



Implementing Ethical Social Change

Fiscal Sponsorship: Overview

Fiscal Sponsorship offers a legal pathway and a support system for nonprofits to do their good work in the world, without first needing to obtain 501(c)3 status.

Becoming fiscally sponsored means that your nonprofit operates under the umbrella of our 501c3 status. Upon mutual agreement and the signing of the Inquiring Systems, Inc. (ISI) Fiscal Sponsorship agreement, your nonprofit is immediately tax-exempt. Your project will instantly be able to receive tax-deductible donations and be able to apply for and receive grants.

Fiscal Sponsorship means that Inquiring Systems Inc. (ISI) will be recognized by the IRS as the legal nonprofit of record, but ISI also respects the need for your project's autonomy and independence. Your nonprofit will operate independently in the day-to-day operations while we are always available to you as a resource if needed. Our Agreement includes total intellectual property rights protection for you and your work. ISI will also be the one to worry about governmental filings and regulatory compliance. You stay focused on your program.

ISI provides the corporate shield of protection for your nonprofit, liability insurance coverage, regulatory compliance and over 40 years of experience in the nonprofit world. We keep our own lights on by charging a small percentage of project revenues.

Fiscal Sponsorship Fees

- Start-up fee of \$850, payable upon signing. This is a one-time fee.
- Fiscal Sponsorship fees: 7% of the first \$100,000 in annual revenue, and 6% for the remainder of the year's revenues. Minimum \$700 per fiscal year (Jul-Jun).
- This annual minimum is a part of the 7% overall fees. \$700 **OR** 7% - whichever is greater. These fees are used to cover the costs of overall ISI administrative, management, financial and regulatory oversight.

IMPORTANT:

In order for your project to maintain tax-exempt status for donations, ALL revenues must be processed through ISI, including fees, donations, grants and/or other types of contributions (REVENUE).

All checks for your project must be made to Inquiring Systems, with a memo line designating your project. All donations for your project fall under Inquiring Systems 501c3 designation and our Federal Tax Identification number. We will provide this.

ISI will establish a Program cash account for your project, with online viewing available to you at all times. This process functions as a 'debit' card, allowing you immediate access to your funds. Bill-Pay and wiring are also available services.

All funds received by your project are to be used exclusively for/by your Project in a manner consistent with any restrictions or terms made by donor or grantor, lender, member, and in accordance with Federal and State law – in addition to the mutually agreed to Fiscal Sponsorship Agreement.

ISI Sponsorship – Specifically

We are always available to you for brainstorming ideas, providing our experience, guidance and advice. We are happy to share our comments and feedback. ISI is committed to providing you with the best advice we have to offer. Within reason, these services are included in your Fiscal Sponsorship (FS) fees, and projects often find substantial value in taking advantage of our many years of implementation experience. Should specific needs arise that will require large blocks of time, we may suggest a consultation contract. Our consultation rates are included on our Fee Sheet.

ISI provides your project with \$1million in general liability insurance. ISI covers the first \$100 of your annual premium and thanks to our economy of scale, most premiums are under \$100. If the premium is over \$100, we will reach out to discuss. Your project will be charged for balance due above \$100.

Additional insurance riders are required for your project's special events. Projects must alert ISI to any special events you will be planning, and we'll provide you with special event insurance forms. Projects are required to have coverage of all special events and activities. Cost for riders are paid for by the project.

All projects must submit financial reporting to ISI as required. We try to keep this as simple and easy as possible. ISI provides the template for this report. Each project will need to provide explanations for expenditures and the relevancy to your mission. This is an absolute requirement for ongoing fiscal sponsorship.

Projects must have organized maintenance of all receipts, invoices, etc., regardless of budget size. ISI is available to provide business management and reporting services, under separate contract. **KEEP ALL RECEIPTS**

ISI prepares and submits your state and federal reporting and tax forms as part of our CA 199 and IRS 990 forms. We submit all required information and financial information to the required government entities. This also includes preparing and submitting the required 1099 forms for each compensated contractor (over \$600/yr) each January. ISI is the official employer of record for all employees.

Each project must form an Advisory Board of at least 3 people to provide overall governance for the Project. Project Bylaws and Articles are not necessary because ISI's Board of Directors is the legally recognized Board of Directors. We encourage you to develop policies however, and to run them by ISI.

If web-based fundraising (PayPal, Network For Good, etc.) is desired, it must be established using our Federal Tax ID, and ISI is required by law to have access to these accounts at all times. These accounts are legally ISI corporate accounts.

We recognize that we have packed a ton of information into this little information sheet. Please feel free to call us with any questions or to discuss further. We wish you the very best and greatly appreciate the good work you do in the world.