

Grantee Guidance: Serving as a Fiscal Sponsor

The Pottstown Regional Community Foundation (PRCF) supports organizations of all capacities, including organizations with a strong track record for positive impact, that also serve as strong anchors in our region. We understand that from time to time, these anchor organizations may be asked to act as fiscal sponsors, extending their legal and administrative infrastructure to community-led initiatives that align with their mission.

Fiscal sponsorship is a powerful tool for advancing community well-being. By providing grassroots, community-led initiatives with access to charitable funding, fiscal sponsorship helps empower communities in an equitable fashion and ensures nonprofit compliance. However, fiscal sponsorship also requires thoughtful and intentional stewardship to be successful. This guidance is designed to help prospective grantees assess their readiness to take on the responsibilities of fiscal sponsorship and to clarify what PRCF expects when considering funding for fiscally sponsored projects.

What Does It Mean to Be a Fiscal Sponsor?

When your organization serves as a fiscal sponsor, you are fully integrating a project into your operations; financially, legally, and programmatically. This includes:

- **Legal Accountability:** You assume legal responsibility for the sponsored initiative. The fiscally sponsored project becomes part of your organization's programming.
- **Fund Management:** You receive and manage all grant funds, donations, and revenue on the project's behalf. You are responsible for ensuring all expenditures are compliant, documented, and aligned with charitable purposes.
- **Personnel Oversight:** If the project has staff or contractors, they must be hired and managed through your organization. This includes payroll, insurance, and supervision.
- **Reporting and Compliance:** You will be responsible for all grant reporting, financial disclosures, and records associated with the project. PRCF and other funders will hold your organization accountable for the use of funds and achievement of outcomes.
- **Risk and Insurance:** Your organization must cover the project with appropriate insurance (liability, workers' comp, D&O, etc.) and manage any legal risks the project introduces. Please note, fiscal sponsors are encouraged to review sponsorship agreements with legal counsel to confirm that all potential risks are appropriately addressed and insured.

Key Readiness Questions

Before committing to fiscal sponsorship, PRCF encourages you to reflect on the following:

- **Mission Alignment:** Is the project's work clearly aligned with your organization's IRS designated tax-exempt purpose(s)?
- **Internal Capacity:** Do you have sufficient financial systems, staff time, and policies to manage another initiative effectively?
- **Administrative Infrastructure:** Can you support the project with HR, finance, insurance, and program compliance as needed?
- **Governance Readiness:** Has your board approved a fiscal sponsorship policy? Do you have a process in place to assess new sponsorship requests?
- **Clarity of Roles:** Can you establish a formal agreement that defines roles, responsibilities, and expectations in writing?

PRCF Expectations When Applying as a Fiscal Sponsor

If you apply for PRCF funding on behalf of a sponsored project, we expect the following:

- The sponsoring organization must be listed in the grant application and be the grant fund recipient.
- The leadership of the sponsored initiative will remain abreast of and actively seek to participate in PRCF capacity building opportunities and grantee convenings to represent their project in the community.
- A written agreement must be in place that outlines roles, fund management, and oversight. Templates and examples of fiscal sponsorship agreements can be found in the "Additional Resources" section of this document.

(Please note: Any fiscal sponsorship agreement should detail how transactions will be processed with the expectation for the sponsored initiative to submit receipts for reimbursement and/or request for invoices to be paid. Additionally, it is recommended that payment and request cadences, and proper communication channels are clearly established in any fiscal sponsorship agreement.)

- The application narrative should include clear descriptions of the fiscal sponsor relationship, including staffing, oversight, and fiscal responsibilities.
- You must commit to submitting required narrative and financial reports on behalf of the project.

- Your organization must ensure that the project’s work remains mission-aligned, compliant, and transparent throughout the grant period.

Additional Notes

PRCF reserves the right to review the fiscal sponsorship agreement as part of its due diligence process.

If at any point the relationship between sponsor and project changes materially, PRCF must be notified. (Insert VARIANCE LINK!)

Fiscal sponsors are expected to provide the same level of care and documentation as they would for any of their own internal programs.

Questions or Support

If your organization is exploring a new fiscal sponsorship relationship or preparing to apply as a sponsor, we encourage you to connect with our Grants Manager. We are available to help you assess readiness and offer tools to support responsible fiscal sponsorship.

Additional Resources:

[Fiscal Sponsorship – Webinar Recording and Resources List - Nonprofit Financial Commons](#)

[Fiscal Sponsorship: Model A vs. Model C — Mission Edge | Nonprofit HR, Accounting, & Fiscal Sponsorship Services](#)

[Fiscal Sponsorship 101 — Social Impact Commons](#)

Fiscal Sponsorship Templates: [Resource Library — Social Impact Commons](#)