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Quick Guide: Fiscal Sponsorship for CVI Organizations

What is a Fiscal Sponsor?

A fiscal sponsor is an established 501(c)(3) nonprofit that takes legal and financial responsibility for a project or organization that doesn't yet have its own tax-exempt status, or that chooses not to form one.

Think of it like this: the fiscal sponsor is the legal "house" your work lives in. You do the community work, and they handle financial compliance, tax filings, and grant eligibility. You stay community rooted. The relationship is a partnership, not a takeover.

Why Fiscal Sponsorship Matters?

Having a fiscal sponsor provides several benefits and forms of support for organizations that are not a 501(c)(3) for seeking and managing grant funds. Examples of the benefits include:

- It allows you to receive grants and tax-deductible donations without being a 501(c)(3).
- It makes you more competitive for grants when you're newer or smaller.
- It provides administrative and financial management support.
- It offers mentorship, credibility, and infrastructure.
- It lets you test your program and organizational model before incorporating it.
- It can be your legal safeguard while you grow into full nonprofit status.

How Should I Decide on a Specific Fiscal Sponsor?

The fiscal sponsor holds ultimate legal responsibility for the grant dollars. That's why they also set criteria and standards. Therefore, choose a fiscal sponsor carefully. Below are some important considerations.

Questions to Ask Yourself First:

- Are you great at the community work but weak on financial management? A fiscal sponsor can carry the administrative weight.
- Do you have enough organizational infrastructure to be competitive for grants on your own? If not, a sponsor can help.
- Are you ready to share decision-making and accept their financial oversight? This is real accountability. Make sure it's a fit.
- Does the potential sponsor deeply understand and respect your community and the work?

Questions to Ask a Potential Fiscal Sponsor:

What percentage of the grant funds do they take as an administrative fee? (Common range: 7–15%)

- What is your experience with/sponsoring agencies whose mission is violence prevention and community-based safety work?
- Who controls the decisions on programming? Who controls the decisions related to moving funds across budget categories?
- How do you handle payments to community workers and stipends?
- What happens to intellectual property and community relationships if we part ways?
- Can we see examples of organizations they currently sponsor?
- How do you handle reporting, audits, and compliance?

A key principle is: Maintain ownership over your community relationships and your intellectual property. A good fiscal sponsor is a partner, not a gatekeeper. If a potential sponsor wants to control your community relationships, that's a red flag.

Where Can I Find Examples of Fiscal Sponsors?

See the “Finding Funding” pages of [ARCvi.org](https://arcvi.org) for examples of fiscal sponsors in the Philadelphia region that have a strong familiarity with anti-violence, reentry, healing, and community safety ecosystems. They are most likely to understand your work, your community, and the realities you navigate.

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[ARCvi.org](https://arcvi.org) is an initiative of the [Public Policy Lab](https://publicpolicylab.org) in Temple University's College of Liberal Arts. The website was designed to deliver curated resources and tools to community-centered programs focused on reducing community violence. This effort has been supported in part by the Stoneleigh Foundation and the Green Family Foundation.