

Policy Title: FISCAL SPONSORSHIP	Policy No.	No. of Pages
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- I. **POLICY:** Ho`okāko`o supports its conversion charter school partners and their efforts to be innovative, entrepreneurial and creative. As a tax-exempt Internal Revenue Code Section 501(c)(3) public charity, Ho`okāko`o can support its conversion charter schools (“Schools”) by acting as a fiscal sponsor for projects that may be funded by sources that do not wish to make grant directly to the Schools. Ho`okāko`o may act as a fiscal sponsor for a project undertaken by one of its Schools. Current Schools include: Waimea Middle School, Kualapu`u School and Kamaile Academy. This Fiscal Sponsorship Policy reflects the balance between providing flexibility and fiscal responsibility, accountability and transparency.

- II. **CRITERIA FOR FISCAL SPONSORSHIP:** The Ho`okāko`o Staff and Board of Directors will review each request for fiscal sponsorship on a project by project basis. The project must align with both the Ho`okāko`o mission/strategic plan and the School’s strategic plan and serve a recognized tax-exempt educational purpose consistent with Ho`okāko`o’s exempt purposes. Approval requires a majority vote of the Ho`okāko`o Board of Directors.

- III. **REQUESTS FOR SPONSORSHIP:** A request for fiscal sponsorship of any project must be submitted to Ho`okāko`o no later than ten (10) days prior to any due date for applicable funding by the Principal of the School applying for fiscal sponsorship of the project. The request must include a copy of the project proposal, including any grant request with a detailed budget.

- IV. **Ho`okāko`o’s FISCAL SPONSOR ROLE:** Ho`okāko`o’s role as a fiscal sponsor is to ensure all projects further appropriate tax-exempt educational purposes and to disburse funds in an appropriate manner on a timely basis. Ho`okāko`o will also maintain prudent and accurate records as required by law and best practices.

Ho`okāko`o may charge an administrative cost to serve as the fiscal agent. This cost will be mutually agreed upon with the schools prior to the submission of the grant.

- V. **THE SCHOOL’S ROLE:** The School’s role is to request funds or reimbursement of funds from Ho`okāko`o in a timely manner in order to conduct the project activities. Schools must also maintain prudent and accurate records as required by law and best practices. The School is responsible for execution of the project in an appropriate manner and compliance with all granted funds terms and conditions.

- VI. **SPECIFIC SPONSORSHIP POLICIES**

1. Accounts Payable: Acceptable invoices received by end of business on any Monday will be paid and mailed by end of business on the following Friday. "Acceptable invoices" must be original, approved, coded documents (small receipts to be mounted on 8.5 x 11 paper). It will be the responsibility of each project to submit a completed IRS Form W-9 for each new vendor.
2. Cash Advances: Under no circumstances does Ho`okāko`o advance money to projects. Deposited funds must be cleared by the bank prior to any requested draw, which may take up to two weeks.
3. Employees: Ho`okāko`o does not allow projects to pay individuals who satisfy the IRS definition of employees as contractors. Ho`okāko`o management is available to discuss employee vs. contractor classification issues with projects.
4. Payroll: ANY request to change a payroll record (pay rate, termination, regularly scheduled hours) must be communicated to Ho`okāko`o management via an employee action sheet at least five business days prior to the effective date of the change. In order to receive a paycheck, an employee must have submitted a completed; INS Form I-9, IRS Form W-4, related State employment forms (if applicable), signed acknowledgment of receipt of a personnel policies manual, and an employee action form at least five business days prior to payday. Ho`okāko`o management will provide action forms, file all payroll tax returns, and IRS Form W-2's. The head of each project will need to sign a statement agreeing that their project will not deviate from the personnel policies manual.
5. Benefits: No Project can offer or deny benefits to its employees which differ from the personnel policies manual.
6. Job Descriptions: Projects are asked to develop and maintain job descriptions for each employee.
7. Grants Received: Ho`okāko`o's Executive Director must co-sign all original grant agreements and be copied at least one week in advance on all progress and final report submissions. Grants involving government or public agency monies have very heavy reporting and auditing requirements that a project must discuss in advance of acceptance with the Executive Director.
8. Donations: Ho`okāko`o will accept, process, and acknowledge contributions to each project. This includes issuing receipts for tax deductions. Donations should be made payable to "XXX, a project of Ho`okāko`o".

It is not the Ho`okāko`o accounting staff's responsibility to meet with a fund's donors and walk them through paperwork. Ho`okāko`o management will work with funds to educate them on the necessary forms to liquidate a noncash gift. Donations over \$250.00

will be individually receipted. Stock gifts can only be made through Ho`okāko`o's designated broker.

9. Credit Accounts and Other Liabilities: Project Directors may not incur debts or liabilities beyond the project's ability to pay; individual Project Directors are personally liable for any excess. A project's ability to pay is measured strictly by its cash balances, without including anticipated grants or contributions.
10. Volunteers: The use of volunteers exposes Ho`okāko`o to additional liability. ALL volunteers who provide services to, or perform services for, a project without compensation for their time must sign the standard volunteer indemnification and release form. (Reimbursement of expenses does not constitute compensation for time spent.)
11. Financial Statements: Ho`okāko`o management will provide a statement of monthly activity and a detailed trial balance within 30 days of each month end. Any corrections to the project's accounts must be requested within 30 days after receipt of that statement.
12. Bank Accounts: No project shall maintain any bank account other than those maintained on its behalf by Ho`okāko`o.
13. Multiple Funds: Ho`okāko`o has the ability to set-up cost centers within a fund. Ho`okāko`o also has the ability to set-up multiple funds for a project. In situations where projects need multiple funds on the general ledger, Ho`okāko`o management is available to advise on inter-fund transfers to help compliance with charitable trust rules.
14. Advisory Board: Each project will need to maintain a current listing of the names, addresses, and phone numbers of all members of a project's Advisory Board. Each project should forward a copy of meeting minutes to Ho`okāko`o Executive Director, as they are finished, as well as the Advisory Board roster and any other governing documents.
15. Administrative Fees: As Fiscal Sponsor, Ho`okāko`o may opt to assess an administrative fee of up to 10% of the total Project budget. Fees will be assessed on a case by case basis, in agreement with the conversion charter school.
16. Insurance Provided by Ho`okāko`o: Ho`okāko`o maintains general liability insurance, and workers' compensation insurance for all employees at no additional charge.
17. Fiscal Year: All projects must use a fiscal year ending on June 30th.
18. Lobbying: Projects are prohibited from excessive lobbying, or any other activities that would jeopardize the Ho`okāko`o's charitable tax-exempt status. Ho`okāko`o has the right to determine, in its sole discretion, what constitutes excessive lobbying by a project, or what activities jeopardize Ho`okāko`o's tax-exempt status. All lobbying expenditures must be reported to Ho`okāko`o management.

19. Sponsor Identification: All project letterheads and external communications must include the identifying line, "A project of Ho`okāko`o."
20. Amendments: These policies may be amended from time to time with consent of Project's authorized representative.