

[sponsor letterhead]

[date]

To: Members of the [_____] Coalition

This letter agreement sets out the understanding and agreements of the members of the [_____] Coalition ("Coalition") regarding the role of the [_____] ("Sponsor"), with respect to Coalition fiscal matters.

Background

The Coalition is a group of organizations and individuals who are committed to [_____]. Coalition guiding principles, vision, membership requirements, operations, fiscal oversight, and communications guidelines are set out in a document, dated [_____], titled "[_____]." That document sets out a process under which funds raised for Coalition purposes may be disbursed to certain members who, in collaboration with other members, develop projects and carry out activities reflecting Coalition vision, goals, and action plans.

Sponsor is a member of the Coalition. Sponsor and the other members of the Coalition wish that Sponsor serve as fiscal sponsor for the Coalition, with responsibilities for holding, managing, and disbursing funds donated for support of Coalition activities through grants in respect of projects and activities proposed by members and approved by the Coalition. On [_____], the Board of Directors of Sponsor determined that financial support of the Coalition, in the form of grants to Members to carry out such projects and activities, will further Sponsor's tax-exempt purposes, and accordingly pre-approved such grants.

1. Certain Definitions

As used in this Agreement: "Agreement" means this letter agreement. "Approved Projects" means projects or activities proposed by Members that are approved for funding through the process set out in the [_____] and are identified as such to Sponsor in writing by the Council. "Council" means the Coalition Coordinating Council, the administrative oversight body contemplated by the ABC Document, as composed at the relevant time. "Members" means members of the Coalition other than Sponsor. "ABC Document" means the [_____] dated [_____], as it may be amended. "Restricted Fund" has the meaning given it in Section 2.1.

2. Funds for Coalition Activities

2.1 Restricted Fund

Sponsor has created and will maintain a restricted fund, to be known as the ABC Coalition Restricted Fund (the "Restricted Fund"), designated to provide support solely for Approved Projects. Sponsor will deposit all funds it receives in respect of the Coalition, including, without limitation, grants, gifts, donations, fees from Members, and

Note: This document does not reflect or constitute legal advice. This is a sample made available by the Organizations and Transactions Clinic at Stanford Law School on the basis set out at nonprofitdocuments.law.stanford.edu. Your use of this document does not create an attorney-client relationship with the Clinic or any of its lawyers or students.

interest on such amounts, to the Restricted Fund. Sponsor will manage such funds prudently.

2.2 Grants from Restricted Fund

Sponsor will disburse funds in the Restricted Fund, less the administrative fee described in Section 3.1, only to Members in respect of Approved Projects. The Council will notify Sponsor of Approved Projects in writing.

2.3 Grant Agreements

Sponsor will document disbursements from the Restricted Fund to Members for Approved Projects under grant agreements containing customary terms and conditions. Such terms may include, without limitation, terms relating to use of funds and other aspects of the relevant project as approved by the Coalition, project period and responsibility, reporting and recordkeeping requirements, and limitations on legislative and political activity. Members acknowledge the importance, to the Coalition and to Sponsor, of compliance with such grant agreements.

2.4 Interactions with Funders

Members may solicit grants, gifts, and donations to Sponsor for Coalition activities, and will advise donors to so designate the funds for such use. Upon Sponsor's request, Members will provide Sponsor with proposed fundraising materials before use. Sponsor will cooperate with Members to submit grant applications to funders. Sponsor will have sole responsibility to enter into all grant agreements, pledges and other agreements with funders; issue appropriate disclosures and acknowledgments to donors and other funders; prepare and transmit reports to funders; and take such other actions as may be appropriate with respect to agreements providing for funding.

2.5 Sponsor Property

The Restricted Fund will be the property of Sponsor and will not be deemed a separate trust fund held by Sponsor in a trustee capacity. Sponsor will have the ultimate authority and control over all funds in the Restricted Fund, and the income derived from the funds, for the charitable purposes of Sponsor, and in accordance with this Agreement. Sponsor will report all money and the fair market value of all property in the Restricted Fund as income and assets of Sponsor for financial reporting and tax purposes.

3. Administrative Fee

3.1 Fee to Cover Costs

Sponsor will charge an administrative and management fee of ___% of aggregate amounts of grants, gifts, and donations it receives in respect of Coalition activities, to defray its costs of administering the Restricted Fund. Administrative fees will not be refundable upon termination of this Agreement or otherwise.

3.2 Adjustment

If Sponsor or the Council wish to propose an adjustment in the fee for the next calendar year, it will so advise the other no later than November 1 of the current year. They will then discuss in good faith the basis for the adjustment and agree on the percentage for the next year, with such percentage to take effect on January 1. The fee may be adjusted no more than once every twelve months.

4. Recordkeeping and Reporting

4.1 Recordkeeping

Sponsor will maintain records relating to its activities under this Agreement, including, without limitation, records relating to incoming grants, gifts, and donations, investment of such funds, and disbursement of such funds. Sponsor will make such records available

for review by the Council on reasonable notice. Sponsor and Members will reasonably cooperate with one another in providing information relating to their activities under this Agreement in connection with any financial or tax audit, or similar matter, in which the other is engaged.

4.2 Quarterly Reporting

Sponsor will, not later than ___ days after the end of each calendar quarter, send a report to the Council. The report will include data about grants, gifts, donations, and fees received, disbursements made, funder reports issued, and administrative fees charged, during such quarter. The report will include contact information for all donors, except in respect of contributions received with the explicit request from the donor that his/her gift remain anonymous. Sponsor will provide such other information to the Council as Council may reasonably request.

4.3 Confidentiality

Sponsor and Members may share non-public information (“confidential information”) with one another including information about financial, funding, and other matters. Sponsor and Members will each use the others’ confidential information only in connection with activities in respect of the Coalition and, except as otherwise required by tax or other laws, will keep this information confidential. For clarity, confidential information includes information contained in Sponsor’s records as contemplated by Section 4.1, and in the reports and other data provided under Section 4.2. Confidential information does not include information that is subject to customary exceptions under non-disclosure agreements such as information generally available to the public, information already known by the receiving party, or information independently developed.

4.3 Change in Status

In view of its central role, Sponsor will notify the Council promptly of any changes in Sponsor’s status as a nonprofit organization in good standing under the law of its jurisdiction of incorporation, any loss of its tax-exempt status, or any filing of litigation or other development that has or could have a material adverse effect on its ability to carry out its responsibilities under this Agreement.

5. Compliance

5.1 Tax-Exempt Status

Nothing in this Agreement is intended to or will affect the status of Sponsor as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and as an organization that is a private foundation within the meaning of Section 509(a) of the Code. Members who receive funds in respect of Approved Projects will operate so as not to interfere with Sponsor’s accomplishment of its tax-exempt purposes, and so as not to jeopardize Sponsor’s compliance with federal and state laws governing nonprofit tax-exempt organizations. Sponsor will administer grants to Members in a manner that complies with tax and other laws.

5.2 Concerns

If at any time Sponsor reasonably believes the funding of Coalition activities or its activities under this Agreement no longer furthers its charitable purpose or may jeopardize its tax-exempt status, or that Coalition activities otherwise do not qualify for funding by Sponsor, Sponsor will promptly so advise the Council. Sponsor and the Council will work diligently to assess the matter and make adjustments in order to address the concerns. If such adjustments in are not adequate, then Sponsor may take such actions as are reasonably appropriate, including, without limitation, withholding, withdrawing, or demanding return of funds, and spending such funds so as to accomplish the goals of the Coalition or of a particular Approved Project as nearly as possible within Sponsor’s sole discretion.

5.3 Interpretation; Certain Amendments

This Agreement will be interpreted to conform to the requirements of federal tax law and Sponsor's organizational documents. If Sponsor or the Council believe that amendments in the Agreement are desirable to better reflect such requirements, Sponsor or the Council, as the case may be, will so notify the other party, and they will discuss and, if amendments are agreed, document them as provided in Section 8.4.

6. Interactions with Members; Legal Relationship

6.1 Council

Under the ABC Document, the Council is responsible for administrative oversight of the Coalition. Sponsor may rely on notices, instructions, and information from the Council, as composed at the relevant time, about Coalition matters generally and about matters arising under this Agreement.

6.2 Relationship

Sponsor and Members agree that this Agreement is not intended to and does not create an association, joint venture, partnership, or any other entity among them, nor does it create any liability for Sponsor or any Member based on the acts of another Member. No Member will hold itself out as the agent of Sponsor.

6.3 No Project or Financial Obligations for Sponsor

Members acknowledge that Sponsor is assuming no responsibility whatsoever for the conduct of any Approved Project, and that no such activities undertaken in respect of Approved Projects will be imputed to Sponsor. Except for grants in respect of Approved Projects as contemplated by this Agreement, Sponsor has no obligation to provide any financial support to any Members in any form, including, without limitation, making loans or grants, advancing cash, or covering direct expenses.

6.4 Limitation of Liability. Sponsor will not be liable to Members for any action Sponsor takes or omits to take under or in connection with this Agreement or the activities contemplated by this Agreement (except for its own gross negligence or willful misconduct). The use of the term "fiscal sponsor" is not intended to connote any fiduciary obligations or give rise to obligations arising under agency law; it is used instead for convenience and according to customary sector usage to reflect an administrative relationship among independent contracting parties.

7. Term and Termination

7.1 Term

This Agreement will remain in effect unless and until terminated under this Section 7.

7.2 Resignation

Sponsor may at any time resign as fiscal sponsor. If it wishes to resign, it will give written notice to the Council of its intent and desired effective resignation date no later than 90 days before such date. Sponsor and the Council will promptly discuss the situation, confirm Sponsor's decision, and cooperate in finding a successor sponsor. No resignation will be effective unless and until a successor sponsor is identified and has entered into an appropriate agreement with the Members. Resignation will have the effect of terminating this Agreement.

7.3 Termination upon Notice

The Council may at any time terminate this Agreement by providing written notice to Sponsor of its intent and desired effective termination date no later than 90 days before such date. Sponsor and the Council will promptly discuss the situation, confirm the Council's decision, and cooperate in the transition to a successor sponsor or comparable

person. Termination will not be effective unless and until appropriate transition arrangements are in place.

7.4 Mutual Agreement

This Agreement may be terminated by a writing signed by both Sponsor and the Council which states their intent to terminate this Agreement and the date upon which such termination will take effect.

7.5 Breach or Adverse Event

The Council may terminate this Agreement if Sponsor is removed as a member of the Coalition as provided by the ABC Document; materially breaches any of its obligations under this Agreement; or loses its tax-exempt status, dissolves, liquidates, or ceases to engage in its operations. If the Council wishes to take such action, it will so advise Sponsor in writing, and Sponsor and the Council promptly will discuss the situation. If Sponsor fails to address the issues to the Council's reasonable satisfaction within 30 days after receipt of such notice, the Council may terminate this Agreement upon delivery to Sponsor of a written notice to that effect, with the termination effective upon delivery of such notice.

7.6 Effect of Resignation or Termination

If Sponsor resigns or if this Agreement is otherwise terminated, or if the Coalition incorporates as a nonprofit organization and obtains tax-exempt status, then Sponsor, the Council and the other Members will cooperate in transition activities and use reasonable efforts to minimize interruption and adverse impacts of the termination. Sponsor will promptly and in accordance with law transfer the entire balance of funds in the Restricted Fund, assign grant agreements, deliver copies of records, and take such other transition actions as may be appropriate, to an appropriate successor as it determines in consultation with the Council, and under terms of agreement that are reasonably acceptable to Sponsor. The provisions of Sections 1, 2.4, 2.5, 4.1, 4.3, 6.1, 7, and 8 will remain effective after termination.

8. General Provisions

8.1 Entire Agreement; Controlling Document

This Agreement, together with the ABC Document, is the entire agreement among Sponsor and Members, and supersedes any and all prior or contemporaneous written and oral agreements, negotiations, correspondence, course of dealing and communications relating to the same subject matter. If there is any conflict or inconsistency between this Agreement and the ABC Document, this Agreement will control.

8.2 Severability

If any provision in this Agreement is held invalid or unenforceable, the other provisions will remain enforceable, and the invalid or unenforceable provision will be considered modified so that it is valid and enforceable to the maximum extent permitted by law.

8.3 Waiver

Any waiver under this Agreement must be in writing and signed by the party granting the waiver. Waiver of any breach or provision of this Agreement will not be considered a waiver of any later breach or of the right to enforce any provision of this Agreement.

8.4 Amendment, New Members, and Assignment

This Agreement may be modified only as stated in a writing signed by both Sponsor and the Council which recites that it is an amendment to this Agreement. The Council will provide notice of any amendments to the Members. Acceptance by an organization or individual of membership in the Coalition will constitute entry into this Agreement. In view

of the special role of Sponsor, Sponsor may not assign its rights or delegate its duties under this Agreement to anyone else without the prior written consent of the Council, which consent will not be unreasonably withheld.

8.5 Further Assurances

Sponsor and Members will sign those other documents and take those other actions as the other may request in order to effect the relationships and activities contemplated by this Agreement and to account for and document those activities.

8.6 No Third Party Benefit

This Agreement is for the exclusive benefit of Sponsor and the Members and not for the benefit of any third party.

8.7 Governing Law

This Agreement is governed by [_____] law.

8.8 Counterparts

This Agreement may be executed in two or more counterparts, each of which will be deemed an original and all of which will be deemed to be one and the same instruments. Transmission by fax or PDF of executed counterparts will constitute effective delivery.

* * * * *

Please confirm that this letter correctly and completely describes our agreement by signing where indicated below and returning the signature page to us.

Very truly yours,

[SPONSOR]

By: [name and title]

Confirmed, accepted and agreed as of _____, 2013:

Member: _____
[print name of organization or individual member]

By: _____
[signature]

Name: _____
[print name of person signing]

Title: _____
[print title of person signing]