



Arts & Humanities Bainbridge

Fiscal Sponsor Agreement

This Agreement is made by and between Arts & Humanities Bainbridge (AHB), a Washington nonprofit corporation, and _____), the Sponsored Organization.

SPONSORED ORGANIZATION

Name: _____

Legal Structure: Unincorporated nonprofit entity

Address: _____

Bainbridge Island, WA 98110

RECITALS

AHB is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). AHB's mission is to connect the community to the abundance of creativity on the island, to inspire and empower.

Sponsored Organization is formed for the purpose of promoting curiosity, connection, and collaboration by showcasing our local independent arts community and inviting audiences to celebrate the multiracial and multi-ethnic roots of American culture.

AHB has determined that the mission and planned programs of Sponsored Organization, as AHB currently understands them, fall within the exempt purpose of AHB.

AHB is willing to act as the fiscal sponsor for Sponsored Organization under the terms described in this Agreement. In this capacity AHB will accept tax-deductible charitable contributions on behalf of Sponsored Organization and transfer these donations to Sponsored Organization for use in furtherance of Sponsored Organization's purpose.

AGREEMENT

By entering into this Agreement, the parties agree to the following terms and conditions:

1. **Receipt of funds.** AHB agrees to accept grants, contributions, and gifts on behalf of the Sponsored Organization and to make those funds available to Sponsored Organization under the terms of

Agreement: Arts & Humanities Bainbridge and (Organization) _____, (date) _____

this Agreement. Such funds shall be labeled and managed as restricted funds on AHB's books and not be commingled with AHB's funds.

2. **Acknowledgment of charitable donations on behalf of Sponsored Organization.** AHB agrees that all grants, charitable contributions, and gifts shall be reported as contributions to AHB as required by law. AHB further agrees to acknowledge receipt of any such grant, charitable contribution, or gift in writing and to furnish evidence of its status as an exempt organization under Section 501(c)(3) to the donor upon request. AHB shall not be responsible for donor relations or communications extending beyond mere acknowledgement of receipt but may agree to include certain language in the receipt acknowledgement as discussed and agreed to with Sponsored Organization.
3. **Notification of change in status.** AHB agrees to notify the Sponsored Organization of any change in AHB's tax-exempt status.
4. **Activities and use of funds not to jeopardize AHB's tax-exempt status.** Sponsored Organization represents that it has reviewed materials describing the mission of AHB and the tax-exempt purposes for which it is organized and agrees not to engage in activities that would jeopardize the tax-exempt status of AHB. It, likewise, agrees not to use funds received from AHB in any way that would jeopardize the tax-exempt status of AHB. Sponsored Organization agrees to immediately comply with any request (written or oral) by AHB that it cease specific activities which AHB identifies as not aligned with AHB's tax-exempt purposes and status. Sponsored Organization further agrees that AHB's obligation under this Agreement to make funds available to Sponsored Organization is suspended immediately in the event that Sponsored Organization fails to comply with any such request. AHB retains the right if Sponsored Organization breaches this agreement, or if activities of Sponsored Organization are not in alignment with AHB's tax-exempt purposes, to withhold, withdraw, or demand immediate return of any and all funds transferred from AHB to Sponsored Organization pursuant to this Agreement.
5. **Distribution of funds to Sponsored Organization.** AHB will distribute all accrued grants, charitable donations, and gifts to Sponsored Organization, minus any fees or payments due to AHB under the terms of this Agreement within 10 days of the end of each month. AHB will make available to Sponsored Organization an accounting of all such funds along with each disbursement and at any time an accounting is requested by Sponsored Organization.
6. **Use of funds.** Sponsored Organization must use any and all funds received from AHB solely for the legitimate expenses of Sponsored Organization and to account fully to AHB for use of these funds as required under paragraph 11 of this Agreement.
7. **Recognition of AHB.** Sponsored Organization will state that it is "sponsored in part by Arts & Humanities Bainbridge" and include the logo of AHB in all of Sponsored Organization's written,

digital, and online public communications, programs and other printed materials, and press releases.

8. **Reimbursement for administrative support.** In addition to serving as fiscal sponsor for the Sponsored Organization, AHB will provide certain administrative services to Sponsored Organization related to its role as fiscal sponsor. AHB will accept grants and gifts on behalf of Sponsored Organization, provide bookkeeping services for the contributions received, and send contribution tax acknowledgments to donors making contributions of \$100 or more. Once a month AHB will transfer monies received to Sponsored Organization.

AHB will include Sponsored Organization's expenses and revenues in its yearly Form 990 federal income tax return filed with the Internal Revenue Service. Sponsored Organization will provide a detailed 2015 Income Statement to AHB no later than Feb. 28, 2016 for the Form 990. Sponsored organization will reimburse AHB for accountant's fees incurred for its portion of the Form 990.

AHB may provide additional support in the context of governmental or other grant applications and may require additional financial audits and information for modest additional fees.

Sponsored Organization will reimburse AHB for administrative costs including, but not limited to additional administrative and accounting costs, printing, supplies, postage, and any credit card or brokerage fees incurred in connection with donations made by credit card or by donation of stock.

9. **Fees.** During the period of this fiscal sponsorship, the fee payable to AHB by Sponsored Organization for acting as fiscal sponsor will be 7% of the gross value of all grants and charitable contributions made during the applicable time period to AHB on behalf of Sponsored Organization, plus additional fees noted in section 8. Fees may be adjusted by AHB on the annual anniversary date of this agreement.

10. **Financial procedures.** Sponsored Organization will consult with AHB prior to any major expenditure falling outside of the types of expenditures shown on previous financial information statements shared with AHB as well as in connection with changes to its performance pricing structure. It is expected that the key decision makers of Sponsored Organization will meet regularly to discuss business strategy and planning and that any material developments will be shared with AHB.

11. **Sponsored Organization financial accounting and reporting.** Sponsored Organization will maintain books and financial records in accordance with generally accepted accounting principles. Sponsored Organization will provide financial reports and written program reports to AHB on a monthly basis. The form and content of these financial statements and program reports must comply with any requirements established by AHB.

Sponsored Organization agrees to provide to AHB by the 10th of each month a profit and loss statement which will be included in the financial reported presented to the Board at its monthly meeting. Sponsored Organization will also provide to AHB a profit and loss report for the full 2020 tax year for inclusion with AHB's federal tax filings.

12. **Sponsored Organization Activity and Progress Reports.** Sponsored Organization shall report on a regular basis monthly to the Executive Director on its operations, business plans, development activity, any fee restructuring, and pricing changes, new workshops or programs and any other events or information deemed material to Sponsored Organization's fiscal health and stability. No material changes in the purposes or activities of Sponsored Organization shall be made without prior written permission of AHB. Sponsored Organization shall also report regularly quarterly on the progress of its application for federal tax-exempt status. It is hoped and expected that Sponsored Organization will be substantially ready to submit its application for federal tax-exempt status to the Internal Revenue Service no later than December 2020 or explain the reasonable causes for its failure to meet this expectation.

13. **Insurance and Legal Claims.** Sponsored Organization shall maintain a standard commercial liability insurance policy with at least \$1,000,000 in coverage and shall name AHB as an additional insured on this insurance policy. This insurance policy must cover personal injury and property damage and cover all aspects of the Sponsored Organization's activities including volunteer work. Sponsored Organization must provide to AHB a copy of Sponsored Organization's Binder of Insurance within sixty (60) days of the effective date of this Agreement and at any time thereafter requested by AHB.

Sponsored Organization shall inform AHB immediately of any legal claims made against, threatened against, or expected to be made against Sponsored Organization.

14. **Fundraising.** Sponsored Organization may solicit gifts, contributions, and grants to be given to AHB that are earmarked for the activities of Sponsored Organization. Sponsored Organization's choice of funding sources to be pursued and the text of any letters of inquiry, grant applications, and other fundraising materials must be pre- approved by AHB when the 501(c)(3) designation (or fiscal sponsorship) is required.

The cost of any reports or other compliance measures required by such funding sources shall be borne by Sponsored Organization in addition to the fees due to AHB as outlined under this Agreement.

Grants involving government or public agency monies have substantial reporting and auditing requirements. Therefore, if Sponsored Organization desires to apply for government or public

agency grants, Sponsored Organization must get advance approval to do so from AHB. AHB may provide support for these applications at an hourly rate.

15. **Termination.** In addition to the provisions of Section 3 of this Agreement, either party may terminate this Agreement by giving sixty (60) days written notice to the other party.

If termination is elected and Sponsored Organization will continue to exist, the following terms and conditions shall apply. Another nonprofit corporation that is tax-exempt under IRC Section 501(c)(3) and is not classified as a private foundation under Section 509(a) must be willing and able to sponsor.

16. **Sponsored Organization (the "Successor").** The Successor must be approved in writing by both AHB and Sponsored Organization by the end of the 60-day written notice period. If the parties cannot agree on a Successor to sponsor Sponsored Organization, Sponsored Organization shall have an additional 60 days to find a Successor willing and able to sponsor Sponsored Organization and on which both parties must agree.

If a Successor is found, the balance of assets held by AHB for Sponsored Organization minus a holdback of funds to pay any expected liabilities incurred by AHB in connection with Sponsored Organization, 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 (including funding sources) that may be required.

If Sponsored Organization has itself obtained recognition of tax-exempt status under IRC Section 501(c)(3), Sponsored Organization shall be eligible to receive the balance of assets held by AHB for Sponsored Organization minus a holdback of funds to pay any expected liabilities incurred by AHB in connection with its sponsorship of Sponsored Organization. If Sponsored Organization has formed a new organization qualified to be a Successor as set forth in the preceding Paragraph, the successor organization shall be eligible to receive the balance of assets held by AHB for Sponsored Organization minus a holdback of funds to pay any expected liabilities incurred by AHB in connection with its sponsorship of Sponsored Organization.

If no Successor is found and this Agreement is not extended, Sponsored Organization shall direct any monies remaining after the payment of liabilities to uses in line with AHB's tax exempt purposes. Under no circumstances may monies remaining after satisfaction of liabilities be paid to any individual or taxable entity. Under these circumstances, AHB may, likewise, retain any funds remaining in the restricted account held on behalf of Sponsored Organization.

Relationship of the Parties. Sponsored Organization is a separate, independent organization from AHB. Sponsored Organization is not controlled by, owned or in any way affiliated by common ownership or otherwise with AHB. It is agreed that AHB and Sponsored Organization are not

partners, associates or joint venturers and that AHB is not acting, and is not to act, as an agent for Sponsored Organization. The relationship established under this Agreement is that of AHB acting as an independent fiscal sponsor of Sponsored Organization. AHB exercises oversight over Sponsored Organization's activities for the sole purpose of ensuring that Sponsored Organization's activities do not violate AHB's exempt purpose or endanger AHB's 501(c)(3) status. Aside from that oversight, AHB is not directing or controlling Sponsored Organization's activities.

17. **Additional Documentation.** Each party shall, from time to time, deliver or cause to be delivered, such additional information, papers, or documents that the other party may at any time reasonably request for the purpose of carrying out of this Agreement and the services provided for herein.

18. **Notice.** Any notice or communication required by or related to this Agreement shall be considered delivered when it is sent to the following addresses:

Arts & Humanities Bainbridge 221 Winslow Way W, Suite 201 Bainbridge Island, WA 98110

(sponsored organization, address_____)

19. **Severability.** If any provision, or part thereof, of this Agreement is invalid or unenforceable under any law, such provision, or part thereof, is and will be ineffective only to that extent, but the remaining provisions of this Agreement, or part thereof, will be unaffected.

20. **Attorney's Fees and Expenses.** In any legal action, whether at law, in equity, arbitration, or otherwise, between the parties in relation to this Agreement or any transaction contemplated hereby, the non-prevailing party shall pay to the prevailing party all costs and expenses of such litigation, including reasonable attorney fees. Such payment shall be in addition to any other sums that the non-prevailing party may be required to pay pursuant to the terms and conditions of this Agreement and the outcome of the legal action.

21. **Waiver.** No waiver of any term, provision, or condition of this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, provision, or condition, or of any other term, provision, or condition of this Agreement.

22. **Assignment.** Sponsored Organization may not assign its rights or duties under this Agreement without the prior written consent of AHB.

23. **Confidentiality.** Except to the extent required by applicable law, neither Sponsored Organization nor AHB shall disclose any confidential or proprietary information about or of the other party to any person who is not a partner, officer, employee, counsel, or agent of such party except with the consent of such other party or pursuant to a subpoena or order issued by a court of

competent jurisdiction or by a judicial, administrative, or legislative body or committee. Confidential information includes, but is not limited to, (i) any information relating to a party's financial condition; (ii) any information designated "confidential" or "proprietary" by either party; and (iii) information or custom that is protected from disclosure by state or federal privacy laws.

24. **Indemnification.** Sponsored Organization agrees to protect, indemnify, and hold AHB and its employees, officers, and directors harmless against any and all losses, liabilities, costs and expenses (including reasonable attorneys' fees), judgments, damages, claims, counterclaims, demands, actions, or proceedings, by whomsoever asserted arising out of or in any way related to (i) the breach or violation of any obligation, representation, covenant, or warranty of Sponsored Organization hereunder or (ii) the provision of any services by AHB hereunder. This would include claims made by taxing authorities and other agencies against AHB related to the reporting of income and expenses of Sponsored Organization during this Fiscal Sponsorship as well as any requests for reimbursement of Sponsored Organization donations, contributions or grants received.
25. **Limitation of Liability.** AHB shall not be liable for any losses, claims, costs or expenses related to Sponsored Organizations activities, debts, promises, contracts or other agreements or for any actions taken in the name of Sponsored Organization.
26. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and there are no prior agreements, understandings, restrictions, warranties, or representations between the parties with respect thereto. Any such prior agreement by the parties is hereby rendered null and void and is superseded by this Agreement.
27. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Further, the parties consent to the jurisdiction and venue of the State Courts located in Kitsap County, Washington.
28. **Term.** This Agreement will remain in force until one year from the date of signing unless terminated earlier under the provisions of Section 15. This Agreement may, at the parties' mutual option, be renewed for two additional one-year terms.

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

ARTS & HUMANITIES BAINBRIDGE

By (organization) _____

Date: _____

By:(name and title) _____

Sponsored Organization _____

By (organization) _____

Date _____

By (name and title) _____

Agreement: Arts & Humanities Bainbridge and _____, (date) _____