**Investing On Behalf of Sponsored Projects**

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What follows is a sample information sheet developed for a Model A fiscal sponsor seeking to support their sponsored projects’ requests to invest available funds that won’t be otherwise utilized in the near term. This sponsor chose to utilize certificates of deposit as a low risk interest bearing investment. To mitigate the risk that funds would have to be pulled out of the investment prematurely, the sponsor developed readiness criteria to help make good faith determinations for when such investments are appropriate. This sponsor is currently running a pilot program to learn and improve their process prior to rolling out to other sponsored projects meeting the eligibility criteria. Any such investment program should be carefully designed, be consistent with applicable policies of the sponsor as well as the fiscal sponsorship agreement, and clearly community to the sponsored projects.

Your use of this sample does not constitute legal or investment advice from Social Impact Commons. Social Impact Commons is making this sample available for informational purposes only. Different circumstances and jurisdictions may call for different language and structure. We assist our members in tailoring this and other templates to their particular needs and always recommend working with qualified professionals when preparing and implementing practices of this nature.

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**Policy Statement**

Pursuant to Sponsor Name’s (“Sponsor”) Board-approved Investment Policy and this guidance document, when certain conditions are met, Sponsor will invest available cash held on behalf of its fiscally sponsored projects (“SPs”). Sponsor will not invest available cash held on behalf of any SP unless approved to do so by that SP. Below are key terms to keep in mind followed by our process.

**Investment Terms:**

| **Amount:** | A minimum of $$$$ (e.g. $250,000) in cash held for the SP but otherwise unrestricted and projected needs to be available for at least 3 months.\* |
| --- | --- |
| **Investment Vehicle:** | Type of Investment (e.g. Treasury Bills, CD) |
| **Investment Platform:** | Selected by Sponsor |
| **Time period:** | 3, 6, 12, or 18 months |
| **Revenue Share:** | #% interest/earnings goes to SP. #% goes to Sponsor’s general fund to defray the cost of administration. Any earnings realized through the investments will not additionally be subject to Sponsor’s overhead cost allocation identified in the ‘Model A’ fiscal sponsorship agreement (“FSA”). |
| **Risk of Loss:** | Although the investments selected by Sponsor and approved by SP are considered very low risk, any loss resulting from such an investment is assumed by SP. Additionally, because SP is a program operating under Sponsor pursuant to our FSA, Sponsor is in no manner providing investment advice to a third party. |
| **Early withdrawal fees/penalties:** | Borne out of SP funds |

**\*** Sponsor will review SP’s balances, financial history, near term expense obligations, funding commitments and donor restrictions to make a good faith determination whether the SP has sufficient funds available to invest in a CD.

**Process:**

1. **SP** requests Sponsor place funds in an investment. Sponsor, upon reviewing a SP’s financials may also suggest the SP consider utilizing an investment to earn interest to support the mission.
2. **Sponsor** reviews relevant information and makes preliminary determination as to whether sufficient funds are available to invest.
3. **Sponsor & SP** meet.
   1. If funds aren’t available, Sponsor discusses this with SP to make sure all assumptions are accurate and, if the SP is interested, assists with planning to get ready for a future investment.
   2. If preliminary determination was made that funds are available, Sponsor and SP will.
      1. Discuss the process to ensure both parties are aligned.
      2. Review applicable financial information and assumptions on burn rate and program activity to confirm preliminary determination that funds will be available.
      3. Review investment options and decide on details (type of investment, maturity date, amount, ect).
      4. Document Sponsor and SP’s agreement on the details
4. Sponsor then. . .
   1. Makes investment on behalf of SP per what is agreed upon..
   2. Tracks amount, investment institution, maturation date, expected earned interest.
   3. Files purchase receipts, statements and maturation documentation.
   4. Upon maturation of the investment, unless rolled over into a new investment, transfers the principal and #% of the interest earnings to the SP’s bank account and/or restricts the principal and #% of the interest to the SP in Sponsor’s accounting software
   5. Documents earnings split of interest between Sponsor and SP.