with the grant funding.
 - A 7.5% fee will be charged at the time of donation as a general administrative fee, with a minimum annual fee of \$500.
 - The YSCF reviews/submits grant application after the grantee (fiscally sponsored organization) completes the application and provide funds to the grantee once received from the grantor. The grantee completes required reports, which the YSCF files upon completion of the project.
 - Create new fund to manage grants that YSCF receives and provides to grantee, as fiscal sponsor; this fund will handle all type of this incoming/outgoing grants.
- 2. Supplemental Administrative Support:** A spend-down fund is created for receiving donations and from which expenses can be reimbursed for a nonprofit or an association or organization that is not a 501c3. The YSCF reimburses specific purchases or pays invoices directly from the donations accumulated in this fund. Generally, this relationship experiences limited monthly transactions. Fund Advisor access is included, which permits the Fund Advisor to see the fund value online 24/7. The YSCF does not participate in fundraising for the fiscally sponsored organization with this agreement.
 - A 7.5% fee will be charged at the time of donation as general administrative fee.
 - A minimum \$500 administrative event fee may be charged as determined based on individual events to cover event expenses, with the option to wave if event/fundraiser is not sufficient to charge \$500. This covers the processing of approximately 25 checks for an event, which is charged after the event at the time of processing.
- 3. Comprehensive Administrative Support:** The YSCF manages all administrative activities for a registered nonprofit or organization, including but not limited to checking/saving accounts, check writing, reimbursements, and state filings. Such support is administratively separate from the YSCF. The organization's or nonprofit's savings would be an invested agency fund at the YSCF. The YSCF does not participate in fundraising for the fiscally sponsored organization with this agreement.
 - A 7.5% fee will be charged at the time of donation as a general administrative fee, with a minimum annual fee of \$500.
 - All expenses associated with fund's administration is billed directly to the organization.