

Document Name:	Fiscal Sponsorship Guidelines
Purpose:	To outline the criteria, benefits/services, limitations, requirements, fees and application process for fiscal sponsorships services.
LCF Board Approval Date:	11.14.18
Revision Date:	
National Standards Requirement:	N/A

POLICY

Fiscal sponsorship arrangements are a proven, cost-effective way to address community needs and an alternative to starting and running your own nonprofit organization. A fiscal sponsorship agreement allows a charitable venture to operate under the legal and tax status of La Crosse Community Foundation. This “umbrella” partnership allows projects to leverage the Foundation’s robust back-office infrastructure and technical assistance to support their efforts. Thus, giving project leaders the ability to simply focus on implementing mission-based programs and services while the Foundation team takes care of the management functions of finance, legal compliance, and risk management.

As a nationally accredited community foundation, La Crosse Community Foundation does not act as a “fiscal agent” in which a project operates independently of the parent organization. When the Foundation gets involved with a project, we are choosing to help the project achieve a shared goal through a formal “comprehensive fiscal sponsorship” agreement. We aim to operate in partnership with project volunteers/contractors. These partnerships aren’t designed or intended to generate a profit for the Foundation, but the Foundation does expect reasonable compensation for services. We offer this service because we want to support engaged citizens who strive to make the greater La Crosse area a better place.

CRITERIA

La Crosse Community Foundation will offer fiscal sponsorship to select projects and groups that align with our mission of enhancing the quality of life in the greater La Crosse area. The primary beneficiaries of fiscal sponsorship services are typically new charities who have not yet received their own IRS determination letter or community groups/organizations operating a project or program that is clearly charitable and is not already attached to an existing charity. Some common examples of appropriate fiscal sponsorship scenarios include, but is not limited to, coalitions and networks, start-up projects, innovative projects looking to test a concept, projects that have a relatively small scope/purpose and never intend to expand much more, and projects that are completely volunteer driven (have no paid staff).

La Crosse Community Foundation staff and board considers the following when determining whether to take on a fiscal sponsorship relationship. Each request is considered on a case by case basis.

1. What is the broad community benefit of the project?
2. Is there another nonprofit entity that can play the role of fiscal sponsor?

3. What costs will the Foundation bear in both financial (including staff time) and public reputation by establishing a formal relationship?
4. What is the duration of the potential relationship? Is it intended to be temporary, or on-going?
5. Do any risks/liabilities outweigh any potential benefits?

BENEFITS & SERVICES

Type	Service
Governance & Leadership	<ul style="list-style-type: none"> • Increased credibility from the Foundation's endorsement • Access to the Foundation's expertise, knowledge and connections regarding the philanthropic landscape in the La Crosse area
Counsel & Support	<ul style="list-style-type: none"> • Guidance on fundraising and marketing plans • Connections to other possible donors/supporters • Fielding questions from the public and donors • Maintaining donor records • Special donor reports as requested • Meeting space at the Foundation office • In some instances, required insurance coverage
Financial & Accounting	<ul style="list-style-type: none"> • Access to the 501(c)3 charitable status of the Foundation • Creation of a named component fund for separate accounting of all related activities, including deposits and distributions • Oversight of the fund's assets in a short—term, cash equivalent investment vehicle • Accept and process all charitable gifts, including online gifts and more complex gifts like appreciated securities, in—kind or grants • Gift acknowledgement in a manner appropriate for tax purposes • Accounts payable services for project expenditures • Online access to quarterly fund statements • Special financial reports as needed • Independently audited annual financial statements (consolidated) • Preparation of tax returns as a component fund of the Foundation
What is NOT provided	<ul style="list-style-type: none"> • Fundraising assistance, other than connection to other Foundation fund grants • Operating financial support

LIMITATIONS

Per IRS rules for fiscal sponsorships, the Foundation must have complete discretion and control over funds of fiscally sponsored groups. The IRS has a strict policy against the use of “conduits.” This means the Foundation must be legally responsible for the funds to ensure that payment of funds to and by the sponsored project are made to further the Foundation's own charitable purposes, which in our case is to enhance the quality of life in the greater La Crosse area.

Any distributions from a fiscal sponsorship fund must follow the Foundation's Fund/Grant Guidelines, including but not limited to:

- Grants can only be made to qualified non-profit, educational or government organizations serving the greater La Crosse area; grants cannot be made to individuals
- The project cannot use any portion of the funds for political or lobbying activity, or any other action inconsistent with IRC Section 501(c)3
- All project expenditures must be directly related to the charitable purposes of the project/fund

FISCAL SPONSORSHIP REQUIREMENTS

When La Crosse Community Foundation agrees to a fiscal sponsorship, a fund bearing the project's name is established through a written agreement, and a Memorandum of Understanding (MOU) is drafted outlining the exact nature of the relationship and all agreed upon expectations of both parties. A sample Fiscal Sponsorship MOU and Fund Agreement is included below. The project is recognized and accounted for as a program of La Crosse Community Foundation for IRS auditing, financial reporting, marketing and fundraising purposes.

As fiscal sponsor, the Foundation is legally responsible for the project's management and disbursement of funds. The Foundation's board ultimately approves all grants/payments from the fund to carry out the purposes of the project. The Foundation assures programmatic oversight by authorizing an advisory board/committee to fulfill the functions of project administration. The project advisory group makes recommendations to the Foundation for fund disbursements. Foundation staff review recommendations and authorize payments.

FEES

La Crosse Community Foundation requires reasonable compensation for its services. Fees are determined based on the complexity and size of the project. Fees could be assessed as a percentage of annual deposits (usually somewhere around 5%) or as a flat annual rate. The minimum annual fee is \$500. Additional fees may apply for unexpected expenses incurred on behalf of the project.

APPLYING FOR FISCAL SPONSORSHIP

To be considered for fiscal sponsorship by La Crosse Community Foundation, groups must submit an inquiry in writing to the Foundation's Executive Director including the information requested below. The Executive Director will review the application, and make a recommendation to the Board on whether or not to approve the fiscal sponsorship.

- **Purpose** – Brief project description including what you aim to accomplish and why it is important for the greater La Crosse area
- **Budget** – Expected annual budget (rough estimates are acceptable), including both anticipated income raised and expenditures to be paid
- **Fundraising plan** – Details regarding your plan for raising funds for your project purpose
- **Contact Information** – Contact information for the individual who will serve as the lead contact for the project, and the names and affiliations of other involved volunteers
- **Timeline/Term** — The length of time you are needing sponsorship; is it temporary or intended to be on-going

SAMPLE FISCAL SPONSORSHIP MEMORANDUM OF UNDERSTANDING

MEMORANDUM OF UNDERSTANDING BETWEEN LA CROSSE COMMUNITY FOUNDATION AND PROJECT NAME

THIS AGREEMENT ("Agreement") is by and between the La Crosse Community Foundation (herein after referred to as "Foundation") and PROJECT NAME (herein after referred to as "Project"). **WHEREAS** La Crosse Community Foundation is providing a comprehensive fiscal sponsorship partnership for PROJECT. **WHEREAS** both the Foundation and PROJECT NAME agree to abide by the terms and conditions outlined below for fiscal sponsorship.

1. **Term.** Subject to the termination provisions set forth in this Agreement in Section 14, the term of this Agreement shall begin from the date of this signed agreement and shall continue until either party requests termination.
2. **Project Purpose.** The project is a volunteer group comprised of individuals committed to the purpose of the Project: _____. The Foundation is not responsible for the success of the Project.
3. **Contact Persons.** Each partner shall appoint a primary contact for all business and will promptly provide notification of any changes in persons or contact information. The Project will also appoint its own advisory board/committee of no less than three individuals including the primary contact person to oversee the execution of the work of the project. Minutes for any meeting of said advisory board/committee must be promptly submitted to the Foundation, and/or the Foundation can appoint an ex—officio member of the advisory board/committee to attend meetings.
 - a. The following persons have been appointed as primary contacts as of the effective date:

La Crosse Community Foundation	Project Name
Katie Berkedal	Name
Program Director	Title
katie@laxcommfoundation.com	Email
 - b. The following persons will serve as the advisory board/committee for the project:

Name, Affiliation, Contact Info	Name, Affiliation, Contact Info
Name, Affiliation, Contact Info	Name, Affiliation, Contact Info
4. **Ownership/Holding of Funds.** The Foundation will administer the assets of the Project and the official records thereof. All assets of the Project will be assets of the Foundation once contributed, and the Project/donors shall not have any right to reclaim the assets from the Foundation. All assets will be separately accounted for in a named Fiscal Sponsor Fund as a component fund of the Foundation. See attached Fund Agreement for the Project's Fiscal Sponsor fund. The Fund shall be held and administered subject to the provisions of the Foundation's board and governing documents now in effect or as they may be amended from time to time.
5. **Distributions/Use of Funds.** The Project may recommend distributions from its Fund.

- a. **Grant Distributions** — The Project’s advisory board/committee may recommend grant distributions from the Project’s Fund for the purposes of the Project, which the Foundation must approve for compliance with the Foundation’s distribution policy as in effect from time to time. Members of the Project advisory board/committee shall receive no personal benefit for any distribution.
 - b. **Project Expenditures** — The Foundation will pay Project Expenditures on behalf of the Project with the Project’s funds. Payment of any project expenditures can only be made with the submission of appropriate documentation of any expense (invoice, receipt, etc.) and its direct correlation to the purposes of the Fund/Project. Pre—approval from the Foundation before incurring an expense is preferred. Whenever possible, the Foundation prefers to avoid reimbursement of expenses to individuals.
6. **Fundraising.** The Project may solicit gifts, contributions, sponsorships and grants on behalf of the Foundation to be designated/restricted for the activities of the Project/the Project’s fund. The Foundation will be responsible for the processing of all monies received for the Project, which shall be reported as income of the Foundation for both tax purposes and Foundation financial statements.
 - a. **Grant Requests** — The Project must request pre—approval from the Foundation to submit a grant request. Any grant applications are submitted as requests from the Foundation; the Foundation’s program director must co—sign all original letters of intent and applications. All grant agreements, pledges or other commitments with funding sources to support the Project shall be formally executed by the Foundation. The Foundation shall receive copies of all applications, progress and final reports submitted for any grant award. If a grant is awarded, the Project is responsible for tracking all requirements. Additional fees paid to the Foundation may be required depending on the scope and/or type of grant received.
 - b. **Events** — The Project may request pre—approval from the Foundation to individually execute public fundraising events to raise monies for the Project’s Fund so long as proceeds are provided as one “lump sum.” Unless the event is sponsored by another charitable organization which accepts and acknowledges the contributions, individual donations received through events are NOT tax deductible to the donor and acknowledgements will not be sent by the Foundation. Rules may vary for corporate sponsorships, or individual gifts of significant value.
7. **Receipt and Acknowledgement of gifts.** The Foundation agrees to receive gifts and grants to be used for the Project and make those funds available to the Project. Acknowledgement letters will be mailed for gifts of \$____ or more.
8. **Financial accounting and reporting.** The Foundation will maintain financial records for the Project in accordance with generally accepted accounting principles. The Project’s revenue and expenditures shall be separately classified in the financial records of the Foundation. At a minimum, the Foundation will provide quarterly reports to the Project reflecting its revenues and expenses.
9. **Fees.** The administrative/management service fee will be _____ and will be assessed _____. The Foundation reserves the right to renegotiate fees at any time and apply additional charges against the

Fund if the Fund requires services above and beyond the agreed services; however, no such charges shall be assessed without prior written notice to the Project.

10. **Recognition.** In any communications or materials where the name or logo of the Project is included, the names or logos of the Foundation must also be included. This includes materials for fundraising solicitations and any marketing or communications vehicle. The Project will include the Foundation's logo on all printed materials for public distribution, unless otherwise indicated by the Foundation. All material that makes mention of the Foundation, or the Project's Fund with the Foundation, must be approved in advance in writing by Foundation staff. Publicity of the Project's Fund shall be referenced as "NAME OF FUND of the La Crosse Community Foundation."
11. **Confidential Information.** Both partners acknowledge that they may have access to certain trade secrets and other proprietary information and agree to hold such information in confidence and agree not to disclose such information, either by publication or otherwise, to any person without the prior written consent, except as may be required by law. The terms of this section shall survive the termination, expiration, non-renewal, or rescission of this Agreement. Both partners will use appropriate safeguards, including implementing, maintaining and using appropriate administrative, technical and physical safeguards, to prevent use or disclosure of confidential information.
12. **Indemnification.** The Project will notify the Foundation immediately of accidents or incidents of malfeasance involving the Project. The Project hereby irrevocably and unconditionally agrees to release, protect, defend, indemnify, and hold harmless the Foundation, its officers, directors, employees, representatives, and agents (Foundation "Group") against any and all disputes, claims, demands, lawsuits and clauses of action, liabilities, losses, and expenses (including reasonable attorneys' fees) directly, indirectly, wholly or partially arising from or in connection with the Project and all expenditures hereunder, including but not limited to claims, liabilities, losses or expenses for personal injury, death, breach of contract, property damage, or otherwise, without limit and without regard to the cause or causes thereof, including but not limited to the fault or negligence of the Foundation Group.
13. **Protection of Tax-Exempt Status.** The Project agrees not to use funds received from the Foundation in any way which would jeopardize the tax-exempt status of the Foundation. The project agrees to comply with any written request by the Foundation that it cease activities that might jeopardize the Foundation's tax status, and further agrees that the Foundation's obligation to make funds available to it is suspended in the event that it fails to comply with any such request. The Foundation retains the right, if the Project breaches this MOU, to withhold, withdraw, or require immediate return of funds.
14. **Termination.** Either party may terminate this agreement by giving 60 days written notice to the other party. Otherwise, this agreement will terminate at completion of the term commitment listed in Section 1. Upon termination, neither partner shall have any further obligation under this Agreement except for (i) confidentiality covenants; (ii) other covenants that expressly or by operation of law extend beyond the termination of this Agreement; and (iii) payment for services rendered.
15. **Acceptance.** If the terms and conditions of this MOU are accepted, a copy of this Agreement signed by the Foundation and Project advisory board/committee representative will be kept on file at the Foundation. This agreement is supplemented by the Project's Fiscal Sponsor Fund Agreement, which

together constitute the entire agreement of the partners. This MOU, and attached Fund Agreement, shall supersede any prior oral or written understandings or communications between the parties and constitutes the entire Fiscal Sponsorship agreement of the parties with respect to the subject matter thereof. This MOU may not be amended or modified, except in writing signed by both parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below.

La Crosse Community Foundation**Project Name**

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

SAMPLE FISCAL SPONSOR FUND AGREEMENT

**AGREEMENT ESTABLISHING THE
NAME OF FUND
AT THE LA CROSSE COMMUNITY FOUNDATION**

This agreement is made by and between **NAMES**, as current advisory committee representatives of **PROJECT NAME**, (herein after referred to as “Project”) and the La Crosse Community Foundation (herein after referred to as the “Foundation”), a charitable organization described in section 501(c)(3) of the Internal Revenue Code, operating in La Crosse, Wisconsin, bearing Federal Tax I.D. # 39—6037996.

CONTRIBUTION I/we hereby deliver to the Foundation an irrevocable gift as described in Attachment A. It is our request this gift, together with any additional gifts from us or other donors to the Fund hereafter described, be used to establish and maintain a **FISCAL SPONSOR** component fund (the “Fund”) of the Foundation.

NAME OF FUND This charitable fund shall be known as the **NAME OF FUND** and shall be identified as such in the course of its administration and distributions, and is hereby established according to the following terms and conditions:

1. **Purpose** - The purpose of the Fund is to provide grants for charitable purposes consistent with the Foundation’s grant guidelines. The Foundation welcomes recommendations for grant distributions, documented in writing, from Project Representatives appointed by the project’s advisory board/committee, whom are indicated in the attached Fiscal Sponsorship MOU.
2. **Holding of Funds** – The Fund will be maintained in a Foundation account held with no risk of loss in principal value. Assets of the fund will be separately accounted for but may be commingled with other assets of the Foundation. Any accumulated interest or dividends will be transferred to the Foundation’s Operating Fund.
3. **Distributions** - Distributions from the Fund shall be made in accordance with the Foundation’s Fiscal Sponsorship Guidelines and distribution policy as in effect from time to time, including the following:
 - a. Distributions may never exceed the total value of the assets in the fund.
 - b. The Foundation will conduct an independent investigation to evaluate whether any grant recommendations are consistent with the charitable needs of the community.
 - c. The Foundation will pay any related project expenditures from the fund so long as appropriate documentation is provided substantiating the expense and its direct relation to the purpose of the project/fund.
 - d. The Foundation will not be bound by any advice from us and there is no expectation that any such advice will be followed.
 - e. Project representatives and related third parties cannot and do not expect to receive personal benefit for any distribution from the fund.
4. **Succession** – The fund will continue to be advised by its active advisory board/committee of the Project. If circumstances so change as to make the Fund impractical or unnecessary per the use of the Fund as described in the attached MOU, any assets remaining in the fund will become unrestricted, for such purposes as LCF’s board, in its discretion, may determine.

5. **Administration** - In connection with the establishment of this fund, we hereby acknowledge and represent that:
- Additional gifts to the fund are welcome at any time.
 - All assets of the Fund shall be assets of the Foundation. The Foundation has exclusive legal control over the assets of the Fund.
 - The assets of the Fund may be commingled with other assets of the Foundation.
 - The Fund will be charged an annual administrative fee consistent with the negotiated fee agreed upon in the attached Fiscal Sponsorship Memorandum of Understanding. The Foundation reserves the right to renegotiate the administration fee at any time.
 - The Foundation's Board of Directors has variance power to modify and vary any donor direction, restriction, condition or limitation set for the Fund's purpose in the event the purpose becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or area served by the Foundation. Board variance power ensures that the fund will never become obsolete. The exercise of such power will never be done without first consulting any living and/or actively involved fund representatives.
 - We have received the Foundation's current Guidelines for Fiscal Sponsorships and understand that this Fund is subject to those guidelines and expectations.
 - A copy of this agreement will be kept on file at the Foundation.

The undersigned have caused this agreement to be executed as set forth above. This document will constitute our agreement concerning the **NAME OF FUND** at La Crosse Community Foundation.

Dated this ____ day of _____, 2018.

By: _____
Name, Project Rep

Name, Project Rep

The La Crosse Community Foundation hereby accepts the forgoing agreement and agrees to hold, administer and distribute the Fund upon the terms and conditions herein contained. Thank you for a gift that will impact generations to come ***For Good. Forever.***

By: _____ Date: _____
Name, Board Chair

Name, Executive Director

Date: _____