

Fiscal Sponsorship Policy

A fiscal sponsor is a nonprofit organization that shares its corporate and 501(c)(3) tax-exempt status with another charitable group or organization who does not have its own 501(c)(3) or other charitable tax-exempt status, for the purpose of furthering its own charitable mission. The Fiscal Sponsor cannot be a mere conduit of funds. The IRS requires that the Fiscal Sponsor have complete discretion and control over the grant funds and holds the sponsor legally responsible to see that its payments to the sponsored project further the sponsor's charitable purposes.

The Colorado Health Foundation (the Foundation) generally requires that each applicant/grantee operate as a nonprofit entity with tax-exempt status as determined by the State of Colorado and the Internal Revenue Service, however, we are aware that some projects may be very new or in the process of obtaining this status. Additionally, we recognize that not every charitable endeavor has the infrastructure required to become a formal tax-exempt organization. Therefore, we will award grants to groups which are not 501(c)(3) or governmental organizations provided they have obtained the support of a fiscal sponsor with nonprofit status. Both the fiscal sponsor and the project are required to sign a Fiscal Sponsorship Agreement before any funds will be awarded (please see attached). Please note that the Foundation generally does not fund for-profit entities through its grantmaking program, however we understand there may be an occasional instance in which a for-profit organization is the best partner to accomplish the work and therefore may submit an application if they are partnering with a fiscal sponsor. If you are a for-profit organization interested in learning about our program-related investment opportunities, please visit our website [here](#).

To support the self-determination of funded projects, the Foundation encourages projects and fiscal sponsors to establish the clearest possible understanding regarding each of their roles and responsibilities. Fiscal sponsors should be well-informed of the risks and have the organizational structure and capacity to manage and accept these risks before agreeing to serve as a fiscal sponsor. The Foundation considers the fiscal sponsor to be the grantee, who therefore assumes legal and financial responsibility for grant funds. The Foundation does not intend to interfere or mediate disputes between projects and fiscal sponsors, nor does the foundation intend to take an active role in setting up a fiscal sponsor partnership. The fiscal sponsor partnership and agreement should exist or continue outside of the Foundation's funding consideration. The Foundation does require the following:

- The project to align with the fiscal sponsor's charitable mission
- The fiscal sponsor to have *full* discretion and control over the funds granted from the Colorado Health Foundation
- The fiscal sponsor and the project to address property ownership (physical or intellectual) if applicable, and an exit strategy in their agreement. The exit strategy may require a written separation agreement should the project choose to become a separate nonprofit entity during the course of the grant period.
- Funds are used to support the intended work described in the proposal to the Colorado Health Foundation
- A system in place to track the activities and balances of CHF funds specifically related to the project.

The Colorado Health Foundation will not award funds to any grantee organization until an acceptable, signed Fiscal Sponsorship Agreement is received. If you have any questions or concerns, please do not hesitate to contact the Foundation for assistance.

Ryan Severts
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The Colorado Health Foundation
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Fiscal Sponsorship Agreement

1. Description of the Parties to this Agreement:

This Agreement is between _____

(Nonprofit Fiscal Sponsor herein referred to as "Fiscal Sponsor"), a 501(c)(3) public charity,

And

_____ (Sponsored Project herein referred to as "Project"), a project of the Fiscal Sponsor.

2. Purpose of this Agreement

This Fiscal Sponsorship Agreement defines the roles and responsibilities of both the Fiscal Sponsor and Project named above. Project wishes to work with Fiscal Sponsor to receive and administer funds in support of the intended work described in the proposal to the Colorado Health Foundation (CHF). Fiscal Sponsor has determined: (1) the Project will advance the Fiscal Sponsor's mission; and (2) the Project is ready, willing, and able to carry out the purposes of the work described in the proposal to CHF, if given sufficient financial resources. Once signed by both Parties, the terms of this Agreement will govern the fiscal sponsorship relationship between the Parties regarding the project activities.

3. Start and End Dates:

This Agreement shall be in effect from:

_____ (Beginning Date) through _____ (Ending Date).

4. Termination: This Agreement shall commence on the Effective Date and shall terminate as follows:

- a. By the Fiscal Sponsor or by the Sponsored Project by providing sixty (60) days prior written notice;
- b. If Fiscal Sponsor loses its classification as an organization described in § 501(c)(3) of the Code, or
- c. By either Party based upon a material breach of this Agreement upon thirty (30) days' written notice to the breaching Party, if the breaching Party fails to cure the breach within fifteen (15) business days after having received written notice by the non-breaching Party of the breach or default.

5. Roles:

Role of the Fiscal Sponsor

The Fiscal Sponsor is considered the Grantee by CHF and therefore assumes legal and financial responsibility for grant funds. The Fiscal Sponsor is to receive and disburse funds to the Project in a timely manner and to maintain prudent and accurate records of all transactions as required by the State of Colorado and the Internal Revenue Service. The Sponsor should have a system in place to track the activities and balances of CHF funds specifically related to the Project, and the Sponsor maintains *full discretion and control* over the grant funds. The Fiscal Sponsor is also ultimately responsible for all reporting requirements to CHF, although the Project may be the one to prepare the reports.

Role of the Project

The Project is not considered the Grantee by CHF. The Project is typically responsible for the programmatic implementation of the work. They are to request funds or reimbursement of funds from the Fiscal Sponsor in a timely manner in order to conduct the project activities. In addition, the Project is to maintain prudent and accurate records of all activities as required by the State of Colorado and the Internal Revenue Service.



By initialing below, the Fiscal Sponsor confirms that the following statements are true:

Fiscal Sponsor's Initials	Items to Be Confirmed
	The Fiscal Sponsor's Board of Directors has approved the Project as furthering its charitable mission
	The intended work to be performed is accurately described in the grant proposal to CHF
	The Fiscal Sponsor will maintain full discretion and control over the funds

By initialing below, **both** the Fiscal Sponsor and Project indicate that they have reviewed and come to an agreement regarding each of the following items:

Fiscal Sponsor's Initials	Project's Initials	Items to Be Agreed Upon
		General timeline for use of funds
		Ownership of property rights (physical or intellectual), if applicable
		Fiscal Sponsor's policies for disbursement of funds (including time needed to respond to check requisitions)
		Chain of command within both organizations, including decision-making authority regarding use of funds
		Reporting requirements to the Colorado Health Foundation
		Exit strategy (may require a written separation agreement)
		Administrative fee: Total amount or percentage Project is to pay to Fiscal Sponsor (if any): _____ Terms of payment (if any): _____

Signature - Fiscal Sponsor Representative: _____

Printed Name and Title: _____

Date: _____

Signature – Sponsored Project Representative: _____

Printed Name and Title: _____

Date: _____

