



MILWAUKEE

FILM

FISCAL SPONSORSHIP HANDBOOK

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FISCAL SPONSORSHIP GUIDELINES

Section 1. Overview of Fiscal Sponsorship

Milwaukee Film offers fiscal sponsorship for projects that are consistent with Milwaukee Film's tax-exempt mission and are noncommercial and non-profit in nature (referred to as a "sponsored project"). In the simplest terms, "fiscal sponsorship" is a way to receive tax-deductible contributions and grants by putting a "sponsored project" under the tax-exempt umbrella of an existing nonprofit organization (in this case, Milwaukee Film). It's a simpler and less expensive way to receive donations for a sponsored project than creating a new nonprofit entity for each sponsored project. **Milwaukee Film's mission is to entertain, educate, and engage our community through cinematic experiences.**

Thus, with this program, instead of attempting to secure tax-exempt 501(c)(3) nonprofit status for your project or production company (a lengthy, involved, and costly process), you may contract with a fiscal sponsor (i.e. Milwaukee Film), which will independently manage the funds from your donors. As a fiscal sponsor, Milwaukee Film collects all funds for a project, disburses the funds, keeps accurate records of your account transactions as required by grant guidelines and/or federal law, and reports on your spending to granting entities. As required by law, **Milwaukee Film retains control and discretion over the use of all contributions it receives.**

Like most fiscal sponsors, Milwaukee Film charges an administrative fee for any monies that are routed through our Fiscal Sponsorship program. This 5-7% fee covers the cost of managing these donations (including costs associated with bookkeeping, check distribution, fiscal reporting to funders, etc). The fee varies based on the reporting required by the entity from which the funds are received. In most cases, the fee will be 5%, but for grants that require more detailed (and time consuming) reports, such as some government grants, the fee will be set at 7%. Any 7% fee determination will be disclosed before such monies become available for disbursement to the project.

Section 2. Overview of Process to Obtain Fiscal Sponsorship

1. The first step in the process is to submit an application detailing your project, including project narrative and status, team bios, budget and fundraising plan, work samples, and supplemental materials. Applications must be submitted by one of three deadlines per year (**Section 5**).
2. Milwaukee Film staff will then screen the application to determine whether the project is consistent with the tax-exempt purposes of Milwaukee Film. If the staff determines that such project is consistent with the tax-exempt purposes of Milwaukee Film, the staff will present the project to Milwaukee Film's Fiscal Sponsorship Committee who will make a recommendation on projects to be

approved for fiscal sponsorship. Those recommendations will then be put in front of full Board of Directors for a final vote of approval **(Section 6)**.

3. If the project is approved by the Board of Directors, Milwaukee Film and the project owner(s) will enter into an agreement that provides the terms and conditions that apply to the project's use of funds received from Milwaukee Film **(Section 7)**.
4. Once the above step has been completed, project owner(s) may solicit funds from individuals and/or foundation, government, or corporate sources for the approved project **(Section 9)**.
5. As funds are received (and routed through Milwaukee Film), project owner(s) may request that some or all of the funds be disbursed to the project, subject to the terms of the agreement **(Section 10 & 11)**.
6. The project owner(s) are required to make regular progress reports to Milwaukee Film showing use of the funds and progress on the project. Failure to do so will result in having your account frozen and charged a late fee **(Section 12)**.
7. Upon completion of the project, the fiscal sponsorship relationship will close.

Section 3. Project Eligibility

In order to be eligible for fiscal sponsorship through Milwaukee Film, you must:

1. Be either the project owner (this is typically defined as the director) or the primary contact person for the project. If applicant is someone other than the project owner, we will require the applicant to provide contact information for the project owner as well.
2. Be working on a noncommercial and non-profit film, video, or other recorded visual media project that furthers the tax-exempt purposes of Milwaukee Film: **Milwaukee Film's mission is to entertain, educate, and engage our community through cinematic experiences.** The film must not be organized for-profit or raise money for individuals seeking a return on investment or other financial benefit.
3. Be seeking donations in the form of grants from foundations, government agencies, corporations, or individual donors. Funds raised through fundraising events where you seek individual donations can also apply.
4. Reside in one of the following Southeastern Wisconsin (M7) counties: Milwaukee, Waukesha, Kenosha, Racine, Ozaukee, Walworth, or Washington. If the project owner and/or primary contact do not reside in the M7 region but are still interested in fiscal sponsorship through Milwaukee Film, you will be required to explain why you are interested in the application. The Fiscal Sponsorship Committee will use this explanation to determine if the project advances Milwaukee Film's mission, thus making it eligible for fiscal sponsorship.
5. Be 18 years of age or older.

6. Be a Milwaukee Film Member. If more than one person (i.e. project owner and primary contact) is applying with a project you must both be members.
7. Student films are not eligible for this program, however the significant expansion or re-development of a project previously submitted for a school project (thesis film, etc) is eligible. Currently enrolled full- and part-time students in Film Production-related programs are ineligible to apply.
8. Current year-round Milwaukee Film employees, Board members, and major funders or the immediate families of such individuals are ineligible to apply for fiscal sponsorship through Milwaukee Film.
9. On a case-by-case basis, Milwaukee Film may in its sole discretion accept projects which do not satisfy subparagraph 2 above because the project is organized as a for-profit entity, but which otherwise satisfy all eligibility criteria (such projects are referred to as “for-profit projects”). If Milwaukee Film accepts a for-profit project, the project owner understands that (i) Milwaukee Film will not accept investment funds, and (ii) the project owner is responsible for communicating with all donors, sponsors and other financial supporters of the for-profit project that funds provided to Milwaukee Film in support of the for-profit project are not tax deductible and that the participation of the for-profit project in Milwaukee Film’s fiscal sponsorship does not convey any tax benefit to the for-profit project or its financial supporters. Except as noted in this subparagraph, for-profit projects accepted by Milwaukee Film are subject to all of the requirements in this Handbook.

Prior to applying, all applicants should read the standard Fiscal Sponsorship Agreement (a sample agreement can be found on our website: mkefilm.org/fiscal) to understand the terms typically placed on projects/project owners that receive fiscal sponsorship through Milwaukee Film. In the final section of your application you will be asked to agree that you are prepared to abide by similar terms should your project be approved for fiscal sponsorship through Milwaukee Film.

Section 4. Relationship of Fiscal Sponsor and Project

Many projects seek fiscal sponsorship to be eligible for financial support from foundations, government agencies, corporations, or individuals. However, in order to satisfy IRS guidelines, the fiscal sponsor has the ultimate authority and the responsibility to see that any funds donated to the fiscal sponsor are used for the purpose intended. That is, it cannot be a simple pass-through agreement. If it is, and if it is questioned by the IRS, the donor or donors of the funds would lose their ability to claim a tax-deduction and in the case of a foundation grant, the foundation may be subject to tax penalties. That does not mean that the project owner will lose all control over the project or the funds. Rather, the project owner should have a clear, written understanding with Milwaukee Film before the project begins. The goals and objectives

of the project, income and expense budget and reporting requirements should be understood and agreed to by both parties before the project owner begins raising funds for the project.

Section 5. Applying for Fiscal Sponsorship Through Milwaukee Film

To have your application considered for Milwaukee Film's Fiscal Sponsorship Program, complete the Fiscal Sponsorship Application Form (available here: <https://milwaukeefilm.formstack.com/forms/fiscalsponsorship>) by one of the two 2016 deadlines: Monday, May 23 at 11:59PM and Monday, October 17 at 11:59PM. 2017 deadlines are still to be finalized, but are planned for March, May and October. The application is always open, but decisions about which projects will be fiscally sponsored happen in conjunction with the Milwaukee Film Board of Directors' meeting cycle.

To complete the application, you will need:

- Contact information for the project owner and/or primary contact
- Biographies of each of the project's key collaborators
- Project description and details
- Project status and key milestones
- Budget information and fundraising plan (using the budget template provided by Milwaukee Film or your own equivalent version)
- Work sample(s): footage from the application project, footage from a previous project, and/or script for the application project

Incomplete applications will not be accepted.

Section 6. Selection Criteria and Review Process

After you submit your application materials, Milwaukee Film will screen your application before recommending the project to the Fiscal Sponsorship Committee. This committee will review applications and make a recommendation about whether or not to enter into a fiscal sponsorship agreement with your project/project owners to the full Board of Directors who will approve all fiscal sponsorship relationships. You should expect to hear from Milwaukee Film regarding a decision about your project within six weeks of the application deadline. If approved, Milwaukee Film will contact you to sign the Fiscal Sponsorship Agreement (a sample agreement can be found on our website: mkefilm.org/fiscal).

Criteria for Project Selection

1. The project's alignment with Milwaukee Film's organizational mission, e.g.:
 - The artistic merit, strength, originality, and vision of the project

- The demonstrated professional/technical capabilities of the project owner and collaborators
 - The project's relevance to our community and potential for impact
2. The financial reporting capabilities demonstrated realistically and responsibly by the project application budget
 3. The feasibility of the fundraising plan

Section 7. Summary of Fiscal Sponsorship Agreement

If your project is approved by the Fiscal Sponsorship Committee and Board of Directors, you must sign the Fiscal Sponsorship Agreement, which explains your responsibilities as a part of this program. These include requiring you to:

1. Keep track of all expenses connected with the project and make these records (including copies of receipts and invoices) available to Milwaukee Film upon request at any time
2. Request funds using the Disbursement Request Form (up to once per month)
3. Complete and return a Progress Report on December 1 and June 1 each year the project is sponsored (complete with an updated version of your budget)
4. Spend funds administered to you through Milwaukee Film only for the approved project and in accordance with the budget approved by Milwaukee Film
5. Comply with restrictions and requirements imposed on Milwaukee Film by donors and with government requirements regarding information returns
6. Provide a copy of your final product to Milwaukee Film
7. Allow Milwaukee Film right of first refusal to contract to present the first public screening of the project within the M7 counties (Milwaukee, Waukesha, Kenosha, Racine, Ozaukee, Walworth, Washington)
8. Provide proper credit to Milwaukee Film in publicity and outreach materials

In return, Milwaukee Film will:

1. Manage donations to your project
2. Disburse funds to you on behalf of your project, up to once per month (requests are due by the 15th of every month), and provide information upon request about your account balance
3. Provide grant reporting support (financials)
4. Attempt to find you screening opportunities, both for feedback during post-production and after project completion
5. Provide you with educational resources and/or opportunities, including the opportunity to have your grant applications reviewed by Milwaukee Film staff
6. List your project on the Fiscal Sponsorship page of our website

As noted earlier in this handbook, Milwaukee Film will apply a 5-7% administrative fee to all funds received for your project. 5% is the standard fee, with 7% being reserved for funds with more complicated grant and reporting requirements (determined on a case-

by-case basis, but examples include national governmental grants -- NEA, NEH, etc). **Milwaukee Film retains the right to decide when to charge a 7% fee based on a thorough review of the reporting requirements associated with each grant.**

Section 8. Financial Records

Milwaukee Film maintains records of all contributions we receive on your behalf in a separate fund. Each time a contribution is deposited, we hold 5% of the contribution (with the exception of certain grants with extensive grant reporting, which is a 7% fee, as stated earlier) for administering the grant/contribution. In addition, any interest earned on contributions will be retained by Milwaukee Film.

Section 9. Contributions

Please ask that all donors make checks payable to **Milwaukee Film with the name of your project on the memo line of the check.**

Donors may send the checks directly to Milwaukee Film at:

Milwaukee Film attn: Jason Koehler
229 E Wisconsin Ave #200
Milwaukee, WI 53202

If you collect contributions on behalf of your donors you must send them to Milwaukee Film using the Contribution Notification Form (**Appendix A**). **Milwaukee Film retains control and discretion over the use of all contributions it receives.**

Contribution Notification

If you are sending checks to us from an individual or a foundation, government agency or corporation, please fill out the Contribution Notification Form (**Appendix A**) and send it in along with your contribution checks. If you have multiple checks, please list each contribution you are sending in with the amount of each contribution. We recommend that you make copies of all notification forms that you send to us for your own records.

Acknowledgement Letters

As required by law, Milwaukee Film will provide acknowledgement letters to the individuals or entities that contributed to Milwaukee Film for the benefit of your project. As a condition of operating as fiscal sponsor, we ask that you not provide anything of value to donors in exchange for their donations. Providing such value will not only cause issues with the fiscal sponsorship arrangement, it will also impact the tax benefit that donors receive from their donations. Regardless, if you deem it necessary to provide such value, you will need to let Milwaukee Film know the amount of such value so that it can be included on the acknowledgement.

Section 10. Disbursements

Disbursements are available from Milwaukee Film once per calendar month (requests are due the 15th of every month). You can expect the requested funds to be disbursed by the end of the month if your request is received on time. If the project director has any outstanding progress report(s), his/her funds will be frozen until progress reporting is up to date. **You must submit a W-9 form for the project or an entity representing the project (e.g. an LLC, not an individual) to Milwaukee Film along with your Fiscal Sponsorship Agreement.**

Check Clearance Policy

Donations made by foundations or individuals will be available for disbursement three weeks after the date they are received by Milwaukee Film. If disbursement includes funds received after the 7th of the month, receipt of your disbursement check may be delayed past month's end to assure check clearance.

Guidelines

The project owner is responsible for keeping track of all of the project's expenses and income. Checks are made out to the project or an entity representing the project, not to the individual director or producer.

Request the Funds

To request funds, complete and submit a Disbursement Request Form (available here: <https://milwaukeefilm.formstack.com/forms/fiscalsponsorshipdisbursement>). Please keep in mind that checks are made payable only to the project or an entity representing the project. You must detail expenses incurred and paid for with your previous disbursement in order to receive any additional disbursements. Monies not yet spent from previous disbursements should be accounted for at this time.

Because Milwaukee Film retains control and discretion over the use of all funds and must comply with donor and grant requirements, Milwaukee Film reserves the right to modify or deny disbursement requests as necessary. For example, if the progress report described below is not submitted to Milwaukee Film by each deadline, or if project expenditures are found to be significantly out of line with funding source requirements, disbursement requests may be modified or denied until Milwaukee Film is satisfied with the status of your project and project reports are submitted.

Section 11. Responsibilities to Milwaukee Film

As outlined in the Fiscal Sponsorship Agreement, you are responsible for submitting a Progress Report about your project two times per year (available here: <https://milwaukeefilm.formstack.com/forms/fiscalsponsorshipprogressreport>). You must complete and submit a progress report no later than 11:59PM on December 1 and June

1. Milwaukee Film will discontinue sponsorship with project directors who consistently fail to meet contractual deadlines.

Budget Requirement for Progress Reports

You are required to include an updated version of your budget with each Progress Report you submit. The updated version should reflect changes in your expenditures to date. You can either use the budget template provided by Milwaukee Film or your own equivalent version. Any significant changes to your budget should be reported in Progress Reports. If deemed significant enough to change the original approval of the fiscal sponsorship relationship, projects with significant changes may be reviewed by the Fiscal Sponsorship Committee and Board of Directors at any time.

Policy on Delinquent Progress Reports

Any project owner with one or more outstanding Progress Reports shall have his/her fiscal sponsorship **disbursement account frozen** (no further disbursements for which funds are available shall be made) until such time as the outstanding Progress Report(s) is filed. Once the account is updated, the project will again be eligible to receive requests and receive disbursements. Projects that consistently fail to meet contractual deadlines will be reviewed for termination. **Late progress reports will incur a flat fee of \$50, which will be taken from the funds in your account or billed to you in full or part if your account balance is insufficient.**

Special Reports

Certain funders require that you report back to them by a deadline as set forth in your original grant letter from that foundation or agency. Project owner(s) are required to complete the grant reports and turn them into our offices two weeks before their due date for review and to obtain all required signatures. This will not only protect Milwaukee Film's reputation as a fiscal sponsor, but also that of our project directors as responsible and professional grantees. Remember that for every late report to a donor you not only threaten your chances of future fundraising, but also jeopardize funding opportunities for other artists who rely on those same sources of support.

Copies of Proposals & Budgets

If your proposal or budget changes significantly from the one submitted with your original Fiscal Sponsorship application to Milwaukee Film, please make certain that you send us a copy of the new proposal prior to sending it out to funders. Proposals or budgets that undergo significant changes may be subject to review of the fiscal sponsorship relationship by the Fiscal Sponsorship Committee and Board of Directors.

Foundation, Corporation and Other Agencies Being Solicited

You must send Milwaukee Film a copy of all grant proposals you are submitting. This will not only keep us informed but should your potential donor contact us regarding your

project, we will be able to answer their questions and concerns knowledgeably. Please send these materials electronically (PDF or Word document) to cara (at) mkefilm.org or by mail to:

Milwaukee Film, attn: Fiscal Sponsorship Program
229 E Wisconsin Ave #200
Milwaukee, WI 53202

Communicate with Milwaukee Film

Keep us up to date (using the contact information above) about your project activities, goals, changes, and successes. We want to direct available resources your way. After completing your project, keep us up to date about screenings, festivals, awards, and distribution agreements. We have a monthly filmmaker newsletter, a weekly general newsletter, and plenty of social media platforms to share your news.

Section 12. Seek Your Own Tax Advice

Milwaukee Film is not a tax advisor and is not responsible for a project's individual accounting. We do not prepare W-2 or 1099 forms for your project's salaried staff or independent contractors. Project directors should establish a relationship with an accountant or tax advisor, or be prepared to submit these forms themselves.

Section 13. Acknowledgement, Fundraising Events, Printed Material, and Solicitation Guidelines

Any mention of Milwaukee Film on all online and printed material shall read: "*Project* has been sponsored by Milwaukee Film," or "*Project* has been made possible (in part) by the sponsorship of Milwaukee Film, with funding provided by *Names of Funding Sources*," or an alternate credit to be agreed upon between you and Milwaukee Film. Final project should credit Milwaukee Film using the above language or other agreed upon language. Milwaukee Film's logo can be made available for your use in such listings upon request.

APPENDIX A



Contribution Notification Form

Instructions: If you are sending checks to us from an individual or a foundation, government agency or corporation, please fill out this form and send it to Milwaukee Film along with your contribution checks to: **Milwaukee Film Attn: Jason Koehler, 229 E Wisconsin Ave #200, Milwaukee, WI 53202.** If you have multiple checks, please list each contribution you are sending in with the amount of each contribution. We recommend that you make copies of all notification forms that you send to us for your own records.

DATE: _____

PAGE: ____ of ____

PROJECT TITLE: _____

DATE OF CHECK	CONTRIBUTOR NAME & ADDRESS	AMOUNT (if known)

SUBMITTED BY: _____ TOTAL: _____

FOR MILWAUKEE FILM OFFICE USE ONLY

Date Received: _____ Deposited By: _____

Date Deposited: _____ Project Balance: _____