*(The following agreement is a TEMPLATE and sets forth a “Model C” fiscal sponsorship agreement for a board-approved grant relationship. You can find a chart summarizing the various fiscal sponsorship models* [*here*](https://fiscalsponsorship.com/wp-content/uploads/2021/01/SummaryofModelsChart2019.pdf)*. Both parties should review and edit the document together – and consult with each party’s respective legal counsel – to reflect the specific nature and scope of their fiscal sponsorship agreement.* ***This template is offered as a resource for organizations contemplating a fiscal sponsorship relationship but shall not be construed as an instrument providing legal, financial, or tax advice.****)*

**FISCAL SPONSORSHIP AGREEMENT**

This Fiscal Sponsorship Agreement (the “Agreement”) is made on **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (date)**, by and between:

**Organization Name** (the “*Fiscal Sponsor*”)

Address

City, State, ZIP

and

**Organization/Group/Collective/Individual Name** (the “*Sponsored Organization*”)

Address

City, State, Zip

**WITNESSETH:**

**WHEREAS,** according to the American Bar Association, a “*fiscal sponsorship* is a contractual relationship that allows a person or organization that is not tax-exempt to advance charitable or otherwise exempt activities with the benefit of the tax-exempt status of a sponsor organization that is exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3)”; 501(c)(3) organizations may also utilize fiscal sponsorship relationships to advance funding or grant opportunities, to assist with back-office administration and support, to take on larger programming projects without expanding staff, and more;

**WHEREAS,** the Sponsored Organization is a [entity type: for-profit corporation, nonprofit corporation, limited liability company, sole proprietorship, 501(c)(4), unincorporated association, etc.]. The Sponsored Organization has proposed that the Fiscal Sponsor sponsor a project (the “Project”) to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (describe the project including charitable purpose);

**WHEREAS,** the Fiscal Sponsor is a non-profit organization exempt from taxation under Internal Revenue Code (“IRC”) Section 501(c)(3), a public charity described in Section 170(b)(1)(A)(vi) of the IRC, and accordingly an appropriate institution to act as the fiscal sponsor of the Project;

**WHEREAS,** the Board of Directors of the Fiscal Sponsor (the “Board”) has determined that the Project will further the Fiscal Sponsor’s tax-exempt purposes and has therefore approved the establishment of a restricted fund (the “Fund”): (i) to receive donations of cash and other property designated for the support of the Project, and (ii) to grant all amounts that it may deposit into the Fund, less any administrative charge as set forth below, to the Sponsored Organization to fulfill the purposes of the Project, subject to the following terms and conditions:

1. The Sponsored Organization shall provide the Fiscal Sponsor with its governing documents, a completed and filed IRS Form SS-4 or other documentation satisfactory to the Fiscal Sponsor, showing the Sponsored Organization’s separate existence as an organization.

The Sponsored Organization shall notify the Fiscal Sponsor immediately of any change in (a) the Sponsored Organization’s legal or tax status, and (b) the Sponsored Organization’s executive or key staff responsible for achieving the Project purposes, including the authorizing official as set forth in Paragraph 8.

1. The Fiscal Sponsor hereby agrees to sponsor the Project and to assume administrative, programmatic, financial, and legal responsibility for purposes of the requirements of funding organizations. The Sponsored Organization agrees to implement and operate the Project, in accordance with the terms of this Agreement, requirements imposed by funding organizations, and other applicable regulatory guidelines. The Sponsored Organization shall use distributions from the Fund solely for the Project, and the Sponsored Organization shall repay to the Fiscal Sponsor any portion of the amount granted which is not used for the Project. **The Fiscal Sponsor retains the right, if the Sponsored Organization breaches this Agreement, or if the Sponsored Organization’s conduct with respect to the Project jeopardizes the Fiscal Sponsor’s legal or tax-exempt status, to withhold, withdraw, or demand immediate return of Project funds, and to spend such funds so as to accomplish the purposes of the Project as nearly as possible within the Fiscal Sponsor’s reasonable judgment. In the event that the Project becomes impossible, impractical, wasteful, or illegal in the sole judgment of the Fiscal Sponsor, then the Fiscal Sponsor has the right to spend the assets in the Fund on charitable programs and purposes that the Fiscal Sponsor, in its reasonable discretion, deems appropriate. It is the intent of the parties that this Agreement be interpreted to provide the Fiscal Sponsor with variance and amendment powers as defined in the Project Fund Agreement for the Fund signed by the Fiscal Sponsor and the Sponsored Organization.**
2. The Project shall be operated in a manner consistent with the Fiscal Sponsor's tax-exempt status and as described in this Agreement. No material changes in the purposes or activities of the Project shall be made without consulting with and receiving advance written approval from the Fiscal Sponsor and in accordance with any requirements imposed by funding organizations, nor shall the Sponsored Organization carry on activities or use funds in any way that jeopardizes the Fiscal Sponsor's tax-exempt status.

1. The Fiscal Sponsor also authorizes the Sponsored Organization to make expenditures, which do not exceed total assets available for distribution from the Fund and are consistent **with the (budget and/or scope of work) presented in Attachment A**, on its behalf for use in the Project. The Sponsored Organization agrees to use any and all funds received from the Fund solely for legitimate expenses of the Project and to account fully to the Fiscal Sponsor for the disbursement of these funds. The Sponsored Organization and the Fiscal Sponsor may also agree that the Fiscal Sponsor shall pay expenses of the Project directly to vendors, as opposed to such funds being first disbursed by the Fiscal Sponsor to the Sponsored Organization, which in turn pays vendors; provided, however, that in no event shall the Fiscal Sponsor be liable for such payments. The parties agree and acknowledge that the Supported Organization shall retain ultimate responsibility for payment of Project expenses.

Any expenditures beyond the amount available for distribution from the Fund and/or beyond what is authorized by the Fiscal Sponsor are the sole responsibility of the Sponsored Organization and cannot be considered funds under the control and discretion of the Fiscal Sponsor nor can they be reported in any way associated with the Fiscal Sponsor or its tax-exempt status. If (1) the Project requires expenditures beyond the amount available for distribution from the Fund and/or beyond what is authorized by the Fiscal Sponsor **and** (2) the Sponsored Organization desires that the Fund pay for such expenditures, the Sponsored Organization shall consult with the Fiscal Sponsor prior to incurring such expenditures to determine if additional funding can be secured and deposited into the Fund.

1. The Fiscal Sponsor will maintain books and financial records for the Project in accordance with generally accepted accounting principles. The Project's revenue and expenses shall be separately recorded and identifiable in the accounting system of the Fiscal Sponsor. All amounts deposited into and distributed from the Fund will be used in support of the Project, less administrative charges, and subject to the conditions set forth below. The Sponsored Organization will provide the Fiscal Sponsor with documentation reflecting revenue and expenses to the Project on a **(monthly/bimonthly/quarterly)** basis. It is the responsibility of the Fiscal Sponsor to account for the Project’s income and expenses in a consistent manner with other programs conducted by the Fiscal Sponsor.
2. The Fiscal Sponsor and Sponsored Organization will maintain all financial documentation relating to the Project according to the Fiscal Sponsor’s internal policies and procedures, and the Fiscal Sponsor will retain records as long as required by law and make records available to auditors (1) as required by law or (2) according to the requirements of any funding or grant agreement, whichever is longer.
3. The Fiscal Sponsor shall not, and shall not permit the Sponsored Organization in carrying out the Project to: attempt to influence or influence legislation, participate or intervene in any political campaign on behalf of, or in opposition, to any candidate for public office, induce or encourage violations of law or public policy, cause any private inurement or improper private benefit to occur, engage in the carrying on of propaganda, or take any other action inconsistent with IRC Section 501(c)(3).
4. The Sponsored Organization designates **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (name)** to act as authorizing official. The authorizing official shall act as principal coordinator of the Project's daily business with the Fiscal Sponsor and shall have authority to make disbursement requests.
5. In consideration of the Fiscal Sponsor's fiscal sponsorship services, as set forth herein, an administrative charge of **(x% or flat fee)** shall be deducted [according to the specific fee arrangement, examples provided in the comments] by the Fiscal Sponsor to defray the Fiscal Sponsor’s costs of administering the Fund and this Project.
6. The Sponsored Organization may solicit gifts, contributions, and grants to the Fiscal Sponsor that are earmarked for the Fund. With respect to the Project, the Sponsored Organization’s sources of funding and the text of the Sponsored Organization’s grant applications and other fundraising materials are subject to the prior written approval of the Fiscal Sponsor. The Fiscal Sponsor shall co-sign with the Sponsored Organization all original letters of inquiry to foundations or other grant making entities and all grant applications or proposals. Advance written approval by the Fiscal Sponsor is required for any application for government or public agency grants.

All grant agreements, pledges, or other commitments with funding sources to support the Project shall be executed by the Fiscal Sponsor. As with other fundraising, the Fiscal Sponsor shall be responsible for the processing and year-end tax acknowledgment of all grant monies received by the Fiscal Sponsor on behalf of the Project, which shall be reported as the income of the Fiscal Sponsor for both tax purposes and for purposes of the Fiscal Sponsor's financial statements. For contributions to the Fund solicited by the Sponsored Organization, the Sponsored Organization must provide to the Fiscal Sponsor a name and address of all donors who have contributed to the Fund at the time such contributions are deposited into the Fund.

1. The Sponsored Organization will provide the Fiscal Sponsor with copies of all grant applications submitted on behalf of the Project, recommendations regarding grant awards and other documentation reasonably required by the Fiscal Sponsor to enable it to fulfill its obligations as a fiscal sponsor.
2. The Sponsored Organization shall submit a full and complete report to the Fiscal Sponsor as of the end of the Sponsored Organization’s annual accounting period within which any portion of distributions from the Fund for the Project are received or spent. The initial report shall be submitted by the Sponsored Organization no later than \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_, and subsequent reports, if any, shall be due on the anniversary date of the initial report. The report shall describe the charitable programs conducted by the Sponsored Organization for the Project with the aid of the Fund and the expenditures made with distributions from the Fund, and shall report on the Sponsored Organization’s compliance with this Agreement.
3. The Sponsored Organization will provide all information and prepare all reports, including interim and final reports, as required by funding organizations, and shall provide such information and reports to the Fiscal Sponsor for approval. The parties agree that the submission of reports shall occur as determined by the terms of any agreement with funding organizations.
4. All meetings with funders and prospective funders shall be attended by a duly authorized representative from both the Fiscal Sponsor and the Sponsored Organization. Attendance by phone or virtual meeting shall constitute compliance with this paragraph.
5. The Sponsored Organization will be reimbursed by the Fiscal Sponsor in a reasonable timeframe not to exceed **(X) days** upon presentation of sufficient documentation. The Fiscal Sponsor will pay vendors for services in a reasonable timeframe not to exceed **(X) days** upon receipt of an invoice. In the event that vendors deliver invoices to the Sponsored Organization, the Sponsored Organization will forward the invoice to the Fiscal Sponsor for payment within **(X) days**.
6. Any tangible or intangible property, including copyrights, obtained or created by the Sponsored Organization shall remain the property of the Sponsored Organization. The Fiscal Sponsor will retain access to the work product including deliverables and other materials, during and upon conclusion or termination of the Project at no cost to the Fiscal Sponsor. When part or all of the product is confidential, the Fiscal Sponsor will work with the Sponsored Organization to maintain confidentiality.
7. This Agreement shall remain in force indefinitely unless the Project is completed to the satisfaction of both parties or the Project is terminated as provided herein. This Agreement shall terminate when either party determines that the objectives of the Project can no longer reasonably be accomplished by the Sponsored Organization. If the objectives of the Project can still be accomplished but either the Sponsored Organization or the Fiscal Sponsor desires to terminate the Fiscal Sponsor’s fiscal sponsorship of the Project, the following understandings shall apply. Either the Fiscal Sponsor or the Sponsored Organization may terminate this Agreement on thirty (30) days’ written notice (the “notice period”) to the other party.
   1. Successor Fiscal Sponsor. If termination results in the Fiscal Sponsor no longer serving as the fiscal sponsor for the Project and the Project will continue to exist, the parties shall identify another nonprofit organization acceptable to both parties (a “Successor”) that is tax-exempt under IRC Section 501(c)(3), is not classified as a private foundation under IRC Section 509(a), and is willing and able to sponsor the Project. The Successor must have charitable purposes compatible with the purposes of the Project and the financial and administrative capacity to competently manage the Project. The balance of assets in the Fund, together with any other tangible and intangible assets held and liabilities incurred by the Fiscal Sponsor in connection with the Project shall be transferred to the Successor no later than the end of the notice period or any extension thereof, subject to the approval of any third parties that may be required. If the Project and/or the Sponsored Organization have formed a new organization qualified to be a Successor as set forth in this Paragraph, such organization shall be eligible to receive all such assets and liabilities so long as it has received a determination letter from the Internal Revenue Service, indicating that such qualifications have been met, no later than the end of the notice period or any extension thereof. If no Successor acceptable to both parties is found within a reasonable time, the Fiscal Sponsor may dispose of the Project assets and liabilities in any manner consistent with applicable tax and charitable trust laws and subject to the terms of any applicable grant agreement(s).
   2. Successor Supported Organization. If termination results in the Sponsoring Organization no longer performing its responsibilities under this Agreement and the Project will continue to exist, the Fiscal Sponsor may identify another individual or entity that is willing to conduct the Project (the “Successor Supported Organization”) and spend or grant funds from the Fund to the Successor Supported Organization for the purpose of completing the Project, subject to the terms and conditions of this Agreement and any applicable grant agreement(s).
   3. Material Breach or Jeopardy of Fiscal Sponsor’s 501(c)(3) Status. Either party may terminate this Agreement, based upon a material breach of the Agreement by the other party, by giving ten (10) days’ written notice to the other party. The foregoing notwithstanding, if the Fiscal Sponsor reasonably determines that its continued fiscal sponsorship of the Project may jeopardize the Fiscal Sponsor's tax-exempt status through misuse of funds, mission misalignment, or project dormancy (defined as 2 years of inactivity of the Project), the Fiscal Sponsor may terminate this Agreement immediately upon notice to the Sponsored Organization. Any Project assets and liabilities shall be disposed of in a manner consistent with the provisions stated in this Paragraph as well as the terms of any applicable grant agreement(s).
   4. True Up and Resolution of Discrepancies. Upon termination for any reason other than the completion of the Project, a true up of expenditures and income to date shall be completed by the Sponsored Organization and the Fiscal Sponsor, and the Fiscal Sponsor will provide the Sponsored Organization a full accounting for the Project. The parties agree to resolve any discrepancies to the extent possible. An external review of expenditures can occur if elected by either or both parties. This service shall be paid for by the electing party (if only elected by one party) or equally by both parties (if elected by both parties).
8. Nothing in this Agreement shall constitute the naming of the Sponsored Organization as an agent or legal representative of the Fiscal Sponsor 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 the Sponsored Organization shall make no such representation to anyone.
9. The Fund is not a donor-advised fund within the meaning of IRS Section 4966(d)(2) as presently interpreted by federal tax authorities.
10. The Sponsored Organization hereby irrevocably and unconditionally agrees, to the fullest extent permitted by law, to defend, indemnify and hold harmless the Fiscal Sponsor, 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 the Sponsored Organization, its employees or agents, in applying for or accepting disbursements from the Fund by the Fiscal Sponsor, in expending or applying the funds disbursed from the Fund pursuant to carrying out the Project, except to the extent that such claims, liabilities, losses or expenses arise from or in connection with any act or omission of the Fiscal Sponsor, its officers, directors, trustees, employees or agents.
11. **THE AGREEMENT SHOULD ADDRESS INSURANCE FOR THE PROJECT AND THE SPONSORED ORG AS WELL AS COVERAGE FOR THE FISCAL SPONSOR**

Best Practice:

The Sponsored Organization shall, at its own expense, carry insurance to cover damages to persons and property, and including the Fiscal Sponsor as an additional insured, in amounts as determined by the Fiscal Sponsor. Proof of insurance shall be provided to the Fiscal Sponsor annually by the Sponsored Organization.

Alternative:

The Fiscal Sponsor agrees to carry insurance to cover damages to persons and property, and including the Sponsored Organization as an additional insured, in amounts as determined by the Fiscal Sponsor. As consideration for the Fiscal Sponsor providing insurance for the Project and the Sponsored Organization, the parties have agreed to [a higher administrative fee as set forth in Paragraph 9, reimbursement of the cost of [or a portion of the cost of] insurance for the Project and the Sponsored Organization from the Fund, etc.]

1. Each provision of this Agreement shall be separately enforceable, and the invalidity of one provision shall not affect the validity or enforceability of any other provision. The failure of the Fiscal Sponsor to exercise any of its rights under this Agreement shall not be deemed a waiver of such rights.
2. This Agreement constitutes the only fiscal sponsorship agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof. Any attachments hereto are a material part of this Agreement and are hereby incorporated by reference. This Agreement may not be amended or modified, except in a writing signed by both parties to this Agreement.
3. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana. Any action with respect to this Agreement shall be brought in or venued to a court of competent jurisdiction in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ County, Indiana.

**[Signature Page Follows]**

**IN WITNESS WHEREOF**, the Sponsored Organization has caused this Agreement to be approved by its governing body, if any, and to be executed by a duly authorized officer, and the Fiscal Sponsor has caused this Agreement to be approved by its Board of Directors and to be executed by a duly authorized officer, all as of the day and year first above written.

**FISCAL SPONSOR:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Printed Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date

**SPONSORED ORGANIZATION:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Printed Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date

**ATTACHMENT A**

**[Budget or Scope of Work as provided in Paragraph 4]**