

Fiscal Sponsorship Models

Fiscal Sponsorship Models	Basic Characteristics	Is Project Legal Entity?	Basic Relationship	Charitable Donations Belong to	Sponsor's Liability to Third Parties	Ownership of Results	Payments Shown on IRS Returns Filed By		Comments
							Sponsor	Project	
Direct Project	Project belongs to sponsor and is implemented by its employees and volunteers	No	Employer-Employee	Sponsor	Total liability for acts of employees.	Sponsor	990, payroll tax returns	Individual 1040s	Legally, project is no different than any other activity carried on by sponsor directly.
Independent Contractor Project	Project belongs to sponsor but is conducted by separate entity under contract	Yes	Project Contract	Sponsor	Varies, may be partial or total.	Should be conveyed by sponsor	990, 1099 if person	Depends on contractor's legal status	Appropriate where project is integral to sponsor's work, may be legally done by independent contractor.
Preapproved Grant Relationship	Project applies to sponsor for one or a series of grants, sponsor funds only to extent that money is received from donors.	Yes	Grantor-Grantee	Sponsor	Selection and payment of grantee, plus terms set by funding source.	Project usually	990	Depends on grantee's legal status	Used by non-501(c)3 project, in order to raise tax-deductible support from donors, private foundations or government grants.
Group Exemption	Sponsor obtains federal group tax exemption, confers 501(c)3 status on subordinate projects.	Yes	Subordinate-Affiliate	Project	Only as provided in affiliation agreement.	Project	Annual listing of orgs., no financial information	990, separate or group return	Project gets 501(c)3 status with separate application to IRS; under sponsor's supervision/control.
Supporting Organization	Project gets its own 501(c)3 exemption, but public charity status is based on support of sponsor's purposes.	Yes	Degree of connection varies	Project	None.	Project	None	990	Project must apply to IRS for 501(c)3 status, but can be a public charity even with only one donor.
Technical Assistance	Project has its own 501(c)3 exemption but needs help with bookkeeping, tax returns, payroll, management, etc.	Yes	Management contract	Project	Only as provided in contract.	Project	990 if fee charged	990 if fee paid	Sponsor provides financial management to project, but all funds are raised and spent in the name of the project.