

**SAMPLE #1**

**From: Jim Kettler | Lakeshore Natural Resource Partnership (WI)**



*Lakeshore Natural Resource Partnership, Inc.  
Fiscal Sponsor Guidelines*

### Fiscal Sponsorship and the LNR Grant Process

Fiscal Sponsorship is a financial and legal relationship between a non-profit organization and an LNR grantee. The fiscal sponsor lends the LNR grantee the right to use the sponsor's non-profit status in order to apply for tax-deductible grants and contributions.

The fiscal sponsor and LNR applicant must develop a written agreement\* which outlines the roles, responsibilities, accounting procedures, fiscal oversight, grant reporting and working relationship between the two parties. *\*A copy of the signed agreement must be submitted with the grant contract if the application is awarded funding from LNR.*

If funding is awarded, the fiscal sponsor will be the recipient and administrator of the funds, and is legally responsible for insuring that the funds are used for the purposes stated in the project proposal and LNR grant contract.

The Fiscal Sponsor will:

1. Enter into a contractual agreement with the LNR for the receipt of the grant funds.
2. Receive the funds.
3. Tell LNR if there are any administration fees (and at what percentage) that accompany the fiscal relationship.
4. Maintain accurate and up-to-date records of the receipt of the funds.
5. Assure the security of the funds until they are disbursed to the sponsored entity implementing the project.
6. Disburse the funds to the sponsored entity as warranted.
7. Maintain an accurate and up-to-date accounting of expenditures and income for the project.
8. Provide a final grant report of overall expenses and income for the project (all sources) to the LNR within the time period stipulated in the grant contract.
9. Reimburse the LNR for any grant funds disbursed which are not spent according to the stipulations of the grant contract.
10. Undergo a fiscal review of financial records pertaining to the grant by an agent of the LNR if such review is deemed appropriate by the LNR Board of Directors.

Grantees are required to provide two reports: mid-project and final. Each report must show how money was spent and be signed by the fiscal sponsor. It is possible for a grantee to change how they will spend their grant money after the grant has been awarded. However, any such

change must be approved in advance by the LNRP. The fiscal sponsor must be made aware by the grantee that a change has been made and approved.

The fiscal sponsor can choose to hold the grant money and write checks to reimburse the grantee on the basis of paid invoices or receipts. Alternatively, the fiscal sponsor can turn the grant money over to the grantee, requiring the grantee to provide paid invoices, cancelled checks and paid receipts. How this is to be done is the substance of the agreement between the fiscal sponsor and the grantee. *The fiscal sponsor is legally responsible for insuring that the funds are used for the purposes stated in the project proposal and LNRP grant contract regardless of which method of dispersal is chosen.*

If money is spent for materials or activities that were not in the approved budget for the project, then the fiscal sponsor is responsible for paying for the non-budgeted expenses and will returning the grant money to the LNRP.

**Signatures**

**Grantee**

Signature of Project Director: \_\_\_\_\_

\_\_\_\_\_  
(Print name and title)

Date: \_\_\_\_\_

**Fiscal Sponsor**

Signature of Fiscal Sponsor: \_\_\_\_\_

\_\_\_\_\_  
(Print name and title)

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email: \_\_\_\_\_

List any administrative costs here \_\_\_\_\_

Date: \_\_\_\_\_

**SAMPLE #2**

**From: Cindy Lowry | Alabama Rivers Alliance (AL)**

DRAFT

Criteria and Conditions for the Alliance to serve as fiscal sponsor of a new, nonprofit organization.

1. The new nonprofit must be related to the Alabama Rivers Alliance's mission and will advance the cause of clean, healthy waters and advance the interests of the people who depend upon them.
2. The Alabama Rivers Alliance must be the best group to serve as the fiscal sponsor (not another group that can take on this role)
3. The group must have a demonstrated need for a fiscal sponsor.
4. The group must have a clearly articulated plan and a strong potential for success as evidenced by strong leadership and clear vision.
5. The group must hold a philosophy for pursuing its objectives that is not in conflict with the Alabama Rivers Alliance's philosophy of being cooperative to the extent possible and aggressive to the extent necessary.
6. The group should ideally apply for 501(c)(3) status immediately, so that Alabama Rivers Alliance serves as the fiscal sponsor only during the period that the group awaits a decision from the IRS.
7. During the time which the Alabama Rivers Alliance serves as fiscal sponsor for any group, that group shall not pursue any lawsuits, nor make any commitment of resources, nor solicit any funding without the Alabama Rivers Alliance's prior consent.
8. The Alabama Rivers Alliance shall charge a reasonable administrative fee for serving as fiscal sponsor of any nonprofit organization.

**SAMPLE #3**

**From: Deb Ryun | Amigos Bravos (NM)**

The Executive Director (and/or Associate Director) will consider project applications and make recommendations to the Board of Directors for approval.

The Board of Directors will consider the following before approving a project for fiscal sponsorship:

1. The project should correspond to the mission of Amigos Bravos, as defined and specified in Article III, Parts A and B of the Articles of Incorporation of Amigos Bravos, Inc.
2. The project should support Amigos Bravos' mission (e.g., by extending our reach, addressing unmet community needs, channeling additional funding and resources to areas of concern, etc.).
3. The project should support Amigos Bravos' standing in the community and with funders.
4. The project should have a sound workplan and budget.
5. The organization and/or individuals conducting the project should have the capacity (skills and time) to undertake and complete project activities within the proposed timeframe and budget.
6. The project should be of limited duration – preferably no longer than one year.
7. The dollar amount of the fiscal sponsorship should be limited by the amount of risk and liability Amigos Bravos and its Board are willing to assume.
8. Management of the fiscal sponsorship should not exceed the capacity of Amigos Bravos staff (considering workload, existing fiscal sponsorships, etc.).

Upon approval of a project, the Board will consider an appropriate fee to be charged for administration of the fiscal sponsorship (suggested fees range from 3-10%).

**SAMPLE #4**

**From: Teresa Huntsinger | Oregon Environmental Council**

Oregon Environmental Council  
**FISCAL SPONSORSHIP POLICY**

1. The sponsee is considered a Project of OEC and must be in alignment with OEC's strategic plan.
2. Projects with budgets that exceed \$10,000 annually must be approved by the OEC Board of Directors Financial and Fundraising Committee.
3. All receipts of the Project would be payable to OEC with the sponsee name noted on the memo line. Because the donations are to a 501(c)3 organization, they may be tax deductible to donors. OEC will mail out thank you letters and receipts to Project donors according to its current policy for acknowledging OEC donors.
4. All receipts of the Project will be kept in OEC's money market account.
5. All disbursements of the Project will be paid by OEC from Project receipts within OEC's bank account. Disbursements will be paid no more than twice per month, generally on the 15<sup>th</sup> and the last business day. All Project invoices must be approved by a designated Project staff member. OEC will mail out all disbursements of the Project.
6. Expenditures by Project staff and volunteers will be reimbursed using OEC's employee reimbursement form. All receipts must be attached to the reimbursement form. Reimbursements are paid according to the disbursement schedule noted above.
7. Accounting and reporting for the Project will be done by OEC on a monthly basis, or on a quarterly basis if agreed to by OEC and the sponsee. Reporting will consist of a statement describing revenues, expenses and cash balance and will be shared with the sponsee.
8. A budget will be prepared annually for the Project in conjunction with the total OEC budget.
9. The Project cannot expend more than its resources. OEC will not advance financial resources to the Project, or reimburse the Project if there are no funds in the Project budget.
10. The maximum amount in the Project budget on an annual basis that OEC will manage is \$50,000, unless recommended otherwise by the OEC Executive Director and approved by the OEC Board.
11. OEC's compensation for acting as Fiscal Sponsor will be 5% of the Project's gross receipts.
12. The Project must seek prior approval from OEC when seeking funding support from private foundations; corporations; local, state or federal government sources; and major donors (for gifts over \$1,000) and use OEC's tax status to request funds.

13. The Project will regularly communicate its activities to OEC, providing a written progress report on a quarterly basis.
14. Unless otherwise specified, all fiscal sponsorship agreements will be reviewed at least once every three years.

SAMPLE

**SAMPLE #5**

**From:** Joan Clayburgh | Sierra Nevada Alliance (CA)



SIERRA NEVADA ALLIANCE

*Keeping light in the range.*

**MEMO**

**To:** Fiscal Sponsorship Organizations

**From:** Associate Director

**Date:** July 1, 2009

**Re: Fiscal Sponsorship Administration Fee Structure**

The Sierra Nevada Alliance offers the service of acting as Fiscal Sponsor for Alliance Member Groups when requested, the group’s purpose fits with our mission and the activities are compatible with our 501(c)(3) status. Our goal in providing this service is to assist organizations who have not acquired their own 501(c)(3) status, so they may receive grants and other benefits of being a 501(c)(3).

At the same time, the Alliance is a non-profit on a tight budget and must cover the costs of our operation, protect our relationships with funders, and protect our fiscal status. To defray the expenses associated with administering the related accounting and grant administration efforts for the sponsored group, the Sponsored groups pay the Alliance an administrative fee on all income received, including but not limited to grant income and contributions.

The percentage fee charged (5 – 7%) is based on the highest activity level of any of the following:

<b>Administrative Fee %</b>	<b>Average Transactions per Month (income/deposits or expenditures)</b>	<b>Grants/year</b>	<b>Independent Contractor Agreements/year</b>
5%	1 – 2	0	0
6%	3 – 4	1 – 2	1-2
7%	>4	>2	>2

*Example:* A group may only have 3 transactions per month, but have 3 grants which would still place them in the 7% administrative fee category.

The Alliance reserves the right to amend the administrative fee in the Fiscal Sponsorship Agreement mid-year if a dramatic increase in Transactions/Grants/Contracts requiring administrative support warrants such a change.

### **What administrative support is provided by the Alliance for Transactions, Grants and Contractors?**

**Transactions:** For each transaction, deposits or expenses, Alliance staff must manage our checking/saving accounts, enter the data into our own internal databases and bookkeeping software for accounting purposes, and report out all activity to the sponsored group each month. In addition, all donors are sent an acknowledgement letter for tax purposes from the Alliance on behalf of the Sponsored group.

**Grants:** As the fiscal sponsor the Alliance is the responsible entity on all Sponsored Group's grants. Alliance staff must review grant proposals and awards for Sponsored Groups to ensure they are symbiotic with our mission, compatible with our fiscal status, and the deliverables are doable by the sponsored group. If the sponsored group does not fulfill the grant expectations it can impact the Alliance's relationship with the funder. In addition, if the funds are not spent as stated, it can also harm our 501(c)(3) status. So consequently we must review initial proposals and final reports to ensure compliance to protect our relationships with funders and our fiscal status.

**Contractors:** As a fiscal sponsor the Alliance is the lead entity in any contractual agreements. Therefore we review contracts to ensure they are symbiotic with our mission and compliant with grant contracts or other funding sources paying for the contract. If a contractor is unhappy with a contract relationship the Alliance is liable. So consequently, the Alliance must review contracts to ensure mission compatibility and protect our relationship with the contractor.

If you have any questions on this policy, Alliance costs or staff time, or other related matters, contact XYZ.



**SAMPLE #6**

**From: River Network Files**

**Sponsorship Policies of FS**

**Accounts Payable**

Acceptable invoices received by end of business on any Monday will be paid and mailed by end of business on the following Friday. "Acceptable invoices" must be original, approved, coded documents (small receipts to be mounted on 8.5 x 11 paper). It will be the responsibility of each project to submit a completed IRS Form W-9 for each new vendor.

**Cash Advances**

Under no circumstances does FS advance money to projects. Deposited funds must be cleared by the bank prior to any requested draw, which may take up to two weeks.

**Employees**

FS does not allow projects to pay individuals who satisfy the IRS definition of employees as contractors. FS management is available to discuss employee vs. contractor classification issues with projects.

**Payroll**

ANY request to change a payroll record (pay rate, termination, regularly scheduled hours) must be communicated to FS management via an employee action sheet at least five business days prior to the effective date of the change. In order to receive a paycheck, an employee must have submitted a completed; INS Form I-9, IRS Form W-4, California Development Department Form DE-4 (if applicable), signed acknowledgment of receipt of a personnel policies manual, and an employee action form at least five business days prior to payday. FS management will provide action forms, file all payroll tax returns, and IRS Form W-2's. The head of each project will need to sign a statement agreeing that their project will not deviate from the personnel policies manual.

Bonuses are a very regulated benefit for tax-exempt organizations in California. In fact, the payment of discretionary bonuses is expressly prohibited. FS management is available to discuss incentive compensation arrangements with projects to help avoid conflicts with regulatory agencies.

**Benefits**

No project can offer or deny benefits to its employees which differ from the personnel policies manual.

## **Job Descriptions**

Projects are asked to develop and maintain job descriptions for each employee.

## **Grants, Awards, and Scholarships Made**

For any grants, awards, or scholarships made by a project, FS management requires a copy of the signed grant agreement along with a completed check request form. FS's Executive Director's signature is required for amounts over \$5,000. If the grant is made to an organization that is not a 501 (c) (3) charity that FS currently lists in its database, additional paperwork will be required. Forms and procedures are subject to the Executive Director's review.

## **Grants Received**

FS's Executive Director must co-sign all original grant agreements and be copied at least one week in advance on all progress and final report submissions. Grants involving government or public agency monies have very heavy reporting and auditing requirements that a project must discuss in advance of acceptance with the Executive Director.

## **Donations**

FS will accept, process, and acknowledge contributions to each project. This includes issuing receipts for tax deductions. Donations should be made payable to "XXX, a project of FS".

It is not the FS accounting staff's responsibility to meet with a fund's donors and walk them through paperwork. FS management will work with funds to educate them on the necessary forms to liquidate a noncash gift. Donations over \$250.00 will be individually receipted. Stock gifts can only be made through FS's designated broker.

## **Credit Accounts and Other Liabilities**

Project Directors may not incur debts or liabilities beyond the project's ability to pay; individual Project Directors are personally liable for any excess. A project's ability to pay is measured strictly by its cash balances, without including anticipated grants or contributions.

## **Fundraising Activities**

Fundraising activities are very labor intensive to administer. FS management requires at least one month's notice of any fundraising events. A copy of all mailings and solicitations must be approved by FS management in advance of mailing or other distribution. The project must complete a Fundraising Checklist form prior to each event. Please remember, other than bingo, any fundraising device involving an element of chance (ex. raffles) are a misdemeanor in California. FS management is available to answer any questions a project may have regarding fundraising activities.

## **Volunteers**

The use of volunteers exposes FS to additional liability. ALL volunteers who provide services to, or perform services for, a project without compensation for their time must sign the standard volunteer indemnification and release form. (Reimbursement of expenses does not constitute compensation for time spent.)

### **Financial Statements**

FS management will provide a statement of monthly activity and a detailed trial balance within 30 days of each month end. Any corrections to the project's accounts must be requested within 30 days after receipt of that statement.

### **Bank Accounts**

No project shall maintain any bank account other than those maintained on its behalf by FS.

### **Multiple Funds**

FS has the ability to set-up cost centers within a fund. FS also has the ability to set-up multiple funds for a project. In situations where projects need multiple funds on the general ledger, FS management is available to advise on inter-fund transfers to help compliance with charitable trust rules.

### **Advisory Board**

Each project will need to maintain a current listing of the names, addresses, and phone numbers of all members of a project's Advisory Board. Advisory Boards will be provided with standard Articles of Association and FS will register those articles with the State of California. Each project should forward a copy of meeting minutes to the FS Executive Director, as they are finished, as well as the Advisory Board roster and any other governing documents.

### **Administrative Fees**

Except as stated below, FS will charge each project 10% of its gross receipts as an administrative fee.

The forgoing rate does not apply to receipts attributable to grants from governments or public agencies, which are subject to a 15% administrative fee.

In addition to the administrative fee on gross receipts, FS will retain one-half of all interest earned by a project's funds on deposit.

FS will charge projects \$50.00 for each employee to cover setup costs.

FS will charge projects \$50.00 for each manual check required.

**Insurance Provided by FS**

FS maintains general liability insurance, and workers' compensation insurance for all employees at no additional charge.

**Fiscal Year**

All projects must use a fiscal year ending on June 30.

**Lobbying**

Funds are prohibited from excessive lobbying, or any other activities that would jeopardize FS's charitable tax-exempt status. FS has the right to determine, in its sole discretion, what constitutes excessive lobbying by a project, or what activities jeopardize FS's tax-exempt status. All lobbying expenditures must be reported to FS management.

**Mail Services**

FS is applying for a bulk mail permit that may be available to projects. To be eligible to use FS's permit, a mailing must go through FS's designated mailhouse. Costs for this service will be charged against the project.

**Sponsor Identification**

All project letterheads and external communications must include the identifying line, "A project of Fiscal Sponsor."

**Amendments**

These policies may be amended from time to time with consent of Project's authorized representative.

**Acknowledgment**

I have received, understand, and agree to the forgoing sponsorship policies of Fiscal Sponsor, on behalf of my project.

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Program Director's Name & Signature Date

or

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Advisory Board Chair's Name & Signature Date

**SAMPLE #7**

**From: Friends of Sausal Creek (CA)**

Friends of Sausal Creek Policy on Acting as Fiscal Agent

The Friends of Sausal Creek (FOSC) will consider requests by persons or groups for FOSC to act as a fiscal agent for the receipt and pass through of grant funds.

The FOSC Board of Directors will consider the following factors in making its decision to act as a fiscal agent:

- (a) The size of the grant,
- (b) The capability of the grantee to fulfill the requirements and conditions of the grant,
- (c) The grantee's mission and the grant's purpose and how they relate to the work of FOSC,
- (d) The availability of FOSC staff to administer the grant,
- (e) The nature of the funding entity, and whether FOSC has or would be requesting funds for its own activities from that entity.

FOSC will pass through to the grantee only those monies actually received by FOSC from the funding entity, and under no circumstances will be responsible for any monies withheld, for any reason, by the funding entity.

FOSC will retain a minimum of ten percent of the total grant to cover its costs in administering the pas through of funds and other accounting tasks required by the grant. Requests in writing should be submitted to the executive director at least three weeks prior to the Board meeting at which the request will be considered.