

NPC Fiscal Sponsorship Policy

Overview

The NPC is a 501 c3 whose mission is to facilitate growth for charitable organizations through shared resources, affordable programs and services, and creative collaborations. Our Fiscal Sponsorship Program is commonly known as Model C, a pre-approved grant relationship. In this model, the Project is not a program or initiative of the NPC, the Fiscal Sponsor. The Project has its own legal, tax and accounting identity, subject to various state and federal laws. NPC requires its fiscal sponsorship Projects to take the lead in raising all funds subject to NPC guidance, and reserves the right to review and approve all solicitation material to ensure that the project furthers only charitable goals and does not confuse or violate federal or state legal requirements. By law, all individual, foundation and other donations intended for the sponsored project must go directly to and belong to NPC, whose board of directors has the sole discretion whether and when to distribute those funds to the project.

Benefits of Fiscal Sponsorship

There are many benefits to fiscal sponsorship including receiving tax deductible donations and the ability to apply for and receive grant funding. The NPC issues donor thank you receipts and monthly financial reports, provides advice and guidance when needed, and includes the grantee's project on the NPC web site with a direct link to grantee web site. If the Project does not have a website and wants NPC to host and update a webpage for the Project on NPC's website, there is a \$40 annual fee.

Fees

The fee for fiscal sponsorship administration is 7% of all contributed revenue received on behalf of the project. Additionally, the NPC requires a non-refundable, one-time application fee of \$150 and grantees must become NPC members (\$95 annual fee for organizations with revenue under \$200K). NPC reserves the right to charge for any extraordinary costs that arise due to a fiscal sponsorship, such as if NPC or its accountants must examine an organization's books.

Eligibility & Considerations

To be eligible for consideration, the Project must involve charitable activities as defined by the IRS. The NPC does not accept individuals. Groups must demonstrate that organizational decisions are made collaboratively by three or more people. Project activity must occur in Berkshire County. The NPC prefers to sponsor MA-based organizations but will consider those registered in another state. The Project's primary focus may not be lobbying.

The Project retains its own legal, accounting and tax status as a separate entity. This could be as minimal as having a bank account opened in the project's name with its own EIN (Employer Identification Number) from the IRS using form SS-4 (unincorporated association), to being a registered organization in the state in which the organization is located.

Remember that although NPC is tax-exempt under section 501(c)(3), fiscal sponsorship under NPC does not make the Project itself tax-exempt. NPC recommends that groups consult with a Certified Public Accountant or other legal/tax professional to determine any filing requirements. The project sets up its own accounting system and bank account and pays its own bills.

Fundraising

The Project takes the lead on soliciting donations and grants, however, fundraising materials and persons to be approached should be reviewed in advance by NPC for compliance, especially if funds are being solicited out-of-state.

Grants & Donations

The NPC will not accept loans or grants from the Federal Government but will consider grants from state governments. The Sponsored Organization is responsible for submitting any required grant reports to funders and must supply a copy of all approved grant applications and reporting material. The Project may not sign approved grant agreements from other funding sources as these agreements will be in the name of NPC.

All donations for your project – cash, stock or checks - must come through NPC. At no time may the Project accept and use a donation directly in its name without submitting to NPC. In-kind donations cannot be received as a charitable contribution to NPC.

Please send donations and any accompanying paperwork to NPC within one week of receiving them to avoid any stale dated checks and so NPC can provide a timely receipt as required by the IRS. Donors may also send donations directly to NPC at PO Box 388, Gt. Barrington, MA 01230. **BE SURE TO ASK YOUR SUPPORTERS TO INDICATE THAT THE FUNDS ARE DESIGNATED “FOR THE PURPOSES OF (PROJECT NAME),” NOT YOUR ORGANIZATION. IF YOU HAVE A FORM THAT YOU USE TO HELP YOU TRACK GIFTS, PLEASE SEND IT WITH THE DONATIONS. CHECKS SHOULD BE MADE TO NONPROFIT CENTER OF THE BERKSHIRES OR NPC WITH THIS WORDING IN THE MEMO LINE:**

FOR THE PURPOSES OF (NAME OF PROJECT)

Note that end-of-year gifts must be received by December 31st or postmarked by December 31st according to IRS rules. Cash gifts should be deposited into grantee’s account after which grantee can send a check to NPC noting “cash gift for the purposes of (name of project)” in the memo line. Cash gifts will be acknowledged as anonymous unless donor information is provided. If you have donors that wish to make a stock gift, please ask them to contact NPC directly.

NPC does not process money from the sale of items, for example: t-shirts, coffee and other such items that your project may sell to help raise funds. These sales are not donations as the supporter receives goods in exchange for their money. You should deposit these checks in your bank account directly.

Web site and fundraising material

It is important your website and other fund-raising material reflects the project's relationship with NPC. When describing the relationship, use the term *fiscal sponsor*. For example, "Project X is a fiscally sponsored project of the Nonprofit Center of the Berkshires" or "the Nonprofit Center of the Berkshires fiscally sponsors Project X." For fundraising, use a version of this:

While not a 501(c)(3) itself, Project X is a charitable organization. Through our fiscal sponsor, the Nonprofit Center of the Berkshires (NPC), a 501(c)(3) public foundation, our supporters are able to make tax-deductible donations. NPC will provide each donor with the appropriate tax receipt. Please make your checks out to NPC/Project X. Thank you for your support.

Fund-raising Events, Benefits, Raffles and Auctions. If your project sponsors an event where a service is provided (such as a meal, refreshments or a show) in exchange for a ticket or voluntary donation, you must print a good faith estimate of the value of the service on the invitation. A good faith estimate is your best guess as to what that service would cost if someone were to purchase the service, regardless of whether the service was donated to your project.

For example, your supporters buy tickets ranging from \$55 to \$150 to your event and in exchange, they receive drinks and hors d'oeuvres that would normally cost \$30 per person. That value (\$30) is deducted from the amount of the ticket or donation if a tax receipt is sent to the donor. (No tax receipts are provided to your supporters for an event ticket or voluntary donation, unless the tax-deductible value is \$250 or more.) In this case, you may want to put the following on your invitation:

Supporter tickets are \$55 per person (\$25 is tax-deductible)
Benefactor tickets are \$150 per person (\$120 is tax-deductible)

Raffle proceeds are not considered tax-deductible. Massachusetts requires a non-profit to have a license to conduct a raffle. NPC does not purchase a license on a project's behalf, so NPC does not accept funds from raffles.

If the event includes an auction (silent or live), even if the auction items were donated, the fair market value of the items is deducted from the auction payment. For example, a travel agency donates a cruise for two people to your organization, valued at \$5,120. One of your supporters bids \$4,300 for the cruise. In this case, the \$4,300 is not tax-deductible, because it is less than the value of the item.

Alternatively, if your supporter bids \$5,300 for the cruise, \$180 of the purchase is tax-deductible. NPC will provide your supporter with a receipt to show the tax deduction. Contact NPC for a sample auction transmittal form that you can send with the proceeds from your auction which shows the description of the item, its fair market value, the purchase price and the name and address of the purchaser. No tax receipts are provided to your supporters when the fair market value of the item exceeds the purchase price.

On-line Donations. Please direct donors to NPC's donate page to make online donations. We may be able to offer a customized PayPal button for your organization. Please call to discuss.

Crowdfunding Campaigns. Note that some Crowdfunding sites require bank account or other confidential information that NPC cannot provide. Please call the NPC to discuss.

EIN Number

Your organization should apply for an EIN number, which can be done online from the IRS website. Once you receive your EIN, please provide a copy of your EIN confirmation letter to NPC. In no circumstances can you use NPC's EIN number or state ID number to apply for goods or services from groups such as Google, Microsoft or Facebook, for example, or avoid paying sales tax in your state.

Publicity

NPC is happy to include news of your Project in our fall or spring newsletter, monthly e-blast or on our Facebook page. Forward that information, including high resolution photos, to elizabeth@npcberkshires.org. We also encourage you to set up a Facebook page and "like" the NPC so NPC can also "like" you. You may also post news from your Project on our Facebook page. www.facebook.com/npcberkshires

Policy Updates

The NPC reserves the right to update policy from time to time as procedures or laws change. Sponsored organization will be notified of said changes.

How to apply

The NPC accepts applications to the Fiscal Sponsorship Program on a rolling basis. The process between submitting an application and final approval may take approximately four weeks depending upon completeness of the application, additional questions raised by the application and timing of NPC Board of Directors meetings to approve applications.

Access the application on our website:

Send \$150 non-refundable application fee to: NPC, P.O. Box 388, Great Barrington, MA 01230.