**Ruth McCambridge:** I'm Ruth McCambridge, and I'm the Director of Content here at Nonprofit Financial Commons. We’re very fast growing, a knowledge-sharing community of about 8,000 nonprofit financial leaders and managers. So, it is a really knowledgeable community, a community that has, as many of us have, learned things by doing them. Our intention in being in this community is actually making it easier for those who are coming up behind us, and also for each other, in terms of really sharing our experience, knowledge, and insights.

**Ruth McCambridge:** I want to quickly introduce you to our sponsor today. Scrubbed is a global professional services firm dedicated to empowering nonprofits with the insights and expertise needed to achieve their missions. With a team of seasoned professionals in accounting, audit, tax, corporate finance, risk advisory, ESG consulting, and transaction advisory services, Scrubbed delivers tailored solutions that drive positive change. We believe in genuine collaboration, taking the time to understand your unique needs, and providing clear, concise guidance.

**Ruth McCambridge:** Before I introduce you to today's moderators and presenters, I do want to remind you — and Amanda will remind you later, so you can pull out your cards or your checkbooks or whatever now — that we will be asking you for donations at the end of this. We don't charge anybody coming to any of these webinars, but you can help support other people in this community by paying what you can, when you can. And we would appreciate your paying for the value of today's session.

**Ruth McCambridge:** Alright! Moving on to the next slide. I want to introduce you to our presenters for the day. First of all is Wade Rogers. I just mentioned him. He's one of our very skilled moderators. He is a CPA, but he’s also seen everything there is to see, pretty much, and he will help sort through your questions and ask the ones that are going to be most important to the whole community. Moving on to the next slide….

**Ruth McCambridge:** Okay, now comes the hard part, because we've got… I had to ask people to give me the pronunciations on their last names today. So, I'm just gonna do first names today. That's safest. And Asta is our… she's the Chief Financial Steward of Social Impact Commons, which is a fairly new organization that has been doing a lot of research and support for other fiscal sponsors, among other things. Very interesting organization. Kind of a new piece of infrastructure in the nonprofit space. Vidhya is a cofounder and managing director of Catalyze Justice, which is fiscally sponsored. Her organization has an incredibly important mission, and she has a rich experience that involves two different corporate umbrellas to talk to you about today.

**Ruth McCambridge:** Nausheena Hussein is now the principal of nonprofit consulting, but was the founder of an organization called RISE, and Dana Britto is… she is generally a moderator at the Nonprofit Financial Commons, but today she will be doing a good deal of the presenting and the interviewing. So, with that. I think I'm gonna pass it over to you, Dana.

**Dana Britto:** Thank you so much, Ruth, and welcome, everyone. Really appreciate everyone attending and tuning in to today's session. So, next slide? Perfect.

**Dana Britto:** So, I think it was, in thinking about and planning for today's session… I will say it was a pretty tricky session to think about and plan for, and I think when we were, as we generally do, doing a call out to our Commons community around experiences around fiscal sponsorships, it was very, very clear up front that there were very varied experiences, and experiences with the quality of the fiscal sponsorship, and especially from the perspective of a sponsee, varied very greatly, and I think we wanted to be up-front and acknowledge that that there have been, and most likely will continue to be, varying levels of experiences with fiscal sponsors and in relationships between fiscal sponsees and fiscal sponsors.

**Dana Britto:** So, I think for today, most of the content you'll hear is very much geared towards either current sponsees or prospective sponsees, and it's a way to give you a sense of what you should be expecting and how to make this arrangement as beneficial to you as possible. With that said, I think this should also be an opportunity for any potential sponsors to really think about their capacity to do this, and what the expectations are, and the fact that the stakes are high when you are working and representing, and working in this capacity with fiscal sponsees. And there's a great level of responsibility, and also, I think, infrastructure and support that you need to be ready to provide as a sponsor in those arrangements. So, we'll spend a lot of time talking about what fiscal sponsorship is, what it isn't, and how it can be potentially a great and beneficial space for necessary incubation and development, and also could be potentially even a longer-term alternative to becoming an independent 501(c)(3). I'm particularly excited about the stories that we'll hear from our two case studies later on today, and these two groups and the representatives from them will tell us a little bit more about how fiscal sponsorships provided opportunities and experiences of great value for the entities that they represented, and using that as, really, a platform to help, again, any sponsees or potential sponsees on the call to really think about what they should be looking for and aiming for in the context of their own fiscal sponsorship arrangements.

**Dana Britto:** And then, before I hand it over to Asta, I did want to just do a quick overview of a few things that we'll go more in depth into in the rest of the presentation. (Next slide, please.) So, again, I think, right now, I think that the emphasis in our messaging is really potentially for those who are thinking about becoming sponsees and really thinking through, and how to think about, the best way to approach the selection — and also optimizing the relationship with — a fiscal sponsor. So, I think we'll talk a lot about all of these things, but first and foremost, it's really understanding what you're paying for, and what those fees actually cover and what they don't. And again, I think Asta will spend a bit of time talking through that.

**Dana Britto:** I think, in the context of fiscal sponsorships, there's also a level of underestimation of the amount of due diligence that you should be doing as a potential fiscal sponsee around your fiscal sponsor. So, paying attention to their systems, their infrastructure, the extent to which they've grown — and have they kept pace with the growth, potentially — and what it takes to accommodate the needs of their sponsees. So, taking a look at their operational sustainability and their growth trajectories.

**Dana Britto:** And I think we'll talk a lot about this later is really about their abilities to meet your needs and help you anticipate your needs, and for those of you who are using or potentially using fiscal sponsorship as an incubation period that will eventually lead to independence, really being clear and thoughtful, particularly in your introductory conversations with potential sponsors, about what that exiting process could look like, and ensuring as smooth a process as possible.

**Dana Britto:** And I think that's really what you would be looking for in a potential sponsor. But as a sponsee, and I'll hit on this theme a bit more later in the conversation, is really making sure that you're not using fiscal sponsorship as an opportunity to abdicate leadership of certain areas. Yes, there might be roles and services that a fiscal sponsor is providing for you, but particularly in the context of finance, it’s really, again, ensuring that you have the data that you need but are using that data to form your financial story, use it to make decisions, and use it to plan going forward and owning parts of that, even in conjunction with your sponsor. And so, I'll talk a little bit more about that part in a bit towards the conclusion of our conversation today. But with that, I will have the pleasure of handing it off to Asta.

**Asta Petkeviciute, Social Impact Commons (she/her):** Thank you, Dana. (The slides work; sound’s great.) Well, thank you very much, both Dana, Ruth, Amanda, for the invitation to participate in this webinar. It's a pleasure. I think about fiscal sponsees, fiscal sponsors, and the field of fiscal sponsorship from early in the morning till late at night. So, it's a pleasure to share a little bit of where I spend my days and working hours. But let's start with the basics. What is fiscal sponsorship?

**Asta Petkeviciute:** I want to start with a very legal definition, which is that fiscal sponsorship is an arrangement where an organization — usually 501(c)(3) or 501(c)(4), that's the most common place where we've seen fiscal sponsorship — furthers its mission by receiving, accepting, as well as spending down the funds that are related to a particular mission-aligned project. But the key words in this definition is really around retaining discretion and control over the funds. Ultimately, they're using their infrastructure to accept, support, and manage these funds and report on these funds. Retaining discretion and control over the funds is what differentiates “fiscal sponsor” from “fiscal agent” that I know a lot of you have asked about. Usually, fiscal agent, for a fee, just processes the payments through the balance sheet on behalf of another entity. Here, you're using one entity that usually helps to accept, manage, maintain, and oversee the spend-down all the particular restricted funds.

**Asta Petkeviciute:** But I wouldn't be me if I wouldn't talk about operational perspective. From operational perspective, what does that mean? In reality, there are types of engagements where independent missions might collaborate with another entity and work together to manage… accept, raise, and manage and spend down particular contributed funds and other funds. And those engagements vary in the number of services that they provide. In some cases, fiscal sponsors are the legal home, and complete all of the finance functions and are the employer of choice. In other cases, they are just receiver of the funds and spending down the funds, and we'll talk more about it in the next few slides. But the key component that I want to also highlight is what differentiates fiscal sponsorship from a similar program that operates within the nonprofit is that it usually has a fiscal sponsorship agreement, and it always, always has a clarity around, what are the terms of exit?

**Asta Petkeviciute:** So, if you are currently fiscally sponsored, my suggestion is to make sure that you do have two of those things: the clear variance power in your agreement, clarity around the fact that you could take your assets and go to another fiscal sponsor or transition it to independent entity. And clarity that you are sharing — that together you are retaining the discretion and control over the funds.

**Asta Petkeviciute:** A few notes on language that we will use today. So, what you will hear me using throughout the conversation is “fiscal sponsor,” which means the organization that is fiscally managing and overall taking on the responsibility of the oversight of the funds. And there are lots of different interpretations of how different fiscal sponsors and even different countries choose to call a fiscal sponsorship. “Project” is usually an independent nonprofit activity that is interested in co-sharing the infrastructure in certain cases. Again, it has lots of different interpretations of what it could be called; for this conversation today, we will call it “project.” “Project director” is usually a common term across the field of fiscal sponsorship for the individual who is representing the project. They are usually one of the parties that is signing the fiscal sponsorship agreement, but publicly they might have lots of different titles, and internally, within the fiscal sponsor of practice, they might have lots of different titles.

**Asta Petkeviciute:** And then the piece that you will also hear us talk is the “models.” And when we refer to the models, it’s a reference to Greg Colvin’s taxonomy that had been created in the late 1990s. It was the only book that is written on the practice of fiscal sponsorship, and what he created is an alphabetical taxonomy describing different legal and compliance structures that fiscal sponsors might utilize. We will walk through the two most common models that are currently practiced today, and the nuances of those.

**Asta Petkeviciute:** Before we go into details, I do want to just automatically demystify this field. I know when I came into the field of fiscal sponsorship, it felt like it has been a well-kept secret, and while we worked quite a bit, I still feel that in some cases it comes with still a lot of myths and misconceptions. So, first and foremost, fiscal sponsorship is a nonprofit sharing their infrastructure with another initiative, community member. So, absolutely, that doesn't mean automatically that it's less compliant, that there is less oversight or accountability. On the opposite; we feel that in the cases where this model is intentionally operationalized, it enhances the compliance, because in that case, fiscal sponsor could create the infrastructure for us all to be able to access government funds that otherwise, as an independent small initiative, you might not be able to leverage and build out on your own.

**Asta Petkeviciute:** The other piece is that fiscal sponsorship is new, and this particular nonprofit is regulated differently. Well, actually, that's also not really correct, because the first fiscal sponsor started in 1959 in Massachusetts (I think there might be some people representing TSNE), and it was specifically created to help support and operationalize Massachusetts public health programming. So, it has quite a bit of history. But no, at this point in time, it doesn't have a special box in the 990 to reference that it's a fiscally sponsored organization. Therefore, all consistent expectations that apply to all nonprofits also apply to a fiscal sponsor, besides the fact that you definitely want to keep the funds that are given to a fiscal sponsee separate from your own funds. So, fund management is a big component in the fiscal sponsor’s practices.

**Asta Petkeviciute:** Third, there are lots of fiscal sponsors that currently are continuously focused just on incubation support and temporary projects. And that's beautiful — and that doesn't mean that you cannot be fiscally sponsored, that fiscal sponsorship cannot be your forever solution. On the opposite, we've seen a lot of successful fiscal sponsorship relationships where the fiscal sponsee has been with the fiscal sponsor for a number of years and have consistently grown both of their programming successfully. So, we see,

especially the most comprehensive fiscal sponsorship, as a true, collaborative relationship that could be a long-term relationship.

**Asta Petkeviciute:** And in relation to size, and how a lot of people usually ask, “What about the size? Do you grow?” We've just transitioned a fiscal sponsorship relationship that was over $100 million from one fiscal sponsor to another. They outgrew one of them, but that doesn't mean that you have to have an independent infrastructure. They still prefer the relationship collaborative structures for it.

**Asta Petkeviciute:** So, how big is the field of fiscal sponsorship? Very quickly, we just had a second Field Scan that was done on the field of fiscal sponsorship over the last 50 years, and we surveyed a hundred fiscal sponsors who reported that they provide support to over 12,000 charitable projects. Together, these projects are accessing $2.6 billion in sponsored funds, and through employment and contracted compensation are contributing over $700 million to almost 20,000 different individuals that are benefiting from it.

**Asta Petkeviciute:** But just like the rest of the field of nonprofits, what we also see is that some of the largest fiscal sponsors are still holding the largest amount of funds. Therefore, 16% of respondents that were $50 million or above in their size of operations, actually managed 10%, so around 1,200 of those charitable projects, but held 85% of this $2.6 billion. It's consistent to the rest of the field, at the national level, of all nonprofits. But in the meantime, what we see, and we want to leverage and highlight, is that where we see the growth and opportunity is in this group of fiscal sponsors that are between $1m–$50m in their operations that manage 85% of these 12,000 charitable projects but represent only 14% of all sponsored expenses.

**Asta Petkeviciute:** What that means is they are really representing and supporting the grassroots communities that oftentimes are leveraging the in-kind contributions to achieve and implement their missions and visions. The field of fiscal sponsorship also, just like the rest of the nonprofit sector, also has seen a significant growth. From the Field Scan, we’ve seen that 73% of all fiscal sponsorship programs launched after the year 2000. And the other interesting fact — and I could talk about this forever — is that over 70% of all fiscal sponsors that were surveyed actually have fiscal sponsorship programming and their role programming. What that means to me is that fiscal sponsorship, or shared support, is becoming a business model, one of the business models that are leveraged by the nonprofits at large, and I'm happy to talk about it at some other time.

**Asta Petkeviciute:** But just like nonprofits as well, what we also have seen is that there is a a greater demand than one can be accessed at the moment. So, for every two new projects, at least one was turned away by the fiscal sponsors, and over 25 of the 100 survey participants actually said that they currently suspended new project intake, because they lack capacity, or might be in strategic planning and currently are not able to add any new projects. Most of the time, they also referenced that a majority, quite a large number, 62% of respondents said that they are about to hire more staff, and the largest staff capacity needs were in the program management and finance field.

**Asta Petkeviciute:** So, why organizations choose fiscal sponsorship. Most of the time, and what I want to reiterate here, is that any organization, even if you currently have a 501(c)3, could become a fiscal sponsee, and any current independent 501(c)3 can become a fiscal sponsor. And the beauty about the fiscal sponsorship relationship is that by engaging in collaborative management structures, you are able to access funds that otherwise might not be available until you have an independent 501(c)(3), until you have built out your systems, and in that case, fiscal sponsorship is a great starting solution. Beyond that, what we also have seen fiscal sponsorship being utilized is in the power-sharing and resource-sharing component, where, if you are sharing one audit across 30 different groups, that's the efficiency and decrease in the overall indirect cost that one would want to see, right? The same as with one QuickBooks rather than 30 QuickBooks.

**Asta Petkeviciute:** But then, beyond that, what we also see, both from fiscal sponsor and fiscal sponsee side is around building equitable practice, intentional practices for you and your community. So, that would leverage both cultural competencies as well as establish trust and build together, empower fiscal sponsees to flourish, and also build strength on the infrastructure side for the fiscal sponsor. I've seen over and over again where the beauty comes in when an organization starts to offer fiscal sponsorship services, and because of those, they are able to invest in better financial software and move away from QuickBooks, and/or hire their first CFO, because in the past they might have not been able to achieve it just for their own internal programming. And yes, the Field Scan reported that quite a large number of fiscal sponsors have portfolios that are larger than their own programming.

**Asta Petkeviciute:** But let's talk about models, because models is important. It differentiates what kind of supports are provided and what kind of relationship do you have, how much risk is being shared among all of you. So, if we look at independent formation, right, if you are an independent 501(c)(3), you are responsible for absolutely everything. And if you’ve seen a lot of indirect costs studies, those indirect costs vary from organization to organization, from size, from a mission focus, but at the end of the day it’s still over 17%–27%. In some cases, the studies say 45%, and maybe with some of the sizes of the nonprofits that's the case.

**Asta Petkeviciute:** But in the fiscal sponsorship relationship, in the most comprehensive sponsorship relationship, which is Model A, the cost usually that associated and shared are usually vary somewhere between 8% to 12% on the revenue. And in that instance, the program really operates within the fiscal sponsor’s EIN, and I will share a couple of other graphic charts for to represent this relationship as supporting documentation. But what I want to highlight is that these, the most Model A comprehensive, is usually really good for those organizations that haven't started to create their infrastructure. They have a vision, an idea, but they don't want to go the route of creating a 501(c)(3). The other place where it's really successfully used is when you have an existing 501(c)(3) but you are thinking how to strengthen your finance structure functions, and is there a way to restructure to further simplify operations and make them more efficient, more effective? That's a beautiful place for this, beautiful support for it. And then, movements are very commonly using Model A comprehensive fiscal sponsorship, because movements are often related to lots of different organizations, and they might not want to create a separate infrastructure for the movement as a whole. In this instance, while the project still maintains their identity, their relationships, their direction, from the programmatic and leadership side, fiscal sponsor is the one who is ultimately helping to operationalize all the finance functions. And fiscal sponsor is also an employer of record, holder of the insurance, completes the 990 on behalf of all the Model A Comprehensive fiscal sponsees, and takes care of the audit and all of these things. And while the board of the fiscal sponsor is ultimately overseeing all the fiduciary activities that are happening within the fiscal sponsee, we always encourage to make sure that Project has their own advisory committee who's guiding them and who is carefully advising them and providing feedback to them.

**Asta Petkeviciute:** Moreover, we can't highlight enough that it's Project and Sponsor that still co-share the financial and operational aspects. So, at any point, it's never that the fiscal sponsor decides to pay a consultant. It's also that the fiscal sponsee cannot pay the consultant without fiscal sponsor knowing about it. That relationship is truly collaborative, and you want to make sure that the fiscal sponsor and fiscal sponsee are really in integrated from that perspective, and co-sharing and co-learning together about each other and each other's needs.

**Asta Petkeviciute:** Now, on the Model C relationship, which is, in other words, called a pre-approved grant. As you see, it's a little lower in cost, and in this case, you are further segregated. Your operations are not as integrated, therefore small fees. What that means is that the sponsor accepts only the contributions related to the Project and then regrants it to the Project. And then it's Project’s responsibility to operationalize all of the payments, keep track of all the spending, and report back to the fiscal sponsor. So, in this case, you have two infrastructures, right? You have fiscal sponsor’s infrastructure and Project’s infrastructure. And you still have two insurances, so that efficiency is decreasing, as with different models. But also, the risk is decreasing, right? It's a little bit more arm's-length agreement, and arm's length activity, and in those instances you do have to consider that there needs to be tax considerations, especially if the regrant is given to an individual or a for-profit entity.

**Asta Petkeviciute:** Most commonly, the Model C is being used for, and we'll hear a little bit more about it, for just recently established 501(c)(3)s that are waiting for determination letters. It's also very commonly used by limited-duration projects — for example, an artist has a special grant coming in that they wouldn't otherwise be able to access if it's not for a nonprofit infrastructure — and/or for-profit entities that sometimes are doing charitable work that is funded by a funder that otherwise would not be able to grant directly to them.

**Asta Petkeviciute:** I know everybody's thinking about, “Well, what about those costs?” And I know Dana mentioned that as well. Well, what the Field Scan shows is that there is a great, great variety in fiscal sponsors and their determination of cost that are shared across fiscal sponsor and the project. It varies from 10% to 20%, but at the end of the day, what we are able to say is that yes, 95%, of all the sponsors actually have a percent that is based on the revenue. In some cases, it’s different. Some cases, it’s based on cash received; in other cases, it’s based on the award at the time when the award is issued. In some cases, the percent is determined, and is different from one project to another, because in some cases you might be receiving fundraising supports, and organizational development supports, and other supports, while the other projects might not be receiving a number of them. You might be employing staff, while the other project might not. So, some fiscal sponsors, based on the expected areas of support, they might differentiate the shared cost allocation rate, and otherwise some others just say, “It's one and the same rate for absolutely everyone, and everybody has access to these services.” So, it depends.

**Asta Petkeviciute:** I'm curious about how many of the current fiscal sponsees who are listening, how much do you know about your current cost rates and how they are recovering them? At the end of the day, what we want, as a fiscal sponsee, is just to understand. Do fiscal sponsors understand and track what are their internal costs to deliver the services? And is there a particular intention that is built for them as to how do they recover their cost? Are they planning to recover full cost from their shared allocation rates, or are they planning to fundraise to cover some of the deficits as well. That's very common for a number of communities, as well.

**Asta Petkeviciute:** So, first and most important, I think the key piece that I want to leave you with is the fact that, at the end of the day, nowadays, I see fiscal sponsorship as dating and marriage. Maybe that would be the easiest way, or a growing of your garden. I outlined a number of different steps that I think both — fiscal sponsors that want to provide supports to particular communities and fiscal sponsees that are interested in supports that want to leverage, want to understand better, who of the fiscal sponsorship community could provide them with the best supports? I want you to consider a number of these components consistently, and if you don't consider one, it might catch up on you at a later time.

**Asta Petkeviciute:** So first and foremost, mission alignment is the most important. If you don't, if the fiscal sponsee’s mission does not fit within the mission of the fiscal sponsor, that’s “no,” that’s it. Right? If fiscal sponsor is serving educational groups and you are a health group, if there is no alignment, that's not a good fit. But beyond that, I do want to encourage all fiscal sponsees to really learn about fiscal sponsor culture and values, both how they talk and how they walk, learning about how their values are operationalized,

what their culture and intentional community looks like.

**Asta Petkeviciute:** We also want to do more internal understanding and external understanding of what the finance and operations experience is. For example, if you are a fiscal sponsee that already has a staff member who is interested in setting up operations and thinking that this is a very different, unique component, that you need to build out your 501(c)(3), right, then you might need, it might lead to very different supports and engagement than for someone who is new in the nonprofit sector but has a really good idea on the needs in the community and they want to fundraise and implement it. So, understanding internally what are the strengths and gaps in your finance and operations experience, and understanding what the fiscal sponsor’s finance and operations experience are, of most importance. For example, some other fiscal sponsors are not interested in and do not have structures to accept federal funding. So not asking that question before you make a decision, if in the long run you are thinking about fundraising with the government, would be a failure down the line.

**Asta Petkeviciute:** The other piece, so that will really help for you to then define, what is the list of supports that you need? Right? And what are the those lists of supports and areas of that the fiscal sponsor can provide to you, and that you can access. Beyond that, I do want to highlight that geographic focus is of the most importance. There are many fiscal sponsees that I met that are very uniquely focused in a particular geography, and I would recommend that you automatically reach out to some of the more local regional fiscal sponsors who are purposely expecting to meet those needs, because those are the fiscal sponsors that might also have a vendor policy where they purposely employ more local vendors, and might better meet your awareness and understanding of current available funds, and really be able to help integrate and help you flourish.

**Asta Petkeviciute:** The other aspect that I want to highlight is the size of program. If you are a couple-million-dollar initiative that is thinking to move out of the university, you want to make sure you understand: Is that gonna be the biggest program within the fiscal sponsor? Are you the only one within fiscal sponsorship practice? Or are you more of the smallest program, because they are managing much more and much bigger funds. So, understanding, are you a big fish in a pond? Because that also relates to the relationships and supports that you will receive, and how important that is for you as well.

**Asta Petkeviciute:** Another aspect is around approach to community. There are a number of fiscal sponsors that are seeing themselves as open doors: “We will accept anyone who asks.” Again, I have some… I think that's one of the strategies. Except that when there's so much demand, you still need to maintain your demand somehow. The other approach that fiscal sponsors have is, they say, “We want to serve an intentional community. We want to co-learn and co-govern together. We want to be closer to… not more than 10 projects at a time, not more than 20 projects at a time.” That's a very different approach. “And we want to have monthly meetings, and we want to have co-learning sessions, and we really want your voice to be represented at the board.” Right? So, understanding what type of community you need, because you might not need that, or you might need exactly that. That might be more of a values judgment, that you need exactly that, is helpful in helping to define which of the fiscal sponsors would be best to fit my needs.

**Asta Petkeviciute:** Of course, approach to risk is an important one, because in some cases, for some fiscal sponsors are really all about, they’re very critical — not very critical, but very much more conservative in their risk management — and others are more lenient in it. So, understanding where your program is in relation to risk, and what you might need in support, in helping to address those risks and mitigate those risks, and what’s your approach to risk, would be helpful in having in finding the right fiscal sponsor.

**Asta Petkeviciute:** And of course, internal capacity: Understanding the lists of supports and how they are provided might lead you to that you have to have a grants manager, because the fiscal sponsor doesn't really do grants management. Or, you might need a contracts manager because this fiscal sponsor will not really manage your contracts and billing by contract. So, further understanding both internal capacities and external capacities. You know, my interest is always to open up fiscal sponsor’s website and see how many staff members are there — is it complete? And how many members in their community are there, to get a sense of how much support is it providing. And how is it structured? Do you have to reach out to three people, or just one person? How hands-on that relationship is.

**Asta Petkeviciute:** And, of course, last but not least, is understanding your cost, recovery and exit expectations is an important aspect, which then gets nicely buttoned up with a successful fiscal sponsorship relationship and definitely signing the agreement when you decide on which one is which.

**Dana Britto:** Asta, we're running a little short on time, so if you could really quickly —

**Asta Petkeviciute:** That’s it! One sentence!

**Dana Britto:** — go through this? Yeah, sure.

**Asta Petkeviciute:** And what I'm leaving you with — I'm not gonna go through this at all — is that even though you selected a fiscal sponsor, I just want to encourage you on a monthly, on a yearly basis, to review and check in that your relationship with the fiscal sponsor is still healthy, both from the supports perspective as well as the culture and values perspective. And that trust that you built together is continuous. We never want to break a relationship all of a sudden; we want to continue to build and strengthen each other as we go.

**Dana Britto:** Great. Thank you so much, Asta. A lot for us to chew on for sure, and a lot of important considerations. And thinking about, and especially from a matchmaking perspective, how to think about choosing a fiscal sponsor. So, again, at the top of the conversation I mentioned that we have the really the honor and the privilege to hear from two people who have lived and been through this experience. And one of them is Nausheena, Nausheena Hussain, who was the founder and ED emerita of RISE, and I'm joined by her today. Nausheena, thank you so much for being here, and thank you for your willingness to share your story. And so, before we jump into, I think questions that are a little bit more specific to your experience in the world of fiscal sponsorship, tell us a little bit more about RISE, the work that the organization does, how long have you existed, a little bit more about your business model… tell us your story.

**Nausheena Hussain:** Yeah. So, RISE actually is an acronym for “Reviving the Islamic Sisterhood for Empowerment.” We started to have conversations back in 2015 around just who Muslim women are, who's representing them, and what their leadership trajectory is like. And so, in these conversations, what we learned was there's a real negative narrative around who Muslim women are. Either they are oppressed, or they are terrorists. And those negative narratives needed to change, because the stories that were being told were not being told by us.

**Nausheena Hussain:** And so, one of the programs that RISE has is around a strategic narrative change. And a second one is around leadership development, and the third was around civic engagement. So, if you recall, 2016 was an *exciting* Presidential election cycle, and we wanted to make sure Muslim women participated in democracy, so the mission of RISE is to amplify the voice and power of Muslim women. And so, in 2016 we sort of were established and launched. And one of my mantras was that I wasn't going to be the executive director forever, because it makes no sense, if we're going to have a leadership development pipeline program, that I wouldn't step aside and pass it to another wonderful woman to lead the way. So, you kind of got to model the behavior. So, I stepped down in 2022. And now I am consulting, and I help other Muslim women nonprofit leaders upskill, and build capacity, and make the world a better place.

**Dana Britto:** Fantastic. I'm definitely hearing a theme around leadership development and having that be a really intentional part of the identity of RISE. But given that, and even, I guess, in addition to that, can you talk to us a little bit more around why you originally chose to seek a fiscal sponsor?

**Nausheena Hussain:** To be honest, Dana, this was like a whole idea in my head, and I didn't know how the community’d respond right? So, we didn't know if it would stick. And it's important to have those community conversations and get as many diverse voices into the room to understand what are all the issues and challenges and things that Muslim women are facing. And even though I had this great idea, I was like, well, I'm not gonna risk at all and apply for a 501(c)(3) status if I don't even know if my community, if this is what they want. And so, the fiscal sponsorship really allowed us to, I don't know, like, be like a little chemistry lab experiment almost, right? To just try things out, learn things, really be able to tap into our fiscal sponsor’s wisdom and their infrastructure, and be able to bring that back and really affirm what it is that Muslim women wanted, so that we could eventually become a 501(c)(3).

**Dana Britto:** Got it. So, I think — again, I'm hearing that it provided this this chemistry lab experience for you, in a safe space. And Asta, I think, did a great job of talking about how fiscal sponsorship can often mean and move beyond just bare-bones management of funds. So, particularly in the case of RISE, I'd love to hear about — beyond, again, those bare-bones management of funds, what else did your fiscal sponsorship provide in terms of supports, experience, thought partnership? Tell us a little bit more about what you receive through the fiscal sponsorship that you don't think you could have gotten outside of that arrangement.

**Nausheena Hussain:** It's a long list, Dana, so in the interest of time, I'll go through that list really quick. Of course, there's the whole accounting and finance, right? Even though I have an MBA, I didn't have the capacity to run the accounting and finance for a new — basically — company. Right? I still was really passionate about the mission and vision, and I wanted to have some balance around, how do I run the organization in a fiscally responsible way, as well as meet the needs of my community? So, accounting and finance. And then, third was just like the grants management, which Asta also had talked a little bit about. We could not apply for any grants because we didn't have a 501(c)(3) status, but a fiscal sponsorship allowed us to seek out funding that we would not have access to. And what I loved about my fiscal sponsor was that she just kept us very organized, right? She made sure that grant applications are completed properly, that all the attachments for financial statements were processed and sent over. And then, if we got the grant, she was really good at having a folder for us, making sure the grant agreement was signed and put into the folder, and then made sure that it was on our radar, for when we had to complete a grant report after that cycle ended.

**Nausheena Hussain:** And what I didn't know, understand, about some of these grants was that they are restricted. So, if you apply for a project, all the money that you use has to be specifically for that project, and if you don't have the tiny detail orientation that a fiscal sponsor can do for you, that that was like the real benefit for us. And then, one other thing was, we had a whole legal issue when we first started, because we were using this acronym, RISE, and I'm telling you, I had a very scary moment where somebody came to my house and delivered a cease-and-desist order, and for being in their first few months of existence, this was just really, really hard, and had I not had the fiscal sponsor to back me up. I don't know how we would have gotten through that entire situation. I had access to legal help. I had access to operational help. I had a support system, right? The team at my fiscal sponsor was 100% backing me up, and I don't know if I would have been able to do that had I been on my own, in a 501(c)(3) status.

**Nausheena Hussain:** And then, finally, I just want to, I have to give a shout out to my fiscal sponsor manager at that time, who was Danielle Gangelhoff. I used to joke that she was our first employee, before we actually paid somebody off of our payroll. She started off in a real managerial-professional relationship, but she very quickly turned into my cheerleader, my supporter — you know, women supporting women — and she's still my good friend. I was very grateful for the relationship that I built with her, because she became such a proponent of RISE, even though she doesn't identify as Muslim. She was always there to make sure that our organization succeeded, no matter what, and any challenges that we face, she's right there, front and center to make sure we were able to navigate them. So that relationship to me was like really key to our success.

**Dana Britto:** Cool. I love it. Again, I heard you loud and clear on the detail-oriented-ness and the importance of that, but, very much, that relationship and the support that you have, or the doors that were open to you to deal with that legal issue, I think is a really powerful example of when a fiscal sponsor can really show up for you in a very real way.

**Dana Britto:** So I mentioned this at the top of the presentation, and I think, again, Asta made some mention of this, but can you talk a little bit more about the responsibilities that as a sponsee you must retain and be ready to fulfill, even in the context of a fiscal sponsorship relationship?

**Nausheena Hussain**: It's one thing that the dollars or the checks are going to the fiscal sponsor, and it's another that you need to keep track. You have to do the donor relationship, the stewarding, the cultivating and managing your fundraising cycle. I think there was always this, like, “Oh, I'll just… you're gonna do all the accounting. I don't have to tell you anything about what we're doing. You'll figure it out.” And that's a real myth, because they only know what you tell them, and you have to be able to tell them where you're spending the money, how you're spending the money, and how you're stewarding those dollars. And I think, for me, I was learning the process, and I just felt like I had a good teacher that was like, “This is how taxes are done. These are how 990s are filled out. This is what you need to be looking at when we're doing budgeting. Here's how you map out your expenses. This is how you do a project budget.” All these things, I didn't do them by myself, and my fiscal sponsor didn't just throw them over to me. We had this like real partnership and doing things together. And that really was important, again, for me, because I needed that teacher/student model while I was doing this.

**Dana Britto:** Understood, understood. So, ultimately, why did RISE choose to leave or spin off from the fiscal sponsorship? And what's been — to your knowledge, I guess — the biggest challenge in your newly independent world as an organization that's now a 501(c)(3)?

**Nausheena Hussain:** It was like the training wheels had to come off the bike, and our fiscal sponsor was like, “You're ready to be on your own. You know what you're doing, and you can do this. You don't need to be fiscally sponsored anymore.” Because we had that model which was fee-for-service, and it was based off of how much money we were bringing in. So, while our budget kept growing, because we were fundraising better, we were getting grants, and foundations were learning about the great work we were doing, I think our fiscal sponsor was like, “This is— it's time. It's time for you to branch off and go do your thing.” And they suggested to us, “You can hire another accountant. Here's a firm. Here's who we have worked with in the past. Here's who other projects have transitioned over to.” And it was a separation anxiety moment. It was like, “Oh, my gosh! How am I gonna do this on my own?” And of course, our sponsor was like, “Yes, you can do it. You've gotten this far. We have faith in you. You've proven a lot.” And so that transition was bumpy, I will tell you, because rebuilding a relationship with the new accountants was so much harder than what we had with our fiscal sponsor. So now, as I look at the different nonprofits that are popping up, everybody goes straight to applying and getting their 501(c)(3) status, and they don't have a lot of the infrastructure set up. And I'm just really surprised that — I think, Asta, you said this — this is the best kept secret, and I don't know why more nonprofits aren't utilizing this tool or this method of establishing themselves before taking off on that 501(c)(3) route.

**Dana Britto:** Nausheena, thank you so much for sharing your story and being so honest and candid, and I wish you and the RISE team the best of luck going forward. In the interest of time. I'm going to hand it over to Wade. I know, Wade, there's been a flurry of activity in the chat, and we want to open it up to some questions from the audience.

**Wade Rogers:** Most definitely. It's been a very active chat, as usual. And I think I'll just jump right in. Nausheena, you really cued up this one question because there were lots of these questions in the registration, as well as in the course of these discussions, and it's sort of like, when do you know it's time to fledge and leave the nest, and that peeling off piece of things? And you gave a really helpful, very specific reason, and the sense, too, that it was the sponsor that said, “We think you're ready.” But I wonder if the three of you would have any other background on that decision for an organization that's being fiscally sponsored to think about in terms of what maybe would be that indicator, or that trigger, that it's time to go out on their own?

**Asta Petkeviciute:** From my perspective, looking back at that checklist that I shared at the very end, of thinking through around your management and operations, thinking through carefully around your compliance needs. Do I have capacity across a number of them on my own? Or how do I build them, to run an operation oneself? What we've seen, on a regular basis, we’ve seen some fiscal sponsees or projects that stay forever, and they say, “I don't want to worry about 990 and audits. I want somebody else to take care of it,” right? We see that, and then we also see, “These policies and procedures don't work for me. I don't have a trust with my fiscal sponsor. My fiscal sponsors is not able to meet my needs, and I feel that I could do it on my own better.” And I just want to encourage those conversations not to be driven just because the funder told you so, because there are instances of that. I would love to encourage that it’s not because one individual in your advisory board thinks that if you are fiscally sponsored, you are some way handicapped, and you have an honest conversation about it with your fiscal sponsor on things that don't work.

**Asta Petkeviciute:** And then you could have a conversation, “Okay, if this is my limit, what are my other options?” Are my options — and we do this quite often, thinking about, “is there another fiscal sponsor that could better meet your needs if you are still interested in investing in the shared infrastructure and keeping the shared infrastructure?” And/or, “What would the transition to independence feel like, cost like, and experience like?” Because it's always a surprise to me how many fiscal sponsees projects I talk to, when they become independent, how many of them say, “Oh, I didn't know all of this takes so much time,” or “I'm surprised that I need additional attorneys, and just a conversation on inventory with my insurance agents takes so much time and effort.” So, understanding the holistic picture of what fiscal sponsor is providing to you, and what are the strengths and additional investments that you need to make, would be my encouragement.

**Wade Rogers:** Thank you. And lots of questions with respect to fundraising overall and accepting contributions and entering into grant agreements. Nausheena, did you, as fiscally sponsored organization, did you run into any roadblocks in terms of donors, and in terms of directing their funds to a fiscal sponsor or grantors? We had one of the questions in the registration that they have an indication that some foundations and corporate donors aren't wild about giving through a fiscal sponsorship. Did you encounter any of that?

**Nausheena Hussain:** I don't believe I had any issues like individual donors, but I will say there were a couple of challenges with foundations. I recall one foundation; we had gotten all the way through the application, the first round, and then… they knew we were fiscally sponsored, and then wanted an interview with our fiscal sponsor. And their whole issue was trying to assess whether or not, if they gave us the funding, we would be able to do our Project goals. And their question was, “If RISE can't fulfill their obligation, what will you, as a fiscal sponsor, do?” Like, will my fiscal sponsor go out and do Muslim women empowerment workshops and conferences and whatnot? And that conversation was really, really challenging because it put our fiscal sponsor in a really difficult situation where the trust was no longer between us and the foundation. It was like trying to question whether or not we would be able to accomplish what we could, given who our fiscal sponsor was. They didn't think that our fiscal sponsor and we were aligned, which was mind-blowing for me, because I couldn't imagine a better fiscal sponsor. And so that was… And we didn't get the grant! And we were *upset*. But at the same time, I was like, good thing we didn't get that money, because I would not want to have dealt with that foundation. So, it was okay.

**Wade Rogers:** Good point. Thank you. And then, I'm glad you mentioned that about your individual donors as well, because there was a question in the chat about folks who might not necessarily want to write a check to a different name — a different organization name versus what's being sponsored, and so I think that was really helpful that you didn't necessarily encounter that issue.

**Wade Rogers:** Asta, I had lots of questions. First of all, the audience loved your grid on the different types of arrangements, and thank you very much to Kate Barr for citing that source. Any easy place to go for resources on building agreements, fiscal sponsorship agreements, like templates, for example?

**Asta Petkeviciute:** Oh, thank you for referencing this, as I ran out of time to say this. You will receive, after the recording, a copy of both Model A and Model C agreements that were written specifically in simple language for the purpose by Social Impact Commons. And it was built out by the community and influenced by a large number of our community of fiscal sponsors. So, there will be a resource both for Model A and Model C agreements for you. And I've seen some questions in the chat around Model A; we do have a list that we’ll share with all of you on Model A readiness for future fiscal sponsors if you want to check on making sure that I am ready. We are also including that as part of our shared Commons IP, that guidance document for you as well. So those will be there, so you don't have to reinvent the wheel. There's a lot of guidance language as well. as to how to change it to fit your fiscal sponsorship relationship and your fiscal sponsor’s needs.

**Wade Rogers:** Okay, thank you very much. And like the questions are, the recording, the slides, and these resources will be shared with all of you after the webinar. I will turn it back to the presenters in the interest of time. Thank you so much.

**Dana Britto:** Sure thing. Thank you so much, Wade. And thank you, Asta and Nausheena, for helping us field some of those questions. So as again, we're lucky enough to have or to hear from two stories in the realm and the experiences of fiscal sponsorship, and I am joined by Vidhya Ananthakrishnan from, and she's also the co-founder and managing director of Catalyze Justice. And so, Vidhya, thank you so much for being here and being with us today. Similar to how we started with Nausheena, can you tell us a little bit more about Catalyze Justice, what you do, your story, how long you've existed, and a little bit more about the organization itself?

**Vidhya Ananthakrishnan:** Thank you so much for having us. We're really excited to be here. Again, my name is Vidhya Ananthakrishnan, and as Dana mentioned, I'm managing director of Catalyze Justice. Catalyze Justice is a relatively new organization. We work with leaders across the youth justice field who want to reimagine and reinvent youth justice. So, our primary goals are three, which are to replace the failed youth prison model; to rebalance power and authority between legal system actors and communities; and to help establish and develop a community led and driven approach to serving young people and their families. So, to really achieve those goals, we engage in partnerships with different sites across the country, and we help educate and build the knowledge of the field about how to move transformation forward in ways that align with key values. For us, those really look like racial equity and really being able to be thoughtful about how we're impacting black and brown young people who are largely disproportionately impacted by the system, and then also centering the voices of young people, families, and communities. So those are things we try to think a lot about in our work.

**Vidhya Ananthakrishnan:** In terms of how we do the work, a lot of that really looks like coaching and advising on strategy, design, planning, and implementation of different reforms toward that path of ultimately having kids be free, and then we, separately, with our field-building work, it’s much more focused on the translation of research and practice into tools and products that really help advance the evolution of the field. So, we do that with case studies and stories, in some ways very similar to the Nonprofit Financial Commons.

**Vidhya Ananthakrishnan:** So, anyway, like I said, we're a pretty young organization. We actually just came into existence about 7 months ago, so the fall of 2023, and we're coming off of having been a project of a university center. We made a transition to leave the center, and now we've chosen to become a fiscally sponsored organization.

**Dana Britto:** So, can you talk a little bit, I guess, about that change and that evolution? Because it's our understanding that you started under another corporate umbrella at a university, and then you essentially state-changed your sponsor, holding onto your mission and your current leadership team. Can you talk a little bit about how your leadership team is structured and how you're working together? And then, also, what attracted you to who your current sponsor is now?

**Vidhya Ananthakrishnan:** Yeah, 100%. So, our team was, like I said, based previously at a university, and in that in that structure, we had many of the team that we still have, including our current executive director and myself, and we sort of became the co-founders of Catalyze Justice, really came to that decision around wanting to move. We also had a few senior fellows who were part of our team, and they were really instrumental in hoping to advise us, just about the thinking around this transition, and had also run different organizations, including government agencies and big philanthropic organizations. And so, they were heavily involved in helping us think about the pros and cons of that transition and what we needed to do. I think one of the things that's really important to know is that we, again, were a team that had been working together roughly since 2018 or 2019 — depending on who it was, they came at various points in time. But even prior to that time, many of us had worked together over the previous decade in this field of youth justice in different roles as part of different youth justice organizations: some big, some small, some philanthropy. Lots of different ways that we were intersecting. And a lot of those experiences, including the one that we were having at the university, really started to inform what was critical about how we wanted to do the work, what was really most essential in positioning us to be effective. And I think the realization of, like, we cared most about doing the work well.

**Vidhya Ananthakrishnan:** And then the second piece of it is that so much of how well you can do the work is determined by how your operations, administration, and your ability to hire and do things with autonomy, that all of those things really factor into that. And so, at some point, we realize we needed more flexibility, or we wanted more flexibility. We wanted to have just more control over those pieces. But I think, ultimately, the biggest piece was that we really wanted to build on our close relationships and trust with one another, because we were going to move the whole team, or trying to do that, intentionally. And so that really anchored the move. Those two things were critical to deciding that we were going to change sponsorship. And it was not a totally straightforward process, so, I will say, the relationship piece really mattered in this instance, and it was really important. It really helped ensure that we had the support we needed to be able to make that transition. But again, ultimately, it was the right call for us. And I think the research that we did into different fiscal sponsors allowed us to see what was best. So, that was a big part of it.

**Vidhya Ananthakrishnan:** To your second question, about what is it that we were seeking in a fiscal sponsor, I think, bottom line, we were looking for flexibility — with the kinds of work that we were doing, that we really felt like we needed to have an administrative backing that allowed us to do that in the most tailored way. We work with so many different partners, some of them county agencies, some of them state agencies, some of them community organizations, and depending on what the need is, we try to tailor our engagements to be what's most appropriate. And that that doesn't always mean that we staff them fully. Sometimes, we bring on different consultants. Sometimes, we partner with another organization. So, it requires being able to pay different people in lots of different ways. All these nitty-gritty details that you want to have underpinning your work, if they're really cumbersome or burdensome, it becomes challenging, and that was something that was hard for us in our existing structure.

**Vidhya Ananthakrishnan:** We also really wanted to have more autonomy over hiring and being able to structure budgets in a particular way. And so that was something that, when we were talking with different fiscal sponsors, we tried to really understand — like, what control do you have over this process? Are we under any obligation to do things in a specific way because we're with you? And that was something we learned pretty quickly was not the case.

**Vidhya Ananthakrishnan:** And then, lastly — and I think Nausheena also alluded to this —we really did want to have a values-aligned partner, when it came to our administrative and financial operations. We care so much about our mission, and we care about the partners that we have, that it seemed strange not to have a partner that also felt that way about us, and that felt mutually beneficial. And so there was a lot of emphasis in these conversations that we were having with how we wanted to think about that relationship and make sure that we could do it in a way that still honored feeling like we wanted to be relatively small and nimble and maintain the kind of partnership that we were looking for. That’s the answer.

**Dana Britto:** Love it. I think it answered all the big questions that we had, because I heard a big theme around flexibility, autonomy, but I think, particularly given the work that Catalyze Justice does — like you mentioned, work around youth justice that's very much done with a racial equity lens — I really appreciate sort of hearing how that came into your decision in selection of your new sponsor. So, I guess, as a final question, before we bring it up to a final round of question-and-answer from our audience, just out of curiosity: For Catalyze Justice, what is the future? Are you intending to move into your own independent 501(c)(3), or not? Or, why or why not, for either answer?

**Vidhya Ananthakrishnan:** Yeah, it's a great question, and I was thinking a lot about it as I was listening to the other folks talk. But, you know, at this point we really haven't decided on it yet, I think. We're still pretty new, and our first step in all of this was to move from the past arrangement we had to something that was a little bit more independent, and I feel like the fiscal sponsorship allows for that. It's giving us this sort of steppingstone. And I think other people kind of alluded to this notion of incubation, and I do feel like that's a little bit of what we're doing right now. It's a little bit of an opportunity to figure out what works best for us. That said, I don't think we have ruled it out either. I think there's going to be potential reasons, if we decide that they make sense for us, to pursue a 501(c)(3). But I don't think we're in a rush to get there. I think we really want to be thoughtful about that. We want to do what feels right and do what feels essential. But there's not like a specific time.

**Dana Britto:** Understood. Vidhya, thank you so much for sharing your story, and for sharing the wonderful work that Catalyze Justice does. With that again, I will hand it over to Wade for just a final round of questions-and-answers from the group.

**Wade Rogers:** Thanks. Dana. Well, really, this webinar is really meant to come from the perspective of the sponsor organization. I need to give a little credit to the numerous questions from the sponsor side, and I think a lot of that has to do with the risks that the sponsor needs to understand that they're assuming. There's certainly what Vidhya just talked about; you really need to have that connection with your sponsor and make sure the fit is right. But from the sponsor’s perspective, what really should they be thinking about in terms of accepting this sponsorship with a, needless to say, likeminded project? That's something, Asta, I think, you touched on a little bit earlier in the in the discussion, as well. But there's been a lot of flurry of questions about that.

**Vidhya Ananthakrishnan:** Yeah, I mean, I think, bottom line — and this is, it's probably born out of the experience we had had, but I think it's probably true for others — is that one of the first things we asked every sponsor we interviewed (and just to reiterate, you should interview lots of fiscal sponsors; you should not just assume there's only one that you can use or whatever, and it took me a minute to really understand why that was important until we started doing it, and then I was like, “Oh, this is actually really helpful.”) But more importantly, one of the first things we heard from our current fiscal sponsor was just this notion that when we ask a question, their goal was always to see if something was possible, rather than to default to “no,” or “our systems only allow for this,” and that almost immediately set the tone for us about how open they were and willing to kind of work with us through things.

**Vidhya Ananthakrishnan:** We were also really — as you mentioned, Dana — we were really excited to find a BIPOC-led sponsor, because we ourselves are a BIPOC-led group. We care a lot about this social justice focus, and it felt important to be in a place where other projects were going to be doing that as well. And we actually did do reference checks with other projects within the fiscal sponsor so that we could kind of understand, like, who else are we around, and what is this community like, and how do they all either keep in touch, or at least have a sense of what's up? And that was really good. And then the last thing I would say that we looked for, that was kind of connected, was just… because we were starting out, and we were trying to make this transition, we didn't come in the door with lots of money, and our fiscal sponsor was okay with that, because their goal was to help groups build up their organization, right? So that, for us, was a huge part of the agreement, and the structure was that we weren't on the hook for a minimum huge implementation. And that really made a difference.

**Wade Rogers:** Thanks for that, because I think that also lends credence to — some of the other questions had to do with, “How do I even start looking?” In the sense of, “We know how to make sure that we're aligned, and we're likeminded,” but I think there might be this this thought that maybe there's like a list out there of fiscal sponsors for your project. It feels like it's deeper than that, and it really requires searching your community and your sector, and looking for that right fit, other than just through some other directory-type resource.

**Vidhya Ananthakrishnan:** Yeah, and I will say, once this became a path that we wanted to go down, it was fascinating to me to see how many doors opened up about other groups that we knew who had fairly recently explored it, or were doing it, or whatever. It was almost like it manifested itself, if that makes sense. And so, it's like, we started hearing about everybody's experiences. But it allowed me to really be thoughtful about, what are the questions we really need answered? Because, right now, obviously we're in a transition period. We've had some good experiences, but also some not-so-good experiences, and we want to try not to repeat those things if we can. So, let's ask all the questions we can. And the one thing I will say about our fiscal sponsor is they really put up with a lot of questions from me. I don't take this kind of stuff lightly, so as much as maybe some of my other colleagues are like, “Okay, I think we're done,” I was like, “No, no, I have like 10 more questions,” you know. But I think it was worth it, because they were very patient, and they seem to really get why we would have so many questions. They were not turned away by it.

**Wade Rogers:** Thank you. Asta, I had a question for you, as well. It's so interesting, the statistics about —most of the fee-arrangements are revenue based, and several folks chimed in and said, “You know, that doesn't really necessarily talk about complexity of the work being done.” But that percentage is huge, of the revenue base. Are there any other more creative arrangements that that you've seen? Or is that pretty much the norm? We know what it statisticall is.

**Asta Petkeviciute:** Yeah, unfortunately, statistically, there has been a practice, I would say, or a pattern in the field of fiscal sponsorship, where, if I know that this colleague of mine, this organization that is similar, like mine, is charging 9%, I will charge 8½% to be competitive. That's, I think, that's where it started. That's how it started. And we have a lot of conversations with the field of, first, understanding what your costs are, because there's lots of shared costs, right? When you think about infrastructure, there's lots of shared costs in the fiscal sponsorship program.

**Asta Petkeviciute:** However, there are just a couple that I know of, fiscal sponsors, that actually base it on the fee, some of them, and then on the expenses, base the percentage on the expenses — sorry, that's what I meant — not revenues. And I feel that that's more aligned. I also think the reason why they're basing it on revenues is because of the cash management, right? That, in a sense, you receive fees up front; when you receive a $100,000 grant, you take 6%. That's $6,000 is for fiscal sponsor, to be able to start to utilize for their supports. And with that in mind, I always, always encourage fiscal sponsors to make sure that they're thinking about fiscal sponsorship fees in relation to how many net assets are transitioned from year to year. Because if your spending is not very high, there is a risk that you might be spending your sponsorship fees without thinking ahead. So that, when we think about risk, questions that are coming up, it's something that it is definitely on our mind as we work with the community.

**Asta Petkeviciute:** And otherwise, the only other option that we've seen is some of the fiscal sponsors say, for the first $1 million, we'll charge you X amount, and then for the next $3 million, we will charge you smaller rate, and smaller rate and smaller rate. Meaning that the rate changes with the volume. Again, I just want to encourage fiscal sponsors to really think carefully about what their true cost to deliver the services will be, and how much they're planning to fundraise from other sources, and to be able to be sustainable, because fiscal sponsor, just like any other nonprofit, needs to make sure that they are sustainable in order to be effective in providing the supports. So that, for me, is consistently on my mind.

**Asta Petkeviciute:** Couple more pieces: We are actually building out a matchmaking tool, so hopefully in the future it will not be as difficult to get to, “What's my short list of the fiscal sponsors that I would be interested in, that might be of the best fit for me, from both “open for new projects” side, as well as all of these other items that we discussed today. But then, beyond that, I would encourage, our organization is a membership organization, so over 70 fiscal sponsors are a part of the organization, with whom we work collaboratively to really more intentionally build out their fiscal sponsorship practices. So, you could look into that list on our website. There is an FS, fiscal sponsorship, directory that has been available for a number of years now that also lists quite a lot of fiscal sponsors and whom do they serve and where they are located. And then also, we do have an organization, a field representative organization, National Network of Fiscal Sponsors, and they have a membership list as well. So, those are the three couple core resources that I would just encourage. Fiscal sponsors that actually completed the Field Scan are also listed in the Field Scan as a reference, just in case you would need couple more. But we’re always open. We do have open office hours, and we'll send the link afterwards. So, we are open to have conversations both with fiscal sponsors and fiscal sponsees to help guide your journey.

**Wade Rogers:** Great. Thank you, Asta. Dana, I think it's back to you.

**Dana Britto:** Yes, it is. Thank you. So, just to wrap us up. (Next slide, please.) So, again, we've had the pleasure of talking to two representatives who've had a really positive, or generally positive, or *eventually* positive experience with their fiscal sponsors, and — at the top of the conversation I mentioned this, and I would be remiss if I didn't mention it again — is that we definitely receive stories where the arrangement wasn't as pleasant. And also, I think that, combined with the fact that I think this is a model or a business model that is regularly in the news, we regularly hear about sponsors who unfortunately don't make it, and I think, to Asta’s point before, assessing sustainability and being aware of sustainability and the risks around fiscal sponsor sustainability, I think, is — again, that could be a whole other webinar, and it's something that I think needs to be addressed and acknowledged in a forthright way.

**Dana Britto:** But I think, with that said, again, we did see examples where this business model was actually really transformative and beneficial. And I think, to Asta’s points as well, I think there's also potential for this business model to be really beneficial and transformative for the sector as a whole. But I think it really just depends on really knowing what support and resources you are entering into an arrangement for and with, and what those fees are covering. Being really intentional about the fact that it will be a learning experience, that there will be points where you where you're either coming up against fiscal sponsors’ systems or issues, and there will be things that you'll need to work through with your fiscal sponsor. So, being ready for that that process coordination and, really, the ongoing learning piece.

**Dana Britto:** And I think, more importantly — and I think, again, our key studies really did a great job of exemplifying this — is really owning a leadership stance and understanding that, even though there's a huge role that your fiscal sponsor is playing in providing “back office” services, there’s still a level of ownership, of ensuring that those happen and ensuring that those processes are being used to help inform your planning and role as a decision-maker and as a leader.

**Dana Britto:** And so finally (next slide), just in terms of key takeaways for the day, again, big emphasis on really how you're doing your shopping around fiscal sponsors. Know what you're looking for, understand what you're looking for, and know what your fees actually cover. And be really thoughtful around entering into these conversations, not just from a service and efficiency standpoint, but also from a values and culture standpoint. Expect and welcome opportunities for learning alongside and with your fiscal sponsor, and potentially even other sponsored projects as well. And again, particularly in the context of a fiscal sponsorship organization, and particularly as a sponsee, really, again, understanding power dynamics and understanding and knowing what you need as a leader and working with your sponsor to get that, and to ensure that you're getting what you need, and then ultimately using what you need to inform your visions for going forward, whether you stay within the context of a sponsorship relationship, or eventually spin off and become independent. So, with that, I will hand it off to Amanda to close us out.

**Nonprofit Financial Commons:** Thank you, Dana, and thank you to Asta for all that amazing information. And to our two case studies, Vidhya and Nausheena, thank you so much for telling your stories about your own experiences with your fiscal sponsors.