

Fiscal Sponsorship Policies and Procedures

Definition: Fiscal Sponsorship refers to the practice of non-profit organizations offering their legal and tax exempt status to groups engaged in activities related to the organization's missions. The Sponsor (GCCF) provides oversight, financial management, and other administrative services to help build the capacity of charitable projects.

Policy: GCCF accepts requests for fiscal sponsorship. Final approval rests with the Board of Directors. Requests are evaluated in accordance with the criteria established below. Applications will be discussed and recommended for approval first by GCCF Program and Grants Committee prior to consideration and action by its Board of Directors.

1. Sponsorships will be established as a **pre-approved grant relationship** (Model C, as defined by Gregory Colvin, Adler & Colvin, *Fiscal Sponsorship: 6 Ways to Do It Right*. See Appendix 1: WCTEO_Gregory-Colvin.pdf [http://fiscalsponsorship.com/images/WCTEO_Gregory-Colvin.pdf]) An approved project does not become a program belonging to the GCCF, but is a separate entity responsible for managing its own tax reporting and liability issues. In addition, GCCF does not maintain ownership of any part of the results of the project's work.
2. The sponsored project has a charitable purpose aligned with the mission of GCCF.
3. A project will be evaluated on the qualifications of its leadership. This will consider such factors as capability, experience, and integrity. A project will have a director or project manager and either an advisory committee or board of directors to ensure good governance.
4. The project plan will articulate the civic, social, and community benefits the project intends to pursue.
5. The project budget will be realistic, and to the extent possible, include details about probable funding sources.
6. Sponsored projects will be governed by a written agreement detailing the terms and expectations of the relationship, including financial terms and administrative overhead charges established for providing fiscal sponsorship services. The understanding provides that GCCF retains full legal discretion and control over funds raised by the project and held by GCCF and obligates project leaders to adhere to GCCF policies and operational procedures.
7. Projects are responsible for managing the day-to-day operations of their project and are responsible for fundraising to sustain their work. Projects share responsibility for careful financial management of their project. It is the project's responsibility to read financial reports received from GCCF to make sure there are no errors.

8. Projects may be required to provide an annual report to GCCF and possibly a budget for each subsequent year. This requirement will be communicated with the project leaders on a case by case basis.

Procedures:

Approval Process

- Application for fiscal sponsorship is available on the GCCF website, along with instructions explaining the application process, criteria for consideration, and mutual expectations.
- Applications submitted by a Project seeking fiscal sponsorship will be forwarded to the GCCF Programs and Grants Committee. The committee will evaluate the project using the criteria established above, and will discuss, review, and consider the application for approval.
- Program and Grants Committee will forward its recommendation and any specific issues to be considered for inclusion in an approved application to GCCF Board of Directors for its consideration and final approval.

Managing the Sponsored Project relationship

- A new Fiscal Sponsorship Agreement will be prepared by GCCF Programs and Grants Committee and signed by GCCF Board Chair.
- A dedicated fund will be established to receive grants and donations for the benefit of the Project.
- Requests for payment of invoices are processed on a timely basis to be determined within the Fiscal Sponsorship agreement and will be reviewed for completeness and to ensure the expenses are appropriate to the Project purpose.
- In instances where funders do not otherwise specify, and where the Project has adequate staff capacity, the GCCF may approve the distribution of funds to the Project to directly handle payment of project expenses. This treatment will require no less than annual financial reports to GCCF and will be listed in the Fiscal Sponsorship Agreement.
- Project activity reports will be distributed reflecting all transactions and descriptions of funds received and expended.

Grant Management

- As sponsor, GCCF will be part of the Project's grant application process. In most instances grant funding from foundations will be made to GCCF as grantee, for the benefit of the Project. GCCF

provides oversight through control of the use of funds, and through review and approval of interim and/or final grant reporting as required by the foundation.

- An internal decision will be made to establish whether the funding from federal, state, local municipality or national foundation creates a contractual obligation of GCCF sufficient to categorize the Project as an "exchange" arrangement. An "exchange agreement" as used herein is defined as: a transaction in which each party receives commensurate value, such as a "grant"; opposed to an unconditional transfer of cash which is voluntary and non-reciprocal, such as a "contribution" or "gift." This circumstance requires different tax and audit reporting. This evaluation will be made by GCCF.

It is often desirable to create a sub-fund to segregate grant funding. This allows GCCF to better manage grant funds and track project specific expenses. A sub-fund will be governed by the Project Fiscal Sponsorship Agreement.

Fee Schedule

- Administrative fees will be negotiated for each Fiscal Sponsorship. Fees will be charged on money received for credit to the project account in a range from 5% to 10%. The fee will be commensurate with activity levels and services provided.

This policy was approved by the GCCF Board on **March 22, 2017**