



Billings Community Foundation Fiscal Sponsorship Program

What are the benefits of becoming a Billings Community Foundation (BCF) fiscally sponsored project?

Billings Community Foundation offers services that help individuals and groups performing charitable services start, grow, and achieve important community gains without delay and red tape. By extending legal, corporate, and fiscal sponsorship to new projects, Billings Community Foundation allows them to operate under the auspices of a fully qualified tax-exempt public charity.

BCF handles back office work so the project workers' time is freed up to focus on their mission.

BCF processes all donations for the individual projects, files appropriate paperwork with government agencies, sees to paying all related bills of the project, issues tax-receipts to donors and maintains a professional office for the projects.

Here are a few benefits:

- All accounting is done in house for minimal fee of 4-10% of project revenue.
- Recognition as a nonprofit entity under BCF's fiscal sponsor umbrella.
- Updated financial reports (profit & loss statements) available quarterly or as requested.
- All federal and state tax filings (990s and 1099s) handled.
- Thank you letters/tax receipts to donors for donations.
- Ability to accept donations by check, cash, or credit card.
- Ability to apply for grants.
- Existing systems in place to teach project leaders the responsibilities and limitations of non-profits.
- Exposure for your project via BCF's website, newsletters, annual report, and other publicity materials.
- Networking of projects to promote collaboration and resource exchange.
- Available one-on-one consulting and guidance in a nurturing, supportive environment.

Though fiscal sponsorship is sometimes described as a purely administrative relationship, at BCF, it is a tool for providing support, building capacity, and creating community.

What are BCF fiscal sponsorship fees?

The expenses involved in becoming a project of BCF are significantly less than that charged by a typical fiscal sponsor. Sharing costs across all projects enables BCF to equally assess all of its projects a very low administrative charge which is deducted from revenues as they are received. The administrative charge is currently set at 4%-10% of project revenues or a mutually agreed upon annual minimum. These funds are used to maintain the BCF office and general operations, along with bookkeeping, filings, and year-end tax preparation.

How do I know if my project is eligible for BCF fiscal sponsorship?

The minimum requirements for a project to be considered under our 501(c)(3) status are: (for more detailed information please visit www.IRS.gov)

- Project activities must be charitable in purpose
- Project must be organized and operated exclusively for purposes set forth
- No earnings may inure to any private shareholder or individual
- There can be no attempt to influence legislation as a substantial part of its activities
- Projects cannot participate in any campaign activity for or against political candidates
- The organization must not be organized or operated for the benefit of private interests

We provide fiscal sponsorship to projects that demonstrate genuine charitable intent, able and committed leadership, potential for significant community impact, and strong prospects for growth and financial sustainability.

What is the process for applying to BCF's fiscal sponsorship program?

With the help of BCF staff, project applicants are asked to complete a proposal for project sponsorship and a projected budget. When the project leader, in consultation with BCF staff, decides that the project application is complete and ready for consideration, it is rigorously reviewed by Billings Community Foundation staff, board members, and community advisors.

We invite the leaders of projects that are strong candidates for fiscal sponsorship to meet with the board, briefly present their project, and answer questions. Final determination of sponsorship is made by the full board of Billings Community Foundation.

The Board grants sponsorship after careful consideration to a project's goals, methods, and the project leadership's understanding of community needs. We review the project leadership's ability to attract contributions to fund it. We look for a fit between the project leadership's experience and capability, the project concept, and Billings Community Foundation's mission.

What makes for a strong proposal for fiscal sponsorship?

A strong proposal will answer all the questions and present a clear, viable vision for a project with demonstrable impact, real prospects for funding and capable leadership that can help move the project's goals forward.

In reviewing project applications, we consider the necessity of the project within the broader Community Foundation of the community, the capacity of the project's leadership, and whether it's a good fit with our existing projects and programs.

The following questions are illustrative of the kinds of things we look at:

- Is there a need for this project? Is this need clearly stated?
- Does the project have the capacity to successfully implement this project? Is there access to resources (money, time, expertise)? Have the project leaders illustrated an appropriate knowledge of the field?
- Is the project a good fit for BCF? Does the project support our organizational mission? Will it fit within the organizational culture?
- Are there opportunities for collaboration or for conflict with existing programs in the community?

I don't have any funds currently coming into the project, so how can I develop a budget?

Budgeting is a critical aspect of program planning. Even if you have not yet raised funds, you will need to determine the costs of putting your vision into action. You will also need a variety of revenue sources to pay for those expenses. We provide a budget template with the application in order to help you map out revenues and expenses for your projects next year. Billings Community Foundation staff is available to provide explanation, guidance, and feedback to potential projects during the development of the budget.

In reviewing your budget, we are looking for a realistic projection of what your project will cost and a strong plan for raising those funds. Your expenses should reflect the activities you describe in your proposal. While you may not yet have commitments for grants, individual donations, or other fundraising activities, we are looking for evidence that you have researched these possibilities. For example, it is not enough to list "grants" alone as a line item; you must identify foundations that have historically given to your type of charitable program, and at what levels.

Do we need to form a Board of Directors?

It is not necessary, as the BCF Board of Directors becomes the de facto Board for all BCF projects. This is due to the fact that every project is legally a part of BCF.

All projects are highly encouraged to form an advisory committee. While the advisory committee does not have legal responsibility for your project, it typically fulfills many of the roles usually held by boards of directors, including resource development, serving as ambassadors for the project, and for providing program and financial oversight. This helps in project efficiency, community visibility, and in the "spinning off" process if your project decides to become its own nonprofit.

Does BCF provide projects with financial support? Does BCF raise funds for the project?

At this time, BCF is not a grant-making organization. All projects are expected to raise funds to cover their activities, as well as project related overhead. That said, the services provided by BCF have financial value above and beyond what is charged for them; and our projects receive those services even in advance of securing funding. In that way, we make an investment in the projects we support even though it is not through the direct transfer of funds.

What is expected of the project once it is under BCF's fiscal sponsorship?

Projects work under the general supervision of the ED, but are virtually autonomous on a day-to-day basis, because we have great confidence in the capabilities of individuals and groups to develop their work. BCF gives creative, results-oriented people the freedom to develop program ideas, supported by services to help them pursue those ideas.

When a project joins BCF, that project is responsible for running their day-to-day operations. BCF will provide the appropriate fiscal assistance and all privileges accorded a tax-exempt organization. The outline below should give you an overview of key areas of responsibility.

Responsibilities of the project include:

- Project's activities must be charitable in purpose and contribute to their mission.
- Project's activities must have a need for and the potential to benefit from the services provided by BCF.
- Projects must be willing to work in collaboration with BCF.
- Projects are required to submit all receipts and invoices to receive disbursements.
- Projects are required to raise their own funds.
- Projects must submit quarterly reports and an annual budget.
- Open communication between the Project and the BCF office. This includes any changes in the contact information and status of the project.
- Projects must identify themselves as "a project of Billings Community Foundation" or "presented by the Billings Community Foundation" on all public materials.

How does the flow of money occur once a donation has been given?

Once funds have been procured, whether through outreach, a fundraiser, or a grant, they need to be brought to the BCF office. Once the funds have arrived at the BCF office, they will be photocopied, deposited and entered into our accounting database. You can then access the funds for project purposes.

Why does BCF have to accept and manage the funds on behalf of the projects?

Since the IRS is increasingly wary of nonprofit activities, we need to ensure that all BCF financial activity is completely transparent. In the event that BCF is ever audited or investigated by the IRS, it will be absolutely imperative for BCF to show fiscal responsibility and control for any portion of the work that occurs while a project is under BCF.

Why does BCF need to oversee the work of the project?

BCF's board of directors accepts significant financial and legal liability when it embraces a project under its 501(c)(3) designation; it would be irresponsible for the board not to set expectations and monitor the project's activities, from programmatic efforts to community interactions.

Also, since sponsored projects become BCF's legal responsibility, their actions are considered actions of BCF; and what one project does affects the all BCF programs and projects. The oversight provided by BCF of all its projects helps to ensure that the actions of another project won't jeopardize the work of your project.

If we choose fiscal sponsorship with Billings Community Foundation now, would we have to incorporate as a nonprofit later on? What if we decide we want to incorporate?

We encourage projects to plan to stay at least a year under our sponsorship, but do not place a limit on the length of time a project can remain under our auspices. Some projects never terminate the fiscal sponsorship relationship. If, after a few years of operating with Billings as your fiscal sponsor, you are ready to form a separate charitable entity, you may obtain tax-exemption for that entity, and terminate the fiscal sponsorship relationship. We work with project leaders through a separation process once they and their advisory committee decide their project has reached a level of sustainability and is ready to incorporate as an independent nonprofit.

How and why may the fiscal sponsorship relationship end?

Projects may terminate their work with BCF for various reasons. A project may do any of the following:

- Complete the project work. Our projects can end when they have completed their work and spent down all their funds. If funds remain after the project is completed, a like-minded 501(c)(3) may receive the funds; if appropriate, the balance may be returned to the donor/grantor, or granted to BCF.
- Transfer to another 501(c)(3) organization that will serve as its fiscal sponsor. Any remaining project funds and assets on account with BCF are transferred to the new fiscal sponsor.
- Evolve in to its own 501(c)(3). This new nonprofit organization assumes responsibility for its own operation, and any remaining project funds and assets on account with BCF are transferred to the new entity. BCF staff works with the project to make this a smooth transaction.
- Be terminated by BCF. BCF's fiscal sponsorship of a project may be terminated in the following circumstances:
 1. The project's account has a zero cash balance.
 2. No significant activity has occurred in connection with the project for one year or longer.
 3. The project is in clear violation of guidelines and procedures that govern the terms of project sponsorship at BCF. In some cases, a violation of these procedures may threaten the 501(c)(3) status of BCF.

How do I get more information?

Please contact the Billings Community Foundation office at (406)839-3334, or via e-mail at lwright@billingscommunityfoundation.org

Thank you for your interest in Billings Community Foundation and our fiscal sponsorship program. We look forward to working with you and achieving the change that you have set out to make.