

FISCAL SPONSORSHIP

G U I D E B O O K



www.GilaCF.org

Dear Community Leader,

I'd like to personally invite you to explore an exciting opportunity with the Gila Community Foundation—our **Fiscal Sponsorship Program**.

We know that bringing a powerful idea to life takes more than just passion—it takes resources, support, and often, nonprofit infrastructure that can be difficult to build from scratch. That's where we come in.

Through GCF's Fiscal Sponsorship, your project can operate under our 501(c)(3) umbrella, allowing you to receive tax-deductible donations, apply for grants, and access administrative support—all without needing to incorporate as your own nonprofit. Whether you're just getting started or seeking long-term support for your mission, this program is designed to help you grow faster, work smarter, and create a deeper impact in our region.

You'll join a network of changemakers working to strengthen Silver City and Southwestern New Mexico—supported by the credibility, resources, and experience of GCF.

I invite you to reach out and learn more. We'd be honored to be part of your journey.

Warm regards,



Jamie Sechrist

Executive Director

Gila Community Foundation

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WHAT IS FISCAL SPONSORSHIP?

Fiscal sponsorship is a formal arrangement in which a 501(c)(3) nonprofit organization, such as the Gila Community Foundation (GCF), provides fiduciary oversight, administrative infrastructure, and tax-exempt status to projects or initiatives that align with its mission. This structure allows grassroots initiatives, emerging nonprofits, and time-limited projects to access the benefits of nonprofit status—without the burden of forming a separate legal entity.

With GCF as your fiscal sponsor, your project can:

- ➔ **Receive tax-deductible donations:** GCF accepts charitable contributions on your behalf, processes payments, issues tax acknowledgment letters to donors, and maintains detailed financial records in accordance with IRS regulations.
- ➔ **Apply for foundation or government grants:** As a fiscally sponsored project, you are eligible to seek grants that require 501(c)(3) status. All grant applications must be submitted under GCF's legal and tax-exempt name and must be reviewed and approved by GCF prior to submission. While GCF is the legal grantee, your project is responsible for executing the work, submitting programmatic reports, and adhering to all grant terms and conditions.
- ➔ **Operate with administrative and financial support:** GCF manages all incoming and outgoing funds, including donation processing, grant disbursements, expense tracking, and financial reporting. We ensure funds are used in accordance with IRS guidelines and donor intent. Our team provides financial oversight so you can focus on impact—not bookkeeping.
- ➔ **Build capacity for future independence:** Whether your project is short-term or intended to grow into a standalone nonprofit, fiscal sponsorship provides a stable platform from which to launch and scale. Many organizations use fiscal sponsorship as a pathway to independence, while others remain under sponsorship long-term for efficiency and focus.

At GCF, we believe that your project should stay mission-driven and community-based, while we take care of the back-office complexities. From donation management to grant compliance and financial stewardship, GCF is your trusted partner in making good ideas happen—legally, transparently, and effectively.

GLOSSARY OF COMMON FISCAL SPONSORSHIP & NONPROFIT TERMS

501(c)(3)

A section of the IRS tax code that grants tax-exempt status to qualifying nonprofit organizations. Donations to 501(c)(3) entities are typically tax-deductible.

Fiscal Sponsor

A nonprofit organization that provides fiduciary oversight and administrative support to a project that does not have its own 501(c)(3) status.

Sponsored Project

A charitable initiative or program operating under the legal and financial umbrella of a fiscal sponsor.

Designated Fund

A fund within GCF specifically set up to hold and manage the donations, grants, and expenses related to a sponsored project.

Grant Compliance

The process of meeting all funder requirements for use of grant funds, including financial tracking, eligible expenses, and reporting deadlines.

Donor Acknowledgement

A letter or receipt sent to donors to confirm their gift for tax purposes, usually including the sponsor's tax ID and a statement of tax deductibility.

Disbursement

A payment made from your project fund to cover approved expenses or services related to your project's charitable activities.

Administrative Fee

A small percentage retained by GCF from donations or grants to cover services such as donation processing, fund accounting, and compliance oversight.

EIN

Employer Identification Number: A unique tax identification number issued by the IRS to nonprofit and for-profit organizations, often used for banking and reporting.

Incorporation

The legal process of forming a new entity under state law. Not required for fiscally sponsored projects unless transitioning to become an independent nonprofit.

WHO IS ELIGIBLE FOR FISCAL SPONSORSHIP?

The Gila Community Foundation is proud to partner with changemakers, innovators, and community builders who are working to make a difference in Southwestern New Mexico. Our Fiscal Sponsorship Program is designed to support a diverse range of charitable initiatives that align with our mission and values.

To be considered for sponsorship, a project must serve a public benefit and operate in accordance with IRS guidelines for 501(c)(3) charitable purposes. We look for initiatives that demonstrate strong leadership, a clear plan for impact, and a commitment to ethical, accountable practices.

We sponsor a variety of efforts, including:

Start-up State recognized nonprofits in early development

Individuals or groups seeking to build organizational infrastructure, test a concept, or grow into a fully incorporated nonprofit. Fiscal sponsorship provides a launchpad while you build capacity and credibility. Projects need to register for the State of New Mexico nonprofit corporation status.

Community-based programs not yet ready to incorporate

Local efforts with passionate leadership and strong community engagement that need a home for their operations while they explore next steps.

Short-term or time-bound charitable projects

Events, campaigns, relief efforts, or pilot programs with a limited scope or duration that still require a legal and financial structure to accept donations or grants.

Collaborative initiatives between individuals or organizations

Cross-sector or cross-organizational projects that don't fit neatly into an existing nonprofit but have a shared mission and community focus.

Projects aligned with GCF's core focus areas

We prioritize sponsorships that support our mission to foster positive impact in the following areas:

- Arts & Culture
- Education & Youth Engagement
- Community Health & Wellbeing
- Land & Nature Stewardship
- Equity & Social Justice

ADDITIONAL ELIGIBILITY REQUIREMENTS

- The project must not be intended for private or commercial gain.
- Activities must be charitable, educational, scientific, or literary in nature.
- Leaders must demonstrate accountability, transparency, and a readiness to work within GCF's policies and procedures.
- Sponsored projects must operate in a manner that is consistent with the Foundation's tax-exempt purpose and meet all legal and ethical standards.

ADDITIONAL BENEFITS OF BEING FISCALLY SPONSORED BY GCF

Joining the Gila Community Foundation's Fiscal Sponsorship Program offers much more than just a place to park your funds—it provides a trusted infrastructure, professional support, and a collaborative community to help your project succeed.

Here's what you gain when you become part of the GCF family:

Credibility and Funder Confidence

Having GCF as your fiscal sponsor adds legitimacy and trust to your initiative. Funders and donors know that your project is backed by an established, reputable foundation with strong financial controls and a long-standing commitment to the region. This added layer of credibility can open doors to funding that may otherwise be out of reach.

Access to Capacity-Building Resources

As a GCF-sponsored project, you're automatically part of our Pathways to Progress initiative, which includes access to free or low-cost capacity-building workshops, nonprofit leader luncheons, peer learning cohorts, and regional fundraising events like Give Grandly. These programs are designed to help you grow your impact and build a sustainable foundation for your work.



GILA
COMMUNITY FOUNDATION

HOW FISCAL SPONSORSHIP WORKS WITH GCF

1. Submit your Application

Begin by submitting an application along with a **Project Proposal and budget** to GCF. This includes a description of your mission, intended activities, leadership structure, budget, and how your work aligns with GCF's charitable purpose. We'll review your proposal for mission alignment, public benefit, and operational feasibility.

✓ **Tip:** We're especially looking for clarity of purpose, a community-driven approach, and your readiness to manage program activities and outcomes.

2. Enter into a Fiscal Sponsorship Agreement

If your proposal is approved, you'll enter into a formal **Fiscal Sponsorship Agreement** with GCF. This contract outlines:

- Roles and responsibilities of both parties
- Financial and administrative procedures
- Reporting and compliance requirements
- Fee structure and use of funds
- Termination or transition protocols

This agreement ensures accountability, transparency, and legal protection for both your project and the Foundation.

3. Fundraising and Program Launch

Once your agreement is in place, you can begin fundraising and operating under GCF's 501(c)(3) umbrella. You can:

- Accept tax-deductible donations through GCF
- Apply for eligible grants (with prior review and approval from GCF)
- Launch or continue charitable programming
- Gain access to your fund via GCF's portal to track donations and submit invoices for payment

GCF manages donation processing, fund accounting, and donor acknowledgments. Funds are held in a **designated account** for your project, and disbursements are made in accordance with your approved budget and GCF's financial procedures.

HOW FISCAL SPONSORSHIP WORKS WITH GCF

4. Ongoing Reporting, Oversight, and Support

As a sponsored project, you're responsible for submitting **regular financial and programmatic reports** to GCF. These help ensure:

- Responsible stewardship of donor and grant funds
- Alignment with your mission and approved use of funds
- Timely reporting to funders and the IRS

GCF will support your success by offering financial oversight, compliance monitoring, and capacity-building resources—including access to workshops, templates, and expert guidance.

5. Optional Transition to Independent 501(c)(3)

When your project is ready, GCF can help you transition into your own stand-alone nonprofit organization. This may include:

- Guidance on incorporating and applying for IRS tax-exempt status
- Assistance with transferring remaining funds to your new entity

Some projects choose to remain fiscally sponsored long-term, while others use GCF's platform as a launchpad toward independence. Either path is supported.

From concept to execution, **GCF** is here to make sure your good idea gets the structure it needs to thrive. Let us help you stay focused on your mission while we handle the logistics behind the scenes.

MYTHS ABOUT FISCAL SPONSORSHIP

Even among experienced nonprofit professionals, there are misunderstandings about what fiscal sponsorship is—and isn't. Let's clear up some of the most common myths:

Myth #1: GCF owns or controls our project.

False. You retain full control over your project's vision, activities, and leadership. GCF acts as your legal and financial partner, not your manager. We're here to ensure funds are used responsibly and in alignment with charitable purposes—not to take over.

Myth #2: We can use GCF's EIN or name without asking.

False. GCF's tax-exempt status is a shared resource, not a blank check. Any use of our EIN or legal name must be pre-approved to protect both your project and the Foundation from legal or tax consequences.

Myth #3: We can use our GCF fund like a bank account.

False. While GCF manages your designated fund, it's not a personal checking account. All disbursements must be pre-approved, documented, and used for approved charitable purposes. You'll receive regular fund balance reports and can request disbursements in accordance with our policy.

Myth #4: Fiscal sponsorship is just a temporary workaround.

False. While many projects use fiscal sponsorship as a stepping stone to forming their own nonprofit, many others choose to remain fiscally sponsored for the long term. It's a legitimate and sustainable model for many charitable efforts, especially those with lean operations or collaborative structures.

Myth #5: We don't have to report anything to GCF.

False. Sponsored projects are still responsible for regular program and financial reporting. GCF handles compliance with the IRS and funders—but we rely on you to provide the details and outcomes. This partnership only works when we both stay accountable.

FREQUENTLY ASKED QUESTIONS

DOES GCF TAKE OWNERSHIP OF OUR PROJECT?

No. Your project remains your own. You maintain full **creative control, leadership, and day-to-day responsibility** for operations and programming. GCF serves as the fiscal and legal host, ensuring that funds are managed according to nonprofit laws and donor intent. While we require regular reporting and accountability, we do not dictate your program direction or activities unless there is a compliance concern.

IS THERE A FEE FOR FISCAL SPONSORSHIP?

Yes. GCF retains an **administrative fee typically ranging from 7% to 12%** of all incoming donations and grant revenue. This fee covers essential services such as:

- Donation processing and tax receipts
- Accounting and fund tracking
- IRS and state compliance
- Annual audit inclusion
- Access to capacity-building opportunities

The exact percentage depends on the complexity and volume of your project. We are happy to discuss this with you during the application process.

CAN WE APPLY FOR GRANTS UNDER GCF'S FISCAL SPONSORSHIP?

Absolutely! Many foundations and government agencies only award grants to organizations with 501(c)(3) status. Through fiscal sponsorship, **your project is eligible to apply for those grants using GCF as the sponsoring entity**. However:

- All grant applications must be **reviewed and approved** by GCF prior to submission.
- GCF will be the official grant recipient and signatory.
- You will be responsible for **meeting all grant program deliverables**, including financial and narrative reporting.
- GCF will submit official financial reports to the funder, in partnership with you.

This structure ensures accountability and protects both your project and the Foundation.

WHO HANDLES DONOR ACKNOWLEDGMENTS AND IRS FILINGS?

GCF manages all donation processing, tax acknowledgment letters, and IRS reporting on your behalf. When a donor contributes to your project through GCF, they receive a tax-deductible receipt and confirmation letter directly from us. We track all donations in accordance with IRS regulations and include your project's revenue in our annual Form 990 and financial audit.

CAN WE PAY STAFF OR CONTRACTORS USING OUR FUNDS?

Yes, as long as it aligns with your approved budget and the work being performed is related to your charitable mission. GCF can process payments to independent contractors or reimbursements for staff expenses.

CAN WE KEEP OUR OWN BANK ACCOUNT?

No. All funds raised under GCF's fiscal sponsorship must be deposited into your designated fund account held and managed by GCF. This ensures financial accountability, audit readiness, and compliance with IRS regulations. You'll receive regular reports and may request fund disbursements in accordance with our policies.

WILL OUR DONORS KNOW THEIR GIFT IS GOING TO OUR PROJECT?

Yes. When a donor gives to your project through GCF, they are instructed to designate their contribution to your project name. Donation receipts, online giving forms, and thank-you letters clearly reference your project to avoid any confusion. You are also encouraged to send your own personalized thank-you notes or updates in addition to GCF's official acknowledgment.

CAN WE USE GCF'S EIN FOR DONATIONS OR VENDOR ACCOUNTS?

Yes, but only with approval and for pre-authorized uses. As your fiscal sponsor, GCF's Employer Identification Number (EIN) may be used for certain funding applications, contracts, or accounts—but only after coordination with our office. Unauthorized use of our EIN can jeopardize your sponsorship.

HOW LONG CAN A PROJECT REMAIN UNDER FISCAL SPONSORSHIP?

There is no set time limit. Some projects use fiscal sponsorship as a short-term launchpad before becoming an independent nonprofit, while others remain under sponsorship for many years. As long as your project remains active, compliant, and mission-aligned, you are welcome to continue your relationship with GCF.

NEXT STEPS: HOW TO GET STARTED

If you're ready to bring your vision to life—and want to focus on your mission while we handle the legal and financial framework—fiscal sponsorship with GCF might be the perfect fit. **Here's how to begin:**

1. Contact Us

Reach out to our team to express your interest in fiscal sponsorship:

info@gilacf.org | (575) 956-6095

We're happy to answer any initial questions and help you determine if this model is right for your project.

2. Receive the Application Packet

We'll send you our **Fiscal Sponsorship Application Form**, a sample **Fiscal Sponsorship Agreement**, and a list of required supporting documents. These may include:

- A description of your project's purpose and planned activities
- A draft budget or fundraising plan
- Leadership bios or team structure
- Any existing outreach materials (optional)

3. Submit for Review

Once we receive your completed application and materials, our team will evaluate your proposal to ensure it aligns with our charitable mission, public benefit criteria, and capacity to support. We may request additional information if needed.

4. Schedule a Consultation

If your project is a good fit, we'll schedule a consultation to walk through:

- The fiscal sponsorship agreement and responsibilities
- Fundraising and donation handling
- Grant application processes
- Reporting timelines and expectations
- Administrative fee structure
- Any special needs or considerations unique to your project

This conversation ensures clarity and mutual understanding before formalizing our partnership.

5. Sign the Agreement and Launch

Once the agreement is signed, your project will be formally onboarded into GCF's fiscal sponsorship program. You can immediately begin fundraising and operating under our 501(c)(3) umbrella. We'll set up your fund, provide access to financial reports, and share relevant onboarding resources.

JOIN THE GCF FAMILY!

Becoming fiscally sponsored by the Gila Community Foundation means more than gaining legal status—it means gaining a trusted partner, a professional support system, and a community of changemakers who share your commitment to a better Southwest New Mexico.

Whether you're just getting started or scaling something impactful, we're here to help you take the next step with confidence.



GILA
COMMUNITY FOUNDATION
Gateway for Giving

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