

EXHIBIT 1: FISCAL SPONSORSHIP AGREEMENT

SPONSORSHIP POLICIES OF CODE FOR SCIENCE AND SOCIETY, INC.

Notes

1. *Code for Science and Society, Inc. (CSS) fiscally sponsored projects often engage in “projects” of their own. To minimize confusion, CSS uses the term Fiscally Sponsored Project, or FSP, to refer to projects with which we have a signed fiscal sponsorship agreement.*
2. *All capitalized terms used but not defined below have the meanings assigned to them in the attached Fiscal Sponsorship Agreement.*
3. **Items marked with (*) do not apply to Model B (Independent Contractor) or Model C (Pre-approved grant) sponsorship agreements.**

1. Orientation

Every fiscally sponsored project is required to schedule an orientation with CSS following acceptance as an FSP.

2. Accounts Payable

- Acceptable invoices and reimbursement requests received by end of business on any **Monday** will be paid by end of business on the following **Friday**. “Acceptable invoices” are approved and coded (to CSS’ chart of accounts) with invoices and receipts attached. Documents may be scanned copies of invoices, check request forms, requests for reimbursement forms, and receipts. If requests for reimbursement are sent with receipts by scanner, the *original* receipts must be retained by the project in its files.
- **It is the responsibility of each FSP to submit a completed IRS Form W-9 for each new vendor.** Failure to do so may hold up payment.
- All reimbursement requests must be approved by a superior with signature authority. A Project Director requesting reimbursement should have an Advisory Committee member approve her/his

SPONSORSHIP POLICIES OF CODE FOR SCIENCE AND SOCIETY, INC. (continued)

requests. In the case of an Advisory Committee member request, any other Advisory Committee member with signature authority may provide approval.

3. Cash Advances

Under no circumstances does CSS advance money to its fiscally sponsored projects. Deposited funds must be cleared by the bank prior to any requested withdrawal. FSP accounts that are in arrears are subject to fines and interest.

4. Reserve*

Projects are required to keep an operating reserve of funds sufficient to cover at least two weeks of normal operating activity. In addition, projects with employees must monitor cash flow so that they maintain enough funds to cover three months of payroll and benefits at all times.

5. Hiring Independent Contractors

- CSS does not allow FSPs to pay any individual as a contractor if that individual meets the IRS definition of an employee. CSS management is available to discuss the distinction between employee and contractor.
- FSPs must get prior approval from CSS management before changing an individual's status from employee to independent contractor.
- Contractual obligations beyond \$5,000 in one calendar year require a written contract (template provided by CSS staff), signed by a representative of the FSP and an authorized representative of CSS and the vendor.
- Contracts with independent contractors must be approved in advance of commencement of work by CSS management.
- Independent contractors who are paid more than \$5,000 by CSS must maintain at least \$1,000,000 in general liability insurance in addition to any other insurance that may be required by law during the entire term of their contract.

6. Payroll*

- Any request to change a payroll record (e.g., pay rate, termination, regularly scheduled hours) must be communicated to CS&S management in writing and signed by the Project Director or, if the

SPONSORSHIP POLICIES OF CODE FOR SCIENCE AND SOCIETY, INC. (continued)

change concerns the Project Director, by the Advisory Committee Chair. If possible, such notification should occur at least five business days prior to the desired effective date of the change.

- To receive a paycheck, an employee must have submitted the following completed items at least five business days prior to payday:
 1. INS Form I-9
 2. IRS Form W-4
 3. California Development Department Form DE-4 (if applicable)
 4. A signed acknowledgment of receipt of a personnel policies manual
 5. An employee action form (Payroll/Status Change Form)
- CSS management will provide employee action forms and file all payroll tax returns and IRS Form W-2s.
- Projects with employees must monitor cash flow so that they maintain enough funds to cover three months of payroll and benefits at all times. Failure to do so could result in employee layoffs.

Note: The payment of employee bonuses by tax-exempt organizations is highly regulated; in fact, the payment of bonuses for past service in the absence of an incentive contract is expressly prohibited. CSS management is available to discuss incentive compensation arrangements to help avoid conflicts with regulatory agencies.

7. Benefits*

No FSP may offer or deny to its employees benefits that differ from CSS staff.

8. Job Descriptions*

FSPs are required to develop and maintain job descriptions for each employee.

SPONSORSHIP POLICIES OF CODE FOR SCIENCE AND SOCIETY, INC. (continued)

9. Grants, Awards, and Scholarships to Others*

When an FSP wishes to make a grant, award or scholarship, CSS management requires a copy of the signed grant agreement along with a completed check request form summarizing the purpose of the award. If the grant is made to an organization that is not a 501(c)(3) charity currently listed in *IRS Publication 78*, additional paperwork may be required. All related forms and procedures are subject to review by CSS' President or Secretary-Treasurer.

10. Grants Received

- Every grant proposal must be accompanied by a cover letter from CSS. CSS staff must review all grant proposals and budgets before submission to the funder.
- CSS' President or Secretary-Treasurer must co-sign all original grant agreements and be copied at least one week in advance on all progress and final report submissions.
- The preparation of grant reports is the responsibility of the FSP.
- Each FSP agrees to be aware of the terms of their grant agreements and to follow the requirements of those agreements. It is the FSP's responsibility to be in compliance with the terms of its grant and contract agreements. Depending upon the grant, this can involve such items as keeping timesheets (even for exempt employees), ADA compliance, and tracking evaluation benchmarks. Since CSS is the grantee of record and signs FSP grant awards on their behalf, CSS needs assurance that the FSP is the principal party that is tracking compliance with grant terms. It is also each FSP's responsibility to apply GL (general ledger) and Department Codes (in consultation with CSS's Grants and Contracts Manager) to the FSP expense and income that they wish to track by program or by grant. Reclassification of coding, after the fact, is subject to additional fees.
- Grants involving government or public-agency monies have very heavy reporting and auditing requirements that an FSP must discuss with CSS' CEO in advance of acceptance. CSS applies an administrative fee of 20% (rather than the usual 15%) for government or public-agency grants.
- If CSS receives grant funds from an FSP without the grant agreement or a copy of the proposal on which the grant is based, the funds will not be posted until we have the necessary paperwork.

11. Donations

- CSS will accept and process contributions to each fiscally sponsored project. For donations of \$500 or more, CSS will issue a receipt for tax deductions directly to the donor.
- A receipt will also be issued for in-kind donations exceeding \$75 that are given for goods. The FSP or donor must supply to CSS a letter or invoice indicating the value of the donated goods. CSS will then acknowledge the in-kind donation.

SPONSORSHIP POLICIES OF CODE FOR SCIENCE AND SOCIETY, INC. (continued)

- Checks should be made payable to “CSS” with the FSP name on the memo line, or equivalent wording. Or checks may be made payable to CSS/name of FSP.
- Gifts of stock may only be made through CSS’ designated broker, whose contact information can be provided on request.

It is CSS’ management policy not to disclose publicly the identities of individual donors, and we recommend that FSPs obtain their donors’ permission prior to external disclosure.

12. Credit Accounts and Other Liabilities*

Project Directors may not enter into contracts or other commitments to third parties that make financial commitments beyond what can be met with funds in the FSP’s project fund. If Project Directors enter into such commitments, they may be held personally liable to meet those commitments from other sources.

13. Fundraising Activities

- Fundraising events are very labor intensive to administer. **CSS management requires at least one month’s notice of any fundraising event.** If a fundraising event involves purchase of a ticket or admission charge, and goods (e.g., food) are received by the donors, the written materials about the event must include information about the amount of the ticket that is tax-deductible. CSS staff can help with how this is determined.
- Payments made for auction items are not eligible for tax-deductible donation receipts unless payment exceeds value of auction item.
- A copy of all mailings and solicitations, including grant proposals, must be approved by CSS management in advance of mailing, submission, or other distribution.
- All publicity and fundraising materials must indicate that the FSP is “a fiscally sponsored project of CSS.”
- FSPs may not conduct any fundraising activities involving an element of chance, such as bingo or raffles, unless they notify CSS management in advance and adhere to pertinent state regulations.

14. Communication with Potential Donors

SPONSORSHIP POLICIES OF CODE FOR SCIENCE AND SOCIETY, INC. (continued)

In the course of fundraising, a project may solicit commitments from donors prior to receiving the funds. In general, CSS regards such “promises to give” as mere statements of intention, which CSS will not enforce through legal action.

15. Volunteers*

The use of volunteers exposes CSS to additional liability. All persons who provide services to, or perform services for, an FSP without compensation for their time on a regular basis must sign the standard volunteer indemnification and release forms available from CSS. (Reimbursement of expenses does not constitute compensation.) It is the FSP’s responsibility to maintain these forms and to report annually on its total number of volunteers and accrued volunteer hours.

16. Financial Statements

CSS’ management will provide each FSP a statement of quarterly activity and a detailed trial balance within 30 days of each quarter end. FSPs are required to review the quarterly financial statements in a timely manner. **Any corrections to an FSP’s accounts must be requested within 30 days after receipt of that statement.**

17. Bank Accounts*

No FSP shall maintain any bank account separate from those maintained on its behalf by CSS. An exception to this is in those few cases in which the FSP is in a Model C fiscal sponsorship relationship.

18. Multiple Funds*

CSS has the ability to set up cost centers within a fund and to set up multiple funds for an FSP. In situations where the FSP needs multiple funds on CSS’ general ledger, CSS management is available to advise on inter-fund transfers to help achieve compliance with charitable trust rules.

19. Advisory Committee (“Model A” and “Model C”)

- Every FSP must maintain an Advisory Committee of three or more persons.
- No more than 49 percent of the members of each Advisory Committee may be paid.
- Each FSP must maintain a current listing of the names, addresses, email addresses, and phone numbers of all members of its Advisory Committee and notify CSS of changes as they occur.

SPONSORSHIP POLICIES OF CODE FOR SCIENCE AND SOCIETY, INC. (continued)

- The Advisory Committee must, at minimum, assume the following joint responsibilities:
 - Sign the fiscal sponsorship agreement
 - Hire, supervise, and terminate, when necessary, the FSP's Project Director

20. Administrative Fees

- Projects may have additional fees to join CS&S depending on administrative requirements.
- Except as stated elsewhere, CSS will charge each FSP an **administrative fee equal to 15% of its gross receipts**. Receipts attributable to grants from **government entities or public agencies are subject to a minimum 20% administrative fee**; this will be automatic in all cases when an A-133 audit is required.
- Projects must receive a minimum of \$25,000 in annual revenues during the fiscal year, resulting in a **minimum annual FSP administrative fee of at least \$3,750**.
- Projects have 90 days from the effective date of FSP to bring in minimum annual revenues.
- CSS' fiscal year begins July 1 and runs through June 30 of the subsequent year. Fee tracking resets on July 1 every year. If insufficient revenue has been received during the fiscal year, FSPs may be subject to a \$200 monthly minimum service fee which is the responsibility of the FSP project director. (If and when subsequent grant or donation revenue is received, these assessments may be rebated.) At fiscal year end in June, additional minimum assessment fees will be charged so that total fees equal at least \$3,750.
- In addition to the administrative fee on gross receipts, CSS will retain all interest earned by an FSP's funds on deposit with CSS.
- FSPs are subject to other charges:
 - Employees working in states where CS&S are not registered may have additional charges.
 - For setting up a new employee on payroll and benefits (\$50 per employee)
 - For requests for manual checks outside the weekly check run (\$50 per check)
 - For extraordinary costs, for which the FSP will be given notice (please also see #28). These include, for example: legal fees, additional insurance, staff time in managing FSP legal matters.

21. Insurance Provided by CSS*

- CSS maintains general liability insurance and workers' compensation coverage at no additional charge to projects.

SPONSORSHIP POLICIES OF CODE FOR SCIENCE AND SOCIETY, INC. (continued)

- Advisory Committee members are covered under CSS' D&O (Directors and Officers) insurance policies.
- If a Certificate of Insurance is required for an FSP event or activity, it should be requested of CSS well in advance (at least two weeks) of the event. All necessary documentation regarding insurance needs should be included in the request to CSS.
- Details of coverage are available each year.

PLEASE NOTE: Model C “pre-approved grant” FSPs (i.e., in which CSS maintains restricted funds solely for the disbursement of grants to support FSP’s work), as well as Model B independent contractor FSPs, do **NOT** receive any insurance coverage through their association with CSS.

22. Fiscal Year*

All FSPs must conform to CSS’ fiscal year which begins on July 1 and ends on June 30.

23. Legal Counsel

An FSP must discuss the hiring of any legal counsel, prior to engagement, with CSS’ President or Secretary-Treasurer. Any FSP anticipating or considering legal action (e.g. filing a lawsuit) must discuss this possible activity with CSS before filing.

Legal counsel representing a Model A FSP must be made aware that the firm is legal counsel to CSS, since the FSP does not have its own legal status.

All outside legal costs for an individual FSP are paid for by the FSP.

24. Lobbying

- All lobbying plans and expenditures must be submitted in advance to CSS management for approval.
- CSS has a large annual lobbying allowance under Section 501(h) of the Internal Revenue Code, for use by its FSPs. Each year FSPs estimate the amount of lobbying they anticipate doing and request a lobbying allocation from CSS.
- FSPs are prohibited from funding or undertaking excessive lobbying or other activities that could jeopardize CSS’ charitable tax-exempt status.
- CSS has the right to determine, at its sole discretion, what constitutes excessive lobbying by a project, and what other activities could jeopardize CSS’ tax-exempt status.

SPONSORSHIP POLICIES OF CODE FOR SCIENCE AND SOCIETY, INC. (continued)

25. Loans to Projects

In general, FSPs are not permitted to borrow money or accept loans through CSS, because of the risk to which CSS and its assets can be exposed. Only CSS' Board of Directors may grant exceptions to this policy.

26. Automatic Termination of Project

CSS' fiscal sponsorship of an FSP may be terminated by CSS' President or Executive Director without advance notice to the FSP in either of the following circumstances: CSS' fund for support of the FSP's work has a zero cash balance; or, in the sole judgment of CSS, no significant activity has occurred in connection with the FSP for one year or longer.

Please see also #34 below.

27. Automobile Usage and Insurance*

CSS carries an automobile insurance policy called Non-owned and hired auto liability. This policy includes coverage for employees and volunteers but is in excess of an individual's own policy. It is not in any way intended to replace an individual driver's obligation to maintain his or her own insurance; an individual's private insurance is primary for any loss. Anyone (employee or volunteer) who drives on CSS business must maintain personal auto liability insurance. This requirement may be waived if you do not own a vehicle. In addition, drivers are required to provide CSS with the information necessary to complete a driving-record check, and to prove compliance on an annual basis.

Employees and volunteers renting vehicles on CSS business within the United States and Canada **do not** need to purchase insurance coverage from the rental car agency. If vehicles are rented outside of the United States and Canada, insurance must be purchased from the rental company. It is recommended that the rental agreement be made in the name of CSS or in the names of both CSS and the individual renting the vehicle. Please note there is a \$250 deductible, per occurrence, for Comprehensive/Collision coverage that is the responsibility of the FSP. To avoid this deductible, some credit card companies will cover deductibles. Please check with the credit card company for the card being used for the vehicle rental to see if they will cover the deductible amount.

28. Extra Services

From time to time an FSP may need services (e.g., extra insurance coverage, legal advice, etc.) over and above those included in the regular administrative fee. When the specific costs of these services are identifiable, CSS will inform FSPs in advance and charge the fees directly to the FSP's fund account. When the specific costs are not identifiable in advance, they are subject to the discretion of the President or Secretary-Treasurer, and may include the cost of staff time. One example would be lengthy

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legal actions that include, in addition to legal fees, extraordinary time expenditures by staff. Advance notice of such costs will be given to the extent possible

29. FSP E-mail Accounts

Each FSP must provide CSS with the address of an active e-mail account and mailing address for the Chair and members of its Advisory Committee and for the Project Director, and update these as changes occur.

30. Employee E-mail Accounts*

FSPs with employees must provide CSS with the address of an active e-mail account for each employee, and update these as changes occur.

31. Sponsor Identification*

All FSP letterhead, external communications (including website), and advertising must include the following identifying line: “[NAME OF FSP], a fiscally sponsored project of CSS.”

32. Annual Project Reports

- Each FSP must submit brief annual reports to CSS, due in August.
- Every report will include the following:
 - A short narrative description of the FSP’s progress toward achieving its charitable goals since its last report, as well as a report of challenges to its work moving forward.
 - Updated contact information in keeping with #30 and #31, above
 - Notice of whether it intends to conduct lobbying activities in the coming semi-annual period
 - A description of fundraising activities and planned events
 - A listing of employees and independent contractors connected with the FSP
- In addition, the August report must include an updated budget for the current fiscal year (including projected income and sources).
- For a project’s initial report, any reporting period that is less than six months may be rolled into the following reporting period.
- An FSP’s final report must be submitted prior to the termination of the sponsorship.

SPONSORSHIP POLICIES OF CODE FOR SCIENCE AND SOCIETY, INC. (continued)

33. Employment Offers*

All offers of employment must be approved by CSS prior to extension to a potential employee.

34. Exit from CSS

- Every fiscally sponsored project is required to schedule an in-person or telephone exit interview with CSS prior to the end of the fiscal-sponsorship relationship.
- If an FSP ceases operations and its assets are not transferred to another 501(c)(3) organization, any equipment (e.g. computers, copiers, cell phones, etc.) must be presented to CSS for appropriate dispersal. Assets purchased with charitable funds must remain held in charitable trust.
- If an FSP becomes dormant, CSS will attempt to contact the project director and the advisory committee. If such contacts remain unanswered, CSS will continue to bill the FSP account CSS' minimum monthly fee for one year or until the account reaches zero. After a year of billing the monthly fee, the remaining funds in the abandoned FSP account will be absorbed by CSS, and the FSP will be closed.

35. Amendments

CSS may amend these policies from time to time and will notify FSPs in writing of such amendments.

36. Electronic Signature

Unless you indicate a preference for paper documents, we will keep your records, including this Agreement, in electronic form. For contractual purposes, you consent to receive communications in electronic form via the email address you have provided us; you consent to use electronic signatures where signatures are necessary; and you agree that all notices, disclosures, agreements, and other communications we provide to you electronically satisfy any legal requirements that those communications would satisfy if they were on paper. You may opt out of electronic communications and records at any time, or request a paper copy of your Agreement by contacting CSS.

SPONSORSHIP POLICIES OF CODE FOR SCIENCE AND SOCIETY, INC. (continued)

On behalf of the fiscally sponsored project (FSP) called _____, I have received, understand, and agree to the foregoing sponsorship policies of CSS.

_____, Advisory Committee Chair
Printed name

Signature

Date