

[Client letterhead]

[date]

[project director]
[project name]
[project address]
[city, state, zip]

Re: Fiscal Sponsorship

Dear [project director]:

We're delighted that you've chosen to work with [_____] ("Client"). This letter agreement (this "Agreement") sets out our understandings regarding Client's fiscal sponsorship of your project.

1. Introduction

1.1 Client Mission

Client's mission and charitable purpose is to [_____].

1.2 Fiscal Sponsorship Program

In line with that mission, Client provides infrastructure and services to nonprofit projects nationwide through its fiscal sponsorship program. The program enables projects to focus on their mission, not on the back-office.

1.3 Project

Your project (the "Project") is described in **Exhibit A**. The Client Board of Directors has determined that fiscal sponsorship of the Project advances Client's charitable goals and approved Client's entry into this Agreement.

1.4 Documents

A number of documents set out how we work together:

- This Agreement sets out the basic framework including its core structural and legal dimensions.
- The Project Handbook is the principal operating document; it covers topics such as budgeting, accounting, contracting, human resources, communications, grantmaking services, risk management, fees, and project governance.
- The Employee Handbook sets out employment policies applicable to Project staff.
- Client has an intranet providing information and access to a variety of resources, a range of tools and template documents for your use, and an experienced team to support your work.

The key to making this arrangement work is the Project operating within, and taking full advantage of, the Client infrastructure, way of working, and resources.

2. Basic Features

2.1 Structure and Ownership

The Project is a constituent part of Client. The Project is not a separate entity and does not have a separate legal status. As such, Client is legally responsible for the

Project, and the Project must identify itself as “a project of [_____]” in all external communications.

2.2 Charitable Status

The Project operates under the umbrella of Client’s status as a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and, as a result, must comply with the complex legal and tax rules applicable to such organizations.

2.3 Property Ownership; Client Control of Funds

Client owns all Project assets. All tangible or intangible property, including intellectual property, created or acquired by the Project during the course of this Agreement, is the property of Client. All funds raised by the Project are held in a restricted fund owned by, and under the full control of, Client, to be used as provided in this Agreement.

2.4 Personnel

Client is the legal employer of all Project staff. Client has the sole authority to extend job offers, terminate employment, and select benefit plans.

2.5 Funding

The Project is fully responsible for raising and maintaining sufficient funds for its operations. Client does not fundraise for the Project.

2.6 Spending

The Project cannot spend money it does not have or that is restricted for other purposes. Project funds must be used only for Project-related purposes, including paying staff costs; external expenses; insurance, legal, and other allocated overhead amounts; and amounts payable to Client.

2.7 Fees

Client charges the Project fees for Client services, as outlined in Section 4.

2.8 Client Requirements

The Project must operate in accordance with Client requirements, including those set out in the Project Handbook. Project Handbook provisions reflect basic operational processes, legal and tax requirements, and other matters.

2.9 Legal and Tax Requirements

The Project must operate in accordance with applicable laws and professional requirements. The Project must comply with the laws applicable to charitable organizations that are tax-exempt under the Internal Revenue Code including those relating to purpose, fundraising, related-party transactions, lobbying, and political activity.

2.10 Duration and Review

This Agreement remains in effect until it is terminated as provided in this Agreement. Client may periodically review the Project and require adjustments, including refinements in mission, operating model, cost structure, and governance.

3. Roles and Responsibilities

3.1 Project Director

The project director (the “Project Director”) is responsible for the day-to-day management and operation of the Project, including all fundraising, strategy, branding, financial planning, staffing, and service delivery matters, all within the

framework established by the Project Handbook. The Project Director serves as the Project's lead contact with Client.

3.2 Advisory Board

Client recommends an advisory board (the "Advisory Board") for all projects and requires them if the Project has more than one staff member and/or an annual budget greater than \$[_____]. If the Project does not have an Advisory Board and one is required, it must have one in place within six months of the date of this Agreement. The Project Handbook sets out the functions and operations of the Advisory Board.

3.3 Client

Client provides a range of infrastructure support and services to the Project, including accounting and financial reporting; human resources, payroll, and benefits management; insurance and risk management; and governance support. The Project Handbook explains these services in detail and discusses ongoing interactions between the Project and Client.

3.4 Client Board of Directors

The Client Board of Directors has full governing authority over the Project.

3.5 Client Advisor

The Client advisor assigned to the Project coordinates services and serves as the primary point of contact for the Project Director, Project staff, and Advisory Board.

4. Fees

4.1 Basic Fee Structure

Client assesses a fee of [_____] % of the Project's annual cash deposits. After the first year of Project activity, any deposits above \$[_____] will be assessed at [_____] %. The fee for all funding from government sources is [_____] %. The minimum annual fee is \$[_____].

4.2 Insurance and other Overhead Items; Pass-through Costs

The Project must pay at least \$[_____] annually for insurance coverage. Client may increase insurance costs on a case-by-case basis. Client may charge the Project for additional Project-specific overhead costs (such as work by the Client legal team) and external fees (such as banking charges).

4.3 Additional Fees and Fee Changes

Client may assess additional fees for other services that are allocated separately. Client may change the fee structure at any time by amending the Project Handbook as contemplated by Section 8.3 of this Agreement.

5. Leaving Client

5.1 Spin-Off or Transfer

The Project may at any time decide to spin-off into an independent entity or transfer to the sponsorship of a different fiscal sponsor.

5.2 Process

The Project Handbook sets out the process for a spin-off or transfer. The process involves, among other things, Client's approval of the proposed transferee, resolution of outstanding liabilities and contingencies, and entry into a formal contract addressing asset transfers, indemnification, and other matters.

6. Termination

6.1 Non-Compliance

Client may terminate this Agreement at any time if the Project or any of its staff fail to comply with Client policies or otherwise demonstrate inadequate management performance, breach this Agreement, engage in illegal or unauthorized activities, or engage in conduct that has or could have a material adverse effect upon Client's reputation. Client will provide the Project Director with a written notice of such termination. The termination will be effective on the date specified in such notice.

6.2 Financial Inactivity

Client may terminate this Agreement if (a) the Project is financially inactive for a year or more; (b) funds being held for the Project are, in Client's sole opinion, insufficient to continue to pay the ongoing Project expenses; or (c) Client determines that the Project objectives are either completed or can no longer be accomplished through the Project. Such termination will be effective 30 days after Client provides the Project Director with a written notice to that effect.

6.3 Consequences of Termination

Upon termination of this Agreement, the Client employees who are dedicated to the Project will be terminated at a time determined by Client. Client and the Project Director will cooperate in transition activities and use reasonable efforts to minimize interruption and adverse impacts of the termination. Client will disburse Project funds as it determines is appropriate and consistent with its charitable purpose. Sections 2.3, 6, and 8 will survive termination of this Agreement.

7. Acknowledgements

7.1 No Obligation to Provide Financial Support

The Project Director acknowledges that Client has no obligation to provide any financial support to the Project in any form, including making loans or grants, advancing cash, covering direct expenses, or deferring or waiving rights to fees.

7.2 Other Activities

The Project Director acknowledges that Client may serve or sponsor other organizations or projects whose interests may be adverse to the Project, including parties with whom the Project competes for funding or has a current or potential programming relationship.

7.3 No Guarantee

The Project Director acknowledges that Client does not guarantee the success of the Project or the fulfillment of the Project's mission, and that Client is not making any promises or guarantees about fundraising, visibility, effectiveness, or other matters.

7.4 Capacity and Rights

The Project Director acknowledges that he or she is signing this Agreement in his or her individual capacity but for the benefit of the Project, and that the Project Director will exercise his or her rights and responsibilities under this Agreement solely for the benefit of the Project. The fact that the Project Director has rights and responsibilities under this Agreement will not affect in any way his or her status as an at-will employee of Client.

8. General Provisions

8.1 Entire Agreement

This Agreement, together with its exhibits, expresses the Project Director and Client's final, complete, and exclusive agreement, and supersedes any and all prior or contemporaneous written and oral agreements, negotiations, communications, courses of dealing or understandings between you and Client relating to its subject matter. If there are any differences between this Agreement and the Project Handbook, the Project Handbook will control.

8.2 Amendment

This Agreement may be amended only as described in a written document signed by the Project Director and Client that refers specifically to this Agreement and says that it is amending this Agreement.

8.3 Modification of Project Handbook and Related Materials

Client may modify the fee structure, Project Handbook, Employee Handbook, and other policy materials at any time in its sole discretion. Client will use reasonable efforts to notify the Project of such changes but its failure to do so does not relieve the Project from its obligation to comply with the Project Handbook or other documents then in effect.

8.4 Advisory Board

If the Project has an Advisory Board, the Advisory Board member signing below is signing on behalf of the entire Advisory Board. If the Project does not have an Advisory Board in place at the time the Project Director signs this Agreement, the Project Director will, within 30 days of establishing the Advisory Board, have an Advisory Board member sign a copy of this Agreement and return it to Client.

8.5 Severability; Waiver

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. Waiver of any breach or provision of this Agreement will not be considered a waiver of any later breach of this Agreement.

8.6 Assignment

The Project Director may not assign his or her rights or delegate his or her duties under this Agreement to anyone without the prior written consent of Client.

8.7 Governing Law

This Agreement is governed by California law. The Project Director and Client consent to the exclusive jurisdiction of the state and federal courts for [____], California.

8.8 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be taken together and deemed to be one instrument. Transmission by fax or PDF of executed counterparts constitutes effective delivery.

* * * * *

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

We very much look forward to working with you.

Sincerely yours,

[INSERT LEGAL NAME OF CLIENT]

By: _____

Name: _____

Title: _____

Confirmed, accepted, and agreed as of _____, 20_:

PROJECT DIRECTOR

By: _____

Name: _____

Confirmed, accepted, and agreed as of _____, 20_:

PROJECT ADVISORY BOARD REPRESENTATIVE

By: _____

Name: _____

Project description