



Fiscal Sponsorship Agreement

On _____, 202____ the Board of the Community Foundation of Southern Indiana referred to as “Grantor”) found that _____ (hereinafter referred to as “Grantee”), as described in the Application for Fiscal Sponsorship, will further the Foundation’s tax exempt purposes. Therefore, the Foundation has created a fund designated for such project, and has decided to grant all amounts that it may deposit to that fund, less any administrative charge as set forth below, to the <Grantee Name>, subject to the following terms and conditions:

1. Since the Grantee is not a recognized tax-exempt entity, the Grantor must exercise full control over the Grantee’s administration, management, and disbursement of funds. Grantor will disburse grant payments to or on behalf of Grantee to further Grantee’s purposes. If grant funds are distributed to Grantee, Grantee shall use the grant solely for the project described in the Application for Fiscal Sponsorship and Grantee shall repay to Grantor any portion of the amount granted which is not used for that project. Any changes in the purposes for which grant funds are spent must be approved in writing by Grantor before implementation. Grantor retains the right, if Grantee breaches this Agreement, or if Grantee’s conduct of the project jeopardizes Grantor’s legal or tax status, to withhold, withdraw, or demand immediate return of grant funds, and to redirect such funds so as to accomplish the purposes of the project as nearly as possible within Grantor’s sole judgment. Any tangible or intangible property, including copyrights and trademarks, obtained or created by Grantee as part of this project shall remain the property of Grantee. Grantee will allow Grantor use of these materials for purposes of implementing the project when requested in writing.
2. Grantee may solicit gifts, contributions, and grants to Grantor, earmarked for Grantor’s fund for this project. Grantee’s choice of funding sources to be solicited, and the text of Grantee’s fund raising materials, are subject to Grantor’s prior written approval and must comply with Grantor’s *Donor Initiated Fundraising Policy*. All printed materials must identify the project as a “project of the Community Foundation of Southern Indiana”. All grant agreements, pledges, or other commitments with funding sources to support this project via Grantor’s fund shall be executed by Grantor, however, Grantee understands and accepts that any required reporting for such funders will be performed by Grantee. Grantor will acknowledge all contributions to the Fund in writing and will provide regular financial reports to the Grantee. The cost of any reports or other compliance measures required by such funding sources shall be borne by Grantee. Grantee understands that it is responsible for insurance, debts, tax reporting and any other liabilities.

3. Grantor will disperse grant payments to or on behalf of Grantee in the amount that outside funds are received for the project, subject to the conditions of this Agreement.
4. Nothing in the Agreement shall constitute the naming of Grantee as an agent or legal representative of Grantor for any purpose whatsoever except as specifically and to the extent set forth herein. This Agreement shall not be deemed to create any relationship of agency, partnership, or joint venture between the parties hereto, and Grantee shall make no such representation to anyone.
5. Grantee will select a Manager or Executive Director, and that person shall be an independent contractor and not an employee of Grantor. The project Manager/Executive Director will be responsible for _____

 _____. The project Manager/Executive Director will _____
 _____. The _____ will be the primary contact for the Grantor.
7. Grantee shall submit monthly progress and expenditure reports to Grantor in addition to a full and complete annual report and a project completion report. The initial report shall be submitted by Grantee no later than _____, 20___. The report shall describe the charitable programs conducted by the Grantee with the aid of this grant and the expenditures made with grant funds, and shall report on the Grantee's compliance with the terms of this grant. Minutes of advisory group meetings, project budgets, planning documents and other relevant documents must be regularly forwarded to the Grantor.
8. This grant is not earmarked to be used in any attempt to influence legislation within the meaning of the Internal Revenue Code (IRC) Section 501(c)(3). No agreement, oral or written, to that effect has been made between Grantor and Grantee.
9. Grantee shall not use any portion of the funds granted herein to participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office, to induce or encourage violations of law or public policy, to cause any private inurement or improper private benefit to occur, nor to take any other action inconsistent with IRC Section 501(c)(3).
10. Grantee shall notify Grantor immediately of any change in (a) Grantee's legal or tax status, or (b) Grantee's executive staff or key staff responsible for achieving the grant purposed.
11. If a dispute arises relating to this contract, and is not resolved, the parties involved in such dispute (Disputants) shall first proceed in good faith to submit the matter to mediation. The Disputants will jointly appoint an acceptable mediator and will

share equally in the cost of such mediation. In the event the entire dispute is not resolved within thirty (30) calendar days from the date written notice requesting mediation is sent by one Disputant to the other (s), the mediation, unless otherwise agreed, shall terminate.

12. The Fund created to support this project is a component fund of the Foundation and its assets are assets of the Foundation. The Fund is subject to the Foundation's governing instruments including the Foundation's power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified charitable purposes or to specified organizations if in the sole judgment of the governing body (without the necessity of the approval of any participating trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.
13. Grantee shall allow the Foundation to include information about this grant in the Foundation's periodic public reports, newsletter, news releases, social media postings, and on the Foundation's website. This includes the amount and purpose of financial support provided to the project, any photographs provided to the Foundation, any logo or trademark belonging to the project, and other information and materials about the project.
14. Grantee hereby irrevocably and unconditionally agrees, to the fullest extent permitted by law, to defend, indemnify and hold harmless the Foundation, its officers, directors, trustees, employees and agents, from and against any and all claims, liabilities, losses and expenses (including reasonable attorneys' fees) directly, indirectly, wholly or partially arising from or in connection with any act or omission of Grantee, its employees or agents, in applying for or accepting the grant, in expending or applying the funds furnished pursuant to the grant or in carrying out the program or project to be funded or financed by the grant, except to the extent that such claims, liabilities, losses or expenses arise from or in connection with any act or omission of the Foundation, its officers, directors, trustees, employees or agents.
15. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.
16. This Agreement shall supersede any prior oral or written understandings or communications between the parties and constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement may not be amended or modified, except in writing signed by both parties hereto.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties have executed this Fiscal Sponsorship Agreement on the _____ day of _____, 202_.

Chair, Community Foundation of Southern Indiana (Grantor)

Date:

(Grantee)

Date



APPLICATION FOR FISCAL SPONSORSHIP

Organization Information

1. Individual, organization or group submitting request:

Organization Name: _____

Mailing Address: _____

Phone: _____ Fax: _____

Email: _____

Contact: _____

Title: _____ Employer ID No. (Tax ID) _____

2. Please attach a list of committee or board members.

3. What is the purpose of your group? _____

4. For what period of time is the Foundation being asked to serve as fiscal sponsor (how long do you expect the project to last)?

Begin date: _____ End date: _____

How did you arrive at that "end date"? _____

5. Has your group incorporated with the state as a separate legal entity responsible for its own actions? (circle one) yes no

If so, please attach a copy of articles of incorporation, bylaws, and board or committee lists. If not, please explain your organizational structure in an attachment.

6. Does your group plan to obtain non-profit 501(c)(3) status? (circle one) yes no
If you circled "no", why not? _____

If you circled "yes", what has been done to date in securing 501(c)(3) status?

7. Do you have liability insurance? ___ no ___ yes Directors & Officers Liability insurance? If so, please attach a copy of the policy/ies.
 8. Please attach a revenue and expense budget for the current year of operations.
 9. If you have a written plan of activity and fundraising for your program, please attach a copy. If you do not, please explain why.
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Project Description

10. What specific charitable outcomes does your group hope to bring about and when? (The lives of *how many* people will be better, *in what specific ways* and *by when*?)

11. Who else is currently providing this service to the community? _

12. The Foundation's service area is Clark and Floyd Counties in southern Indiana. What geographic community(ies) do you expect to benefit from this project?

13. The Foundation strives to work with all sectors of the community. Please describe the specific group(s) of citizens you expect to benefit.

14. What other individuals or groups have been involved in planning this effort? When did they begin? (Please include approximate number of people and tell why they have been involved.)

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15. A primary objective for the Foundation is to encourage endowment-building. If your plans include an endowment-building component to help assure long-term attention to your charitable objectives, please describe them.
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Services Requested

16. When do you expect the first deposit to be made (month & year) and in what amount?

17. How much money do you anticipate being directed to this fund within the first twelve months? \$

18. How do you plan to raise the money? Will you hold special events?

19. How many donations do you estimate the Foundation will be asked to process?
_____ per month or _____ per year _____
20. How many distributions do you estimate the Foundation will be asked to make?
_____ per month or _____ per year _____
21. When do you expect to ask the Foundation to make the first disbursement?

22. Who will submit invoices or requests for reimbursements for payment, and why does that person or group of people have this authority?

23. If you need (or may need) services beyond accepting, managing and disbursing funds, please tell what those services are:

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24. If the Foundation does not serve as fiscal sponsor for this effort, please tell which other non-profit, governmental or religious organization(s) could be a likely candidate to do so, and your reasons for not making this request to them. _
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While serving as your fiscal sponsor, The Community Foundation of Southern Indiana must ensure that the outcomes of your project are charitable. By signing this request, you are agreeing that to the best of your understanding, the outcomes of your project are charitable and that you will provide the Foundation with written notification of all meetings of your board or steering committee and will respond in writing to periodic questions regarding the activities of your project.

Signature: _____

Date: _

Name: _____

Position: _

level of effort required to service the fund. Fees are calculated and deducted monthly. The Foundation reserves the right to modify this fee at any time, should administration of the Fund prove to be more time-consuming or costly than anticipated.

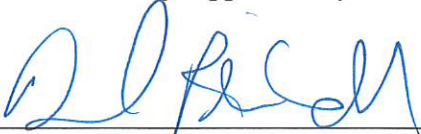
The Basic Legal Rules: When any donor makes a gift or grant to a secondary grantee (such as a charitable project), by first routing it through an intermediary grantee (such as the Foundation), the IRS, the Internal Revenue Code and the relevant Treasury regulations consistently apply a basic legal principle - if the gift or grant is “earmarked” and the intermediary grantee does not “exercise control” over the funds, then the gift or grant is treated as if it had been made directly by the donor to the secondary grantee. A gift or grant is “earmarked” if it is subject to an agreement, either written or oral, whereby the donor binds the intermediary grantee to transfer the funds to the secondary grantee (or to use the funds to assist a specific individual). To say it another way: a donor cannot do indirectly what he or she cannot legally do directly. The intermediary grantee (the Foundation) must, by law, be vigilant to confirm the charitable nature of the secondary grantee(s), and not simply a passive conduit for such funds.

Acknowledgement/Exceptions:

The Foundation understands that adopting this policy may mean that some good and charitable works in the community which seek to operate under the Foundation’s auspices may not be permitted to do so because they are not closely aligned with the Foundation’s mission and/or Strategic Plan objectives, or they cannot cover their costs or maintain long term sustainability.

The Foundation understands that the need for exceptions arises from time to time. In the event that an exception to this policy is requested, the Foundation will consider such requests on a case by case basis.

Approved by the CFSI Executive Committee on December 17, 2015; Reviewed by CFSI Governance Committee on March 11, 2020; Revised Policy Approved by CFSI Board of Directors on May 21, 2020. Reviewed by CFSI Governance Committee with de minimus clerical edits; Revised Policy Approved by CFSI Board of Directors on May 15, 2025.



By: David Reinhardt, Secretary



POLICY and GUIDELINES FOR ACCEPTING FISCAL SPONSORSHIP, PROGRAM AND PROJECT OPPORTUNITIES

Background: The Community Foundation of Southern Indiana (the “Foundation”) recognizes the importance, beyond its role as grant maker, of Foundation involvement in and support of community initiatives and other charitable endeavors. Fiscal sponsorships provide a way for new charities without an IRS determination letter and community groups planning a specific project that is clearly charitable in nature with a means to raise funds and to appropriately and legally acknowledge gifts and pay expenses. However, the creation of a fiscal sponsor relationship involves acceptance of certain legal and fiduciary obligations on the part of the Foundation. In effect, the Foundation is adopting the program or project as its own program or project. Therefore, it is important to recognize that the Foundation is not the appropriate fiscal sponsor for every good work that is happening in the community. The Foundation’s ability to accept the fiscal sponsorship of a charitable project or group is limited by available staff time and resources, and by whether the proposed project or program furthers the mission and strategic objectives of the Foundation. Due to the time, cost and risks to the Foundation that are associated with a fiscal sponsorship, all decisions regarding a fiscal sponsorship will be made with the ultimate sustainability of the Foundation in mind. Therefore, the Foundation Board of Directors exercises great discretion over the specific projects that it selects for fiscal sponsorship, and may choose to provide a limited number of fiscal sponsorships only for charitable projects that are closely aligned with the Foundation’s vision, mission, strategic plan and capacity, and which are or can be made cost effective.

The establishment of a fund at the Foundation to accept contributions for a specific program or project does not, in and of itself, create a fiscal sponsorship relationship with the Foundation or create an endorsement by the Foundation of the program or project. For a program or project to become an official fiscal sponsorship of the Foundation formal action is required, in the form of a resolution, by the Foundation Board of Directors to adopt the program or project as a fiscal sponsorship.

Sponsorship services include the provision of non-profit status to a project (thus making contributions tax-deductible), the receipting and managing of contributions, and the authorization and payment of grants and expenses from the fund created for the project (which requires the Foundation to perform expenditure responsibility for each such payment). Sponsorship services do not include or imply administrative or fundraising support, or financial support.

- ii. The group has its 501(c)(3) determination but does not have the capacity to manage the amount of funds involved,
- iii. Two or more entities are involved and desire a third party to act as fiscal sponsor, or
- iv. A non-governmental fiscal sponsor is required to facilitate private sector support;

and

- b. Non-capital projects that require a fiscal sponsor for one of the reasons described above;
2. Facing a specific time-sensitive opportunity or threat which cannot be resolved prior to obtaining their 501(c)(3) determination.

The Foundation discourages applications from groups in the process of seeking their 501(c)(3) determination from the Internal Revenue Service for which no special circumstance exists, and will not consider applications from individuals or from groups where an appearance of personal benefit exists.

Step 3. Procedures/Guidelines

The Foundation will be guided by the following guidelines, which are designed to protect the interest(s) of both donors and the Foundation. The Foundation reserves the right to either accept or decline any request for fiscal sponsorship. It also reserves the right to close out a fiscal sponsorship fund. *The Foundation will consider each situation individually.* Exceptions to this policy may be made in extenuating circumstances and upon approval by the Foundation's Board.

1. The Foundation requests that interested applicants complete a detailed application form that includes (a) a description of the project; (b) its purpose, goals, and expected life span; (c) fundraising plans; (d) budget, bylaws, list of advisory group members and other organizational documentation satisfactory to the Foundation showing the applicant's separate existence as an organization; (e) and a concise statement of how the proposed fund meets the charitable purposes of the Foundation. The application should also explain if any feasible alternative is available for the fund, (i.e.) why does the applicant believe it is necessary to use the Foundation as a fiscal sponsor, and what are the alternatives. Applicants are encouraged to discuss their projects and applications with Foundation staff prior to submission. (*See Attachment B – "Application for Fiscal Sponsorship"*).
2. Upon receipt of the application information, the Foundation may first explore whether other more or equally suitable fiscal sponsors exist that might be willing to serve in that capacity. If so, applicants will be directed to the appropriate organization. This determination may from time to time occur before a formal application has been submitted, based upon initial conversations between the applicant and the Foundation.

3. Barring the identification of any willing alternative fiscal sponsors for the project, the Foundation's staff will complete a preliminary review of the proposed project's eligibility and will evaluate its alignment with the Foundation's mission and strategic plan, its costs and its impact. Upon completion of that review, the Foundation's Board of Directors or Executive Committee, whichever meets soonest upon completion of the staff review of the application, will review the application and decide whether to provide fiscal sponsorship. If the Board so decides, a fund agreement between the applicant and the Foundation will be completed and a restricted fund bearing the project's name established. The project is then accounted for as "*The XYZ Fund, a project of The Community Foundation of Southern Indiana*" for IRS auditing, financial reporting, marketing, and fundraising purposes. It is required that groups credit the Foundation in publications and news releases or stories and follow the *Foundation's Donor-Initiated Fundraising Policy* if seeking funding for the project. Likewise, the Foundation may give the project mention in the Foundation's marketing materials.
4. Fiscal sponsor services will be extended by the Foundation for up to 18 months. At the end of 18 months, the services may be renewed through a modified application and renewal process. However, the fees charged for the fiscal sponsor services will be reviewed and adjusted, if necessary, annually. *See Step 5, Compensation.*
5. As fiscal sponsor, the fund will be deemed to be a fund of the Foundation and the Foundation is legally responsible for the project's administration, management, and disbursement of funds. Typically, the Foundation assures programmatic oversight by authorizing an existing advisory group to fulfill that function. The Foundation may require a staff or Board member to attend the advisory group meetings. A roster of the group and minutes of meetings are to be forwarded to the Foundation.
6. When the Board resolves to provide fiscal sponsorship, it retains the right to approve payments from the fund created to carry out the purposes of the project. The project advisory group makes recommendations for the specific expenditures. The Foundation staff reviews the recommendations, exercises expenditure responsibility due diligence, and if staff concurs, authorizes payments.
7. The Foundation prepares receipts and acknowledgments for all gifts to the project fund in accordance with IRS regulations. If desired, the advisory group may then send their own custom thank-you letter to the donor. Tax deductions are only eligible on regular donations. The Foundation will provide regular financial reports to the Chair of the advisory group.
8. The Foundation will accept funds from private foundations and individual donors to assist them in administering specific programs of interest with the understanding that as long as the Community Foundation of Southern Indiana is the fiscal sponsor of the project, disqualified individuals, as defined by the IRS, do not have any expectation of advising on expenditures from the created special projects fund.

9. Groups may apply to other funding sources under the auspices of the Community Foundation of Southern Indiana, but the Foundation is not in any way responsible for actual fundraising efforts or for providing financial support for the project. Foundation staff must review in advance all fundraising plans and requests for funding. The advisory group, and not the Foundation, must provide any required reporting in situations where reporting is required on the use of contributed funds (as when a grant is awarded to the project from a foundation). In addition, all copy used in marketing or fundraising must be approved by Foundation staff. *Please reference our document "Donor Initiated Fund Raising Policy".*
10. All printed materials, including fundraising requests, must identify the project as "a fiscal sponsorship fund of the Community Foundation of Southern Indiana." One copy of all pieces used in fundraising efforts (annual appeal letters, brochures, invitations, advertisements, etc.) should be sent to the Foundation for its records.
11. Any asset donated for the purpose of creating or adding to fiscal sponsorship funds constitutes an irrevocable gift and becomes the property of the Foundation. The Foundation has exclusive legal control over all contributed assets of fiscal sponsorship funds. By virtue of the fiscal sponsorship arrangement, all contributions to the fund qualify for the maximum charitable deduction allowed by law.
12. The Foundation will not be responsible for any debts incurred by the organization/project, nor will it release any funds in amounts greater than the current balance of the Fund at any time.
13. The applicant organization assumes responsibility for event costs and all insurance. The Foundation must be named as one of the additional insured as the organization or projects funds are assets of the Foundation.
14. In the event of federal and/or state regulation changes, fiscal sponsorship guidelines will be amended to fully comply with required regulations.
15. If the organization or project ceases or materially changes operation, the balance remaining in the fund will be directed to the successor charities, as noted on Fiscal Sponsorship Exhibit A document, following approval of the Foundation's Board of Directors.

Step 4. Fees

For administrative costs associated with handling a fiscal sponsorship fund, the Foundation generally charges a minimum fee of \$250.00 per month for the first year. However, a project may be charged an increased first year fee depending on staff's estimate of actual costs projected to be incurred during the first year. Actual administrative costs in excess of the first year fee charged to the project will be considered the Foundation's contribution to the community project. In each subsequent year, using the support required in the previous year as guidance, the fee will be determined on a case-by-case basis, depending on the anticipated