



Implementing Ethical Social Change

## Fiscal Sponsorship: Overview

Fiscal Sponsorship offers a legal pathway and a support system for nonprofits to do their good work in the world, without needing to first obtain their own 501(c)3 status. Upon mutual signing of the Inquiring Systems, Inc. (ISI) agreement, your nonprofit is immediately able to apply for and receive grants. You may also receive donations as a tax-exempt nonprofit, providing tax-deductibility to the donor.

ISI offers fiscal sponsorship service in a unique and cost-effective manner. Our number one focus is your successful implementation of your project. ISI functions primarily as a resource for:

- Your project becoming economically viable, regenerative and successful in achieving your project's mission and charitable purpose, while also acting in the best interests of your clients.
- Adherence to 'mutually agreed to' ethical values and principles.
- The corporate shield of protection for your nonprofit, liability insurance coverage, and the 501(c) (3) status necessary to receive fully tax-deductible contributions and grants.

ISI supports your retaining responsibility and authority within your project, while holding you accountable for your project and to your donors. We believe this offers the best method for preparing new nonprofit projects for long-term viability. Depending on the size of your budget, quarterly or monthly financial reporting will be required by ISI, in addition to proper record maintenance.

~KEEP ALL YOUR RECEIPTS~

## Fiscal Sponsorship Fees

- ❖ Initial “start-up” fee of \$850, payable upon signing
- ❖ Fiscal Sponsorship fees: 7% on the first \$100,000 in annual revenue, and 6% thereafter, invoiced semi-annually. ISI charges a minimum charge of \$700\* per year. These fees

are used to cover the costs of overall ISI administrative, management, and financial oversight.

\* The annual fee of \$700 is a part of the 7% overall fees. The annual fee is \$700 **OR** 7% - whichever is greater. 'True-up' invoices are sent twice annually, in January and again in July. ISI transfers fees from the project bank account for payment of fees at this time.

**IMPORTANT:** In order for your project to maintain tax-exempt status for donations, all revenue must be processed through ISI, including loans, fees, donations, grants and/or other type of contributions (REVENUE). All funds received by the project must be deposited into an ISI bank account.

~To facilitate this, ISI will establish a joint bank account held by ISI and each long-term fiscally sponsored project.

~All funds are to be used exclusively for/by Project in a manner consistent with any restrictions or terms made by ISI FS contract, lender, member, donor or grantor.

### ISI Sponsorship – Specifics

- We are always available to you for brainstorming ideas, for providing guidance and advice, for reviewing contracts/agreements/documents and sharing our comments and feedback. ISI is committed to providing you with the best advice we can, even though you have no obligation to use it. These services are included in your Fiscal Sponsorship (FS) fees, and projects often find substantial value in taking advantage of our many years of implementation experience.
- Each project's bank account is monitored weekly by ISI:
  1. If an overdraft occurs, projects are expected to promptly resolve the situation. Short term loans may be available upon presentation of realistic repayment plan.
  2. We periodically review project websites as well as other materials, events and activities that keep us informed of each projects' operations.
- ISI provides your project with \$1million in general liability insurance. This coverage is provided free of charge to the project unless insurance premium exceeds \$100 annually. Additional insurance riders may be necessary for your project's special events. Please alert ISI to any special events you will be planning, and we will supply you with special

event insurance forms. Projects are required to have coverage of all special events and activities. Cost for riders are paid for by the project.

- All projects must submit monthly financial reporting to ISI. ISI standardly provides the template for this report. Each projects' expenditure reports explain expenses and the expenses' relevancy to your mission. This is an absolute requirement for ongoing fiscal sponsorship.
- Projects must have organized maintenance of all receipts, invoices, etc., regardless of budget size. ISI is available to provide business management and reporting services, under separate contract.
- KEEP ALL RECEIPTS.

#### Additional Information:

- ISI prepares and submits your state and federal reporting and tax forms as part of our CA 199 and IRS 990 forms. We submit all required information and financial information to the required government entities. This also includes preparing and submitting the required 1099 forms for each compensated contractor (over \$600/yr) that occurs each January.
- Each project must form an Advisory Board of at least 3 people, to provide overall governance for the Project. ISI's Board of Directors establishes and is responsible for all policies and program activities of ISI projects, and thereby, sets general policy guidelines for how all Projects must conduct themselves under the auspices of ISI charitable purposes, mission and mandate.

ISI's Board of Directors delegates its authority, under the guidelines that it establishes, for the governance and management of each project to the project's Advisory Board who thereby acts, on behalf of ISI, in the capacity of a Board of Directors for that Project.

- If web-based fundraising (PayPal, Network For Good, etc.) is desired, it must be set up by ISI for your project. These accounts are considered ISI corporate accounts and must be linked to the projects' joint ISI bank account.