



## **MEMBER HANDBOOK**

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A program of  
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## **Pacific Atrocities Education**

Pacific Atrocities Education is San Francisco's most innovative organization San Francisco's most innovative organization focused on presenting groundbreaking works to bridge social inequalities.

PAE provides a platform where provocative ideas, diverse projects, activists, and global citizens can intersect one another.

At PAE, experimentation and risk are possible, debate and critical inquiry are embraced, community is essential, resources and experience are democratized, and today's issues are thrashed about in the heat and immediacy of activism.

### **The PAE Incubator**

The PAE Incubator helps members fund, develop, and promote their activist project. Services and partnerships include continuing education, networking opportunities, access to consultants, and resources for fundraising. Our fiscal sponsorship encourages funding agencies and contributors to take risks in funding new projects and emerging projects by ensuring that funds are spent according to the donor's guidelines.

We believe that collaboration makes PAE a bigger and more necessary platform, creating a home base for activists to develop their work and earn a living. Providing incubation and fiscal sponsorship is an integral part of our organizational mission.

### **Member Handbook**

Pacific Atrocities Education has developed this handbook to provide you with the tools you will need to understand what it means to be a fiscally sponsored project and to fully utilize the services of the PAE Incubator program. The most important thing to remember is that the more you partner with us, the more we can assist you in reaching your goals. We hope that you will find all the information you need and that you will not hesitate to contact us with any questions, comments, or suggestions.

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## FISCAL SPONSORSHIP OVERVIEW

By accepting your project into the PAE Incubator, we have determined that it furthers our charitable goals and have agreed to extend our tax-exempt status to your activities. Unless you make written changes to your project description, your original application will be the basis on which we support your work.

Through our fiscal sponsorship, you can secure funding from sources that give only to nonprofit organizations, such as foundations, government agencies, corporations, or individual donors who wish to receive tax deductions in return for their contributions. These donations are then tax-deductible to the fullest extent allowed by law. But please remember that being fiscally sponsored does not make your project in itself "nonprofit" or "tax-exempt" – only the IRS can make a tax-exempt ruling.

It is important to note that PAE must exercise control over the funds that it receives on behalf of your project. In fact, PAE could lose its nonprofit status if we don't exercise sufficient control and permit funds to be used inappropriately.

Once the funds have been used in the creation of your work, PAE makes no claims of ownership on the work itself. In return, we accept no liability. This means that the work is entirely yours, but you must protect us from any potential claims related to it.

The PAE Incubator's fiscal sponsorship program is based on a model of "preapproved grant relationship," known colloquially as a "Model C" relationship described in Greg Colvin's 1993 book, *Fiscal Sponsorship: Six Ways to Do It Right*. For an excerpt about funds management, liability and ownership, please see the back of the handbook.

### ***Your Responsibilities:***

- Use PAE's fiscal sponsorship only for activities described in your application or otherwise approved by PAE in writing.
- Keep PAE informed of all project activities and any changes in your project description.
- Alert PAE if there are any changes in project leadership or contact information.

## INCUBATION & RESOURCES

### Management Advice

We hope that you'll think of PAE as a resource. Whether you're strategizing about your programming for the next year, figuring out how to promote your work, or considering filing for nonprofit incorporation, our staff can help you think it through. Activists beginning brand new projects can use our fiscal sponsorship to launch programs for a trial period before filing for nonprofit incorporation. Other activists who have been operating informally for some time can utilize our fiscal sponsorship while the incorporation process is under way. Many activists choose to remain fiscally sponsored for a longer period of time, making ongoing use of our infrastructure to support their volunteer-based projects. We are comfortable with all these arrangements.

Our bookkeeper, and consultants are as scheduled by appointment at least a week in advance. Appointments for consultation with other PAE staff members is arranged through [info@pacificatrocities.org](mailto:info@pacificatrocities.org)

### Communications

Emails from PAE are a primary source of information. They include such things as highlights of upcoming grant management workshops, information about PAE events, updates on Incubator services, and the list of upcoming Grant opportunities and deadlines.

### Workshops

We offer access to an array of free and discounted workshops in fundraising, marketing, management and legal issues. We offer these largely through our Program Partners, described later in this handbook.

### Networking & Event Discounts

We host many events where you can connect with members of the Incubator and with PAE's greater community. These events include holiday parties, forums on various topics, and Open Process events that provide opportunities to participate in bringing new works to life. Also, keep an eye out for our emails offering Incubator member discounts to attend events in our gallery, discussions, and theater. We hope you will join us for some of these events.

### Space & Equipment Rental

Our space and equipment are in high demand, but we can sometimes make them available to Incubator members when they are not in use. Our theatre and gallery are periodically available at preferred rates for one-night events or single-weekend presentations. Our conference room can also be made available for meetings. Depending on availability, we may be able to rent lighting, sound or projection equipment to you as well. Please place your request to PAE well in advance so that we can reserve it for you if possible.

### Website Resources

Our website offers a Resources page for Incubator members. This page contains sample language for consultant contracts, fundraising letters, and crediting our fiscal sponsorship relationship.

It also includes links to insurance carriers, fundraising tools, nonprofit management & advocacy sites, and articles on forming a nonprofit. As we identify helpful member resources, we will continue to post documents, information and links on this page. Please visit [www.pacificatrocities.org/incubator](http://www.pacificatrocities.org/incubator), then click on the resources link.

## MARKETING & PROMOTION

We want to help you promote your work to other Incubator members and to PAE's general audiences. Please keep us informed about all your activities and events by adding us to your mailing lists and email distributions. We also depend on you to get the word out about PAE to your own contacts, so remember to credit your membership in the Incubator wherever you can.

### Mailing Services

**Mailing List:** Our mailing list is available for you to send promotional flyers about public events. The list currently has approximately 20,000 names, which can be divided by geographic location. Names are available on labels only, for one-time mailings, at a cost of 5 cents per label. You may promote any public events to these names, including fundraising events, but you may not send them direct fundraising appeals. Mailing labels must be requested at least one week in advance. Depending on the situation, you can also access PAE's email list or press list.

**Bulk Mail Permit:** Unfortunately, you cannot use PAE's nonprofit bulk mail permit for your own mailings. The Postal Service has determined that our fiscally sponsored projects may not have access to this permit. If your mailing promotes an event held at a nonprofit venue, you should inquire whether you can use their permit and return address. Alternately, you may be able acquire your own for-profit bulk mail permit for large mailings, which has rates a bit higher than the nonprofit permit, but still saves postage from first-class rates. For more information, please visit [www.usps.com](http://www.usps.com).

**Mailing Address:** We require that you list our address on the cover sheet of your grant applications, and you are welcome to ask your donors to mail contributions directly to us. However, you should not give out PAE's address as your project's return address or for any other purpose except as approved by us.

### ***Your Responsibilities:***

- Send PAE all public mailings and email announcements.
- Request mailing labels at least one week in advance.
- Use PAE mailing labels only to promote public events, not for fundraising pitches.
- Use PAE's address only for fundraising purposes, not as your project's general return address.

### Promotion Opportunities Through PAE's Electronic Media

Google Adwords

Registering for free Google Apps

WEBSITE 2500-5000 monthly visitors

## FORMATS

### Website

- monthly FSP update blog (with tweets and fb post to drive traffic)
  - 100 word narrative on program highlights and events
  - 1-2 web ready image (72dpi) with photo credit
  - call to action w/ links (i.e. buy tickets here: [www.xxx.com](http://www.xxx.com))
  - Deadline, last Friday of each month: Published in first week of month to follow
- WHERE TO SEND: [nicole@pacificatrocities.org](mailto:nicole@pacificatrocities.org)

**FB post**

- 45 word post w/ call to action & links
- Deadline, ongoing
- Timing, 1-2 day turnover, weekdays. \*subject to editing or approval beforehand

WHERE TO SEND: [nicole@pacificatrocities.org](mailto:nicole@pacificatrocities.org)

**Twitter**

- 140 characters w/ @mentions & shortened links (if possible)
- Deadline, ongoing
- Timing, 1-2 day turnover, weekdays. \*subject to editing or approval beforehand

WHERE TO SEND: [nicole@pacificatrocities.org](mailto:nicole@pacificatrocities.org)

**Lobby Display**

To help promote your work to PAE's audiences, we are happy to display postcards, brochures, or anything else that promotes what you do. Please drop your materials at 950 Grant Ave. 2nd FL whenever you have an event or service to promote. Or feel free to mail us a stack and we'll put it out for you.

**Crediting PAE**

You must credit your membership in the PAE Incubator by using our member logo or standard promotional language in all your publications, including posters, postcards, website, newsletters, programs, and other publications. In addition, you must provide a link from your website to ours.

Here is our standard promotional language:

“We are a Member of the PAE Incubator, a program of Pacific Atrocities Education providing fiscal sponsorship, networking and consulting for social activists. Visit [www.pacificatrocities.org](http://www.pacificatrocities.org).”

Where it's feasible to add additional language (such as newsletters, programs and other publications), please use this longer credit:

“We are a Member of the Pacific Atrocities Education's Incubator, a program of Pacific Atrocities Education providing fiscal sponsorship, networking and consulting for social activists. San Francisco's most innovative organization focused on presenting groundbreaking works to bridge social inequalities. [www.pacificatrocities.org](http://www.pacificatrocities.org)”



Here is our member logo (which can also be downloaded from the Incubator Resources page of our website):

[put logos here]

Your Responsibilities:

- Credit PAE in all your mailers and publications, using our logo or standard promotional language.
- Provide a link from your website to PAE's.

## ACCOUNTING SERVICES

The PAE Incubator provides bookkeeping and financial management assistance to our members. We manage your deposits and expense payments, maintain records of financial transactions, and report necessary information to the proper tax authorities. We can also write checks directly to your collaborators and vendors, and reimburse you for expenses. (For detailed information on check-writing, see section on Requesting Payments).

### Bookkeeping & Tax Reporting

We record all your transactions in our accounting system (using Quickbooks software), and can generate numerous useful reports on your financial activities. Funds that we receive on your behalf are included in PAE's financial statements, and reported to the IRS via our own 990 form.

### Independent Contractor Reporting

Consultants and other individuals whom we pay for providing services to your project are considered independent contractors. If they earn more than \$600 in a calendar year, they will receive a 1099 tax form from us in January, and may owe income tax on these payments. This includes the Project Director, if you request that any fees be paid directly to yourself for work done on the project. (For more information on tax issues, see section on Tax Status & Separate Accounts.)

### Account Balance & Statements

You will automatically receive an account statement annually, emailed to you as an Excel spreadsheet. This shows the detail of all income and expenses for the fiscal year, and the current balance in your account. If you wish you can be added to the list of projects receiving monthly reports. Contact [jenny@pacificatrocities.org](mailto:jenny@pacificatrocities.org) to be added to the list. You can also request your account balance whenever you like but please allow for at least 48 hours (weekdays) to receive the information.

### Storage of Records

We keep a separate physical file for each of our members. This is where we keep copies of all checks and letters generated on your behalf, and any materials that you send us. This provides a place to centralize your financial records, donor history, grant applications, and promotional materials.

### Frequently Asked Questions:

Can my collaborators have access to the project's account information?

Yes, but only if you request that in writing. They will be able to check on balances and pending grants, as well as request account statements. However, only the Project Directors can make payment requests.

Can PAE pay any of my collaborators as employees?

No. If any of your collaborators qualify as employees, then you will need to make your own arrangements with a payroll service to manage taxes and reporting. For more information on employees, please visit [www.irs.gov](http://www.irs.gov).

## FEES, TAX STATUS & RESTRICTIONS

There are a few other requirements that come along with fiscal sponsorship, along with options for housing your funds. Please keep the following guidelines in mind.

### Administrative Fees

A registration fee (currently \$40) is due upon signing your contract with the PAE Incubator.

You must sign a contract extension each year and pay a renewal fee (currently \$40).

As an administrative fee, PAE retains 5% of all funds that you deposit with us, assessed at the end of the month in which the deposit is made. This fee applies to funds from both contributed sources (ie: foundation grants, individual donors) and earned sources (ie: ticket sales, class tuitions, contracted services).

PAE does not retain a percentage of any funds raised prior to membership that are deposited as establishing balances.

### Your Responsibilities:

- Keep your membership current by paying registration and renewal fees.
- Factor our administrative fee into the budgeting for your project.

### Tax Status & Separate Accounts

In order to qualify for most grants or to provide a tax deduction to donors, funds must be deposited with PAE and overseen by us. However, it is your choice whether you want to house your project's earned income here or in your own outside bank account. (Earned income is defined as money received in exchange for something, such as ticket sales, class tuitions, and contracted services.)

Some things to consider when making this decision... Any funds housed at PAE are tax-free.

So, while we retain 5% of funds to cover administrative fees, any funds held outside PAE are subject to income tax, at your own personal tax rate (which can be over 30%).

You may be able to expense this out via a Schedule C tax form, but you would be on your own to work that out. In addition, we cannot help you reconcile accounting for funds held outside PAE. (If you deposit all your funds with us, then we can generate your project's full financial record with the press of a button.)

Housing funds outside of PAE may also disqualify you from consideration by certain funders.

If you do choose to keep any project funds outside PAE, we recommend that you open a separate bank account for this purpose (rather than just mixing them with your own personal funds). You should never try to open an account in PAE's name, or by using PAE's Federal Employer Identification Number (FEIN). If yours is a group project, we recommend that you establish your own FEIN by filing out a half-page SS-4 form. For more information, visit [www.irs.gov](http://www.irs.gov).

Please remember that anything we pay you for your own services (such as project management) is taxable, and it is your responsibility to report such income to the IRS. However, payments that we make to your collaborators or vendors, or to reimburse you for project expenses, carry no tax liability for you.

***Your Responsibilities:***

- Keep us informed of your decision to house earned income at PAE or elsewhere.
- If yours is a group project, file an SS-4 form with the IRS.
- Report any fees you receive for your own personal project work to the IRS.

Sole Sponsorship

You may not simultaneously retain another fiscal sponsor for the same project that we are sponsoring. However, you are permitted to house different projects at other fiscal sponsors.

***Your Responsibilities:***

- Do not retain another fiscal sponsor for the same project that's housed at PAE.

Public Advocacy

We encourage you to take an active role in society, to advocate for the value of the social justice and to lobby for legislation that will support creative expression. However, when acting in your capacity as Project Director, you must follow the guidelines placed on nonprofit organizations, and respect the legal limits placed on such activities. Therefore, no "substantial" portion of your project's activities may consist of lobbying for or against pending legislation, such as funding for government social justice agencies. If you expend less than 5% of your project's resources on such activities, you are likely within these limits.

Please note that your project may not participate in any candidate's campaign for public office. There is, however, no limitation on your ability to "advocate" on behalf of the value of the social justice in society, if this does not relate to legislation or candidates. Please note that when acting as a private citizen, independent of your fiscally sponsored project, you may engage in whatever lobbying and electioneering you like.

For links to information on the rights and responsibilities of nonprofits in advocacy and lobbying, visit the Incubator Resources page of our website.

Your Responsibilities:

- When acting on behalf of your project, restrict your lobbying activities to permissible nonprofit limits.
- When acting on behalf of your project, refrain from participating in candidate campaigning.

## DEPOSITING & REQUESTING FUNDS

In order to protect our nonprofit status, PAE must fully understand your funding sources and exercise control over any funds that we receive on behalf of your project. PAE is legally responsible for ensuring that the activities of the project match your sponsorship application and funds are spent in keeping with your funders' wishes. Remember that any funds in your account must be considered the property of PAE and we must exercise control over how they are spent. However, we are bound to use these funds in accordance with your funders' wishes, which are typically specified through your own appeal letters and grant applications. In order to help us manage your funds effectively, please follow the following procedures for depositing and requesting funds.

### Depositing Funds

Checks can be dropped off or mailed to PAE. Please have checks made out to "Pacific Atrocities Education" and include the name of your project on the memo line. (If someone accidentally makes the check out to your project rather than PAE, bring it down and we'll try to deposit it anyway – our bank will allow that from time to time.)

All checks must be accompanied by a Deposit Form, except for donations sent directly to us by donors. The Deposit Form is included in this handbook, and available to download from the Incubator Resources page of our website.

Cash deposits must be made in person. An authorized PAE representative will count the cash in your presence to verify the cash amount of the deposit and sign off on the deposit form.

### Filling Out the Deposit Form

**Account #:** Please look at the bottom of the form for a list of account numbers, and write the number that corresponds to each deposit on this line. Different account numbers can be used for different checks deposited in a single batch.

**Name of Source/Deposit Description:** Please write a brief description of each deposit, as you want it reported on your financial statement. If a deposit is intended to support a particular aspect of your work, you should note it on this line. The more information you include, the clearer your statements will be.

**Total & Notes:** Please include the dollar amount of each deposit, and total it towards the bottom of the page. Include any necessary notes or instructions in the Notes section at the bottom.

PAE INCUBATOR - DEPOSIT FORM

Date: \_\_\_\_\_

Name of Fiscally Sponsored Project: \_\_\_\_\_

ACCOUNT	# NAME OF SOURCE/DEPOSIT DESCRIPTION	AMOUNT
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Total Deposit: \$ \_\_\_\_\_

Notes/Additional Info: \_\_\_\_\_

Name of Project Director \_\_\_\_\_

Signature of Project Director: \_\_\_\_\_

- ACCOUNT #'S:
- CONTRIBUTED INCOME
  - 4054 State Government
  - 4056 Local Government
  - 4100 Foundation Grants
  - 4150 Corporate/Business Sponsorships
  - 4200 Individual Contributions
  - 4220 Fundraising Events
  - 4290 Other Contributed Income
  - EARNED INCOME
  - 4510 Ticket Sales/Admissions
  - 4520 Gallery Sales
  - 4540 Concession Sales
  - 4550 Contracted Services
  - 4580 Rental Income
  - 4600 Tuition/Workshops
  - 4610 Merchandise Sales
  - 4620 Memberships/Subscriptions
  - 4690 Other Earned Income

Funds are available for disbursement as soon as your deposit has cleared our bank, typically one week after funds arrive at PAE. If a check that you deposit bounces, we will pass on the bank fee to you (currently \$35), by deducting it from your PAE account.

***Your Responsibilities:***

- Be sure all checks are made out to “Pacific Atrocities Education”, with your project name in the memo line.
- Include a Deposit Form with all deposits.

**Requesting Payments**

Funds may be released for expense reimbursements, payment to vendors, or payments to individuals for services rendered. Please note that Pacific Atrocities Education does not advance monies for purchases. We will only make payments up to the amount in your account, so be sure to plan your costs accordingly. All requests for payment must be submitted within one month after the completion of the fiscal year in which the work was completed or the purchase was made.

Please do not pay individuals for services yourself and then request reimbursement – if you do, you may become liable for taxes that they owe at the end of the year.

In order to request a check, you must submit a Request for Payment (RFP) Form. The RFP Form is included in this handbook, and available to download from the Incubator Resources page of our website.

RFP’s must be accompanied by supporting documentation such as invoices or contracts for services rendered, or receipts for purchases made. Sample invoices and contracts can be found on the Incubator Resources page of our website.

Checks are issued once each week. Requests received by noon on Friday are processed and available at 1:00 pm on the following Friday. You can mail RFP’s or walk them in to the office. If you are pressed for time, you may fax or scan and email in the RFP on Friday, but we must receive the original form and attachments by the following Friday in order to release the check. If you miss the Friday cut off time, then your request will go into the next check run (ready the following Friday).

**Filling Out the Request for Payment (RFP) Form:**

**Name & Address Info:** In the top portion please write the name of your project, then the name and address of the person to whom you would like the check written (the “payee”).

**Social Security #:** We require the payee’s Social Security Number for all payments to individuals.

This policy extends to both fees and reimbursements, as our auditor reserves the right to determine the taxability of any payments at year-end. If the Social Security Number is missing, we will be unable to issue the check.

**Check Handling:** Please check a box telling us whether to mail the check or hold it in PAE’s will-call box for pick-up. If you leave this box blank, the check will automatically be mailed to the payee.

**Account #:** Please look at the bottom of the form for a list of account numbers, and write the number that corresponds to each expense on this line. Multiple account numbers can be used for expenses included in a single check. This is particularly important if you are paying someone partly for services and partly for expense reimbursement (such as a graphic designer who charges for design work as well as printing costs), since only a portion of the check should be coded as taxable income.

**Name of Event/Expense Description:** Please write a brief description of each expense, as you want it reported on your quarterly statement. If your project includes multiple shows or publications, you should write the name of that specific work as well. The more information you include on this line, the clearer your statements will be.

**Project Grant:** If you are using grant funds to cover a particular purchase, you may note the name of the foundation on this line. This information is not mathematically tracked, but allows us to generate informal reports on how you spent grant funds, so that you can include this information when writing your grant reports. (For more information on grant reporting, please see section on Receiving & Reporting Grants.)

**Total, Notes & Signature:** Please include the dollar amount of each expense, and total it towards the bottom of the page. Include any necessary notes or instructions in the Notes section at the bottom. An RFP must be signed only by the official Project Director (whoever signed the fiscal sponsorship contract with PAE).

**Supporting Documentation:** If you are requesting reimbursement for a purchase, you must attach the original receipts. If you are paying an individual or business for services rendered, you must attach an invoice or contract stating the specific nature of the work done. (Be sure that the person receiving the fee understands that they are being hired as an Independent Contractor of PAE and they will be sent a 1099 form at the end of the calendar year for tax purposes.)

***Your Responsibilities:***

- Request funds only for purposes that match your fiscal sponsorship application and funders' guidelines.
- Request payments within one year of the when the work was completed or the purchase was made.
- Submit RFP's by noon on Friday, for payment by 1:00 pm on the following Friday.
- Complete RFP forms fully, including social security numbers for all individuals.
- Attach original receipts, invoices or contracts to all RFP forms.
- Request payments to individuals directly from PAE, rather than paying them yourself and seeking reimbursement.

**Frequently Asked Questions:**

Can another member of the project be permitted to sign RFP's?

Only one person can be the official signer at one time. If you need someone else to sign RFP's temporarily (for instance, if you're leaving town for a little while), you must alert us in writing, and the new signer must attend an orientation meeting. If you want someone else to become the Project Director permanently, that person will also have to sign a fiscal sponsorship contract



directly with PAE.

What if I need to pay artists for their work but neglected to sign contracts with them?

In rare instances, if you are paying a small stipend to contractors for a very brief scope of work (such as paying actors for appearing in a one-time reading, speakers for an event), you may submit a copy of your publicity and/or event program listing their names as proof that they participated in your project. You will still need to submit their Social Security Numbers on the RFP's.

What do I do if someone doesn't receive a check that I requested?

You should call PAE immediately, so that we can confirm that the check was cut and sent to the correct address. It will be up to you whether you want to place a "stop payment" on the check and have us cut a new one. A \$25 fee will be charged to your account for each "stop payment" you request.

## FUNDRAISING

PAE has a long history of presenting and sponsoring social justice work, and is well respected by some private organizations, providing a solid context for your own fundraising efforts. Please note that the PAE Incubator does not itself award grants or apply for grants on behalf of its members. Instead, we provide the access and resources for you to apply for funding yourself.

Remember to keep us in the loop with all your fundraising plans and correspondence. The more you keep us updated, the more we can help. There's nothing worse than a funder calling PAE with questions about a proposal that we didn't know about.

Time is critical to any service PAE provides, so the more notice you give us, the more likely that we will be able to help you. We may be unable to provide last minute support.

### Individual Contributions & Fundraising Events

Your donors can take a tax deduction for any contributions they make through the PAE Incubator. These donations can be made to us directly, or you may collect and bring them in yourself. You can solicit such contributions through individual conversations, appeal letters, or fundraising events. If you are writing an appeal letter, please submit it to PAE for feedback and approval at least a week before you send it out, and be sure to credit PAE as your fiscal sponsor.

Please have all checks made out to "Pacific Atrocities Education", with your project name written on the memo line. (If a donor accidentally makes the check out to your project rather than PAE, bring it down and we'll try to deposit it anyway – our bank will allow that from time to time.) We can accept cash donations as well, if you bring them into the office yourself and the amount of the cash deposit is verified and signed off on by a staff representative.

Here is some sample language to use in your fundraising letters (also available to cut & paste from the Incubator Resources page of our website): "We are fiscally sponsored by PAE, a 501(c)(3) nonprofit organization, which allows us to offer you tax deductions for your contributions. Please make checks payable to Pacific Atrocities Education, and write [NAME OF YOUR PROJECT] in the memo line. This ensures that you'll receive an acknowledgement letter for tax purposes, and your donation will be available for our project."

If donors wish to contribute via credit card, you may send them to the donation form on our website, where they must select your project name from the drop down list on the form. These donations are received via a service called Qgiv, which takes a small handling fee (currently 3%). You will receive notice right away that the contribution has been made, but it will take two weeks after the close of the month in which the donation was made for Qgiv to credit the donation to your account.

Here is some sample language to explain the online donation process (also available to cut & paste from the Incubator Resources page of our website):

“To make a secure online donation using your credit card, please click on the following link:

[Currently working on this]

Fill in the form then scroll down and select [NAME OF YOUR PROJECT] from the drop down list and hit the ‘donate now’ button.

On occasion, you can collect credit card information at fundraising events and submit it to us for processing. You will need to collect the patron’s name, full address (including zip code), phone number, credit card number, and 3-digit code on the back of their card. Please make sure that all information is legible. To ensure this, we recommend that you write out this information on behalf of your patrons. The net amount of the charge after the credit card company fees (currently 4.25%) will be deducted from the amount given. When we receive any contribution for your project, we send the donor an acknowledgement letter which they may submit to the IRS to deduct the contribution from their taxes. If the donor sends the contribution directly to PAE, we will alert you immediately that it has arrived. We encourage you to thank your donors as well, through informal cards or phone calls.

***Your Responsibilities:***

- Explain to donors that PAE is your fiscal sponsor.
- Request prior approval from PAE for your donor appeal letters.
- Have donors make checks payable to “Pacific Atrocities Education”, with your project name on the memo line.
- Thank your donors informally, in addition to the formal IRS letter that we send them.

Frequently Asked Questions:

Can PAE send an acknowledgement letter to a donor who contributes cash?

Yes, as long as you provide us with the donor’s address when you deposit the cash with us.

Can PAE accept donations of stock to my project?

No, we do not accept the donation of stock or real property at this time.

Can I or my immediate family take tax deductions for contributions we make to my project?

Generally not, so be careful here. Contributions are tax-deductible only if the donor receives no direct “benefit” from the contribution. The IRS may consider that you and your immediate family receive “benefit” from contributions made to your project. Please visit the IRS website for more information, at [www.irs.gov](http://www.irs.gov).

If I provide food & entertainment at fundraising events or give thank-you gifts to donors, can their donations still be considered tax-deductible?

It depends on the value of what you give the donor. You should place a value on whatever you

give them, and then subtract that from the donation or admission charge – the remainder can be considered a tax-deductible contribution. If you give your donors something quite minimal (such as t-shirts, finger foods, or readings of works-in-progress), you can usually consider the whole donation or admission charge tax-deductible. Please visit the IRS website for more information, at [www.irs.gov](http://www.irs.gov).

Can I hold a fundraising auction?

Yes, but you or the buyer will need to pay sales tax on any items auctioned. We can help you with that process if you alert us in advance. If the donor seeks a tax deduction for their purchase of an auction item, the worth of that item must be subtracted, then anything over that can be considered a tax-deductible contribution.

Will PAE sponsor a liquor license for our special event?

No, PAE will not sponsor liquor licenses.

**In-Kind Donations & Nonprofit Discounts**

In-kind donations are any contributions of tangible goods, such as film equipment, art supplies, or auction items. They may be tax-deductible if the gift is used only for purposes related to the project. If the donor wishes to take a tax deduction, please use our In-Kind Donations Form to submit information about the gift. The In-Kind Donation Form is included in this handbook, and available to download from the Incubator Resources page of our website.

We will send in-kind donors an official acknowledgement letter just like we would for a monetary donation, referencing the items donated. Please note that our form requests the estimated value of the gift, but this will not be referenced in our thank-you letter. Donors are responsible for valuing any IRS deductions themselves. If donors have questions about how to receive a tax deduction, they should contact an accountant or the IRS.

PAE INCUBATOR - IN-KIND DONATIONS

Date: \_\_\_\_\_

Name of Fiscally Sponsored Project: \_\_\_\_\_

Donor/Contact Name

Organization (if applicable)

Mailing Address

City, State, Zip

Telephone

E-mail

Item(s) Donated

Estimated Value\*

Person Receiving Donation

Date of Donation

Notes/Additional Info: \_\_\_\_\_

\_\_\_\_\_

Name of Project Director: \_\_\_\_\_

Signature of Project Director: \_\_\_\_\_

\*For information purposes only. This amount will not appear on the letter that PAE sends to the donor for tax purposes. The donor is responsible for valuing any IRS deduction.

Sometimes businesses will donate goods or services to fiscally sponsored projects, or provide them at discounted rates. You will typically need to give them PAE's Tax ID number (otherwise known as our FEIN number), which you can get by calling us.

Your Responsibilities:

- Use in-kind contributions only for the benefit of your project.
- Submit an In-Kind Donation form if the donor wishes to receive an acknowledgement letter.

Frequently Asked Questions:

Can donors take tax-deductions for services or rental discounts provided to my project?  
Very rarely, so we don't recommend that they try. In-kind contributions are most commonly tangible goods, rather than services or discounts. If they choose to try, please have them consult with an accountant or the IRS.

Can I accept donations of automobiles through PAE?

No, PAE will not handle automobile donations.

Do I need to pay PAE an administrative fee for accepting in-kind contributions?

No, there is no fee associated with our accepting in-kind contributions on your behalf.

Applying for Grants

Please keep us informed about your grantwriting plans, and make use of PAE's expertise to improve your chances for funding. The application you filled out to join the Incubator is designed like a grant application, so you may want to use it as the basis for future grant narratives and budgets.

When you apply to fund any aspect of your programming, you will need to submit a draft of the grant (both narrative and budget) to PAE for approval, at least two weeks before it is due to the foundation. This allows us not only to provide helpful feedback that may strengthen the proposal but also to prepare any supplemental materials we may need to provide as part of the applications. Once you have gotten approval of your grant narrative for a specific project, any similar application does not require review. But we must receive the same two week notification in order to prepare supplemental materials. If you are even considering applying for a particular grant, please alert us. This enables us to determine whether there is any conflict of interest with other applications that PAE may be sponsoring. We would much rather get advance notice that you are applying even if you ultimately decide not to, than to learn that you intend to apply at the last minute, particularly if we need to scramble to pull together attachments or signatures.

When you consider applying for a grant, please research in the following order:

1) Do the grant guidelines match your project?

You should apply only for grants that feel like a good "fit", not ones where you feel like you're trying to convince them to bend the rules for your project.

2) Does the foundation accept proposals from fiscally sponsored projects?

Most foundations will accept fiscally sponsored proposals, but a handful will not. If there is no mention on their website or application guidelines, check with PAE to see if we know the answer before calling the foundation directly.

### 3) What attachments are commonly required by the grant application?

Several types of attachments will need to come from PAE, such as:

- 501(c)(3) determination letter (the letter we have from the IRS proving PAE's nonprofit status)
- Proof of fiscal sponsorship (which comes in the form of a letter from us)
- Current operating budget (as opposed to the project budget, which comes from you)
- Income & Expense statement from past years (sometimes required to be "audited")
- 990 tax form (which is our annual nonprofit tax form)
- Board of Directors list (Our board technically has legal oversight of your project. We recommend that you form your own "advisory board" of community supporters and include that list with your applications, but this body has no legal authority and cannot be called a "board of directors".)

If you require any attachments from PAE, we need at least two week's notice to pull them together for you.

### 4) What signatures are required on the grant application?

If an application requires the signature of PAE's Executive Director or Board President, please submit your narrative at least one week in advance so they can read it before signing.

### 5) Is it clear whose information goes where on the application forms?

Some cover sheets are quite clear about what information they want from you vs. PAE, others are more confusing. Sometimes financial numbers relate to your project budget, but sometimes they relate to our operating budget. When in doubt, include information for both of us.

For instance, where it asks for contact name and phone number, feel free to include your information as well as PAE's. The one exception to this is the mailing address – please include only PAE's mailing address on grant applications, to ensure that the grant contract and check are sent to the right place. If you have questions, check with PAE to see if we know the answer before calling the foundation directly.

You must provide PAE with a copy of all grant applications or correspondence with foundations, within one week of their submission to the funder. It's generally a good idea just to drop a copy in the mail to us at the same time as you send it to the foundation. We often get calls from foundations asking about our sponsored projects, and the better informed we are, the more successfully we can communicate about them and increase your chances for funding. Even if your grant application is successful, we cannot release any funds to you until we receive a copy of the application for our files. This ensures that we can manage funds according to your specific proposal to the foundation.

### ***Your Responsibilities:***

- Alert PAE of your intent to apply for each grant.
- Secure approval of your first grant application or any applications on new aspects of your programming by submitting draft proposals to PAE at least two weeks in advance.
- Use PAE as the official mailing address on all grant application cover sheets.
- Request grant attachments or signatures at least two weeks in advance.
- Provide PAE with a copy of all grant proposals or correspondence with foundations.

### Frequently Asked Questions:

If a foundation gives grants directly to individuals, do I need to run the application through PAE?

No. A handful of foundations are able to give fellowships or grants directly to individuals, and you are not required to run these applications through PAE. However, it may be advantageous to do so from a tax perspective, so please review the section on Tax Status & Separate Accounts.

If a foundation requests a self-addressed envelope to return my video or work sample, whose address should I put on the envelope?

Use your own mailing address for this purpose. While we do require that you list PAE as the official contact address on your grant cover sheets, you should have videos and other artistic work samples returned directly to you. If such samples are returned to PAE, you will need to stop by and pick them up within two weeks or they will be discarded.

### Receiving & Reporting Grants

All grants should be sent directly from the foundation to PAE. Sometimes foundations send an award letter or a grant contract first, which must be signed by our Executive Director before a check can be released. We will alert you via email if a letter comes in, whether you received funding or not, and mail you a copy of any contracts that we sign. Please note that you are not legally permitted to sign a grant contract yourself, since it must be signed by your nonprofit fiscal sponsor. Grant contracts typically spell out the activities that are being funded (based on the application that they received from you), and this contract will guide which expenses we can cover with the grant funds.

The grant contract will also spell out the time period of the grant and your reporting requirements. Foundations typically expect you to send them a report at the end of the grant period, explaining how the project went, how you spent their funds, and who experienced it. This may simply be a letter that you send them, or may be a specific form. We keep a file of reporting forms for the most common foundations, so check with us if you misplace it. Please note that it is your responsibility to submit a final report to any foundation yourself. We will do our best to track when it's due, but cannot submit a report on your behalf. Be aware that if you neglect to submit these reports to foundations, you may put PAE's own funding in jeopardy. Please be sure to send us a copy of any grant report within a week of submitting it to the foundation.

### ***Your Responsibilities:***

- Have grant contracts signed by PAE.
- Submit grant reports to your funders in a timely manner.
- Provide PAE with a copy of all grant reports.

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This handbook is intended to provide you with a guide to the policies and procedures that apply to your fiscal sponsorship with Pacific Atrocities Education. It will not answer all of your questions and it should not be the sole source of information for you, but it will serve as a starting point and basic guide for understanding fiscal sponsorship with Pacific Atrocities Education. Please take time to read these policies, familiarize yourself with them, and keep this handbook handy for future reference.

Pacific Atrocities Education reserves the right to modify, deviate from or delete any of these policies or procedures and to determine, in any particular case, that they will not apply. Updates or changes may be made to this handbook from time to time, in PAE's sole discretion, and advance notice of updates may not always be possible.

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