

TSNE FISCAL SPONSORSHIP FAQs

Fiscal sponsorship is an effective partnership offering a comprehensive shared services platform to mission-based organizations. TSNE has been providing fiscal sponsorship services to nonprofits for more than 60 years and is currently registered to do business in 38 states countrywide. Our comprehensive suite of services includes accounting, finance, governance, and human resources management supports that allow program leadership and staff to focus on achieving their goals.

What is fiscal sponsorship?

Fiscal sponsorship is a less-costly and more efficient alternative to launching a nonprofit 501(c)(3) corporation.

A fiscal sponsor can provide a suite of administrative and financial supports, allowing staff to focus on the execution of their mission and programs. Both new charitable activities and long-established organizations are eligible to become fiscally sponsored organizations.

For new endeavors, a fiscal sponsorship arrangement gives time to evaluate the concept and can instill confidence in potential funders who might be reluctant to provide support to a new nonprofit with no financial or operating history.

What are the benefits to becoming a nonprofit through fiscal sponsorship instead of forming a 501(c)(3) nonprofit corporation?

Starting a nonprofit through a fiscal sponsor is easier for a single reason: it saves both time and money. The process of forming a nonprofit corporation and applying for IRS tax exemption is expensive (typically requiring an attorney) and takes approximately six months. Additionally, starting a new, independent nonprofit organization is like starting a new business and requires time, money, and energy to set up operations. Fiscal sponsorship allows organizations to start working toward their goals right away and lets staff focus fully on the mission and programmatic work.

What are TSNE's fiscal sponsorship services?

Our seamless suite of back-end services includes:

Human Resources Management

- ▶ Strategic human resources planning
- ▶ Benefits administration
- ▶ Payroll administration, time & attendance, tax filing
- ▶ Recruitment management
- ▶ Onboarding and offboarding
- ▶ Employee relations
- ▶ Human resources risk management
- ▶ Employment policies and procedures development and administration
- ▶ Labor laws and regulations compliance and reporting
- ▶ Employment verification
- ▶ Performance management
- ▶ Compensation strategy and plan design

- ▶ Training and development
- ▶ Employee data management
- ▶ Coaching and consulting
- ▶ Internship and volunteer program design
- ▶ HR forms and templates

Financial Management

- ▶ Revenue and expense accounting
- ▶ Cash flow projections and assistance
- ▶ Grants management
- ▶ Monthly financial statements and reports
- ▶ Purchasing and bill payment
- ▶ Corporate financial audits and subaudits for an additional fee
- ▶ Annual budgeting
- ▶ Financial analysis and planning

Compliance and Risk Management

- ▶ Legal compliance
- ▶ Insurance coverage
- ▶ Contract review
- ▶ Legal advice on intellectual property, contracts, nonprofit law, labor employment, and dispute resolution
- ▶ External legal support for an additional fee
- ▶ Additional insurance coverage beyond TSNE's standard insurance offerings

What can my organization expect from its relationship with TSNE?

A successful fiscal sponsorship depends on maintaining clear roles and responsibilities for both the sponsor and the fiscally sponsored organization. As the fiscal sponsor, TSNE is responsible for acting as the legal entity. This means TSNE ensures that the organization's activities meet all relevant legal requirements and maintains final decision-making authority over financial, legal, and human resources matters. The fiscally sponsored organization or the organization under sponsorship is responsible for understanding and conducting ethical business practices consistent with IRS regulations, all applicable laws, funder restrictions, and TSNE's policies and procedures.

TSNE's core roles and responsibilities as the fiscal sponsor

- ▶ Provide fiduciary, legal, compliance, and ethical accountability as the legal entity
- ▶ Retain control and discretion of the use of funds, maintaining records demonstrating that funds were used for 501(c)(3) exempt purposes
- ▶ Establish and maintain processes that promote robust communication between TSNE and the sponsored organization. Ongoing communication between TSNE and the sponsored organization is critical to ensuring that the partnership goes smoothly and that any challenges that arise are resolved quickly
- ▶ Work in collaboration with the fiscally sponsored organization to deliver shared administrative financial management, human resources management, and compliance and risk management services

The fiscally sponsored organization's core roles and responsibilities

- ▶ While TSNE retains full legal and fiscal control, projects will work in partnership on any dispute resolutions. TSNE will work fairly and equitably to resolve all disputes
- ▶ Maintain a clear understanding of their current financial situation and work with TSNE staff to ensure the accuracy of all financial reports, including working with TSNE staff to create and manage fiscal year budgets
- ▶ Adhere to TSNE's policies and procedures
- ▶ Work in collaboration with TSNE to assure funders receive timely and accurate reports on the project's activities
- ▶ Maintain and manage an advisory board that will liaise with TSNE as necessary

Is my organization a fit for fiscal sponsorship?

Are there types of projects TSNE does not accept?

Due to the legal liabilities associated with the following activities, we currently do not accept groups which engage in them or which include the following criteria:

- ▶ Operation of a law practice: routinely litigate or regularly provide legal services to the general public, such as legal aid clinics
- ▶ Practicing medicine: provide psychological services or medical treatment services of any kind
- ▶ Work with animals of any kind, including livestock and rescue animals
- ▶ Performing arts organizations, such as theater troupes or dance companies
- ▶ Provide programming in residential or overnight settings, such as group homes or overnight camps, to vulnerable populations, including, people with disabilities, senior citizens, children under the age of 18, and other groups
- ▶ Own and/or maintain land, buildings, or other real estate
- ▶ Deliver services and programs outside of the United States
- ▶ Have more than 20% of staff residing outside the United States
- ▶ Operate high risk outdoor activities, such as climbing towers or white-water rafting
- ▶ Farming as a central part of their mission, such as operating a nonprofit working farm
- ▶ Primarily involved in the generation of copyright-protected works such as films, books, or podcasts
- ▶ Are for-profit ventures or are intending to become for-profit ventures
- ▶ Are benefit corporations or corporations that generate profits in addition to providing a public benefit
- ▶ Provide one-time only events, such as marches
- ▶ Conduct research on human subjects, other than research that is limited only to data collection and analysis
- ▶ Academic research projects associated with a university
- ▶ Engage in political campaigning or electoral activities

Does TSNE accept faith-based organizations?

We welcome applications from faith-based projects, as long as they do not:

- ▶ Require adherence to a particular religious faith or doctrine
- ▶ Make claims that a particular religion or religious tradition is the "one true religion" to the exclusion of all others

- ▶ Make claims or enact practices that privilege members of a particular religion or religious tradition, or discriminate against non-members of a particular religion or religious tradition
- ▶ Claim that one particular religion has replaced all other religions
- ▶ Require active participation in religious rituals
- ▶ Have as a primary purpose the advancement of prescribed belief or observance

My organization already has 501(c)(3) determination. Can I still apply for fiscal sponsorship under TSNE?

Yes. A number of established nonprofit organizations have chosen to make TSNE their home, appreciating a new operating structure that allows them to better focus on mission. Please indicate in your application that you already have 501(c)(3) status. If you are accepted for fiscal sponsorship with us, you will no longer be able to conduct business under that 501(c)(3) tax determination. If there are any outstanding liabilities, you will not be considered for sponsorship until they are resolved.

My organization does not have current funding coming in. What are the funding requirements for fiscal sponsorship?

We currently do not have a specific funding level requirement. In reviewing your proposal, we are looking for a realistic projection of costs to cover the operational expenses of the organization. We will be looking for a strong fund development plan. Your expenses should reflect the activities of the organization. While you may not yet have funds from grants, individual donations, or other fundraising activities in hand, we are looking for commitments of funds or specifics regarding funding.

My organization engages in lobbying and advocacy work, will TSNE still consider my application?

In most cases, yes, if it is an allowable 501(c)(3) activity, not in support of a political candidate, we are notified of your intention to engage in the activity PRIOR to carrying it out, and it is in alignment with our mission and values.

Why do I need an advisory board if TSNE's board provides the legal governance structure?

All projects under TSNE's fiscal sponsorship must have an advisory board that provides oversight and guidance. The advisory board does not hold legal responsibility for the project (which is TSNE's board of directors' role), but it typically fulfills many of the roles usually held by boards of directors, including annual review of the director, resource development, serving as ambassadors, and providing program and financial oversight. The size of your board should be manageable for a start-up organization; three to nine members is recommended.

How much will fiscal sponsorship cost?

What are the fees associated with fiscal sponsorship?

Our typical fee for fiscal sponsorship ranges from 12%-14% of your organization's expenses based on the needs of your organization. Services include all those listed above, including general liability insurance, accounting, an annual audit, 990, payroll service, benefits administration, contract/legal, and grant management. By sharing these costs with our other fiscally sponsored organizations, the cost incurred is less than what organizations would pay vendors independently for the same services.

Are there any other fees such as start-up or termination fees?

There are no additional fees. However, there could be direct costs to projects that require supplemental insurance for activities not covered by our general liability policy.

What is the process for applying to become a fiscally sponsored organization?

When are applications for fiscal sponsorship due?

Applications for sponsorship are accepted on a rolling basis.

What happens after we complete the application?

Applications are rigorously reviewed by our staff and final determination of sponsorship is made by TSNE's board of directors.

How long is the application review process?

It takes us a minimum of six weeks to accept or decline an application.

Do you offer other services?

Yes, we offer services designed to meet the needs of complex and growing organizations, strengthen leadership skills, facilitate learning and strategic thinking, and provide practical and operational support with the goal of increasing organizational capacity.

Executive Search and Transitions

- ▶ Executive search services
- ▶ Interim executive placement
- ▶ Sustainability and succession planning
- ▶ What's Next: Leading a Thriving Transition

Nonprofit Consulting and Strategy

- ▶ Human resources consulting
- ▶ Leadership coaching
- ▶ Organizational development

Training & Professional Development

- ▶ Better Nonprofit Management Training Series
- ▶ Customized training

Property Management

- ▶ Professional property management services for nonprofit offices and spaces