

How To: Exit a Fiscal Sponsorship

Who should use this guide: Fiscally sponsored projects interested in setting up their own independent entities.

Background: The following outlines steps that a fiscally sponsored project will typically undergo in transitioning to become an independent nonprofit corporation.

Checklist for Exiting a Fiscal Sponsorship:

- Agree on a deadline by which to transfer assets:
 - Money Assets
 - Intellectual Property
 - Domain Names
 - Memberships
 - Online Accounts
- Terminating any employment relationships. The sponsoring organization may need to terminate the employment relationship between them and any project staff in order to allow the sponsored project to then hire staff under its own independent entity.
- Transfer administration of any insurance coverage, including:
 - Workers' compensation insurance
 - Health insurance
- Transfer accounting files and other records:
 - Transfer digital and hard-copy versions of accounting files
 - Personnel records
 - Mail forwarding
- Set a fiscal sponsorship terminate date.

After the Transition

After the project exits from under the umbrella of its sponsor, it can form a new independent entity. (See this bite-sized guide: [How to Start a Nonprofit Corporation](#)). The group can start conducting activities under its new legal entity even if they still have not received their tax exemption letter.

More Resources

NEO Law Blog, Exit and Transfer of Assets (Nov. 16 2017), <http://www.nonprofitlawblog.com/fiscal-sponsorship-exit-transfer-assets/>.

Sustainable Economies Law Center, How to Form a 501(c)(3) Nonprofit Organization (Apr. 2019), https://www.theselc.org/how_to_form_a_501_c_3_nonprofit_corporation.

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