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# Instructions To Use Fiscal Sponsorship Agreement Template

The following Fiscal Sponsorship Agreement template (Template) is designed to be used by nonprofits for who are entering into a fiscal sponsorship relationship. We have created a Fiscal Sponsorship Agreement Checklist to be used alongside the Fiscal Sponsorship Agreement Template. The Template provides a basic contract (written agreement) for the nonprofit participants who are planning on working together in a fiscal sponsorship relationship. It is important to have a written agreement, also known as a “contract”, so that the parties have something to refer to and everything is clear and agreed upon. Relying on people’s memory is not reliable and can change over time. A Fiscal Sponsorship Agreement is a legal document and legally enforceable.

## The Template can be used as follows:

* All yellow highlighted text is to be filled out with customized information for the particular parties and collaboration.
* All blue highlighted text and bracketed text are comments or notes to assist in completing that particular section. **Please delete the entire bracketed blue text after reading comments/notes**.

*[IMPORTANT NOTE: This is a template that is intended to provide the basic terms of a fiscal sponsorship agreement. Every fiscal sponsorship project will need to customize this document, which may require deleting some of the provisions included here or adding provisions that are not included. Please think carefully about what is important to the parties to the agreement and the goals of the fiscal sponsorship, to make sure that the important aspects of your fiscal sponsorship are included in your agreement.*

*DISCLAIMER: This Agreement Template is for educational purposes only. This is not meant to be comprehensive, and in no way will this content be considered legal or any other form of professional advice or counsel. For legal or professional advice, please contact the relevant professional for your needs licensed in your jurisdiction.]*

FISCAL SPONSOR AGREEMENT

[This is the Introductory Paragraph] This Agreement is between [] ("Fiscal Sponsor” or “Sponsor”) and [] ("Sponsored Organization").

[This is the Background and Context] **The Sponsor**: The Fiscal Sponsor, [], is a Washington nonprofit corporation, exempt from federal tax as an organization described in section 501(c)(3) of the Internal Revenue Code (the “Code”). with a mission to [state Sponsor’s mission here]:

**The Sponsored Organization:** The Sponsored Organization, [], is an organization that [description of program] and [choose one of these statements - “that has applied to the Internal Revenue Service for recognition of exemption as an organization described in Section 501(c)(3) of the Code” or “is not incorporated and is not tax-exempt under section 501(c)(3) of the Internal Revenue Code”]. The Sponsored Organization’s programs and activities fall within the Fiscal Sponsor’s stated mission.

[This is the Agreement Clause] **The Agreement**: The Fiscal Sponsor agrees to receive tax deductible charitable contributions and grants of cash and other property for the benefit and use of the Sponsored Organization (“Donations”).

[This is the Roles and Responsibilities section] By entering into this Agreement, the Fiscal Sponsor and the Sponsored Organization (referred to collectively as the “Parties” and each as a “Party”) agree to the following terms and conditions:

1. **Receipt and Distribution of Donations**: The Fiscal Sponsor agrees to receive Donations, and to distribute the Donations to the Sponsored Organization pursuant to a determination by the Fiscal Sponsor that such distribution is in the best interest of the Fiscal Sponsor’s tax-exempt purposes. In making distributions to the Sponsored Organization, the Fiscal Sponsor shall retain oversight authority to ensure that the Donations distributed by the Fiscal Sponsor to the Sponsored Organization are used to further the Fiscal Sponsor’s tax-exempt purposes.
2. **Reporting and Substantiation of Charitable Contributions**: The Fiscal Sponsor agrees that all Donations shall be reported for federal tax purposes as charitable contributions to the Fiscal Sponsor to the extent required by law. The Fiscal Sponsor further agrees to acknowledge receipt of Donations in writing, when required under federal tax law, and to furnish evidence of the Fiscal Sponsor's status as an organization qualified as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code to contributors or grantors upon request.
3. **Protection of Tax-Exempt Status**:The Sponsored Organization agrees not to use the Donations in any way that would jeopardize either its own tax-exempt status or that of the Fiscal Sponsor. The Sponsored Organization agrees to immediately comply with any written request by the Fiscal Sponsor that it cease activities, which, in the Fiscal Sponsor's sole discretion, might jeopardize the Sponsor's tax-exempt status.
4. **Use of Donations**: The Sponsored Organization agrees to use any and all Donations received from the Fiscal Sponsor solely for legitimate expenses of the Sponsored Organization that furthers the charitable goals of the Fiscal Sponsor and not for any purpose inconsistent with qualification under Section 501(c)(3) of the Internal Revenue Code.
5. **Lobbying**:Donations shall not be used in any attempt to influence legislation through lobbying within the meaning of Internal Revenue Code (IRC) Section 501(c)(3). No agreement, oral or written, to that effect has been made between the Sponsored Organization and the Fiscal Sponsor. The Sponsored Organization shall not participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office, to induce or encourage violations of law or public policy, to cause any private inurement or improper private benefit to occur, nor to take any other action inconsistent with Section 501(c)(3) of the Code.
6. **Financial Accounting and Reporting**: The Fiscal Sponsor shall maintain books and financial records in accordance with generally accepted accounting principles. The Fiscal Sponsor shall maintain an accounting showing all the Donations collected and all disbursements of the Donations made. The Sponsor shall provide a copy of such accounting to the Sponsored Organization on a monthly basis and within a reasonable time upon request. The Fiscal Sponsor shall be responsible for fully accounting for Donations on the Fiscal Sponsor’s annual Form 990 returns, and shall issue Forms 1099 to the Sponsored Organization as and when required by law.
7. **Tax Liability**:The Sponsored Organization shall maintain full liability and responsibility for its tax and information returns, employment taxes, insurance, debts, liabilities and other legal obligations as required by law.
8. **Capacity Building Services:** The Fiscal Sponsor shall provide capacity building support to the Sponsored Organization that include training on financial management, fundraising, and strategic planning [This provision is optional and the parties can list/describe the capacity building support they desire.]
9. **Fiscal Sponsorship Fee to the Sponsor**: The Sponsored Organization agrees that, in exchange for the administrative cost of financial accounting and other support provided by the Fiscal Sponsor, the Fiscal Sponsor shall retain an administrative fee of [#,typically 10%] percent of the total Donations received. The Fiscal Sponsor may be reimbursed for any increase in its out-of-pocket costs attributable to the performance of its fiscal sponsor services on the Sponsored Organization’s behalf (e.g., increased audit costs for an audit of funds). The Parties agree that all such payments are a reasonable approximation of the Fiscal Sponsor's costs incurred in performing its fiscal sponsor services.
10. **Term of Agreement**: This Agreement shall be in effect for the period of one year beginning [Start Date] to [End Date].
11. **Termination**: Either Party may terminate this Agreement by providing a 30 days' written notice to the other Party. Notwithstanding the foregoing, if the Sponsored Organization’s use of the Donations does not align with the Fiscal Sponsor’s charitable mission and the Fiscal Sponsor reasonably determines that its continued fiscal sponsorship may jeopardize the tax-exempt status of the Fiscal Sponsor, the Fiscal Sponsor may terminate this Agreement immediately upon notice to the Sponsored Organization.
12. **Limitation of Liability:** None of the Parties will be liable to any or all other Parties for any indirect, incidental, consequential, punitive, reliance or special damages, including without limitation damages for lost profits, advantage, savings or revenues or for increased cost of operations arising in connection with this Agreement in any way. This limitation of liability will apply (i) regardless of the form of action, whether in contract, warranty, strict liability, tort (including, without limitation, negligence of any kind, whether active or passive) or otherwise, and (ii) whether or not damages were foreseeable.
13. **Insurance:**  Each Party expressly understands and agrees that it will obtain new, or maintain existing, appropriate insurance protection for the actions anticipated by the Agreement. [Optional, if the parties feel there are special insurable risks involved in the Sponsored Organization’s activities then the parties may want to add additional clauses here addressing, for example, the Sponsored Organization agreeing to become an incorporated entity and to purchase their own insurance policy. See the Checklist for more details.]
14. **Intellectual Property:**  The Parties acknowledge that the Fiscal Sponsor will own any and all right, title and interest in and to the following intellectual property created or resulting from the Agreement including, without limitation: (a) any and all data created by a the Sponsored Organization; (b) inventions, improvements, developments or innovations resulting or derived from that are made, conceived or devised in connection with the Agreement, including all rights to patents, copyrights, trademarks and trade secrets related thereto; (c) all research, preliminary drafts, final documentation, and all other property and materials which are produced by any of the Parties Upon termination of this Agreement, the Fiscal Sponsor shall assign its rights in the intellectual property created by the Sponsored Organization back to the Sponsored Organization or to the Sponsored Organization’s new fiscal sponsor, if the Sponsored Organization is not a legal entity of its own. [Optional, if there is or will be intellectual property created by the Sponsored Organization.]
15. **Confidentiality:**  The Parties acknowledge and agree that any and all conversations, email exchanges, and other communications they conduct amongst and between each other in connection with are confidential.
16. **Entire Agreement**: This Agreement constitutes the only agreement, and supersedes all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof. This Agreement may not be amended or modified, except in a writing signed by the Parties to this Agreement.

[This is the Signature Line] By signing below, the Parties hereby execute this Agreement according to its terms, and the individuals signing on behalf of the Fiscal Sponsor and the Sponsored Organization, by signing this Agreement, certify that they are legally empowered and authorized to do so on behalf of the Fiscal Sponsor and the Sponsored Organization, respectively.

Name: Date: Name: Date:

Title: Title:

[Fiscal Sponsor Name] [Sponsored Organization Name]