



'Model A' Fiscal Sponsorship Agreement Template

*****For Unincorporated Groups & Coalitions*****

Version Date: September 2023

What follows is a 'Model A' fiscal sponsorship agreement template developed by Social Impact Commons in partnership with our member fiscal sponsors. The purpose of this type of agreement is to establish a relationship between a 501(c)(3) public charity acting as a fiscal sponsor and an **unincorporated group**, such as unincorporated nonprofit association or a coalition with individuals representing stakeholder organizations, to carry out a public benefit project or program of mutual interest. Through this collaborative relationship, the fiscal sponsor provides a legal home, infrastructure, and administrative support and the unincorporated group provides strategic guidance and oversight for the project. Our intention was to create a straightforward fair agreement and in developing this template we reviewed examples of fiscal sponsorship agreements, (notably from HASER, Inc., Brooklyn Arts Council, Inc., the law firm of Adler & Colvin, the Organizations and Transactions Clinic at Stanford Law School, and Fractured Atlas), received direct feedback from fiscal sponsors and their partners, and were guided by our [Principles of Equitable Contracting](#). In the template you will see **highlighted areas** where information unique to the parties can be inserted. Additionally, each situation is different and the "Practice Points" positioned immediately following each pertaining section in **bold italics** are intended to help think through some decisions on structure and language and should be deleted prior to final use of the document. We anticipate this flexible template will continue to be improved upon based on user feedback and the most recent version will always be found at www.SocialImpactCommons.org.

A companion document titled *Key Definitions, Features, & Expectations of 'Model A' Fiscal Sponsorship Relationship* provides summaries of the key elements of the relationship.

Your use of this agreement template does not constitute legal advice from Social Impact Commons. Social Impact Commons is making this template available for informational purposes only. Different circumstances and jurisdictions may call for different contract language. We assist our members in tailoring this and other templates to their particular needs and always recommend working with qualified and local legal counsel when preparing agreements of this nature.



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This means you can adapt this work and share its contents freely for non-commercial purposes, provided you credit Social Impact Commons in the event you share this template. Fiscal Sponsors do not need to credit Social Impact Commons when using this template to help structure 'Model A' fiscal sponsorship relationships between a 501(c)(3) fiscal sponsor and an incorporated organization.

>>>You may remove this cover page for your use of this template.<<<

'Model A' Fiscal Sponsorship Agreement ("Agreement")

between

Name of Fiscal Sponsor

and

PROJECT NAME Steering Committee

Practice Point: This template is designed for when a fiscal sponsor supports a project under a Model A relationship and the party the fiscal sponsor enters into the fiscal sponsorship agreement with is an unincorporated association or coalition with organizational/community representatives. If that party is an incorporated entity, please refer to the template created for that situation. Likewise, if at any time the unincorporated association desires to incorporate and have the newly incorporated group take the place as a party to the fiscal sponsorship agreement, that template may be more appropriate to replace this agreement.

1. Description of the Parties to this Agreement:

- a. **Name of Fiscal Sponsor** ("Fiscal Sponsor") corporate information including IRS Exemption and mission language
- b. **PROJECT NAME Steering Committee** (the "Steering Committee") is an unincorporated nonprofit association established to provide strategic guidance and oversight to the nonprofit initiative (the "Project") described under 'Exhibit A' of this Agreement. 'Exhibit B' to this Agreement lists current Steering Committee members. This list will be updated annually.

Practice Point: If, rather than a steering committee of individuals, there is a coalition with representatives from certain organizations and/or communities, modify the description of Steering Committee above to reflect this structure.

Practice Point: This template has the Steering Committee as the counterparty to the Fiscal Sponsor. In 'Model A' arrangements, we recommend the Project Director, rather than the Steering Committee, be a direct party to the Agreement only in instances where a steering committee has not yet been established in which case, the Director sits in as signatory until a steering committee is created and once created, the agreement is updated to list that steering committee as a party to the agreement. Such an arrangement, including the timeline for establishing the committee, should be clearly written into the fiscal sponsorship agreement.

Practice Point: The names "Fiscal Sponsor" and "Steering Committee" and "Project" are just suggestions to describe the parties throughout the agreement. They hold no special legal meaning here and can be replaced with other identifiers (e.g. "Advisory Board" instead of "Steering Committee"). Whatever name used for shorthand to identify the parties and the activity being fiscally sponsored should be used consistently throughout the agreement.

2. Purpose of this Agreement: The Steering Committee desires to place the Project under the umbrella of Fiscal Sponsor so the Project will have a legal home, back-office infrastructure and support as described in this Agreement. Likewise, Fiscal Sponsor determined hosting the Project will further its own exempt purposes and desires to serve as a "Model A" fiscal sponsor for the Project; meaning the Project, for the term of this Agreement, will be a direct program of Fiscal Sponsor and Fiscal Sponsor will assume full legal responsibility for the Project while the Steering Committee in turn will provide strategic direction and oversight for the Project. The Parties are entering into this Agreement to define their relationship and how the Project will be managed.

Practice Point: If this Agreement will be used to update an existing fiscal sponsorship agreement/arrangement between the Parties, modify language to reflect that. E.g., "Since DATE, the nonprofit initiative described in Exhibit A (the "Project") has been carried out under the auspices of Fiscal Sponsor. . ."

Practice Point: If the Project is coming from a different fiscal sponsorship or similar arrangement with a different entity and there are existing assets and liabilities associated with the Project, the language in the Agreement should note that. A separate asset transfer agreement entered into by the new fiscal sponsor and prior legal home may be advisable.

3. **Time Period:** This Agreement will become effective on **DATE** (the “Effective Date”) and, unless terminated as permitted under this Agreement, will continue for a period of 24 months after which it will automatically renew for successive 12 month terms.

Practice Point: This template structures the relationship and the agreement to automatically renew every year. This is suggested for ease of administration but Parties may prefer to have a firm end date and decide whether or not to renew when that date approaches.

4. **Exclusive Relationship:** During the term of this Agreement, Fiscal Sponsor will serve as the exclusive fiscal sponsor for the Project, meaning no other entity may hold assets or incur liabilities on behalf of the Project, engage in Project activity, or represent the Project as its own program.

Practice Point: To avoid donor confusion and administrative complexity, unless there is a compelling need to structure otherwise, we recommend there only be one fiscal sponsor/legal home for any given Project.

5. **Fiscal Sponsor Support:** For the duration of this Agreement, Fiscal Sponsor will be responsible for the following:

Practice Point: Below is a sample of comprehensive supports Model A fiscal sponsors often provide. The fiscal sponsor should carefully evaluate its capacity to provide all supports and make sure there is a clear understanding between the project and the fiscal sponsor regarding the supports. Some fiscal sponsors place the services description as an Exhibit and others keep the description at a high level but reference "Service Level Expectations" or a responsibilities chart that is much more detailed. There is no right or wrong way to do it so long as the agreement which includes its exhibits, provides sufficient clarity and helps establish reasonable expectations.

- a. As the corporate home, Fiscal Sponsor will:
 - i. Serve as the corporate home for the Project assuming legal responsibility for all assets and liabilities of the Project;
 - ii. Remain in good standing and maintain Fiscal Sponsor’s own 501(c)(3) public charity status;
 - iii. Ensure all business licenses, state filings, tax filings and other applicable regulatory filings related to Fiscal Sponsor and the Project are maintained in good standing.
- b. Concerning finance and operations, Fiscal Sponsor will:
 - i. Keep track, document and account for all Project revenues and expenses;
 - ii. Maintain all funds restricted to support the Project in a restricted fund;

Practice Point: Fiscal Sponsor should determine whether to restrict the funds within its account or open separate accounts. In general, using one account with appropriate segregation safeguards and restrictions is an acceptable and simpler approach. Some funders, in particular government agencies, may require funds to be segregated in their own bank account.

- iii. At Project’s request, use reasonable efforts to open and maintain a donation management platform with a suitable vendor which will specifically help raise funds to support the and will provide overall account management Project;

Practice Point: It is recommended Fiscal Sponsors vet and at a minimum, be an administrative contact

for all donation platforms to donor contributions are property segregated and managed in a consistent manner.

- iv. Support fundraising efforts as described in Section 10 of this Agreement;
- v. Accept gifts and expend Project funds, with Project instruction;

Practice Point: Fiscal Sponsor should consider the types of gifts it is able to accept beyond cash such as stock, real property, crypto currency and what types of policies are needed to support this and provide staff with guidance.

- vi. Following grant and Fiscal Sponsor policies and procedures and reimburse Project Employees for appropriate expenses;
- vii. Subject to available Project funds and encumbrance policies, enter into vendor and contractor agreements on behalf of Project;

Practice Point: Contracting presents liability and compliance risks to the fiscal sponsor and as such, should be carefully managed. It is also an opportunity to add value to the fiscal sponsorship relationship by, not only acting as the signing party, but providing drafting, negotiation, and ongoing contract management support to Projects. If they will be provided, these additional supports can be mentioned here.

- viii. In collaboration with and with the approval of the Project, create an annual budget;
- ix. Provide regular financial reports detailing all Project financial activities for the particular period;

Practice Point: Determine type and frequency of reports to send to Project. If Fiscal Sponsor has an accounting system such as Sage Intacct where you can provide real time access to financials, say that here.

- x. As necessary issue and maintain prepaid debit/credit card(s) dedicated to Project operations;
- xi. Keep track of capital assets allocated to Project per Fiscal Sponsor policy.

Practice Point: Fiscal Sponsor should have a policy that speaks to how capital assets are tracked and managed.

- c. Concerning employment needs, Fiscal Sponsor will:
 - i. Serve as legal employer of all Project Employees;
 - ii. Ensure payroll, employment tax, and employment law compliance;
 - iii. Administer benefits to all eligible Project Employees;
 - iv. Support hiring and termination processes of employees.
- d. Concerning insurance and risk management, Fiscal Sponsor will:
 - i. Provide General Liability insurance and make insurance certificates available upon request. If certain Project activities are excluded from Fiscal Sponsor's insurance policy, insurance will be added and paid for with Project funds. Project agrees to provide all information requested by Fiscal Sponsor's insurance broker or carrier;
 - ii. Directors & Officers Insurance - Fiscal Sponsor will ensure that the Steering Committee members are covered as advisors to the Project under Fiscal Sponsor's Directors & Officers Insurance and provide the Steering Committee with evidence of such coverage;
 - iii. Provide other insurance as required by law.

Practice Point: It is recommended any insurance language be vetted by fiscal sponsor's insurer or insurance broker.

6. Project Employees: Unless otherwise agreed, and subject to their consent, all personnel to be compensated for working on the Project will become at-will employees of Fiscal Sponsor upon hiring and will be subject to the same personnel policies and benefits applicable to other Fiscal Sponsor employees. In order to ensure compliance with all employment laws and regulations, Fiscal Sponsor must approve all hiring, termination and disciplinary decisions involving Project Employees. If properly classified, others may work for the Project as independent contractors pursuant to a written service agreement. All hiring and procurement decisions are subject to the agreement of the Project Director defined below.

Practice Point: Confirm the jurisdiction employees are in allows for “at will” employment.

7. Project Director: An individual is identified in ‘Exhibit A’ as the Project Director. The Project Director is an employee or volunteer of Fiscal Sponsor and is responsible for the day-to-day management and operation of the Project, including, without limitation, all fundraising, strategy, branding, financial planning, staff responsibilities, approving all Project revenues, expenses, and service delivery matters, all within the framework established by this Agreement. The Project Director serves as the Project’s primary contact with Fiscal Sponsor. Although not a legal party to this Agreement, the Parties will require the Project Director to review this Agreement and sign a statement acknowledging they have read a copy of this Agreement and confirm their understanding of the relationship and obligations, including those that apply to the Project Director. **The Steering Committee is responsible for providing oversight to the Project Director and for ensuring the Project Director runs the Project and fulfills Project Director duties as required under this Agreement.** The Project Director will not be removed or replaced without Fiscal Sponsor seeking advice from the Steering Committee

Practice Point: Projects can have co-directors or different organizing structures. Likewise, fiscal sponsors may have certain naming conventions for the leaders of the Projects. What’s important here is there are one or two identified individuals who communicate Project decisions to the fiscal sponsor and are the designated points of contact.

8. Relationship Management:

- a. **Fiscal Sponsor Contact:** Fiscal Sponsor will assign a primary point of contact to work with the Project and ensure the supports provided under Section 5 of this Agreement are responsive and effective.
- b. **Communication:** Healthy communication is critical to a successful fiscal sponsorship relationship. The Project Director and Fiscal Sponsor Contact will communicate and cooperate on a frequent basis by (a) keeping each other advised about potential issues; (b) promptly responding to e-mail, phone messages, and other agreed-upon communication methods from the other; and (c) providing each other with information as may be appropriate in connection with the Project activities. At a minimum, the Project Director and Fiscal Sponsor Contact will meet for an hour on a quarterly basis.
- c. **Legal Action.** As soon as the Steering Committee or the Project Director becomes aware of an actual or potential claim or dispute that may involve legal action related to the Project, the Steering Committee or Project Director must immediately inform the Fiscal Sponsor Contact, in writing or email, of the claim or dispute.
- d. **Annual Meeting:** The Parties along with the Project Director will meet at least annually to assess the supports provided, review progress towards the Project’s goals, review and discuss ways to improve the relationship, and to review and, if needed, update ‘Exhibit A’ which describes the Project to account for any material changes the Steering Committee desires to see in the purpose and activities of the Project which in turn require Fiscal Sponsor’s approved prior to implementation. Once approved, the annually updated ‘Exhibit A’ will become a part of this Agreement.

Practice Point: It is critical the Fiscal Sponsor generally understands the strategies and related activities to be carried out under it and has approved them from mission and compliance perspectives and additionally has the appropriate personnel, systems, policies and procedures in place to support the Project in its activities. We suggest this intentional review occur on an annual basis and be tied to the annual budget cycle.

9. Policies.

- a. **Fiscal Sponsor Policies.** Project Employees including the Project Director, as well as volunteers to the Project are subject to the policies and procedures of Fiscal Sponsor. Fiscal Sponsor will make applicable policies and procedures available via an online portal to all project employees and volunteers and provide training as Fiscal Sponsor deems appropriate or as required by applicable laws and regulations. When the Project Director identifies a need for a new policy or procedure, they will raise this with their Fiscal Sponsor Contact. Decisions on adding and updating policies are made by Fiscal Sponsor. Fiscal Sponsor agrees to provide advanced written notice and the opportunity for input from the Project Director prior to changing policies or procedures or adding new ones that will have a material impact on the Project or Project Employees.

Practice Point: Modify the above language if there isn't a document sharing platform used. If Fiscal Sponsor does not use a cloud--based sharing platform, it may want to consider this. There are numerous secure and user friendly options that save time and provide convenience to both parties to share policies and procedures.

- b. **Project-specific Policies.** Fiscal Sponsor may require policies specific to the Project. For example, a Project running a youth camp may need certain safety protocols that are unique to the location and risk factors. In such instances, Fiscal Sponsor and the Project Director or their designee will work together to craft an appropriate policy and train staff and volunteers on it. Additionally, if the Project desires a policy or procedure specific to the Project that Fiscal Sponsor does not require, the Project may draft the policy and, subject to Fiscal Sponsor's review and approval, the Project may adopt and implement the policy. Any such policy must comply with law and not conflict with an official Fiscal Sponsor policy. If, despite best efforts to avoid conflicting language, the language of the Project-created policy conflicts with or is inconsistent with that of an official Fiscal Sponsor policy, the language from the Fiscal Sponsor policy will be controlling.

10. Fundraising

- a. **Project Fundraising:** The Project is responsible for raising funds and/or generating revenue to sustain itself and cover its direct and indirect program costs. Project Employees and volunteers will adhere to Fiscal Sponsor's fundraising guidelines. Fiscal Sponsor will support Project fundraising efforts by providing: 1.) corporate, compliance, and financial information to interested funders; 2.) letters describing the fiscal sponsorship relationship expressing support for proposals; 3.) support developing proposal budgets; 4.) help submit grant proposals on behalf of the Project; and 5.) maintain structures to allow individual donors to contribute to the Project. Fiscal Sponsor will additionally be responsible for issuing donor acknowledgement letters, but Project may issue "Thank you" letters as well.

Practice Point: We recommend the fiscal sponsor have simple fundraising guidelines that are shared with Project leadership including expectations on how much lead time the fiscal sponsor needs to review grant applications prior to official submission.

Practice Point: To avoid donor confusion, the parties may want to create a unified acknowledgment/thank you letter that goes out so donors just get one letter

- b. **By the Steering Committee:** The Steering Committee is expected to support the fundraising efforts of the Project. In order to not create confusion over who the receiving entity of any

donations is, Fiscal Sponsor must approve all fundraising language prior to public dissemination. Fiscal Sponsor will review proposed language and provide feedback within 2 business days of receipt. Members of the Steering Committee may not state or create the impression that funds received will go to the Steering Committee or any entity other than Fiscal Sponsor.

Practice Point: The above language under subsection (b) establishes the expectation that the Steering Committee will play a meaningful role in Project fundraising. This may not always be the case and the Steering Committee's involvement with fundraising activities, if any, should be discussed and this subsection should be modified to reflect actual intentions.

- c. **Donor Lists:** Fiscal Sponsor will not use Project's donors lists and other sensitive information regarding Project donors for any purpose not related to advancing the purposes of the Project.
- d. **Managing Grant Proposal Conflicts:** If both Fiscal Sponsor and the Project or the Project and other projects at Fiscal Sponsor desire to approach the same funding source but submission of multiple proposals under the same entity is not permitted, the Parties agree to work together to arrive at a workable solution.

Practice Point: Funders allowing only one application per EIN# during a grant cycle can create tension and the parties should carefully think through how to best approach. Fiscal sponsors must continue to educate the funder community to evolve such outdated practices.

11. **Expenditures and Fund Management:**

- a. **Restricted Fund:** All funds received for the Project will be held by Fiscal Sponsor and be restricted for the benefit of the Project. Unless otherwise agreed in writing, no funds may be managed via accounts not established or approved by Fiscal Sponsor.
- b. **Interest.** Unless prohibited by a donor restriction, all interest earned on any cash held by Fiscal Sponsor on behalf of the Project will accrue to support the general operations of Fiscal Sponsor.
- c. **Variance Power:** Fiscal Sponsor and Steering Committee intend for this Agreement to be interpreted to provide Fiscal Sponsor with variance powers necessary to enable Fiscal Sponsor to treat the restricted fund as Fiscal Sponsor's asset in accordance with Accounting Standards Codification (ASC) paragraphs ASC 958-605-25-25 and -26, formerly expressed in Statement No. 136 issued by the Financial Accounting Standards Board (FASB). Because the restricted fund is held under the charitable trust doctrine for the purposes of the Project as understood by and with funding sources, Fiscal Sponsor and Steering Committee intend that assets in the restricted fund are not subject to the claims of any creditor or to legal process resulting from activities of Fiscal Sponsor unrelated to the Project.
- d. **Expenditures:** Unless Fiscal Sponsor otherwise agrees, the Project cannot spend or commit money beyond its ability to pay. Fiscal Sponsor may, in its sole discretion, advance funds to the Project to support work there are sufficiently committed funds for but have not yet been received. All expenditures related to the Project require the prior approval of the Project Director the Project Director's designee.

Practice Point: Fiscal sponsors may want to consider requiring a minimum level of funds raised by the Project to sustain operations. The level should be set at an amount necessary to cover Project expenses for a certain period of time. This practice, though difficult to implement and often requiring flexibility, can ultimately help support projects in a more sustainable manner.

Practice Point: Advancing funds on committed revenue sources can be very helpful for projects that have reimbursable grants/contracts; essentially providing a line of credit. However, the practice entails a certain degree of risk and fiscal sponsors should be comfortable with the repayment source and even consider a fee for this prior to implementing.

Practice Point: For approving expenses, certain recurring expenses such as phone/internet bills should receive blanket approval so an approval isn't required every month.

12. Contracting: Fiscal Sponsor will enter into all legal agreements, including grant agreements, vendor contracts, leases, and independent contractor agreements on behalf of the Project. All legal agreements are subject to the review and approval of Fiscal Sponsor and Fiscal Sponsor must approve the language used to describe the parties to these agreements. The Project will not independently enter into legal agreements and Fiscal Sponsor will not enter into any agreements on behalf of the Project without the approval of the Project Director. The Steering Committee may not enter into agreements for the Project. Agreements not reviewed, approved, and signed by a duly authorized signatory of Fiscal Sponsor will be considered null and void. In addition to the Fiscal Sponsor's signatory signing agreements, the Project Director will be given the option to sign any agreements Fiscal Sponsor enters into with third parties on behalf of the Project so long as: 1.) the language of the agreement makes clear Fiscal Sponsor is the contracting party; 2.) Fiscal Sponsor's duly authorized signatory is the individual binding Fiscal Sponsor and the Project; 3.) the Project Director is signing in the capacity of the Project Director and not on behalf of the Steering Committee; and 4.) the Project Director signs only after Fiscal Sponsor has cleared the agreement for signatures.

Practice Point: The last sentence immediately above is suggested language for when project leaders desire to sign. Such a decision should be approached carefully. Additionally, the boards of fiscal sponsors could, by board resolution, delegate signatory authority to project directors for contracts under certain thresholds. Even so, a best practice is that the fiscal sponsor always is able to review and approve any agreement prior to its execution, regardless of who is vested with the authority to sign.

13. Costs:

a. Shared Cost Allocation - To defray the costs of support provided by Fiscal Sponsor to the Project as described in this Agreement, %% of all revenue received will be allocated to the Fiscal Sponsor's general fund at the time the revenue is received (the Allocation Rate). Fiscal Sponsor may from time to time and with Project input, assess the Allocation Rate to ensure that there is a healthy mutual exchange of value between Fiscal Sponsor and the Project. Unless otherwise agreed, the budgets of all funding proposals submitted on behalf of the Project should, where possible, contain funds to cover the Allocation Rate established by Fiscal Sponsor. If certain funders refuse to allow for indirect rates, the Project will be responsible for covering this amount via unrestricted funds or through other means.

Practice Point: Although most fiscal sponsors assess this cost allocation when revenue comes in, some fiscal sponsors assess this as funds are expended. Others have different structures. There is no one size fits all approach and the structure chosen should support the dual goals of fairness and sustainability.

b. Additional Costs - The Project will be responsible for paying the cost of fringe benefits (includes the cost of benefits and payroll taxes) for all Project Employees. Additionally, Project will be responsible for any expenses incurred by Fiscal Sponsor outside of the supports described in this Agreement. Examples include special insurance needed for activities not covered by Fiscal Sponsor's general liability insurance, costs of legal support related to a Project need, and costs associated with special compliance or audits required by funders supporting the Project.

c. Additional Support - If Fiscal Sponsor provides additional support beyond those described in this Agreement and the Project desires to access such offerings, the Project Director and Fiscal Sponsor will agree upon the scope and associated costs prior to delivery of any additional services.

Practice Point: Fiscal Sponsors may provide office space, consulting, and other services that fall outside of the standard fiscal sponsorship relationship. Although a formal Agreement between the Project and Fiscal Sponsor for any additional services may not be needed, putting the terms of such engagement in writing (even in email) is always recommended.

d. Support Project Provides to Fiscal Sponsor - Fiscal Sponsor may request the Project or certain

Project Employees provide support to Fiscal Sponsor. The provision of such support is subject to the approval of the Project Director. The Parties may agree to a fixed fee for any such support on a case-by-case basis in which case the General Cost Allocation described above will not apply to this source of Project revenue.

Practice Point: The above subsection (d) is sample language if the sponsor will ever procure services from the project/project staff.

14. Assets:

a. Generally. During the term of this Agreement, all assets, including but not limited to cash, copyrightable subject matter, the Project's name and associated logo(s), real and personal property developed or acquired for the Project (collectively "Project Assets") will be held by Fiscal Sponsor to advance the purposes of the Project.

b. Real Property & Other Complex Assets. Fiscal Sponsor may require real property or other complex assets be held in a subsidiary or other separate legal structures to effectively manage the assets and associated risks. Fiscal Sponsor reserves the right not to accept such complex assets.

Practice Point: Fiscal Sponsors should evaluate their capacity and risk appetite for accepting and managing complex assets and evaluate alternatives to directly holding these assets by using subsidiaries or other affiliated entities. Potential limitations should be discussed with prospective projects during the due diligence process.

c. Websites/Social Media. Any website(s) or social media handles established for the Project will be registered to Fiscal Sponsor but may be managed by the Project Director or the Project Director's designee(s) but, to avoid confusion regarding the fiscal sponsorship relationship and ensure compliance, Fiscal Sponsor may require certain relationship disclosure language and specific terms of use and privacy policies be displayed on the Project website.

15. Governance:

a. By Fiscal Sponsor Board of Directors: The Fiscal Sponsor Board of Directors has governing authority over all of Fiscal Sponsor including all programs and projects carried out under Fiscal Sponsor. Fiscal Sponsor will make available to the Steering Committee an annually updated list of the Fiscal Sponsor Board of Directors.

b. By Steering Committee: The Steering Committee will serve in an advisory capacity to the Project; providing strategic support to the Project and oversight of the Project Director. The Steering Committee will develop and maintain a clear and written "Governance Process" that they communicate to the Fiscal Sponsor, which includes how people are added to or removed from the Steering Committee, how members may participate in decision-making and meetings, and how to approve or reject budget allocations. The Steering Committee will assign a "Steering Committee Representative" to communicate with Fiscal Sponsor when necessary and will make available to Fiscal Sponsor an annually updated list of the Steering Committee members. The Steering Committee's separate legal existence as an unincorporated nonprofit association will be solely for the limited purpose of holding, exercising, and enforcing the contractual duties and obligations Fiscal Sponsor may owe to the Steering Committee under this Agreement.

Practice Point: Project-level governance may vary widely depending on its envisioned role and how it is constituted. It is recommended the governance provision above describe governance at a relatively high level and have the Governance Process serve as a detailed albeit straightforward process document akin to an independent organization's bylaws.

Practice Point: It is important to discuss how the director will be supported and evaluated by the Steering Committee ahead of establishing the relationship. Fiscal sponsors with HR capacity should help support this process.

16. Decision Making: Except as noted below, all strategic and program related decisions of the Project will be made by the Project Director and the Steering Committee. These decisions will be made in accordance with the Project Governance Process. If the Steering Committee and Project Director are unable to agree, they may seek guidance and support from Fiscal Sponsor to help reach resolution. Fiscal Sponsor agrees to support Project-level decisions, so long as they do not jeopardize the 501(c)(3) status of Fiscal Sponsor or otherwise subject Fiscal Sponsor to undue regulatory, legal, reputational risk, or non-compliance with written policy. However, because Fiscal Sponsor holds responsibility for legal compliance and the care of Fiscal Sponsor as a whole which includes the Project, the Fiscal Sponsor Board of Directors and Executive Director of Fiscal Sponsor may have to intervene in instances where proposed Project actions jeopardize the 501(c)(3) status of Fiscal Sponsor or otherwise subject Fiscal Sponsor to undue risk. Any decision to intervene in the activities of Project will be made by either the Executive Director of Fiscal Sponsor or the Fiscal Sponsor Board of Directors, only after discussing the matter with the Project Director and, if requested by Project Director or if it is not appropriate to discuss with the Project Director, discussing with the Steering Committee and making a good faith effort to incorporate the recommendations of the Project Director and/or the Steering Committee.

17. Dispute Resolution. In the event of a breach by one of the Parties or disagreement between the parties concerning this Agreement, both parties agree to use their best efforts to resolve the dispute between them and, failing that, with the use of an independent mediator prior to taking legal action.

18. Describing the Relationship. Unless the Parties agree otherwise, the following language accompanied with the Fiscal Sponsor logo will be used on Project publications, the Project's website landing page and donation page, press releases, and fundraising campaigns to describe the relationship: "PROJECT NAME is a nonprofit program hosted by Fiscal Sponsor, a 501(c)3 public charity. Questions regarding the relationship should be directed to CONTACT INFO (AT MINIMUM EMAIL AND PHONE)". Fiscal Sponsor will additionally provide Project and the Steering Committee with a more detailed letter describing the relationship the Project and the Steering Committee will share it with funders and other interested parties.

19. Publications and Press Releases.

a. By Project: The Steering Committee and the Project Director are responsible for ensuring Project press releases and publications: 1.) accurately depict the fiscal sponsorship relationship described in this Agreement; 2.) do not contain any inaccuracies or false statements that could reasonably be expected to result in a libel or defamation suit; and 3.) do not violate any copyright law or privacy laws. The Project Director will seek guidance and approval from Fiscal Sponsor on any proposed publications or press releases that may implicate the above concerns.

b. By Fiscal Sponsor: In order to raise awareness of community work and Fiscal Sponsor's collective shared-services model, Fiscal Sponsor may highlight the work of the Project on its website, social media, and in publications. Fiscal Sponsor will always attribute the work to being that of the Project. Fiscal Sponsor agrees to consult with the Project Director regarding any planned media releases profiling the Project.

20. Media inquiries. Fiscal Sponsor agrees to consult with the Project Director prior to responding to any media inquiries involving the Project. Likewise, neither the Steering Committee nor the Project Director may respond to any media inquiries related to Fiscal Sponsor without first consulting with their Fiscal Sponsor Contact.

21. Legal & Tax Compliance:

a. Fiscal Sponsor Compliance: Fiscal Sponsor represents that it currently is and agrees it will continue to operate as a Jurisdiction nonprofit corporation in good standing and as a compliant public charity pursuant to Section 501(c)(3) of the Internal Revenue Code. Fiscal Sponsor will

immediately notify the Steering Committee to any changes to its good standing at the state level or its public charity status.

- b. **Project Compliance:** The Project must operate in accordance with applicable laws, including, without limitation, the complex legal and tax rules applicable to charitable organizations that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code. **The Project may not use any funds to support or oppose candidates for public office**, encourage violations of law or public policy, or cause any private inurement or improper private benefit. Fiscal Sponsor will provide the Project with guidance on compliance issues as Fiscal Sponsor deems appropriate. The Project Director is required to raise any questions regarding compliance with their Fiscal Sponsor Contact. The Project Director will direct all questions regarding compliance to its assigned Fiscal Sponsor Contact.

22. Lobbying Activities: Lobbying is generally defined as any activity that seeks to influence legislation. 501(c)(3) nonprofits may engage in limited lobbying so long as expenditures are tracked and reported on. However, limits apply on how much lobbying is allowed and certain funders may prohibit lobbying with their funds. All lobbying plans and expenditures must be submitted to Fiscal Sponsor in advance for approval. The Project will work with Fiscal Sponsor to track and appropriately report on lobbying expenditures.

Practice Point: It is important to discuss planned advocacy efforts and potential limitations when evaluating a fiscal sponsorship relationship.

23. Ending the Fiscal Sponsorship Relationship:

a. **How to Terminate:**

- i. **Generally.** Either Party may terminate this Agreement and the fiscal sponsorship relationship by providing 60 days written notice to the other. The decision to terminate this Agreement for the Project must be made by the Steering Committee.
- ii. **Termination for Breach or Violation of the Law.** Either Party may terminate the Agreement at any time if it makes a good faith determination the other Party has committed a material breach of this Agreement that remains uncured after 30 days of being provided written notice of the breach or engaged in illegal activity that could subject the terminating Party to legal or regulatory enforcement action.
- iii. **Termination Due to inactivity or prolonged unresponsiveness.** Fiscal Sponsor may terminate this Agreement if the Project has no demonstrable activity for a period of 12 months or both the Project Director and the designated Steering Committee representative are unresponsive to email, phone calls and at least one certified letter for 3 consecutive months and Fiscal Sponsor provides written notice to the Steering Committee it is terminating the Agreement.

b. **Effect of Termination:**

- i. **Termination in General.** There are many steps involved in moving a nonprofit program from one legal home to another and both Parties agree to work in good faith to accomplish a smooth transition with supporting the continuity of the Project being the utmost priority. Except as described in subsection (b)ii below, upon notice of termination of this Agreement, if assets and liabilities associated with the Project remain and the mission of the Project can still be pursued, the Steering Committee will engage with and recommend a 501(c)(3) public charity in good standing to accept the assets and liabilities of the Project to continue to carry out the purposes of the Project. Upon such recommendation, Fiscal Sponsor will make a good faith determination whether the recommended public charity has the capacity to accept the Project. If the successor entity does, the Parties will work together to assign the assets and liabilities to the successor entity in a timely manner. If, in Fiscal Sponsor's reasonable judgement, the successor entity does not have the capacity to accept the Project, the Parties may agree to delay

the transition until the identified successor entity is ready to accept the Project or the Parties may agree on a different suitable home for the Project.

- ii. **Termination Due to inactivity or prolonged unresponsiveness.** If this Agreement is terminated for reasons described under a(iii) above, Fiscal Sponsor may then use the Project Assets, including remaining funds, as it deems appropriate and permissible under charitable law.

Practice Point: Ending a fiscal sponsorship relationship often includes transitioning the project to a new home and is a major event that can stress staff and disrupt the project if not approached carefully. The termination clause should be given special attention by the parties when structuring the relationship and the fiscal sponsor should have transition tools (e.g. template workplans, checklists) to share in advance to give Project leadership confidence this potential eventuality will be handled well.

Practice Point: If Fiscal Sponsor assesses its fee when funds are received (rather than assessing the fee on expenses or some other means), the parties should consider equitable ways to handle this when the relationship concludes. This may entail not assessing (or refunding) the standard administrative fee on funds being transferred to the new corporate home of the project but charging a "transition fee" to cover time and effort required on the sponsor's end to support the transition.

24. Miscellaneous

- a. Prevailing Language. Both English and OTHER LANGUAGE copies of this Agreement are made available to the Parties. Should there be different interpretations or conflicts between the two versions, the language of the PREFERRED LANGUAGE version will be controlling.

Practice Point: Consider including the above section if English is not the primary language of one of the parties.

- b. Changes. The terms of this Agreement may be changed at any time by mutual agreement of the Parties so long as the changes are in writing and signed by an authorized representative of each Party.
- c. Force Majeure. If circumstances arise beyond the control of a Party, making performance or participation under this Agreement illegal, nearly impossible or impossible, that Party will immediately inform the other and the Parties will work together to find a mutually agreeable solution to maintaining or dissolving their relationship and this Agreement.
- d. Applicable Laws. All questions concerning the validity, operation, interpretation, and construction of the Agreement will be governed by and determined in accordance with the substantive laws of Jurisdiction without regard to its conflicts of law provisions.
- e. Severability. If any provision of this Agreement is held by a court or arbitrator of competent jurisdiction to be contrary to law, such provision will be changed by the court or by the arbitrator and interpreted so as to best accomplish the objectives of the original provision to the fullest extent allowed by law, and the remaining provisions of this Agreement will remain in full force and effect.
- f. Waiver. Neither Party will by mere lapse of time, without giving notice or taking other action hereunder, be deemed to have waived any breach by the other party of any of the provisions of this Agreement.
- g. Survival. The Parties' obligations under Sections #, #, # shall continue to apply beyond the termination or expiration of this Agreement.
- h. Counterparts. This Agreement may be executed in any number of counterparts and by facsimile or electronic signature, each of which will be an original, and each of such counterparts together constitute but one and the same agreement.

By signing below, the Parties represent they have read this Agreement and fully understand and agree to be bound by its terms.

For **Fiscal Sponsor Name**

Name/title

Date

For **NAME OF PROJECT Steering Committee**

Name, designated Steering Committee Representative

Date

*** By signing below, the designated "Project Director" acknowledges having read a copy of this Agreement and confirms their understanding of the relationship and obligations, including those that apply to the Project Director.***

Name/title

Date

Exhibit A: Project Information (Updated annually)

Practice Point: The following are sample data points to review and update annually. Parties may want to add or remove items as appropriate to their situation.

Name of Project	PROJECT NAME
Steering Committee Representative	Name and contact info
Project Director	Name and contact info
Website & Social Media handles	
Mission Statement	
Project Logo	PASTE IN IMAGE OF PROJECT LOGO(S)
Geographic Area(s)	Practice Point: Receiving an annual update of the geographic areas the project plans to operate in will inform the fiscal sponsor of state specific registration and compliance requirements it may need to see to.
Strategic Goals & Objectives	Practice Point: If the Project has an active strategic plan or framework it is following, it can be referenced and/or linked to here.
Planned Activities for next 12-18 months	Practice Point: Receiving an annual update on future activity will inform the fiscal sponsor's risk management practices including additional insurance coverage that may be needed. This information may also help the fiscal sponsor determine capacity needed to support new activities and growth.
Indicators of Progress	HOW THE Steering Committee AND PROJECT LEADERSHIP DETERMINE IF PROGRESS IS BEING MADE
Steering Committee's assessment of progress for prior 12 months.	Practice Point: If Project leadership has recently prepared a similar summary or report for a funder, that can be referenced and/or linked to here.
Budget and Fundraising Goals for next 12 months	Practice Point: This can be a narrative and/or link to full Project budget.
Assessment of Budget & Fundraising goals for prior 12 months.	

Exhibit B: PROJECT NAME Steering Committee Members (Updated Annually)

Practice Point: In addition to names of steering committee members, this section can list their terms, organizational affiliations, and contact info