

FISCAL SPONSORSHIP AGREEMENT

This Fiscal Sponsorship Agreement (this “Agreement”) is entered into by and between LIVING ISLANDS NON-PROFIT (“Living Islands”), and _____, (“Grantee”).

This Agreement shall be effective as set out below at Section 1.

RECITALS

- A. Living Islands has an Internal Revenue Service (“IRS”) determination letter of qualification under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) and is classified as a public charity under Code Sections 509(a)(1) and 170(b)(1)(A)(vi). Living Islands’ purposes include supporting education and development projects in the Micronesian region of the Pacific Ocean;
- B. The Grantee was formed as a nonprofit corporation on _____ in the state of _____, and does not have an IRS determination letter of qualification under Section 501(c)(3) of the Code. The Grantee’s purposes include _____;
- C. In furtherance of its charitable purposes, the Grantee operates a program (the “Sponsored Program”) as described in the grant proposal (“Grant Proposal”) which has been approved by Living Islands’ board of directors and is attached hereto as Exhibit A;
- D. The Grantee desires to have Living Islands act as its fiscal sponsor for the purpose of soliciting and receiving gifts, grants, contributions and other revenues (collectively, “donations”) and distributing such funds to the Grantee, subject to Living Islands’ oversight, to be used exclusively in support of the Sponsored Program;
- E. Living Islands’ board of directors has determined that the Sponsored Program furthers Living Islands’ charitable goals and tax-exempt purposes. Living Islands’ board of directors has authorized Living Islands to enter into a fiscal sponsorship agreement with the Grantee whereby Living Islands will receive donations on its own behalf and disburse such funds to the Grantee in support of the Sponsored Program, in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, the parties hereby agree as follows:

1. **Effective Date.** This Agreement shall become effective on _____, 20____.
2. **Fiscal Sponsorship.**
 - a. **Sponsored Program Activities.** The Grantee's officers shall act as principal coordinators of the Sponsored Program. Living Islands retains oversight authority to ensure that the funds disbursed by Living Islands to the Grantee in support of the Sponsored Program are used for their intended charitable purposes.
 - b. **Receipt and Disbursement of Funds; Variance Power.** In connection with its sponsorship of the Grantee, Living Islands agrees to receive donations that are designated as made in support of the Sponsored Program ("Sponsored Program Funds"). Living Islands anticipates granting Sponsored Program Funds to the Grantee, in furtherance of the Sponsored Program (less any administrative charge set out below). Upon request by the Grantee, Living Islands will disburse Sponsored Program Funds to the Grantee, assuming sufficient funds are available; provided, however, that in order to receive further disbursements the Grantee must be in compliance with all of its obligations under this Agreement, including specifically the reporting requirements set forth in Section 5 hereto, and further provided that the date and amount of each disbursement of Sponsored Program Funds shall be within the discretion and control of Living Islands. The Grantee assumes the risk that any funding source may exercise its discretion not to grant or not to appropriate funds to Living Islands for the support of the Sponsored Program. The parties intend that this Agreement be interpreted to provide Living Islands with variance powers necessary to enable Living Islands to treat the Sponsored Program Funds as Living Islands' assets while this Agreement is in effect. Living Islands, in its sole discretion, shall have the right to withhold, withdraw, or demand the immediate return of any Sponsored Program Funds if, in Living Islands' reasonable judgment, the Grantee materially breaches this Agreement or cannot accomplish the purposes of the Sponsored Program. Living Islands retains the right, in its sole discretion, to redirect the Sponsored Program Funds to a different charitable purpose or beneficiary if the purpose of the Sponsored Program becomes unnecessary,

incapable of fulfillment, or inconsistent with the charitable needs of the community served by Living Islands.

- c. **Substantiation of Charitable Donations.** Living Islands agrees that all Sponsored Program Funds will be reported for federal tax purposes as contributions to Living Islands and further agrees to acknowledge receipt of such Sponsored Program Funds in writing to donors, as required under federal tax law, and to furnish evidence of Living Islands' status as an organization qualified under Section 501(c)(3) of the Code to donors on request.
 - d. **Administrative Charge.** Living Islands will retain an administrative charge to cover the costs associated with its management of the Sponsored Program Funds and other administrative expenses associated with this Agreement. This administrative charge shall be Twenty Percent (20%) of the gross amount of the Sponsored Program Funds received by Living Islands annually. Provided, however, that the administrative charge retained by Living Islands shall be no less than four hundred dollars (\$400) per calendar quarter.
3. **Review by Living Islands.** Living Islands and its representatives shall be given full access to the books, records, and senior management and financial personnel of the Grantee with respect to the Sponsored Program as Living Islands may reasonably request. Living Islands may, at its own expense, conduct an independent financial audit and/or program audit of the Grantee's books and records in relation to the charitable activities for which Living Islands has disbursed Sponsored Program Funds.
4. **Financial Accounting and Reporting.** Living Islands and the Grantee will maintain books and financial records for the Sponsored Program in accordance with generally accepted accounting principles, shall retain records as long as required by law and shall make records available to auditors as required by law. The Grantee will reflect the activities of the Sponsored Program, to the extent required, on its state and federal tax and information returns and financial reports. All disbursements from the Sponsored Program Funds shall be made payable to the Grantee.
5. **Grantee Reporting Requirements.**
 - a. **Reports to Living Islands.** The Grantee shall submit full and complete quarterly reports to Living Islands on the progress of the Sponsored Program. Such reports shall be due within thirty (30) days of the end of each calendar quarter, for so long as this Agreement remains in effect. Such reports shall

describe the Grantee’s use of the Sponsored Program Funds, compliance with the terms of all grants, and the progress made by the Grantee in accomplishing the purposes of the Sponsored Program.

- b. **Reports to Funding Sources.** The Grantee will provide all information and prepare all reports, including interim and final reports, required by Living Islands to satisfy any funding sources, subject to Living Islands’ final review and approval.

6. **Notices.** All notices or reports under this Agreement shall be addressed as follows:

If to Living Islands:	PO Box 213, Lake Oswego, OR 97034, USA
If to Grantee:	

Such addresses may be changed by written notice or email notice given by such party to the other or by other form of notice agreed to by the parties.

7. **Restrictions on Use of Sponsored Program Funds.**

- a. **Tax-Exempt Purposes.** The Grantee shall use the funds it receives from Living Islands solely for purposes of the Sponsored Program and shall not use such funds in any way that will jeopardize the tax-exempt status of Living Islands. The Grantee agrees to comply with any written request by Living Islands to cease activities that, in Living Islands’ reasonable judgment, might jeopardize the tax-exempt status of Living Islands, and further agrees that Living Islands’ obligation to make funds available to the Grantee is suspended in the event that it fails to comply with any such request.
- b. **Prohibited Activities.** No portion of the Sponsored Program Funds shall be used in any attempt to influence legislation, **except for lobbying expenditures approved in advance by Living Islands as set forth on the attached Exhibit A.** No portion of the Sponsored Program Funds shall be used to participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office, induce or encourage violations of law or public policy, cause private inurement or improper private benefit to occur, support terrorist activities, terrorist organizations or individuals who engage in or support terrorist activities, or take any other action inconsistent with qualification under Section 501(c)(3) of the Code.

8. **Relationship of the Parties.** Nothing in this Agreement shall constitute the naming of either party hereto as an agent or legal representative of the other party for any purpose whatsoever except as specifically and to the extent set forth herein. This Agreement shall not be deemed to create any relationship of agency, employment, partnership, or joint venture between the parties hereto and the Grantee shall make no such representation to anyone. It is the intention of the parties that all employees, contractors, and advisors for the Grantee will be employed or engaged directly by the Grantee and not by Living Islands.
9. **Indemnification.** The Grantee hereby irrevocably and unconditionally agrees, to the fullest extent permitted by law, to defend, indemnify, and hold harmless Living Islands, its officers, directors, trustees, employees and agents, from and against any and all claims, liabilities, losses and expenses (including reasonable attorneys' fees) directly, indirectly, wholly or partially arising from or in connection with any act or omission of the Grantee, its employees or agents, in applying for, accepting, expending or applying Sponsored Program Funds, or in carrying out the Sponsored Program, except to the extent that such claims, liabilities, losses or expenses arise from or in connection with any negligent act or omission of Living Islands, its officers, directors, trustees, employees or agents.
10. **Fundraising.** *The Grantee shall notify Living Islands (a) of all jurisdictions in which it would like Living Islands to solicit charitable contributions from the public in support of the Sponsored Program; and (b) if it intends to engage a commercial fundraiser to solicit charitable contributions from the public in support of the Sponsored Program. All solicitations for the Sponsored Program shall be made in Living Islands' name. **All solicitation materials that use the name of Living Islands or its affiliates, including both written solicitation materials and scripts for oral solicitation communications, shall be subject to Living Islands' advance approval.** The Grantee shall comply with all laws and regulations concerning the solicitation of charitable contributions. All original letters of inquiry and grant proposals that use the name of Living Islands or any of its affiliates shall be subject to Living Islands' advance approval in its sole discretion and shall be signed by an authorized representative of Living Islands. All grant agreements, pledges, or other commitments with funding sources to support the Sponsored Program shall be subject to Living Islands' advance approval in its sole discretion and shall be executed by Living Islands.*

The cost of any reports or other compliance measures required by such funding sources shall be borne by the Grantee.

11. **Publicity.** Any and all use of Living Islands' name in media communications and fundraising materials with respect to the Sponsored Program shall be subject to Living Islands' prior review and approval. The Grantee shall provide Living Islands with reasonable advance notice with respect to any proposed use of Living Islands' name in order to allow for such prior review.
12. **Duration of Agreement.** This Agreement shall remain in effect until the earliest of the following:
 - a. Grantee receives a determination letter from the IRS of its qualification under Section 501(c)(3) of the Code;
 - b. Living Islands or Grantee terminates this Agreement pursuant to the provisions of Section 13 below; or
 - c. _____, 20____.
13. **Termination.** Either party may terminate this Agreement without cause by giving thirty (30) days' written notice to the other party.
14. **Disposition of Sponsored Program Funds in Termination.** If there are any Sponsored Program Funds remaining after this Agreement has terminated, the following terms and conditions shall apply, subject to Living Islands' variance power set forth above at Section 2b:
 - a. If the Grantee has received a determination letter from the IRS of its qualification under Section 501(c)(3) of the Code, Living Islands shall transfer the balance of all Sponsored Program Funds, net of any liabilities and administrative fees incurred by Living Islands in connection with the Sponsored Program, to the Grantee for use in the Sponsored Program.
 - b. If the Grantee has entered into a written fiscal sponsorship agreement with another fiscal sponsor that has an IRS determination letter of qualification under Section 501(c)(3) of the Code, then Living Islands shall transfer the balance of any Sponsored Program Funds, net of any liabilities and administrative fees and transfer fees that Living Islands has incurred in connection with the Sponsored Program, to such new fiscal sponsor for use in the Sponsored Program.
 - c. In the event that the Grantee has not received an IRS determination letter from the IRS of qualification under Section 501(c)(3) of the Code or entered into a

written fiscal sponsorship agreement with another fiscal sponsor that has an IRS determination letter of qualification under Section 501(c)(3) of the Code, Living Islands may allocate the Sponsored Program Funds in any manner consistent with applicable tax and charitable trust laws.

15. Miscellaneous Provisions.

- a. **Amendments.** This Agreement may not be amended or modified, except in a writing signed by both parties hereto.
- b. **Dispute Resolution.** In the event of a dispute under this Agreement, Living Islands and the Grantee shall make a good faith effort to resolve such dispute cooperatively before seeking to resolve any dispute by arbitration or otherwise proceeding with any remedy available at law or in equity.
- c. **Choice of Forum.** The parties agree that the Superior Court of Clackamas County, Oregon, USA is the mandatory, exclusive venue for actions relating to this Agreement. The parties agree that Clackamas County is a convenient forum, and that all court proceedings shall be filed in Clackamas County and in no other forum.
- d. **Consent to Jurisdiction.** For all purposes related to this Agreement, the parties hereby consent to personal jurisdiction in the state courts in and for the state of Oregon, USA.
- e. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof; it supersedes any prior agreement and understandings between the parties as to such matters, oral or written, all of which are hereby cancelled.
- f. **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the state of Oregon, USA.
- g. **Severability.** Each provision of this Agreement shall be separately enforceable, and the invalidity of one provision shall not affect the validity or enforceability of any other provision.
- h. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.
- i. **Attorneys' Fees.** In the event of any controversy, claim, or dispute between the parties arising out of or related to this Agreement, or the alleged breach thereof,

the prevailing party shall, in addition to any other relief, be entitled to recover its reasonable attorneys' fees and costs of sustaining its position.

**SIGNATURE PAGE TO
FISCAL SPONSORSHIP AGREEMENT**

Between _____

And _____

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement effective as of the day and year set out in Section 1 of this Agreement.

Living Islands: _____

a nonprofit corporation

By: Kianna J. Angelo

Its: Founder and Executive Director

Date: _____ / _____, 20____

Grantee: _____

a nonprofit corporation

By:

Its:

Date: _____ / _____, 20____

EXHIBIT A

APPROVED GRANT PROPOSAL

If the Sponsored Program includes lobbying activities, this Grant Proposal must include a grant budget, specifying the total amount of the lobbying budget and the amount, if any, that will be used for grassroots lobbying.

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