**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and Friends of the Parks**

**FISCAL SPONSORSHIP AGREEMENT**

**Introduction**

This is a Fiscal Sponsorship Agreement (this “Agreement”) made on \_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_ (the “Effective Date”), by and between the Friends of the Parks (the “Sponsor”) and the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “Project”).

The Sponsor: The Sponsor is a nonprofit corporation, organized under the laws of the State of Illinois, qualified as exempt from federal tax under section 501(c)(3) of the Internal Revenue Code, as amended (the “Code”) and classified as a public charity under IRC Sections 509(a)(1) and 170(b)(1)A)(vi).

The Project: The Project is a nonprofit [corporation] [organization] [initiative] formed to

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The Sponsor has determined that the purposes of the Project are consistent with and further the exempt purposes of the Sponsor.

**Agreements**

The Sponsor is willing to receive charitable contributions for the benefit and use of implementing the Project. The Project desires to use these funds in order to implement the Project’s purposes, subject to and limited by the exempt purposes of the Sponsor.

1. **Receipt of Funds**: The Sponsor agrees to receive contributions and gifts, including but not limited to grant funding, if awarded, designated to be used for the Project, and to distribute those funds to the Project. All funds received by the Sponsor for use of the Project shall be deposited in a checking account of the Sponsor, and be distributed to the Project therefrom.

2. **Fundraising:** The Project may solicit gifts, contributions, and grants on behalf of the Sponsor, which are earmarked for the activities of the Project. All grant agreements, pledges, or other commitments with funding sources to support the Project shall be executed by the Sponsor if the grant or other agreement is in the name of the Sponsor. The cost of any reports or other compliance measures required by such funding sources shall be borne by the Project. The Sponsor shall be responsible for the processing of all monies received by the Sponsor for the Project, which shall be reported as the income of the Sponsor for both tax purposes and for purposes of the Sponsor’s financial statements. Grants involving government or public agency monies have substantial reporting and auditing requirements; therefore, if the Project desires to apply for government or public agency grants, the Project must get advance approval to do so from the Sponsor’s Executive Director. If the Project receives funds directly on behalf of the Sponsor, the Project shall (i) report all such amounts received to the Sponsor and (ii) maintain such funds in a bank account as provided in paragraph 4, below. All funds deposited into the account created for the benefit of the Sponsor or tax-deductible donations to the project for the benefit of the Sponsor should be reported to the Sponsor (see “Reporting” below). Any funds received directly by the Project and not reported to the Sponsor shall not be treated as contributions for the benefit of the Sponsor. Again, all funds associated with the account for the benefit of the sponsor must be reported to the Sponsor.

3. **Reporting Charitable Donations**: The Sponsor agrees that all contributions (i) the Sponsor receives for the Project and (ii) all contributions that are received directly by the Project and reported to the Sponsor as contributions for the benefit of the Sponsor will be reported as contributions to the Sponsor as required by law. The Sponsor agrees to notify the Project of any change in its tax-exempt status. Any funds received directly by the Project and not reported to the Sponsor will not be reported as contributions to the Sponsor. Again, all donations associated with the account for the benefit of the sponsor must be reported to the Sponsor (see “Reporting” below).

4. **Banking Accounts**: All funds received directly by the Project for which a charitable deduction in Sponsor’s name is intended shall be held in a banking account that is identified as for the benefit of the Sponsor. The Project will notify the Sponsor of any accounts opened for the benefit of Sponsor or opened using the Sponsor’s taxpayer identification number and provide Sponsor with copies of all account documentation. Accounts for the benefit of the Sponsor or opened with the Sponsor’s taxpayer identification number shall have a sufficient number of the designated representatives of the Sponsor that are signatories such that, if a correction of the use of funds is required, Sponsor may directly reapply the funds for the uses for which they were intended without the assistance of persons who are not officers of the Sponsor. The Sponsor will only access the banking account if 1) it suspects that funds are not being used for the benefit of the Sponsor, or 2) if the Project requests assistance from the Sponsor to access the account after a time of leadership transition where a new, appropriate signatory of the Project was not added to the bank account. The Sponsor will give 30 days’ notice to the Project that it plans to access the account and the reason why. If the issue is not resolved in 30 days by the Project, the Sponsor can either: 1) change Project signatories on the account with supporting meeting minutes as proof of changing officers; 2) reallocate funds if misuse was identified; or 3) close the account opened for the benefit of the Sponsor or opened using the Sponsor’s taxpayer identification number if the Sponsor determined that this agreement was violated. If an account was opened prior to the date of this Agreement that would not comply with the terms of this paragraph, the Project will work with Sponsor to bring any such account into compliance with this paragraph or move the funds to an account that does comply.

5. **Ownership of Funds**: Funds held in an account for the benefit of Sponsor are the property of Sponsor. Such funds must be used solely to further the exempt purposes of Sponsor. If Sponsor determines that funds are not being used to further the exempt purposes of Sponsor, Sponsor may (i) move the funds to another account, (ii) remove representatives of Project from being authorized to access the funds, and/or (iii) pursue any available legal action necessary to retrieve any misused funds.

6. **Reporting:** Project agrees to provide bi-annual Fiscal Sponsorship reports outlined by the Sponsor, including a narrative description of the use of funds solicited on behalf of Sponsor to Sponsor’s representatives to be supplemented with Project’s financial statements and treasury records for each reporting period. Each report should include a narrative account of what was accomplished by the expenditure of funds (including a description of progress made towards achieving the goals of Project and how the use of the funds relates to the exempt purposes of Sponsor), and a financial statement as described below. The financial statements should be attested by the responsible financial officer of Project or a certified public accountant, and should reflect the categories of the purposes of the Project stated above. If the Project received any 1099 tax documents for the reporting year, these should be included with the report.

7. **Miscellaneous:**

* 1. *Term of Agreement*: On the Effective Date, Sponsor shall provide support and guidance of the Project, which operation shall continue in effect the December 31 next following the Effective Date, unless and until terminated as provided herein.
	2. *Project Activities*: All community programs, public information work, fundraising events, processing and acknowledgement of cash and noncash revenue items (the “Project Financial Activities”) shall be conducted in the name of Sponsor with copies of all receipts and donor acknowledgements being provided to Sponsor, beginning on Effective Date and continue until the earlier of (i) the termination of this Agreement or (ii) the receipt by the Project of its exemption letter from the IRS. However, no person is authorized to bind the Sponsor without the express written consent of the Executive Director of the Sponsor. All fundraising pieces, including brochures, marketing materials, advertisements, promotional materials, should include the Sponsor’s logo. The Project will hire no employees or contractors without the express written consent of the Sponsor.
	3. Sponsorship Policy. The parties shall abide by the Fiscal Sponsorship Policy set forth on the attached Exhibit A. Sponsor may amend the policy from time to time with advance written notice to the Project.
	4. *Fiscal Responsibility*: Sponsor is required to comply with both United States laws and the relevant laws of each jurisdiction in which it engages in charitable work. Sponsor has further adopted policies and procedures in addition to those required by law that provide additional assurance that all Sponsor assets are used exclusively for charitable purposes. The Board of Directors of Sponsor oversees implementation of the governance practices to be followed by Sponsor. As part of this governance, Sponsor follows a fiscal responsibility policy, which requires that (i) in advance of undertaking a fiscal sponsorship, Sponsor must determine that the potential Project has the ability to accomplish the charitable purpose of the grant and protect the resources from diversion to non-charitable purposes; (ii) the terms of the fiscal sponsorship are reduced to a written agreement signed by both Sponsor and Project; (iii) Sponsor engages in ongoing monitoring of the Project’s activities; and (iv) Sponsor seeks correction of any misuse of resources done by the organization. Project represents and warrants that it will abide by the fiscal responsibility policies of Sponsor and cooperate with Sponsor in the fulfillment of such policies.
	5. *Protection of tax-exempt status*: The Project agrees not to take any action that might jeopardize Sponsor’s tax-exempt status. The Project agrees to comply with any written request by the Sponsor that it cease activities which might jeopardize the Sponsor’s tax status. Any changes in the purpose for which grant funds are spent must be approved in writing by the Sponsor before implementation. In particular, no part of any funds used by Project may be used to participate in or intervene in any political campaign. Moreover, the Project will engage in no more efforts to influence legislation than allowed by laws governing 501(c)(3) organizations.
	6. *Tax-Exempt Purchases:* The Project may use the Sponsor’s tax-exempt letter to make purchases, in the name of the Sponsor, only for the purposes of the Project for the Benefit of the Sponsor.
	7. *Media Communications:* The Project agrees to not prepare publications or communications about the fiscal sponsorship agreement, including media press releases or otherwise, without the prior review and consent of the Sponsor. The Project agrees to not speak on behalf of the Sponsor. In its publications and communications, the Sponsor may identify itself as the fiscal sponsor of the Project and mention the accomplishments of the Project. The Sponsor agrees not to speak on behalf of the Project.
	8. *Termination*: Either party may terminate this Agreement by giving 30 days’ written notice to the other party (“Standard Notice Period”). If the Project will continue to exist as a fiscally sponsored project, then the Project will identify another nonprofit corporation which is tax-exempt under IRC Section 501(c)(3) and is not classified as a private foundation under Section 509(a) to serve as fiscal sponsor (the “Successor”). If the Project has obtained its own determination letter from the Internal Revenue Service that it is exempt under IRC Section 501(c)(3) and is not classified as a private foundation, the Project may itself be the Successor. Upon termination of this Agreement, Project will close all accounts opened for the benefit of the Sponsor and/or using Sponsor’s taxpayer identification number and terminate all agreements, accounts and contracts in respect of which the Project has provided the Sponsor’s taxpayer identification number.
	9. *Controversy*: 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 attorney’s fees and consists 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 Illinois without giving effect to any conflict of laws principles of such State. The failure of Sponsor to exercise any of its rights under this Agreement shall not be deemed a waiver of such rights. This Agreement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument. In the event that any signature delivered by facsimile transmission or by e-mail delivery of a ‘.pdf’ format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ‘.pdf’ signature page were an original thereof.
	10. *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 may not be amended or modified, except in a writing signed by all parties to this Agreement.

By signing below, both parties agree to execute this Agreement on the day and year first written above.

**Sponsor****, Friends of the Parks,** by:

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Signature Date

**Project, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**, by:

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Signature Date

**Exhibit A**

**Friends of the Parks**

**Fiscal Sponsorship Policy**

The Friends of the Parks (FOTP) has the discretion to act as a fiscal sponsor for organizations that do not have a 501(c)(3) status. FOTP agrees to take on these responsibilities for organizations that share the values and exempt purposes of FOTP. The following requirements apply to all fiscally-sponsored projects currently held by FOTP and to be approved in the future.

1. New Project Approval

The fiscal sponsorship relationship is in effect once the following criteria are met:

1. A formal review of the proposed Project by the manager of the Fiscal Sponsorship Program and one other staff person or board member that includes the following: Fiscal Sponsorship Application, meeting minutes that identify the officers of the Project, and a Letter of Recommendation to verify that the project is an organized entity recognized by others. Letters of Recommendation can be written by a Chicago Park District staff person, an elected official, or another community entity.
2. FOTP receives the Annual Fiscal Sponsorship Program Fee and the formal agreement that includes: performance requirements, the right of the sponsor to withdraw given non-performance, the right of the sponsor to re-direct funds to another end-recipient in order to ensure performance.
3. Fiscal Sponsorship Internal Reporting

The manager of the Fiscal Sponsorship Program will provide to Executive Director written updates on the Program, who will provide updates to the Finance Committee and Board of Directors, as appropriate.

1. Annual Fiscal Sponsorship Program Fee

The annual Fiscal Sponsorship Fee is $125, which includes staff management of program, including report management and communications to the Project, tax-reporting and technical assistance from the Sponsor to the Project. New projects that are approved after the first of the calendar year will pay a prorated fee based on the following 1st or 15th of the month after approval notification is sent.

1. Funds “Pass-Thru” Fee

Moneys received by the Sponsor on behalf of the Project in the form of a check or electronic deposit will be processed by the Sponsor and a check issued to the Project minus the Pass-Thru Fee. The Pass-Thru Fee is applied to money received and is 5% of the check’s total. This fee covers administrative costs to process the pass-thru. Moneys received by Friends of the Parks intended for Projects where a pass-thru is required include:

A. Funds from foundations;

B.   Disbursements or reimbursements from a grant;

C.   Moneys for projects that do not have a FOTP bank account;

D.   Funds of $5,000 or above;

E.   Money that FOTP receives as one deposit that is intended for multiple projects.

1. Grant Applications

FOTP is dedicated to supporting projects that intend to apply for grant funding. Formal philanthropic foundations with formalized application procedures often require that their grant recipient be a 501(c)(3) organization. Therefore, if the Project intends to apply for a grant, the following is required:

* 1. The Project must notify FOTP of grant application intent, so FOTP can confirm with the funder that FOTP is eligible to apply;
	2. If FOTP approves moving forward, the completed draft application must be sent to FOTP five business days before the grant deadline for review and before the Project submits the application;
	3. If grant funding is awarded, then the Project must submit final drafts of any reporting documents to FOTP five business days before the report deadline for review, before submitting final versions to the funder.

1. Changes to Fiscal Sponsorship Agreement

The Project will be notified of the Sponsor’s policy changes regarding fees at least 30 days in advance.