



Standard Operations Manual

Our Mission is:

“Making Community Dreams Come True”

Help Is Here, Inc. is a [501c3](#) Fiscal Sponsor, extending non-profit status to new projects. Our mission is to facilitate the Community Spirit in start up organizations that are passionately changing the communities they live in both locally and globally, whether it be Environmental, Humanitarian or Educational by affording the tools and resources that seasoned 501 c3 has at hand.

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A. HIH Sponsorship Services

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First and foremost, HIH provides the tax-exempt status for all project revenue, and ensures the deductibility of all donations to the fullest extent provided by law. HIH Inc is the responsible legal entity for all project activities. Specifically, HIH Inc. provides every sponsored project with the appropriate accounting and tax filing services, plus continual oversight, to ensure total compliance with all IRS exempt organization rules and regulations:

- Management oversight to ensure IRS 501(c)(3) compliance
- Reliable bank deposits & various forms of disbursement
- Real-time expense accounting and bookkeeping
- Timely responses/resolutions for all field inquiries
- Year-round donor acknowledgment mailings
- Year-end financial reports and donor summaries
- Requisite IRS 501(c)(3) reporting and tax filings

There can be other qualitative benefits of being a sponsored project of HIH Inc. For example, individual projects can engage in levels of political activity, Unrelated Business Income, or staff compensation that would not be allowable under applicable tax law if not embedded within a much larger revenue base. As the capacity of HIH Inc. grows, projects will also benefit more from the connectivity and resource-sharing with other sponsored projects.

B. Memorandum of Understanding (MOU)

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The terms and conditions of this sponsorship relationship are initiated by a fully-completed and executed Memorandum of Understanding (MOU) that supersedes all other agreements and understandings both written and oral. HIH Inc. Standard Operations Manual (SOM) is incorporated into the MOU and is a material part of this MOU. Under the terms and conditions of this agreement, sponsored projects do not have a legal identity or existence as a nonprofit organization other than through HIH Inc. **Each project's identity as a direct activity of HIH Inc. must be explicitly stated on all printed material, including letterhead, websites, newsletters, brochures, event announcements and press releases.** This public disclosure is mandatory towards ensuring the tax-deductibility of donor contributions. All Project Directors are required to ensure that everyone involved in project-related activities is properly informed of, and fully committed to abide by, all HIH Inc. and IRS 501(c)(3) policies and procedures as outlined in the mutually agreed upon MOU plus the latest published version of the SOM.

NOTE: Effective August 1, 2011, all Project Directors are also required to initial, sign and return an MOU-B-2011, the 2010 Amendment to their original MOU Agreement.

C. Project Mandatory Requirements

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HIH Inc. sponsored-projects must, at all times, responsibly fulfill the following requirements:
Ensure that everyone involved in project-related activities and communications is trained in, and committed to following, all of the relevant IRS Rules and Regulations regarding 501(c)(3) exempt organizations.

Contact HIH Inc. **immediately**, regarding any proposed changes to the Project Name, Mission Statement, key personnel or contact information.

Submit all payment requests via the proper reimbursement request forms, along with legible copies of every 501(c)(3) compliant receipt or invoice.

Ensure that HIH Inc. EIN number is never used for any direct registrations or transactions, including contracts, leases, bank accounts, loans, or any other legally binding commitment without the prior knowledge and written consent of HIH Inc. All such proposed agreements must be timely presented to HIH Inc. for proper review and approval prior to the execution of such agreements.

Pro-actively train and update all project personnel on the various nuances cited within the latest published version of this SOM.

Ensure that all HIH Inc. policies and procedures are properly communicated and adhered to, as required in this SOM or by law (See HIH Inc. Center Policies and Procedures below.)

Ensure that all public solicitations, websites and newsletters always include the following identification: (Project Name) is a project of Help Is Here Inc. a 501(c)(3) public charity.

D. Standard Exempt-Organization Policies

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As each project is under the control and supervision of HIH Inc., and specifically the HIH Inc. Board of Trustees, each project must read and understand, abide by, and distribute to managing project personnel as required, the following standard policies for all tax-exempt organizations:

1. Conflict of Interest Policy - Each project director and advisory board member, if applicable, must execute an Acknowledgment and annually complete, sign and submit the Conflict of Interest Questionnaire.
2. Gift Acceptance Policy – Help Is Here Inc. has adopted the following guidelines for accepting gifts from donors

3. Whistleblower Policy - This policy is to be posted in the HIH Inc. office and on the public website, and shall be provided to all employees upon commencement of their employment and all project directors

4. Document Retention and Destruction Policy - The purposes of this document retention policy are to enhance compliance with the Sarbanes-Oxley Act and other federal and state laws and regulations, and to promote the proper treatment of company records

E. HIH Inc. Fiscal Fees

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To cover the costs associated with providing a comprehensive package of sponsorship services, HIH Inc will deduct an ongoing fee from of all project revenues; which, effective January 1, 2011, is calculated at a flat rate of 10% of the gross amount of revenues received. This fee applies to all forms of currency-based revenue, e.g. donations, grants, fellowships, memberships, registration fees, sales of merchandise, and loans. These fiscal fees are absolutely necessary in maintaining the HIH Inc. office, and to pay for such infrastructure costs as salaries, equipment, telephone, audit support, insurance, etc.

HIH Inc. Also requires that each project pay a minimum of \$350 in fiscal fees per calendar year. In most cases this amount will be credited to HIH Inc. from the 10% fiscal fee automatically deducted from annual project revenues.

Therefore, any project raising \$3,500 or more within a calendar year will automatically meet this minimum requirement.

One final note: there is no maximum fee. Projects are expected to contribute 10% of all revenue collected to HIH Inc., regardless of how large these amounts may be.

Extra Services Fees Services required beyond the basic sponsorship services can result in additional charges, as follows:

Cost of insurance related to project activities or property beyond the scope of the HIH Inc. Commercial General Liability Insurance and Volunteer Accident Insurance policies.

Extraordinary Administrative Services due to **non-compliance or other exigent circumstances**. Such services will be charged at the rate of \$60.00 per hour in increments of .10 hour.

Extraordinary Legal Services due to **non-compliance or other exigent circumstances**. Such services will be charged at the rate of \$150.00 per hour in increments of .10 hour.

Extraordinary Accounting Services due to **non-compliance or other exigent circumstances**. Such services will be charged at the rate of \$100.00 per hour in increments of .10 hour.

To the extent reasonably possible, HIH Inc. will disclose such extraordinary costs to the project in advance of proceeding with the fulfillment of these over-and-above requests.

Please understand that everyone at HIH Inc. realizes that unexpected pressures can sometimes be encountered while doing work in the field. Nonetheless, it is also true that most emergency situations can be avoided with proper planning.

F.CHARITABLE REVENUE

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All revenue must be directed to the HIH Inc. office for deposit into the HIH Inc. Projects bank account. This is the only way that donors can receive their tax deduction. Any project funds that are deposited into non-HIH Inc. bank accounts are not considered viable donations to the project, and donors will not be eligible for the tax deduction. HIH Inc. projects are allowed to accept contributions from individuals, organizations, businesses, and foundations. These are generally tax-deductible to the full amount of the donation, i.e. the face value of the check. However, there are instances when this is not the case. This is discussed below under —Quid Pro Quo Contributions

Monetary Contributions

1. Donation Checks

To ensure that the IRS recognizes and accepts the 501(c)(3) tax-deductible status of these donor contributions, all donation checks should be made payable to: "Help Is Here Inc./(Project Name)." If the checks are not made out to HIH Inc., the bank may send them back and/or the donor could lose claim to a tax-deductible event. If checks are received made payable to the project without the HIH Inc. name (so long as they are not grants from foundations) they may be endorsed on the back by writing —Payable to HIH Inc. / (Project Name)". Occasionally the bank will return checks that have been sent for deposit. This usually

occurs for reasons such as insufficient funds, stop payments, or foreign checks that have not been converted to U.S. dollars. When this happens, the bank sends the original check and a bank advice to the HIH Inc. office. The bank advice usually shows a handling fee (bank charge) that is then charged to the project. The HIH Inc. office makes a copy of the check and the advice and forwards them to the project. It is then the project's responsibility to contact the payer for a replacement check. Overseas donors need to know that their donations to an HIH Inc. project may not be tax deductible in their own countries. Every country has its own income tax laws, so donors from outside the United States will have to confirm which laws apply directly to them.

2. Online Contributions

To HIH Inc. website includes dedicated project pages for directly processing online donations. Donors can directly enter their contributions via an easy-to-navigate payment system through "Juts Give" that accepts Visa, MasterCard, Discover, and American Express. Each project page also offers a variety of donation boxes for sub-fund allocations and/or recurring payments.

Please notify HIH Inc. at least 2 weeks in advance of any change requests or additions to your donation page. Expedited requests will be considered and charged as Extra Services.

Projects with independent websites are encouraged to link directly to their HIH Inc. donation page for proper 501(c)(3) verification, accountability and efficient processing of online donations.

3. Donor Acknowledgement Letters

Online contributions placed via the HIH Inc. website payment system will generate immediate acknowledgment messages back to the donor's email address (as provided during the checkout process.) Please remind all online donors that the name —Help Is Here Inc. will appear on their charge card statements, not the project name.

In support of each donor's personal responsibility for obtaining a written acknowledgment from a charity for any single contribution of \$250, paper checks received for \$250 or more, will be acknowledged directly via a personalized letter from the HIH Inc. office, within 4-6 weeks after the funds are cleared. Refer to this web site for more information please see page 3: <http://www.irs.gov/pub/irs-pdf/p1771.pdf>

For check contributions that are under this amount, we will also manually create this formal letter, by request, but only for donors who directly request such a document for their tax files.

In summary:

Online donations receive an auto-reply —tax letter right after the donation is processed

Checks over \$250 receive a formal letter from our office (normally within 4-6 weeks)

Special requests from Project Directors are processed as soon as is humanly possible

NOTE: As we all continue to pro-actively honor our planet by, whenever possible, replacing paper transactions with electronic communications, please encourage your donors to always provide their email address on their donation checks and during their special requests.

4. Quid Pro Quo Contributions

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A contribution made by a donor in exchange for goods or services is known as a quid pro quo contribution. A donor may only claim a deduction to the extent that his/her contribution exceeds the fair market value of the goods or services the donor receives in return for the contribution; therefore, donors need to know the value of the goods or services. All projects must provide a written disclosure statement to a donor who makes a payment exceeding \$75 partly as a contribution and partly for goods and services provided by the organization.

Example of a quid pro quo contribution: *A donor gives a charitable organization \$100 in exchange for a concert ticket with a fair market value of \$40. In this example, the donor's tax deduction may not exceed \$60. Because the donor's payment (quid pro quo contribution) exceeds \$75, the charitable organization must furnish a disclosure statement to the donor, even though the deductible amount does not exceed \$75.* All projects must furnish a disclosure statement in connection with either the solicitation or the receipt of the quid pro quo contribution. The statement must be in writing and must be made in a manner that is likely to come to the attention of the donor. For example, a disclosure in small print within a larger document might not meet this requirement.

5. Stock Contributions

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HIH Inc. maintains a brokerage account that empowers projects to accept shares of stock as donations. Stock received as a contribution is immediately sold and the proceeds deposited into HIH Inc. master bank account and reflected in the project account balance. When a project has a donor who wishes to make a gift of stock, the most efficient transaction route is to contact the HIH Inc. office, and arrange to have the donor transfer the stock through their broker. HIH Inc. will provide the account number and DTC number of our account, so that this transfer of stock may proceed. Upon receipt of the stock, HIH Inc. will immediately sell it at the current market value and deposit the resulting funds. At this point, an acknowledgement letter specifying the details of the stock transfer is sent to the donor. HIH Inc. will not hold stock while waiting for the price to fluctuate. The least efficient way for a donor to contribute stock is through forwarding the actual stock certificate to the project or to the HIH Inc. office. This is least efficient because, especially in times of changing and uncertain global economics, stock can diminish in value quite rapidly. In the time it takes for the donor to receive the certificate and forward it to the project or HIH Inc. office, to then be forwarded to the broker to be sold, the stock may have significantly declined in value.

F. Other Income

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Other income is any income that is not an outright cash donation to the project.

Examples include registration fees, memberships, sales, in-kind donations, program-related revenue, refunds & reimbursements, loans, and interest income.

1. Program Service Revenue

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Some projects will generate operating funds through the provision of services to the public and/or businesses.

Examples are web-related services and other professional services correlated to that project's specific mission. Such revenue is acceptable to send to HIH Inc., and can be utilized for project purposes. What is important to distinguish here is the difference between Program Service Revenue (PSR) and Unrelated

Business Income (UBI). Program Service Revenue is allowable due to the services rendered being consistent with, and in furtherance of, the project's and HIH Inc., stated mission. Unrelated Business Income (UBI) is revenue that has no relation to a project's mission, and is simply being used to bolster project revenue. While this is acceptable from a business standpoint, all UBI within a public charity is subject to federal income and/or excise taxes. Therefore, HIH Inc. maintains the position that such revenue cannot pass through our accounts initially. If you feel it benefits your project to receive such revenue, the best solution is to first deposit such revenue into a personal or business account that you control. Then forward as much of the funds as you would like to HIH Inc. for your project. The income taxes incurred will be the direct responsibility of the person / business processing the original funds. This entity will also receive a tax deduction for the amount sent to HIH Inc. Notwithstanding the above; each project must report all UBI to HIH Inc., whether or not such UBI is deposited with HIH Inc. The project budget must be adjusted to reflect any potential tax liability to the project as a result of the UBI, plus the allocation of project revenue to pay such tax liability. Please contact the HIH Inc. office immediately if you feel it is in your best interests to pursue Program Service Revenue or Unrelated Business Income.

2. Registration Fees

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Many projects conduct conferences, symposia, trainings, speaking tours, etc and charge the public for these events. This is perfectly acceptable; however, a clear understanding must be conveyed to the public that registration fees are not tax-deductible. The reason lies in the fact that registrants are receiving something for their money, i.e. an event. Registration fees are generally mandatory, therefore are not a voluntary contribution given free and clear. Please remember, any time the public receives something in return for their contribution and/or such a fee is mandatory, this type of contribution is not tax-deductible.

3. Memberships

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As with the previous item, projects may solicit memberships. These payments are also not tax-deductible for those people who join as members. As above, membership in a group generally infers the person is getting something for their contribution – a newsletter, t-shirt, reduced admission to events, etc. Because of this, memberships are not tax-deductible. As above, please indicate if contributions are from memberships when sending checks or credit card numbers to the HIH Inc. office. HIH Inc. must approve all membership agreements prior to soliciting or adding any memberships.

4. Sales Income

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If the project is engaged in selling anything (such as literature, T-shirts, videos, etc), please contact the HIH Inc. office to discuss the nature of these sales prior to advertising, promoting or distributing such sale items. In general, a seller's permit is needed for the state where a project is domiciled and will be provided by the HIH Inc. office. This permit is issued under — Help Is Here Inc. and will be applicable to any project that is active within a particular state where another H IH Inc. project has procured the permit. It is imperative to separate sales income from cash donations. Sales income, plus an amount equal to the prevailing state sales tax of the sales proceeds, must be reported to the state tax board on the appropriate state sales tax return. Only sales made within the home state of the particular project are subject to sales

tax - and even some of those sales are tax-exempt. For example, sales to the Federal and State governments are tax-exempt. Please call the office for further information.

5. In-Kind Contributions

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In-kind contributions are non-cash services or material goods contributed to help support the efforts of your project. The tax laws governing in-kind contributions and deductions are quite complex.

A few general guidelines are as follows:

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Donations of material goods are generally tax deductible to the donor. Examples include computers and other equipment, vehicles, office supplies, gear and building supplies.

Donations of services are generally not tax deductible. This includes zero or reduced rent for project offices or events; zero or reduced fees for speakers or musicians at events. While we always appreciate people making these offers, please be aware that we cannot offer a tax deduction for them.

Please provide a detailed description of the goods that are being donated by an individual donor, via the online In-Kind Donation Form (one donor per form) including the Project Director's signature

Then email this completed form as an attachment to Karen@helpishereinc.org or mail it to our main office, so that we can retain a copy of this written confirmation that your project has indeed received this In-Kind Donation,

HIH Inc. will then generate the In-Kind "Thank You" letter, and send it directly to the donor, for their tax records. However, this formal acknowledgment will not include any dollar value assigned to this contribution. Per the current IRS Rules & Regulations regarding in-kind donations, HIH Inc. can not be involved with valuations of non-cash contributions. The amount that the donors will claim on their tax returns is entirely up to them and their accountants to determine (and support with the proper back-up detail.) Receipt of in-kind donations with significant value could result in additional extraordinary cost to the project in terms of transfer(s) of title and other registration, appraisals, property insurance and other related costs.

For more information, please refer to IRS Form 8283: <http://www.irs.gov/pub/irs-pdf/f8283.pdf> and/or Publication 526, Charitable Contributions: <http://www.irs.gov/publications/p526/index.html>

6. Disposition of Donated Property

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HIH Inc. must file IRS Form 8282 if the donated property (or any portion thereof) is sold, exchanged, consumed, or otherwise disposed of (with or without consideration) within 3 years after the date of the original donation. Form 8282 is not required to be filed where: a. Items are valued at \$500 or less; or b. Items consumed or distributed for charitable purpose.

For more info see IRS Form 8282 instructions: <http://www.irs.gov/pub/irs-pdf/f8282.pdf>

7. Reimbursement Income

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An example of reimbursement income would be if a project is overcharged on an invoice and the vendor corrects this error by sending a check. There may be situations when a project receives compensation for monies that were advanced, e.g. a security deposit when renting a hall for a conference. This is coded as a reimbursed expense and no fiscal fee is applied. When depositing income that reimburses project expenses, please make sure to note the original payment to which the expense was originally coded. Please remember that HIH does not have to approve Reimbursement to the project manager if they purchased first. Please make sure that you get an approval letter from HIH before you purchase anything for the project.

8. Loans

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The general policy of HIH Inc. is to discourage loans directly to projects but recognize that circumstances can warrant the use of zero-interest loans. As such, any and all loan proposals must be submitted to HIH Inc. for review and approval before any loan documents are executed. The submittal to HIH Inc. for approval must, at a minimum, contain a statement setting forth the reasons for the loan and anticipated source of repayment, and the loan documents to be used. HIH Inc. reserves the right to demand further documentation or impose additional terms and conditions required for approval. All such loans must be made to individuals or a separate entity, and the loan must be made expressly non-recourse to HIH Inc. The borrower(s) must indemnify HIH Inc. The proposed lender must be clearly identified and such lender will be required to acknowledge in writing that there is no recourse to HIH Inc. and that the loan proceeds will not be deductible by the lender unless and only to the extent the loan is forgiven by the lender. Evidence of loan forgiveness will be in a form approved by HIH Inc.

The project will also be assessed additional fees for both the loan proposal review and the additional administrative burden imposed thereby. Any project that fails to obtain prior approval of any loan, and/or fails to properly report revenue as loan proceeds, will be subject to immediate termination as a project of HIH Inc. and the forfeiting of all project funds held by HIH Inc.

G. PAYMENT DISBURSEMENTS

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Needless to say, the primary purpose for —raising funds is to cover the numerous expenses that arise during the development and ongoing support of your humanitarian efforts. **No project will be able to pull funds until it has raised \$5000.00 and it has matured for 45 days. This is to help projects budget funds and move forward on the right foot.** At the same time, there are specific guidelines that the IRS has set forth, to ensure all donated money that is disbursed towards the fulfillment of these charitable initiatives is for expenditures that are 100% in sync with the rules and regulations governing a 501(c) (3) exempt organization

Disbursement Procedure

To request payments from the available balance in your Project Account, here are the simple steps to success:

Verify current account balance:

Please begin by making sure that you have sent all receipts to HIH for processing. Remember that if you deposit funds but don't send a receipt within 24 hours, then those funds will be put into HIH general fund.

Please send an email inquiry to: Samantha@helpishereinc.org

You will then receive a Request for Fund document that will need to be filled out and signed for disbursement of funds.

Submit the proper payment request form:

Simply PRINT LEGIBLY or type in the required information directly from your computer, and then select the –save as option and assign each document a filename for easy identification and archiving.

Include the support documents:

To ensure 501(c) (3) Tax Compliance, all payment requests must be submitted together with the proper corresponding documentation (Note: All foreign receipts/invoices must be translated into English and converted into U.S. dollars.)

Sign and initial as required:

Please remember the Project Director must always sign these payment request forms before they are sent in.

Send the paperwork to the HIH Inc. office:

Simply scan or copy the completed request form plus all back-up documentation and send them as email attachments to: Karen@helpishereinc.org

Note: This process may take up to 60days, so don't promise something any time before that time period.

Payment Request Forms

To ensure year-round compliance, HIH Inc. has developed two intricate request forms that clearly identify the viable expense categories and proper procedure for requesting payments directly from your individual Project Account balance: **REQUEST FOR REIMBURSEMENT (RFR)**

Use this form for reimbursement of IRS-compliant project expenses that have already been paid.

Use this form to request direct payments to individuals, companies, Project Directors and staff:

Note: All payments representing taxable income must be sent directly from HIH Inc.

Please do not directly disburse income to a US citizen or entity.

If you are reimbursed for a 1099able expense it will be reported as income to you.

The first request to pay any individual or company must include an IRS Form W-9 from the payee:
<http://www.irs.gov/pub/irs-pdf/fw9.pdf>

Wire Transfers

In addition to processing and mailing out checks, the HIH Inc. office is able to wire funds directly into personal or company bank accounts. There is currently no charge for wire transfers due to our relationship with our bank, yet this could change at any time in the future. We will send a notice to all Project Directors should this occur. Keep in mind there may be charges applied at the receiving bank. In order to process domestic wire transfers accurately, the HIH Inc. office will need to know the name of the receiving bank, the bank address, the ABA number (which is the routing number for the bank), the account name, and the account number. **For international wire transfers, a SWIFT code is also required.** The accuracy of the information supplied is the key to successful bank wire transfer on the first attempt. Some international wires need to pass through an intermediary bank first. In this case, all information for the intermediary bank will also be needed along with the destination bank. Because transacting wire transfers can be quite complicated, it is always helpful to give the HIH Inc. office as much lead time as possible. Also, with proper notice, if the wire transfer is returned for any reason, it will be possible to acquire the correct information and re-send without significant delays.

Receipts and Invoices

Obtaining and maintaining proper support documentation for all expenditures is one of the most important obligations for all nonprofit organizations. Therefore, it is imperative that all Project Directors submit fully-legible IRS-compliant receipts or invoices to fully support all project-related payment requests. When incurring reimbursable expenses in a foreign country, be certain to convert all receipts to US Dollars at the exchange rate on the day the money was spent. Please absorb and forever remember the seriousness of this IRS mandate. There is no valid reason for anyone to endanger the nonprofit status of HIH Inc. by neglecting this mandatory IRS requirement.

Expense Categories

As outlined in the RFR Adding Sheet, these are the typical expense categories that charitable organizations encounter during their outreach activities: Advertising / Marketing / Promo Conferences / Meetings / Training Dues / Licenses / Permits Equipment (Under \$5k) Fixed Asset Addition (Over \$5k) Fundraising Costs (not labor or special events) Grants to Organizations Insurance (list the type) Legal Expenses (not labor) Medical Benefits Office Supplies Postage & Delivery.

Printing & Reproduction Public Education Repairs & Maintenance Special Event Expenses Supplies (not office) Telephone / Internet / Fax / Email Travel (meals, mileage, parking, lodging, & transport) Utilities (project only / exclude personal portion) Website (other than consulting) Direct Assistance to Individuals (use only with prior written approval from HIH Inc.)

- Food / Livestock
- Cash / Stipend
- Medical Treatment / Supplies
- Other (describe)

Independent Contractors

From time to time, projects may need to secure special services from professional consultants or casual labor; to assist in fund raising, facilitating, or training. It is always necessary to obtain their signed W-9 when arranging to pay for services rendered. Persons receiving payment for any services, including individuals and companies, will be compensated as independent contractors. All independent contractors who earn over \$600 within a calendar year will receive a Form 1099 directly from HIH Inc. in early February of the following year (see IRS Form 1099.)

IRS Form 1099

The 1099 Form is an Internal Revenue Service form used to report payments made to unincorporated recipients from categories such as rent, royalties, commissions, fees, prizes and awards, consultants' payments, honoraria, etc. The 1099 is essentially an independent contractor, sole proprietor, or partnership version of a W-2 form. Because 1099's must be prepared through the computerized accounting system on behalf of HIH Inc. as a whole, all payment requests to independent contractors, e.g. consultants and casual labor and some suppliers of goods, must be processed separately from expense reimbursements. 1099 Forms are issued each January to all appropriate vendors and service providers who were paid for services exceeding \$600 during the previous fiscal (calendar) year. This applies to both individuals and sole proprietors, partnerships and most LLCs. The procedure for requesting payments to vendors that will require a yearend Form 1099 is to submit a fully completed and signed Direct Payment Request (DPR) along with their billing invoice:

- The invoice must be on letterhead and must contain the amount, date, and nature of the services provided.
- The exact name, current phone number and mailing address, and tax ID number.
- A fully completed and signed W9 is mandatory with all first time requests.
-

Special Expense Categories

1. Assistance to Individuals

Project Directors must always submit and maintain appropriate records to show that they have allocated distributions to individuals only after first performing all of the appropriate needs assessments, based on the recipients' financial resources and their physical, mental and emotional well-being. This documentation must properly clarify:

- The purpose for which the aid was given

- A complete description of the assistance provided
- The actual costs associated with providing this assistance the charity's objective criteria for disbursing assistance under each program.
- How the recipients were identified and selected.
- The name, address, and amount distributed to each recipient.
- Any relationship between a recipient and directors, staff members, or substantial contributors to the charitable initiative.
- The composition of the selection committee approving this assistance.

Equipment Purchases

When a project needs to purchase office or other equipment there must be sufficient funds to cover the purchase. All equipment purchased with project funds becomes temporary assets of HIH Inc. These assets are granted to the project when it —spins off. If the project ends, the equipment must be donated to another nonprofit organization or remain the property of HIH Inc. (See Sponsorship Termination)

Fixed Assets

Fixed assets are items of value that belong to the project. These include expensive office furniture and valuable equipment, e.g. computer equipment. Major improvements made to premises you are renting, called "leasehold improvements", can also be considered fixed assets. All equipment, e.g. computers, office machines, and vehicles purchased with project funds will be —capitalized as assets if the price exceeds \$5,000. Therefore, we need to know exactly what type of equipment you are purchasing, and its intended use, at the time of the transaction. As is customary, equipment that is less than \$5,000 will be expensed. In bookkeeping language, fixed assets are capitalized and appear as something owned on the project's financial statements, instead of expenses. If your project buys a computer for \$6,000, you won't see that \$6,000 as part of your expenses for the month and your fixed assets total will increase by \$6,000. Of course, your available cash is also reduced by \$6,000, because you spent those funds to purchase the computer. There are also expenses associated with owning fixed assets. Wear and tear is a special kind of expense called —depreciation. There is no feasible way to define exactly how much value your computer loses over a given period of time. Therefore, accountants often evenly depreciate assets over a five-year period.

Office Rent

Projects often have the need for dedicated office space either in the home or engaged outside. HIH Inc. must view all such arrangements in the same way the IRS views the tax deductible aspects of business space:

- **In the Home or other Shared Spaces**, A shared office space must always be separate and fully dedicated to your charitable initiative in order to be reimbursable as a project expense. HIH Inc. will need a copy of any lease, rental agreement or mortgage payment schedule to satisfy third-party audit evaluations. A basic diagram of the overall floor plan with the dedicated office space shown is also required in order to verify the square footage used to calculate the allowable percentage of the total monthly payment. Please remember that receiving an office space reimbursement precludes your ability to also claim a home office as a tax deduction on personal tax returns.
- **Commercial or Fully-Contained Office**
As discussed in other areas of this SOM, HIH Inc. can never be encumbered with any responsibility for project leases or rental agreements. However, once a project reaches a certain level of ongoing activity, it may be appropriate to move into a commercial space. When doing so, the agreement must be secured by an individual or company other than HIH Inc. Also, it is very important to disclose if the space is owned by, or produces financial benefit to, any family or business relationship. HIH Inc. must be provided a copy of the lease or rental agreement to satisfy these third-party audit considerations.

Travel Mileage

The standard mileage rate for miles driven when undertaking charitable activities is \$.14/mile for the 2010 tax year. The standard mileage rate for miles driven when undertaking business activities is \$.50/mile for the 2010 tax year. The key determination is whether the miles driven relate to charitable activities or business activities. Reimbursements in excess of either of these would lead to taxable income for the recipient of the reimbursement.

H. GENERAL OPERATIONS

INT _____

HIH Inc. is responsible to both the funding source and the IRS to account for the way that grants and donations are used. To ensure proper compliance with the IRS 501(c) (3) Code, Rules and Regulations, HIH Inc. has developed a number of operational policies and procedures that will inspire efficient management and accountability and ensure proper tax compliance. A. Office Communications Each project is an integral part of the overall HIH Inc. charitable entity, and open, honest communication between Project Directors and the HIH Inc. office is essential to maintaining IRS compliance and financial sustainability. As such, every Project Director is expected to respond in a timely manner to all office-generated inquiries.

Please direct all project-related questions and concerns directly to: Karen@helpishereinc.org

1. HIH Inc. Website

INT _____

HIH Inc. website www.helpishereinc.org is a valuable resource for both Project Directors and potential donors. And many new features that are continuously being developed and/or upgraded. Please notify HIH Inc. at least 2 weeks in advance of any change requests or additions to your donation page. Expedited requests will be considered as Extra Services. Projects with independent websites are required to link directly to their dedicated HIH Inc. donation page for proper 501(c) (3) verification and accountability.

I. HIH Inc. Forms and Templates

INT _____

Projects are strongly encouraged to use HIH Inc, approved forms and templates whenever possible as this speeds up the HIH Inc. review process and minimizes administrative costs. Approved forms and templates are described in applicable sections of this SOM. If HIH Inc. determines, in its sole discretion, that a particular transaction or agreement could have been consummated with an approved form or template, but was not, then review and approval of such transaction or agreement will be charged as an Extra Services Fee.

J. Separate Bank Accounts

INT _____

Never, under any circumstances, shall a bank account be opened using the HIH Inc. name and/or tax ID number without the express written consent and participation of the HIH Inc. Such action will result in the immediate closure of this bank account, and could result in the expulsion of the project from HIH Inc. There may be circumstances when it is in the best interests of all involved for a project to maintain a separate bank account. We will be more than happy to address these issues in the context of each project's particular needs. All such decisions regarding the opening of separate bank accounts are made on a case-by-case basis. HIH Inc. reserves the right to directly close an account due to any fraudulent activity and/or mismanagement.

K. Personnel and Employment

INT _____

Personnel and employment issues are critical for each project to understand. The most important issue to comprehend is that most Project Directors and their staff and consultants are considered independent contractors and are not direct employees of HIH Inc. When paid for their services, there is no withholding. In addition, a Form 1099 is issued at the end of the year, rather than a W-2. Within the IRS guidelines, it is acceptable for Project Directors to assign themselves a salary or stipend. This type of compensation can also apply to staff members and interns. However, the IRS stipulates that only a —insubstantial portion of a project's revenues can be directed towards —insider compensation. As with all other expenses, these worker's stipends are paid out of project funds. However, it is extremely important to distinguish these payments from reimbursement of expenses, i.e. out-of-pocket expenses incurred by the individual who is now being reimbursed. The HIH Inc. office needs to always receive, in advance, the proper explanations and documentation in order to comply with tax laws governing all payments to independent contractors.

In no case shall a project pay any American person from monies delivered to the project. In all cases, when an outside consultant is paid (even if this is for a one-time casual labor situation) HIH Inc. must pay them directly. The project must also supply the person's full name, mailing address and phone number. All first payment requests must be accompanied with a fully completed Form W9. The IRS requires all of this information for tax reporting purposes.

The appropriate payment request forms are always accessible online.

L. Project Budgets

INT _____

HIH Inc. requires all Project Directors to consciously prepare and regularly update their overall financial budget, to clearly represent where the project is heading, pursuant to achieving the charitable goals as defined in the project's mission statement. In addition to its function as a template upon which a project bases its day-to-day activities, budgets are also a mandatory aspect of nonprofit existence. In the case of an audit by the IRS, HIH Inc. needs to demonstrate fiscal responsibility and effective oversight. Having sensible budgets on file for every project helps fulfill this requirement.

There are several different types of budget categories that can contribute to this overall plan:

1. Program Budgets

INT _____

Often a project creates a separate budget for each program to be initiated. The total of the individual program budgets is the budget for the project as a whole. If a project is focused on only one program, i.e. one specific focus of work, then the program budget will also be the overall project budget.

2. Cash Flow Budgets

INT _____

As an essential planning tool, these budgets track the anticipated inflows and outflows of cash. This type of budget is helpful during a project's —downtime, i.e. periods in between major programs when a project still has basic office expenses and other financial commitments.

3. Grant Budgets

INT _____

All foundations require budgets for the portion of work that they will be funding. However, as most projects have multiple sources of revenue, this budget will most likely be a subset of your full organizational budget. A Standard Budget Worksheet is available upon request to assist in the preparation of the different types of budgets mentioned above. This —sample worksheet will highlight and detail the most common expense categories. However, there may be a need to fine-tune the budget categories based on the type of work being performed in the field. G. Project Fundraising Projects are responsible for raising their own funds. While the HIH Inc. staff is available for discussing fund raising ideas, or otherwise assist a project in its fundraising activities, it is not a duty of HIH Inc. to raise funds for the project.

Every project has different fundraising goals and every Project Director/Staff is operating from a different set of skills and personal experiences for how to effectively maintain and increase donor awareness and participation in their charitable activities. At the same time, there are some fundamental questions that can help focus these efforts towards evolving and expanding successful fundraising plans:

A very simple formula to follow is: FUNDRAISING = WHAT + WHO + HOW WHAT is the concise message that will compel people to support your efforts?

The American Red Cross helps prepare communities for emergencies and keep people safe The HOPE Foundation helps create schools where failure is not an option for any student WHO is the target audience for your request for financial support? Individuals who are wealthy enough to donate money Individuals who passionately care about your cause Companies that would benefit by promoting your cause Private grantors who are connected to your circle Grant foundations that would resonate with your mission HOW can you reach those who are most likely to help your cause?

- **EMAIL BLASTS** - Everybody you know, links you to everybody they know
- **SOCIAL NETWORKING** - Post your campaigns onto a website like CAUSES on Face book.
- **EVENTS** - Partner up with like-minded people who are participating in public events.
- **PUBLICITY** - Promote your success stories to online news services and newspapers.
- **YOUTUBE** - Create and post compelling videos, to reach many new potential donors.

4. BONUS QUESTION

INT _____

To discuss with your staff members: WHAT is the best CALL TO ACTION campaign to create immediate funding? Among the numerous websites that offer additional advice on how best to enhance your fundraising efforts, this site includes some helpful topic-specific resources:

- **Non-Profit Resources** - Direct links to some creative ideas for non-profit fundraising activities, online fundraising tips, and website design advice.
- Non-profits face a bigger challenge raising new funds every year and these are some easy-to-digest online articles. <http://www.fundraiserhelp.com/non-profit.htm>

The following recommendations were also recently posted online to help us all continue to increase Donor funds during the current recession:

- Fundraising Tips to Help Nonprofits Weather the Recession - <http://nonprofit.about.com>
- Don't become or sound desperate.
- Don't lose your enthusiasm and optimism about your cause. Donors will notice and pull back if they think that the fundraiser has doubts. If your organization is in human services and the need for those services increases during a recession, let the public know.
- Demonstrate that you are responsible: Let your donors know that you are doing your part by being fiscally responsible. Cut costs where you can, make sure you have good controls in place, and that you are examining marginal programs for possible deletion.
- Don't give up on your corporate and cause-marketing activities: Gifts may decrease, but keep your corporate contacts strong. It is very hard to get back on the corporate charitable list if you are dropped. Avoid this by staying visible, and keep cultivating your contacts within the company.
- Diversify your funding sources by identifying all types of financial support: Avoid depending on one or two major donors or foundations. Most charitable giving is made up of small donations. Use the Internet to reach more people. The cost is low so that donations can be smaller.
- Put your fundraising programs under the microscope: Determine which fundraising programs work best and are the most efficient in terms of resources. Then cut the least efficient ones and shift those resources to the ones that are doing the most good.
- Don't pull the plug on endowment campaigns: Recognize that getting those lead gifts in the size you want will take longer and be dependent on how the economy is doing. If you ask for a multi-year gift, and the donor resists, fall back to asking for part of that gift now, and plan to go back later for the rest.
- Keep up your marketing and PR: Building the buzz about your good work will help you with your donors. The more they know and see your name about, the more likely they are to contribute to your cause. Add PR professionals onto your advisory board or committees. Ask if their firms can do pro bono work. This kind of help is really priceless.

M. Sponsorship Identification

INT _____

In compliance with IRS 501(c) (3) Rules and Regulations, all public solicitations, printed materials, website messaging, and email and newsletter communications, must visibly include the following identification:

- (Project Name) is a project of HELP IS HERE INC., a 501(c) (3) Public Charity.
- All checks should be made payable directly to —HIH Inc. / (Project Name)."
- Contributions to (Project Name) are tax-deductible to the extent permitted by law.

When Projects receive donations via credit cards, donors need to be advised that the company name —Help Is Here Inc. (or HIH Inc.) will appear on their credit card statement, not the associated Project Name.

These public disclosures are mandatory towards ensuring the tax-deductibility of donor contributions and maintaining the tax-exempt status for HIH Inc., and therefore, for all sponsored projects. Sponsored projects do not have a legal identity or existence as a tax-exempt organization other than through HIH Inc.

N. Review of Public Materials

INT _____

Projects must submit to the HIH Inc. office, all materials prepared for public dissemination, allowing for a five working day review period (longer if legal review is necessary). This includes all grant proposals, newsletters, press releases, educational & advocacy materials (including video, web and broadcast media), lobbying materials, fund raising materials, etc. The HIH Inc. office has the authority to restrict materials from publication if they contain anything illegal or contrary to 501(c) (3) rules and regulations. Other suggestions for modifications are not mandatory, but may be recommended based upon our nonprofit management experience.

O. Grant Proposals

INT _____

Foundation grants are an important source of revenue for nonprofit organizations. We recommend that you begin to identify potential funders by researching funding sources at one of the Foundation Center libraries that can be found around the country. An excellent resource is HIH Inc. own Grant division. Project Directors are required to submit all grant proposals to the HIH Inc. office for review prior to soliciting contributions from donors. Once the proposal is approved, HIH Inc. can send a letter of support that confirms the HIH Inc. /project relationship. Normally, HIH Inc. Project Manager must sign all grant award agreements. In addition, grant proposals should not include amounts for non-project costs. HIH Inc. is responsible to both the funding source, and the IRS, to account for the way that money is raised and utilized. The IRS will consider your project's work an HIH Inc. activity. For further clarification, there is a paper entitled "Use of Fiscal Agents: A Trap for the Unwary" which was published by the Council on Foundations. As outlined in this paper, it is imperative to strictly follow legal guidelines when HIH Inc. projects accept tax-deductible donations. HIH Inc. is not acting as a "fiscal agent". Each project should review this paper, if applicable.

1. Grant Contracts

INT _____

HIH Inc. office must sign all foundation grant contracts. A copy of the signed agreement and report forms, if any, will then be sent to the project. If you receive a grant agreement, please forward it to the HIH Inc. office. When the office receives the grant check, acknowledgment letters will be sent to the foundation.

2. Grant Reports

INT _____

Grant contracts always include a deadline for submission of reports. Every foundation has its own timeline for these reports. Generally, reports are due six months or one year after award of the grant. They are to be mailed to the foundation, with a copy to the HIH Inc. office. Project directors are responsible for keeping records and writing reports in a timely fashion.

P. Corporate Sponsorship

INT _____

Corporate Sponsorship is the financial endorsement of a project by a corporation in exchange for publicity and/or other benefits. Corporate Sponsorship is an exception to unrelated business income (UBI) tax, which charities must pay on their incoming-producing activities that are unrelated to their exempt purpose. Basically, a charity can, without being taxed, accept any payment (cash or in-kind) from a corporate sponsor as long there is no arrangement or expectation that the sponsor will receive a —substantial return benefit as defined by IRS regulations. This area is complicated and a full discussion is beyond the scope of this SOM. Please contact HIH Inc. prior to the entering into any corporate sponsorship agreement to ensure legal compliance.

Q. Commercial Fundraisers / Fundraising Counsels

INT _____

(For California clients The California Nonprofit Integrity Act of 2004 regulates the use of third-party solicitations for charities.)

• **A commercial fundraiser is any individual or entity that;**

(1) Is paid to solicit funds, assets, or property in California for charitable purposes,

(2) Receive or controls such items,

(3) Engages for pay another person to do so. A fundraising counsel is any person or entity that paid to manage, advise, counsel, consult, or prepare material for solicitation in California of funds, assets, or property for charitable purpose, but who does not solicit, receive or control funds, and who does not engage or pay someone else to do so. Attorneys, employees and trustees of a charitable organization are not fundraiser counsel, and employees of charities are not commercial fundraisers. A complete discussion of this area of law is beyond the scope of this SOM.

Please contact HIH Inc. prior to the engagement of any third-party to assist in fundraising efforts to ensure legal compliance.

T. Lobbying Guidelines /Reporting Requirements

INT _____

Nonprofit organizations are permitted to lobby. However, there are strict limitations. The purpose of this section is to provide Project Directors with a basic understanding of federal income tax law on lobbying, voter education, and other political activities conducted by public, tax-exempt organizations. Since projects are activities of HIH Inc., their actions are considered actions of HIH Inc. A questionable activity undertaken by any part of HIH Inc. could jeopardize the organization as a whole. It is important that project directors understand what a public charity can do without jeopardizing its tax-exempt status or the deductibility of the contributions of its donors. This section addresses the narrow federal legal issues raised by legislative and political activity of public charities, those tax-exempt organizations – such as HIH Inc. - which have a 501[c](3) and 509(a)(2) IRS tax status. (Private nonprofit, tax-exempt organizations are not allowed the breadth of activities permissible by public charities. Private charities are subject to additional restrictions and penalty for lobbying and political activities.) To be effective while acting within legal parameters of a public charity, it is important to understand the distinctions between public education, lobbying, and political campaigning (electioneering).

Note: This section does not consider other laws governing activities concerning non-federal (state and local) legislative and political action. Readers should be aware that while not addressed here, these non-federal issues merit careful consideration in connection with the development and implementation of any particular political activity. For additional advice when planning any such activity, project directors are urged to talk to HIH Inc. office staff.

1. Public Education

INT _____

It should be remembered that much of what a public charity does in the political arena constitutes neither lobbying nor campaigning. There is no limit to the amount of time and resources that may be used to contact government officials as long as they neither specifically urge those officials to support or discourage a piece of legislation. The following examples are all activities that are considered public education, and not lobbying:

- Efforts made at the administrative or regulatory level to get rules adopted, changed, or repealed that do not have the purpose of influencing the content of the rules.
- Litigation brought to further the public interest; e.g. suing the EPA or DOE to require an environmental impact statement.
- Efforts made to persuade the chief executive, e.g. president, governor, mayor to do or not do something (other than to promote or discourage legislation).

Nonpartisan educational materials may not have a specific legislative objective and must give complete treatment of the facts so that the reader may develop an independent conclusion on the issue(s). If the facts are distorted, essential facts are left out, viewpoints are expressed with no factual basis, or inflammatory or disparaging language is used to express conclusions, the IRS is not likely to view the material as educational. A public charity may distribute and make available nonpartisan analyses, studies, and research to the general public, including legislators. If a project receives a written request from a committee or a legislative body, not simply from an individual member, to testify or to provide technical advice on pending legislation, the testimony is not considered lobbying.

2. Lobbying

INT _____

Public charities may engage in some lobbying to attempt to influence legislation. Such activity, however, is subject to restrictions based on the amount of resources and time consumed in seeking to influence actions by Congress or a state or local legislature. While lobbying is permitted, it may not make up a "substantial part" of a public charity's activity (see "Computing Expenses for Lobbying" below). As noted above, lobbying is any activity directed towards influencing legislation. Legislation includes any act, bill, resolution, or similar item of Congress, state legislature, or local governing body, or other public act, e.g. a referendum, amendment, or initiative. Activities to influence legislation are divided into two categories.

- **Direct Lobbying** Direct lobbying involves contacting members or staff of a legislative body (U.S. Congress, a state legislature, or local counsel) or a government employee who participates in the legislative process, with the intent of encouraging them to introduce, support, oppose, repeal or otherwise influence legislation. Telephone calls, letters, and office visits to a Member of Congress, testimony at a public hearing without a formal request from the committee or the legislative body, or publication of materials to encourage passage or repeal of a bill are all direct lobbying activities.
- **Grassroots Lobbying** Grassroots lobbying involves communicating with the general public to encourage individuals to lobby on a particular legislative proposal; e.g. letters to constituents requesting that they write to their representative to encourage or oppose a piece of legislation is grassroots lobbying.

3. Partisan Political Campaign Activity (Electioneering)

INT _____

All nonprofit, tax-exempt organizations are strictly forbidden from engaging in any political activity on behalf of or in opposition to a candidate for public office. Political campaigning, a.k.a. electioneering, by a representative of a public charity will jeopardize its tax-exempt status. The following activities constitute electioneering: endorsing candidates, urging the public to vote for or against specific candidates, contributing money to election campaigns, forming or supporting political action committees (PAC's), and providing mailing lists to candidates.

However, by definition, political activity does not necessarily constitute electioneering. For example, a nonprofit organization may conduct a non-partisan voter registration drive, provide voter education and encourage voters to get out to the polls, or organize public forums for candidates as long as those activities show no preference for any particular candidate. (As mentioned above, constitutional amendments, referendums, and initiatives are legislative processes and support for or against any of these is considered lobbying, not electioneering.)

4. Computing Expenses for Lobbying

INT _____

For individual projects of HIH Inc. wishing to lobby, what is the appropriate expenditure level? As noted above, HIH Inc. has elected to use the —expenditure test which is a mechanical standard for measuring permissible and impermissible ranges of lobbying expenditures and does so in terms of the expenditure of funds and sliding scales of percentages. This lobbying activity necessitates tracking time and money expended by a project for lobbying purposes in order to insure that HIH Inc. remains within its overall lobbying limits. Project Lobbying Expenditures Reporting Requirements IRS regulations set out the record keeping requirements for projects engaged in lobbying activities. Projects must account separately for direct and grassroots expenditures, as such expenditures have different limitations. The requirements are: For Direct:

- Expenditures for grassroots lobbying;
- Amounts paid for direct lobbying;
- The portion of amounts paid or incurred as compensation for an employee's services for direct lobbying;
- Amounts paid for out-of-pocket expenditures incurred on behalf of the organization and for direct lobbying;
- The allocable portion of administrative overhead and other general expenditures attributable to direct lobbying;
- Expenditures for publications or communications with members to the extent the expenditures are treated as expenditures for direct lobbying; and
- Expenditures for direct lobbying of a controlled organization to the extent included by a controlling organization in its lobbying expenditures.

Identical requirements apply to grassroots expenditures. Any project with a single source of revenue or a limited number of donors is not allowed to lobby. To lobby, a project must be able to meet the mechanical public support test (usually public support equal to one third of total eligible support). In addition, no project may fundraise specifically for that portion of its budget that is to be used for lobbying. While nonprofit entities may expend revenue to lobby, they may not receive revenue specifically for this purpose. Revenue expended for lobbying must come from general support money received by the organization and represent funds in no way "earmarked" for lobbying.

U. Ownership of Products

INT _____

This is a very important issue, and one which all Project Directors and key staff should be familiar with. Every project is a legal activity of HIH Inc. It is only through the tax-exempt affiliation with HIH Inc. that groups are able to fund raise, accept donations, and promise their donors a tax deduction. Thus, the IRS considers all assets (physical and intellectual) to be owned by the public providing they were procured via public funds and/or public tax-exempt status. This means that if something is procured via a public charity (e.g. a project of HIH Inc.) it 'technically' is owned by the public charity, hence fulfilling the 'owned by the public' mandate.

Because the IRS imposes this stipulation upon all public charities, HIH Inc. temporarily assumes all legal responsibility for any tangible or intellectual products (such as videos, films, books, works of art, research manuscripts, and patents or copyrights covering the aforementioned) while that project is affiliated with HIH Inc. This privilege and responsibility transfers to the project when this affiliation changes, i.e. when the project —spins off as an independent nonprofit entity or transfers to another fiscal sponsor. HIH Inc. will not exercise any artistic control over the contents of the materials; However, HIH Inc. does need to verify that the content conforms to 501(c) (3) regulations. The aforementioned is in keeping with nonprofit law, which stipulates that no public funds be used for the private benefit or inurement of an individual or business. If a product is produced or if something is acquired with funds from the public realm, i.e. through the tax-exempt affiliation with HIH Inc., that product / acquisition must be channeled back to the public and not to the benefit of an individual or business. There are means by which the rights and ownership to a product or acquisition can be acquired by an individual or business. Generally, this means a monetary reimbursement to HIH Inc. in exchange for said rights and ownership. There are complex rules governing such transactions. HIH Inc. will handle all such requests on a case-by-case basis. The manner in which HIH Inc. will handle such transactions is such: if an individual, partnership, or business wishes to assume ownership of any physical or intellectual assets currently under ownership by HIH Inc. – due to the fiscal sponsorship arrangement – said assets will be granted only upon due compensation to HIH Inc.. Again, this is in keeping with IRS stipulations governing such transactions. Upon written advocacy of the Member Group that brought such asset to the books of HIH Inc., we (HIH Inc. and the Member Group) will set the price of these assets as anywhere between \$1 and \$10 per item. Assuming other parties do not covet these assets, and no offer has been made to purchase them, this nominal amount will suffice to complete the transaction. As mentioned previously, the ownership issue is strictly a legal affair. We will never exercise any creative control, nor tell you what to do with the assets produced by you and/or other members of your group. Nor will we show up on your doorstep and take them away from you. The responsibility for filing a formal application to obtain a copyright or patent lies with the project. The copyright name must be HIH Inc. /project name. The means of transferring the ownership of all tangible and intellectual assets, as well as any copyrights, patents and/or trademarks covering said assets, to another public charity will be arranged as such: HIH Inc. must receive a written request from a Project Director (email is acceptable) along with a copy of the IRS Letter of Determination documenting the official nonprofit status of the transferee. This is all that is required to complete the transfer to another public charity. In the event a Member Group wishes to spin off under their independent 501(c)(3) status, or migrate to another fiscal sponsor, an exit interview is not a requirement for releasing any tangible or intellectual assets as stated above, nor for releasing monies that may be on hand with HIH Inc. All such possessions will transfer to the selected public charity upon the Member Group's departure from HIH Inc. for said charity, providing the proof of said status, by virtue of the Letter of Determination, is provided to HIH Inc. In cases falling within this category of ownership transfer, it is best to call the office for clarification.

V. Risk Management

INT _____

- Liability Insurance Due to the enormous scope and diversity of HIH Inc. sponsored projects, and the significant degree of autonomy granted project directors, HIH Inc. is unable to procure general liability insurance that covers specific projects. Therefore, individual projects must provide

appropriate insurance protection for project activities. This is especially important when conducting activities that will definitely or potentially involve members of the general public. These activities include such events as conferences and symposia, trainings and classes, camps, workshops, etc. Transportation of individuals to and from these events should also be covered. Liability insurance should always be procured prior to producing an event. Insurance costs are always a project expense, so it is very important to build this into your budget. Although not required, it is prudent and advisable to purchase a general liability insurance plan for your premises and equipment. The cost for business property insurance is always a project expense, as well.

- In project activities or programs that give rise to possible tort liability for the project, and therefore HIH Inc., projects shall be required to obtain signed Waiver and Release of Liability Forms. Specific examples include programs that involve audience participation or physical contact with participants. As this determination of the necessity and appropriateness of the use of waiver and release forms is made on a case-by-case basis, please contact HIH Inc. prior to the commencement of such programs or activities.

W. Contracts and Leases

INT _____

If a project is considering entering into a contract, lease, etc with a vendor or service provider, HIH Inc. needs to be informed prior to entering into such agreements. However, HIH Inc. will not co-sign individual contracts or leases. Therefore, the individual directly involved with the project agreement must assume full financial responsibility. If the HIH Inc. name is ever included in a contract or lease without our express written consent, that project will be subject to removal and the contract or lease voided.

1. Legal Counsel and Litigation

The issue of legal matters is a very important one, and should not be taken lightly by any project within HIH Inc. Projects cannot enter into any litigation without prior approval of the HIH Inc. office. Furthermore, if a project is named as a defendant in any legal action, or if a threat exists for such action, the HIH Inc. office shall be notified immediately. All projects in HIH Inc. must obtain written approval from the HIH Inc. Management before entering into any litigation. If you need legal counsel and/or advice, call the HIH Inc. office. In general, legal fees are the responsibility of the particular project undertaking the legal action. Strict adherence to this policy is a must.

- Private Inurement and Excess Benefit
- A public charity is prohibited from allowing more than an insubstantial accrual of private benefit to individuals or organizations This restriction is to ensure that a tax-exempt organization serves a public interest, not a private one If a private benefit is more than incidental, it could jeopardize the organization's tax-exempt status.
- No part of a project's net earnings may inure to the benefit of an insider. An insider is a person who has a personal or private interest in the activities of the organization such as an officer, director, or a key employee.

An example of prohibited inurement would include payment of unreasonable compensation to an insider. Any amount of inurement may be grounds for loss of tax-exempt status. For more information about private benefit and inurement, visit: www.irs.gov/eo

- Annual Risk Survey
- Each project will be required to complete and return an annual risk survey. This survey assists HIH Inc. in determining risk and guiding proper risk management.

X. SPONSORSHIP TERMINATION

INT _____

This Fiscal Sponsorship Agreement shall terminate when the objectives of the project can no longer reasonably be accomplished by HIH Inc. If the objectives of the project can still be accomplished but either the project or HIH Inc. desires to terminate the HIH Inc. fiscal sponsorship, the following terms and conditions shall apply. Either HIH Inc. or the project may terminate this Agreement for any reason on ninety (90) days written notice to the other party. Either party may terminate this Agreement, based upon a material breach of this Agreement, by giving thirty (30) days written notice to the other party. In the event of termination, the assets and liabilities of the Project may be disposed of at the end of the applicable notice period as follows:

- HIH Inc. may transfer the assets and liabilities to another organization that is tax-exempt under IRC Section 501(c) (3), is not classified as a private foundation under Section 509(a) (Successor), and is willing and able to sponsor the project (as used in this Paragraph, the word —able shall mean that the Successor has charitable purposes compatible with the purposes of the project and has the financial and administrative capacity to competently manage the project.) The balance of assets in HIH Inc. restricted fund for the project, together with any other tangible and intangible assets held and liabilities incurred by HIH Inc. in connection with the project, shall be transferred to the Successor at the end of the applicable notice period or any extension thereof, subject to the approval of third parties that may be required.
- HIH Inc. may transfer the assets and liabilities to a new 501(c) (3) organization formed by the project that is qualified to be a Successor as set forth in this Paragraph, and has received a letter of determination from the Internal Revenue Service, indicating that such qualifications have been met, no later than the end of the applicable notice period or any extension thereof.
- If no Successor is found, HIH Inc. may disperse the project assets and dispose of liabilities in any manner consistent with applicable tax and charitable trust laws. The terms and conditions of the termination, and any transfer of assets and liabilities, shall be subject to a properly completed and executed HIH Inc. Transfer-Exit Agreement.

HIH Inc SOM Signature Page:

Project Managers Printed Name

Date

PM Signature

Date

Mary M Lane-Baker
CEO, Administrative Director & Project Manager

Date