

Checklist for Funders' Fiscal Sponsorship Agreement/Memorandum of Understanding Review

When reviewing a fiscal sponsorship agreement, funders should confirm the following:

- Identification of the Parties** - The counterparty to the fiscal sponsor in the agreement, whether another entity, person, or unincorporated association, are clearly identified. Note, The "Project" is the charitable program or activity being carried out. Thus, the counterparty to the fiscal sponsor should not be the Project but rather an unincorporated association, the leaders of the project, or a separate legal entity.
- Description of Type of Fiscal Sponsorship and Obligations** - A clear description of type of relationship and support provided by the sponsor to the project and project to sponsor.
- Cost Allocation Rate (Fees)** - The basic cost allocation rate and any other potential costs or fees are described. Should bear some relationship to the level of support provided by the fiscal sponsor.
- Ownership** - The agreement outlines how assets, including intellectual property developed or obtained with grant awards will be owned and managed.
- Variance Power Clause** - There is language establishing that the sponsor has control and discretion over funds to ensure they're spent on intended purposes.
- Term and Exit Provision** - The term/renewal of the agreement as well as exit provisions and process are outlined. At a minimum, the duration of the relationship should extend through the contemplated grant period. *Projects should always have the ability to initiate exit.*

Other terms funders you may want to review/require:

- Decision making** - Who makes strategic and day-to-day decisions regarding the project? Typically, this occurs at the project level but the sponsor can disallow any

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decision that creates compliance risk or legal jeopardy.

- Role of Advisory Board/Steering Committee** - Is an advisory board required to provide the project with strategic support? If so, what is their role, are they a signatory to the fiscal sponsorship agreement?
- Policy Adherence** - Does the agreement reference policies or a “project handbook” that will guide the project when working with the sponsor?
- Dispute Resolution** - Describes how disputes are equitably resolved; preferably avoiding arbitration or litigation.
- Communication Guidelines** - Sets expectations around minimal meeting frequency and purpose of annual meeting.
- External Communications** - Is there agreed upon language the parties use to describe their relationship? If a project or sponsor representative receives a media inquiry about the relationship, do they have to coordinate their response?
- Exclusivity** - Can the project utilize multiple fiscal sponsors at the same time for the same project? Doing so creates needless complications and some potential risk-related issues, such as ambiguity around whose insurance is covering what activity, and is generally not recommended.
- Indemnification** - If there is indemnification language, is it fair?

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