



## Frequently Asked Questions: Fiduciaries

Grand Rapids Community Foundation makes grants to 501(c)(3) nonprofits, religious organizations, and government entities. We ask that any group not included in those categories use a fiduciary to apply for a grant. Below are a few frequently asked questions to help you determine if using a fiduciary is the right fit for your organization and what to expect.

### **What is a fiduciary?**

Fiduciaries allow Grand Rapids Community Foundation to partner with community-led groups that aren't recognized as 501(c)(3) nonprofits by the IRS. Also known as fiscal sponsors, fiduciaries are 501(c)(3) nonprofits that accept grant money on behalf of a community group or project.

### **What should be in a fiduciary agreement?**

The fiduciary and the community group should come to an agreement on how their partnership will work before a grant application is submitted. The agreement details depend on things like if the two organizations have worked together before, the potential grant amount, the timeline to spend the funds, how complex the project is, the size and capacity of the 501(c)(3), etc.

The agreement should describe administrative fees, how the fiduciary will distribute the money, and instructions to report how the funds were spent.

### **What is an administrative fee?**

Fiduciaries often charge an administrative fee for tracking and administering the grant. These administrative fees commonly range between 5% to 10% of the total grant. Charging a fee is standard practice for many fiduciaries. Include the fee in your application's project budget so a potential grant award will cover the fee in addition to your project needs.

### **How do I find a fiduciary?**

Consider if any of your existing partners (501(c)(3)s, including schools, faith communities, or government entities (like the city or county) may be interested. When you approach potential fiduciaries, let them know about the grant opportunity and your project.

Remember, while a fiduciary can provide valuable support for your project, it's essential to carefully consider your needs, research potential fiduciaries thoroughly, and seek professional advice if needed to ensure a successful partnership.

## **How do I apply for a grant using a fiduciary?**

Once your group and the fiduciary have an agreement in place, you may apply for a grant. Create an account in our [grant application portal](#). Choose “create a new account,” then register as an organization. On the next screen, select “Skip, manually enter” instead of searching for an organization’s EIN to complete the registration. Once you’ve accessed the application portal, you can create a new grant application and include your fiduciary’s name and contact information in the corresponding sections of the application.

## **When will I receive the grant money from my fiduciary?**

We pay the grant to the fiduciary; it is up to the two of you to determine how resources will be distributed to support your expenses. This depends on things like the grant amount, the capacity of the fiduciary, and how long the grant period is (for example, sponsoring \$5,000 for one year will likely require less capacity for the organization than a \$500,000 grant over 3 years). You will want to find out their process for payment (how often do they cut checks, how much notice do they need) and for tracking your funds (what documentation do they need to make payments, like receipts, a form you need to fill out, etc.). Some organizations will make payments directly to your vendors, others may prefer to reimburse you. Each fiduciary may have different requirements.

Keep detailed records describing how the grant was spent since both the fiduciary and Grand Rapids Community Foundation will require this information.

## **What happens if my project changes?**

Circumstances might change in a way that impacts your ability to complete the project. Maybe you lose a key group member leading the project, the community isn't participating in the way you expected, or maybe there's a global pandemic... things happen. We always prefer that if problems arise, you reach out to the Community Foundation as soon as you know there is an issue so we can try to help troubleshoot, suggest resources, or adjust reporting deadlines so you have more time.

If the reporting deadline comes around and the project hasn't been completed, we will connect with you to discuss what support you might need to redirect funds to a similar project. Together, we hope to identify a solution that works for all three parties involved.

## **Does having a fiduciary impact my autonomy?**

While the fiduciary provides oversight, your project typically retains autonomy over its day-to-day operations, mission, and programmatic decisions. However, the fiduciary is the legal entity ultimately responsible for ensuring the project is consistent with 501(c)(3) requirements. Major decisions may require consultation with the fiduciary.

## **How can I learn more about fiduciaries?**

[Council of Nonprofits: Fiscal Sponsorship for Nonprofits](#)

[Foundation Group: What is a Fiscal Sponsor?](#)