



THE NONPROFIT  
ASSOCIATION OF  
OREGON

## NAO Quick Guide to Fiscal Sponsorship in Oregon

Fiscal Sponsorship is an agreement through which a project or organization without tax-exempt status – but which could qualify for exemption - partners with an existing tax-exempt organization in order to receive donations and grants. Any nonprofit that the IRS recognizes as exempt under section 501(c)(3) can be a fiscal sponsor. If you are already working closely with a 501(c)(3) organization, you may want to consider asking them to be your organization's fiscal sponsor. It is important for sponsoree organizations to find a fiscal sponsor that have a similar mission or area of interest, as the fiscally sponsored program is technically a “program” of the fiscal sponsor.

With the complexity and detail in structuring an agreement, it is important to understand that charitable contributions for the project are accounted for in the financial books of the 501(c)3 organization, and the organization serving as a fiscal sponsor is doing so under the rules and regulations of the IRS. Funds earmarked for the project must be properly controlled and overseen by the fiscal sponsor: they must have the capacity to properly steward the funds, have mission alignment, and a willingness to maintain good communication with the project.

The Internal Revenue Service (IRS) has been more closely scrutinizing these types of arrangements in recent years, so being thoughtful in how you form your fiscal sponsorship is important. It should also be noted that the fiscal sponsor will usually take an administrative fee (typically between 7% and 15% of the sponsored organization's funds) to cover the costs of administering the sponsored organization's financial reporting and banking fees.

One of the best resources available for quickly understanding fiscal sponsorship is Gregory Colvin's book: [Fiscal Sponsorship, 6 Ways to Do It Right](#). This excerpt showing [Fiscal Sponsorship Models](#) is helpful to understand the relationship of the parties.

NAO also suggests referring to the wealth of great information from [National Network of Fiscal Sponsors](#). The two most commonly implemented forms of fiscal sponsorship are described by the [Best Practices for Fiscal Sponsorship](#).

### Additional Fiscal Sponsorship Resources

[Guide to Fiscal Sponsorship](#) (GrantSpace)

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

[Sample Fiscal Sponsorship Agreement](#)



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## **NAO Directory has information on legal support for fiscal sponsorship**

### [Attorney/Legal Services](#)

#### **The following resources may help you find a fiscal sponsor:**

- [Cascade Pacific Fiscal Sponsorship Services](#) – Provides fiscal sponsorship services in Oregon.
- [The Fiscal Sponsors Directory](#) - A searchable directory of potential fiscal sponsors as well as other helpful information.

We hope this information is helpful to you as you explore fiscal sponsorship! For additional questions, we recommend that you consult a nonprofit attorney for guidance in this matter and to review your fiscal sponsorship agreement.