



**SOCIAL IMPACT  
COMMONS**

# **Building the Fiscal Sponsorship Field: Understanding Full Costs**

April 2024

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# Purpose and Outcomes

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- ❑ Review the available data in the field scan as it relates to fiscal sponsor's cost recovery
- ❑ Introduce couple tools to help think through full costs to deliver the services from top down as well as bottom up perspective

# Key drivers to successful resource sharing models

Do you maintain sufficient cash balances (operating capital) for your organization and the portfolio to operate?

**Organizational  
and Portfolio  
Liquidity**

**Portfolio Size  
and  
Complexity**

How diversified, forecastable, sustainable and renewable your portfolio is?

What are your whole cost-to-deliver your support?

**Awareness  
of Full Costs**

**Cost  
Recovery  
Approaches**

Do you and the portfolio have sufficient working capital (net assets) to innovate, take risks, and grow?

# Field Scan: Results



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## Awareness of Full Cost

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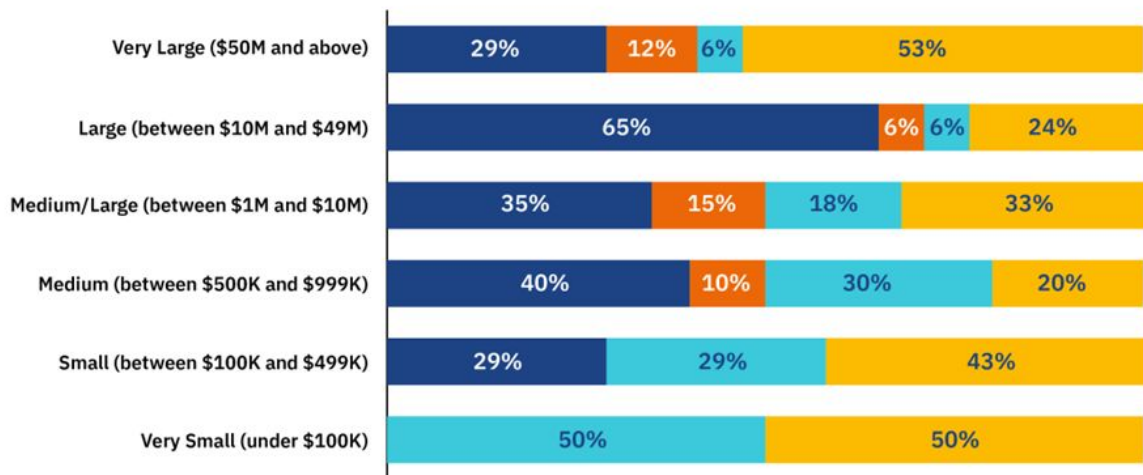
- 76% of respondents offer programs in addition to fiscal sponsorship
- 51% of respondents where fiscal sponsorship was >60% of overall expenses
- More than half of all sponsors (54%) report that they track their whole cost to deliver support to projects
- Most sponsors offer “Model A” and “Model C” sponsorship as well as other programs and services.

Our sample was 68% “Model C” Pre-approved Grant and 72% “Model A” Comprehensive, with 48% of respondents offering *both* “Model C” and “Model A”. Most (76%) respondents carry out other programs and services in addition to fiscal sponsorship.

# Cost to Deliver Tracking Practices

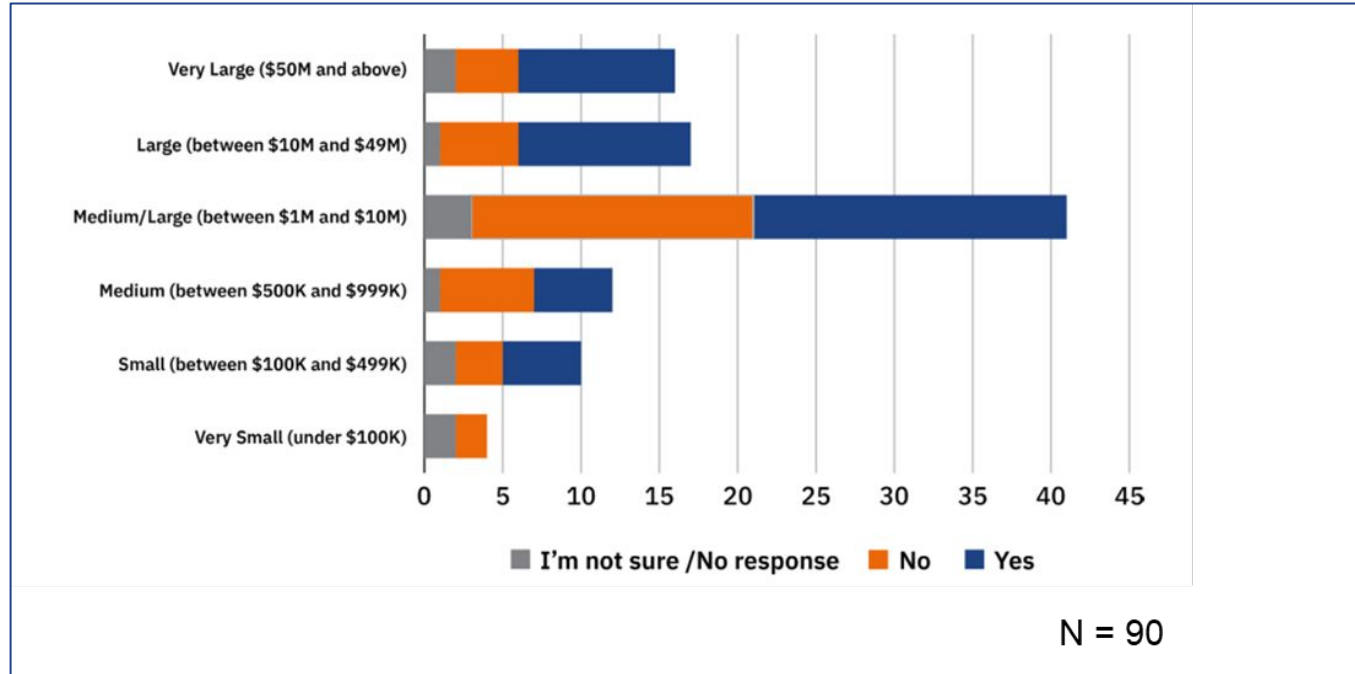
While most sponsors (78%) reported recovering most of their costs to deliver services, with 22% recovering few to none of their costs, or unsure about cost recovery.

- Our program recovers all of its costs to deliver services from fiscal sponsorship fees, including overhead, plus some net income
- Our program recovers all of its costs to deliver services from fiscal sponsorship fees, including overhead, with no net income (break even)
- Our program recovers few to none of its costs to deliver services from fiscal sponsorship fees, including overhead, and requires most or all costs to be subsidized
- Our program recovers most of its costs to deliver services from fiscal sponsorship fees, including overhead, but requires some additional subsidy to operate

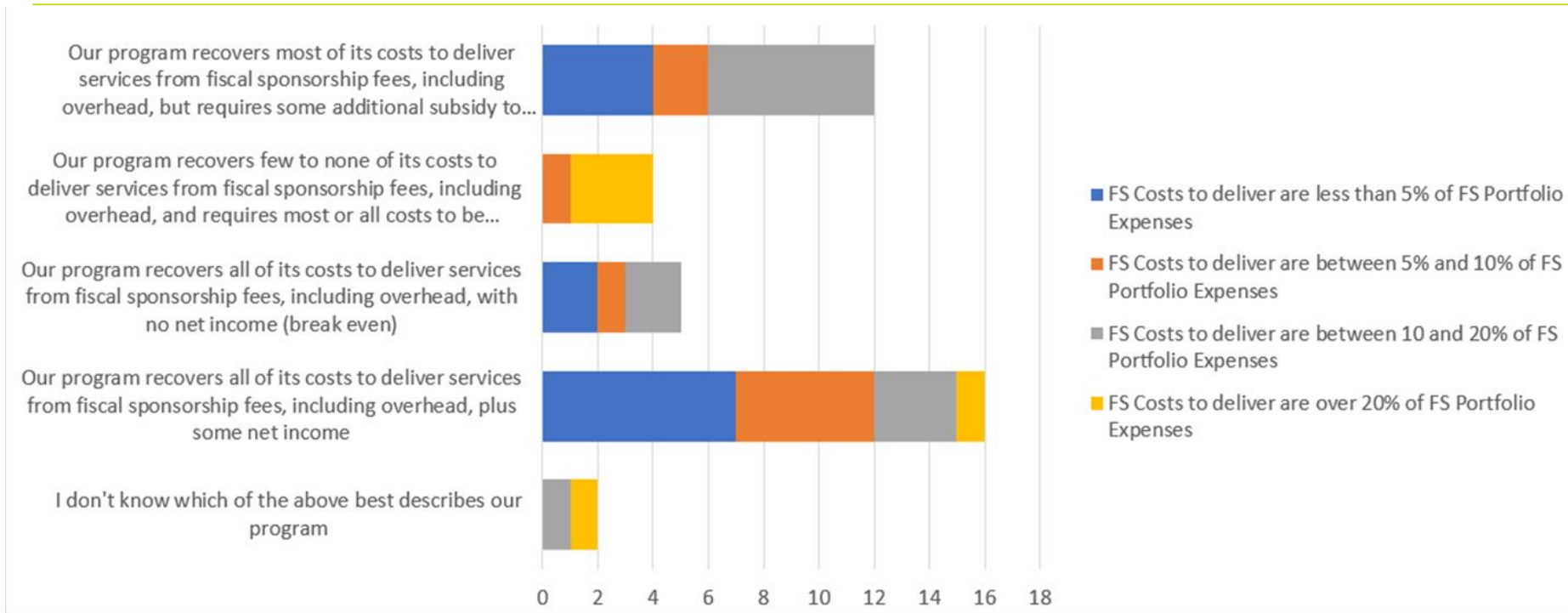


# Cost to Deliver Tracking Practices

More than half of all sponsors (54%) report that they track their whole cost to deliver support to projects



# Diversity in reported cost recovery vs % of cost to deliver





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## Focus for today

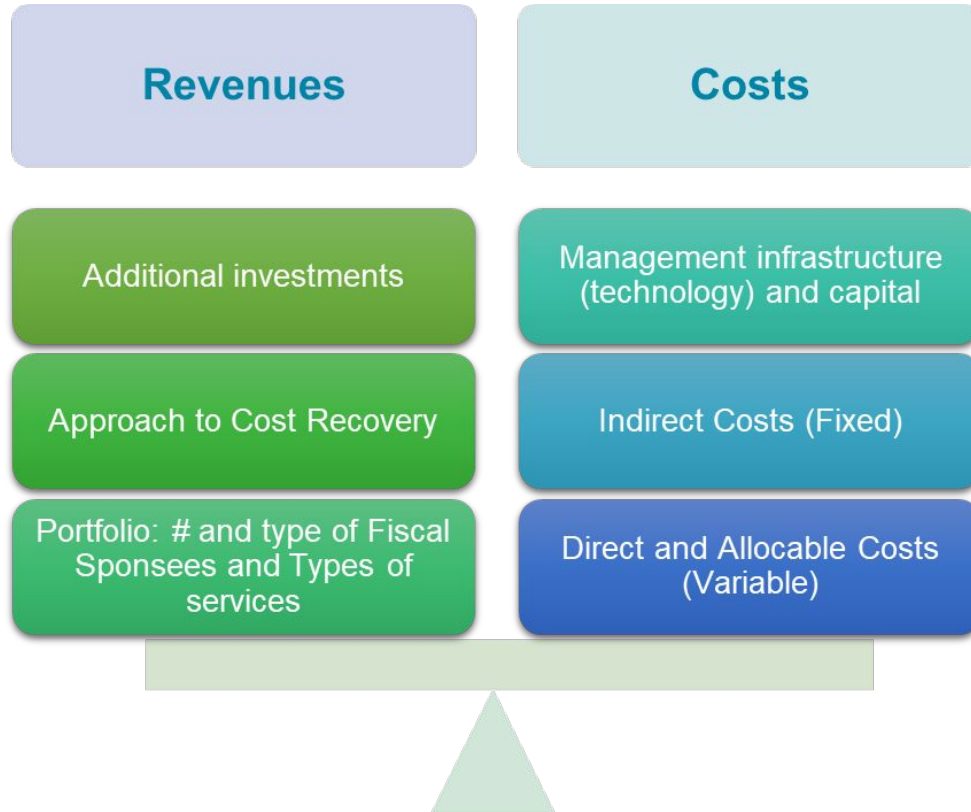
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- ❑ What is your a standard method/approach to calculate the indirect cost rates (overhead)?
- ❑ What business decisions are you making as a sponsor, knowing your whole cost-to-deliver rate?  
Are you allocating (charging) all or just some of that to projects?
- ❑ How do you track and allocate these costs in your day-to-day finance management?

Everything has a price, but not all prices appear on labels.

Morgan Housel, *The Psychology of Money*

# Determinants of Financial Health



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# Different Types of Costs

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**Direct Costs** - such as direct staff time supporting the projects, direct equipment, conference registrations, intake/exit costs, etc.

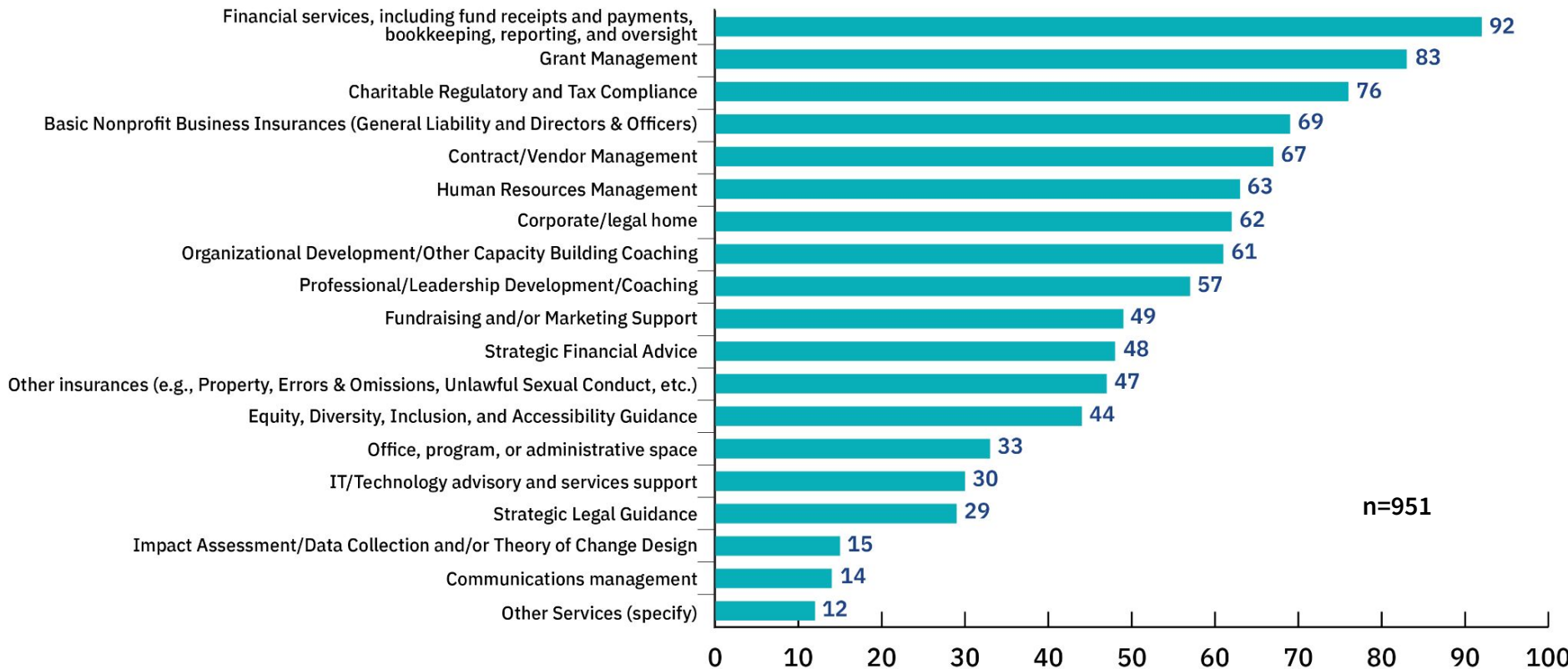
**Shared Costs** - such as software, shared support and development staff, insurances, etc.

**Indirect Costs (FS program specific)** - such as executive leadership supports, audit, compliance, software, board management, marketing/communications, banking, etc

**Investment Costs** - such as endowment/ reserves, retirement fund management, technology, working and change capital, fixed asset additions, debt repayment

**Portfolio (Project) Costs** - such as direct fiscal sponsees' program costs

# What support do you provide?



**How can we  
achieve more  
sustainable  
future?**



# Sustainability starts with Intentional practice tracking

Organizational  
and Portfolio  
Liquidity

Portfolio Size  
and  
Complexity

+

Awareness  
of Full Costs

Cost  
Recovery  
Approaches

## Key Performance Measures

### Portfolio level

- # of projects supported
- Revenues under management
- Expenses under management
- Shared costs collected
- Carryover Net Assets of FS Portfolio
- Cash Balances for the Portfolio
- Burn Rate
- Spending Rate
- Net Assets by months
- Available Cash by months
- Average Cost Recovery Rate

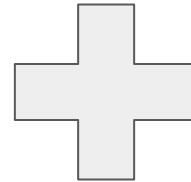
### Organizational level

- Number of Staff providing supports
- Costs of providing supports
- Available cash for FS portfolio management
- Reserve & Carry Over Net assets for FS portfolio
- FS Cost Recovery Rate
- Additional Fundraising needed
- Burn Rate
- Net Assets by months
- Available Cash by months

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# And how do you approach sustainable resource sharing

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**Practices incorporating Equity, Transparency and Power Sharing Principles**



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