



Fiscal Sponsor Services Guidelines

AT THE GRAND RAPIDS AREA COMMUNITY FOUNDATION

General Overview:

The Grand Rapids Area Community Foundation may choose to provide fiscal sponsorship for charitable projects that fall within the mission of the Community Foundation.

Fiscal sponsorship services include:

- ◆ the provision of non-profit status to the project (making contributions tax-deductible)
- ◆ the receipting and managing of contributions
- ◆ the authorization and payment of grants from the fund

Fiscal sponsor services do not include:

- ◆ fundraising support
- ◆ financial support
- ◆ extra administrative support beyond what is needed for incoming contributions and outgoing grants as mentioned above

The primary beneficiaries of fiscal sponsor services are typically new charities without an IRS determination letter or community groups planning a specific short-term project that is clearly charitable in nature.

Some questions the Community Foundation considers in our decision-making include:

- What is the broad community benefit of the project?
- Is there another nonprofit entity that can play the role of fiscal sponsor?
- What costs will the Community Foundation bear – in both financial and public reputation – by acting as the fiscal sponsor?
- What is the duration of the potential partnership?

Initial Fiscal Sponsorship Process:

The Community Foundation:

1. Determines whether or not to adopt the project as a program of the Grand Rapids Area Community Foundation
2. Contacts you about approval status
3. Establishes a fund bearing the project's name (if approved)
4. Accounts for the project as "The XYZ Project, a program of the Grand Rapids Area Community Foundation" (for IRS auditing, financial reporting, marketing, and fundraising purposes)



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General Fiscal Sponsorship Process for Approved Funds:

As fiscal sponsor, the Community Foundation is legally responsible for the project's management and disbursement of funds and approves payments/grants from the fund to carry out the purposes of the project. Typically, the Community Foundation assures programmatic oversight by authorizing an existing charitable project *Advisory Committee* to fulfill the functions of project administration.

The Advisory Committee:

- ◆ Provides a contact person and/or roster of the *Advisory Committee* to the Community Foundation.
- ◆ The project *Advisory Committee* makes recommendations to the Community Foundation for the specific expenditures.

The Community Foundation:

- ◆ Reviews requests for grants
 - Requests are submitted online by approved members of the Advisory Committee through the Foundation's Grant Portal (easy access through our website)
- ◆ Authorizes payments
- ◆ Receives and acknowledges all gifts to the fund
- ◆ Provides regular financial reports to the advisory committee (usually quarterly)

The project may apply to other funding sources under the auspices of the Grand Rapids Area Community Foundation, but the Community Foundation is not responsible for fundraising costs or for providing financial support for the project. Community Foundation staff must review and approve all fundraising plans, requests for funding, and all letters or brochures used in marketing or fundraising.

As compensation for its services, the Grand Rapids Area Community Foundation charges a fee of between 5% and 8% of all contributions received. In some cases, fees are calculated separately based on the amount of Community Foundation staff time required to administratively support the project. The fee schedule will be reviewed regularly (at least annually) and is subject to adjustment based on the level of required support.

For more information about Fiscal Sponsor Services, contact:

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