



# Friends of Cedar Mesa

## FISCAL SPONSORSHIP POLICY

Friends of Cedar Mesa is a 501(c)(3) tax-exempt organization based in Bluff, UT. It is the mission of Friends of Cedar Mesa (FCM) to effect good stewardship that protects the natural and cultural integrity of public lands in San Juan County, Utah. It is the policy of FCM to act as a Model C/Pre-Approved Grant Fiscal Sponsor to organizations and individuals on projects that are aligned with its mission and values, in particular projects that provide a conservation benefit or a better understanding of the cultural and natural resources in San Juan County that would inspire stewardship of the area.

### STEPS TO BECOMING A FISCALLY SPONSORED PROJECT:

Individuals or organizations wishing to be a project beneficiary of this Fiscal Sponsorship policy must send a letter of interest explaining:

- The nature of the project
- Who the project will benefit
- How the project is aligned with the mission, values and work of FCM
- The anticipated budget and timeframe for the project
- Project Supervisor/point of contact

Upon receiving the letter of interest, the FCM Fiscal Sponsorship Review Committee will vote to accept or reject the project based on the following criteria:

- Alignment with mission and values, in particular whether the project provides a conservation benefit to the cultural and natural resources of San Juan County that will lead to better stewardship of the area.
- Project location
- Size and impact on FCM budget
- Evaluation of Project Supervisor
- Other risks

Decisions are at the sole discretion of Friends of Cedar Mesa and FCM may chose to consider other criteria not listed above. If approved by the Board of Directors, the Project Sponsor and Executive Director will sign the Fiscal Sponsorship Agreement. The Project Sponsor may begin soliciting funds and grants on behalf of the Project.

### POLICIES:

**Fiscal Sponsorship Review Committee:** The Board of Directors delegates authority to oversee and make decisions regarding fiscal sponsorships and approval of new projects to the Fiscal Sponsorship Review Committee. The Committee will be made up of 5 members, including 3 Board Members and 2 staff.

**Soliciting Funds and Grants:** Upon request, FCM will provide a cover letter stating its role as Fiscal Sponsor for each and every grant that the Project applies for.

**Regranting of Funds:** FCM will regrant funds and grants to the Project. It is the policy of the FCM to not make direct payments to Project contractors, expenses, etc. but to have those payments made by the Project Sponsor.

**Use of Funds:** The Project is responsible for maintaining records (i.e. receipts) for all expenditures and must be able to provide copies of receipts at any time to the FCM in order to verify that funds are being used correctly.

**Administrative Fee:** FCM will retain a 10% administration fee for each private donation under \$5000 received on behalf of the Project. For any private donation of \$5000 or greater, the administration fee is capped at \$500. For grants under \$5000 awarded through the FCM, FCM will retain a 10% administration fee and for any grants \$5000 or greater the fee will be 5%.

**Check writing policy:** It is not the policy of FCM to write checks on behalf of the Project. FCM is not responsible for unpaid liabilities of the Project.

**Disbursement of Funds:** Once funds are raised, the Project may write a grant application to FCM requesting a disbursement of funds. The Project will fill out a brief application for funds (see Grand Disbursement Application form) that includes the amount requested, anticipated dates of use and brief work summary. FCM will only fulfill four grant requests/year per project unless the grant request is \$5000 or more.

**Advancing money:** FCM will not advance funds to the Project before funds are made available to FCM.

**Grant Reporting:** The Project is responsible for writing reports to grants and foundations (when required) on the use of project funds. The Project can submit these reports to FCM, when necessary, for FCM to send to the grantor or foundation.

**Financial Reporting and Accounting of Funds:** FCM will maintain separate books and financial records for the Project in accordance with generally accepted accounting principles. The Project's revenue and expenses shall be separately recorded. The Project will provide the Sponsor with reports reflecting revenue and expenses to the Project on a biannual basis by July 1<sup>st</sup> and January 1<sup>st</sup>. FCM is responsible for reporting spending on the Form 990. At the end of every calendar year, FCM will issue a Form 1099 to the Project. Additionally, FCM will provide the Project with reports reflecting revenue and expenses to the Project in an Annual P&L report on February 15th of the following fiscal year.

**Tax Liability:** Although the Sponsor receives funds and grants for the Project, the project is still responsible for maintaining its own tax liability, as funds granted to the Project by Sponsor may or may not be taxable depending on how they're used. The project, not the sponsor, is responsible for the project's tax returns, employment taxes, insurance, debts, liabilities, and other legal obligations. FCM recommends that the Project meet with a CPA to understand how to comply with the necessary tax reporting requirements required by the legal status of the project.

**Annual Reporting:** The Annual Report provided by the Sponsor (due by February 15th of the following fiscal year) will be made available to the FCM Board of Directors for review and include the following:

- Budget/ P&L provided by FCM
- Copies of all receipts/expenditures
- Progress and Results
- Successes and challenges

- Future project work, needs, funding sources, etc.

Upon reviewing the Project Annual Report, the Fiscal Sponsorship Review Committee will perform an annual review of the project to discuss new risks, unpaid liabilities, project changes, etc.

**Termination:** FCM or the Project can terminate the Project by giving 30 days written notice to the other party. FCM reserves the right to terminate the Project if FCM reasonably determines that its continued fiscal sponsorship of the Project may jeopardize its tax-exempt status or if the project has been dormant for more than 2 years. Upon termination, any unused funds shall be returned to FCM, who will return the funds to their original donors minus the administrative fee.

**Access to Work Product:** FCM will have access to the work product (including research) of the Project and when part or all of the product is confidential, FCM will work with the Project to maintain confidentiality.

#### RESPONSIBILITIES:

**Services provided by FCM:** FCM will maintain financial record and bookkeeping for the project, issue an annual report and report spending annually on the Form 990. FCM is responsible for processing funds and year-end tax acknowledgements. In addition, FCM can host a project donation page on its website. Additional services negotiated between the Project and FCM could lead to an increase in the administrative fee.

**Responsibilities of the Project:** the Project is responsible for submitting biannual reports of the project revenues and expenses. The Project is also responsible for writing reports to grantors and foundations on how funds were used. The Project will provide FCM with the **name and address** of all private donors.

**Fiscal Sponsorship Review Committee:** The Committee is responsible for approving new projects. The Committee will oversee decisions made by the approved Project. The Committee will advise on the Project and help resolve conflicts between the Project and Sponsor.

**Project Name:**

**Project Supervisor:**

Project supervisor has read and agrees to the above policy. Failure to comply with policy may result in the termination of the project agreement and/or the return of funds to the Sponsor and/or grant.

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Signature of Project Supervisor

Date

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Signature of Executive Director

Date