

## **FISCAL SPONSOR AGREEMENT**

### **Regional Access Project Foundation**

This Fiscal Sponsor Agreement ("**Agreement**") is entered into as of April 2, 2022, by and between the Regional Access Project Foundation ("**Fiscal Sponsor**") and Culturas Music and Arts ("**Program**"). Under the terms of this Agreement, it is desired that the Program engage the Fiscal Sponsor for the services identified herein for the term identified herein (see Exhibit A). It is the expressed intention of the Fiscal Sponsor to only render those services to the Program which directly further the explicit charitable purposes and mission of the Fiscal Sponsor.

#### **1. Organizational Background**

**1.1 Regional Access Project Foundation.** The Fiscal Sponsor, formed as a California public benefit corporation in 1992, with a principal place of business in Palm Desert, CA, is a §501(c)(3) tax-exempt organization considered to be a public charity pursuant to §509(a)(1) of the Internal Revenue Code. The Fiscal Sponsor's mission is to provide funding, oversight, technical assistance, and guidance to volunteers, community based organizations and collaborative groups which serve the residents of Eastern Riverside County in the areas of health, mental health, and juvenile interventions.

**1.2 Culturas Music and Arts,** The Program, organized in 2008. Received the California public benefit corporation designation in xxxx, with a principal place of business in Coachella is in process of obtaining a §501(c)(3) tax-exempt status organization to be a public charity pursuant to §509(a)(1) of the Internal Revenue Code. The Program's mission "is to create art and music programs that are free and affordable to our community."

#### **2. Fiscal Sponsor Services**

**2.1 Nature of Services.** The Fiscal Sponsor will perform the various tasks ("**Services**"), as more particularly and specifically set forth in Exhibit A, for the Program. The Fiscal Sponsor will perform the Services in a diligent and workmanlike manner and in accordance with the appropriate standard of care for performing such work. The content, style, form and format of any work product of the Fiscal Sponsor shall be satisfactory to the Program and shall be consistent with Program's standards.

**2.2 Relationship of the Parties.** Since the Program neither is separately incorporated nor possesses their own recognition of tax-exempt status, any activities, assets, liabilities, income and expenses of the Program are considered in their entirety to be part of the Fiscal Sponsor. In essence, the Program is considered to be a program service activity of the Fiscal Sponsor.

**2.3 Compensation.** Since the Program is considered to be part of the Fiscal Sponsor, the Fiscal Sponsor is not to be considered an employee of the Program. That said, in recognition for the Services rendered by the Fiscal Sponsor to the Program, the Fiscal Sponsor shall be annually compensated by the Program in an amount equal to 1% of the Program's gross receipts for the most recent tax year that has been completed.

**2.4 Reimbursement.** The Fiscal Sponsor shall not be entitled to receive any reimbursement by the Program of the Fiscal Sponsor's expenses incurred in their undertaking and rendering of the Services.

**2.5 Fiscal Sponsor's Charitable Purposes.** Any of the Services rendered by the Fiscal Sponsor under the terms of this Agreement will be considered to be in direct furtherance of the Fiscal Sponsor's

mission and charitable purposes since such Services are being provided to the Program which has a mission and/or is conducting activities consistent with the charitable mission of the Fiscal Sponsor.

### **3. Program General Responsibilities**

**3.1 Employer Identification Number.** If the Program is separately incorporated, they are required to obtain an Employer Identification Number from the Internal Revenue Service BEFORE the effectuation of this Agreement. If the Program is not separately incorporated, the obtaining of a federal Employer Identification Number is not required before effectuation of this Agreement.

**3.2 Activities.** All of the activities of the Program are considered to be the activities of the Fiscal Sponsor. That said, the Program must take special precautions to ensure that they never conduct illegal activities and/or activities which could be considered "red flag" activities to a charitable organization. At no point in time is the Program permitted to undertake any sort of "unrelated" or "for-profit" activities. At no point in time is the Program permitted to undertake any sort of lobbying and/or political activities. The Program is permitted to undertake just a very limited amount of administrative and/or fundraising activities.

**3.3 Marketing/Outreach.** All of the proposed marketing/outreach activities of the Program MUST be explicitly approved in advance (in writing) by the Fiscal Sponsor BEFORE any such marketing/outreach activities can be undertaken by the Program.

**3.4 Gaming.** If the Program plans to conduct any gaming activities whatsoever, the Program MUST first obtain the explicit (written) approval from the Fiscal Sponsor to do so. Additionally, the Program must forward the Fiscal Sponsor copies of all gaming registrations and reports IMMEDIATELY after such has been prepared and BEFORE such are filed with the relevant authorities.

**3.5 Workers (Employees).** BEFORE the Program contracts with any workers to be classified as employees, the Program MUST coordinate with the Fiscal Sponsor to set-up such workers (employees) on the Fiscal Sponsor's payroll.

**3.6 Workers (Contractors).** BEFORE the Program enters into a relationship/arrangement with any contractors (vendors) to be classified as independent contractors (non-employees), the Program MUST obtain the explicit approval (in writing) of the Fiscal Sponsor. Additionally, the Program must ensure that any contractors be sent a Form W-9 to complete BEFORE the rendering of any services.

**3.7 Communications (Program Activities).** The Program MUST receive the explicit (written) approval of the Fiscal Sponsor BEFORE they undertake any "new" program service activities. The Program cannot commence any "new" program service activities until such written approval from the Fiscal Sponsor has been obtained.

**3.8 Communications (Solicitation Activities).** The Program MUST notify the Fiscal Sponsor BEFORE they commence any solicitation activities in states other than the state of domicile of the Program.

**3.9 Communications (Grantwriting).** The Program MUST obtain the explicit (written) approval of the Fiscal Sponsor BEFORE they submit any grant applications to potential funders.

**3.10 Communications (Foreign).** The Program MUST receive the explicit (written) approval of the Fiscal Sponsor BEFORE they undertake any sort of foreign activities, including foreign grantmaking,

the making of foreign investments, contracting with foreign workers and undertaking any foreign program service activities. The Program cannot commence any foreign activities until such written approval from the Fiscal Sponsor has been obtained.

**3.11 Governance (Board).** Regardless of their title for such, the Program MUST maintain a governing body of at least **three (3)** individuals responsible for exercising oversight over the activities and operations of the Program. The Program must notify the Fiscal Sponsor within 10 days whenever there has been a change in the Program's governing body. The ultimate responsibility/authority for exercising oversight of the Program rests with the governing body of the Fiscal Sponsor. The Program's governing body has no responsibility/authority whatsoever to exercise oversight of the Fiscal Sponsor.

**3.12 Governance (Bylaws).** If the Program has drafted and implemented Bylaws, they must submit a copy of their Bylaws to the Fiscal Sponsor on an annual basis. It is highly recommended that all Programs implement Bylaws if at all possible. The Fiscal Sponsor can provide "template" Bylaws to the Program if so desired.

**3.13 Recordkeeping (Organizational).** If the Program is separately incorporated, the Program MUST provide the Fiscal Sponsor with all documentation evidencing that the Program is in good corporate good standing with their state of domicile (and the federal government if applicable) on an annual basis at a minimum. Such documentation includes certified Articles of Incorporation, state Certificate of Good Standing and other similar documents.

#### **4. Program Financial Responsibilities**

**4.1 Accounting Infrastructure.** As a prerequisite for the effectuating of this Agreement, the Program MUST utilize QuickBooks Online to account for their income and expenses, assets and liabilities. It is a requirement that the Program provide the Fiscal Sponsor with access to their QuickBooks Online. The Fiscal Sponsor will provide the Program with their Chart of Accounts which MUST be utilized by the Program.

**4.2 Bank Account.** The Fiscal Sponsor will direct the Program regarding whether they are required to open their own separate bank account as a prerequisite for the effectuating of this Agreement. Such account will be opened at a bank of the Fiscal Sponsor's choosing. The Fiscal Sponsor is required to be a signatory on the Program's bank account, no exceptions.

**4.3 Recordkeeping (Financial).** The Program MUST provide the Fiscal Sponsor on a quarterly basis (within 30 days of the end of each calendar Quarter) with the following financial statements:

- Detailed Balance Sheet
- Detailed Income Statement
- Detail of cash contributions received by the Program during the past Quarter of \$250 and more
- Detail of ALL non-cash contributions received by the Program during the past Quarter (including state of residence of the contributor)
- All grants made by the Program during the past Quarter of \$1,000 or more

## **5. Fiscal Sponsor Accounting / Bookkeeping**

**5.1 Fiscal Sponsor's Accounting.** From an accounting perspective, since all the Services being undertaken by the Fiscal Sponsor under the terms of the Agreement will be directly related to the furthering of the Fiscal Sponsor's mission and charitable purposes, the fees received by the Fiscal Sponsor from the Program will be booked as program service revenue by the Fiscal Sponsor. Any expenditures made by the Fiscal Sponsor in their providing of the Services under the terms of this Agreement will be functionally classified by the Fiscal Sponsor as program services expenses.

**5.2 Unrelated Business Income.** Since all the revenue generated by the Fiscal Sponsor under the terms of this Agreement will be classified as program service revenue, such revenue will not be classified as unrelated business income by the Fiscal Sponsor since such income is generated from an activity directly related to the furthering of the Fiscal Sponsor's charitable purposes and mission.

**5.3 Income/Expenses.** Since the Program is considered to be a part of the Fiscal Sponsor, all of the income and the expenses of the Program are to be reported by the Fiscal Sponsor as being generated and/or incurred by the Fiscal Sponsor.

**5.4 Assets/Liabilities.** Since the Program is considered to be a part of the Fiscal Sponsor, all of the assets and the liabilities of the Program are to be reported by the Fiscal Sponsor as their own.

**5.5 Form 990 Reporting.** Since the Program is considered to be a part of the Fiscal Sponsor, the Program is not to be reported on Schedule R of the Fiscal Sponsor's Form 990 (unless the Program happens to be separately incorporated).

## **6. Representations/Warranties**

**6.1 Fiscal Sponsor.** The Fiscal Sponsor represents and warrants to the Program that the Fiscal Sponsor has full power and authority to enter into this Agreement and that the Fiscal Sponsor is in good standing as a charitable organization with both the Internal Revenue Service and the state of California.

**6.2 Program.** The Program represents and warrants to the Fiscal Sponsor that the Program has full power and authority to enter into this Agreement; that the Program is in good standing as a with both the Internal Revenue Service (if applicable) and the state of California (if applicable), and that the Program agrees that any work product generated pursuant to this Agreement is the original work of the Fiscal Sponsor.

## **7. Assignment/Termination**

**7.1 Term.** This Agreement shall be effective from the date first listed above for the period set forth on Exhibit A, or until completion of the Services, as applicable, unless sooner terminated by either party in accordance with the terms and conditions of this Agreement ("Term"). This Agreement is terminable by either party at any time, with or without cause, effective upon notice to the other party. If the Program exercises its right to terminate the Agreement, any obligation it may otherwise have under this Agreement shall cease immediately, except that Program shall be obligated to compensate the Fiscal Sponsor for work performed up to the time of termination. If the Fiscal Sponsor exercises its right to terminate the Agreement, any obligation it may otherwise have under this Agreement shall cease immediately.

**7.2 Termination.** Upon termination of this Agreement, all funds in the Program's bank account shall remain the property of the Fiscal Sponsor. All assets owned by the Program upon the termination of this Agreement shall also remain the property of the Fiscal Sponsor.

**7.3 Assignment.** This Agreement cannot be assigned nor transferred by either the Fiscal Sponsor or the Program.

## **8. Additional Provisions**

**8.1 Governing Law and Attorney's Fees.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its choice of law principles. The parties consent to exclusive jurisdiction and venue in the federal and state courts sitting in Riverside County, California. In any action or suit to enforce any right or remedy under this Agreement or to interpret any provision of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees, costs and other expenses.

**8.2 Severability.** If any provision of this Agreement shall be found invalid or unenforceable, the remainder of this Agreement shall be interpreted so as best to reasonably effect the intent of the parties.

**8.3 Entire Agreement.** This Agreement, including the Exhibits, constitutes the entire understanding and agreement of the parties with respect to its subject matter and supersedes all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the parties.

**8.4 Fiscal Sponsor's Remedy.** The Fiscal Sponsor's remedy, if any, for any breach of this Agreement shall be solely in damages and the Fiscal Sponsor shall look solely to the Program for recovery of such damages. The Fiscal Sponsor waives and relinquishes any right the Fiscal Sponsor may otherwise have to obtain injunctive or equitable relief against any third party with respect to any dispute arising under this Agreement. The Fiscal Sponsor shall look solely to the Program for any compensation which may be due to the Fiscal Sponsor hereunder.

**8.5 Amendment and Waivers.** Any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived, only by a writing signed by the party to be bound. The waiver by a party of any breach or default in performance shall not be deemed to constitute a waiver of any other or succeeding breach or default. The failure of any party to enforce any of the provisions hereof shall not be construed to be a waiver of the right of such party thereafter to enforce such provisions.

**8.6 Notices.** Any notice, demand, or request with respect to this Agreement shall either be in writing or electronically transmitted via e-mail. Such communications shall be effective when they are received by the addressee.

BOTH THE FISCAL SPONSOR AND THE PROGRAM HAVE READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS ITS TERMS.

**FISCAL SPONSOR**

Leticia De Lara

By: \_\_\_\_\_

FISCAL SPONSOR (Print Name)

Leticia DeLara, CEO

**PROGRAM**

\_\_\_\_\_  
PROGRAM (Print Name)

By: \_\_\_\_\_

FISCAL SPONSOR (Signature)

Leticia DeLara, CEO

\_\_\_\_\_  
PROGRAM (Signature)

Date:

Date:

**EXHIBIT A**  
**Description of the Services**

**The Services to be provided by the Fiscal Sponsor to the Program under the terms of this Agreement are as follows:**

- Establish appropriate budgetary controls for the Program
- Provide “back office” accounting services and bookkeeping to the Program
- Preparation of monthly bank account reconciliations
- Issuance of required charitable contribution acknowledgements when applicable
- Make disbursements on behalf of the Program

Additional Services may be added by the Fiscal Sponsor to the Program by mutual agreement of both the Fiscal Sponsor and the Program.

**Term of the Agreement:** One Year from the effective date of this Agreement