FISCAL SPONSORSHIP AGREEMENT

Sample agreement, adapted from Adler & Colvin best practice template:
http://www.adlercolvin.com/pdf/forms/Fiscal_Sponsorship_Model_A_agreement_2011.pdf

(Non-Profit Third Party Sponsor)

This Fiscal Sponsorship Agreement (this "Agreement") is made by and between___________________, (the "Sponsor"), and the ________Alliance Advisory Committee described below (the "Committee").

RECITALS

A. The Board of Directors of the Sponsor has approved the establishment of a restricted fund to receive donations of cash designated for support of a project known as the _______ Alliance (the "Project") and to make disbursements in furtherance of the Project's mission to provide effective business services for early education centers to sustain and improve program quality by creating opportunities for sharing back office resources such as accounting, child care subsidy management, data management reporting and human resources compliance support. The Project is described more fully in **Exhibit 1.** Currently, the principal office of the Project is located in _______________.

B. The Sponsor desires to act as the fiscal sponsor of the Project, by receiving assets and incurring liabilities identified for the purposes of the Project and using them to pursue those purposes, which the Board of Directors of the Sponsor has determined will further the Sponsor's charitable goals. The Committee desires to oversee the Project on behalf of the Sponsor, subject to the Sponsor's discretion and control.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Term of Agreement. On ____ 20XX (the "effective date"), the Sponsor shall assume operation of the Project, which operation shall continue in effect unless and until terminated as provided herein.

2. Project Activities and Sponsorship Policies. All community programs, public information work, fundraising events, processing and acknowledgment of cash and noncash revenue items, accounts payable and receivable, negotiation of leases and contracts, disbursement of Project funds (including grants), and other activities conducted by the Project shall be the ultimate responsibility of the Sponsor and shall be conducted in the name of the Sponsor, beginning on the effective date.

a. Unless otherwise agreed, and subject to their consent, all personnel to be compensated for working on the Project shall become at-will employees of the Sponsor and shall be subject to the same personnel policies and benefits as are required by law to apply to all employees of the Sponsor. If properly classified, others may work on the Project as independent contractors pursuant to a written service agreement.

b. The Sponsor shall have the right to transfer funds from the restricted fund to the general fund of the Sponsor for the administrative fees, charges for extra services, and other expenses, all in accordance with an annual budget submitted by the Committee and approved by the Sponsor. Such fees, and charges are necessary for the proper administration of the Project, and thus become unrestricted rather than restricted assets when paid.

c. Unless otherwise agreed, any tangible or intangible property, including intellectual property, such as copyrights, obtained from third parties or created in connection with the Project shall be the property of the Sponsor, held for the charitable purposes of the Project.

d. The Project may solicit gifts, contributions, and grants to the Sponsor identified as in support of the purposes of the Project. The Project's choice of funding sources to be approached, and the text of the Project's fundraising materials, are all subject to the Sponsor's prior written approval and shall include an express disclosure of the Sponsor's variance power under Paragraph 4 below. All grant agreements, pledges, or other commitments with funding sources to support this Project shall be executed by the Sponsor.

3. <u>Delegation</u>. As of the effective date, oversight (as defined in the Administrative Terms and Policies) of the program activities of the Project is delegated by the Board of Directors of the Sponsor to the individual members of the Committee, subject to the ultimate direction and fiduciary responsibility of the Sponsor Board. Acting in their individual capacities, the members of the Committee serve as a subordinate body to the Board of Directors of the Sponsor to assist with the fulfillment of the purposes of the Project. The initial members of the Committee shall be __________ (Executive Director of XXXX Child Development Center), _________ (Executive Director of XXXXX Child Care Center), _____________(Deputy Director of XXXXX Center), ___________ (Executive Director of _______ Foundation), and ____________ (Executive Director of the Sponsor). Members may be replaced and new members may be admitted to the Committee upon the majority vote of the existing Committee members and approval by the Sponsor.

4. <u>Restricted Fund / Variance Power</u>. Beginning on the effective date, the Sponsor shall place all gifts, grants, contributions, and other revenues received by the Sponsor for the purposes of the Project into a restricted fund to be used for the sole benefit of the Project's mission as that mission may be defined by the Committee from time to time with the approval of the Sponsor. The Committee may not spend or otherwise obligate the Sponsor to pay for an amount or amounts exceeding the balance in the restricted fund, nor shall the Committee authorize or permit anyone to do so. The Sponsor retains the unilateral right to spend such funds so as to accomplish the purposes of the Project as nearly as possible within the Sponsor's sole judgment, subject to any more specific donor-imposed restrictions on the charitable use of such assets. The parties agree that all money and the fair market value of all property in the restricted fund, and all income derived therefrom, be reported as belonging to the Sponsor on the Sponsor's financial statements and tax returns. It is the intent of the parties that this Agreement be interpreted to provide the Sponsor with variance powers necessary to enable the Sponsor to treat the restricted fund as the Sponsor's asset in accordance with Accounting Standards Codification (ASC) paragraphs ASC 958-605-25-25 and -26, formerly expressed in Statement No. 136 issued by the Financial Accounting Standards Board (FASB). Because the restricted

fund is held under the charitable trust doctrine for the purposes of the Project as understood by and with funding sources, the parties intend that assets in the restricted fund are not subject to the claims of any creditor or to legal process resulting from activities of the Sponsor unrelated to the Project.

5. Performance of Charitable Purposes. All of the assets received by the Sponsor under the terms of this Agreement shall be devoted to the purposes of the Project, within the tax-exempt purposes of the Sponsor. Expenditures for any attempt to influence legislation within the meaning of IRC Section 501(c)(3) shall be subject to limitations imposed by the Sponsor. The Sponsor shall not use any portion of the assets to 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 IRC Section 501(c)(3). The Sponsor has determined, based on the advice of tax-exempt legal counsel, that the restricted fund is not a donor-advised fund within the meaning of IRC Section 4966(d)(2) as presently interpreted under federal tax authorities.

6. Termination. This Agreement shall terminate when the Sponsor determines that the objectives of the Project can no longer reasonably be accomplished by the Sponsor. If the objectives of the Project can still be accomplished but either the Committee or the Sponsor desires to terminate the Sponsor's fiscal sponsorship of the Project, the following understandings shall apply. Either the Sponsor or the Committee may terminate this Agreement on 60 days' written notice to the other party, so long as another nonprofit organization, acceptable to both the Sponsor and a majority of the members of the Committee, is found that is tax-exempt under IRC Section 501(c)(3) and not classified as a private foundation under Section 509(a) (a "Successor"), and is willing and able to sponsor the Project. (As used in this Paragraph 6, the word "able" shall mean that the Successor has charitable purposes compatible with the purposes of the Project and has the financial and administrative capacity to competently manage the Project.) The balance of assets in the Sponsor's restricted fund for the Project, together with any other tangible and intangible assets held and liabilities incurred by the Sponsor in connection with the Project, shall be transferred to the Successor at the end of the notice period or any extension thereof, subject to the approval of any third parties that may be required. If the Committee has formed a new organization qualified to be a Successor as set forth in this Paragraph, such organization shall be eligible to receive all such assets and liabilities so long as it has received a determination letter from the Internal Revenue Service, indicating that such qualifications have been met, no later than the end of the notice period or any extension thereof. If no Successor acceptable to both parties is found within a reasonable time, the Sponsor may dispose of the Project assets and liabilities in any manner consistent with applicable tax and charitable trust laws. Either party may terminate this Agreement, based upon a material breach of this Agreement by the other party, by giving 60 days' written notice to the other party, and any Project assets and liabilities shall be disposed of at the end of the notice period in a manner consistent with the provisions stated above in this Paragraph.

7. Miscellaneous. In the event of any controversy, claim, or dispute between the parties arising out of or related to this Agreement, or the alleged breach thereof, the prevailing party shall, in addition to any other relief, be entitled to recover its reasonable attorneys' fees and costs of sustaining its position. Each provision of this Agreement shall be separately enforceable,

and the invalidity of one provision shall not affect the validity or enforceability of any other provision. This Agreement shall be interpreted and construed in accordance with the laws of the State of _______applicable to contracts to be performed entirely within such State. Time is of the essence of this Agreement and of each and every provision hereof. The failure of the Sponsor to exercise any of its rights under this Agreement shall not be deemed a waiver of such rights.

8. 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. All Exhibits hereto are a material part of this Agreement and are incorporated by reference. This Agreement, including any Exhibits hereto, may not be amended or modified, except in a writing signed by all parties to this Agreement.

IN WITNESS WHEREOF, the parties have executed this Fiscal Sponsorship Agreement as of the effective date set forth in Paragraph 1 above.

NAME OF SPONSOR

By: ________________________________
NAME, Executive Director

NAME Alliance Advisory Committee

By: ________________________________
NAME of member

By: ________________________________
NAME of member

By: ________________________________
NAME of member

By: ________________________________
NAME of member

By: ________________________________
NAME of member

Exhibit One

Overview

NAME OF ALLIANCE ("Alliance") is conceived as a shared back office serving small early education centers. By collaborating and sharing resources, the back office will enable participating centers to stay small where small matters, and focus site leader time on what matters most, teaching and learning. The Alliance works in service of their client centers, customizing services provided to meet their unique needs and circumstances. Services to be offered by the Alliance include: accounting, child care subsidy management, data management reporting, and human resources compliance support.

Mission

Provide effective business services for early education centers to improve program quality.

Vision

- More time is invested in people than paperwork.
- Children experience innovative, diverse, engaging, quality learning experiences.
- Parents receive excellent customer service, and enriched center relationships and support.
- Teachers have more time, mentoring, reflective planning, and higher pay.
- Site leaders are liberated from administrative tasks and are empowered to lead.
- Collaborating agencies are more efficient and can invest more resources in programming.
- Boards of Directors have high quality information to guide decision making, and more resources to invest in programs.
- Early childhood funders and systems are highly confident in the effectiveness of programs and increase investment.

Values

- Make the impossible doable
- Put quality first
- Share strengths and resources
- Honor independence
- Advance equity
- Work collaboratively
- Show mutual respect
- Take risks

Costs of Services

The NAME OF FUNDER has invited a grant proposal to partially underwrite the operating costs for the Alliance for the first 12 months of operations. If the Alliance is successful, a renewal proposal for a second year of partial support will be invited. During the first 12 – 24 months, pricing for on-going services for the Alliance will be developed in collaboration with the Advisory Committee. Agencies will be given 90 days prior notice to any change in fees. The goal of the Alliance is to provide high quality, business services to nonprofit early education centers below cost for the long term.