



## CDFA Policy

**Related to:** Community Economic Development Capacity Building and Tax Credit Program

**Subject:** **Fiscal Sponsorship and Sponsored Projects Guidance**

**Date:** December 2025

### Overview

CDFA has developed this guidance for any projects submitting a proposal with a fiscal sponsor. In addition to this guidance for potential and future applicants, CDFA would like to clarify its organizational position and agreements when the organization funds a project that is fiscally sponsored:

- Projects and groups may enter into a fiscal sponsorship relationship for a number of reasons. In some instances, a project may not have access to some of the traditional paths of funding and nonprofit development or access to resources to get a project fully off the ground to apply for its own 501(c)3. This often includes groups that work within, or are led by, CDFA's priority populations. Another common reason a group might opt for a fiscal sponsor rather than their own 501(c)3 is a project's need for less formal infrastructure to pass through donations and/or to implement a time-bound initiative or collaboration that may not necessitate a long-term program or organization.
- In keeping with CDFA's commitment to increasing access, as well as the organization's priorities to support projects within the priority population and cross-organizational collaboration, CDFA provides this guidance on the application process for projects that have fiscal sponsors.
- Should a fiscal sponsor apply to the Community Economic Development Capacity Building or Tax Credit Program on behalf of one of its projects, the fiscal sponsor assumes primary liability and risk around the use of funds, even though the sponsored entity will in many cases take the lead in implementing the project.
- All applicants must submit a written fiscal sponsorship/sponsor agreement that clearly outlines the terms of their relationship, signed by both parties. An executed agreement between both parties is a **THRESHOLD** requirement.
- CDFA requires written notice should a project change fiscal sponsors after funding is awarded. CDFA will also require the new agreement/MOU between the project and the new fiscal sponsor in order to disburse funds.

## Guidance for Fiscally Sponsored Projects

ORGANIZATIONAL	FISCAL SPONSOR	SPONSORED ENTITY
MOU between fiscal sponsor and sponsored entity signed by both entities	Yes	(only need one copy)
List or link to Board of Directors (including affiliation)	Board list	Advisory Board, if available
Letters from committed or potential donors	-	Yes, if available
Articles of Incorporation	Yes	-
By-laws	Yes	If available
Organizational chart	Yes	If available
IRS tax determination letter	Yes	-
<b>FINANCIAL</b>		
Please review the CDFA Financial Documents Dictionary for more information on the documents requested below.		
Operating Budget - Current Fiscal Year	Yes	Yes
Operating Budget-to-Actual - Most Recently Completed Fiscal Year	Yes	Yes, if sponsored entity was in business the previous fiscal year.
Most Recent Financial Statement - Submit ONE of the following, depending on the size of your organization:	Yes	Yes, if applicable
(1) Audited Financial Statement, or		
(2) Reviewed or Compiled Financial Statement, or		
(3) IRS Form 990		
Management-prepared Balance Sheet, Profit & Loss Statement and Cash Flow Statement for the Current Fiscal Year	Yes	If available
Organization Financial Overview (narrative describing your organization's overall financial situation)	Yes	Yes
Operating Reserve (Y/N, Amount)	Yes, if applicable	Yes, if applicable
Endowment (Y/N, Amount)	Yes, if applicable	-
Line of Credit (Y/N, Amount)	Yes, if applicable	-
<b>PROJECT</b>		
Project Budget (Sources & Uses)	-	Yes
Budget narrative (description of Sources & Uses)	-	Yes
Proposed Operating Budget - Post-Project Completion (Income and Expenses)	-	Yes