



What is

# FISCAL SPONSORSHIP

A super duper useful guide by March On Foundation

First, let's look at:

## #1 NONPROFITS: BY THE NUMBERS



**Did you know?**

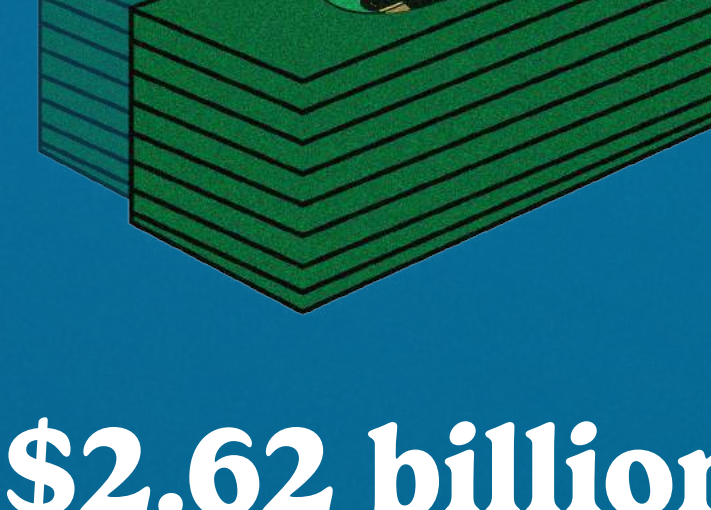
Nonprofits are the **3rd largest workforce** in the US after only Retail and Manufacturing.

... that translates to ....



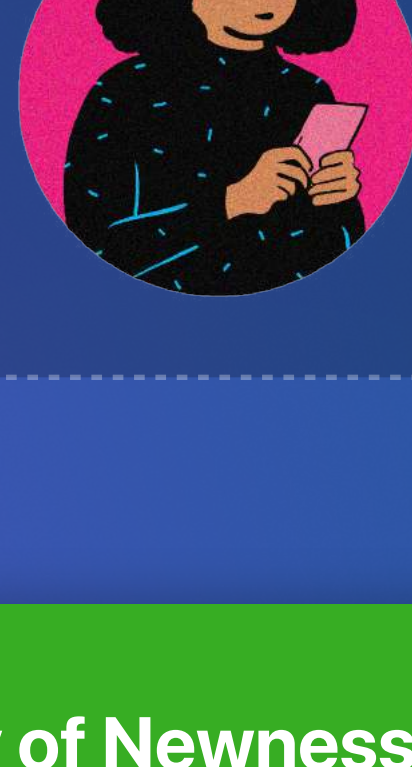
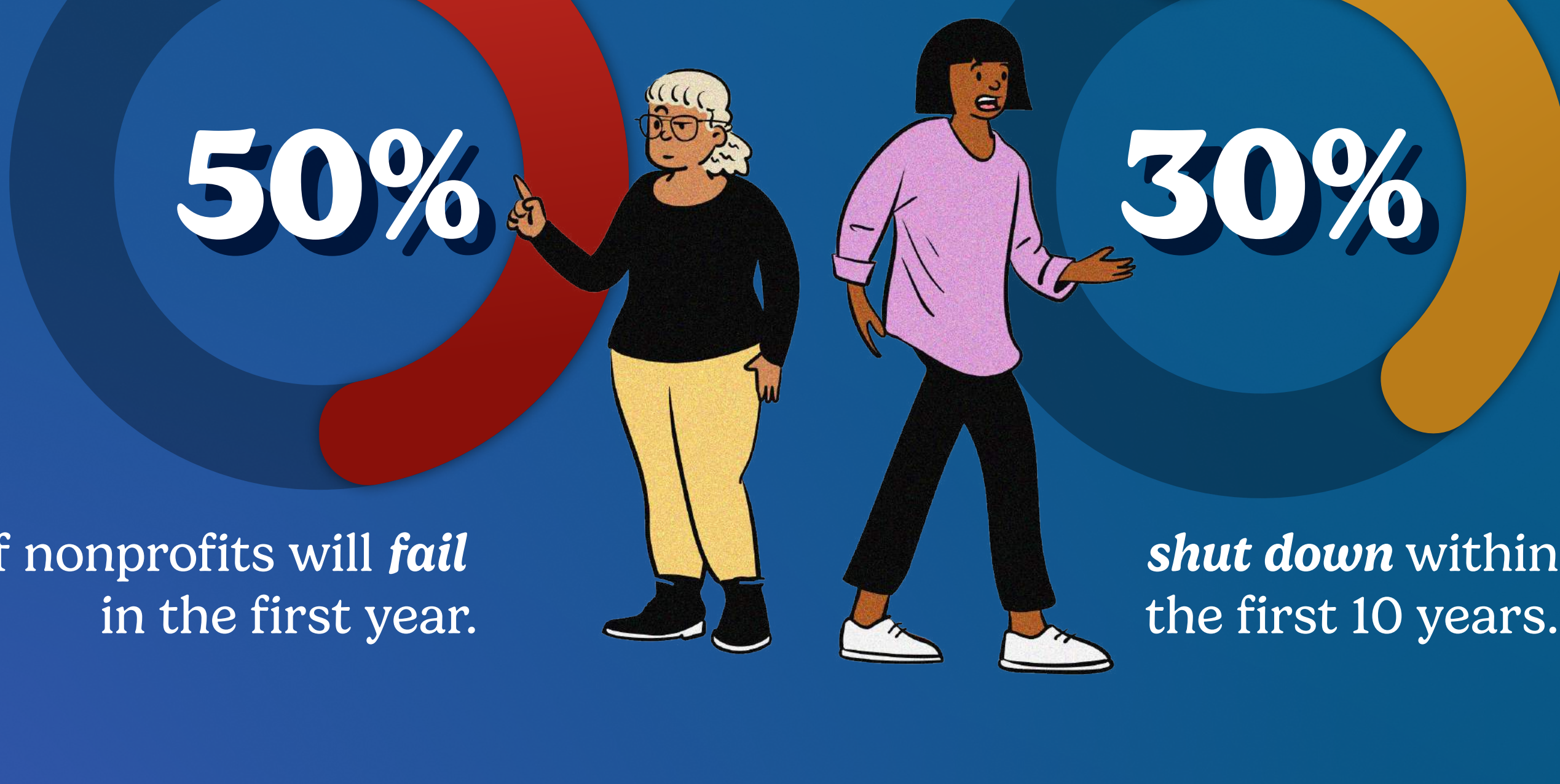
**1** out of every **10** people in the American workforce!

or



**\$2.62 billion** in Annual Revenue

## #2 ... BUT NONPROFITS CAN BE RISKY!



**Be careful!**

There are a **number of topics** Nonprofits face in doing work, including ...

### Liability of Newness

New nonprofits are particularly vulnerable to failure because they "engage in so many vital activities more or less simultaneously, which often ends up being an overwhelming task." —(Stinchcombe)

### Theory of Change

Nonprofits often struggle to predict the outcomes or impact of the actions they take. Common pitfalls include unclear goal setting, unforeseen administrative or organizational hurdles, insufficient research on the impact of programming activities, and difficulty adapting to unexpected changes. Fiscal sponsorship removes barriers by providing resources, structure, and experience so that project leaders can focus on the work.

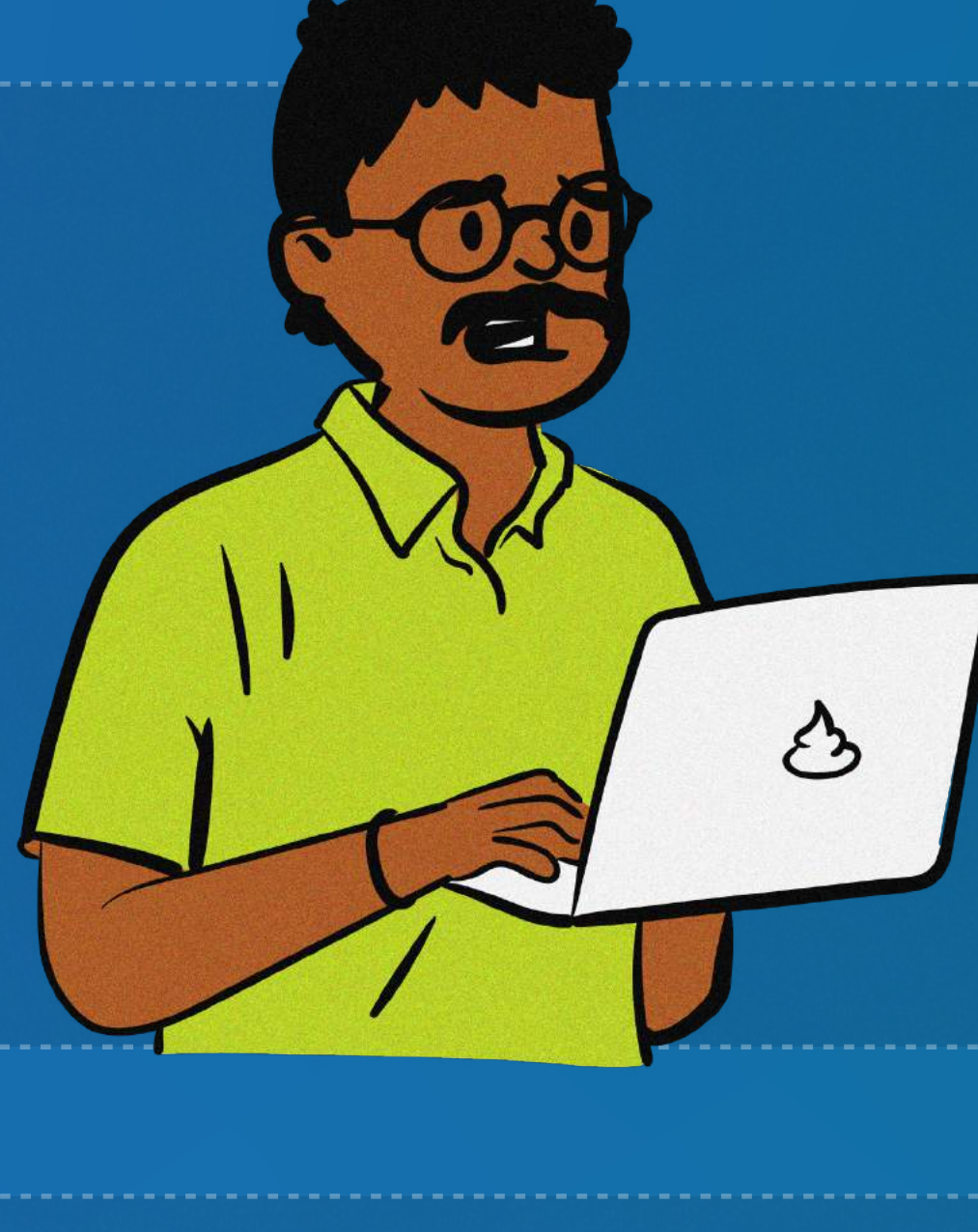
### Governance

Many nonprofits struggle to navigate a complex landscape of legal governance requirements. Nonprofits are required to form and manage a board of directors, draft and adhere to bylaws, and file for tax-exempt status. These must comply with state and federal legal standards. Nonprofits that fail to meet these requirements may incur personal liability and jeopardize the project's legal status.

### Hidden Costs

New nonprofits are often stymied by unexpected and prohibitive costs, including legal and filing fees, charitable solicitation fees, insurance, administrative and professional services, and compliance and governance.

## #3 FISCAL SPONSORSHIP AS A SOLUTION!



**\$500,000 or less**

is the annual revenue reported by nearly **75%** of nonprofits. Donors have called for a reduction in the duplication of administrative services to achieve greater impact.

## Fiscal sponsorship

allows organizers to benefit from the advantages of a 501(c)3 or 501(c)4 status without taking on the burden of legal and operational compliance.



Primary benefits of Fiscal Sponsorship include:

### 1. Speed to Launch

Fiscal sponsorship allows charitable projects to bypass the lengthy and costly processes of incorporation and establishment of a formal structure.

### 2. An Experienced Partner

A fiscal sponsor should help a charitable project to flourish and to understand the complex legal and regulatory landscape.

### 3. Ability to Focus

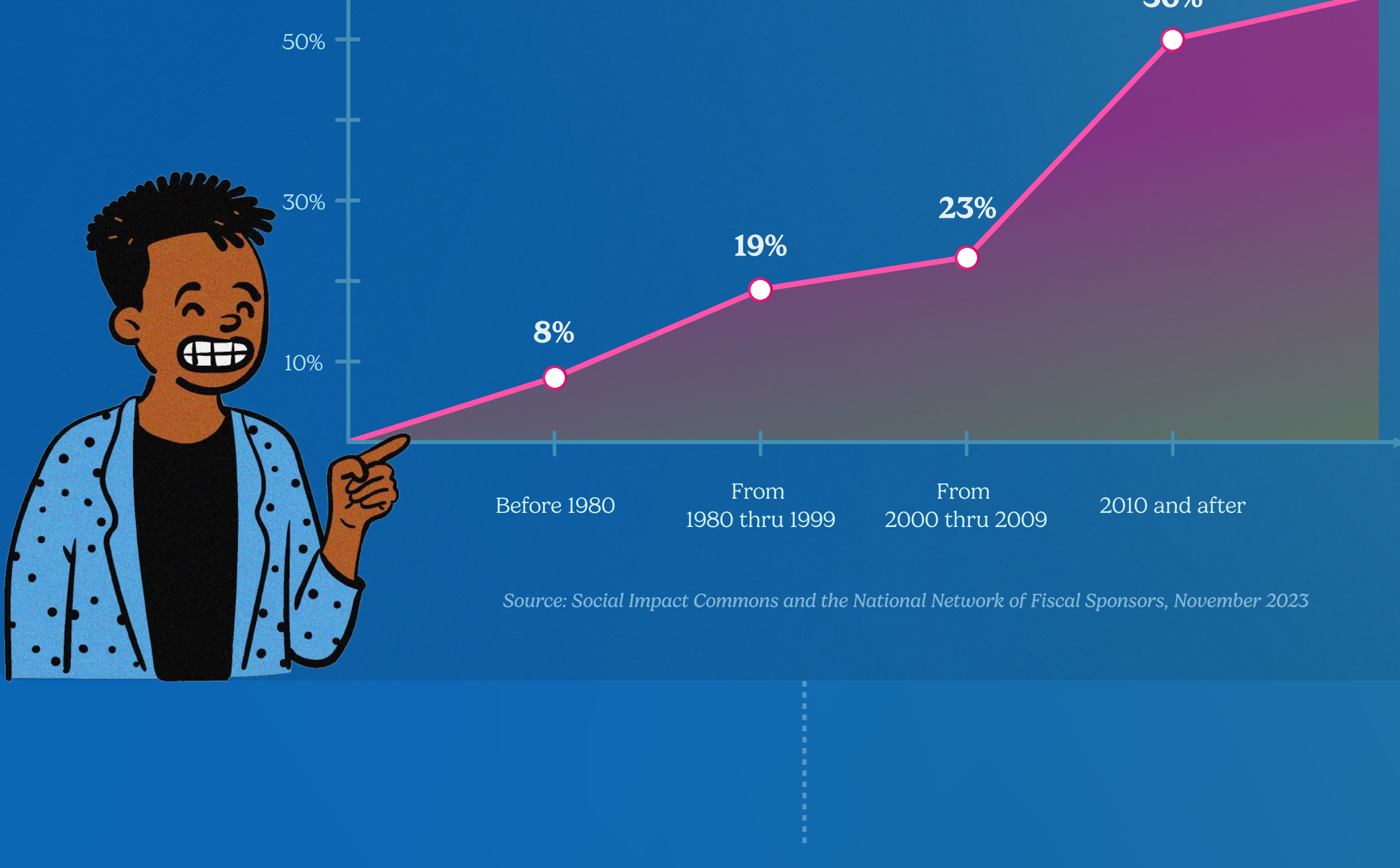
Without fiscal sponsorship, charitable projects are responsible for the burden of launching a small business with extensive federal and state regulation.

### 4. A Stamp of Approval

Partnership with an experienced fiscal sponsor signals to funders and donors that a project is reputable.

## #4 FISCAL SPONSORSHIP IS ON THE RISE

The timeframe in which a surveyed group of 100 nonprofits started offering Fiscal Sponsorship:

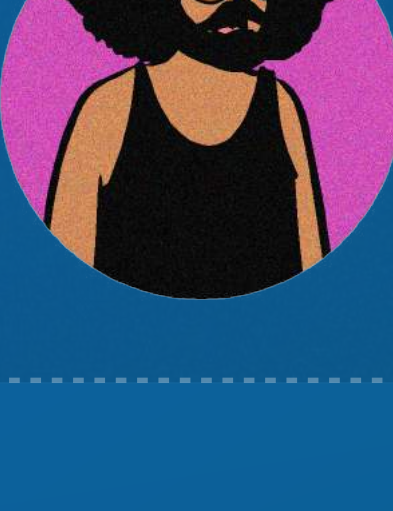
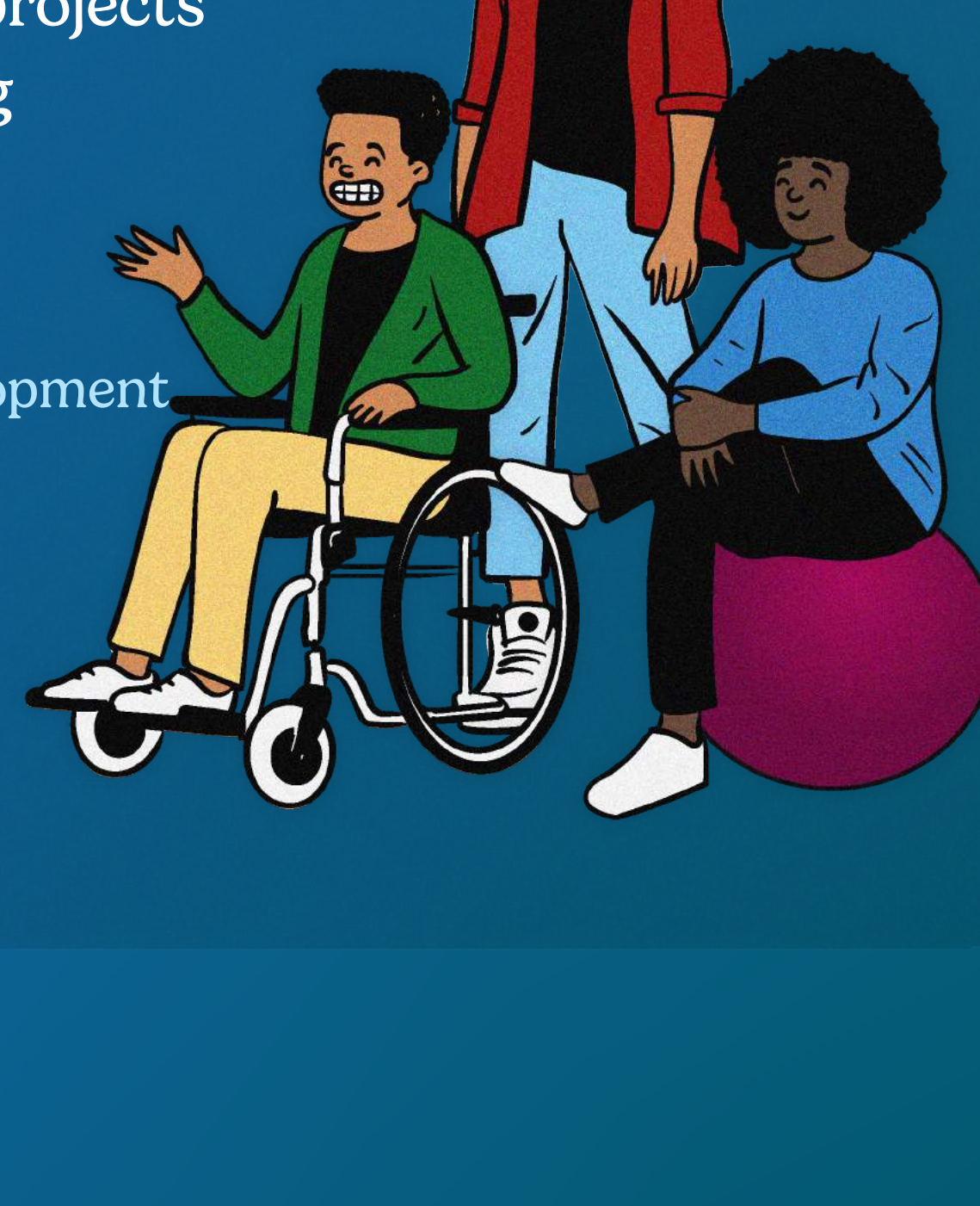


## #5 WE'D LOVE TO HEAR FROM YOU!

Are you looking to affect positive change within your own community?

March On Foundation makes organizing grassroots projects easier through Fiscal Sponsorship! We offer servicing capabilities including:

- Tax-Deductible Donations Support
- Organizational Development
- Financial Reportings
- Expense Cards
- Contractor Support (1099)



**Say hello!**

Visit [mo-foundation.org](http://mo-foundation.org) to learn more about Fiscal Sponsorship!