Fiscal Sponsorship & the IRS
A Spectrum of Policy Considerations for Fiscal Sponsors

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The IRS is seeking comments (Nov 28th deadline) on its forms related to public charities including the Form 1023 for exemption and the Form 990 annual information return. This begs the question - Should fiscal sponsors recommend any changes and if so, what?
Spectrum of Policy Positions
Hands Off!

**What**: Don’t engage in any policy recommendations involving fiscal sponsorship.

**Why**: These inner workings should be outside the purview of any regulatory body. We’re already compliant. Don’t poke the bear!

**Pros**: Low profile status quo is a comfortable posture and doesn’t require additional effort. Can always reassess down the road if need be.

**Cons**: Missed opportunities to understand the nonprofit sector. More transparency is in the public interest. Be at the table when FS gets looked at.
Work into existing framework

What: Modify existing 990 questions - but not add new schedule - to get a better understanding of total number of nonprofit programs out there; including fiscal sponsors.

Why: Achieves balance of more transparency while not creating separate class of nonprofits called fiscal sponsors.

Pros: Unlock a treasure trove of insights into a rapidly evolving nonprofit sector. Puts fiscal sponsors (i.e. those in the know) at the table when creating the parameters.

Cons: Don’t poke the bear!
All In!

What: Have a new schedule on the 990 with special reporting obligations for fiscal sponsors similar to reporting requirements for donor advised funds.

Why: Fiscal Sponsorship is a unique enough set of practices that special classification and guardrails is in the public interest.

Pros: Maximum transparency. May promote awareness, validation, and investment in fiscal sponsor practices.

Cons: Administrative burden. Be careful what you ask for! May result in poorly designed and unnecessary rules and regulations.
Alternative paths to consider?

- Candid profiles?
- A dynamic FS Directory?
- Other?
So... where do you land?
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