

Fiscal Sponsorship Guidelines

What is a Fiscal Sponsorship Fund?

A Fiscal Sponsorship Fund allows an organization (the “Fundholder”) to operate as a 501(c)(3) organization under the umbrella of The Miami Foundation. As your Fiscal Sponsor, The Miami Foundation becomes the tax exempt organization that allows you to receive charitable contributions from individuals, foundations, corporations and government agencies that may not otherwise be available to you. Under the supervision of the Miami Foundation, these contributions are used exclusively for charitable purposes. The Miami Foundation also provides back office services to your organization (e.g. acknowledgement of tax-deductible donations, invoice payments, bookkeeping and IRS reporting requirements).

How much does The Miami Foundation charge for this service?

The Miami Foundation provides the Fiscal Sponsorship service at an 8% fee taken on all deposits to the Fund. Other fees may apply as per fee schedule.

What is the Application Process?

If you are interested in applying for a Fiscal Sponsorship, please fill out the application. After your application is submitted, a committee will meet to review it. If approved by the committee, the Fundholder will be notified within 2 weeks and a Fiscal Sponsorship Fund Agreement will be signed.

All Fiscal Sponsorship Funds must be established with a **minimum fund contribution of \$100,000** and will be assessed an annual review in accordance with the terms of the fund agreement. To be eligible for a fiscal sponsorship at the Foundation, you must be able to **demonstrate** you currently meet this requirement.

How does it work?

Donations are contributed to the Fiscal Sponsorship Fund at the Foundation. Donors receive a charitable tax deduction for their contribution. The Miami Foundation will send an acknowledgment letter to all donors for gifts of \$250 and above. Governed by the Fiscal Sponsorship agreement, all dollars in the Fund must be used toward a charitable purpose. You will have access to activity in your Fund online; transactions are posted within ten business days of the activity.

What services are provided to Fiscal Sponsors?

- Acknowledgement of all gifts of \$250 and above
- Creation and maintenance of accounting records
- Quarterly Fund statements
- Payment of Foundation-approved invoices
- IRS compliance and reporting requirements (1099s)
- Use of tax exempt status to apply for grant funding (subject to Foundation approval)
- Participation in Give Miami Day

What are the criteria to be eligible to be a fiscal sponsor of The Miami Foundation?

- Complete and submit the fiscal sponsorship application online
- Fit the mission and work of the Foundation
- Your project must be charitable in nature
- Fund must be established with a minimum contribution of \$100,000

NOTE: The Miami Foundation does not accept federal grants.

What does The Miami Foundation require from me?

- For tax compliance and liability purposes, The Miami Foundation requires that your organization be incorporated as a separate legal entity under Florida law (LLC, corporation or nonprofit corporation on Sunbiz.org).
- Notify The Miami Foundation prior to any fundraisers, events and/or programs for approval with a proposed budget.
- Before hosting a fundraising event, the legal entity must possess liability insurance and include The Miami Foundation as an additional insured.

Fundraising Events

All fundraising activity must be submitted in writing prior to the activity and approved by the Foundation. All uses of the Foundation's logo and marketing promotions must be approved in advance by the Foundation. All fundraising materials should make clear, where applicable, that contributions being raised are *on behalf of* the Fund rather than *by* The Miami Foundation but that the Fund is a component fund of the Foundation. The Foundation, unfortunately, does not have the staff to operate public fundraising events for its Fiscal Sponsorship Funds.

The Miami Foundation receives all net income from a fundraiser and it is the responsibility of the Fundholder to provide the Foundation with accurate and detailed information regarding each contribution. It is important that fundraising activities be conducted under the observation and fiscal guidance of the Foundation to ensure that donors receive proper acknowledgment for their donation. This will protect donors from unintended tax consequences to themselves, and to avoid any penalties to the organization for failing to make proper solicitation disclosures. Any goods or services received by donors in exchange for contributions must be properly documented in accordance with IRS requirements.

Event Responsibilities of The Miami Foundation

- Management of assets that are received from donors into the Fiscal Sponsorship Fund;
- Confirm event is in line with charitable mission;
- Provide appropriate acknowledgments to donors; and
- Review invoice documentation and process payment for all expenses

Event Responsibilities of Fundholders

- Submit documentation for all event expenses, including charitable purpose;
- Compliance with laws; and
- Reporting and other requirements of every kind such as licensing, tax payment and liability insurance (see below) covering the Foundation

Payment of Expenses

The Fundholder will be responsible for all expenses and maintain appropriate financial controls and records related to fundraising events. The Fundholder will establish a budget for submission to the Foundation prior to all events. Payment of (either by the Fundholder or by The Miami Foundation) must be discussed prior to the event.

Tax Requirements and Acknowledgments

The IRS has imposed strict requirements which impact any fundraising. If the steps outlined below are not followed, donors will be denied a tax deduction; the Fundholders might find themselves unexpectedly subjected to tax on fundraising income; and The Miami Foundation or the Fundholder might be subjected to penalty.

Donors who contribute \$250 or more will receive a written acknowledgment from The Miami Foundation. The Miami Foundation will provide the appropriate acknowledgment to the donors, but will require certain detailed information in order to do so. Specifically, the Fundholder will need to provide The Miami Foundation with:

- The donor's complete name and address;
- The date and amount of the contribution;
- A detailed description of any goods and services provided in exchange for the contribution

Contributions of services, while appreciated, are not generally deductible. If the Fundholder provides goods or services in exchange for a donation, certain disclosures are required to be made upon solicitation. For example, if the group is sponsoring a dinner, the donor can only deduct the excess of the ticket price above the fair market value of the dinner. This limitation on the deduction, known as a quid pro quo disclosure, must be disclosed at the time of solicitation. Disclosure on the ticket to the event is a typical method for making this disclosure.

The Miami Foundation will assist the Fundholder in determining the fair market value amounts and the appropriate disclosure language for the event. However, The Miami Foundation will have to work with the Fundholder prior to the solicitation activity, and will need information pertaining to the event such as the ticket prices, and the values of the goods or services donors are expected to receive. *The Fundholder needs to assure that the required quid pro quo disclosures are made.*

Liability Insurance and Liability for Losses

The Fundholder will contact the Foundation prior to having a fundraising event to assess the need to secure liability insurance for the entity and for the Foundation. Insurance coverage must be reviewed and approved by the Foundation. The Fundholder will be responsible for all losses incurred by events. The Foundation will not be held responsible for such losses. The Foundation may require the Fundholder to purchase a letter of credit or provide a written personal guarantee. The Foundation will not solicit alcohol from any vendor on the organization's behalf.

Solicitation of Contributions Act - according to Florida's Solicitation of Contributions Act, the following information must be available at all fundraising events:

1. The name of the charitable organization and the state in which it does business:
 - The Miami Foundation, Florida
2. A description of the purpose for solicitation:
 - The _____ Fund is a fiscal sponsorship fund and a component fund at The Miami Foundation. The _____ Fund at The Miami Foundation is raising dollars today for the purpose of _____.
3. The amount of the deductible portion as defined by federal law:
 - It is vital to determine the value of the benefit received by the donor for his or her contribution. This amount is not deductible for federal income tax purposes.

4. Written financial statements can be obtained from The Miami Foundation.
 - All information regarding funds raised and event expenses must be given to The Miami Foundation within one week of the fundraising event, so that we can respond in a timely manner to requests for information.
5. All printed solicitations, written confirmations, receipts, or reminders of contribution must state in capital letters per the State of Florida:
 - THE MIAMI FOUNDATION COMPLIES WITH THE SOLICITATION AND CONTRIBUTIONS ACT. CONTRIBUTIONS ARE DEDUCTIBLE TO THE EXTENT OF THE LAW. "A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING TOLL-FREE (1-800-435-7352) WITHIN THE STATE. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL, OR RECOMMENDATION BY THE STATE."

FAQs

How are donations accepted?

Donations to the Fund may be sent directly to the Fundholder or to the Foundation. If the Fundholder receives a check, forward it to The Miami Foundation for deposit into the Fund. We hold and manage contributions until a disbursement request from the Fundholder is made from the Fund. Credit card donations may be made on The Miami Foundation's website at www.miamifoundation.org/givenow.

How are donations treated?

Donations received on behalf of your Fund are tax deductible for the donor. The Miami Foundation provides acknowledgment of donations of \$250 and above.

Does the Foundation take cash?

The Foundation does not accept cash contributions. The Foundation also accepts the following: checks, money orders, credit cards, wire transfers, stocks, bonds and property.

Does the Foundation administer federal grants?

No, the Foundation does not administer federal grants. The Foundation will only accept grants where the primary contractual agreement is between the organization and the Funder unless otherwise approved. The Funder must accept that The Miami Foundation is acting as the Fiscal Sponsor.

How are invoices paid?

The Miami Foundation processes checks weekly. Check requests must be submitted by Mondays at 8:30am in order to be processed that week. Payments are sent out by Friday. The check request form can be found online at miamifoundation.org and can be submitted by email to paymentrequest@miamifoundation.org.

All check requests must have the following:

- A clear business purpose stated on the form
- For reimbursements, proof of payment must be provided in the form of receipts or copies of checks

- For payment to individuals for hourly services, the following documentation is required:
 - hourly rate,
 - timesheet signed by individual and approved Fundholder or designated Fund Representative
- If this is a salary position, please also provide a job description
- All vendor payments must have an invoice
- All first time payment to vendors must have a W9 attached

If you have any additional questions about The Miami Foundation's Fiscal Sponsorship Program, please contact Lindsey Linzer, Director of Grants Administration at LLinzer@miamifoundation.org or 305.357.2079.