

Maine Fiscal Sponsorship Landscape Analysis

Examining Opportunities to Strengthen Maine's Nonprofit Ecosystem

Prepared by Pivot Point, Inc.

Carol Kelly, Managing Director

Joanne Joy, Senior Consultant

March 28, 2025



THIS PAGE INTENTIONALLY LEFT BLANK

Table of Contents

Acknowledgements.....	3
Glossary.....	4
Summary of Findings & Recommendations.....	5
Introduction & Context.....	6
Purpose & Scope.....	7
Methodology.....	8
Data Analysis.....	9
Findings.....	15
Recommendations.....	18
Conclusion.....	22
Appendices.....	23
A: Resources.....	23
B: Maine Fiscal Sponsorship Landscape Survey.....	24
C: Maine Association of Nonprofits Survey.....	47
D: Maine Funders Survey.....	48

Acknowledgements

The Maine Fiscal Sponsorship Landscape Analysis was inspired and informed by the *Mapping Baltimore's Fiscal Sponsorship Landscape 2021* report commissioned by the Annie E. Casey Foundation and Open Society Institute-Baltimore and the *Management Commons and the Future of Fiscal Sponsorship 2023* vision paper from Social Impact Commons.

Six Maine-based philanthropies have been enthusiastic funders, connectors, and thought partners for the Maine Fiscal Sponsor Landscape Analysis. They are Broad Reach Fund, Maine Health Access Foundation, Maine Community Foundation, Onion Foundation, Quimby Family Foundation and Elmina B. Sewall Foundation.

Scores of nonprofit organizations and over 250 nonprofit leaders participated in the data collection behind the findings and recommendations presented here. We are grateful to all who took the time to share their experience and expertise, particularly the 20 individuals who spoke with us directly and at length about Maine's fiscal sponsorship and nonprofit ecosystem.

The views, opinions, and content of this publication are those of the authors and do not necessarily reflect the views, opinions, or policies of any of the project funders. Nothing in this document constitutes a direct or indirect endorsement by the funding organizations of any products, services, or policies.

Glossary

501(c)(3) organizations meet US Internal Revenue Service (IRS) requirements for federal tax exemption. To qualify for 501(c)(3) status, a nonprofit organization must exist for one or more exclusively charitable purposes and must not serve any private interests. To maintain their tax status, 501(c)(3) organizations must follow strict rules regarding their governance, their legal and financial administration, and their charitable activities.

Fiscal sponsorship involves a nonprofit organization (the “fiscal sponsor”) agreeing to provide administrative oversight and assume legal and financial responsibility for the activities of a group or individual (the “fiscal sponsee”) that is engaged in work related to the fiscal sponsor’s mission. Fiscal sponsorship arrangements can also include the provision of other operational services. Fiscal sponsorship satisfies IRS requirements for maintaining a 501(c)(3) tax status, as long as the fiscal sponsor maintains control over donation and grant funding received on behalf of the fiscal sponsee.

Fiscal sponsors are 501(c)(3) tax exempt organizations that agree to receive charitable contributions on behalf of another group or project. Fiscal sponsors must have the infrastructure to ensure compliance with federal and state laws as well as the internal controls and capacity to receive and administer charitable donations and grant funds on behalf of the sponsored organization. Some fiscal sponsors perform additional operational functions and most charge a fee for their services.

Fiscal sponsees are organizations that have a written agreement with a fiscal sponsor to provide financial and administrative services, as well as other services that allow the sponsee to receive funds, implement programs, and advance its mission. A fiscal sponsorship arrangement allows fiscal sponsees without their own 501(c)(3) tax status to receive tax-exempt donations and grants from private foundations. Some fiscal sponsees are tax exempt themselves and engage a fiscal sponsor for its capacity to provide operational supports more efficiently and effectively than the sponsee could execute on their own.

Fiscal Sponsor vs. Fiscal Agent?

The terms 'fiscal sponsor' and 'fiscal agent' are sometimes used interchangeably, but they are quite different. A fiscal sponsor can share its tax-exempt status with another entity. In doing so, it accepts responsibility for funds received for a project, has full discretion and control over those funds, and maintains adequate records to substantiate the use of the funds for tax exempt purposes.

A fiscal agent, on the other hand, does not share its tax-exempt status with another entity. A fiscal agent provides a record-keeping function that can include receiving funds and making disbursements, but it does not have a say in how and where those funds are disbursed. Any contributions received by a fiscal agent are only tax deductible if the non-agent organization is tax exempt.

While this analysis focuses on fiscal sponsorship relationships and functions, interviews and surveys confirm that Maine nonprofits often use the terms “fiscal sponsor” and “fiscal agent” interchangeably.

Diversity, equity, inclusion, and accessibility (DEIA) focused initiatives generally serve one or more populations that experience historical and persistent disparities in health and socio-economic status. These populations may include Black, Indigenous, People of Color (BIPOC); Lesbian, Gay, Bisexual, Transgender, Queer/Questioning, Intersex, Asexual, and others (LGBTQIA+); persons with disabilities; neurodivergent individuals; veterans; people with lower incomes, and people who live in regions with less availability of health care and social supports.

Summary of Findings & Recommendations

Findings

1. Maine has a shortage of high-quality fiscal sponsorship capacity.
2. Financial concerns are a significant barrier to expanding fiscal sponsorship capacity and services.
3. Maine has limited resources and supports specifically for fiscal sponsors and sponsees.
4. Personal relationships often drive fiscal sponsorship arrangements in Maine.
5. There is tremendous variation in the expectations and agreements between sponsors and sponsees.
6. Legal and financial standards of practice are not consistently adopted or required.
7. Funders may have policies and practices that are inadvertent barriers to fiscal sponsorship, but they are keenly interested in taking beneficial actions.
8. Maine nonprofits often struggle to build and sustain capacity for day-to-day operations, which simultaneously increases demand and reduces the supply of fiscal sponsorship services.

Recommendations

All Phases: Engagement & Collaboration

Growing and strengthening Maine's nonprofit ecosystem will require new investments, new strategies, and new ways of working. Everyone has a role to play in this evolution and transformation. Active engagement and collaboration will be essential every step of the way.

Phase I: Jump Start Capacity (9-12 months)

1. Increase compensation for organizations performing fiscal sponsorship functions
2. Reduce non-financial barriers and inequities in fiscal sponsorship arrangements
3. Boost sponsorship capacity among a small cohort of nonprofits

Phase III: Integrate and Scale (2-3 years)

8. Expand the resource hub into a "one stop shopping" model that integrates fiscal sponsorship capacity, technical assistance, and operational services
9. Support the development of a shared operational services center that could serve all nonprofits in Maine
10. Engage stakeholders to evaluate, assess, and improve systems and infrastructure to grow and strengthen Maine's fiscal sponsorship ecosystem

Phase II: Build a Resource Hub (1-2 years)

4. Create a fiscal sponsorship resource hub to support a growing network of fiscal sponsors and sponsees
5. Establish and promote a set of core expectations and agreements that can be adopted by all parties in sponsorship arrangements
6. Adopt consistent legal and financial standards that all funders require in future grantmaking
7. Create a data driven matchmaking platform within the resource hub to maximize alignment and fit

Introduction & Context

Maine's nonprofit ecosystem is filled with diverse and vibrant organizations - all doing extraordinary work to support healthy people, clean environments, creative abundance, and thriving communities. Maine's entrepreneurial instincts shine through in our robust nonprofit sector, where inventive solutions, collaborative problem solving, and an action-oriented spirit are the underpinnings for how we help our neighbors and support our communities.

It's often said that Maine is like a big small town. We are relationship-based. Our interpersonal connections allow us to solve problems and respond to opportunities with speed and efficiency. These small-scale advantages are foundational to so many of Maine's systems and structures. Our nonprofit ecosystem is no exception.

Maine's culture of entrepreneurship and relationship-based problem solving has so many benefits but also some risks, which include the inadvertent creation of information silos, disconnected strategies, and duplication of effort. These unintentional outcroppings can reduce efficiency and mask opportunities for economies of scale and collaborative partnerships.

For charitable endeavors, the negative impacts can range from misalignments in advice or contracts to entirely new and independent initiatives being created in response to a community need, without deeper exploration of potential partnerships by mission or administrative function. In the case of the latter, the inclination that each young organization must build and fund every aspect of its operations is stressful on boards and staff, wasteful of resources, and can hinder programmatic outcomes.

For the nonprofit ecosystem, which already grapples with limited financial and human resources, it's important to counterbalance these cultural and systemic challenges. Maine already has some nonprofit support organizations, including the Maine Association of Nonprofits and the Maine Philanthropy Center. Both provide valuable resources and services for their members and others in the nonprofit sector.

But what is missing? What systems and structures could be developed that would give every nonprofit initiative the opportunity for best practice governance, efficient and inclusive operations, the ability to fulfill their requirements to maintain their nonprofit status, and the maximization of resources to advance their mission? More specifically, how can the fiscal sponsorship function be supported and enhanced to benefit both sponsors and sponsees in their growth and sustainability?

These are some of the questions being asked by Maine funders that serve as the inspiration for this analysis.



Purpose & Scope

Nonprofits and charitable entities often rely on grant funding from philanthropies and government agencies to deliver programs and advance their missions. In some cases, these entities do not have their own tax-exempt status and need a 501(c)(3) organization to act as a fiscal sponsor and enable the receipt of grants. In other cases, these entities have their own tax-exempt status but seek out a fiscal sponsor to manage one or more operating functions, including financial oversight.

In Maine, as in many states across the nation, fiscal sponsorship arrangements vary widely in their formality, scope, supervision, reporting requirements, and fees exchanged. Six Maine-based philanthropies have commissioned this report to assess current fiscal sponsorship practices and identify potential investments and strategies that could support the entire nonprofit ecosystem in Maine, with a particular emphasis on improving access to capital and operational supports for initiatives designed to reduce disparities among Maine people and communities.

Maine's culture of entrepreneurship and relationship-based problem solving is extremely effective but not always efficient. Many fiscal sponsorship arrangements are initiated and structured within this broader context, so this landscape analysis will focus on potential investments and strategies that streamline without suppressing Maine's problem-solving instincts. This includes ways to create environments and disseminate resources that support smaller nonprofit organizations as well as emerging projects, organizations, and leadership groups without 501(c)(3) status.

An illustration of this particular challenge for Maine's nonprofit ecosystem relates to the unique needs of immigrant and refugee communities. There is keen interest among funders to meet those needs with community-led and community-based responses, but in some cases, the organizations most appropriate to respond may not have the nonprofit structure to apply for, receive, and manage grant funding.

Cognizant of these backdrops, this analysis explores the needs and challenges being experienced by past, current, and potential fiscal sponsors and sponsees. Specifically,

- What barriers are limiting fiscal sponsorship capacity?
- What opportunities are being missed?
- What could be created or expanded to make fiscal sponsorship and the delivery of operational supports and services more efficient and accessible?
- What actions could be taken by funders to streamline their grantmaking systems and help grantees understand and utilize fiscal sponsorship best practices?
- What else could be deployed to enhance skill-building, collaboration, and efficient operations within Maine's nonprofit ecosystem?

The findings and recommendations generated by this analysis are intended to serve as a multi-year blueprint for investments and strategies that will benefit fiscal sponsors and sponsees in their organizational growth and sustainability, while also allowing funders to maximize the equity and impact of their grant making.

Methodology

Overall approach

The project team designed a robust and multi-phased data collection process, with each phase informing and enhancing the approach and areas of inquiry for the next. Phases included:

- Speaking with project funders to glean their experiences and perspectives
- Gathering comprehensive quantitative and qualitative input from current and past grantees of project funders, utilizing an electronic survey tool designed for this project (see *Appendix B*)
- Collecting additional input from a broader audience on general issue awareness and capacity-building needs via a single question included in Maine Association of Nonprofits' annual survey (see *Appendix C*)
- Interviewing key staff at Maine Philanthropy Center and Maine Association of Nonprofits
- Conducting in-depth interviews with individuals from organizations and initiatives – sponsors, sponsees, and system thinkers – who reflect diverse missions, geography, and perspectives
- Collecting input from project funders on initial findings and recommendations to identify missing information and assess perceptions of potential actions and investments (see *Appendix D*)

Design considerations

In the design of the project, special attention was given to assuring that variabilities among Maine's nonprofits in the following categories were adequately represented:

- Mission
- Populations served
- Geographic service areas
- DEIA focused efforts
- Other project and nonprofit characteristics, such as size, scope, age, governance, and operational needs

Metrics

In the design of the project, it was anticipated that 50-60 individuals from groups with experience or interest in sponsoring or being sponsored would participate in an electronic survey. As a result of strong promotional efforts by funders and an extended timeframe for responses, a total of 263 responses to this robust (19-question) survey were received. Results of this survey can be found in *Appendix B*.

The project workplan called for 8-10 immersive interviews that would be conducted after the electronic survey data was examined and areas ripe for additional inquiry were identified. Because so much informative and inspiring feedback was received via survey, a total of 20 interviews were conducted with individuals from nine (9) fiscal sponsors, six (6) fiscal sponsees, two (2) emerging collectives seeking ways to share costs and streamline processes, and three (3) nonprofit resource organizations.

An additional survey of project funders was added after initial findings and recommendations were developed. A total of eleven (11) respondents representing five (5) foundations responded to this short (5-question) survey. A summary of results can be found in *Appendix D*.

Data Analysis

Fiscal Sponsorship Familiarity and Interest

The practice of fiscal sponsorship is well-known and relatively common among Maine’s nonprofits. More than three quarters (80.0%) of survey respondents – most of whom were 501(c)(3) tax exempt organizations – said they were somewhat or extremely familiar with the practice of fiscal sponsorship. Almost one quarter (23.7%) reported having been in the role of fiscal sponsee at some point in the past three years and more than one third (36.6%) reported serving as a fiscal sponsor in that same time period.

Asked to look ahead three years, almost two thirds of respondents (62.1%) identified a willingness to serve as a fiscal sponsor, especially if training and resources were available, while almost half (47.7%) said they would consider becoming a fiscal sponsee.

Table 1 summarizes responses to questions regarding nonprofit status, familiarity with fiscal sponsorship, history of serving in fiscal sponsorship roles, and future interest in fiscal sponsorship arrangements. Question numbers are provided so readers can review the complete question and response summaries in *Appendix B*.

Table 1: Practice of fiscal sponsorship

<i>Response</i>	<i>Percentage of Responses</i>	<i>Number of Responses</i>	<i>Survey Question</i>
My organization is a non-profit	90.4%	227	Q1
I am extremely familiar or somewhat familiar with the practice of fiscal sponsorship	80.0%	200	Q2
My organization has served as a fiscal sponsor in the past 3 years	36.6%	91	Q3
My organization has been in the role of fiscal sponsee in the past 3 years	23.7%	59	Q4
We would definitely or probably serve as a fiscal sponsor in the next 3 years	62.0%	158	Q7
We would definitely or probably consider becoming a fiscal sponsee in the next 3 years	47.7%	114	Q12

Needs, Challenges, and Missed Opportunities

The survey was designed to explore the experiences, needs, and challenges of being a fiscal sponsor and similarly, of being a fiscal sponsee. Separate questions were posed to those expressing a potential willingness to serve as a fiscal sponsor and those expressing potential interest in becoming a fiscal sponsee in the next three years. Each subset of respondents was asked 1) how many times they have been in the role (sponsor or sponsee); 2) if they have seen an opportunity but chosen not to be in the role; 3) what would make it easier to be in the role; and 4) what would their organization offer or require of the other in the fiscal sponsorship arrangement.

Both qualitative and quantitative data from the survey and interviews make it clear that opportunities are being missed. Among those interested in serving as a fiscal sponsor, more than half (59.1%) reported that in the past three years, they had seen an opportunity to support another entity as a fiscal sponsor but chosen not to pursue it because they didn’t have the training, capacity, or resources to do so. More than one in ten (14.4%) reported that this situation “happens all the time” – where they see the need but do not feel ready or able to serve as a fiscal sponsor.

Among those who said they would consider becoming a fiscal sponsee, more than one quarter (28.5%) reported that in the past three years, they had chosen not to pursue a funding opportunity from a foundation because they were unable to apply for, receive, and manage the funds and all related reporting. Almost one in ten (8.2%) reported that this “happens all the time” while another two in ten (20.3%) reported that this “happens sometimes” – that they don’t always have capacity or a fiscal sponsor to apply for grant funding.

Capacity limitations have most certainly prevented valuable projects from applying for funding, suggesting that if current or potential fiscal sponsors were able to add capacity, more applications for grant funding would be submitted. The question of what innovative good works may have gone unfunded is relevant to this analysis.

Making Fiscal Sponsorship Easier

Survey respondents who expressed a potential willingness to serve as a fiscal sponsor in the next three years were asked what would make it easier for their organization to do so and help another entity pursue funding from a foundation. Twelve options were offered in a multiple choice, ‘check all that apply’ format.

Graph 1 shows the appeal of each option, ordered from top to bottom, based on the percentage of respondents who selected it as something that would make it easier to serve as a fiscal sponsor. A strong majority selected 1) alignment with mission and/or population served; 2) additional and flexible funding to pay for the actual costs of fiscal sponsorship; and 3) legal advice, best practices, and templates as the top three options. A majority also selected 4) additional operational personnel; 5) alignment with geographic service area; and 6) training on operational components. Just under half selected 7) alignment with DEIA values followed by 8) training and mentorship opportunities for staff.

Graph 1: Making it easier to serve as a fiscal sponsor (Q10; n=200)

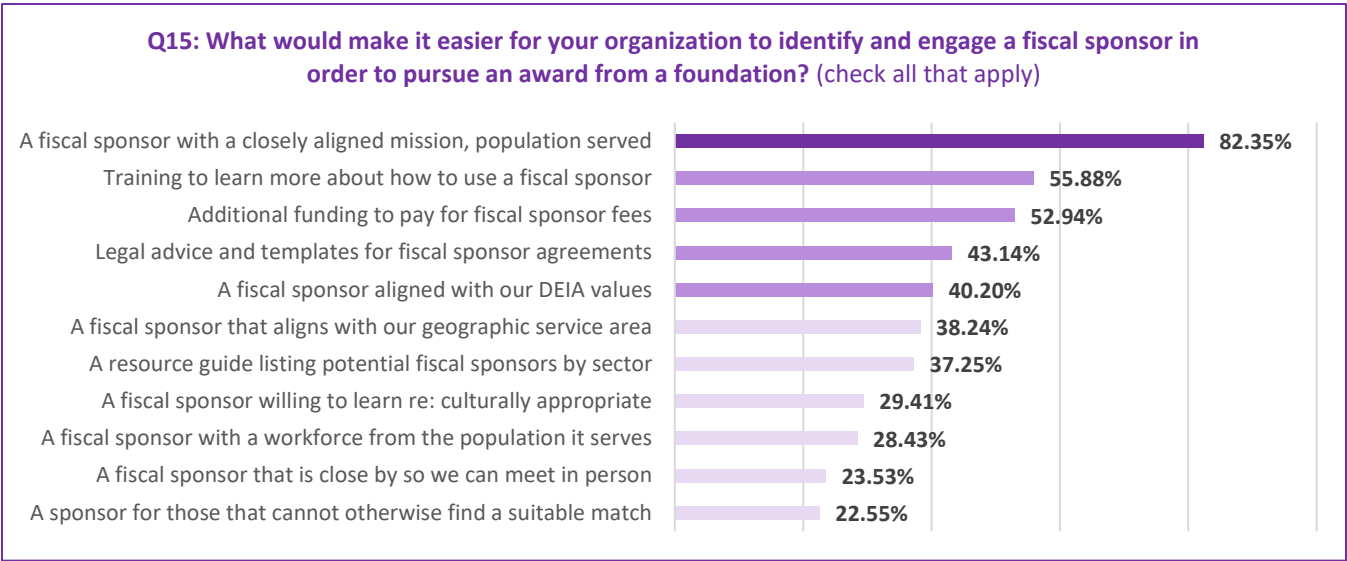


The prioritization of additional funding and operations personnel reinforces many of the experiences and perspectives shared during subsequent interviews. In those discussions, leaders of sponsoring organizations often said that any expansion in the number of projects they sponsor or in the type of services they provide to currently sponsored projects would require additional funding - largely to support additional personnel.

Survey respondents who expressed a potential interest in becoming a fiscal sponsee in the next three years in order to improve their ability to apply for grants or assist with operational functions were asked what would make it easier to identify and engage a fiscal sponsor. Eleven options were offered in a multiple choice, ‘check all that apply’ format.

Graph 2 shows the appeal of each option, ordered from top to bottom, based on the percentage of respondents who selected it as something that would make it easier to become a fiscal sponsee. A strong majority selected 1) alignment with mission or population served, while a majority also selected 2) training to learn how to use a fiscal sponsor; and 3) additional funding to pay for fiscal sponsor fees. Just under half selected 4) legal advice and templates followed by 5) alignment with DEIA values.

Graph 2: Making it easier to be a fiscal sponsee (Q15; n=102)



There was a considerable level of consistency between sponsors and sponsees in their selection of options that would make fiscal sponsorship easier. Following their shared top priority of alignment in mission and/or population served, other high priorities for both sponsors and sponsees were additional funding, training, and technical assistance.

Many fiscal sponsors and sponsees who were subsequently interviewed reported they had searched far and wide, with varied results, for legal advice, best financial practices, and templates for memorandums of agreement and other essential documents. Interviewees reported that information sources were alternately difficult to identify or so far-ranging that it was impossible to determine what would work best in their specific case. All of the interviewed sponsors, as well as some of the sponsees, reported developing their own agreements and documents. Not surprisingly, there was almost universal interest in identifying one source to help clarify and guide sponsors and sponsees - especially early in a fiscal sponsorship relationship.

Survey data from sponsors and sponsees indicate that alignment of DEIA values is important for making fiscal sponsorship easier, but interviews suggest that shared DEIA values may actually be seen as embedded in mission alignment and not as a separate criterion. Ultimately, alignment of DEIA values is likely considered something that can be overcome or worked around, as compared to the financial, legal, and operational imperatives that can prevent a valuable project from ever getting off the ground.

Matching Services Offered and Supports Needed

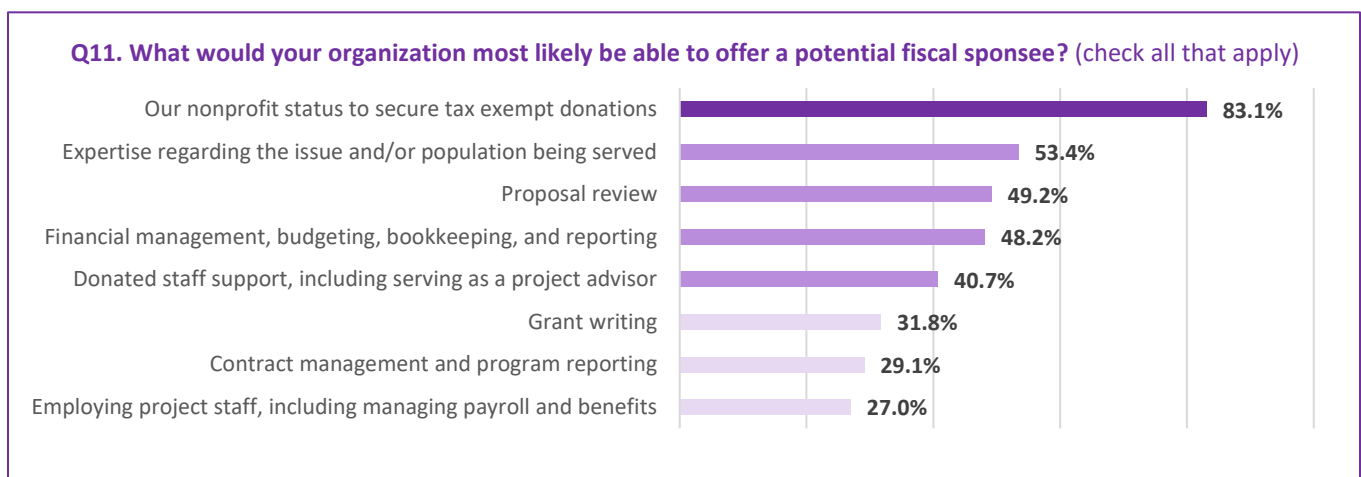
The subset of survey respondents who expressed a potential willingness to serve as a fiscal sponsor in the next three years were asked what services and supports they would most likely be able to offer a potential sponsee. Eight options were offered in a multiple choice, 'check all that apply' format.

Graph 3 shows the percentage of respondents who selected each option, ordered from top to bottom, as something their organization would likely be able to offer a potential fiscal sponsee.

A strong majority selected 1) nonprofit status to secure tax-exempt donations, while a majority also selected 2) expertise regarding the issue or populations served. Just under half selected 3) capacity to provide proposal review; and 4) financial management, budgeting, bookkeeping, and reporting.

Less likely to be offered by potential fiscal sponsors is 5) donated staff support, including project advisement; 6) grant writing; 7) contract management; and 8) employment of project staff.

Graph 3: What would likely be offered by fiscal sponsors to sponsee (Q11; n=189)

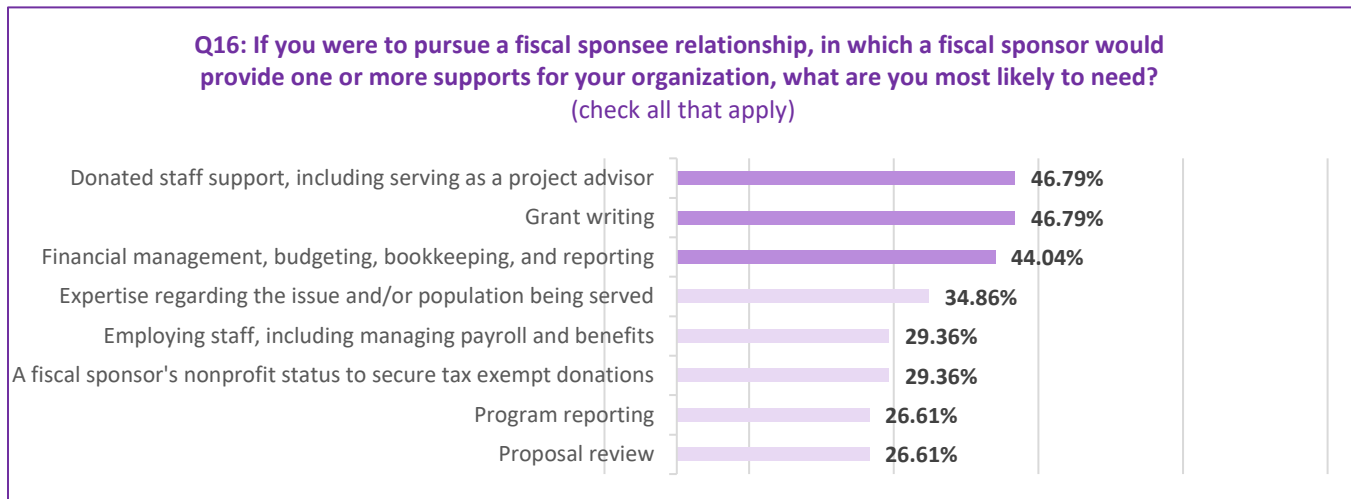


Similarly, the subset of survey respondents who expressed a potential willingness to become a fiscal sponsee and receive one or more supports from a sponsoring organization were asked what they would most likely need from a potential sponsor. The same eight options were offered to these survey respondents, in the same multiple choice, 'check all that apply' format.

Graph 4 shows the percentage of respondents who selected each option, ordered from top to bottom, as something their organization would need from a potential fiscal sponsor.

Interestingly, no option was selected by a majority of respondents, while just under half selected 1) donated staff support, including project advisement; 2) grant writing; and 3) financial management, budgeting, bookkeeping, and reporting.

Graph 4: What would likely be needed from fiscal sponsors by sponsees (Q16; n=109)



These results speak volumes. None of the three options most likely to be needed by potential sponsees were selected as likely to be offered by more than 40% of potential fiscal sponsors. Similarly, none of the three options most likely to be offered by potential sponsors were selected as likely to be needed by more than 35% of potential sponsees.

The implications of this systemic mismatch are critically important as funders and stakeholders consider potential investments and strategies for strengthening Maine’s nonprofit ecosystem.

Fiscal Sponsorship Landscape Outlook

All survey respondents were asked four questions related to the broader fiscal sponsorship landscape in Maine, including questions of overall importance, capacity, and infrastructure. Each question could be answered on a scale of 1-5, with 5 being extremely high and 1 being extremely low.

Table 2 summarizes the percentage of respondents who answered, “extremely high” (5) or “somewhat high” (4) to each question. The responses align with the findings and interpretations of previous survey questions and interview data, reinforcing that the fiscal sponsorship function is both critically important and under-resourced in Maine, resulting in inefficiencies and missed opportunities that will continue to reverberate across the ecosystem and suppress mission advancement, if left unaddressed.

Table 2: Fiscal sponsorship landscape questions (Q17, n=215)

Question	Percentage
How important and essential is the fiscal sponsorship function in Maine’s nonprofit ecosystem? (5 = “extremely important”)	68.8%
How likely is it that there are enough tax-exempt organizations in Maine that are willing and able to serve as fiscal sponsors to meet current and future needs? (5 = “extremely likely”)	28.8%
How often does a lack of administrative or operations capacity prevent an important project from moving forward in Maine? (5 = “extremely often”)	72.0%
How helpful would it be to add a fiscal sponsorship “hub” to the Maine ecosystem, which could provide education, match sponsors and sponsees, and potentially serve as a fiscal sponsor for those that need it? (5 = “extremely helpful”)	82.3%

Additional Themes from Interviews

The 20 interviews conducted for this project offered a wealth of valuable insights and perspectives. And while many of the interview themes match up or enhance survey data and are therefore reflected in the primary data analysis within previous sections, some additional interview takeaways are noteworthy.

- **Fiscal sponsees want more transparency about sponsorship fees and many believe these fees decrease their program dollars.** This can put sponsee and sponsor in an adversarial relationship. Sponsees are not opposed to fees in concept, but they want to see clearly delineated administrative fees that are in addition to program funding.
- **Sponsors are also concerned about the impact of fees on program dollars.** Some charge artificially low or even no fees out of guilt but then feel the impact on their overall operating budgets. During interviews, sponsors were intrigued by the idea of establishing sponsor fees separate from programming in order to communicate their actual costs more transparently.
- **Establishing fees that are precisely reflective of services provided was not deemed possible in most fiscal sponsorship arrangements due to time and capacity constraints.** Rather, a range of fees could be offered by funders and based on criteria such as sponsee size, age, maturity, services needed, populations served, and number/size of likely additional donations. This could be a more consistent and equitable approach to establishing fees while also eliminating potential conflict between fiscal sponsors and sponsees.
- **A frequent topic in the interviews was the desire for better options to pay project staff and provide employee benefits.** Most sponsees interviewed were considered consultants and received equal monthly payments or a fee based on hours worked, with all accounting for payroll withholdings becoming the responsibility of the consultant and by extension, the fiscal sponsee. Insurance, sick time, and vacation time are not usually included in these arrangements. In response, some of those interviewed were considering forming a nonprofit primarily to become an employee of an organization. Interviews suggest it is much less common for project staff to be an employee of their fiscal sponsor.
- **There are several common misconceptions regarding fiscal sponsorship requirements.** Some sponsors and sponsees believed that pursuing independent nonprofit status was a requirement when being sponsored. Others believed that 501(c)(3) organizations must be given preference over those without tax exempt status in funders' grantmaking decisions. These are two among many areas of confusion that could be mitigated with additional training and resources for sponsors and sponsees.
- **The desire for more information and trainings was offset by a general unwillingness to commit time to such practices.** One helpful suggestion was that funders could require at least one in-person experience that brings sponsors and first time sponsees together to tailor agreements, outline expectations, and explore questions they might have about their fiscal sponsorship arrangement.
- **Among sponsees interviewed, most but not all new projects had been able to find a Maine-based fiscal sponsor.** Unfortunately, some did not apply for grants because they did not know who to ask when no local fiscal sponsor could be found. A few searched and found an organization that serves as a regional or national fiscal sponsor, which is certainly better than no sponsor, but it usually doesn't provide any opportunity to share local knowledge and build in-person relationships.

Budget Example with Separate Fee	
Personnel	\$ 4,500
Supplies	\$ 500
All other Program Costs	\$ 5,000
Total Program Award	\$10,000
Fiscal Sponsor Fee – 10%	\$ 1,000
Funder Commitment	\$11,000

Findings

The following eight (8) primary findings emerged from the Maine Fiscal Sponsorship Landscape Analysis.

1. **Maine has a shortage of high-quality fiscal sponsorship capacity.** There are wide gaps in knowledge, skills, and general understanding among nonprofits regarding the efficiencies, operational benefits, and expansion of programming that can be gained through high quality fiscal sponsorship. Among organizations currently serving as fiscal sponsors, some are doing so successfully and comfortably. For these current sponsors, some would be willing to expand their sponsorship capacity for projects within their mission.

Alternately, some current sponsors are feeling squeezed because they do not receive adequate fees to pay for the time and resources they are putting into their sponsorship services. These organizations report that they continually assess whether or not they can continue to serve as a fiscal sponsor. A smaller subset of current sponsors report that they only agree to serve as fiscal sponsor when there is a worthy project that would not get funded otherwise. These organizations say they have no intention to expand their level of fiscal sponsorship. No matter their future intentions, all fiscal sponsors report needing additional resources.

In order to meet the current need for fiscal sponsorship in Maine and be more prepared to address the challenges and inequities faced by marginalized communities and newly forming community-based organizations, current and potential fiscal sponsors must be more prepared and supported in providing basic and advanced services in order to take on new fiscal sponsees.

What is the actual cost of fiscal sponsorship?

Fiscal sponsors who were interviewed state that the actual costs of providing fiscal sponsorship depend on several factors, including the fiscal sponsee's size, maturity, staffing, and scope of services required. In general:

- A fee of 5-10% of a sponsee's budget is not sustainable, except for bare minimum sponsorship functions provided to more mature organizations
- A fee of 10-15% of a sponsee's budget is often sustainable, especially for a relatively small scope of services for mature organizations
- A fee of 15-18% of the sponsee's budget is sustainable, even for a moderate scope of services and relatively young organizations

2. **Financial concerns are a significant barrier to expanding fiscal sponsorship capacity and services in Maine.** Current and potential sponsors state almost universally that they don't receive enough funding to cover their actual costs. Although fiscal sponsor fees vary by funder, with many funders reporting they depend on grantees to ask for what they need, sponsors consistently report that the fees they receive do not provide a positive and sustainable revenue stream. Financial concerns are a barrier to convincing current sponsors to provide more services or sponsor additional organizations. Financial concerns are also a barrier to expanding Maine's cohort of organizations willing to serve as fiscal sponsors.

There are also financial tensions between sponsors and sponsees, including a lack of agreement and transparency about what services are being funded with the sponsor's fee (the "indirect expense") and whether sponsees are losing program dollars to pay for their sponsor's operations. When funds are limited, these tensions are exacerbated and it becomes even more difficult for sponsors to provide equity-focused services for BIPOC and other community-led organizations, including mentoring, leadership and professional development, extended fiscal sponsorship contracts, and community-identified supports, tools, and skill-building for sponsees.

3. **Maine has limited resources and supports specifically for fiscal sponsors and sponsees.** Both sponsoring and sponsored organizations report struggling to find information and connections that would help them find a sponsor/sponsee “match”; understand their roles and responsibilities; utilize operational tools and templates; implement best practices; and engage in peer learning. Several nonprofit networks and experienced fiscal sponsors do make resources available, but there does not appear to be widespread awareness and consistent understanding of how to find and engage in a fiscal sponsorship arrangement. This is particularly true for smaller organizations without 501(c)(3) tax status as well as those led by and serving populations experiencing marginalization. Even long-established organizations with their own 501(c)(3) status can find it challenging to respond to funding opportunities and could benefit from a fiscal sponsorship arrangement.



4. **Personal relationships drive fiscal sponsorship arrangements in Maine.** For organizations seeking a fiscal sponsor, there is no easy system for identifying potential matches. Consequently, fiscal sponsorship arrangements are overwhelmingly based on preexisting relationships rather than a careful alignment of missions, values, populations served, and operating environments. While personal relationships are always extremely helpful, they appear to play an outsized role in Maine and are likely to be the most important criteria for matching sponsors and sponsees. As a result, some relationship-based sponsorship arrangements exist with little to no alignment in mission and operations-based criteria. Maine’s culture of relationship-based problem solving is both a powerful asset and a potential barrier to securing the most effective sponsor/sponsee pairing.
5. **There is tremendous variation in the expectations and agreements between fiscal sponsees and their sponsoring organizations.** Fiscal sponsees consistently note a lack of clear, readily available information about what to expect when engaging in a fiscal sponsorship arrangement. Not surprisingly, they also share a wide variety of experiences in what is expected of them and what they receive from their sponsoring organization. In particular, timely payments and financial reports, fundraising and donor acknowledgements, fiscal sponsor fees, employee vs. contractor “staffing”, and ownership of final work products are often mentioned as gray areas.

Decisions to become nonprofits and avoid fiscal sponsorship arrangements were largely based on this lack of surety about expectations and the time and expertise that would be required to fill in the gaps in needs vs. sponsor services. Interestingly, fiscal sponsors generally believe they are providing all of the services required of them in their role as sponsor, despite tremendous variation in their definitions and understandings of required services. Adding to the unevenness of knowledge and expectations, Maine philanthropies each have their own requirements for sponsors and sponsees.

6. **Legal and financial standards of practice are not consistently adopted or required.** There is tremendous variance in the legal, financial, governance, and reporting agreements adopted by fiscal sponsors and sponsees in Maine. While a portion of these inconsistencies can be chocked up to necessary tailoring to meet organizational needs and circumstances, there don’t appear to be standards of practice that are consistently and proactively adopted by nonprofits or required by philanthropic and government funders.

There are also inconsistencies in the use of the term “fiscal agent” rather than “fiscal sponsor”, despite the terms having distinct differences for an organization’s financial reporting requirements. Even some state and federal contracts use “fiscal agent” in requests for proposals to describe a fiscal sponsorship arrangement. Several longstanding fiscal sponsors in Maine regularly execute Memorandums of Understanding (MOUs) using the term “fiscal agent”. The lack of legal and financial standards, along with the templates, checklists, and other tools to implement them, not only create confusion and inefficiencies, but also indicate an area of concern regarding either party inadvertently being unaware and out of compliance with federal or state requirements.

7. **Funders may have policies and practices that are inadvertent barriers to fiscal sponsorship, but they are keenly interested in taking beneficial actions.** Funders want their grantees to succeed. As a result, they regularly examine their policies and practices and can remove or revise those that may be barriers to establishing fiscal sponsorship arrangements.

Sponsors and sponsees have provided specific examples of challenging policies they believe are in place, including 1) the restriction on a single nonprofit from submitting multiple applications in response to an RFP, which could disqualify one or more fiscal sponsees; 2) preference being given to applications from entities that have their own nonprofit status over those being sponsored by another organization; and 3) limits on funding for core operating functions, including capacities that could be built out to enhance purchasing power or create economies of scale for the benefit of both sponsors and sponsees.

Funders of this analysis were subsequently asked how amenable they would be to updating their policies and practices regarding fiscal sponsorship. They indicated a high degree of openness to beneficial revisions that could expand sponsorship capacity and streamline sponsorship arrangements. The funders also noted that some of the most problematic policies and practices identified by sponsors and sponsees may not be common among Maine philanthropies. Funders of this analysis were universally interested in taking recommended actions to mitigate the real or perceived barriers to fiscal sponsorship expressed by nonprofits, and some have already begun to do so after hearing the preliminary findings and recommendations in this report.

8. **Maine nonprofits often struggle to build and sustain capacity for day-to-day operations.** While not directly linked to fiscal sponsorship, nonprofits’ persistent challenge of funding essential operations makes it much more difficult for some organizations to offer sponsorship services and simultaneously more likely that other organizations will need sponsorship services. The reality is that most nonprofits have expertise in mission-based programming, not payroll, bookkeeping, and data management. Securing access to these back-office operational functions is one of the primary reasons cited by organizations seeking or engaged with a fiscal sponsor.

For most nonprofits, building and sustaining the capacity to perform day-to-day operations is both essential and extremely difficult. In addition to these functions being generally ancillary to the mission-focused programmatic work of the organization, there are significant inefficiencies and redundancies in individual (and often small) nonprofits independently securing the resources and capacities necessary.

Many sponsees say they would find the fiscal sponsorship relationship even more valuable if it included mentorship, program supports, and grant writing capacity. For their part, fiscal sponsors (as well as organizations who are considering becoming a fiscal sponsor), generally recognize that some basic back-office operational functions are their responsibility as sponsors, and that ideally they would be able to offer the additional supports named above as part of their sponsorship services.

Recommendations

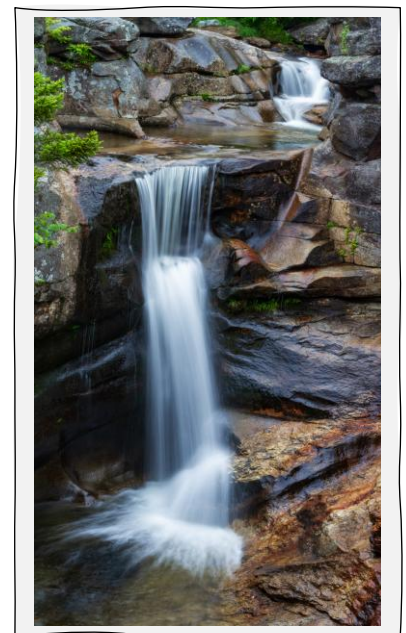
The following recommendations for investments and strategies to improve Maine's fiscal sponsorship ecosystem are sequenced to maximize impact and value. They rely on funders taking many of the first steps necessary to increase the capacity and utilization of fiscal sponsorship in Maine. After these initial investments and strategies, both sponsors and sponsees will need to actively engage in learning and adapting to new systems and infrastructure that allow them to advance their charitable missions more efficiently while complying with the legal and financial roles they each hold.

Phase I: Jump Start Capacity

9-12 Month Recommendations

1. **Increase compensation for organizations performing fiscal sponsorship functions** through financial modeling and updates to the financial policies and practices of funders. Taken together, these two actions will incentivize nonprofits to add or expand fiscal sponsorship services because they will receive fees that more closely reflect the actual costs incurred. Systemic improvements to compensation would eliminate one of the most significant barriers to expanding the pool of fiscal sponsors in Maine.

A first step toward improving the alignment of sponsorship costs and compensation could be an investment in the research and design of one or more sustainable funding models for sponsorship services. A university or other research facility could be commissioned to produce a multifactorial financial model based on information gathered from funders, tax-exempt organizations, and other community-based entities.



The second component of improving compensation is updating the financial policies and practices of funders. Specific suggestions from current and potential sponsors include 1) raise the basic indirect rate or fee for a set of core services, or clarify if there is no cap on the rate or fee; 2) include funding for additional services most requested and valued by sponsees; 3) separate funding streams for programming and operations to eliminate the perception of fiscal sponsorship costs coming at the expense of mission-focused activities; 4) allow funding for non-programmatic operating functions; and 5) integrate the option to apply for a separate equity bonus (aka equity multiplier) into every grant opportunity to support community-based organizations and DEIA-focused initiatives.

2. **Reduce non-financial barriers and inequities in fiscal sponsorship arrangements** through the examination and revision of foundations' policies and practices that may be resulting in unintended consequences. Recommendations from sponsors and sponsees include 1) end the restriction that there can be only one application per federal tax identification number for each grant opportunity initiated; 2) document and promote any requirements or expectations regarding sponsee tax status, including proactive corrections to common misconceptions; 3) compile and promote best practices from outside Maine to improve access to financing and related supports, especially for historically marginalized communities; and 4) engage community-based organizations and other potential grantees in helping to assess funders' policies and practices through an equity lens
3. **Boost sponsorship capacity among a small cohort of nonprofits** so they can take on more fiscal sponsees and/or provide a broader array of sponsorship services, particularly in communities, regions, and sectors with the highest needs and inequities. This investment should focus on long-term capacity building and could be accomplished via 1) establishment of a pooled fund among philanthropic organizations with clear objectives and criteria for fiscal sponsor capacity-building; 2) release of an RFP calling for current or past fiscal sponsors to commit to utilizing standard sponsorship agreements and sponsoring a minimum number of initiatives over three years, including sponsees with whom there are no pre-existing relationships; 3) supporting sponsors with the resources and supports to provide a set of basic standardized services to each; 4) supporting sponsors with the resources and supports to provide a minimum number of sponsored initiatives with enhanced sponsorship services, including mentorship, program supports, and grant writing capacity; and 5) forward-looking design of a collaborative data collection, evaluation, and reporting system.

Phase II: Build a Resource Hub

1-2 Year Recommendations

4. **Create a fiscal sponsorship resource hub to support a growing network of fiscal sponsors and sponsees.** The hub can combine and build upon resources and supports already in place and it can also create new components to fill gaps or overhaul outdated elements. A hub could be created under a single brand and website, but deliver resources and supports via multiple organizations as part of a collective effort.

A hub will create efficiency in the provision of information, tools, and skill-building - before and after sponsorship arrangements are established. The hub can also be designated to host a community of practice that supports peer learning. A comprehensive hub will minimize silos and duplication, making it easier to identify specific inequities and deliver tailored and integrated resources and technical assistance, including mentoring, governance, and legal supports.

Related actions and explorations that can be undertaken by foundations include 1) active and robust promotion of the hub; 2) evaluation of hub utilization data; 3) surveying nonprofits and other community-based organizations to gauge their awareness of the hub and their perception of its value; 4) identifying best practices and innovations from other states; and 5) engaging communities in assessing results, identifying gaps, and designing improvements to the hub's systems and services.

5. **Establish and promote a set of core expectations and agreements that can be adopted by all parties in sponsorship arrangements.** Clear expectations and written agreements between sponsors and sponsees are the foundation for a successful fiscal sponsorship arrangement, even among those with pre-existing relationships. Creating a service agreement toolkit and training portal within the resource hub will give every sponsor and sponsee the opportunity to establish transparent systems and responsibilities that improve efficiencies and maximize mission-based programming. Resources can include a library of best practice guidance; templates for MOUs and other service agreements; fee structures that distinguish between operating and programming; systems for governance, data collection, and reporting; along with checklists and other operational tools. Foundations can incentivize utilization by recommending a set of core expectations and agreements between sponsors and sponsees in all future grantmaking.
6. **Adopt consistent legal and financial standards that all funders require in future grantmaking.** The creation of a legal and financial compliance toolkit and training portal within the resource hub to address inconsistencies in knowledge and practice, including a library of standards, templates, checklists, and training opportunities (both online and in-person), would fill a critical gap in Maine’s fiscal sponsorship landscape. Equally important, foundations can help organizations understand and implement standards of practice by requiring a set of consistent standards in all future grantmaking. These legal and financial standards should be regularly assessed by outside experts as well as grantees and other community-based organizations for their accuracy, completeness, and functionality.
7. **Create a data-guided matchmaking platform within the resource hub to maximize alignment and fit.** Maine needs an analytics-based system for matching initiatives seeking fiscal sponsorship arrangements with potential sponsoring organizations. Building a digital platform that allows priority criteria to be cross matched among multiple organizations will offer potential sponsees the best possible opportunity to align mission, priority populations, and operational needs with potential fiscal sponsors.

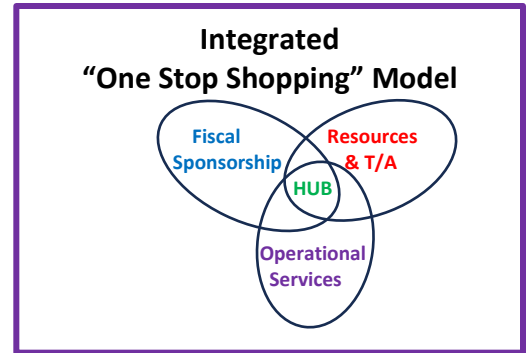
Related investments could include 1) identify priority matchmaking criteria; 2) inventory potential fiscal sponsors and create a comprehensive database; 3) explore electronic innovations, including the potential to utilize algorithms or artificial Intelligence (AI) to derive match recommendations; and 4) examine the advantages and disadvantages of establishing a fiscal sponsor “certification” designation or similar means of quickly conveying to potential sponsees that some sponsoring organizations have met basic or advanced practice standards.

Phase III: Integrate and Scale

2-3 Year Recommendations

8. **Expand the resource hub into a “one stop shopping” model that integrates fiscal sponsorship capacity, technical assistance, and operational services.** Transformational change is likely to require new ways of working, scaling, and coordinating to maximize the value of every dollar invested in nonprofit endeavors. To prepare for longer-term investments, more modeling of infrastructure innovations must be undertaken and returns on investment assessed.

There is likely high value in a “one stop shopping” model that integrates Phase I and Phase II recommendations into a hub of fiscal sponsorship capacity, resources, technical assistance, and operational services. This model would allow sponsees, sponsors, and groups still exploring to find connections, tools, training, and a menu of services and supports they could purchase separately or as part of a fiscal sponsorship arrangement to amplify their mission-focused activities.



Operational services could include a suite of equity-centered and culturally responsive supports, including bookkeeping, personnel policies and benefit packages, data management, and technology infrastructure. As the center grows, the services offered could expand to include technical support for grant writing, research, legal review, facilitation, professional development, and mentoring.

With this eye to the future, there are some exciting examples emerging in other states, including initiatives at Third Sector New England ([TSNE](#)) in Boston and [Mission Edge](#) in San Diego. Examining these models and case studies will lay the foundation for integrating fiscal sponsorship, technical assistance, and operational services into “one stop shopping” that builds powerful infrastructure for future growth in fiscal sponsorship, including for organizations or initiatives not easily matched with fiscal sponsors.

9. **Support the development of a shared operational services center that could serve all nonprofits in Maine.** Achieving economies of scale for many back-office operational functions will be the key to nonprofit sustainability in the years ahead. A shared services center that is accessible to all nonprofits, regardless of their status as a fiscal sponsor or sponsee, is a natural extension of infrastructure developed for fiscal sponsorship with the potential to strengthen the entire nonprofit ecosystem.

One of the most important and challenging functions noted by many nonprofits in Maine is the provision of a competitive and livable wage and benefits package for staff. The center would be encouraged to explore and integrate innovative approaches, which could include the [Maine Multi-Employer Welfare Arrangement](#). The center could even provide a bricks and mortar office and meeting space for nonprofit teams. This center would ideally be a non-competing entity – either nonprofit or for-profit - that specializes in the efficient delivery of priority services utilizing a fee-for-service or monthly retainer payment model. The center could also be designed as a single brand delivering services via collective effort among multiple organizations.

10. **Engage stakeholders to evaluate, assess, and improve systems and infrastructure to grow and strengthen Maine’s fiscal sponsorship ecosystem.** As with all well-intentioned efforts, particularly those that include expansions and innovations of systems and structures, there is always the possibility of unintended consequences. It is essential to engage community-based stakeholders from start to finish in the design, implementation, data collection, and regular assessment of progress and outcomes. Key questions include: Are gaps being filled? Are things working as intended for individuals, organizations, and the ecosystem? Can modifications be made to improve efficiency, effectiveness, and experiences? Planning for the unexpected and building assessment and refinement phases into the overall timeline is strongly recommended for a project of this significance.

All Phases: Engagement & Collaboration

Initial and Ongoing Recommendations

Growing and strengthening Maine’s nonprofit ecosystem will require new investments, new strategies, and new ways of working. Everyone has a role to play in this evolution and transformation, including nonprofit organizations themselves. Active engagement and collaboration will be essential to planning, implementation, assessment and refinement of new systems and strategies.

As primary stakeholders in this collective effort, fiscal sponsors and sponsees that are serving in one of these roles presently, or are considering doing so in the future, will need to actively engage in learning, integrating, and adapting to new ways of connecting and carrying out fiscal sponsorship arrangements. Individual and collaborative efforts among nonprofits, including the investment of time and resources, will have a multiplier effect for the ecosystem and result in even greater community benefit – now and in the future.

Conclusion

Maine’s nonprofit sector is robust and diverse, reflecting a deep community spirit and a culture of entrepreneurship and relationship-based problem solving that comes so naturally to Maine people. While this instinctive response to immediate needs and opportunities has many obvious benefits, it can also create some inefficiencies of effort and sustainability. For the nonprofit ecosystem, which is already challenged by limited financial and human resources, there is tremendous value in examining the systems, structures, and capacities necessary to better coordinate, collaborate, and create economies of scale.

Fiscal sponsorship is one such area where investments in shared resources and capacities could deliver exponential value in supporting the efficient operations, financial and legal best practices, and mission advancement of both sponsors and sponsees – particularly for community-led and community-based organizations. The benefits of building out Maine’s fiscal sponsorship capacity are also likely to extend to funders, nonprofit service organizations, and the ecosystem as a whole. The quantitative and qualitative data collected as part of this landscape analysis affirms this hypothesis and makes the case for strategic investments in Maine’s fiscal sponsorship capacity, systems, and infrastructure.

The findings and recommendations provided in this report establish a foundation for understanding Maine’s fiscal sponsorship environment and provide a multi-year blueprint for shared investments and strategies. Refining and implementing these recommendations will improve the stability and sustainability of Maine’s vibrant nonprofit ecosystem while helping funders maximize the equity and impact of their grant making. Active engagement and collaboration will be essential to success, and the true value will come in the form of healthy people, clean environments, creative abundance, and thriving Maine communities for years to come.



Appendix A: Resources

- *About Fiscal Sponsorship*, National Network of Fiscal Sponsors, October 2024, <https://www.fiscalsponsors.org/about-fiscal-sponsorship>
- *Fiscal Sponsorship FAQs*, Third Sector New England (TSNE), October 2024, <https://tsne.org/fiscal-sponsorship/faqs/>
- *Fiscal Sponsorship for Nonprofits*, National Council of Nonprofits, October 2024, <https://www.councilofnonprofits.org/running-nonprofit/administration-and-financial-management/fiscal-sponsorship-nonprofits>
- *Fiscal Sponsorship*, Mission Edge, October 2024, <https://www.missionedge.org/fiscal-sponsorship>
- *Fiscal Sponsorship: 6 Ways to Do It Right*, Greg Colvin, and its companion *Models Summary*, <https://fiscalsponsorship.com/the-models-summary/>
- *Management Commons and the Future of Fiscal Sponsorship*, Social Impact Commons, November 2023, <https://www.socialimpactcommons.org/the-possible-future>
- *Mapping Baltimore's Fiscal Sponsorship Landscape 2021*, Open Society Institute-Baltimore <https://www.osibaltimore.org/wp-content/uploads/2022/03/Bmore-Fiscal-Sponsorship-Ecosystem-Memo-WEB.pdf>



Appendix B: Maine Fiscal Sponsorship Landscape Survey

Survey Design

Participants received the following background information before responding to survey questions:

Nonprofits and charitable entities - with or without tax exempt status - often rely on grant funding from philanthropies and government agencies in addition to their private sector donations and member fees. In some cases, these charitable entities need or request a tax-exempt organization to act as a fiscal sponsor in order to 1) enable the receipt of grants from foundations and public agencies and/or 2) provide one or more operating functions.

Six Maine-based philanthropies are interested in learning more about how these arrangements are presently being utilized and exploring whether investments that build fiscal sponsor capacity could benefit existing organizations as well as support smaller or emerging charitable projects.

This survey is intended for active and potential fiscal sponsors (organizations that provide support) and fiscal sponsees (organizations that receive support).

The survey asks questions in four areas: 1) your experiences and understanding of being a fiscal sponsor or fiscal sponsee; 2) your interest in becoming a fiscal sponsor or fiscal sponsee; 3) your observation of the barriers and needs for nonprofits to provide or receive fiscal sponsorship; and 4) your overall experience, capacity, and interest in supporting diversity, equity, inclusion, and accessibility within the fiscal sponsor ecosystem in Maine.

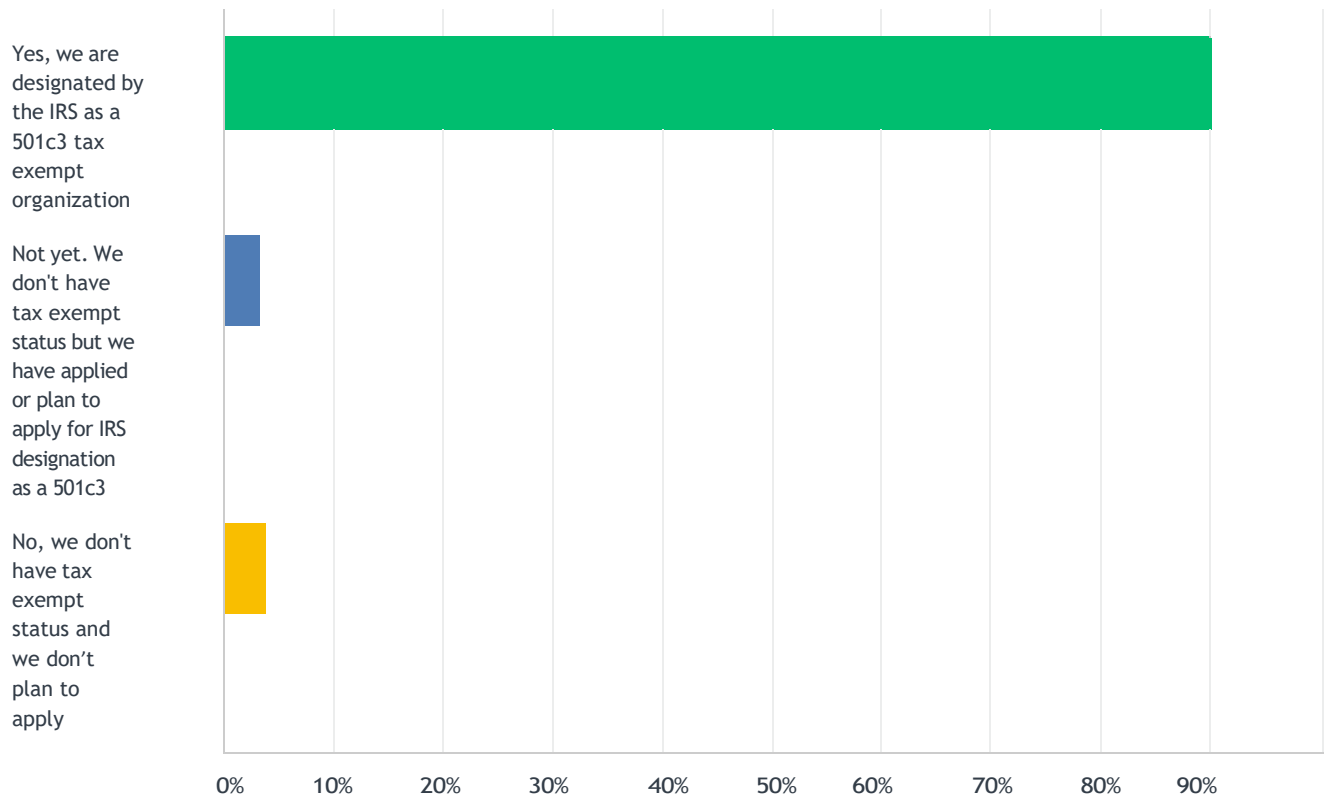
The terms 'fiscal sponsor' and 'fiscal agent' are sometimes used interchangeably, but they are quite different. A fiscal sponsor can share its tax-exempt status with another entity and in doing so, accepts responsibility for funds received for a project, has full discretion and control over those funds, and maintains adequate records to substantiate the use of the funds for tax exempt purposes. Fiscal agents, on the other hand, provide a record-keeping function that can include receiving funds and making disbursements, but they do not have a say in how and where those funds are disbursed. Any project contributions received by a fiscal agent are only tax deductible if the non-agent organization is tax exempt.

For the purposes of this survey and its informing of an overall landscape analysis, we will be focusing on fiscal sponsorship relationships and functions.

Survey Questions & Results

Q1 Is your organization a nonprofit?

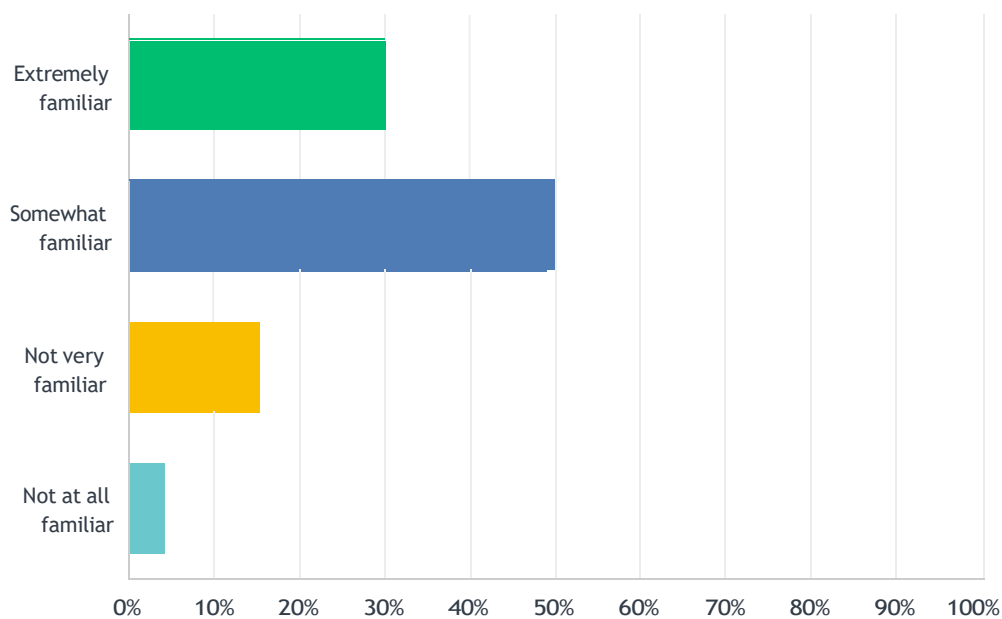
Answered: 251 Skipped: 12



ANSWER CHOICES		RESPONSES	
Yes, we are designated by the IRS as a 501(c)3 tax exempt organization.		90.44%	227
Not yet. We don't have tax exempt status but we have applied, or we plan to apply, for IRS designation as a 501(c)3 organization.		4.38%	11
No, we don't have tax exempt status and we don't plan to apply.		5.18%	13
TOTAL			251

Q2 In general, how familiar are you with the practice of fiscal sponsorship?

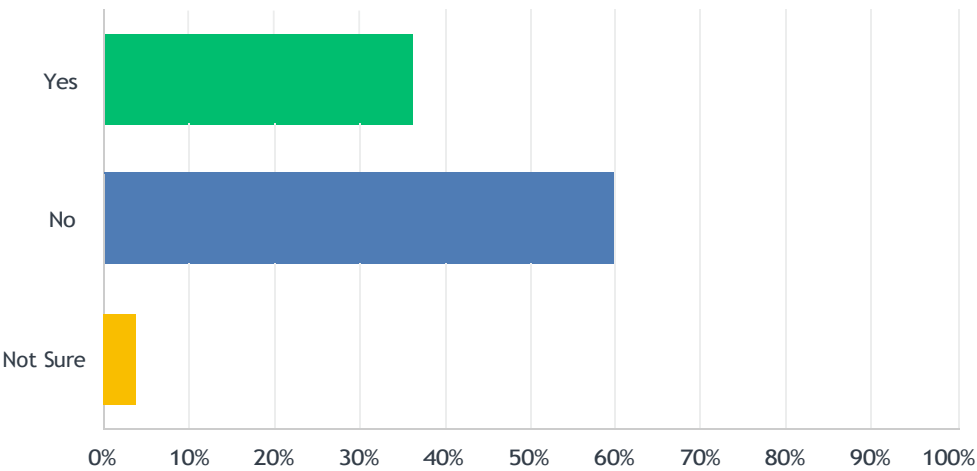
Answered: 250 Skipped: 13



ANSWER CHOICES	RESPONSES	
Extremely familiar	30.80%	77
Somewhat familiar	49.20%	123
Not very familiar	15.60%	39
Not at all familiar	4.40%	11
TOTAL		250

Q3 In the past 3 years, and based on the working definitions provided above, has your organization ever served as a fiscal sponsor for another organization or project?

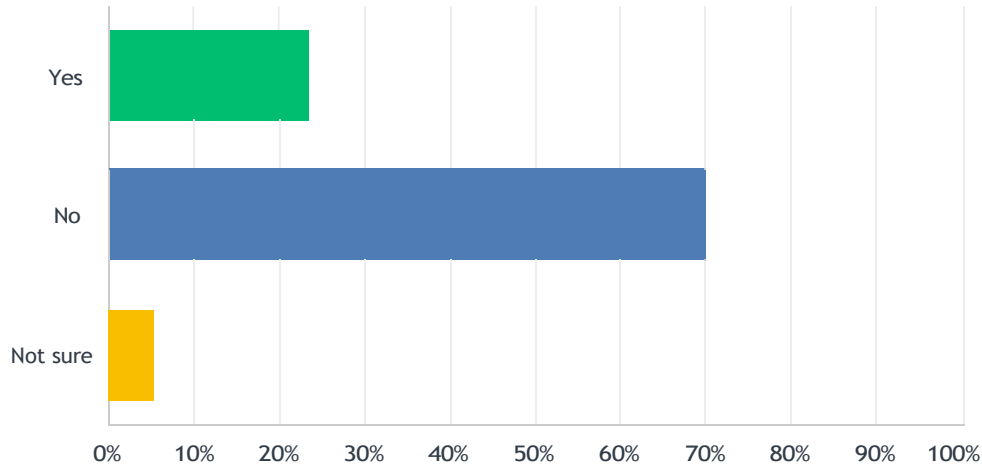
Answered: 249 Skipped: 14



ANSWER CHOICES		RESPONSES	
Yes		36.55%	91
No		59.44%	148
Not Sure		4.02%	10
TOTAL			249

Q4 In the past 3 years, and based on the working definitions provided above, has your organization ever been in the role of fiscal sponsee, where you received the benefit of your fiscal sponsor's tax-exempt status and/or support for one or more operational functions?

Answered: 249 Skipped: 14



ANSWER CHOICES	RESPONSES	
Yes	23.69%	59
No	70.68%	176
Not sure	5.62%	14
TOTAL		249

Q5 When you read the comparisons between fiscal sponsors and fiscal agents provided above, does anything sound new, surprising, or likely not well understood among colleagues or allied organizations?

Answered: 213

Skipped: 50

SAMPLE OF RESPONSES

"I agree that there is often a merging of the terms and the distinctions have not always been made clear."

"Yes! My organization provides both fiscal sponsorship & agency services. We've just recently realized that we need to differentiate them (having generally called it all "fiscal sponsorship"). We're intentionally trying to clarify this differentiation..."

"Not understood well is the responsibilities of a fiscal sponsor vs. a fiscal agent."

"I don't think the nuance is widely understood."

"Often, situations are very black-and-white with definitions; however, with complex organization-to-organization relationships, these types of situations can become grey very quickly."

"Yes. The distinction that a fiscal agent can only receive tax exempt contributions for another organization that is ALSO tax exempt was new to me. I have been using the term fiscal agent when it appears that I should have been ONLY using the term fiscal sponsor for our use case."

"I was not aware projects could act independently without oversight from the fiscal sponsor."

"The distinction between the two terms (sponsor vs agent) was not familiar to me. Sponsor suggests significant control over how funds are used, which seems like a challenging disparity in power for a collaborative relationship."

"We have a working understanding of fiscal sponsorships, but we know little about fiscal agents or how that process works."

"I previously thought I knew what a fiscal sponsor was, but upon reading the definitions and model article, I realize I do not have a good understanding. I thought a fiscal sponsor was a larger nonprofit that lends its tax status and resources to a smaller nonprofit that doesn't have the tax status (such as a museum housed within a nonprofit college)."

"Many of our partners and including our fiscal sponsee were unclear in how the roles are defined. It got so bad that we had to terminate our relationship with our sponsee."

"I've never heard of either definition."

Q6 Similarly, when you review the distinctions among the six models for fiscal sponsorship - particularly Model A (employer/employee), Model B (client/contractor), and Model C (grantor/grantee) - does anything sound new, surprising, or likely not well understood among colleagues or allied organizations?

Answered: 209

Skipped: 54

SAMPLE OF RESPONSES

"The overall variety of possible fiscal sponsor relationships is new, especially the ones where sponsee has significant independence."

"Model A doesn't seem like it needs to be described as fiscal sponsorship, in my opinion. Model A is just an organization receiving a grant for a project or program that they (or their employee) manage, right?"

"We are most familiar the Models A and C. Our peer nonprofits seem to have a good understanding of these models. Community groups often have a steeper learning curve."

"I'm only familiar with Model C and did not realize A and B were considered fiscal sponsorship models. I haven't encountered situations in employer/employee and client/contractor which were considered fiscal sponsorship."

"I am most familiar with these three models, A-C, but I am much less familiar with the models that offer more autonomy for the sponsee and less liability for the sponsor."

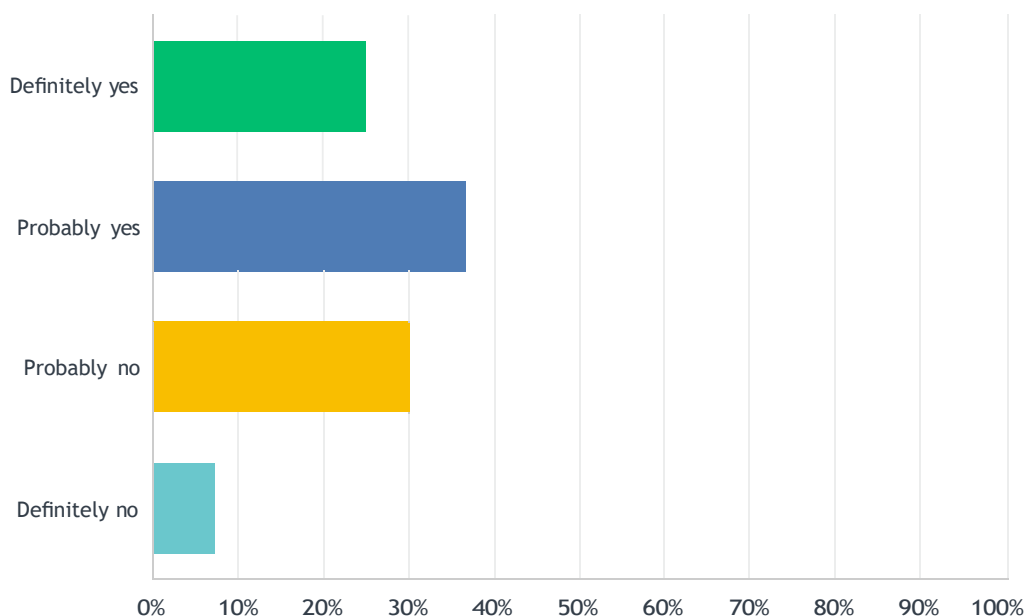
"I think Model A feels very similar to a program so it's nice to see how that can be a fiscal sponsorship relationship. We have done something like this in the past, but we made the folks in the project contractors because we didn't really know we could make them employees of the organization so that is a learning area around contract employees. We provide back of house but run something like Model C but we provide more supports than traditional model C so I think you often see hybridized approaches."

"It does raise questions for me - our agreement with our fiscal sponsor sits between some of these models, where we are employees of the fiscal sponsor and they provide HR, financial, and legal support, but don't have any control over our structure, spending, or governance, nor are they involved in our fundraising."

"Yes. We currently have relationships that are hybrids of A, B and C. As a relatively small organization, it is difficult to find reliable technical information about topics like this. It's probably too easy for orgs to commit to relationships like this without understanding the full implication and responsibility. These relationships can be easy to enter and hard to leave."

Q7 When you look ahead to the next 3 years, would your organization consider serving as a fiscal sponsor, especially if training and resources were available, in order to assist another entity or charitable project in 1) applying for, receiving, and managing funding from a foundation or public agency, and/or 2) performing one or more operational functions?

Answered: 255 Skipped: 8

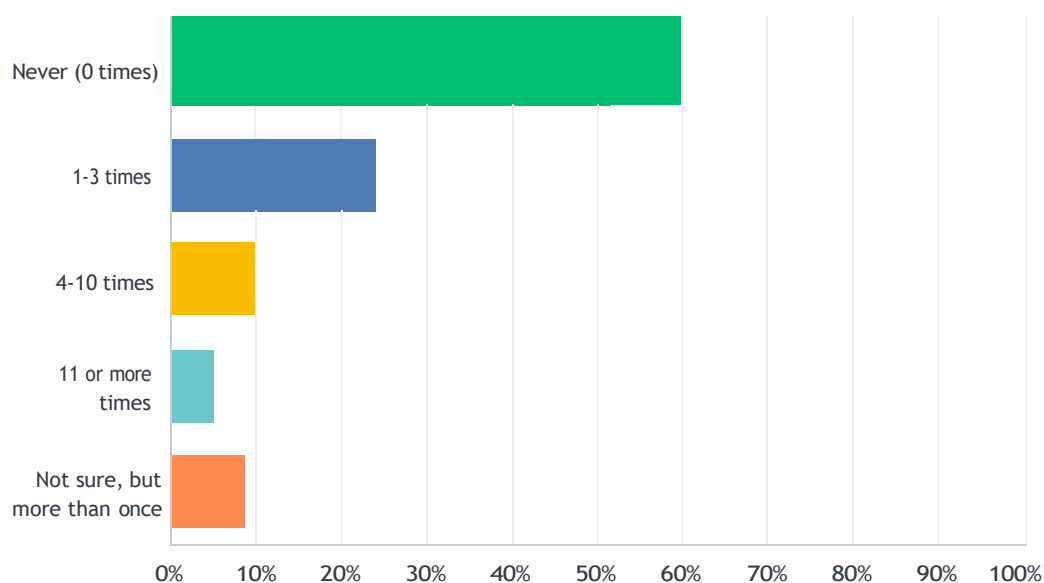


ANSWER CHOICES	RESPONSES	
Definitely yes	25.10%	64
Probably yes	36.86%	94
Probably no	30.59%	78
Definitely no	7.45%	19
TOTAL		255

Q8 How many times has your organization served as a fiscal sponsor?

Answered: 222

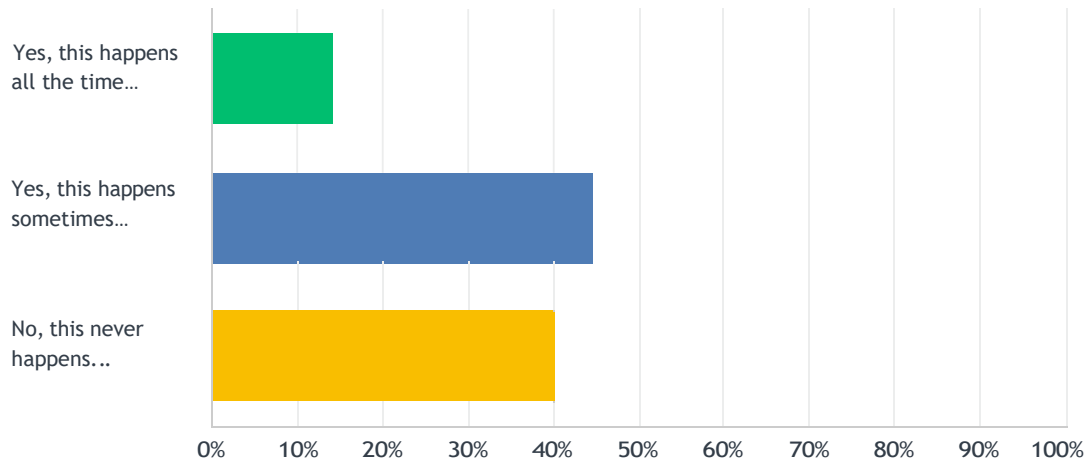
Skipped: 41



ANSWER CHOICES		RESPONSES	
Never (0 times)		51.80%	115
1-3 times		24.32%	54
4-10 times		9.46%	21
11 or more times		5.41%	12
Not sure, but more than once		9.01%	20
TOTAL			222

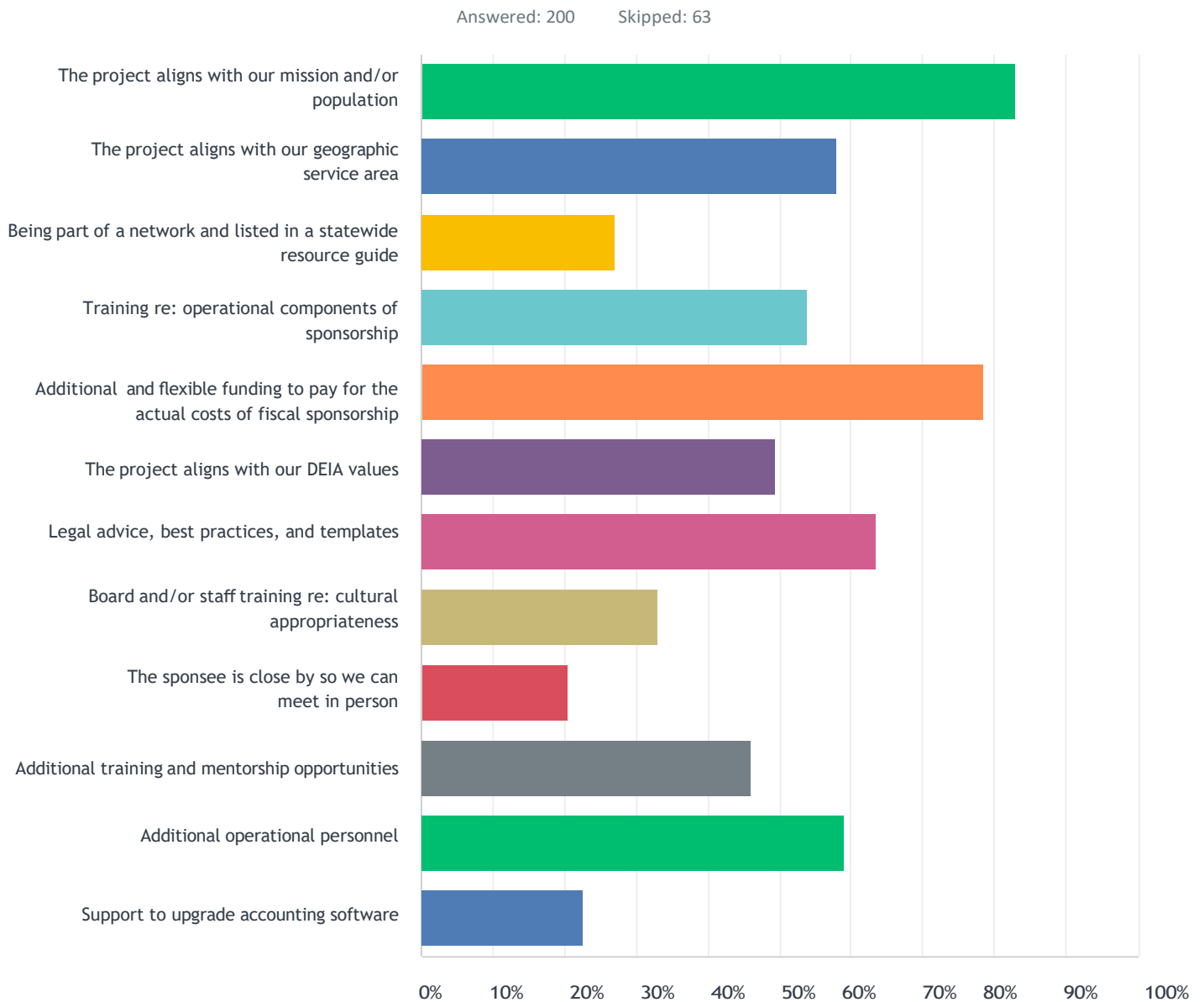
Q9 In the past 3 years, has your organization seen an opportunity to support another entity by serving as fiscal sponsor, but chosen NOT to do so because you did not have the training, capacity, or resources to do so?

Answered: 181 Skipped: 82



ANSWER CHOICES		RESPONSES	
Yes, this happens all the time - we see the need but do not feel ready or able to serve as a fiscal sponsor		14.36%	26
Yes, this happens sometimes - we generally have the ability to serve as fiscal sponsor, but don't always have capacity or resources to do so		44.75%	81
No, this never happens - we are always able to serve as fiscal sponsor if the project and sponsee meet our criteria		40.88%	74
TOTAL			181

Q10 What would make it easier for your organization to serve as a fiscal sponsor so another entity might pursue an award from a foundation? (check all that apply)



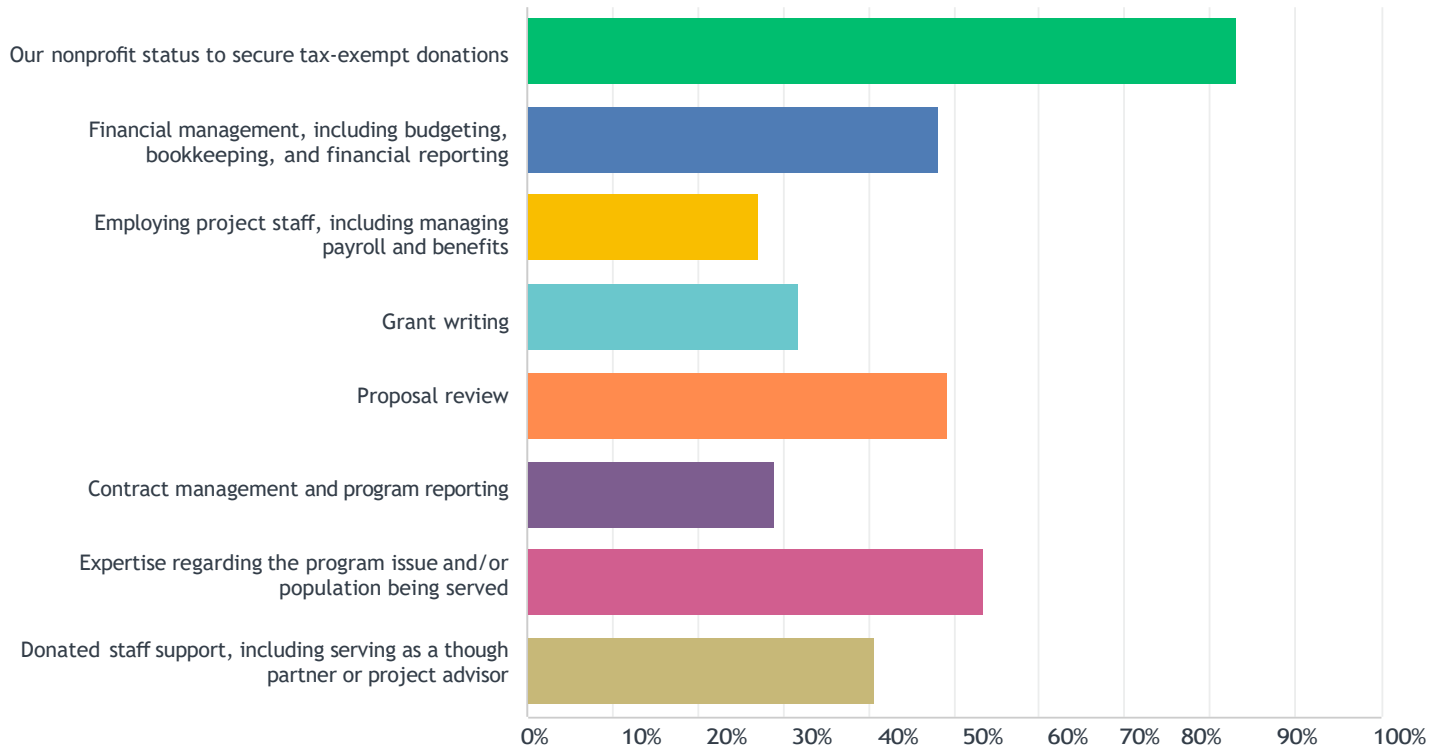
(Q10 Results Table)

ANSWER CHOICES	RESPONSES	
The project aligns with our mission and/or population served	83.00%	166
The project aligns with our geographic service area	58.00%	116
Being part of a network and listed in a statewide resource guide so we can be identified or matched up with organizations seeking a fiscal sponsor	27.00%	54
Training so we can learn more about the added value and operational components of fiscal sponsorship	54.00%	108
Additional and flexible funding to pay for the actual costs of serving as fiscal sponsor	78.50%	157
The project aligns with our DEIA values	49.50%	99
Legal advice, best practices, and templates for fiscal sponsor agreements	63.50%	127
Board and/or staff training so we can learn how to be more culturally appropriate	33.00%	66
The sponsee is close by so we can meet in person The sponsee is close by so we can meet in person	20.50%	41
Additional training and mentorship opportunities for staff to build expertise and experience in supporting the sponsee	46.00%	92
Additional operational personnel who could be assigned to the project	59.00%	118
Support to upgrade nonprofit accounting software	22.50%	45

Total Respondents: 200

Q11 If you were to pursue a fiscal sponsor relationship, in which your organization would provide one or more supports for your fiscal sponsee, what are you most likely able to offer? (check all that apply)

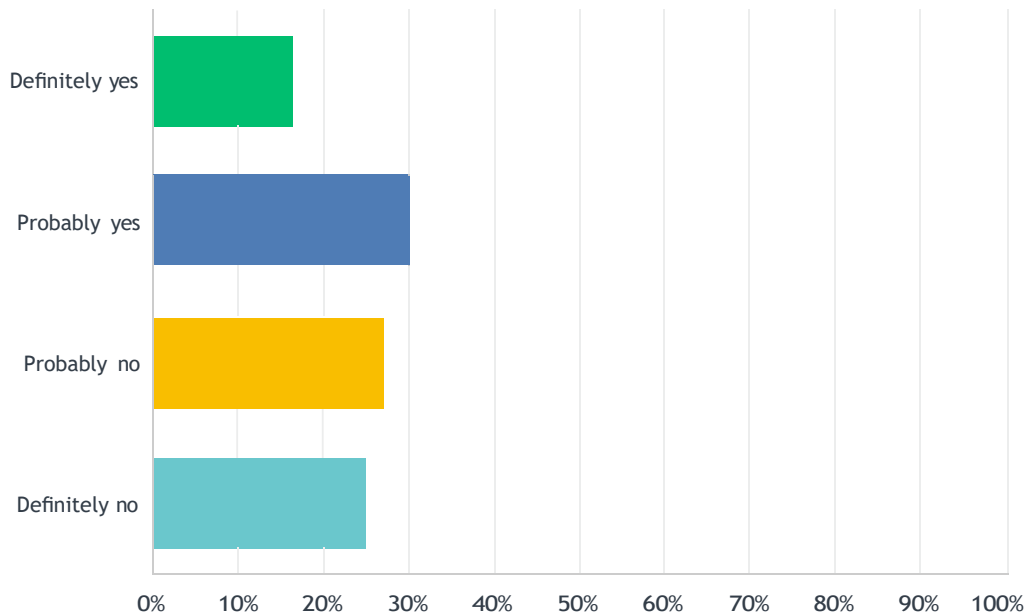
Answered: 189 Skipped: 74



ANSWER CHOICES	RESPONSES	
Our nonprofit status to secure tax exempt donations	83.07%	157
Financial management, including budgeting, bookkeeping, and financial reporting	48.15%	91
Employing project staff, including managing payroll and benefits	26.98%	51
Grant writing	31.75%	60
Proposal review	49.21%	93
Contract management and program reporting	29.10%	55
Expertise regarding the issue and/or population being served	53.44%	101
Donated staff support, including serving as a thought partner or project advisor	40.74%	77
Total Respondents: 189		

Q12 When you look ahead to the next 3 years, would your organization consider becoming a fiscal sponsee to 1) improve your ability to apply for, receive, and manage funding from a foundation or public agency, and/or 2) to assist you with one or more operational functions?

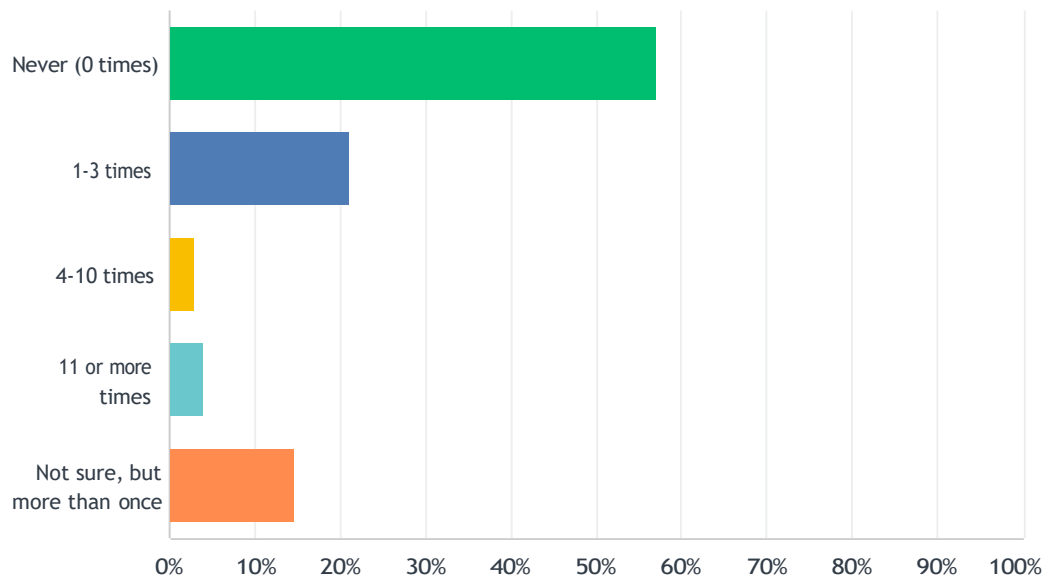
Answered: 239 Skipped: 24



ANSWER CHOICES	RESPONSES	
Definitely yes	16.74%	40
Probably yes	30.96%	74
Probably no	27.20%	65
Definitely no	25.10%	60
TOTAL		239

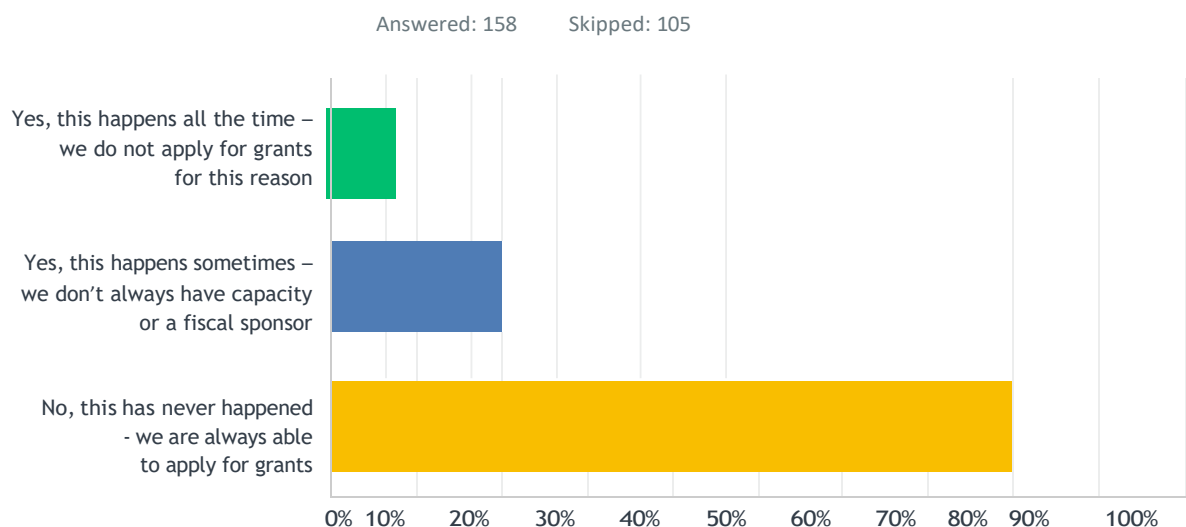
Q13 How many times have you or your organization been sponsored by another entity that has provided one or more operational functions that have allowed you to pursue philanthropic funding?

Answered: 170 Skipped: 93



ANSWER CHOICES		RESPONSES	
Never (0 times)		57.06%	97
1-3 times		21.18%	36
4-10 times		2.94%	5
11 or more times		4.12%	7
Not sure, but more than once		14.71%	25
TOTAL			170

Q14 In the past 3 years, has your organization chosen to NOT pursue funding from a foundation because you were unable to apply, receive, and manage the funds and all reporting?



ANSWER CHOICES	RESPONSES	
Yes, this happens all the time - we do not apply for grants for this reason	8.23%	13
Yes, this happens sometimes - we don't always have capacity or a fiscal sponsor	20.25%	32
No, this has never happened - we are always able to apply for grants	71.52%	113
TOTAL		158

Q15 What would make it easier for your organization to identify and engage a fiscal sponsor in order to pursue an award from a foundation? (check all that apply)



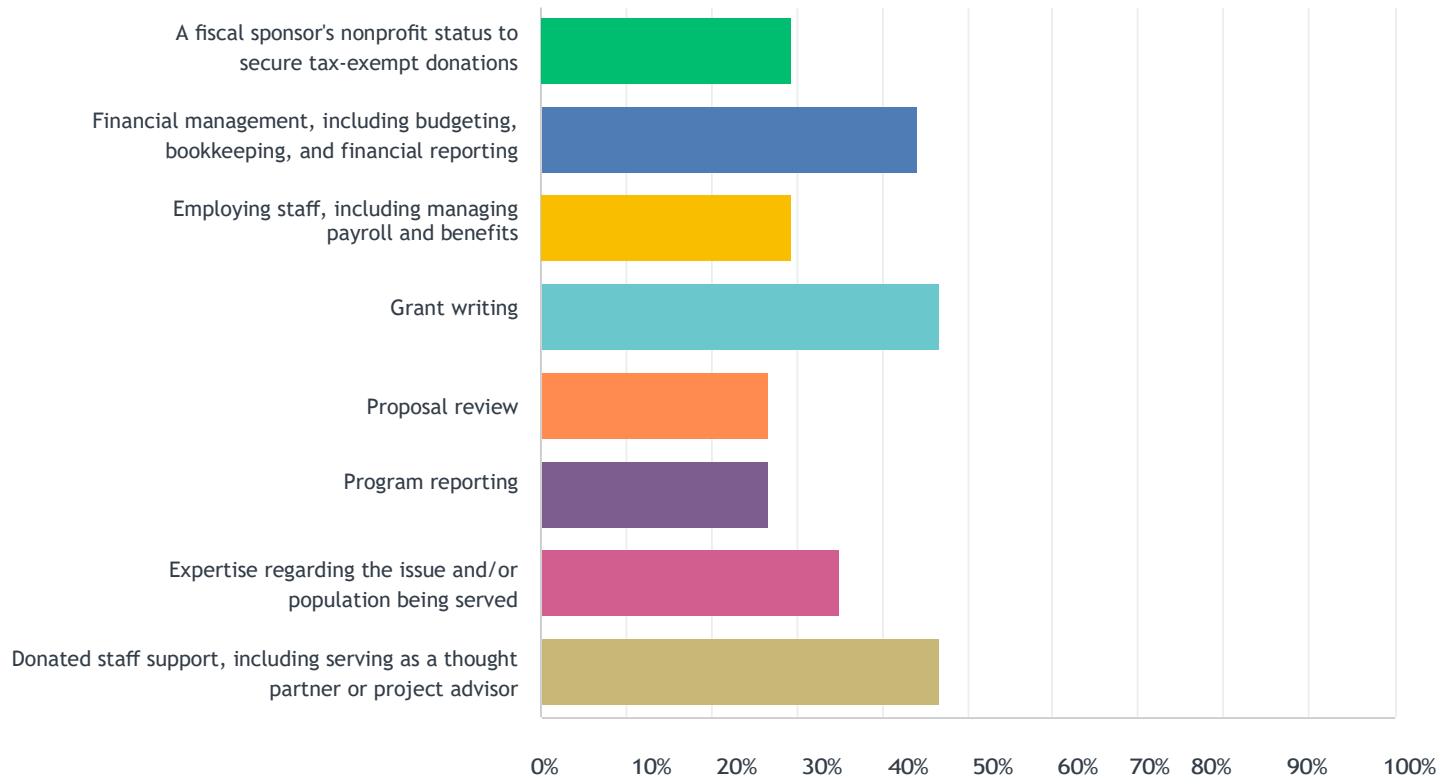
(Q15 Results Table)

ANSWER CHOICES	RESPONSES	
A fiscal sponsor that has a mission and/or population served that closely aligns with our own	82.35%	84
A fiscal sponsor that employs or has volunteers that are the same as the people it serves	28.43%	29
A fiscal sponsor that is close by so we can meet in person	23.53%	24
A statewide resource guide listing potential fiscal sponsors by sector	37.25%	38
Training to learn more about how to use and maximize the use of a fiscal sponsor	55.88%	57
Additional funding to pay for fiscal sponsor fees	52.94%	54
A fiscal sponsor aligned with our DEIA values	40.20%	41
Legal advice and templates for fiscal sponsor agreements	43.14%	44
A fiscal sponsor whose board and staff are willing to learn how to be culturally appropriate	29.41%	30
A fiscal sponsor that aligns with our geographic service area	38.24%	39
A statewide entity willing to consider serving as a fiscal sponsor for those that cannot otherwise find a suitable match	22.55%	23

Total Respondents: 102

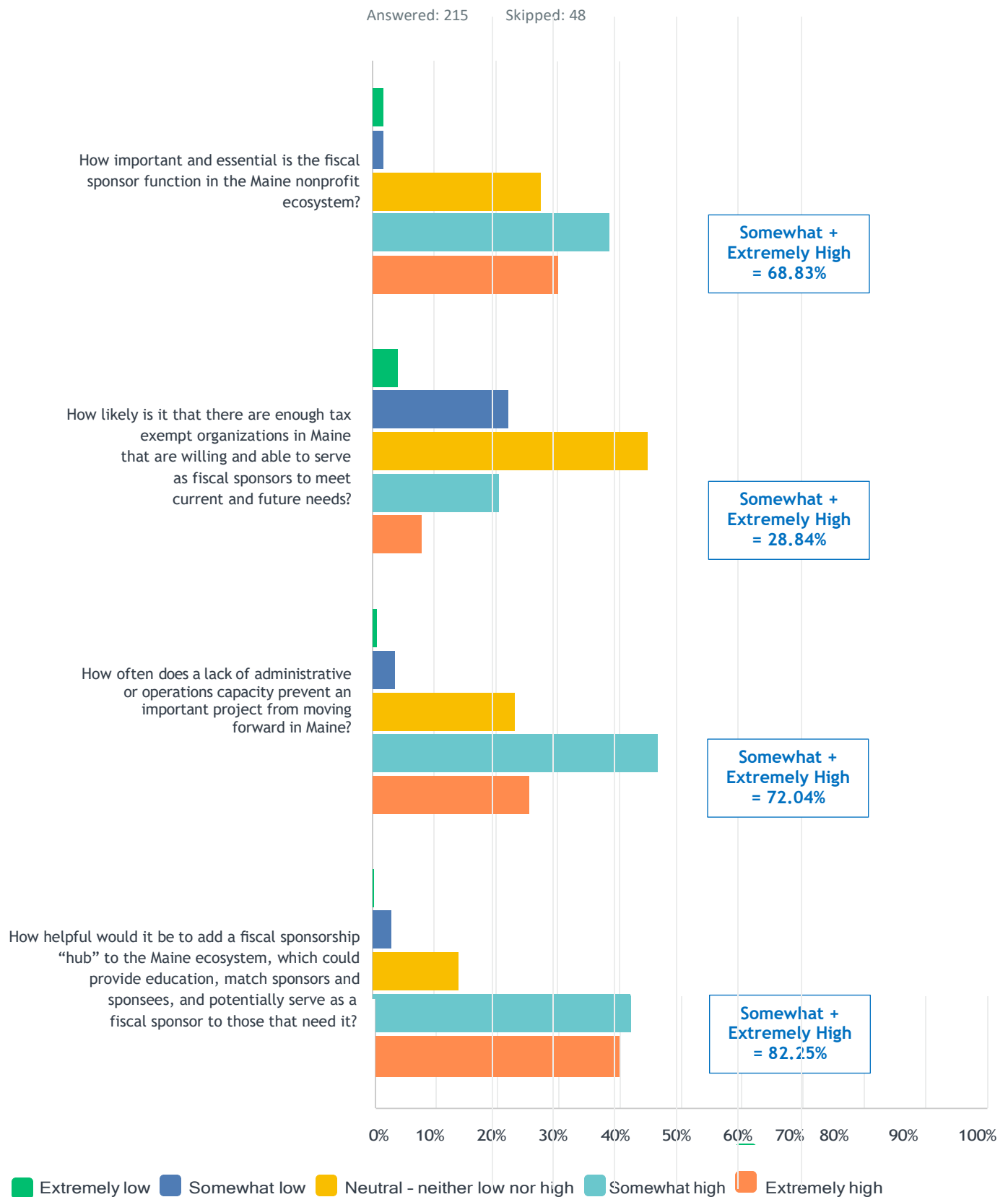
Q16 If you were to pursue a fiscal sponsee relationship, in which a fiscal sponsor would provide one or more supports for your organization, what are you most likely to need? (check all that apply)

Answered: 109 Skipped: 154



ANSWER CHOICES	RESPONSES	
A fiscal sponsor's nonprofit status to secure tax exempt donations	29.36%	32
Financial management, including budgeting, bookkeeping, and financial reporting	44.04%	48
Employing staff, including managing payroll and benefits	29.36%	32
Grant writing	46.79%	51
Proposal review	26.61%	29
Program reporting	26.61%	29
Expertise regarding the issue and/or population being served	34.86%	38
Donated staff support, including serving as a thought partner or project advisor	46.79%	51
Total Respondents: 109		

Q17 Please rate the following statements using a 5 point scale, where 1 is low and 5 is high.



(Q17 Results Table)

	EXTREMELY LOW	SOMEWHAT LOW	NEUTRAL - NEITHER LOW NOR HIGH	SOMEWHAT HIGH	EXTREMELY HIGH	TOTAL	WEIGHTED AVERAGE
How important and essential is the fiscal sponsor function in the Maine nonprofit ecosystem? (5 = extremely important)	1.86% 4	1.86% 4	27.44% 59	38.60% 83	30.23% 65	215	3.93
How likely is it that there are enough tax exempt organizations in Maine that are willing and able to serve as fiscal sponsors to meet current and future needs? (5 = extremely likely)	4.33% 9	22.12% 46	44.71% 93	20.67% 43	8.17% 17	208	3.06
How often does a lack of administrative or operations capacity prevent an important project from moving forward in Maine? (5 = extremely often)	0.95% 2	3.79% 8	23.22% 49	46.45% 98	25.59% 54	211	3.92
How helpful would it be to add a fiscal sponsorship "hub" to the Maine ecosystem, which could provide education, match sponsors and sponsees, and potentially serve as a fiscal sponsor for those that need it? (5 = extremely helpful)	0.47% 1	3.27% 7	14.02% 30	42.06% 90	40.19% 86	214	4.18

Q18 Please share any other thoughts and recommendations regarding Maine's fiscal sponsorship landscape.

Answered: 71 Skipped: 192

SAMPLE OF RESPONSES

"As an organization that offers this service, there is a clear need for this kind of support. We have seen growth as a result of offering this service and currently this growth is only limited by our physical and staffing capacity. With larger space to house additional paid staff and management fees that could support additional staff capacity, (we) would be more than willing to continue to offer fiscal management services."

"I think that there are a lot of small nonprofits that are likely duplicating some services/admin type roles that could probably benefit from fiscal sponsorship so staff can focus more on direct programming."

"We're thrilled to see this effort which we have been seeing as such an essential need in the region. thank you!!"

"To advance equity in the work we need more capacity to support community-based orgs become strong fiscal sponsors and more education about why using a sponsor makes so much sense (rather than folks all trying to start their own nonprofit for every project). Thanks!"

"I think there would be a lot of benefit to having resources and guidance available to new fiscal sponsors to help them navigate the relationship - reassurance that their sponsee won't reduce their chance of being funded when applying to the same funder, better understanding of legal liability and administrative responsibility, and encouragement to step back from those sponsees that have mission alignment and wish to be more independent in their decision-making."

"In today's DEI landscape I think there are likely many relevant projects that could be supported by existing sponsor-worthy organizations. I suspect organizations would welcome them and see them as long-term partners. Both sponsor and sponsee would benefit."

"This sounds like a good, worthwhile effort that would support new and fledgling organizations, especially those that do not have the experience, expertise, or resources to manage grant funds."

"I think it brings equity into the nonprofit landscape, can reduce costs of getting projects off the ground so more money can go into staffing and programming, and creates a shared sense of mission alignment--we are all paddling in the same direction. This would be so good for Maine. We have so many nonprofits with similar goals. I'd love to see Maine nonprofits have more capacity in this area."

Q19 Thank you for participating in this survey. May we contact you if we have more questions and to share more information and next steps about this project? If yes, please provide your name, organization, and best way for us to reach you.

Answered: 178 Skipped: 85

ANSWER CHOICES	RESPONSES	
Name	100.00%	178
Organization	99.44%	177
City/Town	99.44%	177
Email Address	100.00%	178

Appendix C: Maine Association of Nonprofits Survey

Question Design

The following question was included in Maine Association of Nonprofits (MANP) annual survey:

There is a growing awareness and concern that Maine’s nonprofit ecosystem does not include enough fiscal sponsorship capacity to meet the needs of organizations and maximize funding opportunities. A project is underway to examine current challenges and make recommendations for capacity building investments. In your observation, what is most needed to improve Maine’s fiscal sponsorship capacity? (Select up to 3 and provide additional comments, if desired)

Question Results

A directory of potential fiscal sponsors, by geography, demography, and mission focus	47.9%	161
An entity or hub focused almost exclusively on fiscally sponsoring others	27.1%	91
Financial support for current fiscal sponsors to build capacity	26.8%	90
Education and training for potential fiscal sponsors	26.5%	89
Accounting and budgeting functions	23.5%	79
Education and training for foundations on funding fiscal sponsors/sponsored projects	22.3%	75
Legal review and template agreements	21.4%	72
Education and training if you are looking for a fiscal sponsor	20.8%	70
Additional Comments	15.8%	53
	Answered	336
	Skipped	36

Three hundred thirty-six (336) people responded to this question. Almost half (47.9%) selected “a directory of potential fiscal sponsors, by geography, demography, and mission focus” as one of their top three (3) choices among the eight (8) options provided. All other options were selected more evenly, with each receiving the support of between 20% to 28% of participants. The second, third, and fourth choices were each within one vote of the next and included, “an entity or hub”, “financial support”, and “education and training”.

Interestingly, most of the 53 people who added additional comments stated in one way or another that they had little or no understanding about fiscal sponsorship.

MANP newsletter recipients may or may not overlap with those who participated in the Fiscal Sponsorship Landscape survey. While not a robust survey, this question certainly helped inform the findings and recommendations for what could be done to build and strengthen Maine’s fiscal sponsorship ecosystem.

Appendix D: Maine Funders Survey

Survey Design

Participants were asked to inform the final version of the Maine Fiscal Sponsorship Landscape Analysis by taking a short (5-question) survey. A draft of the project report was provided for review.

Survey Questions & Results

1. Most current and potential fiscal sponsors who responded to our project survey reported that they do not receive enough funding to cover their actual costs of serving as a fiscal sponsor. This diminishes their ability to take on new sponsees. As a funder, how likely are you to implement the following modifications recommended by current and potential fiscal sponsors?

RESULTS: Of the 6 options provided, the 3 selected as likely to be implemented were a) increasing the indirect rate or fee for a core set of fiscal sponsorship services; b) offering the option of increased funding for additional services needed or requested by fiscal sponsees; and c) allowing a portion of grant funding to be used for operating expenses. Several respondents noted that they do not have fixed rates or fees for fiscal sponsorship services and depend on the sponsoring organization to have negotiated with their sponsee and accounted for their actual costs in their application.

2. Foundations may also have non-financial policies and practices that inadvertently create barriers, disincentives, or inequities for potential fiscal sponsors and sponsees. As a funder, how likely are you to implement the following modifications to your policies and practices?

RESULTS: Of the 4 options provided, all were selected as likely to be implemented. These were a) ending limitations on grant applications to one per tax ID number; b) no preferential status of applications from sponsors over sponsees; c) adopting, requiring, and providing training on legal and financial standards; and d) engaging grantees in examining grantmaking policies and practices to improve access, especially for communities experiencing marginalization. Several respondents noted that they do not have the policy restrictions in place that were flagged as problematic by sponsors or sponsees, so no adjusting actions would be necessary.

3. What has your foundation done in the past 12-18 months that has made it easier for fiscal sponsors and sponsees to match up, apply for grants, sync with best practice, and/or do their work?

RESULTS: Respondents reported they have done more to a) assist with matching sponsors and sponsees (with limited success); b) establish and review requirements and responsibilities with sponsors and sponsees; c) work with sponsors and sponsees to review, modify, and update sponsorship agreements as needed; d) made sponsorship resources and policies more explicit, standardized, and transparently available; and e) provide training on financial issues and recouping the cost of sponsorship services.

4. What other changes or investments can you imagine making in the next 12-18 months that could improve the quality and/or quantity of Maine's fiscal sponsorship capacity?

RESULTS: Respondents reported they can imagine a) recruiting additional funders to participate in shared strategies; b) spending more time engaging potential applicants in conversations about fiscal sponsorship and what to expect; c) supporting the nonprofit field and maybe an entity to lead the work; d) improving online resources and internal policies; e) supporting a grantee-led design and prioritization process; f) promoting trainings and templates; and g) engaging other funders and nonprofit support organizations to identify and implement priority actions.

5. What else would you like to share and/or have considered for inclusion in the final project report?

RESULTS: A sample of quotes from respondents:

- *“Maine has a tremendous number of very small groups seeking funds. While more fiscal sponsors are needed in every state, Maine may have an even higher need than most.”*
- *“We are very supportive of fiscal sponsorship as a way for projects to get funded and get done. We are hopeful this report will lead to some cooperative action to strengthen fiscal sponsors and increase the quantity and/or quality of the sponsorship options available in Maine.”*
- *“We would welcome further dialogue between funders, as well as funders and nonprofits to arrive at as much agreement as possible to approaches, templates, policies, etc. so we can simplify and streamline the process for all by reducing confusion and duplication of effort.”*
- *“There is a certain amount of misinformation in the nonprofit community about what foundations allow vis-à-vis fiscal sponsorship. We should seek to cure this with over-communication and, of course, start first with removing any barriers that exist.”*
- *“It is efficient for all to have more capable fiscal sponsors offering their services. This could include one or more organizations that has as its sole purpose serving as fiscal sponsor. A good number of fiscal sponsors, each offering a range of services they can comfortably and competently handle, is a mark of a healthy NGO sector. We are very interested in helping to build this sector in this way.”*