

**FISCAL SPONSORSHIP AGREEMENT**

This Agreement is between ("Fiscal Sponsor') and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ("Sponsored Organization"), who agree a­s follows:

1. Fiscal Sponsor is a Minnesota nonprofit corporation, tax exempt under Internal Revenue Code Section 501(c)(3) and the corresponding provision of state law. Fiscal Sponsor's charitable purpose is to . Fiscal Sponsor enters into this Agreement to further this tax-exempt purpose.
2. Sponsored Organization is a loose affiliation of individuals (and/or organizations) who desire to carry the following charitable activities outlined in Appendix A – Project Description (the "Project"). Sponsored Organization will not carry out any other activities. Until Sponsored Organization incorporates and obtains Internal Revenue Code Section 501(c)(3) tax-exempt status, Sponsored Organization needs a fiscal sponsor to receive grants, tax-deductible contributions, and other revenues on its behalf for use in carrying out the Project. Sponsored Organization desires that Fiscal Sponsor serve as its fiscal sponsor, and Fiscal Sponsor is willing to do so.
3. This Agreement shall commence on \_\_\_\_, 20xx. Unless otherwise agreed by the parties or required by the terms of a contribution or grant, Fiscal Sponsor shall retain all funds received for the Project until the date of termination of this Agreement.
4. At all times during the term of this Agreement, the Project shall be considered a project of Fiscal Sponsor. The Board of Trustees of Fiscal Sponsor has the final authority concerning fund solicitation and the use of funds received for the Project. The parties intend that this Agreement be interpreted to provide Sponsor with variance powers necessary to enable Sponsor to treat the Project Funds as Fiscal Sponsor’s assets while this Agreement is in effect. Sponsor, in its sole discretion, shall have the right to withhold, withdraw, or demand the immediate return of any Project Funds if, in Sponsor’s reasonable judgment, the Sponsored Organization materially breaches this Agreement or cannot accomplish the purposes of the Project. Sponsor retains the right, in its sole discretion, to redirect the Project Funds to a different charitable purpose or beneficiary if the purpose of the Project becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by Sponsor.
5. 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 prior written permission of 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.
6. Sponsored Organization will submit for Fiscal Sponsor's prior approval a copy of all written material that identifies Fiscal Sponsor with the Project, and all other written material requested by Fiscal Sponsor.
7. The Sponsored Organization shall not, and shall not permit the Project to, attempt to influence legislation or participate or intervene in any political campaign on behalf (or in opposition to) any candidate for public office or otherwise engage in the carrying on of propaganda (within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986).
8. Fiscal Sponsor will select, employ and/or enter into consultant contracts with, and supervise all persons who perform compensated services on the Project, on such terms and conditions, as Fiscal Sponsor shall determine. Fiscal Sponsor will be responsible for all income and payroll tax withholding and reporting for employees of the Project.
9. The Sponsored Organization will provide the Fiscal Sponsor with reports describing programs and services of the Project at least twice per year on a schedule set by the Fiscal Sponsor.
10. The Sponsored Organization will provide all information and prepare all grant reports, including interim and final reports, required by funding organizations, with the Fiscal Sponsor's assistance and final approval.
11. The Sponsored Organization will maintain an advisory board of at least five people.
12. Fiscal Sponsor will receive and administer all funds that Sponsored Organization will use to carry out the Project. Fiscal Sponsor will send all required acknowledgments to donors of tax-deductible contributions. Fiscal Sponsor will include all funds received for the Project on its income tax returns. Sponsored Organization will assist Fiscal Sponsor by providing the information and reports that it requests.
13. On behalf of the Sponsored Organization, the Fiscal Sponsor will establish and operate for the use of the Project a designated account ("Account") segregated on the Fiscal Sponsor's books. All amounts deposited into a Project's Account will be used in its support, less administrative charges, if any, and subject to the conditions set forth below.
14. The Fiscal Sponsor will disburse funds from the Account in the following manner:
    1. as instructed in writing on properly completed Fiscal Sponsor expense report accompanied by required documentation and a signature of an authorized representative of the Sponsored Organization.
    2. Disbursements will be restricted to the support and implementation of the Project.
    3. Disbursement checks will be printed weekly on a schedule set by the Fiscal Sponsor. It is the responsibility of the Sponsored Organization to submit expenses in a timely manner. Checks will not be printed “on demand.”
    4. Sponsored Organization will promptly reimburse Fiscal Sponsor for any amount improperly expended by Sponsored Organization.
15. 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 sign disbursement requests.
    1. Disbursements to an individual may not be authorized by that individual. In the event the authorizing official requires a disbursement, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (name) shall serve as an additional authorizing official.
    2. Sponsored Organization may change its representatives with prior written notice to Fiscal Sponsor.
16. The Fiscal Sponsor and Sponsored Organization will maintain all financial records relating to the Project according to generally accepted accounting principles; retain records as long as required by law, and make records available to auditors as required by law.
17. In consideration of the Fiscal Sponsor's agreement to sponsor the Project, and to cover the Fiscal Sponsor's expenses in connection with the Project as outlined above, the Project will pay the following fees, charges, and expenses:
    1. 10% of all contributions to the Project;
    2. Any increase in its out-of-pocket costs attributable to the performance of its fiscal sponsor services, e.g. increased insurance costs to cover Project activities, and increased audit costs for an audit of Project funds. The parties agree that all such payments are a reasonable approximation of Fiscal Sponsor's costs incurred in performing its fiscal sponsor services.
18. This agreement will be subject to review annually, and will terminate if any of the following events occur:
    1. The Fiscal Sponsor requests the Sponsored Organization to cease activities that it deems might jeopardize its tax-exempt status and the Project fails to comply within a period of ten (10) days;
    2. The Sponsored Organization fails to perform or observe any other covenant of this agreement, and this failure remains un-remedied ten (10) days after notice in writing;
    3. Upon expiration of 30 days after either the Sponsored Organization or the Fiscal Sponsor has given written notice of its intent to terminate the agreement, for any reason.
19. If there are any Project Funds remaining after this Agreement has terminated, the following terms and conditions shall apply, subject to Sponsor’s variance power set forth above at paragraph 2:
    1. If the Project has received a determination letter from the IRS of its qualification under Section 501(c)(3) of the Code, Sponsor shall transfer the balance of all Project Funds, net of any liabilities incurred by Sponsor in connection with the Project, to the new 501(c)(3) for use in the Project.
    2. If the Project has entered into a written fiscal sponsorship agreement with another fiscal sponsor that has an IRS determination letter of qualification under Section 501(c)(3) of the Code, then Sponsor shall transfer the balance of any Project Funds, net of any liabilities that Sponsor has incurred in connection with the Project, to such new fiscal sponsor for use in the Project.
    3. In the event that the Project has not received an IRS determination letter from the IRS of qualification under Section 501(c)(3) of the Code or entered into a written fiscal sponsorship agreement with another fiscal sponsor that has an IRS determination letter of qualification under Section 501(c)(3) of the Code, Sponsor may allocate the Project Funds in any manner consistent with applicable tax and charitable trust laws.
20. Miscellaneous Provisions.
    1. Amendments. This Agreement may not be amended or modified, except in a writing signed by both parties hereto.
    2. Dispute Resolution. In the event of a dispute under this Agreement, Sponsor and the Project shall make a good faith effort to resolve such dispute cooperatively before seeking to resolve any dispute by arbitration or otherwise proceeding with any remedy available at law or in equity.
    3. Choice of Forum. The parties agree that the District Court of Olmsted County, Minnesota, is the mandatory, exclusive venue for actions relating to this Agreement. The parties agree that Olmsted County is a convenient forum, and that all court proceedings shall be filed in Olmsted County and in no other forum.
    4. Consent to Jurisdiction. For all purposes related to this Agreement, the parties hereby consent to personal jurisdiction in the state courts in and for the State of Minnesota.
    5. Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof; it supersedes any prior agreement and understandings between the parties as to such matters, oral or written, all of which are hereby cancelled.
    6. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Minnesota.
    7. Severability. 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.
    8. Counterparts; Electronic Signatures. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.
    9. Attorneys’ Fees. In the event of any controversy, claim, or dispute between the parties arising out of or related to this Agreement, or the alleged breach thereof, the prevailing party shall, in addition to any other relief, be entitled to recover its reasonable attorneys’ fees and costs of sustaining its position.

In witness whereof, the parties hereto have executed this Agreement on the day and year first written above.

**Accepted for the Fiscal Sponsor:**

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JENNIFER WOODFORD, PRESIDENT DATE

**For the Sponsored Organization:**

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AUTHORIZED SIGNER DATE

**Appendix A**

**Project Description**