

Please review this process before submitting an application for fiscal sponsorship.

What is the process for applying to 4Community Solutions' fiscal sponsorship program?

Applications for project sponsorship are accepted by the 15th of the following months: December, March, June, and September. Proposals are rigorously reviewed by 4Community Solutions staff, board members and community advisors. Project directors will be invited to the board meeting the following month to present their project and answer questions. After project review and presentation, the full board of 4Community Solutions will vote on the project. Proposals are considered based on their project application; a strong proposal should offer a clear need, defined goals and objectives, and a viable vision for community impact.. Provided the application is complete, a decision should be made within six weeks of the deadline for submission. If your proposal is turned down, you will receive a phone call that will explain the reasons why it was not accepted. If you resubmit the proposal, please address those reasons in your revised project proposal. There is no guarantee that proposals will be accepted if resubmitted.

If, after discussion with 4Community Solutions (4CS) staff, you wish to apply for fiscal sponsorship for your unincorporated community-benefit project, please **submit the following materials** by mail, fax, or email as indicated on the Fiscal Sponsorship Application according to our submission deadlines.

1. A completed Fiscal Sponsorship Application

2. A letter requesting fiscal sponsorship for your project. It should include:

- A brief outline of the proposed project (no more than four pages) that describes its nonprofit purpose, history, scope, target beneficiaries, and vision of success.

- **A draft of the first year budget** (\$10,000 minimum), including a line-item expense for “fiscal sponsorship fee” or documentation substantiating \$1,080 of funds currently on hand and available to cover fiscal sponsorship for two years.

- **A list of Advisory Committee members** (a minimum of three) with their complete contact information and brief biographies; please indicate who will serve as the principal contact.

First-year Budget

Every project applying to Community Initiatives must provide \$10,000 in identified funding (in-hand or formally committed) or documentation to substantiate \$1,080 in available funds to be considered for fiscal sponsorship. Evidence of this financial “floor” should be submitted in the form of a first-year budget at the time of application.

Advisory Committee

Every 4Community Solutions fiscally sponsored project must maintain an Advisory Committee with a minimum of three persons and a maximum of seven members. This body would serve the same function as an Executive Board and can be supplemented on the project side with committee chairs and other representatives, as documented in the project’s standing rules. One individual should be designated as the project’s principal contact and will serve on the 4Community Solutions’ Board. At least 51 percent of the members of the Advisory Committee must be unpaid.

The Advisory Committee must, at minimum, assume the following joint responsibilities:

- Sign the fiscal sponsorship agreement,
- Provide financial oversight and guidance for the project,
- Resource development,
- Hire, supervise, and terminate, when necessary, the fiscally sponsored project's Project Director.

Model 1: Direct Project

In the case of a Direct Project fiscal sponsorship relationship ("Model 1"), the fiscally sponsored project (FSP) and 4CS are legally considered one and the same. The FSP belongs to 4CS and is implemented by FSP/4CS employees, contractors, and volunteers. Charitable donations are made to 4CS for the benefit of the FSP. 4CS assumes total liability for acts of the FSP's employees. 4CS files all government forms (e.g., 1040, 1099, 990, payroll tax returns). Legally, the FSP is no different than any other activity carried on by 4CS directly. The FSP's mandatory Advisory Committee is self-governing and hires, supervises, and terminates (if necessary) its Project Manager.

In a "Model 1" relationship, 4CS supervises (via the Project Manager) all programmatic operations of the FSP. These include:

- All community programs
- Public information work
- Fundraising events
- Processing and acknowledgment of cash and non-cash revenue items
- Accounts payable and receivable
- Negotiation of leases and contracts
- Disbursement of project funds (including grants) from an established restricted fund
- Other activities conducted by the project.

A fiscally sponsored project that has, or intends to have, paid employees (as separate from independent contractors) must be a "Model 1" project. Under a "Model 1" agreement, all project employees become at-will employees of 4CS and are subject to the same personnel policies and benefits as all other 4CS employees.

Please see the summary of Mutual Expectations for guidance on the fiscal sponsorship relationship.

Model 2: Independent Contractor

In the case of an Independent Contractor ("Model 2") project, 4CS sponsors the fiscally sponsored project (FSP) through a restricted fund principally for payments to an independent contractor in support of the FSP. The FSP is NOT operated as a direct project of 4CS.

Under the "Model 2" agreement, the contractor may be either an individual or a firm engaged to conduct the work of the project. The contractor's work is supervised by the FSP's mandatory Advisory Committee on behalf of 4CS, but 4CS is NOT responsible for programmatic operations of the FSP (for example, community programs, or public information work such as fundraising events, accounts payable and receivable, negotiation of

leases and contracts, insurance*, or day-to-day use of FSP funds). All these functions, as well as incurred liabilities to third parties, are the ultimate responsibility of the contractor as of the effective date of the agreement.

The “Model 2” independent contractor has full discretion and control over the selection of subcontractors. No one in a “Model 2” project is considered an employee of 4CS.

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*Note: 4CS does not provide insurance coverage for contractors; the contractor supporting the project must maintain a minimum of \$1,000,000 general liability insurance coverage for FSP activities.

“Model 3”: Pre-approved Grant or Re-grant

In the case of a Pre-approved Grant project (“Model 3”), 4CS re-grants funds received from a donor to a specified fiscally sponsored project (FSP). 4CS is NOT responsible for the FSP’s programmatic operations. These operations, as well as incurred liabilities to third parties, are the ultimate responsibility of the FSP as of the effective date of the agreement.

No one in the “Model 3” project is considered an employee of 4CS.

Under a “Model 3” agreement, 4CS has authority over the financial administration of an established restricted fund, and makes grants from the fund to support the FSP at its discretion. The grantee must use these funds solely for the intended grant purposes and repay to 4CS any portion of funds that are not spent. All other authority and responsibility related to the FSP rests with the grantee – including the preparation of grant reports to its funders and to 4CS.

Please see the summary of Mutual Expectations for guidance on the fiscal sponsorship relationship.

Apply for Sponsorship - Deadlines

Applications for Fiscal Sponsorship

After completing steps 1-4 of The Process, submit a final application in accordance with these deadlines:

- For review in January, please submit your application by December 15
- For review in April, please submit your application by March 15
- For review in July, please submit your application by June 15
- For review in October, please submit your application by September 15

Final applications are submitted to our Board of Directors for review. The Board meets four times a year.

Fiscally Sponsored Projects Reporting Deadlines

Semi-annual reports to 4Community Solutions

As a fiscal sponsor, 4Community Solutions is charged with providing fiscal and programmatic oversight of its projects' activities and verifying every project's ongoing nonprofit purpose. One of the ways we do this is through written reports from our fiscally sponsored projects on a semi-annual basis, as specified in our contractual agreement. Our office sends reminders by email before the scheduled deadlines, but it is the responsibility of the projects to submit their reports on time.

These reports are due to 4Community Solutions by January 15 and July 15. The end-of-fiscal-year report (?) must include a projected budget for the following fiscal year.

Grant Reports to Funders

Foundations, government, corporations, and other funders require project accountability in return for financial support. This is typically achieved through scheduled grant reports, which 4Community Solutions will submit on behalf of its fiscally sponsored projects. It is the responsibility of every project to provide all budgetary and programmatic information required for these reports. Failure to submit timely funder reports to 4Community Solutions can jeopardize other projects' grants through that funder.

Apply for Sponsorship - Fees

4Community Solutions takes its fee for fiscal sponsorship from the sponsored project's revenues as they are received. If a project does not have a funding plan, they must have documentation of \$1,080 on hand to cover the service fee of \$45 per month for two years.

This fee is 5 percent of gross receipts. For example, if your project received a grant of \$10,000, 4Community Solutions would take \$500 (5 percent of \$10,000).* For federal, state, and city grants and contracts, the fee is 10 percent due to the increased complexity.

After a project is approved by the 4Community Solutions' board, the project is given one year in which to formalize the relationship, i.e., sign a sponsorship agreement and become a fiscally sponsored project. No fiscal sponsorship activities will be provided without the relationship being formalized. If the project signs the agreement and becomes a project without immediate funding, the project will be billed a service fee of \$45 per month until funds for the project arrive.

Our minimum annual fee is \$540. This means that if your project does not bring in a minimum of \$10,000 in revenues during 4Community Solutions' fiscal year (beginning January 1), your project will be billed the difference to achieve the total annual amount of \$540.