



PROJECT FISCAL SPONSORSHIP—POLICIES & GUIDELINES

What is Project Fiscal Sponsorship

Fiscal sponsorship of projects approved by the board of directors of the Southern Conservation Partners, Inc., (SCP) will be a central program element of SCP. In this way the Southern Conservation Partners will adopt and assist projects led by others that are deemed by SCP to be in accord with and supportive to its own mission to save, honor, and enhance the natural heritage of the southern U.S. Southern Conservation Partners, as a public charity that is tax-exempt under Internal Revenue Code Section 501(c)(3), can legally and properly conduct a program of support to individuals and to nonexempt organizations. SCP can choose to support an approved project financially, in circumstances when project leaders seek a 501(c)(3) public charity sponsor to receive funds and pass them on to the project. SCP must approve each project for its sponsorship and will maintain complete discretion and control over funds donated or granted in support for the approved project.

A fiscal sponsor takes care of the fiduciary and administrative aspects of managing funds contributed for a project so that its leaders can primarily focus on project activities and strategies. Fiscal sponsorship of an approved project will most often, if not always, be temporary, and used for either the limited term of time for the project, or until such time when the project organizers obtain their own tax exempt corporate status. Occasionally SCP may consider managing the financial affairs of a smaller organization that has established its own 501(c)(3) public charity corporate status.

SCP's Methods of Fiscal Sponsorship

Among the numerous models of fiscal sponsorship, SCP will employ any of these approaches:

(A) relationship with an approved project in which the project leaders apply to SCP and are accepted by decision of the SCP board of directors for SCP to receive one or a series of grants and contributions from donors in tax-deductible, charitable financial support of the project. SCP will maintain a Grantor-Grantee relationship with the leaders of the approved project through a formal Project Fiscal Sponsorship Agreement, and, when appropriate, with supplemental grant agreements for individual grants received in support of the sponsored project. The fiscally-sponsored project does not become a program belonging to SCP, but the sponsored project is considered to be a separate entity and its leaders are responsible for their own insurance and liability needs. SCP as the sponsor) in most cases will not maintain ownership of any part of the results of a project's work products. Ownership rights will be addressed in the Project Fiscal Sponsorship Agreement between the fiscal sponsor (SCP) and grantee, which in some instances may establish some type of joint ownership of the expected products of a project. SCP in its role as the project sponsor simply assures that the project will use the grant and other contributed funds received to accomplish the ends described in the grant proposal and agreement. It is anticipated that this relationship will be the most common approach in SCP sponsored projects.



(B) an independent contractor project: in which the project belongs to SCP as sponsor but is conducted by a separate entity under contract. This method is appropriate where the project is integral to SCP's work and may legally be done by an independent contractor.

(C) a direct or comprehensive project incorporated as a project of the Southern Conservation Partners: on very rare occasions SCP may incorporate a project as "belonging to it" as an "in house project," for which it assumes total liability for implementing and administering the project. Such a project belongs to SCP as its long-term program activity implemented by its own employees or volunteers. A direct project is legally no different than any other core activity of SCP. For such a direct project, SCP provides maximum control. Project expenses are paid directly by SCP for the duration of the project. As employer of the project personnel, SCP and its board of directors are ultimately responsible for overseeing all activities of the project and its personnel.

SCP will annually report to IRS on all contributions received and re-grants or contracts made to approved project leaders on its Form 990 tax return report.

Administrative Fee Charged: SCP will always retain a modest percentage of grants and contributions received in support of an approved project for its own administrative costs and liabilities. Our policy is to retain between five (5) to ten (10) percent of all grants or contributions received from private foundations, corporations, or individuals designated in support of an approved project [the exact administrative overhead amount will be negotiated with the project applicant, and will depend on the scale and scope of the project, and reporting requirements of the project funding source]. Due to higher administrative, accounting and reporting time and costs anticipated when projects are funded by governmental agencies, SCP may charge a higher project administrative percentage for public agency financed projects. Our project administrative fee is negotiable.

Guidelines for Independent Contractor Project:

In this situation the project belongs to SCP as the sponsoring organization, and SCP maintains control over and usually ownership of the ultimate results of the project. Actual operation of the project is contracted out by SCP to a separate legal entity, which may be an individual person, a business firm, or some other type of organization. SCP intends to maintain people conducting such a project as independent contractors and will specify the relationship between SCP and the project in a written contract. Either SCP or the project leader may take a leading role in raising funds in the name of SCP as sponsor in order to support the project. Contract payments made by SCP as sponsor will be reported in SCP's annual IRS 990 tax form.

Guidelines for Approval of Projects for Fiscal Sponsorship:

Step 1. The person or organization leading the project will submit a written application to SCP, including specific description of the proposed project, asking for project sponsorship.

Step 2. SCP evaluates the proposal to determine whether the project is charitable and carries out the sponsor's (SCP's) tax-exempt purposes.

Step 3. The SCP board of directors reviews and approves the project confirming that it furthers SCP's purposes. By board resolution SCP will state its conclusions and approves making a grant to the project, either to be funded at a certain amount, or to the extent that SCP as sponsor receives outside funds for the project. Thus, before funds are solicited and received from donors, foundations, or government agencies, SCP as sponsor has preapproved the project as its grantee.

Step 4. SCP as sponsor and the project leaders sign a written **agreement** setting forth all terms and conditions that define the relationship between SCP and the project leaders, and that apply to the project's use of grants/contributions and relations with funding sources. SCP as sponsor retains control over the use of all contributions it receives. That element of sponsor discretion and control will be made known, in writing, to the funding sources.

Step 5. SCP as sponsor receives donations and grants made in support for the specific project, and the money taken into income by the SCP will then distributed as payments to the person or organization conducting the project, subject to terms of specific grant agreements.

Step 6. The project leaders make periodic **written reports** to SCP as sponsor, in accordance with the project fiscal sponsorship agreement, showing its actual expenditures of grant funds and its progress toward accomplishing the purposes of the grant.

The Project Fiscal Sponsorship Agreement will define whether the project leader, like an independent contractor, may be expected to have their own legal, tax and accounting identity with a project-related bank account (which may belong to an individual or an organization of some type). The project leader(s)– NOT the sponsor – is responsible for the project's own employment taxes, insurance, debts, liabilities, tax returns and other relevant legal obligations.

Southern Conservation Partners in its project fiscal sponsorship functions will follow current guidelines promulgated by the National Network of Fiscal Sponsors (see www.fiscalsponsors.org).

1. Public Interest Mission and Program Focus

The mission of Southern Conservation Partners is clearly intended to advance public interest, and all its programs and related activities will support its mission.

2. Legal, Tax and Regulatory Compliance



SCP as fiscal sponsor will fulfill all legal, tax and regulatory requirements of philanthropic and charitable nonprofit organizations, and complies with all laws.

3. Fiscal Integrity

SCP as fiscal sponsor manages all funds, assets and other resources under its direct control with responsibility, integrity, transparency and accountability.

4. Administrative and Operational Integrity

SCP as fiscal sponsor manages all administrative duties and responsibilities professionally and with integrity and accountability.

5. Board Accountability, Ethical Conduct and Governance

SCP's board of directors governs ethically, avoids conflicts of interest in conducting the affairs of the organization, and carries out its legal, fiduciary and policy making responsibilities.

6. Selecting Projects for Sponsorship

Southern Conservation Partners will establish a clear process to assess, select, and approve projects for its sponsorship. Selection and approval of a project for sponsorship will meet these best practices:

- A. **Mission Fit.** SCP will assure that the public interest purposes of all projects will support SCP's organizational mission and charitable purpose.
- B. **Project Assessment Criteria and Guidance.** SCP as fiscal sponsor will use a clear set of evaluation criteria in considering prospective projects for sponsorship.
- C. **Project Leadership Fit.** SCP as fiscal sponsor evaluates the capability, potential, experience, and integrity of project leaders to assure a constructive, mutually respectful working relationship between the fiscal sponsor staff and project leaders.
- D. **Project Sponsorship Application.** SCP as fiscal sponsor requires sponsorship applicants to submit a detailed written project application and plan that articulates the environmental, civic, and community benefits the project intends to pursue.
- E. **Written Mutual Understanding.** SCP as fiscal sponsor and designated project leader(s) or project governing body execute a written grantor-grantee agreement detailing the terms and expectations of the relationship, including the financial terms and administrative overhead charges established for providing fiscal sponsorship services. The agreement establishes understanding providing that the fiscal sponsor retains full legal discretion and control over funds raised by the project and held by the fiscal sponsors, and also obligates project leaders to adhere to the fiscal sponsorship program's policies and operational procedures.

7. Expectations of Projects

SCP as fiscal sponsor expects project leaders to adhere to its standards of ethical conduct, organizational policies and operational procedures.

- A. Ethical Conduct. SCP expects that all project personnel will act with high standards of ethical conduct.
- B. Active Project Fundraising. SCP expects project leaders to be primarily responsible for project fundraising and resource development.
- C. Project Reports. SCP expects project leaders to assume responsibility for reporting orally and in writing to SCP and project donors, and for maintaining relationships with project donors.
- D. Public Policy Engagement. SCP expects project leaders to understand and comply with required legal and ethical guidelines when engaging in public policy advocacy and lobbying activities.
- E. Disclosure and Communication of Project Status. SCP requires projects to disclose and state clearly in writing their affiliation with the fiscal sponsor in all grant proposals, solicitations, and published or online information materials.
- F. Avoiding Injurious Activities. SCP expects that no project will knowingly engage in any activity that jeopardizes the sponsor's corporate, nonprofit or tax-exempt status or otherwise create injurious liability.
- G. Dispute Resolution. SCP, while retaining full legal and fiscal control of restricted funds, works fairly to resolve any disputes that may arise between the fiscal sponsor and project leaders.
- H. Project Termination and Separation. SCP will establish a process through which fiscal sponsor staff and project leaders discuss the timing, steps, and procedures for separating or terminating the project.

8. Fiscal Sponsor Service Commitment to the Projects

SCP as fiscal sponsor pursues and advances its public interest mission through the projects it sponsors. We recognize and respect project leaders for their knowledge, skills and expertise. And we place high priority on encouraging and facilitating efficacy in its projects to achieve beneficial environmental, conservation, and societal ends. SCP will follow these practices:

- A. Responsibility. SCP as fiscal sponsor will act as the legal and ethically accountable organization and will maintain a restricted fund for purposes of the sponsored project.
- B. Financial Oversight. SCP commits to report timely to project leaders on the restricted project funds.
- C. Relationships with Project Funders. SCP, in partnership with project leaders, assures that project funders receive timely, accurate, and comprehensive reports as required on project performance.
- D. Sponsor-Donor Communications. SCP communicates as appropriate and necessary with project donor(s), institutional grant makers, and funding agencies in ways that supplement communications from project leaders.
- E. Reciprocal Communications with Project Leaders: SCP will ensure frequent communication between the sponsor administrative staff and project leaders analyzing and addressing issues critical to the success of the project.

- F. Counsel, Training and Technical Assistance. SCP makes counsel, training, and technical assistance available to project leaders, staff, and volunteers that is relevant to the pursuit of project success.
- G. Service Quality Assessment. SCP will facilitate a process for gathering candid assessments of the quality of its services from project leaders and other key stakeholders, using the results to improve its service.
- H. Disposition of Project Assets. SCP, when terminating or separating projects, will consult with the original donors where appropriate or required; transfer remaining restricted funds and/or project assets to a successor charity; and/or otherwise reach a responsible decision about disposition of remaining project assets that concurs with the original purpose for where the funds were acquired.

In Summary

Southern Conservation Partners in function of fiscal sponsorship will serve the financially accountable platform or umbrella for approved projects and in a collaborative, cooperative relationship intended to assist and support projects that are centrally interrelated to the mission and purposes of Southern Conservation Partners. SCP will exercise discretion and control over all funds and grants contributed in support of an approved project. It will maintain relationships with approved project leaders through written contractual or grant agreements.

This sponsorship mechanism enables groups to undertake projects related to the mission of Southern Conservation Partners to conserve, protect, honor, or enhance the natural heritage and environmental assets of the southern U.S. without having to incorporate. Southern Conservation Partners as a 501(c)(3) charitable corporation will serve as fiscal sponsor for unincorporated groups whose purposes are aligned with SCP's tax-exempt "home."

Generally the projects sponsored by Southern Conservation Partners will be primarily responsible for their own fundraising. Although the projects are legally related to the sponsor organization, they retain programmatic autonomy and often have separate advisory committees or boards making their strategic decisions. A project sponsored by Southern Conservation Partners may be short-term and intended to achieve a specific outcome, or it may evolve to become a long-term program activity and ultimately the project leaders may determine they are confident about their viability and longevity, and decide to become independent organizations with their own corporate, public charity tax status.

For more information about fiscal sponsorship, you may refer to resources of the National Network of Fiscal Sponsors at www.fiscalsponsors.org .

Revised guidelines adopted by SCP Board 2.19.17 replacing those previously adopted 8.14.15