



# **CultureTrust Greater Philadelphia Model A (Comprehensive) Fiscal Sponsorship Manual**





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## An Overview

**CultureTrust Greater Philadelphia (EIN 46-3109411)** is a charitable trust 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 and receive services for a fixed allocation of total revenues.

CultureWorks Greater Philadelphia is a Pennsylvania nonprofit corporation that provides arts, culture, community organizations, and creative professionals affordable access to the support and strategy they need to flourish. CultureWorks serves as the sole trustee of CultureTrust. As a management commons, CultureWorks works to offer shared services and space to our community.

### Why We Do It

We believe that everyone should have unfettered access to the support they need to live a creative life and 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 well-being (flourishing), and in turn create a more equitable and vibrant cultural community.

## Fiscal Sponsorship Roles & Requirements

CultureTrust Greater Philadelphia co-manages your Project with you. To make the most of the relationship, it's important to familiarize yourself with your responsibilities and the responsibilities of CultureTrust.

- **Project Director:** The Project Director is responsible for overall vision, project activity and administration (including fundraising), donor relationships, and all creative and aesthetic decisions.
- **CultureTrust Approvals:** As the entity legally accountable for compliance, CultureTrust has final approval on all financial, human resources, insurance, and legal activity, but relies on the Project Director's instruction and programmatic expertise.
- **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 all CultureTrust Projects 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.
- **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 hiring/firing decisions and incurring expenses on behalf of a Project. 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:** Projects are free to organize their own Advisory Boards, Committees, and/or Working Groups (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:** Projects with a Model A (comprehensive) fiscal sponsorship agreement allocate 12% 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 your account is the net 88%. In the service of equity for Projects with larger annual revenues, once a Project reaches \$500,000 in total revenue in a fiscal year, the Allocation Fee will be lowered to 7% for the rest of that fiscal year. The 12% rate will restart on July 1st, which is the beginning of the next fiscal year.

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 payroll 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 fiscal sponsorship are covered 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 \$10,000 for Model A 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. If a Project is not able to commit \$10,000 in cash

and confirmed pledges, it will be offered Model C fiscal sponsorship (contributed income only) for it to raise funds and begin programming activity.





- **Startup Rate:** If a Project is entering fiscal sponsorship with CultureTrust and transferring a significant amount of initial funds, CultureTrust will recoup either 12% of the initial deposit or \$2,500 allocated to fiscal sponsorship as a startup rate, whichever is lowest - **unless there are special labor- or cost-intensive requests such as the creation of an additional bank account, an interest-bearing account, a restricted endowment, or an [authorize.net](#) account.**
- **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 for at least 2 years following the signing of the initial fiscal sponsorship agreement. After that, the Project will automatically renew for successive terms of 1 year each unless either the Project Director or CultureTrust gives 30 days' notice before the renewal. For more detail, please see the Fiscal Sponsorship Agreement.
- **Check-Ins:** All Project Directors will check in with their Community 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 for the upcoming fiscal year as well as this past fiscal year's [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 Community Operations Manager in this process.
- **Recertification:** All Project Directors will re-certify the Project's fiscal sponsorship by signing an updated Fiscal Sponsorship Renewal Agreement for the next fiscal year by July 1st of each year.
- **Ownership of Intellectual Property:** CultureTrust does not claim or take ownership of any intellectual property that you or others create outside of the Project, **provided that CultureTrust or Project funds or assets were not used to generate such property.** If CultureTrust or Project funds were used to create or enhance any asset, including intellectual property, that property is owned by the Project and by CultureTrust;





however, CultureTrust may be willing to consider granting Project Directors a license to use Project-related intellectual property.

- **Trademarks:** With CultureTrust’s prior written consent, Projects are free to trademark any name, logo, or other mark with the U.S. Patent and Trademark Office.
- **Ownership of Tangible Property:** Any electronics, equipment, furniture, vehicles, or other assets that are purchased in the name of the Project by CultureTrust using CultureTrust funds are legally assets of CultureTrust.
- **Ownership of Real Estate:** Generally, Projects that currently hold, or intend to acquire, land, buildings, or other real estate are not suitable for the “Model A” fiscal sponsorship described in this Manual. Such Projects should contact CultureTrust to discuss a “Model L” fiscal sponsorship instead. Note also that most real estate transfers, either to CultureTrust or from CultureTrust to another organization, will incur transfer taxes, which costs and maintenance expenses Projects should consider as part of their larger budget before acquiring real estate.
- **Leases:** If your Project maintains, or intends to enter into, a lease, the Project must discuss the lease with CultureTrust before entering into a Model A fiscal sponsorship. A lease is a contract that will require CultureTrust’s written consent for any Project. Please note that a transfer of the Project’s leasehold interest(s) may require the landlord’s consent and incur additional costs to the Project.

## Project Director Responsibilities

### Overall Project Vision and Leadership

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

- Creating the concept, mission statement, and vision
- Choosing key partners
- Selecting personnel (employees & contractors) and vendors
- Drafting job descriptions and contracts (using CultureTrust templates where available)
- Submitting job descriptions and contracts to CultureTrust for approval
- Planning and scheduling all programming
- General event production







- If the Project Director 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

### **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 them to your Community Operations Manager for review *at least 5 business days before a grant deadline*
- Submitting a copy of all grant applications to your Community Operations Manager
- Creating online fundraisers using CultureTrust-approved platforms
- Selling merchandise or services using CultureTrust-approved platforms and setting up correct sales tax, shipping, and other details on the 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 is able to cover all 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, 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 12% 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 of \$10,000 (in cash and/or pledges from donors and funders) for Model A comprehensive fiscal sponsorship upon signing a fiscal sponsorship agreement
- Ensuring all [contracts](#) and grant agreements are drafted between **[Project] of CultureTrust Greater Philadelphia** & the respective party, with a signature line for the President of CultureTrust Greater Philadelphia
- Reviewing and submitting all contracts for CultureTrust signature in [the Portal](#) at least 5 business days in advance
- Requesting Certificates of Insurance for programming or events at least 5 business days in advance
- Submitting fully signed contracts to the vendor/partner/other party directly
- Submitting all expense requests in SAGE/Intacct with complete supporting documentation
- Submitting all finance-related documentation such as invoices and payment information
- Submitting all PEX card requests and reconciliations in a timely manner
- Submitting complete and accurate [timesheets](#) in [the Portal](#) by the last day of each month
- Submitting all grant award letters and contracts to their Community Operations Manager for signature and record-keeping
- Submitting all employee hiring paperwork to their Community Operations Manager for review at least 5 business days before the employee's initial payroll
- Ensuring all checks, grant agreements, and contracts 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
- 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 CultureTrust staff.

### **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 grant attachments or documentation at least 5 business days before a deadline
- Providing CultureTrust with any requested documentation or information within 5 business days





- Contacting their Community 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
  - Adding employees to a project's staff
  - Adding eligible employees to employee benefits

**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 for the upcoming fiscal year and submitting it to CultureTrust by July 1st of each year
- Submitting information on all [in-kind contributions and volunteer hours](#) from the past fiscal year to CultureTrust by July 1st of each year
- Re-certifying the Project's fiscal sponsorship agreement by signing a Fiscal Sponsorship Renewal Form, 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 1st 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 and that Project's insurance coverage may lapse until we receive the Project's recertification and





budget for the current fiscal year. Projects placed in dormancy will be assessed a reactivation fee of \$500.00 should they choose to 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 CultureTrust 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 any remaining funds will be used by CultureTrust to support CultureTrust's mission-related activities.

## **CultureTrust's Responsibilities**

### **Fiduciary Oversight**

*CultureTrust provides general fiduciary oversight for all CultureTrust Projects by:*

- Drafting and executing nonprofit-compliant policies
- Carrying out all day-to-day financial management
- Working through CultureWorks to maintaining a robust and active CultureWorks Board that includes Project Directors

### **Accounting & Bookkeeping**

*CultureTrust provides accounting services for all CultureTrust Projects by:*

- Completing all required and requested audits by required deadlines
- Submitting all financial reporting to the IRS by the 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-approved expenses on a weekly basis
- Communicating with Project Directors when expenses or requests are not compliant with CultureTrust standards
- Providing PEX card debit cards for Project Directors and Project staff upon request
- Providing specialized financial reports as requested by Project Directors
- Providing guidance on purchase orders, gift cards, and alternative forms of vendor payment

### **Compliance**

*CultureTrust manages all nonprofit compliance by:*

- Maintaining current local, Pennsylvania, and federal nonprofit registrations





- Maintaining updated sales licenses and sales tax-exemption in the State of Pennsylvania
- Registering with all state agencies wherever Project employees are located
- 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 acknowledgment letters and donation receipts to any Project donors over \$250, based upon IRS requirements

## **Insurance**

*CultureTrust manages all insurance needs by:*

- Maintaining General Liability and Directors & Officers Insurance coverage
- Applying for and retaining any additional needed insurance coverage policies
- Providing Certificates of Insurance by event deadlines *when received 5 business days in advance*

## **HR Administration**

*CultureTrust manages all HR administration by:*

- Providing determination on whether a position is a W2 employee or a 1099 contractor
- Providing current employee hiring paperwork to Project Directors
- Reviewing Project employee eligibility for CultureTrust employee benefits and providing benefits information for any eligible CultureTrust employees requesting coverage through CultureTrust's policies
- Communicating directly with insurance and benefits brokers to provide updated, accurate benefits and insurance policy coverage information as required by law
- Reviewing all vendor contracts, grant awards, employee paperwork, and grant applications by the required deadlines when received 5 business days in advance

## **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
- Connecting Project Directors 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
- CultureTrust can also use standard union contracts for the major arts-related unions:
  - American Federation of Musicians (AFM)
  - International Alliance of Theatrical Stage Employees (IATSE)
  - American Guild of Musical Artists (AGMA)
  - Screen Actors Guild (SAG)
  - Actors' Equity Association (AEA).
- These unions require that all payroll is done on a weekly basis. Any stipends are also done on a weekly basis. Project Directors need to be responsible for any additional payroll runs beyond the monthly CultureTrust payroll. Projects also need to pay for any postage, as these checks are usually sent to the Project Director to hand out directly. Union dues also need to be paid and calculated to give to the payroll company. Those fees are paid upfront by the project and then recouped through the employees' pay.





## 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 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.

CultureTrust provides comprehensive back-office support and services to all fiscally sponsored projects. CultureTrust delivers these services as a program of CultureWorks. 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 A Fiscal Sponsor, and we are a Project of CultureTrust. We work directly under its management and administration. My colleagues and I are employees and contractors of CultureTrust, which is responsible for our work.

### **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>>





## Financial Requirements for Contracts

CultureTrust's expense and revenue policies are designed to help you manage your Project's risk. That's why:

- **Any contract requires a Project to have at least 50% of the total required funds in the bank.**
- CultureTrust is the named holder of the bank account and insurance policies, which means **all contracts must be signed by CultureTrust to be legally executed, covered by insurance, and paid out through the Project's account.** If a contract is signed only by the Project Director, it becomes the liability of the Project Director as an individual and will not be honored or recognized by CultureTrust.
- Projects cannot spend against money that hasn't been received, as a general rule.
- CultureTrust staff will help you evaluate what you're offering as a donor benefit or a co-producer, so you don't run the risk of over-committing your Project. The more you manage the risks you know about, the better equipped you are to recover from an unpleasant surprise or take a big leap when the opportunity presents itself.







## Insurance Coverage

### General Liability and Directors & Officers (D&O) Insurance

*No Project is considered active and can begin any activity until the Project buys into CultureTrust's General Liability policy.*

CultureTrust deducts this expense from the Project's account when the project deposits its first funding. This is because CultureTrust's General Liability policy runs from October through October, and since no Project signs on for exactly that date, it will need to be added after the fact for the remainder of the current policy year. How much a Project owes depends on how soon in the calendar year it is added, the type of activities and programming the Project offers, and how often the Project holds programming, among other aspects.

### How the General Liability and D&O Insurance Process Works

When the Project Director signs a Fiscal Sponsorship Agreement with CultureTrust, CultureTrust staff fills out a General Liability application to add the Project to CultureTrust's group policy.

CultureWorks staff will then send the Project an invoice for the initial amount, as determined by CultureTrust's insurance company.

Once that is paid, the Project is active and covered with General Liability insurance for the rest of the calendar year.

After that, a Project's General Liability insurance needs are assessed annually with the renewal of CultureTrust's policy. In both instances, we submit an application to CultureTrust's insurance company, and they offer an estimate of what your Project adds to the policy in exposure. The cost for this extension to our policy is a fixed fee, based on the size and scope of your Project.

### What CultureTrust's General Liability and D&O Insurances Typically Cover

**Bodily Injury:** should anyone sustain an injury during a Project's event, class, etc.

**Damage to 3<sup>rd</sup> Party Property:** should any damage happen to a venue that the Project doesn't own/rent. *This will need a Certificate of Insurance, unless the venue has sufficient coverage and*





doesn't require it.

**Personal Injury:** this includes claims of libel or slander when work is created and distributed on behalf of an insured Project.

### **Improper Sexual Conduct & Physical Abuse Liability**

**Commercial Liquor Liability for Events:** for any event that serves alcohol. *Selling of alcohol requires special coverage and a state liquor license for the event.*

**Directors & Officers Coverage:** for CultureWorks Board members, so they are not personally liable for any claims that are due to their work on behalf of the CultureWorks Board.

## **What CultureTrust's General Liability and D&O Insurances Typically Do NOT Cover**

**Intellectual Property:** any intellectual or creative property, processes, or information that a Project develops and seeks to protect from theft or infringement.

**Property Coverage:** If a Project owns/leases a space or venue, buys equipment, or produces work/merch that they are looking to sell.

**Bodily Injury or Property Damage** where the Project has agreed to pay damages in a contract or agreement. This is why CultureTrust reviews all contracts, to ensure that the Project is "held harmless" via an indemnification clause and is therefore protected. *If you are the **indemnified party**, an **indemnification clause** is simply a promise by the other party to cover your losses if they do something that causes you harm or causes a third party to sue you.*

### **Additional Insurance Options**

For any additional insurance a Project may require (see below), the Project Director should contact their Community Operations Manager to get a quote for that insurance and be added to CultureTrust's group coverage.

## **Workers' Compensation (Workers' Comp)**





## Calculating Workers' Compensation

CultureTrust requires workers' compensation insurance for all employees and for all non-employee workers who are not proven to be covered under a contractor's workers' compensation insurance. CultureTrust allocates the appropriate cost of this insurance to each Project. **This insurance is not included as part of the Allocation Fee.**

Workers' compensation insurance is allocated monthly per the current workers' compensation insurance rates, which are based on the nature of the work being done by the contractor or employee. A Project may have one or more different rates, depending on the number of employees and diversity of jobs being done.

**The cost allocated to an individual Project is based on the total payroll (1099-MISC and W-2) for the Project for the duration of the policy or Project and the various rates that the Project has been assigned.** CultureWorks will notify the Project Director of the rate(s) that the Project has been assigned, as well as any changes or updates in rates, should these occur over the life of the Project.

Workers' Compensation insurance is calculated based on a rate assigned by the insurer that establishes a cost per \$100 of total payroll (1099-MISC + W-2). For instance, if the Project's personnel have an insurance rate of \$1.50 per \$100 and the total payroll of a Project is \$100,000, then the Workers' Compensation cost allocation for the Project would be:

$\$100K / \$100 = \$1,000 \times \$1.50 = \$1,500$  in Workers' Compensation Insurance

**Cost allocations for workers' compensation are made monthly based on the prior month's actual payroll.** At the end of the policy year or the Project (whichever is earlier), an audit is performed and adjustments are made for actual payroll. Following the audit, either an additional cost allocation will be made to the Project (if insurance costs were under-allocated) or money will be refunded or credited to the Project (if insurance costs were over-allocated).

## Working With Minors (Under 18)

If your Project entails direct, hands-on work with legal minors (people under 18 years of age), such as training, teaching, workshopping, field trips, etc., CultureTrust requires additional risk

management provisions. *This does not include children as general audience members for a*





*performance, for instance, or other kinds of passive program participation.*

Note that any potential direct work with minors as part of your Project requires prior approval by CultureTrust. Any such work may require increased insurance costs and coverage. Projects are responsible for managing any required clearances and anything else necessary to comply with applicable law, as described below. Further, if a Project intends to conduct educational programs, such programs must be conducted in accordance with a nondiscrimination policy, as required by federal and state law. Contact your Community Operations Manager with any questions on this point.

If you are working with minors, there are two options:

### **Risk Management Through a Partner:**

In this scenario, you are working with a partner, such as a school or other educational program, which assumes full responsibility and liability for your work. This should include full background checks on all personnel working directly with minors, as well as appropriate insurance to cover improper sexual conduct and other special liabilities. Proof of insurance coverage by your partner organization that attests to these responsibilities will be required before any programming begins. CultureTrust may ask the partner organization to list CultureTrust as an additional insured on that insurance to be clear that the Project is covered for any liabilities that arise.

### **Risk Management Through CultureTrust**

In this scenario, you are covered for your work through CultureTrust directly. This requires the following:

- Background checks for all personnel working directly with minors. CultureTrust can facilitate this process through our human resources management vendor. Any attendant costs will be allocated to your Project.
- Purchase of additional insurance to cover improper sexual conduct or other liabilities, per the recommendation of CultureTrust's insurance broker. Again, these additional underwriting costs will be allocated to your Project.
- Training for your personnel (if deemed necessary) in best practices in working with minors. This may or may not be necessary, depending on the resume and work experience of the personnel hired to perform this work.





## **Rental Insurance**

As described above, Projects that maintain, or intend to enter into, a lease must obtain the prior written consent of CultureTrust. The following guidance assumes that the Project has complied with this requirement and obtained such consent.

When you join CultureTrust, the Trust assumes an “insurable interest” in leased property in which the Project operates. This means that CultureTrust will need to take out insurance in its name for a Project’s leased property, which can include furnishings, equipment, special collections, artwork, and other assets. The cost of this additional insurance premium will be charged back to the Project.

*If CultureTrust is insuring an object purchased with funds from the Project’s account, we require that the Project obtain appropriate insurance for it. This too requires evidence of ownership and the amount paid for the property, which often takes the form of an invoice, bill of sale, certificate of ownership, or other such documentation.*

If a Project is leasing a property from a third party, CultureTrust requires that the Project be added to CultureTrust’s Rental Insurance policy, regardless of the terms of the lease. Nearly all leases will require the tenant to acquire rental insurance for the length of the lease, however.

## **Employee Fraud & Theft**

If your Project has multiple employees handling assets (such as checks or currency) or processes that offer a substantial risk of fraud or theft, additional insurance can be required to cover such exposures.

## **Non-Owned & Hired Commercial Auto**

If your Project frequently rents automobiles, and you don’t want you or the Project’s employees to be personally liable, additional non-owned and hired auto insurance will need to be purchased.

## **Professional Liability**

If your Project provides any services that present substantial malpractice risk of doing harm to clients or customers, then your Project may need to purchase additional professional liability coverage.

## **New York Contractors or Employees**

If a Project is hiring people (W-2 or 1099) who live **and** work in NY we need to add-on a NY disability





policy, which has a minimal (\$15-\$30 annually per person) cost, but can lead to significant fees if coverage is not in place.

## CultureWorks Membership & Shared Workspace

### CultureWorks Fiscal Sponsorship 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 also offers the option of shared workspace at a variety of levels, depending on the size of the Project's team and the amount of space needed. More information is available on the CultureWorks website under [General 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.

If the Project chooses not to add on a space membership, it will still have access to the following:

- 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)

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.





## 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.

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.

All Projects under CultureTrust fall under the fiduciary and governance oversight of the Trustee, which is CultureWorks. This includes:

- 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

Projects sponsored under “Model A” do *not need to build a legal board of directors for governance reasons*. These functions are fulfilled by the Trustee, which is CultureWorks. CultureWorks, as a nonprofit corporation, is supervised by its own Board of Directors.

**Projects without any formal nonprofit status or affiliation are encouraged, nevertheless, 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.

### **For Projects Setting Aside Their 501(c)3 Status to Become Fiscally Sponsored**

If a Project has its own 501(c)(3) exemption but would like to set aside its independent operating status to become fiscally sponsored by CultureTrust, the Project should contact CultureTrust. Unless the Project is inactive and has no liabilities or debt, the Project will likely be more suited to a “Model L” fiscal sponsorship structure rather than the Model “A” outlined here.







# 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 benefits at the core of earned revenues.

### 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 are seeking or are being offered. **If you are unclear, we encourage you to seek assistance and clarification from your Project’s Community 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 function as a tax shelter and as a means to provide charitable support to the company’s community. Funding that is entirely charitable is 100% tax-deductible for the corporation within the extent of the law and is 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. Acknowledgment 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 whoever “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 or services 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 should 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

*Your Project's Community Operations Manager should be made aware of any grant applications, reports, corporate sponsorship proposals, fundraising campaigns, and individual solicitation materials that your Project engages in.* This 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 sponsorship proposals:

- Letter of Intent (LOI's)
- Application cover sheet and/or cover letter (if applicable)
- Main application/proposal narrative text(s)
- Project/proposal application budget and benefit levels (if corporate sponsorship)
- Grant report narrative/budget & report attachments (both interim and final)

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

- Solicitation letter
- Giving brochure or packet (if one is being used)
- Gift reply envelope and/or pledge card/form (if one is being used)
- Fundraising event invitation
- 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 you will need to send your materials to your Community Operations Manager by 10:00 AM at least five full business days prior to a grant deadline or mailing/online submission date.

## Grants Overview

### How To Apply for Grants

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

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

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. LOIs 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. At 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.

## 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

CultureTrust 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 Community 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 Community 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 Community 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 Community 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.** CultureTrust 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 Community 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 Community 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 charitable trust declared in the Commonwealth of Pennsylvania.

#### **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](#), 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 WeDidIt account that generates a fundraising page at [http://\[yourproject\].wedid.it](http://[yourproject].wedid.it). 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 WeDidIt page receive an automated donation receipt for their tax purposes. Additionally, all donations made on WeDidIt are automatically transferred directly to your Project's account at CultureTrust once a week.

*You are **not required** to create a WeDidIt 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 (WeDidIt) fee: 1-4% for Subscription clients
- Transaction (WePay) fee: 2.2% + 30 cents per transaction

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

### Facebook Fundraising

Facebook supports 501c3 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 who they're donating to.
- 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 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 Community 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 Community 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.
- Create and submit 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 Community Operations Manager before holding an event with alcohol to discuss liability and legal requirements before promoting or holding the event.

## Donor Acknowledgment

### Donations

CultureTrust will acknowledge *all single gifts of \$250 or more* with a mailed acknowledgment 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 acknowledgments and/or write acknowledgments for gifts below \$250. Ultimately, all funder relationships are yours to develop and manage. Should Projects choose to issue their own donation acknowledgment 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 and amount of the contributed goods or services, the Project to which they were given, and the date(s) of 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 or services, 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 will submit an [In-Kind Contribution Form](#) through the Portal so CultureTrust can acknowledge all in-kind contributions through 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 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 the relevant taxing authorities the value of their contributed goods or services, 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.





## Earned Revenue Overview

Most Projects will deal with two types of sales over the course of their public life: admissions or fees, and items or merchandise.

### Admissions

Admissions can take many forms from single ticket sales to season subscriptions. Any online events platform can be used to create a ticketed event, but Project Directors must share login information for any Project ticketing account with CultureTrust finance teams so all ticket sales reports can be added to the Project's account in SAGE/Intacct.

### Fees

Fees can be equally broad and can include class or performance fees or fees for use or display of artifacts or their reproduction for photography or video.

## Setting Up an Online Store

*Physical items, such as books, or prints are typically subject to sales tax, no matter who is selling them, even nonprofits.*

Sales tax needs to be charged on nearly all merchandise sold in PA, with major exceptions for clothing, fresh produce, and online subscription services like periodicals. Most other items, such as pins, stickers, posters, notebooks, stationery in general, or other accessories are taxable. In addition to sales tax, the income a Project receives from such sales may be subject to UBIT. To assure the Project's and CultureTrust's compliance with PA state and IRS tax laws, please contact your Community Operations Manager if your Project intends to set up a store of any kind, including an online store.

### Gallery Sales & Artist Commissions

CultureTrust suggests the following formula for pricing artwork to be sold on a commission-based model. This allows both you and the artist to receive your full commission from the sale and cover the Allocation Fee.

Price of Piece  
 + 8% Sales Tax (charged to buyer)  
 + 12% CT fee (included in price)  
 = Total Cost of Goods Sold





Example:

Price of Piece: \$100 (\$80 to Artist, \$20 to your project)

+ \$8 (Sales Tax) calculated separately

+ \$12 (To cover Allocation Fee)

= Total Price of Piece for Buyer: \$120.00

We receive the \$120, assess the Allocation Fee, process the sales tax, and pay the artist their percentage of the sale when the Project Director submits the invoice in SAGE/Intacct. Project Directors are free to set admission prices for Project events. The same holds true for the pricing of items and merchandise. If a Project Director is unsure about a proper pricing structure, they can turn to their Community Operations Manager for general advice.

All earned revenues, including contracts, admissions, sponsors, fees, merchandise, and similar transactions should go directly to CultureTrust:

**Wherever a contractor or payee name is needed:**

"<<PROJECT NAME>> of CultureTrust Greater Philadelphia"

**Checks and other legal or banking documents are made out to:**

"<<PROJECT NAME>> of CultureTrust Greater Philadelphia"

Federal Employment Identification Number (FEIN) for CultureTrust: 46-3109411

## Expense Management Overview

- Projects must adhere to CultureTrust's basic rules for expense management:
- Project can only make payments against cash funds available in the Project's account. Uncollected receivables (expected revenues) don't count.
- If a Project's bank account has insufficient funds to pay all of the outstanding requests, bills will be paid in the order prescribed in the Guide. Project Directors are paid last.
- Project Directors must submit expense requests in SAGE/Intacct by Monday at 8:00 am to be fulfilled on the Friday of that week. All Expense Requests after 8:00 am 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 8:00 am.
- Payroll is run once per month. Accounts payable (bills) are paid weekly on Fridays.
- All vendors/contractors must have an invoice to be paid that includes a vendor's address, email address, amount requested, and a description of work that has been done for the Project.





- All new vendors (not in the SAGE/Intacct system) must provide a signed W9 to the Project Director along with their invoice and a filled-out [CultureTrust direct deposit form](#) if they would like to receive their funds via ACH transfer.
- If the Project receives a grant or donation for a specific (restricted) purpose, please share this information with your Project's Community Operations Manager. CultureTrust staff will create a restricted fund for your Project in SAGE/Intacct for you to allocate any specific expenses. These restricted funds can only be spent for the specific designated purposes; all other funds are "unrestricted."
- **Projects must have on hand 50% of the cash value of any multi-payment, fixed-fee contract (lease, long-term vendor contract before the contract is accepted and signed by CultureTrust.**
- 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 8:00 am.** If Monday is a holiday, the deadline for that week will be pushed back one day to Tuesday at 8:00 am.
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 5:00 PM on Friday.**

### **Employee Payroll**

Payroll for all W2 employees is processed monthly on the first day of the month, for the pay period of the prior month, and employees receive direct deposit of their pay on the 7th of the month. Payroll Reports are due from Project Directors in the Portal by 5:00 pm on the last day of the month.

For instance, for all hours worked in April, Project Directors will tally what their employees worked from April 1-30, and turn in the Payroll Report by 5:00 pm on April 30th. Payroll is processed on May 5, with direct deposit available in Project employees' bank accounts by the 7th of each month.

Any Payroll Reports received after the deadline will be processed in the next payroll cycle or allocated an \$80 fee for late processing, if ordered by the Project Director.

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.





## PEX Cards & Online Payments

CultureTrust makes all payments by corporate check or online. **Payments cannot be issued in cash/currency, and CultureTrust does not maintain petty cash accounts for Projects.** CultureTrust does not provide bank cards to Project Directors for covering COD or credit card purchases. CultureWorks can make electronic or credit card purchases directly on behalf of Projects, or Project Directors may front small costs and be reimbursed from the Project account.

We realize that leading up to special events, production openings, or other circumstances, there may be a great many smaller discretionary COD purchases—last-minute runs to the hardware store or supermarket, for instance. **For these situations**, we can issue prepaid [VISA PEX cards](#) tied to the Project's bank account. These track individual purchases, and still allow for a fixed sum of money to be approved and allocated, while providing some discretionary spending capability to the Project Director.

If a Project has one or more PEX cards, CultureTrust requires that the Project Director reconcile and submit their monthly PEX statement in SAGE/Intacct. This is required before additional funds can be added to the PEX card from the Project's account.

PEX cards can be requested by submitting an initial [PEX Card Request Form](#) located in the Toolkit to SAGE/Intacct for processing. The PEX card will be attached to the Project Director or Project staff member's name and mailed to their address directly. When received, the Project Director should contact their Community Operations Manager to activate the PEX card. A Project's PEX card balance can be checked through the PEX app, and instructions for connecting to the app will be included with the PEX card.

Additional funds can be requested by submitting the [PEX Refill Form](#) from the Toolkit in SAGE/Intacct.

PEX cards are not able to function like cash, and cash cannot be withdrawn from a PEX card without setting off fraud alerts and deactivating the card.





## Sales Tax Exemption & Purchasing Through CultureTrust

CultureTrust maintains an exemption from sales and use tax within the Commonwealth of Pennsylvania, meaning that sales tax for a Project's purchase of equipment, merchandise, and sometimes services purchased in Pennsylvania can be waived. CultureTrust is responsible for maintaining and renewing this exemption on behalf of its projects and can provide a vendor-specific [Pennsylvania Exemption Certificate](#) (Rev-1220) upon request.







## 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. Vendor and contractor payments cost \$50 to process out of cycle; payroll checks cost \$50 plus the variable payroll processing fee, which runs between \$30-\$50. This charge will be allocated to the Project.
- **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





## Contract Submission and Approval Process

**The official contract signer for CultureTrust is the Trust President.** Project Directors and their Project staff are able to write contracts (using CultureTrust’s contract template or by creating their own), and may need to sign them to indicate acceptance of the terms. **However, no contract is considered fully executed until it has been signed by the Trust President.** Project Directors do not have the authority to enter into legally binding agreements on behalf of a Project. Only the Trust President has this power. Hence, when you are drafting contracts or are in negotiations that require a contract, **please inform the issuer that the contract signer is: President, CultureTrust Greater Philadelphia.**

Contracts will be executed by the Trust President and returned to Project Directors via your Community Operations Manager within 3-5 business days of receipt.

Similarly, the Trust President is the authorized check signer. Any special rush requests for checks to employees, contractors or vendors outside the normal payment schedule are subject to staff availability (to process and cut the check) and Trust President availability (to sign the check).

### Professional Certifications

CultureTrust requires any professional service providers to have current licenses and certifications. Regulated professions include law, accounting, medicine, and trades related to building (engineering, construction, plumbing, and electrical). CultureWorks may request proof of licenses and certifications from time to time to confirm they are current and reflect the skills and capabilities being contracted.

### Bonding and Insurance

All service providers should carry the necessary general and professional liability insurance, and in some cases bonding, depending on the services they provide. Project Directors are encouraged to inquire about professional liability insurance and bonding for any services that could lead to physical harm, damage to property, or physical, financial, or reputational damage owing to error or negligence on behalf of the vendor.

### Contract Approval Process

All contracts and agreements should be received made out to/with **PROJECT of CultureTrust**





**Greater Philadelphia**, be signed by the Project vendor before receipt, and have as the sole countersignature space for **“CultureTrust President.”**

All contracts should be uploaded in the [CultureTrust Portal](#) by the Project Director.

The Community Operations Manager reviews the contracts and delivers contracts to the Trust President via DocuSign. This contract review includes confirming:

- The contract has been made out to [Project] of CultureTrust and includes a line for the CultureTrust President’s signature
- The Project has enough funds in its account to cover at least 50% of the contract
- The indemnification terms cover CultureTrust and the project, and whether there are any further insurance requirements (like Certificates of Insurance)

The Trust President then reviews and counter-signs all contracts for which there are no issues and returns them to the Community Operations Manager for filing in CultureTrust’s records and returning to the Project Director. The Project Director will then return the fully signed contract to the vendor or contractor.

The Community Operations Manager will address any issues with contracts that are unsigned (for which there are issues) with Project Directors who in turn may need to address questions or negotiate with their vendors. Once all issues have been addressed to CultureTrust’s satisfaction and the contract has been amended, the Project Director will submit the amended contract in the Portal for a final review and signature.





## Hiring Employees & Contractors

Hiring and retaining the right people is crucial to success, both artistic and financial, in arts and cultural management, programming, and performance. CultureTrust provides Project Directors with a set of standardized employee and contractor hiring policies and procedures, so the process is consistent, transparent, and professional.

Project Directors are responsible for interviewing and selecting employees, contractors, vendors, and service providers.

CultureTrust reserves the right to influence hiring decisions if it feels that a decision will put the project at risk financially or due to compliance.

Project Directors and all Project employees are subject to the policies and requirements in the [CultureWorks/CultureTrust Employee Manual](#), which can be found on the CultureTrust Online Toolkit.

Project Directors who will be paying themselves, even sporadically, out of their Project account will be added to CultureTrust's payroll as W2 employees.

CultureTrust offers health benefits to Project employees who meet the minimum 30-hour weekly eligibility requirement. More information on that can be found in the Employee Benefits section below.

If a Project is hiring a contractor who already works for a CultureTrust project, the Project will be required to pay that contractor the same rate they are already contracted for, since an employer (in this case, CultureTrust) cannot pay the same contractor two separate rates regardless of whether they are contracted by different Projects.

If a Project is hiring an employee of another CultureTrust project, they are legally required to be hired as an employee of your Project as well.





## Employee or Contractor?

Sometimes you'll hear people use "employee" and "contractor" interchangeably, particularly in arts and culture organizations where there can be fluctuating staffing needs based on programming needs. This chart describes how CultureTrust distinguishes between them:

<b>CONTRACTOR</b>	<b>EMPLOYEE</b>
The Project Director does not dictate the terms of when, where, and how this person's work gets done.	The Project Director dictates the terms of when, where, and how this person's work gets done.
This person does not have a title of position with your Project.	This person has a title and position with your Project.
This person does not directly report to the Project Director or any Project staff member.	This person reports directly to the Project Director or a Project staff member.
The Project Director or Project staff do not supervise the work of this person.	The Project Director or Project staff supervises the work of this person.
The person sets their own hours for when work is done.	The Project Director or Project staff set the hours and schedule for when this person's work gets done.
This person submits a bill/invoice for when work is completed.	This person is paid a wage or submits timesheets.
The person uses their own tools, equipment, and materials to complete the work.	The Project supplies the tools, equipment, and materials for this person to complete the work.
This person is not required to attend regular meetings or work sessions.	This person is required to attend regular meetings and work sessions.
This person is free to provide services to multiple clients at one time.	This person is restricted from providing services to multiple clients.





Even though there are often “gray areas” in the distinction between employee and contractor, **CultureTrust encourages Projects to treat people (wherever appropriate) as W-2 employees.** It makes the financial and work relationship more transparent between the

worker and the Project and aligns with state and federal guidelines. Both the State of Pennsylvania and Federal employment guidelines default to employee status unless contractor status can be proven, and if the State decides after an audit that a contractor should have been hired as an employee, the State is within its rights to request all employer back taxes that it feels should have been collected on its behalf.

There are also additional benefits to adding an employee as opposed to a contractor. For instance, if a Project runs out of money, employees can simply be laid off temporarily or furloughed while the Project works to replenish revenue. CultureTrust is also liable for state unemployment compensation for the employee. In contrast, a long-term independent contractor commitment cannot simply be canceled or suspended (unless provisions are written into the contract) and the contractor has grounds to take the Project to court over unpaid fees and expenses.

That’s why it is easier legally to turn an employee obligation “on and off” than an independent contractor if the Project needs to accommodate intended or unforeseen cash flow deficits or interruptions.





## Payroll Taxes & Management

*All CultureTrust employees must be paid according to an hourly rate equal to or greater than minimum wage.* Currently the minimum wage is \$7.25/hour in the State of Pennsylvania, and neighboring states have higher rates. Employee compensation is determined by the Project Director.

Payroll *processing* costs are included in the Allocation Fee, but **the Project is responsible for covering all wages and payroll taxes, in accordance with the law.** Payroll tax amounts vary by an employee's salary, but Project Directors should expect to set aside an additional 10% of the gross salary to cover payroll taxes and fees.

Projects can plan ahead of time for adding an employee's total gross salary, payroll taxes, and benefits coverage to their Project budget by contacting their Community Operations Manager to review new expenses and updated cash flow.

Contractors are responsible for their own taxes. With a W-2 employee, the employer shares in the tax liability and is responsible for managing the regular payment of employee/employer taxes.

Payroll is calculated based on actual hours worked for the previous month at the established hourly wage or salary for the employee.

No employee of a Project will be permitted to work any more time than the Project's account balance can cover.

### When to Hire an Administrator

Many Projects find themselves growing at a rapid rate, and may not be able to manage all of their programming, fundraising, and administrative tasks with only a Project Director. If this becomes the case for your Project, your Project may need to hire a Project Administrator to be the main point person for submitting expenses, timesheets, and contracts to CultureTrust.

Since a Project Administrator is a staff position and supervised by the Project Director, they would be hired as a W2 employee, whether full-time or part-time.

Project Administrators receive their own accounts for CultureTrust platforms, including SAGE/Intacct, the Portal, and Nexodus. They would share the account login for WeDidIt.





Since the Project Director's contract is directly with CultureTrust, CultureTrust requires that Project Directors approve all submissions in SAGE/Intacct and the Portal so that there is appropriate Project oversight. **CultureTrust is not legally able to approve and execute contracts, expense requests, or payroll submissions that have not first been approved by the Project Director.**







## Hiring Policies & Procedures

CultureTrust maintains and promotes hiring policies and procedures for employees and contractors that are consistent and standard business practices. This is to support the professionalism of our Projects and to provide our Project Directors with objective guidelines.

### Job Descriptions and Postings

Any significant Project jobs/tasks that are hired out to contractors or employees require a basic job description, including roles/responsibilities, tasks, qualifications, time commitment, compensation, and commitment to Equal Opportunity Employment. CultureTrust's Community Operations Manager can assist the Project Director with this job description. Project Directors may post the approved description to whichever online job banks and platforms as they see fit.

### References and Background Checks

While CultureTrust relies on the Project Director to find and select employees and contractors, we encourage Projects to check references and the general reputation of contractors and employees prior to hiring.

### Internal Hiring Process

Before hiring an employee, a Project Director must submit an offer letter via the Portal for review by the Community Operations Manager. CultureTrust [provides a template](#) in its online Toolkit.

Once an employee has been selected, Project Directors will have a new hire fill out employee sections of, and then complete the Employer sections themselves, of:

- The CultureTrust New Hire Form, including start date & hourly/salary rate
- IRS Form W-4
- IRS Form I-9, with required ID
- A Payroll Direct Deposit Form, along with a voided check

And submit this paperwork to their Community Operations Manager to add to CultureTrust's payroll.

**New hire paperwork must be completed and submitted to CultureTrust one week prior to their timesheet submission deadline at the end of the month.**





## Conflict of Interest

If a Project Director wants to hire an individual that is related to the Project Director through a business or family relationship, the Project Director should consult CultureTrust's Conflict of Interest Policy.

## Employee Benefits & Eligibility

All employees working for a fiscally sponsored project (Project) with CultureTrust and/or CultureWorks can participate in the CultureWorks umbrella benefits package, consistent with the eligibility requirements and cost-sharing listed below.

### Eligibility Requirements

Employees of fiscally sponsored projects with a W-2 pay status, and who are scheduled to regularly work *a minimum of 30 hours per week on an ongoing basis*, are eligible to participate in the following plans:

- Medical and Vision Insurance through United Healthcare, which provides three plans;
- Dental Insurance through MetLife;

Additionally, employees can take advantage of the following benefits:

- Short-Term Disability and Long-Term Disability through MetLife;
- Life Insurance through MetLife;

Employees can elect coverage in the medical and dental plans for themselves, and as well, for their spouse, partner, and/or dependents.

**Medical with vision coverage begins on the 1st day of the month following an employee's 30th day of employment.** For example, when the start date is after the 1<sup>st</sup> day of the month, medical coverage begins on the first day of the next month. Otherwise, dental, short-term disability, long-term disability, and life insurance coverage begin on the employee's hire date.

If an employee's regularly scheduled hours are reduced below 30 hours per week, or in the case where an employee does not work an average of 30 hours per week over a period of 90 days, their eligibility for CultureWorks paid health and/or dental benefits will end. Project Directors must monitor the work hours of each employee and inform their Community





Director of changes that might impact the eligibility of an employee. In such cases, the employee may be able to continue their coverage for health and dental under COBRA, where the employee accepts the responsibility for paying all health and/or dental insurance premium costs.

## **Cost of Coverage**

**Projects cover 90% of the premium costs for each eligible employees' elected medical coverage, and 100% for their dental coverage.** Employees pay for the remaining 10% of the premium for medical insurance as well as 100% of the cost of coverage for enrolling their spouse, partner and/or dependents. The employee's contributions are made through payroll deductions.

The cost of health with vision coverage varies, based on the costs of the plan elected by the employee, the dependents they include and the ages of the employee and their enrolled dependents. Employees must submit their Election Forms to their Community Operations Manager prior to the given deadline. Their selections are then reviewed by the Plan provider who confirms the costs and returns documentation of their monthly and annual costs for their elected benefits. After reviewing their costs, the employee can either confirm and accept the rate provided, or seek additional information before making a final decision, before the end of the enrollment period.

## **Enrolling in and Electing Benefits During Annual Open Enrollment**

The CultureWorks benefits plan runs from October 1<sup>st</sup> – September 30<sup>th</sup> each year. The Annual Open Enrollment Period is from August 15<sup>th</sup> - September 25<sup>th</sup>. During Open Enrollment, employees can make changes to their benefits coverages that are otherwise not allowed during the year.

Employees will receive benefits plan documents and an enrollment form from their Community Operations Manager prior to the beginning of Open Enrollment, allowing them time to consider, complete and submit their elections. All employees must complete and submit a new Enrollment Form each year, indicating that they either elect, or decline any of the benefits for the coming plan year. **Employees must submit this form whether or not they are making changes to their coverages.**

## **Special Enrollments & Qualifying Life Events**





Outside of Open Enrollment, when employees experience qualifying events in their personal lives, they may be able to make changes to their and/or their dependent's benefits that are consistent with the life event. Any changes approved will become effective on the first day of the next month following the occurrence of the Qualifying Life Event. These include: marriage, divorce, legal separation, and/or loss of other insurance coverage. Dependents may be added and/or removed from the insurance coverage due to: the birth or adoption of a child, the addition of a child through marriage, and/or the death and/or loss of a dependent.

Changes that can be made based on a Qualifying Life Event are regulated by law and the time to make changes to their benefits is limited. The employee must submit a request to change their employee and/or dependent coverage as a result of the event. Employees must contact their Project Director as soon as they become aware of a potential change in their lives that might be considered a Qualifying Life Event. The Director will inform the Community Operations Manager and CultureWorks will review the request and provide the organization's approval, or denial, for that event to be designated as such. Any resulting changes in the employee's pay, work schedules, and/or any other condition of their work will be updated in Payroll and other Culture Works records and the employee's benefit plan providers will be notified as appropriate.

### **Benefits Enrollment for New Hires**

Medical and vision insurance begins on the 1st day of the month following an employee's 30th day of employment. Eligibility for other CultureWorks benefits, including dental, short-term disability, long-term disability, and life insurance begin on the employee's hire date.

When it is expected that a new employee will be eligible for benefits based on their work schedule upon hire, the Community Operations Manager will share the new hire paperwork, along with benefits enrollment documents with the employee, who will complete their sections and return the documents to the Project Director, who will complete their part of the benefits documents and submit to the Community Operations Manager. **The completed new hire paperwork must be submitted by the end of the first day of employment.** However, the enrollment form for medical with vision and dental insurance may be submitted up to the 30th day of employment.

In submitting their enrollment paperwork to CultureWorks, employees are authorizing the





appropriate deductions for their elected benefits to be made from their paychecks.

## **Additional Information**

The CultureWorks benefits package is managed by our insurance broker - Bennett Wise at [TRX Insurance Services](#) located in Valley Forge, PA. Questions about benefits coverage offered in each plan can be directed to the plan providers at (484) 928-4000.

## **Short-Term Disability (STD) Leave Time**

CultureWorks' Short-Term Disability (STD) benefit is available to employees working thirty (30) or more hours each week. STD allows for the continuation of a portion of an employee's base pay, when their medical provider determines that they need to be out of work for an extended period of time due to an illness, injury, pregnancy, and/or other health-related concern and they are receiving appropriate care and treatment and are complying with the requirements of the treatment. STD Leaves are coordinated with any approved Family and Medical Leave and they are approved by the insurance provider.

The approved duration of an STD Leave is based on the provider's analysis of the employee's ability to perform the duties of their job, considering their disability. The employee's most up to date job description must be submitted when applying for STD. It is reviewed in order to validate the degree to which the employee is able/unable to perform the duties of their job and for how long.

During STD Leave, employees may be required to provide additional documentation and/or to engage with their medical provider or with another provider for an evaluation of their progress and/or towards enhancing their healing/rehabilitation process. Conditions of an employee's STD Leave are protected by HIPPA laws. All related matters should be held as confidential.

Once approved, STD Leave begins on the 8<sup>th</sup> consecutive day of an employee's absence. The employee is paid at 60% of their pre-disability pay rate, up to \$500/week up to the maximum of 12 weeks. The first seven (7) days away from work serve as the STD "Elimination" Period. Employees may use their paid time off (PTO) benefits to bridge any loss of pay during the Elimination Period. However, PTO can not be used beyond that initial point in time.

While on disability, employees may not continue to perform their regular work duties or perform other work, whether at home or at a work-related location. The Plan offers financial and Rehabilitation incentives designed to help employees to return to work when appropriate, even on a part-time basis when the employee participates in an approved Rehabilitation





Program. A provider's statement certifying that the employee is fit to return to regular work based on the requirements of their job is required before the employee returns.

### **Long-Term Disability (LTD) Leave Time**

Once approved, LTD Leave begins after ninety (90) consecutive days of an employee being on disability status. This coincides with an employee's STD Leave period, and the 90 days are considered as the LTD "Elimination" Period. LTD pays 60% of the employee's regular pay rate before their STD leave began. Leaves are coordinated with any approved Family and Medical Leave and they are approved by the insurance provider. LTD benefits for an employee who becomes disabled prior to age 63, may continue for as long as they remain disabled, or until the greater of their Social Security normal retirement age or 4 years. While it is not guaranteed, an employee's Project may continue to pay the Project's share of the employee's benefits premiums during the leave.

The amount of LTD Leave approved is based on the provider's analysis of the employee's ability to perform the duties of their job, considering their disability. The employee's most up to date job description must be submitted when applying for consideration and it is reviewed in order to validate the degree to which the employee is unable to perform the duties of their job and for how long. During an LTD leave, the employee may be required to provide additional documentation and/or to engage with their medical provider or another provider as it may assist with their improvement and/or to facilitate evaluation. Conditions of an employee's LTD leave are protected by HIPPA laws. All related matters should be held as confidential.

While on LTD, employees may not perform the duties of their work responsibilities or any other work whether at home or at a work-related location. The LTD plan does offer financial and rehabilitation incentives designed to help employees return to work when appropriate, even on a part-time basis when the employee participates in an approved rehabilitation program. A physician's statement certifying the employee's ability to return to work in their prior position will be required before the employee returns to regular work.

### **Pennsylvania Mini-COBRA Benefits**

Upon termination of employment, or if an employee's eligibility for medical and/or dental coverage otherwise ends, the employee can elect to continue their same medical with vision and/or dental coverage under COBRA, for themselves and/or for their enrolled dependents,





depending on the reason the benefits are ending. CultureWorks will mail a COBRA Notice and Enrollment Form for the home of employees terminating their company paid benefits. To continue coverage, the employee must submit their enrollment form within 30 days of receiving the notice. Employees are responsible for paying the full cost of the monthly premium which includes their prior contribution, the Project's contribution, and a small additional monthly administrative charge.

COBRA coverage for the employee, their spouse, and their eligible dependent children can continue for a maximum of nine (9) months, if their benefits coverage ended because of one of the following Qualifying Life Events:

- Death of a covered employee;
- Termination of employment that is either voluntary or involuntary (but not for the employee's gross misconduct);
- Reduction in work hours that results in loss of eligibility for benefits;
- Divorce or legal separation;
- Eligibility for Medicare;
- Dependent child ceasing to be dependent;
- Bankruptcy of the employer.

COBRA coverage for a spouse and/or eligible dependents can continue for longer if the employee's coverage ended because:

- The employee dies while covered by the plan;
- They or their spouse became divorced or legally separated;
- They became eligible for Medicare coverage, but their spouse is not yet age 65;
- Their dependent child reached an age which makes them ineligible for coverage under the plan (age 19 or if a full-time student <age 25).

Once a decision is made to terminate an employee or to reduce an employee's work hours below the eligibility requirements, the employee will be sent a COBRA Notice to inform them of their rights to continue their health and/or dental coverage. As well, within 30 days, of the following: the employee becomes eligible for Medicare, is divorced or legally separated, dies, and/or their dependent child reaches the age that ends their eligibility as a dependent, the

employee or a family member must notify CultureWorks of the event and they will be sent a COBRA notice.

COBRA coverage will end when/if:





- Premiums for continued coverage are not paid within 30 days of the due date;
- The employee (or their spouse or child) becomes covered under another group medical plan which does not contain an exclusion or limitations with respect to any pre-existing condition that they (or their spouse or child) may have;
- CultureWorks stops providing group health benefits;
- The employee and/or their spouse or child becomes eligible for Medicare.

### **CultureTrust and the Affordable Care Act**

Employees of a CultureTrust Project who do not meet the above eligibility or already have health insurance through another source are encouraged to investigate their options on the Healthcare Marketplace. Many individuals working with CultureTrust Projects will be eligible for reduced monthly healthcare premiums under the Affordable Care Act. A single person making up to \$45,960 per year is eligible for lower cost premiums; for a household of three people, the limit is \$78,120.

If you're a Project Director who would like to be able to offer an extra incentive like insurance or retirement matches to your employees, we recommend that you estimate the market value of those benefits and increase employee compensation accordingly. For instance, if your employee works 20 hours per week for your Project, and makes \$18 per hour, he/she is paid approximately \$1,440 per month (assuming an 80-hour month). You'd like to offer her a credit towards health insurance, and you calculate that your Project can afford an extra \$240 per month per employee.

Need help navigating the Healthcare Marketplace? Visit [localhelp.healthcare.gov](http://localhelp.healthcare.gov) to find Philadelphia organizations trained to help.







## Access to Legal Counsel

Should a fiscally sponsored Project request access to legal support for their Project via CultureTrust Greater Philadelphia, their Community 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 Trust's status as a tax-exempt charity that is subject to the requirements of Internal Revenue Code Section 501 (c)(3), **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

All officers, trustees, staff, and fiscally sponsored projects are strictly prohibited from engaging in lobbying activities for or on behalf of CultureTrust unless specific and prior written authorization has been granted by the CultureTrust Trustee. 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.

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, 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 Community Operations Manager.
2. The Project Director and Community 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 Community Operations Manager drafts a Project Settlement Form with the Project Director.





4. The Community 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 Community Operations Manager, who submits it to the Project Director, Trust President, and a representative of a beneficiary nonprofit, if appropriate, for signature in DocuSign.
6. The Community Operations Manager contacts CultureTrust 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 Community 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.

### **Transfer of Charitable Assets in Transition**

If the Project has obtained its own tax-exempt status or affiliation under Section 501(c)(3) of the Internal Revenue Code, any funds and assets may be transferred to that entity

If a Project does not have its own tax-exempt status or affiliation, any remaining charitable assets purchased with CultureTrust funds must continue to be used for charitable purposes. As a result, the Project's charitable assets will either be transferred to a new fiscal sponsor (with such sponsor's consent) or, if there is no successor fiscal sponsor and the Project does not obtain its own tax-exempt status, to another 501(C)(3) organization with a similar mission to the Project.

Charitable assets may be transferred as follows:

- Any intellectual property must be transferred to the Project's new sponsor (or to the Project if it has obtained its own tax-exempt status).
- Any registered trademarks, logos, or other marks will be transferred to the new owner's name via a filing with the U.S. Patent and Trademark Office.
- Any physical property in CultureTrust's name will be transferred to the new sponsor's





- name (or to the Project if it has obtained its own tax-exempt status).
- Any approved leasehold interests will be assigned or transferred to the new owner, in accordance with the lease document and with the landlord's consent.
  - Any cash in the Project's account will be transferred to the new sponsor's (or the Project's if it has obtained its own tax-exempt status) account, minus any transfer costs necessary to achieve the above transfers.
  - The Project will be responsible for any legal costs incurred in making the above transfers, including legal, landlord, or fees charged by governmental agencies like the U.S. Patent and Trademark Office.

The transition period for a Project does not end until all Project-related debts and obligations have been settled.







## Reference & Links Section

CultureTrust manages the following platforms for Projects:

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

The following sections are a collection of CultureTrust templates and guides explaining processes and policies for the Project's reference.

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

### Administrative Forms & Templates

- [Project Name Change Request Form](#)
- [Project Touchbase Template](#)

### Contractor Paperwork

- [Independent Contractor Agreement Template](#)
- [Form W-9 Template](#)

### Financial Documents

- [CultureTrust Chart of Accounts](#)

### Financial Forms to Submit in SAGE/Intacct

- [Reimbursement Form](#)
- [Project-to-Project Reimbursement Form](#)
- [PEX Card Initial Funds Request Form](#)
- [PEX Card Refill Request Form](#)
- [Direct Deposit Form](#) (for vendors requesting online funds transfer)

### Financial Templates

- [CultureTrust Annual Budget Template](#)
- [12-Month Nonprofit Pro Forma Template](#)
- [Project Invoice Form](#) (to submit to a paying vendor)

### Fundraising Events Forms

- [Auction Record Form](#)
- [Cash Deposit Form](#) (when submitting cash to CultureTrust)





### **Grant Attachments (all under Grant Attachments section in the Toolkit)**

- CultureTrust Most Recent Audit
- CultureTrust Most Recent 990
- CultureTrust Most Recent PA State Bureau of Charitable Organizations Certification
- CultureTrust IRS 501(c)3 Determination Letter
- CultureTrust Board of Directors List
- CultureTrust Most Recent Organizational Budget

### **Handbooks, Manuals, and Guides**

- [SAGE/Intacct User Guide](#)
- [Portal Guide](#)
- [Adding A New Person in the Portal](#)
- [Administrative Services One-Sheet](#)
- [Contract Policy and Process Guide](#)
- [Online Sales Guide](#)
- [Setting Up & Running Payroll Guide](#)
- [Shared Workspace User Manual](#)
- [Employer or Contractor Presentation](#)
- [WeDidit FAQ](#)
- [How To Submit an Expense Request](#)

### **Hiring Paperwork**

- [Employer or Contractor Checklist](#)
- [Offer Letter Template](#)
- [New Hire Paperwork Checklist](#)
- [CultureTrust Employee Info Form](#)
- [Form I-9](#)
- [Form W-4](#)
- [Monthly Timesheet](#)

### **Volunteer & In-Kind Forms**

- [In-Kind Contribution Form](#) (to submit in the Portal for donor acknowledgment)
- [Annual In-Kind Reporting Form](#)

