

# **CULTURETRUST GREATER PHILADELPHIA MODEL C (CONTRIBUTED INCOME) FISCAL SPONSORSHIP MANUAL**



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## AN OVERVIEW

CultureWorks Greater Philadelphia provides arts, culture, community organizations and creative professionals affordable access to the support and strategy they need to flourish. We are a management commons offering shared services and space to our community.

**CultureTrust Greater Philadelphia (EIN 46-3109411)** is a charitable trust under common control with CultureWorks that offers fiscal sponsorship services to the arts and cultural heritage community of Greater Philadelphia. CultureTrust simplifies, streamlines, and professionalizes the business needs of informal projects, individual artists and cultural workers, and mission-based organizations that have yet to receive, or have set aside, their independent 501(c)(3) status. CultureTrust Projects are part of CultureTrust Greater Philadelphia - all projects retain the legal name “[Project] of CultureTrust Greater Philadelphia” - and receive these services for a fixed allocation of total revenues.

### Why We Do It

We believe that everyone should have unfettered access to the support they need to live a creative life, to pass on to others the culture, ideas, and traditions that they cherish.

### Our Values

- Be Empathetic
- Be Equitable
- Be Creative
- Be Bold
- Share

### Our Motto

We are the caretakers of the ideas, work, and well-being of our members.

### Our Relationship Credo

CultureWorks is a place of collaboration, co-management, accountability, genuine care, and guidance for our members. Providing this support is our highest mission.

The services we provide are more than transactional, they are relational. Through each step of our relationship with our members, we excite their imagination, aim to lower barriers to access, stimulate their wellbeing (flourishing), and in turn create a more equitable and vibrant cultural community.



## FISCAL SPONSORSHIP ROLES & REQUIREMENTS

To make the most of the Model C fiscal sponsorship, it's important to familiarize yourself with its key elements.

- **Project:** This is the specific project described in the Model C fiscal sponsorship application. Any grants from CultureTrust may only be used to support the Project's charitable purposes. Since the Board of CultureTrust approved fiscal sponsorship of the Project, the prior written approval of CultureTrust is required for material changes in the Project.
- **Grantee:** This is the individual or organization that entered into the Fiscal Sponsorship Agreement with CultureTrust. In a Model C fiscal sponsorship, the Grantee is responsible for overall vision, project activity and administration (including fundraising), and all creative and aesthetic decisions.
- **CultureTrust:** CultureTrust receives donations from donors and makes grants to further the Project in reliance on the Project Director's instruction and programmatic expertise. CultureTrust will also provide services as described in this Manual.
- **Board of Directors:** CultureTrust is a Pennsylvania charitable trust. Its sole Trustee is CultureWorks. CultureWorks is governed by a Board of Directors (the "**Board**" or "**CultureWorks Board**"). Since CultureWorks is the Trustee of CultureTrust, the CultureWorks Board provides governance over CultureTrust as well. The Board provides general fiduciary oversight for CultureTrust operations and has ultimate authority to set or change policies. The Board meets quarterly. The Board is made up of both member representatives and external arts/culture professionals across the city to provide for equitable representation.
- **Project Director:** The Project Director is the agent and representative of the Grantee who will be the key contact person and administrator for the Project. The Project Director is responsible for applying for grants, participating in check-ins, and other duties as described in this Manual. The individual identified in the Model C fiscal sponsorship application will be the initial Project Director. The Project Director may be changed by the Grantee only with the prior written approval of CultureTrust.



- **Directed Trusteeship:** CultureTrust is set up a bit differently than most Pennsylvania trusts. CultureTrust's Trust Agreement (the "**Trust Agreement**") allows Project Directors to direct the CultureTrust Trustee(s) with respect to certain matters, including making grants to further the Project's charitable purposes. For more detail, including how the right to direct is subject to CultureTrust policies and this Manual, see the Trust Agreement and the Directed Trusteeship Summary.
- **Project Advisory Boards:** Grantees are free to organize their own Advisory Boards, Committees, and/or Working Groups for Projects (together, these are known as "**Project Advisory Boards**"). Note that, out of these groups of individuals, only the Project Director has the right to direct CultureTrust. In addition, CultureTrust reserves the right to require that an individual be removed from a Project Advisory Board for violations of CultureTrust policies or this Manual or in extraordinary circumstances.
- **Allocation Fee:** Except as otherwise agreed upon in the Fiscal Sponsorship Agreement, **Projects with a Model C fiscal sponsorship agreement allocate 7% of all revenues raised to CultureTrust to cover the Project's comprehensive management requirements** (the "**Allocation Fee**"). Once CultureTrust receives any project revenue, we immediately deduct the Allocation Fee. What you will see in the Project account is the net amount. The Allocation Fee is subject to change at CultureTrust's discretion. Should CultureTrust update the Allocation Fee, this manual will be updated and written notice will be given to the applicable Project(s).
- **Membership:** The Project agrees to become and remain a member of CultureWorks Greater Philadelphia as part of the Project's fiscal sponsorship. **This is fulfilled by paying the Fiscal Sponsorship Membership Administration Rate of \$50/month separate from the Allocation Fee** and covers the cost of access to shared financial, contract, online fundraising, and other platforms, regular support and advice from our Community Operations staff, and the use of CultureWorks' address as the Project's secure business mailing address. This amount can be deducted as a monthly rate or paid once annually, depending on the Project's cash flow and subject to the Project's and CultureTrust's mutual agreement, and ensures that the financial costs of all fiscal sponsorship platforms and labor are covered financially even when a Project is not taking in revenue.
- **Good Standing:** In order to be considered in good standing, a newly fiscally sponsored Project agrees to an initial funds transfer of \$100- \$9,999 for Model C



**comprehensive fiscal sponsorship upon signing a fiscal sponsorship agreement.**

This can be a transfer of cash, or a combination of cash transfer and proof of pledges from funders and donors that can then be fulfilled by completing any necessary paperwork with CultureTrust's banking information.

- **Move to Model A:** A Model C fiscally sponsored Project can request to be moved to Model A (comprehensive) fiscal sponsorship at any time, once the Project's revenue tops \$10,000 during the annual budget creation process and review.
- **Coworking Space:** If the Project would like to use CultureWorks as a coworking space, it may sign up for a space membership in addition to the above services, at a space membership rate that suits its coworking needs. Space membership levels can be found [on our website](#).
- **Term:** The Project agrees to be fiscally sponsored by CultureTrust Greater Philadelphia for at least 2 years following the initial signing of the fiscal sponsorship agreement, barring any unforeseen circumstances.
- **Check-Ins:** All Project Directors will check in with their Fiscal Sponsorship Operations Manager at minimum **once a quarter** to discuss Project status, review financial activity, including cash flow, and discuss upcoming events, strategy, and any needs the Project has. This can happen in-person at the CultureWorks office, over the phone or Zoom, or even by filling out your updates via our online Touchbase template.
- **Reports:** All Project Directors will submit an annual Project Budget as well as [in-kind contributions and volunteer hours](#) for their Project by July 1st of each year, the beginning of the new fiscal year. Project Directors can ask for support from their Fiscal Sponsorship Operations Manager in this process.
- **Recertification:** All Project Directors will re-certify the Project's fiscal sponsorship by signing an updated Fiscal Sponsorship Recertification Confirmation for the next fiscal year by July 1st of each year.
- **Ownership of Intellectual Property; Charitable Purposes:** In approving your Project, CultureTrust has determined that your Project meets certain charitable qualification standards based upon the art or educational material you will produce and your commitments to provide those to the public on customary terms. Any



property, including intellectual property, that you created or improved as part of the Project is, therefore, to restrictions on its future use. **All intellectual property that results from or is funded or improved, in whole or in part, by Grants must be used for charitable purposes and in accordance with the restrictions described in the Fiscal Sponsorship Agreement and this Manual, both during and after the Term of the Fiscal Sponsorship Agreement.** Projects that do not operate for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code are not suitable for fiscal sponsorship by CultureTrust.

- **Determination of Charitable Use:** In determining whether a Project is appropriate for a Model C fiscal sponsorship, CultureTrust will consider:
  - Whether the Project has artistic or educational purposes;
  - Whether the Project would be able to accomplish its purposes without fiscal sponsorship;
  - The level of distinction or promise of the individuals involved in the Project;
  - Whether the Grantor will agree to make the Project available for the benefit of the public in ways customary and appropriate for that kind of work and without charging unreasonable amounts;
  - Whether the Project will commit to making any educational materials available without discriminating on the basis of race, color, or national or ethnic origin; and
  - The extent to which philanthropic subsidies will help the Project's efforts.

## PROJECT DIRECTOR RESPONSIBILITIES

### Project Vision and Leadership

*The Project Director and the Grantee maintain responsibility for the overall vision and direction of the Project by:*

- Creating the concept, mission statement, and vision
- Choosing key partners
- Selecting and entering into contracts on behalf of Grantee with personnel (employees & contractors) and vendors to carry out the Project
- Planning and scheduling all programming
- General event production



- If the Project chooses, selecting an Advisory Board of at least 3 people who are not employees or paid contractors, who meet at least annually to review Project updates
- Acting as the public face and main point of contact for your Project
- Ensuring that all Project staff, contractors, and volunteers comply with state and federal laws and regulations when running programming using contributed revenue

### **Fundraising Leadership, Revenue Generation, and Donor/Client Relations**

*The Project Director maintains responsibility for the financial health of the Project by:*

- Identifying and researching potential grants and eligibility
- Drafting grant applications and submitting grant applications
- Submitting grant applications to your Fiscal Sponsorship Operations Manager if you would like them reviewed by CultureWorks staff before submitting.
- Creating online fundraisers using CultureTrust approved platforms
- Maintaining donor relations with any individuals, corporations, and foundations
- Reviewing Project's account balance regularly to ensure all restricted grants are spent down and the Project's overall balance can cover current and upcoming expenses
- Submitting all required reporting to funders by the deadlines listed on grant contracts

CultureTrust will support your general development efforts administratively by reviewing grant application drafts upon request, providing CultureTrust financial and organizational documents for attachment, offering reminders for upcoming grant report deadlines, and tracking and managing both restricted and unrestricted revenue. These funder relationships are your relationships to create and manage.

Your Project may encounter a funder that does not allow the Allocation Fee to be distributed to "administrative" or "indirect" costs, which includes fiscal sponsorship. In cases where CultureTrust is not able to deduct its Allocation Fee from this revenue, **CultureTrust is within its contractual rights to recoup the difference of that amount from your Project's unrestricted account balance.** It is your Project's responsibility to budget, account for, and plan for this potential discrepancy, should it arise. Please do not hesitate to contact CultureTrust if you have any questions about this issue.

### **Administrative Duties**

*The Project Director maintains responsibility for submitting and approving all administrative and financial documentation to CultureTrust by:*





- Making an initial funds transfer between \$100 - \$9,999 for Model C fiscal sponsorship upon signing an initial Model C Fiscal Sponsorship Agreement (not required for renewal)
- Directing all reimbursements or funds transfers to the Project's other entity (LLC or corporation) in SAGE/Intacct with complete supporting documentation
- Maintaining a bank account for the Project's other entity
- Maintaining insurance and compliance of the Grantee for as long as it is connected with a fiscally sponsored Project
- Submitting all grant award letters and contracts to their Fiscal Sponsorship Operations Manager for signature and record-keeping
- Ensuring all checks, donations, and grant agreements are made out to "[Project] of CultureTrust Greater Philadelphia"
- Ensuring all checks are mailed to CultureTrust at 1315 Walnut Street, Suite 320, Philadelphia, PA 19107, or are dropped off at the office.
- Advising CultureTrust of any benefits provided by Grantee to donors in exchange for contributions and estimating the fair market value of those benefits.
- Spending all grant funds received from Grantor by the grant reporting deadline, or connecting with grant officers to receive an exemption or exception.
- Notifying CultureTrust promptly of any change in Grantee's legal or tax status, Grantee's executive staff, or key staff for the Project.
- If paperwork and expenses are submitted by an administrative support person, the Project Director is responsible for approving all paperwork and expenses in the appropriate CultureTrust platform before they can be reviewed and executed by CultureWorks staff.
- Ensuring that the Grantee is keeping appropriate books and records for the Project, as well as correctly and timely reporting any grants received from CultureTrust on the Grantee's tax filings.

### **Communicating With & Instructing CultureTrust**

*The Project Director maintains responsibility for regular communication by:*

- Scheduling quarterly touch bases, whether in-person, online, or by phone
- Requesting CultureTrust grant attachments or documentation at least 5 business days before a grant deadline
- Providing CultureTrust with any requested documentation or information within 5 business days
- Contacting their Fiscal Sponsorship Operations Manager in a timely way for support in:
  - Closing out a Project



- Naming a successor as Project Director
- Seeking legal counsel
- Adding or clarifying insurance coverage
- Changing a Project's name or mission

**Timely submission of documentation is expected. Failure to attend required meetings, submit required information, or complete required documents by their proposed deadlines will result in a hold placed on your Project's sub-trust account until CultureTrust receives a satisfactory response. Consistent non-responsiveness may also result in CultureTrust's termination of the Fiscal Sponsorship Agreement, as permitted by Section 3.7 of the Trust Agreement.** See additional details below. Receivables, payables, or any other requests will not be processed until the required item is satisfied.

### **Annual Recertification of Project & Project Assessment**

*The Project Director maintains responsibility for the good standing of their fiscal sponsorship by:*

- Drafting an annual Project Budget and submitting it to CultureTrust by July 1st of each year
- Submitting information on all [in-kind contributions and volunteer hours](#) to CultureTrust by July 1st of each year
- Re-certifying the Project's fiscal sponsorship agreement by signing a Fiscal Sponsorship Recertification Confirmation, provided to them by CultureTrust, for the next fiscal year by July 1st of each year

Project Directors can ask for, and expect to receive support from, CultureTrust's Community Operations team in this process through:

- Individual budgeting meetings
- Group budgeting workshops to be scheduled leading up to July 1<sup>st</sup> of each year

*If a Project does not re-certify its fiscal sponsorship agreement by July 1st, the project will be considered **dormant** until we receive that signed paperwork.* Dormancy means that CultureTrust will not be able to carry out any financial or contractual activity for a Project until we receive the Project's recertification and budget for the current fiscal year.

**There will be 3 attempts to contact Projects who have not re-certified their fiscal sponsorship by July 1st; Projects that are placed in dormancy due to their lack of communication after 3 attempts will be assessed a reactivation fee of \$500.00 should they choose to re-start or re-certify their project.**



Projects who have been placed in dormancy because of their lack of recertification and who do not respond or move to recertify their project by January 1st (6 months after the beginning of the fiscal year) *will be closed out by CultureWorks staff* and the Fiscal Sponsorship Agreement will be terminated. Any balance left in the Project's account will be transferred directly to CultureTrust to cover any outstanding Project expenses first, and then CultureTrust's mission-related activities.

### **Voluntary Dormancy**

A Project Director may request to sign a Project Dormancy Agreement whereby the parties mutually agree to place the current Fiscal Sponsorship Agreement on hold until such time as the Project is willing to restart activity via a written request by the Project Director and a new signed Fiscal Sponsorship Agreement. This will result in pausing solicitation or acceptance of funds via CultureTrust, termination of insurance, and retention of Project Funds.

If a Project has been in Dormancy for at least one full calendar year, CultureWorks staff will reach out for a status update. The Project will be given the option to close out or to resume activity within six months.

## **CULTURETRUST'S RESPONSIBILITIES**

### **Accounting & Bookkeeping**

*CultureTrust provides accounting services for all Grants made as part of Model C sponsorship by:*

- Timely submission of all financial reporting required by the IRS related to the restricted funds held by CultureTrust
- Completing all required and requested audits of the restricted funds by required deadlines
- Depositing all checks received in the mail on a weekly basis
- Depositing incoming revenue on a biweekly basis and requesting invoices or payout reports from Project Directors when needed
- Processing all compliant Project-Director requests for grants on a weekly basis
- Communicating with Project Directors when grants or requests are not compliant with CultureTrust standards
- Providing specialized financial reports as requested by Project Directors
- Providing guidance on purchase orders, gift cards, and alternative forms of vendor payment



## Compliance

*CultureTrust complies with applicable nonprofit requirements by:*

- Maintaining current local, Pennsylvania, and federal nonprofit registrations for CultureTrust
- Maintaining updated sales licenses and sales tax-exemption in the State of Pennsylvania for CultureTrust
- Retaining legal counsel, insurance brokers, and employment benefits brokers
- Accepting legal responsibility for all grant and foundation contracts and requirements
- Maintaining a grant reporting calendar for all current Project grants
- Sending donor acknowledgement letters and donation receipts to any Project donors over \$250 on a monthly basis

## General Administration

*CultureTrust manages all further administration by:*

- Maintaining updated grant attachments, templates, and nonprofit resources on the [Online Toolkit](#) section of the CultureWorks website
- Meeting quarterly with Project Directors to review financials, cash flow, upcoming activity and long-term strategy
- Providing information on project dormancy or closing out a project when requested
- Assisting Project Directors in connecting to legal support or insurance support as needed
- Sending reminders about grant report deadlines and requirements one month before grant reporting deadlines
- Reviewing and approving grant applications *when received 5 business days in advance*
- Recommending or connecting Project Directors to other services upon request, whether provided through CultureTrust/CultureWorks, organizational partners, or by vetted providers within the Philadelphia arts and cultural community



## DESCRIBING FISCAL SPONSORSHIP

CultureTrust is a charitable trust that offers fiscal sponsorship services to the arts and cultural heritage community of Greater Philadelphia. This program simplifies, streamlines, and professionalizes the business and/or fundraising needs of informal projects, individual artists and cultural workers, and mission-based organizations that have yet to receive, or have set aside, their independent 501(c)(3) status. CultureTrust Projects are part of CultureTrust – all projects retain the legal name “[Project] of CultureTrust Greater Philadelphia” – and receive these services for a fixed Allocation Fee, as described above.

As a charitable trust, CultureTrust maintains its own Tax ID number and IRS charitable determination status, as well as a separate bank account where the sole activity is Project-based activity. As described above, CultureWorks Board acts as the governing body for CultureTrust because CultureWorks serves as the Trustee of CultureTrust.

**If asked whether you are a nonprofit.**

“<<PROJECT NAME>> is a project of CultureTrust Greater Philadelphia, a charitable 501(c)(3) trust supporting diverse cultural practices in the Philadelphia region.”

**If asked whether your relationship with CultureTrust is a fiscal sponsorship.**

“Yes, it is. CultureTrust is a Model C Fiscal Sponsor, and we are a Project of CultureTrust. We work with its management and administration.”

**When asked what the mission of CultureTrust is.**

“CultureTrust Greater Philadelphia provides a charitable home and affordable shared management resources for arts and heritage programs of diverse disciplines and cultural traditions.”

**If you want to demonstrate your Project’s mission relationship to CultureTrust.**

“CultureTrust Greater Philadelphia provides a charitable home and affordable shared-management resources for arts and heritage programs of diverse disciplines and cultural traditions. <<PROJECT NAME>>, as a project of CultureTrust, <<supports/fosters/educates...PROJECT MISSION STATEMENT>>”



## CULTUREWORKS MEMBERSHIP

**All Projects are required to maintain a Fiscal Sponsorship Membership at CultureWorks Greater Philadelphia for the duration of their Project.** This is fulfilled by paying the Fiscal Sponsorship Membership Administrative Rate of \$50/month separate from the Allocation Fee and covers access to shared financial, contract, and payroll platforms, Community Operations support and advice, and the use of CultureWorks' address as the Project's business address, even when the Project may not be actively fundraising or receiving revenue.

## SHARED WORKSPACE

CultureWorks Greater Philadelphia offers the option of shared workspace at a variety of levels. More information is available on the CultureWorks website under [Space Membership](#). Space membership options are available at any time during the Project's fiscal sponsorship and can continue separately after a Project is no longer being fiscally sponsored by CultureTrust.

Project Directors that have been accepted into our Fiscal Sponsorship program with CultureTrust have access to following coworking amenities:

- Mail
- Drop in access during business hours only (Monday - Friday from 10am-4pm)
- 24 hours of free conference room reservation time annually (must reserve in advance and be during business hours)
- 10 guest passes per month (guest passes are 1-day passes)

A discounted 5 day pass is available to purchase at \$40, normally \$90 per month, for the fiscally sponsored project's Project Director, or one person of their team. This pass includes:

- 30 Hours of hour per month during Business Hours
  - Monday to Friday from 10 am to 4 pm
  - *All of the benefits below are limited to Business Hours*
    - Use of the community tables and communal space
    - Unlimited hours for the breakout rooms
    - 6 hours of conference room use during business hours



If you would like to purchase this pass or join CultureWorks as a shared workspace member (at whatever monthly rate makes sense for your needs), please connect with our Community Operations Manager Cat at [caboudara@cultureworksphila.org](mailto:caboudara@cultureworksphila.org).

If you or your project is looking for more services, including printing, storage, access to breakout rooms, or regular workspace, please sign up for [a space membership level](#) that works for you.

## LEGAL & GOVERNANCE OVERVIEW

CultureTrust is a charitable trust formed to be a direct management and fiduciary umbrella for arts and heritage projects and organizations operating in the Greater Philadelphia metropolitan area.

CultureWorks Greater Philadelphia is contracted to be the Trust Administrator and handle the administrative, back-office functions of the Trust. CultureWorks is a separate entity from CultureTrust.

All property created by a project in Model C fiscal sponsorship belongs to the fiscally sponsored organization or entity that received the grants from CultureTrust. However, any intellectual property must be used in accordance with the restrictions outlined in the fiscal sponsorship grant agreement.

## CULTURETRUST'S LEGAL STRUCTURE & GOVERNANCE DUTIES

CultureTrust Greater Philadelphia is a 501(c)(3) charitable trust that is the direct management and fiduciary umbrella for arts and heritage projects and organizations operating in the Greater Philadelphia metropolitan area. As described elsewhere, CultureWorks is the sole Trustee of CultureTrust and is a separate legal entity from CultureTrust. CultureWorks is a 501(c)(3) charitable nonprofit corporation.

CultureTrust is a Pennsylvania charitable trust. CultureTrust has its own Federal Employment Identification Number (FEIN). CultureTrust functions just like other charitable organizations in its ability to receive grants and tax-deductible contributions.

CultureTrust is governed by its Trustee, who is responsible for fiduciary oversight of all of the Trust's Projects. The Trustee, which is CultureWorks, must approve any Project that wishes to operate under CultureTrust.



The duties of CultureWorks include:

- Maintaining the integrity and focus of CultureTrust’s mission and support of the arts, heritage, and creative community in Greater Philadelphia.
- Shaping operating policies and ensuring transparency in these policies, processes, and the financial management of CultureTrust, as well as overseeing the annual compliance process, including the independent audit and filings with taxing and regulatory authorities.
- Advocating in the community on behalf of Project and organization leaders and funders and donors to consider CultureTrust as a management and infrastructure solution for improving the overall operating efficiency and impact of the sector.

### **How is CultureWorks Greater Philadelphia involved?**

In addition to serving as CultureTrust’s sole Trustee, CultureWorks is also CultureTrust’s contracted Trust Administrator. Under this arrangement, CultureWorks staff perform the day-to-day, back-office functions of CultureTrust, including bookkeeping, insurance, human-resources administration, accounts payable/receivable management, project intake and preliminary assessment, and general project management, among other duties.

## **ADVISORY BOARDS FOR FISCALLY SPONSORED PROJECTS**

**Model “C” Projects are encouraged to develop an informal Advisory Board of at least 3 members** to address other functions that boards often provide, such as offering professional or subject matter advice, fundraising, networking, outreach, volunteerism, etc. related to the Project. These committees do not serve a fiduciary or formal governance role, but can offer valuable support to a Project and its leadership and create a stronger internal support and outreach base. Many funders who accept applications fiscally sponsored projects will request or require a Project to maintain an active Advisory Board as a condition of funding.





# RAISING REVENUE WITH A FISCALLY SPONSORED PROJECT

## USEFUL DEFINITIONS

### Contributed Revenues

Cash funds you receive from donors or funders (grants and contributions from foundations or government agencies) where there is not an exchange of benefits.

### Earned Revenues

The funds your project receives in exchange for delivering goods, services, or experiences to buyers, customers, audiences, clients, etc. There is a clear exchange of benefit at the core of earned revenues. *Model C fiscal sponsorships cover only contributed revenue, and CultureTrust will not accept earned revenue for Model C fiscally sponsored Projects.*

### In-Kind Revenues (and Expenses)

Non-cash contributions of services and labor (time), materials, technology, and other goods. Because in-kind contributions substitute for an expense you would otherwise have to pay for, CultureTrust accounts for in-kind contributions as both revenue AND expense. For that reason, they must balance each other out on both the income and expense side of the budget.

### Corporate Sponsorship vs. Giving

Corporate support of the charitable sector takes two forms: Corporate Philanthropy/Giving and Corporate Sponsorship. There is sometimes a “blend” of the two as well. In dealing with a corporation, it’s important to understand the nature of the support or relationship you or your Project is seeking or is being offered. **If you are unclear, we encourage you to seek assistance and clarification from your Project’s Fiscal Sponsorship Operations Manager.**

### Fair Market Value (FMV)

The price that a person reasonably interested in purchasing a particular good or service would pay to a person reasonably interested in selling it.

### Corporate Philanthropy/Giving

Corporations often contribute support to nonprofits either directly or through corporate foundations. Many large corporations set up separate foundations to maximize their tax



deductions and as a means to provide charitable support to the company's community. These funds granted to a Project are recorded as contributed revenue.

### **Corporate Sponsorship**

The term “corporate sponsorship” implies a commercial (earned revenue) exchange. The corporation pays the charity money, and the charity leverages its audiences, events, content, etc. to deliver advertising, promotional, or networking value to the corporation.

### **Tax Deductibility**

Tax deductibility for the donor applies only to charitable contributions—money that someone contributes to your Project without goods or services changing hands. There are several common fundraising cases in which contributed and earned revenues are blended—or commingled in one transaction. In these cases, you must be mindful of what part of the contribution is tax-deductible and what part is not. They include:

### **Membership, Crowdfunding, & Corporate Sponsorship Campaigns**

All three of these fundraising models usually entail “perks” or benefits corresponding to giving levels. At each level, there is a set of benefits the Project offers the donor or funder. These may be free tickets, products, swag, free services, advertising opportunities, or other tangible items with cash values we can determine or estimate.

The total value of the benefits package (whether directly paid for by the Project or composed of contributed goods/services) should be less than the value of the cash contribution required for the given level, so that the Project generates some net revenue from the gift.

In these cases, only the net amount above the value of the goods or services is tax-deductible. The cash value of the goods or services is not deductible. For instance, for a \$500 membership or sponsorship, the member or sponsor gets \$150 worth of goods and services as a benefit. Therefore, only \$350 of the contribution is tax-deductible. Acknowledgement letters and gift receipts from CultureTrust will reflect this by stating, “Thank you for your contribution of \$500, of which \$350 is tax deductible. Goods and services in the amount of \$150 were received by the donor.”

### **Fundraising (Benefit) Events**

Fundraising events operate similarly, though there may be more complexity to them, or they present challenges in calculating the cash value of the benefits to attendees. The entertainments or amenities offered to attendees have a value that should be factored into



the tax deductibility of an event ticket price, if the event is ticketed. (Not all of the value of the ticket may be deducted.)

### **Ticketing**

An estimated value should be calculated for the food, beverages, entertainment, gift bags, or other amenities offered to guests as part of each ticket. This value should be deducted from the value of the ticket to determine the true tax deductibility of their ticket. For instance, out of a \$100 ticket, you might calculate that \$50 is tax deductible.

### **Auctions (Live and “Silent”)**

For auction items (whether purchased by the charity or contributed in-kind), the same logic applies. The true tax deductibility for whomever “wins” the auction for the item is what they bid minus the fair market value of the item. If they bid under the “reserve” amount (usually the fair market value), then it is possible that none of what they paid is tax deductible, even if the charity “nets cash” because the item was contributed in-kind. CultureTrust will, however, issue an in-kind gift receipt to donors for any contributed goods or services used in an auction.

### **Raffles**

There are two raffle models common in fundraising: Raffles for goods or services in which people buy chances at “winning” goods or a service (whether the goods or service was bought by the charity or contributed in-kind) and the cash proceeds are retained by the charity, and Raffles in which the “pot” is cash from raffle ticket sales and the winning ticket buyer “shares” in the cash winnings with the charity.

The revenue split for these is usually 50% to the winning ticket holder and 50% to the charity, which has led to the popular shorthand term “50/50” for these raffles. (When people say they’re “doing a 50/50,” they are referring to this type of raffle.) 50/50s may be conducted in Pennsylvania without a license; however, Projects should notify CultureTrust in advance of performing such raffles so CultureTrust may assure compliance with Pennsylvania law. CultureTrust will not issue tax-deductible receipts for funds paid by an individual for a raffle ticket, since buying a raffle ticket is not a charitable transaction. CultureTrust will, however, issue an in-kind gift receipt to donors for any contributed goods used in a raffle.

### **Sponsors**

Sponsors for fundraising events work just like corporate sponsors for cultural



presentations (exhibits, concerts, etc.). See the bullet above about corporate sponsorship campaigns.

## HOW TO MAKE OUT A CHECK TO A FISCALLY SPONSORED PROJECT

### How Should a Donor Make Out the Check?

You can have donors and funders make fully tax-deductible contributions directly to **“[YOUR PROJECT NAME] of CultureTrust Greater Philadelphia.”** Most individual donors and some institutional funders will be comfortable with this explanation.

**The business address for all mail, including applications and solicitations is:** <PROJECT NAME> of CultureTrust Greater Philadelphia

The Philadelphia Building  
1315 Walnut Street, Suite 320  
Philadelphia, PA 19107-4701 | USA

## CONTRIBUTED REVENUE (GRANTS & INDIVIDUAL DONATIONS)

Fundraising comes in all shapes and sizes. But one thing remains constant: match your fundraising plan to your goal, resources, timeline, and funding base for best results. This section of the guide covers funding from grants, individuals, crowdfunding, corporate sponsorship, and benefit events, as well as understanding restrictions placed on the revenue you receive.

### Proposal & Solicitation Approval

*It is recommended to make your Project's Fiscal Sponsorship Operations Manager aware of any grant applications, reports, corporate sponsorship proposals, fundraising campaigns, and individual solicitation materials that your Project engages in.* This way, CultureWorks staff will be aware of any upcoming project activity and can support your fundraising plans. If you choose to share these with CultureWorks staff, it gives you a second pair of eyes to check for errors, omissions, and missed opportunities. It also ensures that any funding requests submitted by a fiscally sponsored project contain an accurate description of the Project relationship and the financial and management integrity of the Project. We may also offer suggestions on how to strengthen the proposal. We do not review every attachment, just the principal content documents, which may include:



### **Foundation and government grants, and corporate sponsorships:**

- Letters of Intent (LOI's)
- Application cover sheets and/or cover letters (if applicable)
- Main applications/proposal narrative text(s)
- Project/proposal application budgets and benefit levels (if corporate sponsorship)
- Grant report narratives/budgets & report attachments (both interim and final)

### **Individual solicitations, giving campaigns, events, and crowdfunding:**

- Solicitation letters
- Giving brochures or packets (if one is being used)
- Gift reply envelopes and/or pledge card/forms (if one is being used)
- Fundraising event invitations
- Main narrative text & benefit levels (for crowdfunding)

In reviewing your materials:

- We will check for any errors in data preparation or representation of your Project's relationship with CultureTrust.
- We will assure that any solicitation materials include the required solicitation disclosure language for CultureTrust.
- We also may offer recommendations about how your proposal could be strengthened. If extensive revisions are necessary (in our opinion), we may recommend that you seek additional support through a grant or development writer in our network.

**We ask that you allow CultureWorks five business days to review any materials submitted.** That means, if you are planning on staff reviewing any materials listed above, you will need to send your materials to your Fiscal Sponsorship Operations Manager by 10am at least five full business days prior to a grant deadline or mailing/online submission date.



## Grants Overview

### How To Apply for Grants from Third Parties Besides CultureTrust

Grants are contributions from corporations, foundations, or government agencies usually administered according to a standardized application process. There are two kinds of deadline cycles for grantmakers:

#### Rolling Applications

These are grants that have no set deadline. Usually, such funders accept proposals at any time, review them, and you enter the above process on a “rolling” basis. There are also funders who have little-to-no formal process—usually family or individual-controlled foundations—where funding deadlines become rolling by default.

#### Deadline Applications

These are grants with specific submission deadlines for both LOI’s and applications. Deadline-based funders usually follow a quarterly, semi-annual, or annual grantmaking process that corresponds to meetings of their board of directors.

Each foundation has its own grantmaking process and requirements, but a common grantmaking process looks like this:

1. **Letter of Intent (LOI)** - Grant officers work with applicants to address questions and manage the intake process, which usually (but not always) begins with a Letter of Intent (LOI). This is a short summary of your proposal – often following a specific format – that the funder uses to see if it’s worth reviewing a full proposal. LOI’s were created to save funders and applicants’ labor required for a full proposal if there really is no match at all with a funder’s priorities. LOIs are sometimes reviewed by staff or a peer panel of experts, or both.
2. **Full Proposal – Staff or Panel Review** - Funders will often assemble ad hoc, usually volunteer, peer or other expert review committees to review proposals and make funding recommendations. This approach is meant to democratize grantmaking and ensure proper expertise. Still some funders keep this review function entirely among staff. In the end, a set of proposals are recommended for funding to the funder’s board or senior staff, whoever has final grantmaking authority.
3. **Full Proposal – Board or Management Review** - The staff then prepares the “finalist” proposals for approval by the foundation or agency’s board of directors or



senior staff, whichever has the power to make final grant decisions.

**4. Grant Award Agreement & Reporting Requirements** - As funding has become more formalized, it's rare that you simply receive the check for the full grant with the letter notifying you of the funding decision. Usually, you will receive an Award Letter, which is a pledge from the funder to give you the money. Some funders will either fund or not fund your full request; others may adjust your request at their discretion. Your Award Letter will specify the amount of your final grant and how the funds will be paid out, either as a check or a wire or ACH online funds transfer. This is often accompanied by a Grant Award Agreement, a legal document that outlines when pledge payments will be made, reporting requirements, and other legal restrictions and terms of the grant including, most importantly, restrictions on how the funding may be used.

**5. Submission Process for Grant Award Agreements and Contracts** - As of March 15, 2024, grant award letters and contracts submitted by 8 am Monday will be completed by 4 pm Friday. Rush requests (turnaround by the next business day) will be subject to a \$50 service fee. The signer for all contracts must be: Co-Executive Director, CultureTrust Greater Philadelphia

## Grant Application Process

Applying for and securing a grant is more an art than a science. Nevertheless, CultureTrust provides a methodology that streamlines the process and increases your opportunity for success. Here are the major steps:

### Do Your Research

CultureWorks staff reviews grant opportunities and shares them with Projects via a weekly Project Director email newsletter. You can learn about grant opportunities open for fiscally sponsored projects as well as any special postings or information we want to share about key grantmakers in our community. Letting your peers know about upcoming deadlines does not diminish your chances of getting a grant. We can all benefit more from shared knowledge.

### Check for eligibility, mission-match, and troubleshoot barriers.

Make sure your Project is eligible for funding and that your Project is a good match to a funder's priorities. Always read carefully what they do not fund, including whether they



fund fiscally sponsored projects. *If a foundation does not clarify whether it accepts proposals from fiscally sponsored projects, it is up to the Project Director to reach out to the foundation and clarify for themselves.*

**Fiscal Sponsorship & Grants.** CultureTrust's policy is to review whether a grant is available or accessible for a fiscally sponsored project and then share eligible opportunities in our weekly Project Director emails. If a grant is not available for fiscally sponsored projects, or the fund is not mentioned in a Project Director weekly email, please contact your Project's Fiscal Sponsorship Operations Manager to investigate the issue before you begin the application process.

**The potential fiscal sponsorship barrier:** if you encounter a funder with the following policy concern or process barrier, the sooner we know the better, so we can advocate on your behalf.

### **Let us know your intentions.**

Contact your Fiscal Sponsorship Operations Manager and let them know that you intend to apply for a grant, so we have a heads-up. We can help with many of these preliminary processes, as we are familiar with many grantmakers, locally and nationally.

### **Assemble attachments.**

Essential to any grant is a set of attachments. Some are standard—usually those relating to the organization's corporate management and standing—but there are often Project-related attachments. You are responsible for assembling all of the attachments, in particular Project-related materials.

The standard fiscal sponsor attachments are available on the [Online Toolkit section](#) of the CultureWorks website. You will need to append your staff and board/committee lists to the management staff lists provided by CultureTrust. Standard attachments included in the Toolkit are:

- Board of Directors List
- IRS Determination Letter for CultureTrust
- IRS Form 990's (most recent two fiscal years)
- PA State Bureau of Charitable Organizations (BCO) Certificate
- General Operating Budget (current fiscal year)





If a grant application requires an additional attachment, like a Conflict of Interest Policy or a Diversity, Equity, and Inclusion (DEI) Policy, please contact your Project's Fiscal Sponsorship Operations Manager.

### **Submit your proposal.**

It is the responsibility of the Project Director to submit the grant in the manner required by the funder and by the deadline.

### **Communicate award notifications and grant management.**

Since you will be listing CultureTrust as the address for your application, notice will likely be sent to the CultureWorks office, or you will receive an e-mail notification if you include your contact on the grant application form. Either way, you must inform your Project's Fiscal Sponsorship Operations Manager of any grant award (or decline) notices. Likewise, we will notify you of any correspondence from a grantmaker.

Once a grant has been awarded, you are principally responsible for managing your grant. **CultureTrust's Finance Department will create a category for any restricted grants in SAGE/Intacct, and you can manage grant expenses by connecting them to a particular grant when you submit expenses in SAGE/Intacct.** CultureWorks staff can support your work through advice, the approval processes outlined earlier in this section, and by providing financial reports. You take the lead, but we are managing your grant together.

### **Make the following representations on application forms and solicitation materials:**

In any place an applicant name is needed:

"<PROJECT NAME> of CultureTrust Greater Philadelphia"

Checks, grant agreements, and legal or banking documents are made out to:

"<PROJECT NAME> of CultureTrust Greater Philadelphia"

## **Grant Reporting**

### **Reporting**

It is the responsibility of the Project Director to create and deliver any grant reports required by funders or donors. **CultureTrust manages a grant reporting calendar and will send Project Directors a reminder one month before the grant reporting**



**deadline.** A Project's Fiscal Sponsorship Operations Manager can also be available to review any grant reports before they are submitted to the funder and provide any specialized required financial reports. This process, however, must be led by the Project Director.

### **Credits**

It is the responsibility of Project Directors to make sure that their Projects are complying with all funder, donor, and sponsor credit requirements, per any grant or sponsorship agreements.

### **Record Keeping**

**We ask that aside from the approval processes described elsewhere in this Guide that you send us a final copy of all grant LOI's and grant award letters,** whether hard copy and/or electronic applications. We would prefer these materials to be sent to the Trust Director electronically. The better you are in keeping your files current with your Fiscal Sponsorship Operations Manager, the better able we are to help you manage your grants. These documents, along with the various forms described in this section will help us support your fundraising needs.

## **Individual Donations Overview**

Asking for contributions from individuals is often the best way to bring in charitable funds for a new Project. *Individuals make up more than 75% of all giving to the charitable sector in the United States—far more than foundations and government contributions.* Also, most individuals will not have the policy or system barriers that institutional funders often have.

Individuals are motivated to give primarily because they like or believe in your work, not because they need a tax break. And the most reliable and predictable revenue for Projects is individual giving. There are several approaches to developing individual donors.

### **Required Language for Soliciting Donations**

For consistency and accuracy, Project Directors must include the following charitable disclosure language on any project solicitation letters, fundraising brochures, websites,



e-mails, pledge cards, business reply envelopes, and any other documents (electronic or hard copy) where contributions are being directly solicited.

### **For direct grants and contributions to CultureTrust:**

<<PROJECT NAME>> is a program of CultureTrust Greater Philadelphia, a Pennsylvania charitable trust.

### **Giving Campaigns (Email & Direct Mail)**

A giving campaign remains the most basic approach to individual fundraising. Even though they are mainly held online via e-mail, direct mail is still statistically competitive in results. Generally a campaign requires a good basic set of mailing/e-mail lists, a clear and simple pitch about your work, and a simple reply donation method (sending in pledges/gifts or donating online). Many Projects use traditional “giving levels” — systems of tiered giving that encourage (often through the addition of donor benefits) higher or specific levels of giving.

### **Giving Circles**

Giving circles are growing in popularity. They are generally groups of donors assembled around a common interest or affinity who pledge a fixed amount of support each year over a series of years. Instead of “ratcheting” people up a giving level system (\$100 one year, then asking for \$250 the next), giving circles allow people to “fix” their giving, but make pledges over time to a Project. This is more attractive to middle-income donors who may not be wealthy, but who can contribute meaningful amounts each year. \$500 to \$1,000 per year is a popular range for individuals in giving circles. Think about it, if you can get 10 people to pledge \$1,000 per year for two years that’s \$20,000 in locked-in contributed revenue!

### **Membership**

Membership takes many forms, from very informal concepts such as, “We consider all of our donors members,” to giving levels associated with specific benefits and perks. In the latter case, membership is often a blended financial relationship with only a portion of the member’s donation tax deductible.

### **Planned Giving**

Planned giving describes a range of rather exotic giving instruments from pooled income gifts to bequests and charitable gift annuities that are usually made by people toward the end of their lives or after retirement age. This kind of giving requires specialized tax advice and legal counsel. If the opportunity for a bequest or other planned giving-type contribution



arises, CultureTrust can receive most kinds of planned-giving contributions. However, the Trust won't accept an obligation we can't pay for. And the Trust's expenses in monitoring and administering a gift will be charged against the Project that receives the gift.

### Major Gifts

This level of giving has no fixed definitions. What is a "major gift" for one Project may not be for another. **CultureTrust considers any single gift over \$250 a "major gift."** Major giving requires active and long-term cultivation—the process of developing a close relationship with a donor, learning about their interests, and then transforming those interests into financial support for your work. You can "prospect" major donors, and initiate a relationship by inviting them to programs, lunches, or other occasions so that they can learn about your Project. Some may come to your work through other channels.

### Online Donations & Crowdfunding

**CultureTrust currently maintains an account with [WeDidIt](#) (now Allyra), an online fundraising platform for fiscal sponsors which entitles projects to the lower charitable fee rate for contributions, and for donations to be tax-deductible.**

When joining CultureTrust, each Project receives its own Allyra account that generates a fundraising page at [http://\[yourproject\].allyrafundraising.com](http://[yourproject].allyrafundraising.com). Projects are encouraged to log in to their WeDidIt account to:

- Customize the Project's information and images
- Link their WeDidIt page to the Project's website as a Donate page
- Create custom donation levels
- Create specific fundraising campaign pages
- Set up text-to-give for events
- Use the WDI ticketing platform for events
- Customize automated receipts and thank-you emails from your project
- Review all donations and donors to your Project

All donors who give through a Project's Allyra page receive an automated donation receipt for their tax purposes. Additionally, all donations made on Allyra are automatically transferred directly to your Project's account at CultureTrust once a week.



You are **not required** to create a Allyra account for your project if you have a functioning and connected way of receiving donations on your Project's website. If you do choose another online fundraising platform for your account, please contact the CultureTrust Finance Manager and provide them with the login information so we can connect the platform to CultureTrust's bank account and collect Project donations and donation reports.

Regardless of which online fundraising platform your Project chooses, *the platform and processing fees are not absorbed by CultureTrust*. They are separate and must be taken into account when choosing a crowd-funding platform.

### **The standard fees on all donations processed through WeDidIt are:**

- Processing (Allyra) fee: 1-4% for Subscription clients
- Transaction (Allyra) fee: 2.2% + 30 cents per transaction

For more information on WeDidIt's platform and payment processing (WePay) fees, please refer to Allyra's [FAQ support section](#).

### **Facebook Fundraising**

Facebook supports 501(c)(3) nonprofit fundraisers, but sponsored projects can set up a Facebook fundraiser through CultureTrust Greater Philadelphia. Here is the process:

- Sign into Facebook and [go to this link](#) to create a fundraiser that connects to CultureTrust.
- On the left side of the page, put in the campaign's financial goal and the date you'd like it to end.
- *Important!* Change the title of the fundraiser to include the Project's name so people know exactly to whom they are donating.
- Fill in all relevant details about the Project's fundraiser and click Create.

Facebook transfers funds to CultureTrust every two weeks during active fundraisers. If the Project holds an end-of-year Facebook fundraiser that ends on December 31st, funds should be expected to be received in late January or early February.

### **Gift Levels By Donation**

Most crowdfunding sites encourage you to give a benefit or perk to donors at a variety of giving levels. You will decide and indicate during setup of your crowdfunding page what



levels warrant a giving incentive, and what those perks are. They can be as simple as listing the donor's name on your Project's website, or much more elaborate. They do not have to cost your Project money, and in fact, should be as inexpensive as possible to maximize the revenue your Project gets to keep from online donations. Many Projects solicit donations of items or services that they can use as a donation perk or offer Project-branded merchandise. Access to artists or another "insider's" look at the Project can be a compelling incentive that costs very little. Note that the fair market value of the perk received by a donor is NOT tax deductible. If someone gives \$10 and receives a button in return that typically sells for \$1, then the tax-deductible portion of their donation is \$9. One reason IndieGoGo and other crowdfunding sites say that donations may be tax deductible is because, in rare cases, the value of the perk received by a donor exceeds what the individual donated. This could happen if the perk was donated in-kind to the nonprofit, and then given to a donor at a funding level below its market value.

## Corporate Sponsorship Overview

Corporate sponsorship is a relationship in which a for-profit company or corporation makes a contribution to a nonprofit in exchange for advertising, promotions, perks for their employees, and other benefits that have a determinable cash value. Generally, if the value of such benefits exceeds 2% of the corporation's contribution, then the nonprofit will need to pay unrelated business income tax (UBIT) on the excess amount. If the benefit is 2% or less, the income from the corporate sponsorship contract will generally qualify as a "qualified sponsorship payment" and will not be subject to UBIT. A detailed IRS summary of qualified sponsorship payments can be found [here](#).

If a Project is considering entering into a corporate sponsorship arrangement, the Project must notify its Fiscal Sponsorship Operations Manager. CultureTrust will work with counsel to determine the suitability of the arrangement and any tax consequences that may arise.

## Fundraising Events Overview

CultureTrust supports fundraising events of all kinds. We can also provide access to additional support through our network of fundraising professionals and vendors, depending on the kind of event you're working on.

### Planning Your Event



- Talk with your Fiscal Sponsorship Operations Manager to ensure all details are being considered, including insurance coverage, payment schedules, etc.
- Submit site contracts/rental contracts/vendor contracts through the Portal for review and signature by CultureTrust.
- Review insurance coverage needs from contracts and vendors and submit COI requests in the Portal for CultureTrust to process.
- For any vendor payments that need to be paid before the event, submit expense requests, attaching signed contracts or invoices, in SAGE/Intacct, considering CultureTrust's weekly payment schedule and rush options.

### Alcoholic Beverages & Fundraising Events

**It is illegal to sell alcoholic beverages of any kind (wine, beer, liquor), even for a fundraiser without a license in Pennsylvania.** If you do wish to sell alcohol, the Commonwealth of Pennsylvania Liquor Control Board does offer temporary licenses to various kinds of charities. There are application fees, and it takes about a month to process applications. CultureTrust supports applicants seeking these licenses, but any costs will be allocated to your Project. More information is available at [www.lcb.state.pa.us](http://www.lcb.state.pa.us).

Otherwise, you can provide alcohol gratis as part of the general amenities of the event, like the food and entertainment that may be included in an overall ticket price for your event. **You are still responsible for checking IDs or otherwise ensuring that alcohol is not being served to under-aged persons (under age 21 in Pennsylvania), and having RAMP-certified bartenders serving alcohol.**

CultureTrust does carry liquor liability coverage as part of its General Liability policy, which is designed to cover fundraising events where liquor is being offered. This may require an additional Certificate of Insurance; please contact your Project's Fiscal Sponsorship Operations Manager before holding an event with alcohol to discuss liability and legal requirements before promoting or holding the event.

### Donor Acknowledgement

#### Donations

CultureTrust will acknowledge *all single gifts of \$250 or more* with a mailed acknowledgement letter to donors and funders on a monthly basis. CultureTrust will issue receipts for any other donations below \$250 at the request of the Project Director. Project Directors may review and issue their own Project donation acknowledgements and/or write acknowledgements for gifts



below \$250. Ultimately, all funder relationships are yours to develop and manage. Should Projects choose to issue their own donation acknowledgement letters for donations under \$250, CultureTrust suggests the using, at minimum, the following language:

“Thank you for your generous contribution to [PROJECT NAME] – A Project of CultureWorks Greater Philadelphia [**in the amount of \$[amount]**]. No goods or services were provided in exchange for your donation.”

### **In-Kind (Non-Cash) Contributions**

CultureTrust will acknowledge all in-kind contributions through a letter describing the nature of the contributed goods, the Project to which they were given, and the date(s) of the contribution. CultureTrust will not provide or acknowledge to the contributor a cash value for in-kind contributions. It is the responsibility of the contributor to provide to their accountant and tax authorities the value of their contributed goods, which may be accompanied by CultureTrust’s letter. However, CultureTrust may, if desired by the Project Director, record a cash value for the in-kind contribution in its bookkeeping for the Project.

### **Pledges**

CultureTrust will also book and manage pledges, which are promises or commitments (formal and informal) to contribute funds to a Project. These include grant award letters (issued in advance of the grant monies be paid), as well as letters and electronic communications promising specific contributions. CultureTrust can only acknowledge a pledge if received in written form (electronic or hard copy).

## **REVENUE RESTRICTIONS**

All funds (earned and contributed) are restricted for use by the Project that received them and cannot be spent on other Projects under CultureTrust. There is no “borrowing” funds among Projects, and CultureTrust does not maintain a revolving Line of Credit or cash reserve for temporary lending to Projects for cash flow purposes.

Within each Project, funds are “sub-designated” as restricted to a specific purpose within the Project (such as artist fees, or travel), following funder and donor restrictions, or “unrestricted,” meaning they can be spent on any Project cost, as approved by CultureTrust under advice from the Project Director.





Contributions restricted for a specific purpose by a donor or funder may not be allocated or spent for purposes other than those specified by the funder, unless written permission for re-allocation is secured from the donor or funder.

## In-Kind Revenue

**In-kind revenues (and expenses) are non-cash contributions of services and labor (time), materials, technology, and other goods.** Because in-kind contributions substitute for an expense (you would otherwise have to pay for the services or goods), CultureTrust accounts for any in-kind contributions as both revenue and expense. They must balance each other out on both the income and expense side of the Project.

Project Directors submit an [In-Kind Contribution Form](#) through the Portal so CultureTrust can acknowledge the contribution in a letter describing the nature and amount of the contributed goods or services, the Project to which they were given, and the date(s) of contribution. CultureTrust cannot provide a cash value for in-kind contributions.

*It is the responsibility of the contributor to provide the relevant taxing authorities the value of their contributed goods or services, which may be accompanied by CultureTrust's letter.* CultureTrust may, if desired by the Project Director, record a cash value for the in-kind contribution in its bookkeeping for the Project.

## NONPROFIT MARKETING MAIL RATES

As a philanthropic (charitable) organization, CultureTrust and all of its projects have access to Nonprofit Marketing Mail Rates through the USPS. For example, you can use this when sending out bulk mail for individual giving campaigns, or mailing large batches of postcards for big events.

The CultureTrust Authorization Number is 1916696. Please reach out to CultureWorks staff if you would like a copy of the CTGP Nonprofit USPS Marketing Mail Authorization Letter.

**But before you head to the post office,** please review the USPS's [Domestic Mail Manual \(DMM\) 703](#) for the requirements when using Nonprofit Marketing Mail. We have summarized the most relevant guidelines about what is eligible for the discounted mailing rate and how to



format everything. *We suggest you familiarize yourself with the manual and feel clear on the guidelines before deciding to use this service.*

1. All matter mailed at the Nonprofit USPS Marketing Mail prices must identify the authorized nonprofit organization ("YOUR PROJECT NAME of CultureTrust Greater Philadelphia"). The name and return address of "YOUR PROJECT NAME of CultureTrust Greater Philadelphia" must be either on the outside of the mailpiece or in a prominent location on the material being mailed.

2. An organization authorized to mail at the Nonprofit USPS Marketing Mail prices *may mail only its own matter* at those prices.

3. A cooperative mailing may be made at the Nonprofit USPS Marketing Mail prices *only when each of the cooperating organizations is individually authorized to mail at the Nonprofit USPS Marketing Mail prices* at the Post Office where the mailing is deposited. For example, if you're partnering with another organization on an event and mailing the whole batch of postcards on behalf of both of you, the other organization still needs to have its own USPS nonprofit authorization.

**\*\*Exception:** This does not apply to USPS Nonprofit mailings when:

- Mailings must be soliciting monetary donations to your project - and not promoting or otherwise facilitating the sale or lease of any goods or services.
- AND your project is keeping a list of each donor, their contact information, and the amount of the donation.

4. Mailings are ineligible to use this Nonprofit rate if your project is shilling for credit cards or financial instruments, insurance promotions, or travel promotions - there are definitions later on in the manual section.

5. Using the Nonprofit mailing rate to sell/ship a product or provide a service needs to be substantially related to your project's mission or charitable purposes.

6. If you're shipping a publication in the mail (for example, a literary magazine, chapbook, etc.) the pieces you're shipping need to meet the prescribed content requirements for a periodical publication.

## How to Prepare Nonprofit Mail



Except for the content restrictions, mail sent at nonprofit prices looks just like regular USPS Marketing Mail. The only difference is the required marking for nonprofit mail. NONPROFIT ORGANIZATION, NONPROFIT ORG, or NONPROFIT must appear:

- In the [imprint indicia](#).
- On a nonprofit [precanceled stamp](#).
- As part of the [meter impression](#).
- Printed on the mailpiece, adjacent to the postage area.
- In addition, the name and address of the nonprofit organization MUST be shown, either on the outside of the mailpiece or in a prominent place on the contents.

Nonprofit mail is sorted and prepared the same way as regular USPS Marketing Mail.

## EXPENSE MANAGEMENT OVERVIEW

Projects must adhere to CultureTrust's basic rules for expense management:

Projects can only make grants against cash funds available in the Project's account. Uncollected receivables (expected revenues) don't count.

Project Directors must submit expense requests in SAGE/Intacct by Monday at 8 am to be fulfilled on the Friday of that week. All Expense Requests after 8am on Monday will be processed the following week unless noted as a "rush" request, which is accompanied by a \$50 charge per request. If Monday is a holiday, the deadline for that week will be pushed back to Tuesday at 8am.

**CultureTrust is only able to make payments to the Project's associated entity (LLC or corporation) and cannot pay vendors or personnel directly.** To request a funds transfer to the Project's other entity, Project Directors must submit a Model C Project Funds Draw Disbursement Form and include the address, email address, amount requested, and a description of work for each request.

If the Project receives a grant or donation for a specific (restricted) purpose, please share this information with your Project's Fiscal Sponsorship Operations Manager.

If an existing organization or Project coming into CultureTrust carries any kind of long-term debt or liabilities (lines of credit, related-party loans, credit card debt, mortgages, and other notes), those debts or credit lines must remain in the name of an individual or the existing organization. **CultureTrust will not assume title to pre-existing debts or long-term**



## liabilities.

If there are significant long-term debts, and those debts may have an impact on the Project, CultureTrust may require the organization to submit a plan to reduce or eliminate the debt as part of the Project. The debt would remain titled to the organization or original debt-holder, but revenues generated through the Project under CultureTrust may be used to make payments against the debt.

## EXPENSE REQUEST SCHEDULE

CultureWorks employs a four-part, internal approval process for all contracts and financial transactions for Projects under CultureTrust. Processing and final approval of all financial or contracting-related requests will usually take a maximum of 5 business days. Depending on the volume of requests and staff workloads, it could take less time. Each request follows the same process:

1. **Project Directors need to submit Expense Requests in the Portal by Monday at 8am.** If Monday is a holiday, the deadline for that week will be pushed back one day to Tuesday at 8am.
2. The Accounts Payable Coordinator checks all expense requests submitted in SAGE/Intacct on Mondays and Tuesdays to ensure all necessary information is present and correct.

If an expense request requires additional or adjusted information from the Project Director, they will be notified and will need to supply updated information. If the information is still not complete and correct by the end of the business week, the Expense Request will be pushed to the following week's payment cycle.

3. The Finance Director checks your request against your Project fund balances and finances to ensure that it complies with our financial management policies, and then signs off.

**All checks are mailed and all ACH or electronic payments are made by 5PM on Friday.**

Payments for a Project will be made in the following priority order, if there are not sufficient funds to cover all current and past-due obligations:



1. Administrative costs allocated to CultureTrust's administrative support
2. Outstanding employer tax or sales tax obligations
3. Outstanding insurance costs (if special insurances are in force)
4. Third-party Project vendors other than the Project's leadership team
5. The Project's leadership team (employees and key contractors)

The core Project team and employees get paid last if there are short-term or significant Project financial shortfalls since they are the most invested stakeholders in the Project. If the Project's fundraising falls short of goals, the Project's moral responsibilities are to outside vendors and service providers before its core Project team.

## GRANT DISBURSEMENT

To request a disbursement of funds for the Project from CultureTrust as a Grant, Project Directors must submit a Model C Project Funds Draw Disbursement Form and include the address, email address, amount requested, and a description of work for each request. The date and amount of the disbursement is within CultureTrust's discretion. Disbursements will be made pursuant to the Fiscal Sponsorship Agreement. However, CultureTrust will typically make requested disbursements, provided that:

- Sufficient funds are available in the Project's account;
- The Project is in full compliance with the Fiscal Sponsorship Agreement and this manual;
- CultureTrust maintains variance power to allocate funds in the Model C restricted fund account as CultureTrust deems necessary or appropriate to accomplish the Project's purposes;
- The disbursed funds are not used for any of the following:
  - In a manner inconsistent with the Project's purposes;
  - In a manner inconsistent with Section 501(c)(3) of the Internal Revenue Code or in a manner that would otherwise jeopardize CultureTrust's or CultureWorks' tax-exempt status;
  - To influence legislation;
  - To participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office; or
  - For any other purposes inconsistent with this manual or the Fiscal Sponsorship Agreement.



## ADDITIONAL FEES AND EXPENSES

In special cases, Project Directors should plan for fees and extra expenses that may be incurred in the course of running their Projects. These include:

- **Rush Payments** – If a check is needed outside of the regular payment schedules listed above, additional fees will apply. Disbursements cost \$50 to process out of cycle.
- **Special Payment Types** – Our standard methods of payment are check and credit card. If a bill needs to be paid any other way (for instance, by wire transfer, cashier’s check, or money order), an extra fee of \$50 will be allocated to the Project.
- **Returned Checks** – If a contribution check is returned for insufficient funds or for any other reason, any resulting bank fees will be allocated to the Project that received the contribution. It is up to the Project Director to resolve any issues or disputes with donors or funders that result from failed transactions.
- **Lost/Voided Checks** – If a check is lost or must be voided, by the discretion of CultureTrust management, a fee of \$50 will be allocated to the project. Once a check is reported lost/not received, the check will be voided and an official stop of payment requested with our bank.
- **Tracked/Expedited Mailings** – Next day, Priority, Certified mailings, etc. fees are to be paid by the Project.

## Access to Legal Counsel

Should a fiscally sponsored Project request access to legal support for their Project via CultureTrust Greater Philadelphia, their Fiscal Sponsorship Operations Manager will organize an initial consultation of up to 1 hour with Conley Law Group LLC, the legal team CultureTrust keeps on retainer.

The cost of this initial consultation and any singular written response or email exchange immediately following the initial consultation from the legal team to the Project Director will be covered by the Allocation Fee which CultureTrust keeps in reserve, and will be paid directly



by CultureTrust when invoiced by the legal team.

Should the Project require any further legal support beyond this initial consultation and follow-up response, the Project will need to engage directly with the legal team, or another legal team of their choosing, and be invoiced by them directly. Any legal fees a Project incurs at that point will be paid out of the Project's funds.

## Lobbying & Advocacy

### Scope

CultureWorks is subject to federal and local laws regarding lobbying and political campaign activities. Federal and local lobbying laws may require registration and reporting by organizations engaged in lobbying. The requirement for registration and reporting primarily depends on the amount of time and money spent by CultureWorks and CultureTrust on lobbying activities. In addition, because of CultureTrust's status as a tax-exempt charity that is subject to the requirements of Section 501(c)(3) of the Internal Revenue Code, **CultureTrust may not conduct more than an "insubstantial" amount of lobbying and may not engage in any political campaign activity whatsoever.** This Policy is intended to assist CultureTrust in complying with these legal requirements by outlining the lobbying restrictions and prohibited political campaign activities. This Policy is applicable to CultureTrust's officers, trustees, and staff, and to its fiscally sponsored projects and must be strictly enforced and followed.

### Policy Statement

Unless specific and prior written authorization has been granted by the CultureTrust Trustee, all officers, trustees, staff, and fiscally sponsored projects are prohibited from engaging in lobbying activities for or on behalf of CultureTrust or using for that purpose money granted by CultureTrust. All officers, trustees, staff, and fiscally sponsored projects are strictly prohibited from engaging in political campaign activities for or on behalf of any Projects or for CultureTrust or CultureWorks under any circumstances, and may never use for political campaign activities money that has been granted by CultureTrust.

This Policy is not intended to inhibit an individual's personal expression of political views made in that person's individual capacity and on his/her personal time. However, when engaged in such personal activities, all officers, trustees, staff and fiscally sponsored projects must take care to indicate by their words and actions that such activities or



expressions of opinion are personal positions and are not being made on behalf of a Project, CultureTrust, or CultureWorks. For more detail, see “Permitted Activities” below. Resources of a Project, CultureTrust, or CultureWorks may not be used for political campaign activities.

CultureWorks’ resources may be used for appropriate lobbying activities if advance approval is sought and obtained in accordance with this Policy.

## **Definitions**

*Lobbying* is any attempt to influence legislation by contacting or urging the public to contact a member of a legislative body to propose, support or oppose legislation, or to advocate the adoption or rejection of legislation.

*Legislative Body* includes the Congress of the United States, the Pennsylvania legislature and any other governmental body domestic or foreign that has the authority and responsibility to adopt or enact laws, ordinances or the like. An agency of the executive branch of a government that has the authority to adopt regulations and rules is not a legislative body for this purpose.

*Legislation* includes action by Congress, any state legislature, any local council, or similar governing body, with respect to acts, bills, ordinances, resolutions, proposals or similar actions (such as legislative confirmation of appointive office as in the case of federal judges), or by the public in referenda, ballot initiatives, constitutional amendments, or similar procedures. It does not include actions by executive, judicial, or administrative bodies.

Paying or otherwise obtaining the services of a lobbyist to engage in any of the above lobbying activities is also considered lobbying for these purposes.

*Political Campaign Activity* is participating in, or intervening in (including the publishing or distributing of statements), directly or indirectly, any political campaign on behalf of (or in opposition to) any candidate for public office. This includes making contributions, or causing contributions to be made by others, to political campaign funds or making public statements in favor of or in opposition to any candidate for public office.

*Public Office* includes elected positions in federal, state or local government. It also includes elected positions in foreign governmental bodies.





## Permitted Activities

Political campaign activity does not include conducting public forums, publishing candidate responses to a questionnaire on a variety of subjects, issue advertising, nonpartisan public opinion polling, and nonpartisan voter registration drives, so long as no candidate is endorsed or opposed, directly or indirectly. Consistent with applicable laws, it is CultureTrust's policy to maintain a nonpartisan position when it comes to all lobbying and advocacy activity.

CultureWorks' officers, trustees, staff and fiscally sponsored projects may engage in legislative advocacy and issue-related advocacy on behalf of CultureTrust as long as it is appropriately approved in advance in accordance with this Policy, follows all applicable laws, and does not include political campaign activity.

CultureWorks' officers, trustees, staff and fiscally sponsored projects may engage in nonpartisan activities on behalf of CultureTrust such as nonpartisan analysis and research, nonpartisan voter registration drives, nonpartisan candidate debates, and nonpartisan voter education, as long as these activities fulfill exempt purposes. Included in these activities are:

- Nonpartisan voter registration and engagement activities.
- Educating the public and sponsoring a debate only if all candidates are invited, given equal opportunity, and cover a broad range of issues.
- Nonpartisan analysis, study and/or research that is published and made available to the general public (and that is independent, objective, and constitutes a full and fair exposition of relevant facts, without unsupported statements of opinion).

CultureWorks is also permitted to communicate with a legislative body regarding matters that might affect the existence of CultureWorks, its powers and duties, its tax-exempt status, or the tax deductibility of contributions made to the organization.

If a Project Director or any other person affiliated with a Project wishes to participate in political campaign activities in his or her own personal capacity, it is important that such individual:

- Makes it clear and unequivocal in any written or oral statements that his or her participation and views are strictly personal and that such statements are neither endorsed by nor necessarily reflect the views of CultureTrust or CultureWorks; and
- Refrains from using any of CultureTrust or CultureWorks' funds, property or other



assets (including CultureWorks' publications) to pursue such activities or convey such statements.

### **Prohibited Activities**

CultureWorks does not participate in, or intervene in (including the publishing or distributing of statements), directly or indirectly, any political campaign on behalf of (or in opposition to) any candidate for public office. This includes making contributions, or causing contributions to be made by others, to political campaign funds or making public statements in favor of or in opposition to any candidate for public office.

CultureWorks does not allow candidates to speak at organization or fiscally sponsored Projects' functions due to the difficulty in controlling the message.

CultureWorks' officers, trustees, staff and fiscally sponsored projects may not endorse a specific candidate for public office or make a campaign contribution, either monetary or in-kind, on behalf of CultureWorks. CultureWorks' members may not retweet, share, or link to partisan messages.

## **Working with Minors**

CultureWorks and CultureTrust do not contract directly with minors (individuals under 18 years of age). Minors over age 16 can enter into a contractual agreement with CultureWorks and/or CultureTrust if they are co-signing with a guarantor that is not a minor. All proposed contracts with minors must be approved by the appropriate organization's senior executive officer.

Minors over age 16 can have a non-voting role on the CultureWorks Board of Directors and Project Advisory Boards.

CultureWorks staff who directly interface with minors working with our fiscally sponsored projects undergo background checks and clearances once hired per the requirement for working alongside minors. Information uncovered in the background check will not be used to make decisions about employment or changes to compensation but may be used to appropriately limit contact with minors.



## Non-Discrimination Policy

CultureTrust Greater Philadelphia, as an Equal Opportunity Employer, does not discriminate in any personnel practice, and discrimination for any non-merit reason is strictly prohibited. This organization will not discriminate against any applicant for employment or any employee or volunteer because of race, creed, color, national origin, gender, age, political opinions, sexual preference, or physical handicap. Any paid or volunteer staff who becomes aware of discrimination of any kind should bring it to the immediate attention of the Executive Director.

## Project Settlement & Closing Out

Should a Project receive its independent nonprofit, 501(c)(3) status and state registration, *they are not required to leave fiscal sponsorship*. If a Project chooses to retain its relationship with CultureTrust after receiving 501(c)(3) status, the Project Director will need to sign a letter stating that the Project is managing a minimal amount of activity through the 501(c)(3) entity and submitting an annual 990-N on behalf of that entity independent of CultureTrust. Should a Project choose to move the bulk of its activity to its separate nonprofit entity, it will close out its fiscal sponsorship by following the fiscal sponsorship Project settlement steps listed in the Fiscal Sponsorship Manual.

Leaving CultureTrust is a process that can be initiated by either the Project Director or CultureTrust once the initial 2-year term for Projects has been completed. At that point, either CultureTrust or the Project Director can transition the Project for the next year by giving notice 30 days or more before the renewal date of the Fiscal Sponsorship Agreement. In addition, unaddressed breaches of the Fiscal Sponsorship Agreement or this Manual may also result in a Project transitioning from Culture Trust. Throughout this process, as with all other management processes, CultureTrust maintains ultimate authority over the way in which a Project leaves the CultureTrust. Per Section 3.7 of the Trust Agreement, CultureTrust may terminate a Project at any time and for any reason, in its sole discretion.

### Settlement Process

Should the Project Director decide to close out a Project, the Project Director and CultureTrust will follow the following steps:



1. The Project Director drafts a signed letter, either hard copy or digital, addressed to the CultureWorks staff expressing their desire to dissolve the Project's subtrust and cease operations under CultureTrust. That letter can be emailed to the Project's Fiscal Sponsorship Operations Manager.
2. The Project Director and Fiscal Sponsorship Operations Manager decide on a date of separation for the Project, as well as a plan/timeline for settling any outstanding liabilities, and transferring any assets and cash to another nonprofit or registered charity in good standing.
3. The Fiscal Sponsorship Operations Manager drafts a Project Settlement Form with the Project Director.
4. The Fiscal Sponsorship Operations Manager pulls a financial report from SAGE/Intacct that includes any current or incoming payables, receivables, and assets, then sends this paperwork to the Project Director.
5. The Project Director reviews the Settlement Form and financial report, and sends approval to the Fiscal Sponsorship Operations Manager, who submits it to the Project Director, Co-Executive Director, and a representative of a beneficiary nonprofit, if appropriate, for signature in DocuSign.
6. The Fiscal Sponsorship Operations Manager contacts CultureWorks staff to make them aware of the Project settlement.
7. The Finance Director transfers any assets in accordance with the guidance below, settles any liabilities as directed by the Project Director, and archives the Project's accounting records.
8. The Fiscal Sponsorship Operations Manager then removes the Project's contacts from any fiscal sponsorship newsletters or communication listservs, and archives the Project's records in CultureTrust's files.

If the Project has its own nonprofit status or affiliation, any funds and assets may be transferred to that entity, provided the nonprofit has remained active and is in good standing. Otherwise, any amount in the Project's CultureTrust account can be spent down



before separation.

If a Project does not have its own nonprofit status or affiliation, charitable law mandates that any remaining charitable assets - in this case, remaining cash restricted to the Project, but not yet granted - must be either returned to the funders or donors or dispersed to a registered charity in good standing of similar mission and purpose. Charitable funds and assets may not revert to the Project Director or any other private parties unless to settle approved debits and liabilities.

A Project does not end without settling all debts and obligations that remain in the name of CultureTrust.

## **CultureTrust's Platforms & For Members Resources**

CultureTrust manages the following platforms for Projects:



- **SAGE/Intacct** for all financial management, transactions, and tracking
- **The CultureTrust Portal** for all contracts, hiring paperwork, insurance requests, and more
- **WeDidIt** (now Allyra) for online fundraising
- **Nexodus** for Fiscal Sponsorship Membership and Space Membership

## MEMBER AND FIELD RESOURCES

All resources including templates and guides can be found in their most updated form on the [CultureTrust Online Toolkit](#).

