

Fiddletown Community Center Board Meeting

MINUTES

Thursday, February 18, 2021 | 6:30 PM – 7:30 PM – SPECIAL MEETING

Attendees: Susie Jones, President Barbara Reilly, Treasurer **Start time: 6:30pm**
Janet Migliore, Vice President Steve Jones, Director
Deirdre Mueller, Secretary Linda Lange, Guest, HFH Coordinator **End time: 7:20pm**

Location: 14445 Fiddletown Road, Fiddletown CA

Ongoing Business

Topic	Reports/Discussion	Minutes	Presented By
Guest Speaker	<p>Clarification of Help for the Holidays (HFH) status with the Fiddletown Community Center (FCC) and its non-profit status.</p> <p>Results are:</p> <ul style="list-style-type: none">• FCC to be a Fiscal Sponsor for HFH.• FCC to draft contract outlining the Fiscal Sponsorship relationship, including facilities and items used, on-site volunteers, joint branding, and management of funds.• HFH to provide a Certificate of Liability to cover the two days of the event. HFH to have volunteers sign a waiver for all other days. <p>Action Items:</p> <ul style="list-style-type: none">• Treasurer to open separate checking account for HFH. HFH accepts current accounting and to have all funds transferred to new checking account. Approved by Board.• All HFH monetary donations to follow current workflow: first to Secretary for tracking and thank you letters (as directed by HFH Coordinator), and then Secretary gives to Treasurer for accounting and deposit into HFH checking account.• Secretary to look into creating PayPal with drop-down options to include HFH, Food Pantry, Hall Renovation, etc.• Secretary to ensure links to HFH website.• (Secretary?) Need to create IN basket for Linda Lange.• Secretary to provide Linda Lange with login to access FCC-documents.• Secretary to upload spreadsheet of received donations twice a week unless otherwise requested. <p>See Addendum for information on fiscal sponsorships.</p>	60	Linda Lange

ADDENDUM

(From Susie Jones): I found a helpful article on non-profit organizations and fiscal sponsorships. This appears to apply to the current arrangement with the HFH and provides guidance on how to proceed to ensure that both the non-profit organization (FCC) and the sponsored project (HFH) are protected. Below are excerpts.

You can find the full article here: (For complete text, see <https://www.propelnonprofits.org/resources/a-boards-guide-to-fiscal-sponsorship/>)

[Fiscal Sponsorship Agreement Sample](#)

What is fiscal sponsorship?

Fiscal sponsorship is when a nonprofit organization extends its tax-exempt status to select groups engaged in activities related to the organization's mission. In a fiscal sponsorship arrangement, the sponsor accepts tax deductible donations and grants on behalf of the sponsored project/organization. The sponsor accepts responsibility for the use of those funds and ensures their application toward charitable purposes, along with any additional donor restrictions. To ensure this is not merely a pass-through of charitable dollars from the 501(c)(3) to the project, the IRS requires that the sponsor have "complete discretion and control" over the funds.

Fiscal sponsors often offer additional services and supports to their sponsored projects; the range of services provided varies by sponsor. Most fiscal sponsors charge sponsored projects a fee to offset the additional cost. Generally, that fee is somewhere between 5%-10% of all funds held on behalf of the sponsored group.

Risks: What Could Go Wrong?

- **Liability** – Fiscal sponsorship is putting your organization's 501(c)(3) on the line in order to facilitate another project. This isn't to say that it shouldn't be done. Sponsorship can be an empowering tool that can help get projects off the ground that otherwise wouldn't make it. But it does mean that the relationship needs to be carefully considered.
- **Pass-through** – If a fiscal sponsor does not institute proper oversight and control mechanisms, the relationship could be seen as nothing more than a pass-through or conduit, which will invalidate the role of the sponsor and can lead to loss of the sponsor's tax-exempt status.
- **Reputation** – By connecting itself to a project over which the sponsoring organization might not have daily oversight, the sponsoring organization could be putting its reputation on the line. It's important that both parties communicate openly and regularly to avoid the risk of the fiscally sponsored project engaging in work that is — to their knowledge or not — unethical, immoral, or illegal.
- **Operational/administrative/financial** – By acting as a sponsor you are putting additional responsibilities on your staff and systems. Your organization must be fully qualified to act on these additional responsibilities or you run the risk of improper, even illegal, financial and relationship management.

Questions to Ask

After ensuring you fully understand potential risks involved, ask yourself the following questions:

- Are we ok putting our organization's 501(c)(3) status on the line to do this work? Is offering fiscal sponsorship truly aligned with the mission, vision, and values of our nonprofit or are we drifting away from our stated mission in order to sponsor a project/organization?
- Why are we doing this? Does it make sense to offer other forms of support instead (contract work, partnership, etc.)? Are we doing this for the right reasons?

- Do we have the capacity to take on the extra administrative work and to exercise discretion and control over funding?
- Do we have the expertise on staff to be a successful fiscal sponsor? Are our board and staff knowledgeable enough to ensure we're operating our program according to IRS guidelines and best practices?
- What would happen to this project/organization if we decide not to be a sponsor? Are there already existing sponsors who could take on this role?
- What is our relationship with the sponsored project/organization's funders or other involved parties?
- Do we have any conflicts of interest that need to be reviewed?
- Should our organization solicit donations for our fiscally sponsored project(s)?
- Do we know how to account for and be transparent with funds being held for our fiscally sponsored projects on our organization's financials, both internal and external?
- Under what circumstances do we terminate a fiscal sponsorship relationship and are we comfortable doing so?
- Do we fully understand the requirements and implications of the model(s) of sponsorship we are offering?