cultureworks

GREATER PHILADELPHIA

TRACK 2 USER MANUAL

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WELCOME TO THE TRACK 2 USER MANUAL

Whether you're new to Track 2 or familiar with our operations, our User's Guide is designed to be a one-stop resource for all your policy and operational questions.

- Need to get up to speed on the basics? It's right here!
- Applying for a grant? We'll walk you through it.
- Trying to pay someone or get paid? Here are the steps.
- How do you explain you're a Track 2 Project? We've got the language.

MANAGEMENT BASICS

LET'S GET STARTED: AN OVERVIEW

CultureTrust, through CultureWorks, co-manages your Project with you. To make the most of the relationship, it's important to familiarize yourself with your responsibilities and the responsibilities of CultureTrust.

- The Project Director is responsible for overall vision, project activity (including fundraising), donor relationships, and all creative and aesthetic decisions.

- CultureTrust has final approval on all financial, human resources, and legal activity, but relies heavily on the Project Director's instruction and expertise.

- The CultureWorks/CultureTrust joint Board of Directors provides general fiduciary oversight and has ultimate authority to set or change policies. They meet quarterly.

- Each Project will allocate 12% of **all** revenues raised, to CultureWorks to cover the Project's back-office management. Once CultureTrust receives any project revenue, we immediately deduct that 12%. What you will see in your account is the 88% that is all yours.

- All Project Directors will check in with their Community Director individually once a month to discuss Project status, review account balances and activity, and discuss upcoming events, expense and revenue projections, and any needs the Project has. This can happen in-person (at CultureWorks' space or at a Project site), over the phone or Skype, or even by filling out your updates via our online Touchbase template (more on that later).

YOUR RESPONSIBILITIES

WHAT WE DEPEND ON YOU TO DO

Overall Project Vision and Leadership
The Project Director is responsible for the overall vision and direction of the Project, including developing the concept, key partners, selecting personnel, vendors, scheduling, and general production and leadership. You are the "Managing Director" and the public face of your Project.

Fundraising Leadership, Revenue Generation, and Donor/Client Relations

You are **primarily responsible** for the financial health of your Project. You lead all fundraising efforts, marketing, and the development and management of earned revenue streams. You also ensure your Project operates according to CultureTrust's financial guidelines and policies. CultureWorks will support your general development efforts administratively (such as reviewing grants, offering informal advice, providing financial reports, etc.). Nevertheless, you are still responsible for submitting all required reporting to funders, and managing relationships with your donors, institutional funders, and sponsors. These are your relationships.

Instructing CultureWorks

You are the chief point of contact and instruction for CultureWorks as its staff help you manage your Project. You are responsible for submitting all forms and finance-related documentation, as well as any other documentation CultureWorks needs to ensure your Project's success. Timely submission of documentation is expected. Failure to attend required meetings, submit required information, or complete required documents by their proposed deadlines will result in a hold placed on your sub-trust account. Receivables, payables, or any other requests will not be processed until the required item is satisfied.

OUR RESPONSIBILITIES

WHAT YOU CAN DEPEND ON US TO DO

Fiduciary Oversight

CultureTrust's Trustees provide general fiduciary oversight for all CultureTrust Projects. The Board has ultimate authority to set financial and other policies and approve expenses. They contract with CultureWorks to be our administrator and to carry out the day-to-day execution of the financial management policies outlined in this Guide.

Accounting, Compliance and Insurance, HR Administration

CultureWorks ensures that all of the core administrative and management support is provided to CultureTrust projects. These include accounting, compliance, insurance and human resources administration, bookkeeping, and basic Project management.

Contracting and Procurement

CultureWorks staff administers and approves purchase transactions, vendor/service contracting, and employee contracting and payroll. CultureTrust maintains a set of standard contract templates, but may also use contracts provided by vendors, performing legal due diligence as needed. CultureTrust can also use standard union contracts for the major arts-related unions:

- American Federation of Musicians (AFM)
- International Alliance of Theatrical Stage Employees (IATSE)
- American Guild of Musical Artists (AGMA)
- Screen Actors Guild (SAG)
- Actors' Equity Association (AEA).

CultureWorks will administer any special insurance-related verification or documentation related to contract compliance.

Fundraising and Stewardship Oversight
CultureWorks monitors, provides constructive input on, and approves all grant applications, individual solicitations, and the reporting and stewardship of contributed revenues received by CultureTrust. The Project Director is primarily responsible for fundraising and revenue generation, but CultureWorks monitors and supports the fundraising process to ensure that best practices are followed. For instance, CultureWorks will formally acknowledge all individual donations greater than $250 (which is required by charitable law) and notify the Project Director about the gift and its particulars of all gifts. It is up to the Project Director to undertake additional communications with donors and funders and manage these professional and Project relationships.

Referring to Other Services or Resources
CultureWorks will also help connect you to other services, whether provided through CultureWorks' various programs or by providers within the larger arts and cultural community.

WORKING TOGETHER

HOW WE WORK TOGETHER

The Project management process revolves around the following financial management (expenditure and revenue) and contracting procedures and fundraising reviews:

Monthly Meetings/Check-ins
CultureWorks checks in (by phone, e-mail, video conference, online via Touchbase template notes, or in person at our office or a Project site) with all Project Directors at least once a month to review status and progress, troubleshoot problems, ask the right questions to help keep Projects compliant and organized with regards to paperwork, and offer advice on strategy and implementation. A monthly review of your Project's subtrust account is part of the check-in, including a look at current payables and the upcoming flow of revenues and expenses to keep the Project on target. **Monthly check-ins are required.**

Monthly Financial Management

- CultureTrust accepts all receivables on an ongoing basis, electronically and by mail. CultureTrust cuts checks twice per month, on a fixed schedule. Emergency check cutting is available for a surcharge.

- Payroll for all Projects is run once each month at the start of the month for hours worked in the previous month. For example: If you are on payroll, you will receive your check at the start of January for the hours you worked in December.

Solicitation & Contract Review
CultureWorks reviews grant proposals, Letters of Intent, and other solicitation documents, as well as contracts and agreements on an ongoing basis.

Communicating with CultureTrust
All communications and transactions with CultureTrust are managed by CultureWorks, and any in-person meetings or transactions are held at CultureWorks' office (address below). As a Project of CultureTrust, your chief point of contact is your COMMUNITY DIRECTOR. This person will be assigned to you upon acceptance into the Trust.

All checks and hard-copy paperwork should be sent to:
Alexa Sarkuni, Business Operations Coordinator
attn: <<Project Name>>
c/o CultureWorks Greater Philadelphia
1315 Walnut St, Suite 320
Philadelphia, PA 19107

The CultureWorks offices are CLOSED on the following holidays in 2018:
- New Year's Day (Jan 1)
- Martin Luther King Jr Day (Jan 15)
- Memorial Day (May 28)
- Independence Day (July 4)
- Labor Day (Sept 3)
- Election Day (Nov 6)
- Thanksgiving (Nov 22 and Nov 23)
- Christmas Eve and Christmas Day (Dec 24 and 25)

Additional office closures will be posted in calendar section of the website.

RISK MANAGEMENT

Risk management is the process of understanding, evaluating, and taking action on risks so you can increase your chances of success and reduce your chances of failure. An important thing to know is that the goal of risk management is NOT to avoid all risks at all times. The goal is to understand what the risks are so you can make smart decisions about how to deal with them. Every business decision you make has some level of risk associated with it, whether it's which artist to feature, what day to hold your event, or where to advertise.

When making these decisions about your Project, you consider the advantages and disadvantages of your options in the context of the market. (Which artists are available? Will people attend an outdoor event in March? What is the preferred media used by your target audience?)

CultureTrust's expense and revenue policies are designed to help you manage the risk in your Project. That's why you can't execute a contract without having at least half the money required in the bank, and why you can't spend against money you haven't actually received yet. We will also help you evaluate what you're offering, as a donor benefit or a co-producer, so you don't run the risk of over-committing your Project. The more you manage the risks you know about, the better equipped you are to recover from an unpleasant surprise or take a big leap when the opportunity presents itself.

GETTING INSURED

INCLUDED: GENERAL LIABILITY and DIRECTORS & OFFICERS (D&O) INSURANCE

General Liability and Directors and Officers insurances are included in the base rate of 12% of gross receipts for all Projects Nevertheless, we require that all projects allocate their share of General Liability insurance as a pre-paid expense to make their Project active and covered under CultureTrust, starting from the date the Project's Subtrust Agreement is signed. **No Project is active until the Project buys into CultureTrust's General Liability policy.** CultureTrust will then deduct this expense from the Project's subtrust account when the project deposits its first funding. This is because CultureTrust's General Liability policy runs from October through October, and since no Project signs on for exactly that date, it will need to be added after the fact for the remainder of the current policy year. How much a Project owes depends on: how soon in the calendar year it is added, the type of activities and programming it offers, and how often it holds programming, among other aspects.

How the General Liability and D&O Insurance Process Works

- When a Project is approved to join CultureTrust, CultureWorks staff fills out a General Liability application to add you to CultureTrust's policy.

- CultureWorks staff will then send the Project an invoice for the initial amount, as determined by CultureTrust's insurance company.

- Once that is paid, the Project is active and covered with General Liability insurance for the rest of the calendar year.

- After that, a Project's General Liability insurance needs are assessed annually with the renewal of CultureTrust's policy. In both instances, we submit an application to CultureTrust's insurance company, and they offer an estimate of what your Project adds to the policy in exposure. The cost for this extension to our policy is a fixed fee, based on the size and scope of your Project.

If your Project is coming under CultureTrust for the first time, the minimum funds required to activate your account are the funds required to cover your share of General Liability insurance. If you are renewing your share of General Liability coverage, your share of coverage must be allocated before you can continue work on your Project. By simply adding your Project to an existing policy, you are saving considerable money in underwriting costs.

For instance, a $150,000 Project may pay anywhere from $1,200 – $2,500 per year for a General Liability policy, much of which is the minimum administrative expenses charged by the insurance company to underwrite and create the new policy. The same Project under CultureTrust is simply charged an incremental amount to extend the coverage of CultureTrust's existing policy, which would likely fall between $100 and $500 per year for the Project. This represents a substantial cost savings over buying your own policy.

What Culturetrust's General Liability and D&O Insurance Covers

- Bodily Injury: should anyone sustain an injury during a Project's event, class, etc.

- Damage to 3rd party property: should any damage happen to a venue that the Project doesn't own/rent. *This will need a Certificate of Insurance, unless the venue has sufficient coverage and doesn't require it.*

- Personal Injury: this includes claims of libel or slander when work is created and distributed on behalf of an insured Project.

- Directors & Officers Coverage: for CultureWorks/CultureTrust board, so they are not personally liable for any claims.

What Culturetrust's General Liability and D&O Insurance Doesn't Cover

- Intellectual Property: any intellectual or creative property, processes, or information that a Project develops and seeks to protect from theft or infringement.

- Property Coverage: If a Project owns/leases a space or venue, buys equipment, or produces work/merch that they are looking to sell.

- Bodily Injury or Property Damage where the Project has agreed to pay damages in a contract or agreement. This is why CultureTrust reviews all contracts, to ensure that the Project is "held harmless" via an indemnification clause and is therefore protected. *If you are the **indemnified** party, an **indemnification clause** is simply a promise by the other party to cover your losses if they do something that causes you harm or causes a third party to sue you.*

ADDITIONAL: WORKERS COMPENSATION

Calculating Workers Compensation

CultureTrust requires workers' compensation insurance for all employees and for all non-employee workers who are not proven to be covered under a contractor's workers'-compensation insurance. CultureTrust allocates the appropriate cost of this insurance to each Project. **This insurance is not included in the 12% base cost allocation.**

Workers' compensation insurance is allocated monthly per the current workers' compensation insurance rates, which are based on the nature of the work being done by the contractor or employee. A Project may have one or more different rates, depending on the number of employees and diversity of jobs being done. **The cost allocated to an individual Project is based on the total payroll (1099MISC and W2) for the Project for the duration of the policy or Project and the various rates that the Project has been assigned.** CultureWorks will notify the Project Director of the rate(s) that the Project has been assigned, as well as any changes or updates in rates, should these occur over the life of the Project.

There is a frequent debate whether fees to 1099MISC "independent contractors" should be included in calculating Workers Compensation insurance, since they should be maintaining their own insurance. In the interest of safety and security of Project workers, it is the policy of CultureTrust to assume that contractors do not carry their own insurance and that the responsibility to insure contractors falls to CultureTrust.

Workers Compensation insurance is calculated based on a rate assigned by the insurer that establishes a cost per $100 of total payroll (1099MISC + W2). For instance, if the Project's personnel have an insurance rate of $1.50 per $100 and the total payroll of a Project is $100,000, then the Workers Compensation cost allocation for the Project would be:

$100K / $100 = $1,000 x $1.50 = $1,500 in Workers Compensation Insurance

Unlike General Liability insurance, cost allocations for workers' compensation are made monthly based on the prior month's actual payroll. At the end of the policy year or the Project (whichever is earlier), an audit is performed and adjustments are made for actual payroll. Following the audit, either an additional cost allocation will be made to the Project (if insurance costs were under-allocated) or money will be refunded or credited to the Project (if insurance costs were over-allocated).

WHAT OTHER INSURANCE MIGHT I NEED?

Below are a few examples of the range of additional insurances a Project may need, depending on Project activity and the risk associated with it.

Working with children under 18.
If your Project entails direct, hands-on work with under-aged children, such as training, teaching, workshopping, field trips, etc., CultureTrust requires additional risk management provisions. (This does not include children as general audience members for a performance, for instance, or other kinds of passive program participation.) If you are working with children, there are two options:

Risk Management through a partner.
In this scenario, you are working with a partner, such as a school or other educational program, which assumes full responsibility and liability for your work. This should include full background checks on all personnel working directly with children, as well as appropriate insurances to cover improper sexual conduct and other special liabilities. A written warranty signed by your partner organization (form provided by CultureWorks) that attests to these responsibilities will be required before work begins.

Risk Management through CultureTrust.

In this scenario, you are covered for your work through CultureTrust directly. This requires the following:

- Background checks for all personnel working directly with children. CultureTrust can facilitate this process through our human resources management vendor. Any attendant costs will be allocated to your Project.

- Purchase of additional insurance to cover improper sexual conduct or other liabilities, per the recommendation of CultureTrust's insurance broker. Again, these additional underwriting costs will be allocated to your Project.

- Training for your personnel (if deemed necessary) in best practices in working with under-aged children. This may or may not be necessary, depending on the resume and work experience of the personnel hired to perform this work.

Real Property/Tenants Insurance

When you join CultureTrust, the Trust assumes an "insurable interest" in any real Property that the Project may own or in leased property in which the Project operates. This means that CultureTrust will need to take out insurance in its name for a Project's real property, which can include furnishings, equipment, special collections, artwork and other assets. While the cost of the insurance premium will be charged back to the Project's account, savings may be achieved through multiple Projects taking part in one real property insurance policy. For instance, several historic sites may collectively buy their property insurance, thereby pooling the risk and reducing the cost.

Track 2 members may insure *real and tangible property*—real estate, artworks, equipment, furnishings, collections, etc. through CultureTrust. This insurance lies outside of standard General Liability insurance coverage (required for renting venues and holding special events) and is thus not included in the 12% cost allocation of CultureTrust.

<u>Real and tangible property insurance is an additional cost to the project. If you purchase a piece of real or tangible property with charitable funds received by your subtrust, we **require** that such property be insured.</u>

CultureWorks, however, can ensure that we will procure the best insurance at the lowest cost for the things you wish to insure. In all cases, we work closely with the Project Director in making final insurance determinations and cost decisions.

If CultureTrust is insuring an object that is owned by another person or entity other than CultureTrust, we will need some legal document that establishes our "insurable interest" in the property. This typically is a lease or loan agreement. If no money is exchanged between your subtrust and the owner (the relationship is essentially in-kind), some money is required to substantiate the lease. This is commonly referred to as a "dollar-a-year lease", which is often the minimum default cost placed on a lease or loan agreement to meet legal standards. We have standard templates for lease and loan agreements.

If CultureTrust is insuring an object purchased with funds from a subtrust, we require that the project obtain appropriate insurance for it. This too requires evidence of ownership and the amount paid for the property, which often takes the form of an invoice, deed, certificate of ownership, or other such documentation.

Employee Fraud & Theft
If your Project has multiple employees handling assets (such as checks or currency) or processes that offer a substantial risk of fraud or theft, additional insurance can be required to cover such exposures.

Non-Owned & Hired Commercial Auto
If your Project frequently rents automobiles, and you don't want you or the Project's employees to be personally liable, additional non-owned and hired auto insurance will need to be purchased.

Professional Liability
If your Project provides any services that present substantial malpractice risk of doing harm to clients or customers, then your Project may need to purchase additional professional liability coverage.

New York Contractors or Employees
If a Project is hiring people (W2 or 1099) who live and work in NY we need to add-on a NY disability policy, which has a minimal ($15-$30 annually per person) cost but significant fees if we don't have the coverage in place. There is no problem if employees who live in PA or NJ go to NY to work and are paid in PA.

CULTUREWORKS MEMBERSHIP & SHARED WORK SPACE

CultureWorks Membership
All Project Directors are required to maintain a membership at CultureWorks Greater Philadelphia for the duration of their Project or, if a Project is short-term, a minimum of six months. Membership to CultureWorks get you access to our shared work space, expect consulting, and 360 Degree assessment by the CultureWorks staff.

Shared Workspace
As a member of CultureWorks, all Trust Project Directors receive 20 hours/month access to CultureWorks' shared work space. By becoming a Project of CultureTrust, you join a community of like-minded folks, housed in the CultureWorks shared work space.

Membership literally gives each CultureTrust Project a seat at the table. It is also an opportunity for Project Directors to familiarize themselves with the values and community shared by CultureTrust and CultureWorks and access their benefits. These include a larger network, use of a Center City office and meeting space, perks and discounts from partner organizations, and free admission to CultureWorks events.

There is also a very practical reason. You are now a CultureTrust Project and covered by our insurance. But to qualify, you must maintain a business address at CultureTrust's office, even if it isn't your only business address or your primary one. Your CultureWorks membership provides you with the necessary address. Finally, since Projects may live under the Trust for months at a time while not generating revenue, a monthly membership maintains contact, connection, and a continued sense of investment from the Project – and helps defray costs of Project management during the idle times.

GETTING MONEY

THE ESSENTIALS

CultureTrust works closely with our Projects to assist, support, and manage their fundraising efforts from solicitation through application to acceptance and receipt of funds. We also offer guidance with today's ever-growing list of fundraising options that include corporate sponsorship and crowdfunding.

- Each Project is responsible for raising its own funds, and setting its own ticket prices and fees for service.

- Project Directors decide which grants and sponsorships to apply for, what kinds of fundraising events to hold and when, and when to appeal to individuals, either by direct appeal or crowdfunding.

- You will find specific language in this section of the guide for properly crediting CultureTrust and your Project's relationship to CultureTrust. This language must be used on every submission, sponsorship form, or appeal.

- Your Community Director must review every submission, sponsorship form or appeal before it "goes live."

- Grant attachments for CultureTrust or CultureWorks are available in the CultureTrust website's toolkit. If you need an attachment that is not in the toolkit, contact CultureTrust and the Trust Director will provide it.

- CultureWorks will provide weekly donation reports to the Project Director, and will acknowledge all gifts over $250 with a thank you letter.

USEFUL DEFINITIONS

Contributed Revenues
Cash funds you receive from donors or funders (grants and contributions from foundations or government agencies) where there is not an exchange of benefits. These revenues are sometimes called "unearned revenues."

Earned Revenues
Cash funds your receive in exchange for delivering goods, services, or experiences to buyers, customers, audiences, clients, etc. There is a clear exchange of benefit at the core of earned revenues.

In-Kind Revenues (and Expenses)
Non-cash contributions of services and labor (time), materials, technology, and other goods. Because in-kind contributions substitute for an expense you would otherwise have to pay for, CultureTrust accounts for in-kind contributions as both revenue AND expense. For that reason, they must balance each other out on both the income and expense side of the budget.

Corporate Sponsorship vs. Giving
Corporate support of the charitable sector takes two forms: Corporate Philanthropy/Giving and Corporate Sponsorship. There is sometimes a “blend” of the two as well. In dealing with corporation, it’s important to understand the nature of the support or relationship you or your Project is seeking or are being offered. If you are unclear, we encourage to seek assistance and clarification through CultureTrust.

Fair Market Value (FMV)
The price that a person reasonably interested in purchasing a particular good or service would pay to a person reasonably interested in selling it.

Corporate Philanthropy/Giving
Corporations often contribute support to nonprofits either directly or through corporate foundations. Many large corporations set up separate foundations to function as a tax shelter and as a means to provide charitable support to the company’s community.
Funding that is entirely charitable is 100% tax-deductible for the corporation within the extent of the law and is recorded as contributed revenue.

Corporate Sponsorship
The term “corporate sponsorship” implies a commercial (earned revenue) exchange. The corporation pays the charity money, and the charity leverages its audiences, events, content, etc. to deliver advertising, promotional, or networking value to the corporation.
Because there is an exchange of value (money for advertising – see earned revenue above), corporation sponsorship arrangements are frequently referred to as “deals,” and revenues are recorded by CultureTrust as earned, not contributed revenue.

Tax Deductibility
Tax deductibility for the donor applies only to charitable contributions—money that someone contributes to your Project without goods or services changing hands. There are several common fundraising cases in which contributed and earned revenues are

blended—or commingled in one transaction. In these cases, you must be mindful of what part of the contribution is tax-deductible and what part is not. They include:

Membership, Crowd Funding, & Corporate Sponsorship Campaigns
All three of these fundraising models usually entail “perks” or benefits corresponding to giving levels. At each level, there is a set of benefits the Project offers the donor or funder. These may be free tickets, products, swag, free services, advertising opportunities, or other tangible items with cash values we can determine or estimate.

The total value of the benefit package (whether directly paid for by the Project or comprised of contributed goods/services) should be less than the value of the cash contribution required for the given level, so that the Project generates some net revenue from the gift.

In these cases, only the net amount above the value of the goods or services is tax-deductible. The cash value of the goods or services are not deductible. For instance, for a $500 membership or sponsorship, the member or sponsor gets $150 worth of goods and services as a benefit. Therefore, only $350 of the contribution is tax-deductible. Acknowledgement letters and gift receipts from CultureTrust will reflect this by stating, “Thank you for your contribution of $500, of which $350 is tax deductible. Goods and services in the amount of $150 were received by the donor.”

Fundraising (Benefit) Events
Fundraising events operate similarly, though there may be more complexity to them, or they present challenges in calculating the cash value of the benefits to attendees. The entertainments or amenities offered to attendees have a value that should be factored into the tax deductibility of an event ticket price, if the event is ticketed. (Not all of the value of the ticket may be deducted.)

Ticketing
An estimated value should be calculated for the food, beverages entertainment, gift bags, or other amenities offered to guests as part of each ticket. This value should be deducted from the value of the ticket to determine the true tax deductibility of their ticket.
For instance, out of a $100 ticket, you might calculate that $50 is tax deductible.

Auctions (Live and “Silent”)
For auction items (whether purchased by the charity or contributed in-kind), the same logic applies. The true tax deductibility for whomever “wins” the auction for the item is what they bid minus the fair market value of the item. If they bid under the “reserve” amount (usually the fair market value), then it is possible that none of what they paid is tax deductible, even if the charity “nets cash” because the item was contributed in-kind. CultureTrust will, however, issue an in-kind gift receipt to donors for any contributed goods or services used in an auction.

Raffles
There are two raffle models common in fundraising: Raffles for goods or services in which people buy chances at “winning” goods or a service (whether the goods or service was bought by the charity or contributed in-kind) and the cash proceeds are retained by the charity, and Raffles in which the “pot” is cash from raffle ticket sales and the winning ticket buyer “shares” in the cash winnings with the charity.

The revenue split for these is usually 50% to the winning ticket holder and 50% to the charity, which has led to the popular shorthand term “50/50” for these raffles. (When people say they’re “doing a 50/50,” they are referring to this type of raffle.) 50/50’s used to be regulated by the Pennsylvania Gaming Control Board, but recent legislation has made them legal for charities to conduct without a license, provided they are not used as a means of profit-making for any for-profit entity. CultureTrust will not issue tax-deductible receipts for funds paid by an individual for a raffle ticket, since buying a raffle ticket is not a charitable transaction. CultureTrust will, however, issue an in-kind gift receipt to donors for any contributed goods or services used in a raffle.

“Casino” Theme Events
Among the many themed approaches used in fundraising, “casino nights” remain popular. These are not real casino or gambling operations, as guests are not obligated to pay to play, nor is real money used in wagering. As a result these are legal and do not require a licensed operator. They are classified as entertainment, not gambling.There are production companies that specialize in providing the staff and gaming devices for a casino-themed events. The value of this entertainment might be factored by CultureTrust into the overall value of the event relative to the ticket price for attendees, if there is one.

Sponsors
Sponsors for fundraising events work just like corporate sponsors for cultural presentations (exhibits, concerts, etc.). See the bullet above about corporate sponsorship campaigns.

SOLICITING DONATIONS

Proposal & Solicitation Approval
All grant proposals, reports, corporate sponsorship proposals, fundraising campaign and individual solicitation materials must be reviewed and approved by CultureWorks before submission or use. This gives you a second pair of eyes to check for errors, omissions, and missed opportunities. It also ensures that funding requests that go out under the name of CultureTrust contains an accurate description of the Project relationship and the financial

and management integrity of the Project. We may also offer suggestions how to strengthen the proposal or make a better case for funding. We do not review every attachment, just the principal content documents, which may include:

Foundation and government grants and corporate sponsorship proposals:
- Letter of Intent (LOI's)
- Application cover sheet and/or cover letter (if applicable)
- Main application/proposal narrative text(s)
- Project/proposal application budget and benefit levels (if corporate sponsorship)
- Grant report narrative/budget & report attachments (both interim and final)

Individual solicitations, giving campaigns, events, and crowdfunding:
- Solicitation letter
- Giving brochure or packet (if one is being used)
- Gift reply envelope and/or pledge card/form (if one is being used)
- Fundraising event invitation
- Main narrative text & benefit levels (for crowdfunding)

We ask that you allow CultureWorks five business days to review any materials submitted. That means you will need to send your materials to your Community Director by 10:00 AM at least six full business days prior to a grant deadline or mailing/online submission date. We will return your materials to you no later than 10:00 AM six days later (which is actually five full days of review).

Expedited review (three or less business days) of materials carries a fee of $50 per proposal, solicitation, event, or campaign (including all relevant documents). We cannot guarantee that expedited review will be possible in all cases, and will assess availability on a case-by-case basis.

When calculating your deadline, you must get us things five business days PRIOR to the date of the deadline. The date of the deadline does not count as "one business day." For instance, if your grant deadline is 5:00 PM on Friday, October 15, you must have your materials to your Community Director for review by 10:00 AM on Wednesday, October 9.

If you miss the main deadline, and expedited review is not possible, you will not be permitted to submit your grant. In reviewing your materials:

- We will check for any errors in data preparation or representation of your Project's relationship with CultureTrust.

- We also may offer recommendations about how your proposal could be strengthened. If extensive revisions are necessary (in our opinion), we may recommend that you seek additional support through a grant or development writer in our network.

- We also check to see if what you are pledging/promising in the grant might represent a risk for the Project, if the grant or donation were to be awarded

The increasing focus on “grant/gift matching” in the funding community can lead to Projects over-promising in budget size and deliverables. “Gift matching” means a funder requires or encourages a one-to-one or greater match to be raised by the Project from other sources to secure their support.

Calibrating and developing the worst-case strategy for a grant where matching is required can be a tricky business. What happens if you get the grant but can’t make the match? We will help you troubleshoot and manage the risks involved in this situation.

CultureWorks has the right to prohibit a grant submission, campaign, or fundraising event from happening if we feel that it is severely sub-par in planning and preparation, or if we feel the proposal, campaign, or event may place the Project in financial jeopardy.

RECEIVING CHECKS

Make The Check Out To Whom?
You can have donors and funders make fully tax-deductible contributions directly to “[YOUR PROJECT NAME] of CultureTrust Greater Philadelphia.” Most individual donors and some institutional funders should be comfortable with this explanation.

Make the following representations on application forms and solicitation materials:

In any place an applicant name is needed:
“<PROJECT NAME> of CultureTrust Greater Philadelphia”

Checks, grant agreements, and legal or banking documents are made out to:
“<PROJECT NAME> of CultureTrust Greater Philadelphia”

Identifying information about CultureTrust often requested by funders:
- Federal Employment ID Number (FEIN) for CultureTrust: 46-3109411
- Dun & Bradstreet Number (DUNS) for CultureTrust: 07-914-1967
- Date of organization: October 1, 2013

- Entity type: charitable trust (select “other” if not listed)
- Date of tax exemption: November 14, 2014
- Exemption type: 501(c)(3)

The business address for all mail, including applications and solicitations is:
<PROJECT NAME> of CultureTrust Greater Philadelphia
c/o CultureWorks Greater Philadelphia
The Philadelphia Building
1315 Walnut Street, Suite 320
Philadelphia, PA 19107-4701 | USA

Executive Director/Chief Executive Contact Information:
Jamaine Smith, President
T: 267 597 3801 | F: 267 597 3811 | jsmith@cultureworksphila.org

Project/Program Director Contact Information:
<>, Project Director
T: Your Telephone | C: Your Cell | F: 267 597 3811 | Your E-mail Address
Website/URL: www.cultureworksphila.org AND/OR: www.PROJECT_URL.org

REQUIRED LANGUAGE FOR SOLICITING DONATIONS

For consistency and accuracy, Project Directors must include the following charitable disclosure language on any solicitation letters, fundraising brochures, web pages, e-mails, pledge cards, business reply envelopes, and any other documents (electronic or hard copy) where contributions are being directly solicited.

For direct grants and contributions to CultureTrust:
<<PROJECT NAME>> is a program of CultureTrust Greater Philadelphia, a charitable trust declared in the Commonwealth of Pennsylvania. A copy of the official tax-exempt 501(c)(3) registration and financial information for CultureTrust Greater Philadelphia may be obtained from the Pennsylvania Department of State by calling toll free, within Pennsylvania, 1-800-732-0999. Registration does not imply endorsement.

REQUIRED RECORD KEEPING AND REPORTING

Reporting
It is the responsibility of the Project Director to create and deliver any reports required by funders or donors. CultureWorks will support these efforts with proofing and review of draft reports, advice on attachments and format, and by delivering financial reports to support your documentation. This process, however, must be led by the Project Director.

Credits
It is the responsibility of Project Directors to make sure that their Projects are complying with all funder, donor, and sponsor credit requirements, per any grant or sponsorship agreements.

Record Keeping
We ask that aside from the approval processes described elsewhere in this Guide that you send us a final copies of all grant LOI's and grant applications, whether hard copy and/or electronic applications. We would prefer these materials to be sent to the Trust Director electronically, as we are moving toward a fully online management system for CultureTrust overall. The better you are in keeping your files current with your Community Director, the better able we are to help you manage your grants. These documents, along with the various forms described in this section will help us support your fundraising needs.

CONTRIBUTED REVENUE

HOW TO RAISE CONTRIBUTED REVENUE

Fundraising comes in all shapes and sizes. But one thing remains constant: match your fundraising plan to your goal, resources, timeline, and funding base for best results. This section of the guide covers funding from grants, individuals, crowdfunding, corporate sponsorship, and benefit events, as well as understanding restrictions placed on the revenue you receive.

How To Apply For Grants
Grants are contributions from corporations, foundations, or government agencies usually administered according to a standardized application process. There are two kinds of deadline cycles for grantmakers:

Rolling Applications
Grants that have no set deadline. Usually such funders accept proposals at any time, review them, and you enter the above process on a “rolling” basis. There are also funders who have little-to-no formal process—usually family or individual-controlled foundations—where funding deadlines become rolling by default.

Deadline Applications
Grants with specific submission deadlines for both LOI’s and applications. Deadline-based funders usually follow a quarterly, semi-annual, or annual grantkmaking process that corresponds to meetings of their board of directors.

In both of the above cases, be sure to double-check the precise nature of the deadline, since there are three types:

- Postmark deadlines must be postmarked by a specific date and time (get proof!).
- In-hand deadlines (rare these days) where materials will need to be physically received by the grantmaker by a certain date and time.
- Electronic deadlines, which require you to submit all of information via an online form or by e-mail by a certain date and time.

Funders usually employ staff (“grant officers”) to manage the application process, and sometimes officers are responsible for making final funding decisions. Most prevalent today is a division of powers in which the grant officers are administrators of the overall process but do not make final decisions. A common grantmaking process looks like this:

1. **Letter of Intent (LOI) -** Grant officers work with applicants to address questions and manage the intake process, which usually (but not always) begins with a Letter of Intent (LOI). This is a short summary of your proposal – often following a specific format – that the funder uses to see if it’s worth reviewing a full proposal. LOI’s were created to save funders and applicants labor required for a full proposal if there really is no match at all with a funder’s priorities. LOI’s are sometimes reviewed by staff or a peer panel of experts, or both.

2. **Full Proposal – Staff or Panel Review -** Funders will often assemble ad hoc, usually volunteer, peer or other expert review committees to review proposals and make funding recommendations. This approach is meant to democratize grantmaking and ensuring proper expertise. Still some funders keep this review function entirely among staff. At the end, a set of proposals are recommended for funding to the funder's board or senior staff, whoever has final grantmaking authority.

3. **Full Proposal – Board or Management Review -** The staff then prepares the "finalist" proposals for approval by the foundation or agency's board of directors or senior staff, whichever has the power to make final grant decisions. In rare cases, individual foundation staff or board members have full authority to approve grants, but this is more the exception than the rule. This is sometimes called "discretionary" grantmaking, and usually entails smaller sums of money and lower risk. Some funders maintain "discretionary funding account"—pools of money for emergencies or from which staff may make smaller grants.

4. **Grant Award Agreement & Reporting Requirements -** As funding has become more formalized, it's rare that you simply receive the check for the full grant with the letter notifying you of the funding decision. Usually, you will receive an Award Letter, which is a pledge from the funder to give you the money. Some funders will either fund or not fund your full request; others may adjust your request at their discretion. Your Award Letter will specify the amount of your final grant. This is often accompanied by a Grant Award Agreement, a legal document that outlines when pledge payments will be made, reporting requirements, and other legal restrictions and terms of the grant including, most importantly, restrictions on how the funding may be used.

GRANT APPLICATION PROCESS

Applying and securing a grant is more an art than a science. Nevertheless CultureTrust provides a methodology that streamlines the process and increases your opportunity at success. Here are the major steps:

Do Your Research

We keep an ongoing list of deadlines for cultural sector grantmakers in the calendar section of this website. You can learn about grant opportunities as well as any special postings or information we want to share about key grantmakers in our community. We welcome corrections and additions to this calendar from Project Directors and the greater community at any time. Letting your peers know about upcoming deadlines does not diminish your chances of getting a grant. We can all benefit more from shared knowledge.

Check for eligibility, mission-match, and troubleshoot barriers.
Make sure your Project and CultureTrust (or CultureWorks, if you are applying indirectly) are eligible for funding and that your Project is a good match to a funder's priorities. Always read carefully what they do not fund.

Fiscal Sponsorship & Grants
PLEASE NOTE: the potential "fiscal sponsorship" barrier: Although CultureTrust is not a fiscal sponsorship organization (aka "pass-through" umbrella for grants) but a comprehensive fiscal management organization, certain funders remain unconvinced. We are actively advocating with and educating the funding community about the differentiation and benefits in our operational approach. We usually work on a case-by-case basis. So if you encounter a funder with the following policy concern or process barrier, the sooner we know the better, so we can advocate on your behalf:

- **Policy Concern**: Some funders are philosophically opposed to working with organizations they perceive to be simply "fiscal sponsors" and assume that's what CultureTrust is. Our approach is to meet with them, present our arguments and address questions, and hopefully convince the right decision makers that CultureTrust provides the fiscal oversight and grant management they require for their funding requirements.

- **System Functionality**: This can present a greater challenge. Many funders build their online systems (and hard copy review policies) to only accept one application per Federal Employment Identification Number (FEIN), not recognizing that multiple Projects can operate under one FEIN. They build their systems with the assumption that there can only be one grant per FEIN at any given time. This can be a difficult barrier to overcome, but more and more funders are changing their systems to work with structures such as CultureTrust. Still we will need to work together to advocate that the funding community change both their policies and corresponding systems in the interest of creating greater efficiency and impact.

Let us know your intentions.
Contact your Community Director and let them know that you intend to apply for a grant, so we have a heads-up. We can help with many of these preliminary processes, as we are familiar with many grantmakers, locally and nationally. And mentioned above, if there seem to be barriers, we are interested in helping you work through them as best we can.

Set up an account.
While most grantmakers today have moved their grants management process entirely online, with LOI's and applications (including attachments) all submitted electronically, there are still some funders that require hard documents to be submitted (or some ask for

both). For hard copy applications, no account set up is needed. For online applications, CultureWorks will need your login information to be able to review and approve your application before it is submitted. Once you've set up an account, send your Username and Password to your COMMUNITY DIRECTOR.

Fill Out the Basic Information.
When filling out the basic informational sections on the grant Letter of Intent (LOI) or application, please refer to the information provided earlier in this section for guidance and essential data points. Most grants have a "mission and history" section, which needs to be handled in a blended way. As part of the Toolkit section of this website, you can access various lengths of program histories for CultureTrust, which you will need to integrate with your own Project's to create one history narrative. Concerning mission statements, you should follow this model:

"CultureTrust Greater Philadelphia provides a charitable home and affordable shared management resources for arts and heritage programs of diverse disciplines and cultural traditions." <<PROJECT NAME>> is a program of CultureTrust, <<PROJECT MISSION>>"

Draft the narrative(s) and budget(s) and secure CultureWorks' approval.
You will be responsible for generating the grant narratives (whatever are required) and Project budgets for your proposal. These must be approved by CultureWorks, per the approval guidelines.

Assemble attachments.
Essential to any grant is a set of attachments. Some are standard—usually those relating to the organization's corporate management and standing—but there are often Project-related attachments. You are responsible for assembling all of the attachments, in particular Project-related materials.

The standard institutional attachments for CultureTrust and CultureWorks are available in the Toolkit section of this website. You will need to append your staff and board/committee lists to the management staff lists provided by CultureTrust. Standard attachments included in the Toolkit are:

- Board and Staff Lists
- IRS Tax Letter
- IRS Form 990's (most recent two fiscal years)
- Financial Statements (most recent two fiscal years)
- Bureau of Charitable Organizations (BCO) Certificate
- General Operating Budget (current fiscal year)

Submit your proposal.
It is the responsibility of the Project Director to submit the grant in the manner required by the funder and by the deadline. Funders will not under any circumstance offer extensions or exceptions to deadlines.

Communicate award notifications and grant management.
Since you will be listing CultureTrust as the address for your application, notice will likely be sent to CultureWorks, or you will receive an e-mail notification if you include your contact on the grant application form. Either way, you must inform the Trust Director of any grant award (or decline) notices. Likewise, we will notify you of any correspondence from a grantmaker.
Once a grant has been awarded, you are principally responsible for managing your grant. CultureWorks will support your work through advice, the approval processes outlined earlier in this section, and by providing financial reports. You take the lead, but we are managing your grant together.

INDIVIDUAL DONATIONS

Asking for contributions from individuals is often the best way to bring in charitable funds for a new Project. Individuals make up more than 75% of all giving to the charitable sector in the United States—far more than foundations and government contribute. Also, most individuals will not have the policy or systems barriers that institutional funders often have.

Individuals are motivated to give primarily because they like or believe in your work, not because they need a tax break. And the most reliable and predictable revenue for Projects is individual giving. There are several approaches to developing individual donors.

Giving Campaigns (Email & Direct Mail)
A giving campaign remains the most basic approach to individual fundraising. Even though they are increasingly conducted online via bulk e-mail, direct mail is still statistically competitive in results. Generally a campaign requires a good basic set of mailing/e-mail lists, a clear and simple pitch about your work, and a simple reply donation method (sending in pledges/gifts or donating online). Many Projects use traditional “giving levels”—systems of tiered giving that encourage (often through the addition of donor benefits) higher or specific levels of giving.

Giving Circles
Giving circles are growing in popularity. They are generally groups of donors assembled around a common interest or affinity who pledge a fixed amount of support each year over a series of years. Instead of “ratcheting” people up a giving level system ($100 one year, then asking for $250 the next), giving circles allow people to “fix” their giving, but make

pledges over time to a Project. This is more attractive to middle-income donors who may not be wealthy, but who can contribute meaningful amounts each year. $500 to $1,000 per year is a popular range for individuals in giving circles. Think about it, if you can get 10 people to pledge $1,000 per year for two years that's $20,000 in locked-in contributed revenue!

Membership
Membership takes many forms, from very informal concepts such as, "We consider all of our donors 'members'", to giving levels associated with specific benefits and perks. In the latter case, membership is often a blended financial relationship with only a portion of the member's donation tax deductible.

Planned Giving
Planned giving describes a range of rather exotic giving instruments from pooled income gifts to bequests and charitable gift annuities that are usually made by people toward the end of their lives or after retirement age. This kind of giving requires specialized tax advice and legal counsel. If the opportunity for a bequest or other planned giving-type contribution arises, CultureTrust can receive most kinds of planned-giving contributions. However, the Trust won't accept an obligation we can't pay for. And the Trust's expenses in monitoring and administering a gift will be charged against the Project that receives the gift.

Major Gifts
This level of giving has no fixed definitions. What is a "major gift" for one Project may not be for another. CultureTrust considers any single gift over $250 a "major gift." Major giving requires active and long-term cultivation—the process of developing a close relationship with a donor, learning about their interests, and then transforming those interests into financial support for your work. You can "prospect" major donors, and initiate a relationship by inviting them to programs, lunches, or other occasions so that they can learn about your Project. Some may come to your work through other channels. CultureWorks can offer advice on developing and managing these relationships and when/how contributions may be solicited most effectively.

CORPORATE SPONSORSHIP

Corporate sponsorship is largely an earned revenue relationship, in which a for-profit corporation (or other entity) makes a contribution to a nonprofit in exchange for advertising, promotions, perks for their employees, and other benefits that have a determinable cash value. As discussed earlier, these are usually "blended" transactions, in which some of the contribution may be tax-deductible—whatever is left over when the fair market value of the goods and services received by the corporate for their contribution is deducted.

Valuing your “property.”
The first step in creating a sponsorship campaign or appeal is to “value your property,” which is the industry lingo for figuring out the cash value of what you can offer a corporation in exchange for their involvement in your Project. This can include the fair market value of the advertising you might offer—how many “impressions” of the corporation’s logo would you offer on e-mails, direct mail pieces, radio spots, print ads, etc.? This could also include the value of VIP events for sponsors, point of purchase advertising, perks for corporate leaders and staff, etc.
Once you have all of what you can offer valued and listed, you can think about setting goals and sponsorship levels. Most of the things you should offer are items or advertising that you plan on doing anyway, but that the sponsor can piggyback onto. You don’t want to go out and spend a lot of money just for sponsor benefits, unless they also will benefit your project, such as additional advertising.

Setting goals and levels.
Once you have a sense of how much you can offer, you set sponsorship levels—prices and the benefits that go with them—and set overall goals for how much you think you can raise from sponsors. There are no hard and fast principles about where to set levels, but as a general rule of thumb you want your levels to exceed the values of the benefits at each step.

Picking the right sponsor prospects and co-branding.
You need to be mindful of the kinds of sponsors you choose to associate with your Project. The goals and missions of both your Project and the sponsor need to be aligned at some level for a sponsorship “deal” (the industry term) to work. Both sponsor and Project need to benefit. It may mean sponsors reaching new audiences for their products or services. It may mean higher level networking for the sponsor, facilitated by their involvement in the Project. There are no fixed models. Start by selecting prospects based on mission and market match or empathetic connection, then start your conversation with the sponsor (usually through their external affairs or marketing department) and learn more about their needs and how you can tailor sponsorship benefits to them. Most large corporations have both a marketing budget and a philanthropy set-aside or foundation, so you may be able to do a “blended deal” with funds coming from both pots of money.

Creating Sponsorship Agreements and managing your sponsors.
The last step in any “deal” is to create a clear Sponsorship Agreement in which the terms, costs, benefits and other details of the deal are laid out. These look like service contracts—we’re paying you $X and you are doing Y for us. It is important to manage closely to this Agreement. CultureTrust can help put the Agreement together and administer its terms.

Advertising and Sponsorship

CultureWorks members with projects under Track 2 who wish to engage in *advertising* or *sponsorship* through any of the below activities must fill out this form prior to printing or undertaking the activity:

- Producing fundraising, gala, and opening events.
- Printing stage bills, brochures, and marketing/sponsorship campaign materials.
- Offering membership programs and campaigns with benefits ("perks").
- Launching crowdfunding campaigns for which benefits are offered.

Why do we want to gather and review this stuff?

First, we often can assist with pricing and presentation of these materials to ensure greater success. Second, we need to determine whether you are engaged in selling *advertising* or offering a *sponsorship* relationship. Both entail different accounting and regulatory reporting requirements.

For example, selling advertising in a stagebill or brochure is a commercial activity not covered under nonprofit tax-exemption, and the income your project earns may in fact incur Unrelated Business Income Tax (UBIT). This doesn't mean it's illegal to sell advertising as a nonprofit. We simply need to report it to the IRS in a different way, and there may be taxes that need to be assessed on accompanying income.

What's the difference between advertising and sponsorship?

We define *advertising* as anything that actively promotes goods or services, regardless of whether they are being offered or sold by a for-profit company or nonprofit organization. If a company list or "ad" contains any of the below attributes, it's likely going to considered advertising by the IRS:

- Qualitative language (favorable qualities, benefits and claims).
- Calls to action.
- Comparative language (e.g., "leader," "largest," "the only").
- Price and value information.
- Inducement language (e.g., rewards programs, warranties).
- Language that expresses a view about a matter of public interest.
- Awards, favorable reviews, endorsements, testimonials.
- Personal pronouns (e.g., "you," "we").
- Health-related impact claims.

In general, we recommend avoiding pure advertising and focusing on sponsorship as a means of raising funds for your project and building relationships with corporate and nonprofit supporters.

We define *sponsorship* as the contribution of cash or in-kind goods or services in exchange for some manner of public recognition or other valuable benefits that are perks to the sponsor. These benefits could include such things as food and drinks at an event, tickets to your shows, merchandise, and print or display *acknowledgement.* (Note, we did *not* use the term advertising!)

Sponsorship may entail advertising-like gestures, such as the publishing or display of logos and company names, but unlike advertising, such displays or published content are not accompanied by the attributes or content described above. Simple presentation of a logo, company, or funder name, in particular with such language as "PROJECT NAME is grateful for the support of COMPANY NAME", or "COMPANY NAME proudly supports "PROJECT NAME", constitute *acknowledgement*, not advertising. There is ample audience research that tells us that audiences for arts and culture prefer this mode of learning about a company and its work over the more aggressive and promotional language of typical advertising. Here are some pointers in designing acknowledgements:

- **Keep it Clear** - State who you are, what you do, and where people can learn more. Operating divisions and subsidiaries may be named.

- **Focus on Features -** Instead of "fast and safe," say "240 horsepower and side-curtain airbags."

- **Reference Current Creative** - Uses of established, non-promotional slogans are fine and broader themes often emerge from existing ad creative.

- **Acknowledge Mission Alignment** - Where possible, underscore alignment with your project's mission and work.

Do sponsors get a tax write-off for their contributions?

Yes, they may, but there's often a catch. In most cases, the tax deductibility is less than the value of the contribution they made to your project *because the sponsor is often getting goods and service in return.* This is why we ask you for both the cash and in-kind value you are soliciting from your sponsors as well as the quantity and value of perks they get in return, so that we can guide you in the right acknowledgement for their tax purposes.

Remember, a pure gift or donation is defined as cash, goods, or services that are contributed and *no goods or services are given back to the donor in exchange.* In this case, the donor may write off the full value of the gift, to the extent permitted by law.

Since sponsorship often entails some perks, the value of the perks that the sponsor receives in exchange for their gift *are not tax-deductible*. For example:

A sponsor signs up for your $500 Patron Level sponsorship level for your annual fundraiser and attends the event. At the event, the sponsor has dinner and a few drinks (estimated value $50), gets a company t-shirt (value $25), and a print acknowledgement in the gala book (value $100).

When we write the acknowledgement letter for their contribution, we need to subtract the value of the goods and services the donor received at the event ($175), making the tax-deductible portion of their Patron Level sponsorship only $325. Make sense?

As you can see, the pricing of sponsorship packages and structures can be tricky. We can help you work it out and ensure that you are making money (and not losing it!) through your sponsorship structure. We also need to understand the above data in order to make sure we're reporting your income properly and sending the right acknowledgments to your supporters.

FUNDRAISING EVENTS

CultureTrust supports fundraising events of all kinds. We can also provide access to additional support through our network of fundraising professionals and vendors, depending on the kind of event you're working on. While fundraising events come in all sizes and variations, there are a few common models to consider:

The Friendraiser

It is a good practice to hold events that are less about generating money and more about widening your circle and getting the word out about your work. These are affectionately called "friendraisers." They come in many forms, from intimate home gatherings to formal lunchtime presentations to happy hour events and larger bashes. Many people call these events "fundraisers" and then are frustrated when they don't bring in any money. The problem (and disappointment) is only in a misalignment of intentions and execution: people often confuse friendraisers with fundraisers, even though both should contain elements of each other. These can be worthwhile, but be sure and think about how much time and money they will cost relative to the "return" in new relationships and awareness—especially if there is no plan for them to generate money. Sometimes people throw friendraisers with a revenue plan to follow up with a contribution request at the event itself or afterwards. This is a viable strategy, but you need to have a solid plan to follow up with solicitations after the event, which entails a lot of work without guaranteed returns. As a rule, most people will not make contributions on the spot at an event, so don't count on that. Rule of thumb: keep these kinds of events simple and cheap and hedge your bets on contributions.

The Great Party

The best way to bring in money from events is to throw a great party, get all or most of the production needs contributed in-kind, and charge a ticket price so that you can net some cash proceeds. As discussed above, the issue with friendraisers is that you can throw a great event and still not walk away with any funds. The best way to guarantee some revenue is to create an event out of contributed resources (space, entertainment, food, drink, etc.) that is valuable enough that people will want to pay for it. This is a good model for Projects new to event fundraising. It is often built around a lower ticket price, but higher capacity for attendees (pulling in friends and family) instead of relying on having enough people with deep pockets attend to drive a higher ticket price event. You can add to this approach such features as raffles and auctions as a means of seeking corporate sponsors, though most corporate sponsorships will not be in cash, but in-kind product and service contributions.

The "Rubber Chicken"

The "rubber chicken" event—affectionately named for the frequency of overcooked chicken on the event menus—is the classic formal fundraiser, usually entailing high production values including location (a hotel or other catering location), extensive catering, a higher ticket price ($100 and up), and entertainment. These events are usually the domain of organizations and Projects with a fair amount of fundraising history that have cultivated a group of donors capable of higher level giving. They are led by a committee formed specifically to drive the event. Attendance is generated by the networks of the committee members and whatever professional relationships the organization has developed. These are very labor- and cost-intensive events and should only be undertaken by Projects that have the right volunteer leadership to organize and execute the event.

The Private Dinner

This is often a good way to start cultivating higher-level donors. You need to start with someone with a good house for hosting parties and a decent rolodex of people whom they are willing to invite to the dinner on your behalf. You agree on a size for the event (usually something pretty intimate) and have the dinner, offer a presentation about your work, and (in the best case) the host makes an appeal for support for your work. Although sometimes people give on the spot, usually these events require follow-up work.

Alcoholic Beverages & Fundraising Events

It is illegal to sell alcoholic beverages of any kind (wine, beer, liquor), even for a fundraiser without a license in Pennsylvania. If you do wish to sell alcohol, the Commonwealth of Pennsylvania Liquor Control Board does offer temporary licenses to various kinds of charities. There are application fees, and it takes about a month to process applications. CultureTrust supports applicants seeking these licenses, but any costs will be allocated to your Project. More information is available at www.lcb.state.pa.us. Otherwise, you can provide alcohol gratis as part of the general amenities of the event, like the food and entertainment that may be included in an overall ticket price for your event. You are still responsible for checking IDs or otherwise ensuring that liquor is not being served to under-aged persons (under age 21 in Pennsylvania). CultureTrust does carry liquor liability coverage as part of its General Liability policy, which is designed to cover fundraising events where liquor is being offered.

CROWD-FUNDING AND ONLINE CONTRIBUTIONS

CultureTrust currently maintains a relationship with Generosity by IndieGogo, which entitles projects to the lower charitable fee rate for contributions, and for donations to be tax-deductible. Funds contributed to your Project on Generosity by IndieGogo are also deposited directly to your account at CultureTrust. There are two ways of working with crowd funding organizations/websites:

1. Open an account in your Project's name on Generosity by IndieGogo. During the setup, you indicate you are raising funds for a nonprofit and enter CultureTrust's EIN. Funds go directly to CultureTrust's bank account, and will be earmarked through Generosity by IndieGogo for your Project, so we can identify them when they arrive in our bank account and allocate them to your Project. In this instance, contributions to your Project may be tax deductible.

2. Open an account in your Project's name on a crowd-funding site other than IndieGogo. Provide us with the login information so we can connect CultureTrust's bank account to the site.

In both cases the fees that the crowd funder charges are not absorbed by CultureTrust. They are separate and must be taken into account when you're choosing a crowd-funding platform.

Perks
Most crowdfunding sites encourage you to give a benefit or perk to donors at a variety of giving levels. You will decide and indicate during setup of your crowdfunding page what levels warrant a giving incentive, and what those perks are. They can be as simple as listing the donor's name on your Project's website, or much more elaborate. They do not have to cost your Project money, and in fact, should be as inexpensive as possible to maximize the revenue your Project gets to keep from online donations. Many Projects solicit donations of items or services that they can use as a donation perk, or offer Project-branded merchandise. Access to artists or another "insider's" look at the Project can be a compelling

incentive that costs very little. Note that the market value of the perk received by a donor is NOT tax deductible. If someone gives $10 and receives a button in return that typically sells for $1, then the tax deductible portion of their donation is $9. One reason IndieGogo and other crowdfunding sites say that donations may be tax deductible is because, in rare cases, the value of the perk received by a donor exceeds what the individual donated. This could happen if the perk was donated in-kind to the nonprofit, and then given to a donor at a funding level below its market value.

Online Contributions
This website maintains a basic online giving portal for all Projects under CultureTrust. You can link directly to this page from e-blasts and your own website to allow for ongoing online giving to your Project. All contributions are made directly to CultureTrust and deposited to your Project's subtrust account. This giving portal uses PayPal, and fees are charged for credit card processing. The PayPal fees are likewise not absorbed by CultureTrust – they are deducted from the donation before the deposit to your Project is made.

REVENUE RESTRICTIONS

All funds (earned and contributed) are restricted for use by the Project that received them and cannot be spent on other Projects under CultureTrust. There is no "borrowing" funds among Projects, and CultureTrust does not maintain a revolving Line of Credit or cash reserve for temporary lending to Projects for cash flow purposes.

Within each Project, funds are "sub-designated" as restricted to a specific purpose within the Project (such as artist fees, or travel), following funder and donor restrictions, or "unrestricted," meaning they can be spent on any Project cost, as approved by CultureTrust under advice from the Project Director.

Contributions restricted for a specific purpose by a donor or funder may not be allocated or spent for purposes other than those specified by the funder, unless written permission for re-allocation is secured from the donor or funder.

IN-KIND REVENUE

In-kind revenues (and expenses) are non-cash contributions of services and labor (time), materials, technology, and other goods. Because in-kind contributions substitute for an expense (you would otherwise have to pay for the services or goods), CultureTrust accounts for any in-kind contributions as both revenue and expense. They must balance each other out on both the income and expense side of the Project.

CultureTrust will acknowledge all in-kind contributions through a letter describing the nature and amount of the contributed goods or services, the Project to which they were given, and the date(s) of contribution. CultureTrust will not provide or acknowledge to the contributor a cash value for in-kind contributions.

It is the responsibility of the contributor to provide to their accountant and the relevant taxing authorities the value of their contributed goods or services, which may be accompanied by CultureTrust's letter. CultureTrust may however, if desired by the Project Director, record a cash value for the in-kind contribution in its bookkeeping for the Project.

EARNED REVENUE

Most Projects will deal with two types of sales over the course of their public life: admissions or fees, and items or merchandise.

Admissions
Admissions can take many forms from single ticket sales to season subscriptions.

Fees
Fees can be equally broad and can include class or performances fees or fees for use or display of artifacts or their reproduction for photography or video.

Merchandise
Items or merchandise for sale can be tied to a production – such as t-shirts or mugs featuring a company or production photo or log – or can be the complete contents of a permanent or temporary gift shop, whether it is a physical space adjacent to an exhibit or historic site or online on a Project's website.

Gallery Sales & Artist Commissions
CultureTrust suggests the following formula for pricing artwork to be sold on a commission based model. This allows both you and the artist to receive your full commission from the sale and have your overheard covered.

Price of Piece
+ 8% Sales Tax (charged to buyer)
+ 12% CT fee (included in price)
= Total Cost of Goods Sold

Example:

Price of Piece: $100 ($80 to Artist, $20 to your project)
+ $8 (Sales Tax) calculated separately
+ $12 (CT overhead)
= Total Price of Piece for Buyer: $120.00

We receive the $120, assess our 12% fee, process the sales tax, and pay the artist their percentage of the sale (in the example it was 80%, but you decide this). Project Directors are free to set admission price for an event at the level you deem appropriate for your event. The same hold true for the pricing of items and merchandise. If a Project Director is unsure about a proper pricing structure, she or he can turn to CultureTrust and CultureWorks are general advice or referrals.

All earned revenues, including contracts, admissions, sponsors, fees, merchandise, and similar transactions should go directly to CultureTrust:

Wherever a contractor or payee name is needed:
“<<PROJECT NAME>> of CultureTrust Greater Philadelphia”

Checks and other legal or banking documents are made out to:
“<<PROJECT NAME>> of CultureTrust Greater Philadelphia”
Federal Employment Identification Number (FEIN) for CultureTrust: 46-3109411
Date of formation: October 1, 2013
Entity type: charitable trust (select “other” if not listed)
Date of tax exemption: November 14, 2014
Exemption type: 501(c)(3)

Sales Tax
Physical items, such as books, or prints are subject to sales tax, no matter who is selling them, even nonprofits. PA sales tax is currently 8%. CultureTrust will remit sales tax proceeds to the state on each Project’s behalf. There are two ways to deal with this cost:

- Add it to the cost of the item you’re selling before you collect your customer’s payment. This is the way it’s done by most businesses – you’ll see the sales tax total on nearly every receipt you receive. It’s a standard part of being a customer.

- Charge a flat fee for an item, and we’ll deduct the sales tax from your sale before depositing the revenue into your subtrust account. This may be an easier solution if you’re doing cash sales at an event, or another situation where making change may be too difficult or time-consuming. If you choose this option, remember to set your item price high enough to cover the cost of sales tax, since it will be deducted from your totals.

ACKNOWLEDGING DONORS

Contributions of Cash and Securities
CultureTrust will acknowledge all single gifts of $250 or more with a written acknowledgement letter, copied to the Project Director. CultureTrust will issue receipts for any other donations below $250 at the request of the contributor. CultureWorks issues a report at the end of each week to the Project Director of all contributions made in the last preceding week, including full contact information so that the Project Director may issue her/his own acknowledgements and/or write acknowledgements for gifts below $250. Ultimately, all funder relationships are yours to develop and manage.

In-Kind (Non-Cash) Contributions
CultureTrust will acknowledge all in-kind contributions through a letter describing the nature and amount of the contributed goods or services, the Project to which they were given, and the date(s) of contribution. CultureTrust will not provide or acknowledge to the contributor a cash value for in-kind contributions. It is the responsibility of the contributor to provide to their accountant and tax authorities the value of their contributed goods or services, which may be accompanied by CultureTrust's letter. CultureTrust may however, if desired by the Project Director, record a cash value for the in-kind contribution in its bookkeeping for the Project.

Pledges
CultureTrust will also book and manage pledges, which are promises or commitments (formal and informal) to contribute funds to a Project. These include grant award letters (issued in advance of the grant monies be paid), as well as letters and electronic communications promising specific contributions. CultureTrust can only acknowledge a pledge if received in written form (electronic or hard copy).

REQUIRED FORMS

Benefit Event Form
For fundraising events, we ask that you fill out an event form detailing the nature and elements of the event. This is so we can help you manage the events financially and troubleshoot risks, as well as advise on production elements and places where you might need special insurance or permits. The form will also capture the key financial goals and attributes of the event, so we can accurately account for them and help you with donor stewardship. Forms are available in the Toolkit.

In-Kind Contribution Form
Since in-kind contributions don't arrive in the form of a check, we need to be able to record the key elements of in-kind contributions. We ask that you fill out an in-kind contribution form, which records the date, donor, and quantity/nature of the goods and/or services that were contributed. This allows us to issue an acknowledgement of the contribution and account for it accurately in your Project's financials. Forms are available in the Toolkit.

Sponsorship Form
If you plan to seek corporate sponsorship, we ask that you submit a Sponsorship Form, which includes some key facts about your campaign or event and outlines the sponsorship levels, and provides values for the benefits ("perks") for each level, as well as the desired buy-in cost for each level. This is so we can troubleshoot problems and help you maximize the value of your campaign as well as have all financial estimates and data in one place for our accountants and bookkeepers. That way we can help you manage your relationships with sponsors. Forms are available in the Toolkit.

SPENDING MONEY

THE ESSENTIALS

- CultureTrust requires thorough documentation of expenses BEFORE a Project enters into an agreement to spend money. This is to protect the Project from overextending its commitments to pay beyond what it can reasonably fund. This policy applies to purchases, vendor services, and hiring individuals.

- Projects must adhere to CultureTrust's four basic rules for expense management.

- If a Project's bank account has insufficient funds to pay all of the outstanding requests, bills will be paid in the order prescribed in the Guide. Project Directors are paid last.

- Project Directors must submit Expense Requests in the Portal by Monday at 8am to be fulfilled by the end of that week. All Expense Requests after 8am on Monday will be processed the following week unless noted as a "rush" request, which is accompanied by a $50 charge per request. If Monday is a holiday, the deadline for that week will be pushed back one day to Tuesday at 8am.

- Payroll is run once per month. Accounts payable (bills) are paid twice per month.

- Checks may be cut outside of the regular schedule on a fee-per-check basis, pending CultureWorks staff availability.

- Projects are required to hold a minimum balance in their account once they reach a total of $5,000 cash-in/cash-out OR once they sign an agreement with an employee or vendor for ongoing payments.

- All vendors/contractors must have an invoice to be paid. Invoice must be sent electronically must be done so as an attachable document.

EXPENSE MANAGEMENT

EXPENSE MANAGEMENT GUIDELINES

1. You can only make payments against cash funds available in your Project account. Uncollected receivables (expected revenues) don't count.

2. If funds have been designated or restricted by a donor or CultureWorks, you can only spend them for those purposes; all other funds are "unrestricted."

3. Projects must have on hand 50% of the cash value of any multi-payment, fixed-fee contract before the contract is accepted and signed by CultureTrust.

4. At all times, projects must maintain enough cash to cover the current month and two future months of all leases, hourly contractor, monthly retainer, and/or employee agreements. Example: Cash to cover current month (April) + May & June.

HOW DO WE ACCOUNT?

CultureTrust utilizes the cash method of accounting. The cash method accounts for revenue only when the money is received and for expenses only when the money is paid out.

HOW DO WE SHARE FINANCIAL INFORMATION WITH YOU?

CultureTrust will provide the following standard financial reports for your project by request:

Profit & Loss Statement
A profit and loss statement (P&L) is a financial statement that summarizes the revenues, costs and expenses incurred during a specific period of time, usually a fiscal quarter or year. (from investopedia.com) Note: CultureTrust P&L Statements show income AFTER the 12% CultureTrust Fee has been subtracted.

Balance Sheet
A statement that shows the financial condition of a company at a particular time by listing the amount of money and property that the company has and the amount of money it owes. (from merriam-webster.com)

Cash Flow Projection
A forecast of the cash (checks or money orders) a business anticipates receiving and disbursing during the course of a given span of time. It is useful in anticipating the cash portion of your business at specific times during the period projected. (from ventureline.com)

SPENDING APPROVAL AND EXPENSE REQUEST SCHEDULE

CultureWorks employs a four-part, internal approval process for all contracts and financial transactions for Projects under CultureTrust. Processing and final approval of all financial or contracting-related requests will usually take a maximum of 5 business days. Depending on volume of requests and staff workloads, it could take less time. Each request follows the same process:

1. **Project Directors need to submit Expense Requests in the Portal by Monday at 8am**. If Monday is a holiday, the deadline for that week will be pushed back one day to Tuesday at 8am.

2. The Internal Coordinator (Business Operations Coordinator) checks all requests submitted electronically via the CultureTrust Online Portal System on Mondays and Tuesdays to ensure all necessary information is present and correct.

   If an Expense Request requires additional or adjusted information from the Project Director they will be notified by **Tuesday at 12PM** and will need to supply updated information by **Wednesday at 12PM**. If information is still not correct or has not been supplied, the Expense Request will be pushed to the following week's payment cycle.

3. The Finance Director checks your request against your Project fund balances and finances to ensure that it complies with our financial management policies, and then signs off.

4. Your Community Director then reviews the request in the context of your approved Project budget and description, and signs off on the transaction documentation.

5. Your request or contract is delivered to the Trust President for final signature and approval for release of funds.

All Expense Requests will be approved by all internal reviewers (Community DIrector(s), Internal Coordinator, Finance Director, and President) by **Wednesday at 5PM**.

All expenses will be fulfilled (this may be my check or electronically depending on the request) on Thursday. **Checks will be ready for pick-up by 12PM on Friday or mailed by 5PM on Friday** depending on the instructions in the Expense Request. If you've requested payment for a date in the future, your approved request will be scheduled for the corresponding round of payments.

MAKING PAYMENTS

CultureWorks, according to policies set by CultureTrust, adheres to a set schedule of making payments, processing payroll, and reconciling all Project accounts:

Employee & Hourly Contractor Payroll
Payroll for all W2 employees and hourly contractors (1099MISC) is processed by the 5th business day of each month (excluding national holidays) for the pay period beginning on the 1st of the previous month and ending on the last day of the previous month. Payroll Reports are due from Project Directors by 5pm on the last day of the month.

For instance, for all hours worked in April, Project Directors will tally what their employees worked from April 1-30, and turn in the Payroll Report by 5pm on April 30th. Payroll is processed May 5, with checks available 2-3 business days after that.
Any Payroll Reports received after the deadline will be processed in the next payroll cycle or allocated an $80 fee for late processing, if ordered by the Project Director.

Employer-Employee & Sales Taxes
These taxes are the only taxes not subject to federal exemption for charities, therefore they are the responsibility of all Projects under CultureTrust. Pennsylvania sales tax is currently 8% for taxable goods.Taxable items include material goods (such as merchandise) only, not tickets, admissions, or service fees. Employer-employee taxes (Federal Income Tax, Unemployment Compensation, and others) as well as any applicable sales taxes are allocated monthly in conjunction with payroll processing and based on any taxable merchandise sales conducted that month by the Project. All Projects of CultureTrust are exempt from Federal Unemployment Tax Allocation (FUTA) through its federal tax exemption.

Insurances
General Liability insurance is assessed and allocated once per year (according to the term of CultureTrust's policy) for each Project. This cost is allocated at the start of the insurance year for each Policy and must be allocated in full in a lump sum, even though it is included in the base 12% administrative allocation for all Projects. The amount of the lump sum is deducted from the first/next 12% administrative allocation following the opening of a new subtrust account, or the annual renewal date of the policy.

Directors and Officers insurance, which also is renewed each year by CultureTrust, is included in the 12% administrative allocation and is not subject to a lump sum allocation.

The costs of any special insurances (health, professional liability, real property, etc.) are allocated in full from the applicable Project at the time the premium is due, per the terms of the insurer.

Payments for a Project will be made in the following priority order, if there are not sufficient funds to cover all current and past-due obligations:

1. Administrative costs allocated to CultureTrust's administrative support
2. Outstanding employer tax or sales tax obligations
3. Outstanding insurance costs (if special insurances are in force)
4. Third-party Project vendors other than the Project's leadership team
5. The Project's leadership team (employees and key contractors)

The core Project team and employees get paid last if there are short-term or significant Project financial shortfalls since they are the most invested stakeholders in the Project. If the Project's fundraising falls short of goals, the Project's moral responsibilities are to outside vendors and service providers before its core Project team.

CORPORATE CHECKS & ONLINE TRANSACTIONS

CultureTrust makes all payments by corporate check or online at the discretion of CultureTrust and its administrator CultureWorks. Payments will not be issued in cash/currency, and CultureTrust does not maintain petty cash accounts for Projects. CultureTrust does not provide bank cards to Project Directors for covering COD or credit card purchases. CultureWorks can make electronic or credit card purchases directly (via a Purchase Order) for Projects, or Project Directors may front small costs and be reimbursed from the Project account.

We realize that leading up to special events, production openings, or other circumstances, there may be a great many smaller discretionary COD purchases—last-minute runs to the hardware store or supermarket, for instance. **For these situations**, we can issue pre-paid, VISA PEX cards tied to the CultureTrust bank account. These track individual purchases, and still allow for a fixed sum of money to be approved and allocated, while providing some discretionary spending capability to the Project Director. PEX cards can be requested by submitting a PEX Card Request Form located in the toolkit. PEX cards are meant to function like petty cash in off-site or emergency situations or related to specific events, not to replace regular expense requests.

Direct deposit of salary payments are available for employees of CultureTrust for an additional charge. Any special payment methods requested by the Project, such as money orders, certified checks, Electronic Funds Transfers (EFT's) to foreign banks, currency exchanges, or other means not mentioned in the above paragraph carry additional handling and bank charges that will be allocated to the Project.

MINIMUM FUND BALANCE REQUIREMENTS AND LOANS

Once financial activity of greater than $5,000 in throughput (cash-in/cash-out) has been achieved through your Project's account, the cash balance for all individual Project subtrusts must remain at a minimum of $250 or more at all times, unless the Project account is being closed. This is to guard against situations in which a bill comes due earlier than expected, or a payment to the Project is late.

From time to time, a Project still may find itself in a cash flow tight spot, without enough funds to cover a payment due. CultureTrust cannot pay more than the cash funds currently in a project's account. Nevertheless Project Directors have the option to seek short-term loans – either from third parties (such as a member of their team) – or provide it to the Project themselves as a last resort for meeting expenses.

Project Directors may sign a Conditional Third Party Loan Agreement under the following terms:

- No interest or debt cost may be charged.
- The Project Director must attach a debt repayment plan, even if the Project Director is the third party lender.
- Any balance remaining on the loan as of June 30 (or the end of the fiscal year in which the loan was made) regardless of when the loan was taken out, will automatically convert to a charitable contribution and will no longer be an obligation of the Project.
- No individual or collective loans to any one Project can exceed $5,000.

FEES AND EXTRA EXPENSES

In special cases, Project Directors should plan for fees and extra expenses that may be incurred in the course of running their Projects. These include:

- **Rush Payments** – If a check is needed outside of the regular payment schedules listed above, additional fees will apply. Vendor and contractor payments cost $50 to process out of cycle; payroll checks cost $50 plus the variable payroll processing fee, which runs between $30-$50. This charge will be allocated to the Project.

- **Special Payment Types** – Our standard methods of payment are check and credit card. If a bill needs to be paid any other way (for instance, by wire transfer, cashier's check, or money order), an extra fee of $50 will be allocated to the Project.

- **Returned Checks** – If a contribution check is returned for insufficient funds or for any other reason, any resulting bank fees will be allocated to the Project that received the contribution. It is up to the Project Director to resolve any issues or disputes with donors or funders that result from failed transactions.

- **Lost/Voided Checks** – If a check is lost or must be voided, by the discretion of CultureTrust management, a fee of $50 will be allocated to the project. Once a check is reported lost/not received, the check will be voided and an official stop of payment requested with our bank.

- **Tracked/Expedited Mailings** – Next day, Priority, Certified mailings, etc. fees are to be paid by the project

CONTRACTS & CHECKS

The official contract signer for CultureTrust is the Trust President. Project Directors and their Community Director are able to write contracts (using CultureTrust's contract templates), and may need to sign them to indicate acceptance of the terms. However, no contract is considered fully executed until it has been signed by the Trust President. Project Directors do not have the authority to enter into legally binding agreements on behalf of a Project. Only the Trust President has this power. Hence, when you are drafting contracts or are in negotiations that require a contract, please inform the issuer that the contract signer is:

Jamaine Smith
President for [Project Name] of CultureTrust Greater Philadelphia
Contracts will be executed by the Trust President and returned to Project Directors via your Community Director within 3-5 business days of receipt.

Similarly, the Trust President is the authorized check signer. Any special rush requests for checks to employees, contractors or vendors outside the normal payment schedule are subject to staff availability (to process and cut the check) and Trust President availability (to sign the check).

Contract Approval Process

1. All contracts should be sent to come to the Business Operations Coordinator in hard copy or via email. They are not initially uploaded to the portal by Project Directors/Managers or by our team. All contracts and agreements should be received made out to/with PROJECT of CultureTrust Greater Philadelphia, be signed by the Project vendor before receipt, and have as the sole countersignature space for CultureTrust's signature as follows: "Jamaine Smith, President, FOR PROJECT of CultureTrust Greater Philadelphia and Date. Project Directors may not include their signature/sign any legal documents.

2. The Business Operations Coordinator prints, reviews, and delivers these to Finance Director for financial review.

3. The Community Director reviews the contracts and sorts them into two categories: (a) one for contracts that they have reviewed and have established are standard-form agreements that do not require further review or represent issues on any points; and (b) those needing complete review by the Trust President, or with questions on terms and conditions.

4. The Community Director delivers contracts to Trust President. The Trust President will then review and counter-sign all contracts for which there are no issues and deliver to Alexa for Step 5 below. The Trust President will return the hard copies with issues that need to be addressed, clarified, or negotiated to the Community Director. The Community Director will address any issues with contracts that are un-signed (for which there are issues) with Project Directors who in turn may need to address questions or negotiate with their vendors. Once all issues have been addressed to CT's satisfaction, the final contract can go into folder (a) for Trust President signature (Step 3).

5. Once a contract has been signed by the Trust President, the Business Operations Coordinator scans and uploads the FINAL hard copy contract to the portal, but does not deliver any contract copies back to vendors (where requested). Once uploaded, each agreement goes through a final approval round PD > FD > CD > TP. Since PDs are not signing contracts and some may go through protracted negotiation, this is the moment at which everyone makes final approval the final version of the agreement, i.e., we make final fund balance and final checks concerning our internal financial/fund balance policies. If, for whatever reason, the PD rejects the contract at this point, we can still pull/nullify the agreement and go back to Step 1, as it will

have not yet been returned to the vendor—it's still an internal document. In this manner agreements will be archived in final form on the portal for internal compliance, PD reference, and audit purposes.

6. Once a contract has moved through all of the final approvals on the portal, copies may be shared with vendors or other interested parties. This is the responsibility of PDs, and they can access the final contract copies through the portal.

REQUIRED FORMS & TEMPLATES

CultureTrust maintains forms for contracting, procurement of goods and services, and paying bills. All forms are available in the online toolkit. These forms are intended to help you communicate your Project's needs to CultureTrust and provide both you and CultureWorks an effective, consistent, and trackable way to manage your Project's finances. The following forms tell CultureWorks what you wish to purchase or contract and allow the staff to understand where/how you wish to purchase the goods or contract personnel, when you need them, and whether you have the funds to cover costs. CultureTrust also maintains a set of agreements and contract templates for use by all Projects. Contracts and forms issued by vendors and suppliers may also be accepted, but when there is a choice of contracts, the following are available and preferable:

Purchase Order – for purchase approval and actual purchase of goods or services you wish to order (materials, supplies, and other goods or services from companies).

Reimbursement Request – for reimbursement to a Project Director (or other Project team member) for an out-of-pocket payment of an approved Project expense.

General Services Agreement – for contracted services from a legal entity with an EIN (or international equivalent).

Licensing Agreement – for the licensing or loaning of objects and content, including patented, copyrighted, or trademarked intellectual property, etc.

Release Agreement (for journalists, videographers, and photographers) – for use in conducting interviews or taping (audio/video) content that involves people.

Standard Non-disclosure Agreement – for the mutual protection of intellectual or other property and information while conducting or exploring a business/creative relationship.

Commissioning Agreement for Creative Works – for commissioning works from fine, performing, and design artists, or teams of artists working together.

Partnership or Co-producing Agreement – for structuring co-producing or co-presenting partnerships of various kinds between one or more organizations or individuals.

Lease Agreement – for leasing or renting space (long term or short term), such as office, rehearsal, or studio space, and performance/program venues, as well as for use with clients subletting or renting from Projects.

Conditional Loan Agreement – for use by Project Directors in securing private, third-party, temporary loans for the Project to address cash flow issues.

Standard Union Contract Templates – for use with union members or venues in the performing arts, including:

- International Alliance of Theatrical Stage Employees (IATSE)
- American Guild of Musical Artists (AGMA)
- American Federation of Musicians (AFM)
- Actors’ Equity Association (AEA)
- Screen Actors Guild (SAG)

HIRING PEOPLE

THE ESSENTIALS

Hiring and retaining the right people is crucial to success, both artistic and financial, in arts and cultural management, programming, and performance. CultureTrust provides Project Directors with a set of standardized employee and contractor hiring policies and procedures, so the process is consistent, transparent, and professional.

1. Project Directors are responsible for interviewing and selecting employees, contractors, vendors, and service providers.

2. CultureWorks reserves the right to influence hiring decisions if it feels that a decision will put the project at risk.

3. Project Directors who will be paying themselves, even sporadically, out of their Project account, will be added to CTGP's payroll as W2 employees.

4. Before hiring or contracting services, a Project Director must submit a Contracting and Employment Request.

5. Once a person or company has been selected, Project Directors submit (1) a New Hire Form, (2) the appropriate contract and (3) corresponding tax forms (W2 for employees, W9 for the others).

6. CultureWorks does not offer benefits to Project employees, but can suggest resources for individuals who wish to purchase their own health insurance, set up a retirement account, etc.

COMMON TERMINOLOGY

Here are some important terms before we dive into hiring policies and procedures:

Contractor – any person with whom you contract to perform a service. In this case CultureTrust is paying a natural person with a Social Security Number (SSN), which is a nine-digit number, usually appearing in this form: NNN – NN – NNNN.

Employee – any person whom you pay to perform a job. As with contractors, CultureTrust is paying a natural person with a Social Security Number (SSN), which appears as above.

Vendor – any company or person from whom you contract to purchase goods or services. In most cases, the company or person will have a business identity (corporation, LLC, LP, L3C, sole proprietorship) with a Federal Employer Identification Number (FEIN), a nine-digit number that usually appears in the following form: NN – NNNNNNN, for tax reporting purposes.

PROJECT DIRECTORS ON PAYROLL AS W2 EMPLOYEES

As your co-manager, it's our job to anticipate risks and liabilities and work to avoid or mitigate them as much as possible. This policy concerning Project Directors and project principals iscoming at this moment for two reasons.

First, CultureTrust Greater Philadelphia is now at an overall budget size, and with enough Project Directors and W2 salaried staff, that we may expect closer scrutiny from state regulators and taxing authorities. This is not a bad thing. It simply goes along with growth and scale.

Second, the Pennsylvania Department of Labor & Industry has been undertaking more audits of companies and organizations with employees and independent contractors to deal with strainson the Commonwealth's Unemployment Compensation fund. They are looking for independent contractors who, in their opinion, should be paid as employees and not contractors.

The difference between your employer paying my income taxes and you paying them as a contractor is not about income tax, it's about unemployment withholding. Unemployment withholding is paid by employees and their employers, and is not paid by independent contractors. Consequently, independent contractors are not eligible to collect Unemployment Compensation, whereas employees are eligible for this benefit. Unemployment withholding looks like a tax, but is really more like an insurance payment—insurance that you can collect if you are laid off or terminated from your job. Each state manages the insurance fund for the employees of companies that are registered in the given state. This is an insurance you want to pay, as it can directly benefit you if you are laid off. Under CultureTrust, you can be legitimately laid off for several reasons, notably lack of funds, "lack of work," which is for seasonal employees, and others. So, Unemployment Compensation is something that can directly benefit you and your paid project staff.

This applies to all Project Directors and principal project personnel because even if you feel that you can check all the boxes as a contractor, we maintain that you need to be paid as an employee just to be safe. Your legal status as Project Director could be argued to be one of an employee (at least, we feel the DL&I is likely to make that argument in the event of an audit). Any other key project staff are likely to be seen similarly. And just to be clear, signing an independent contractor agreement or otherwise behaving like a contractor does not make you impervious to challenge by DL&I.

This policy has very little impact on Projects and Project Directors:

- Monthly payroll processing is already included in your 12%, so there are no added administrative costs.
- You will be able to manage better your personal taxes as an employee than as an independent contractor. Unless you pay quarterly estimated taxes as a contractor, it is often more expensive to reconcile your taxes at the end of the year as a 1099.
- Employees are not "more expensive" for projects than contractors. That is a myth. As a project and employer, you should be compensating your folks at a scale that accommodates taxes. It is unjust to the employee to think you are dodging that responsibility through paying them as a 1099. Paying people as employees allows

you to “true up” that cost for your project and not “hide” it in the form of 1099 payments/income.

If there are any doubts, paying people as W2 employees is safer with regard to any potential audit from DL&I. That said, you should not be afraid to pay contractors as contractors if they clearly fit the bill and are more occasional service providers to your project.

One caveat: CultureTrust runs payroll on a monthly basis, so if the timing of your payment as an employee is sensitive, you need to plan ahead. You can always order payroll to be run out of cycle for a charge of $50.

EMPLOYEES VS. CONTRACTORS

Sometimes you’ll hear people use “employee” and “contractor” interchangeably, particularly in arts and culture organizations where there can be fluctuating staffing needs based on programming needs. Here’s how you can tell the difference:

CONTRACTOR	**EMPLOYEE**
You do not dictate when, where, and how this person’s work gets done.	You dictate when, where, and how this person’s work gets done.
This person does not have a title of position with your Project.	This person has a title and position with your Project.
There is not a workplace reporting relationship with this person.	There is a workplace reporting relationship with this person.
You do not closely supervise the work of this person.	You supervise closely the work of this person.
The person sets his/her own hours for when work is done.	You set the hours and schedule for when this person’s work gets done.
This person submits a bill/invoice for when work is completed.	This person is paid a wage or submits timesheets.
The person uses their own tools and materials to complete the work.	You supply the tools and materials for this person to complete the work.
This person is not required to attend regular meetings or work sessions.	This person is required to attend regular meetings and work sessions.

This person is free to provide services to multiple clients at one time	This person is restricted from providing services to multiple clients.

Even though there are often “grey areas” in the distinction between employee and contractor, CultureTrust encourages Projects to treat people (wherever appropriate) as W2 employees. It makes the financial and work relationship more transparent between the worker and the Project.

Contractors are responsible for their own taxes. So the true wage is often left unclear in the initial transaction—how much can I really spend out this $500 contract, and how much do I need to set aside for taxes? Contractors less familiar with (or good at) personal tax management find themselves frequently saddled with high year-end tax bills related to 1099MISC income.

A W2 employee relationship can be presented more easily. The employer both shares in the tax liability and is responsible for managing regular payment of employee/employer taxes. Moreover, we find that individuals working in the cultural or creative sector are frequently tax-reported as contractors when they really are employees.

Many managers in the creative and cultural sector prefer to pay people as independent contractors. They believe that this saves money and administrative effort. It is true there is a difference in administrative work between managing payments to a 1099MISC (W9) contractor versus a W2 employee, mostly related to tax filings and payments required of employers with W2 employees.

There are, however, no “savings” in paying someone as a contractor versus an employee. Usually the contractor is simply paid less than they realize—they are losing money in the deal—thus, the illusion of “savings.” Most folks accepting an engagement for $500 (for instance) don’t think about what they’re really making after taxes, so they may be unwittingly accepting a lower (and sometimes unfair) wage.

Whether intentional or not, employers can use the contractor agreement to lower net compensation for a job. In negotiating compensation, employers and employees should increase contractor wages (compared to employee take-home pay) to account for taxes, and base their negotiations on a clear representation of true wages, whether the arrangement ends up as a contractor or employee.

The perception that contractors present “less liability and commitment” for an employer than an employee is also wrong. Pennsylvania’s and almost all States’ laws permit and presume “at will” employment. That means you can lay off or fire an employee at any time without cause, making it easier to manage long-term financial commitments for a Project.

For instance, if a Project runs out of money, employees can simply be laid off temporarily while the Project works to replenish revenue. CultureTrust ceases to accrue salary liabilities, but is liable for state unemployment compensation for the employee. In contrast, a long-term independent contractor commitment cannot simply be cancelled or suspended (unless provisions are written into the contract) and the contractor has grounds to take the Project to court over unpaid fees and expenses.

That’s why it is easier legally to turn an employee obligation “on and off” than an independent contractor if the Project needs to accommodate intended or unforeseen cash flow deficits or interruptions.

CultureTrust takes care of the administrative costs and work related to paying people, making it easier to compensate them as W2 employees. Since employee liabilities are easier and more transparent to manage over time (from month to month), CultureTrust prefers the employer-employee relationship to that of a contractor, wherever this relationship is appropriate.

Note: CultureTrust prohibits Percentage Based Compensation (e.g. a contractor performing development work for your project cannot receive 10% of revenues raised). The Association of Fundraising Professionals lays this position out well HERE. Hence, CultureTrust has decided not to pay fundraisers via the percentage of contribution method. Projects may engage in agent representation (performing artists), gallery representation (visual artists), or other earned revenue relationships, such as online sales of goods and services that rely on commissions as a standard business practice. These relationships are distinct from commission-based fundraising, which concerns contributed revenues.

Some suggestions for compensations for similar services are:

- They can be paid hourly, at a rate you both decide upon, for their fundraising work.
- They can receive a bonus for their work, however, it cannot be based on a percentage of contributions received from fundraising efforts.
- They can be paid a flat fee/per month for their fundraising work.

HIRING APPROVAL

The Project Director is primarily responsible for interviewing and selecting all Project employees, as well as researching and selecting vendors, contractors, and key service providers for the Project.

Beyond its general fiduciary role, CultureTrust and its administrator CultureWorks do not make aesthetic, artistic, or key subject matter or staffing decisions. For these decisions, we rely heavily on the Project Director to instruct CultureTrust as to the best staffing or vendor solutions. CultureTrust is not in the business of being a creative director or passing judgment on the Project from a curatorial or aesthetic standpoint.

CultureTrust will only step in and influence staffing or vendor decisions if it feels that a specific decision (or lack thereof) may lead to failure of the Project overall. In stewarding any Project, there is great reliance on a true relationship of trust between CultureTrust and the Project Director.

Processing and final approval of all contracting-related requests will usually take 3-5 business days. Depending on volume of requests and staff workloads, it could take less time. Each request follows the same process:

1. Submit a Contracting and Employment Request electronically to your Community Director at CultureWorks. The Community Director reviews the request in the context of your approved Project budget and description, and signs off on the transaction documentation. Depending on the role within your project and your familiarity with a pool of candidates, the Community Director may require that you post the job publicly, request proposals, or check references before hiring.

2. The Community Director hands off the request to the Finance Manager, who checks your request against your Project fund balances and finances to ensure that it complies with our financial management policies.

3. The Trust President supplies the final signature, at which point you are free to post your job listing, interview your top candidates, or extend an offer of hire to the person you'd like to work with.

4. Once you have finished your hiring process and decided who you'd like to bring on, you'll inform your Community Director, who will issue a contract for your new hire. To finish the paperwork, you'll submit a completed new hire packet, consisting of (a) a New Hire Request, (b) a signed contract, (c) an Employee Info Form (filled out by the new employee), and (d) tax forms.

5. Your request, contract, and tax forms are delivered to the Trust President for final signature. Congratulations! Your team is growing.

SIGNING CONTRACTS

The official contract signer for CultureTrust is the Trust President. Project Directors and the Trust Director are able to write contracts (using CultureTrust's contract templates), and may need to sign them to indicate acceptance of the terms. However, no contract is considered fully executed until it has been signed by the Trust President. Project Directors do not have the authority to enter into legally binding agreements on behalf of a Project. Only the Trust President has this power.

HIRING POLICIES & PROCEDURES

CultureTrust maintains and promotes hiring policies and procedures for employees and contractors that are consistent and standard business practices. This is to support the professionalism of our Projects and to provide our Project Directors with objective guidelines. Our hiring policies and procedures include:

Job Descriptions and Postings
Any significant Project jobs/tasks that are hired out to contractors or employees require a basic job description, approved by CultureWorks, including roles/responsibilities, tasks, qualifications, time commitment, compensation, and commitment to Equal Opportunity Employment. CultureWorks will assist the Project Director with this job description, which is included in the Contracting and Employment Request form. Project Directors may post the approved description as they see fit.

References and Background Checks
While CultureTrust relies on the Project Director to find and select employees and contractors, we encourage Projects to check references and the general reputation of contractors and employees prior to hiring. CultureWorks may request references from time to time for employees, contractors, and vendors as needed.

Background checks may be required prior to employment for contractors/employees who:

- Work unsupervised with audiences or the general public, clients, or customers.
- Work with persons under the age of 18.
- Are full-time employees of the Project.
- Work with little to no direct supervision of the Project Director.

Offer Letters and Employment Agreements
CultureWorks must approve all offer letters and employment agreements and will assist the Project Director by providing templates for these documents. We will also advise on

best practices in matters of content and terms. CultureTrust may occasionally choose to seek legal counsel on employment matters as we find necessary.

Contractor/Vendor Request for Proposals (RFP's)
Depending on the size, scope, and nature of the services or goods required for the Project, CultureWorks may recommend that a Project issue a formal Request for Proposals (RFP) to compare bids and qualifications and assist with selecting the best contractor or vendor. Formal RFP's must be approved by CultureWorks, which can also assist the Project Director with drafting and preparing the RFP. Otherwise, informal vendor research and selection processes will suffice in selecting most service providers.

Independent Contractor Agreements
CultureWorks must approve all contractor agreements prior to signature, including agreements issued by contractors themselves. CultureTrust also maintains a set of agreement templates adaptable for use by Projects for virtually any kind of contracted service.

PAYROLL MANAGEMENT

All CultureTrust employees must be paid according to an hourly rate equal to or greater than minimum wage. Currently minimum wage is $7.25/hour in CultureTrust's state of Pennsylvania, and neighboring states have higher rates. Employee compensation is determined by the Project Director. You may use a yearly salary as a construct in considering or negotiating a wage with a prospective employee, but remember to pro-rate it to reflect the time you expect the employee to spend on your Project.

Payroll will be calculated based on actual hours worked for the previous month at the established hourly wage or salary for the employee. Within the first 15 business days of the month, CultureWorks will issue a payroll report to the Project Director, including the estimated maximum hours that the Project can permit its employees to work for the next two months, based on available funds or reasonably anticipated receivables. In this way, a Project with payroll will be able to plan salaried worker time for a minimum of two months out, and remain in compliance with our policies concerning long-term, fixed-cost obligations.

No employee of a Project will be permitted to work any more time than the Project's subtrust can cover with cash on hand. To continue staffing a Project at maximum desired levels, the subtrust account MUST contain enough cash to cover three months of payroll. If a Project does not have enough cash to cover three months of payroll (current month + two), hours must be reduced to a level that can be covered. If a Project is in danger of completely running out of money to pay its employees, the employees will be notified at least one month in advance as to when they will be laid off by CultureTrust, either temporarily or permanently (depending on the financial circumstance), with prior notice to and consultation with the Project Director.

Layoffs can be avoided by replenishing the Project's cash resources to allow for work to continue. CultureTrust will not accrue wages or taxes if they cannot be paid. Payroll processing costs are included in the 12% base administrative allocation, but the Project is responsible for all wages and employer taxes, in accordance with the law.

EMPLOYEE BENEFITS

CultureTrust is designed to offer maximum flexibility so that Project Directors can run their Project as they see fit, within the mission of CultureTrust and the resources the Project has available. Each Project Director is charged with setting compensation levels she/he feels is fair within the local market.

CultureTrust and the Affordable Care Act
Since CultureTrust does not have 50 or more full-time-equivalent employees, it is not required to offer health insurance under the Affordable Care Act. Employees of a CultureTrust Project who do not already have health insurance through another source are encouraged to investigate their options on the Healthcare Marketplace. Many individuals working with CultureTrust Projects will be eligible for reduced monthly healthcare premiums under the Affordable Care Act. A single person making up to $45,960 per year is eligible for lower cost premiums; for a household of three people, the limit is $78,120*.

If you're a Project Director who would like to be able to offer an extra incentive like insurance or retirement matches to your employees, we recommend that you estimate the market value of those benefits and increase employee compensation accordingly. For instance, if your employee works 20 hours per week for your Project, and makes $18 per hour, he/she is paid approximately $1,440 per month (assuming an 80-hour month). You'd like to offer her a credit towards health insurance, and you calculate that your Project can afford an extra $240 per month per employee.

By raising her compensation to $21/hour, you've allotted her additional funds that she can use, if she chooses to do so, to purchase insurance in the healthcare marketplace. (An extra $3/hour x 80 hours worked in the month = $240) Keep in mind that this is extra compensation, and therefore taxable: your employee's extra GROSS pay is $240 (the amount paid by the Project), and her NET will be less (the amount she takes home after taxes).

Need help navigating the Healthcare Marketplace? Visit localhelp.healthcare.gov to find Philadelphia organizations trained to help.

VENDORS PROCESS & POLICIES

CultureTrust also maintains vendor policies and standards to ensure that Projects receive the goods and services they have contracted and that CultureTrust, our Projects, their staff, and the general public are protected from any liability, harm, or misrepresentation. These include:

References and Reputation
CultureTrust relies on the Project Director to choose vendors for goods and services. Still we encourage Projects to research references and general reputation for key vendors. CultureWorks may from time to time request references for unfamiliar vendors, if we feel this is prudent.

Professional Certifications
CultureTrust requires any professional service providers to have current licenses and certifications. Regulated professions include law, accounting, medicine, and trades related to building (engineering, construction, plumbing, and electrical). CultureWorks may request proof of licenses and certifications from time to time to confirm they are current and reflect the skills and capabilities being contracted.

Bonding and Insurance
All service providers should carry the necessary general and professional liability insurance, and in some cases bonding, depending on the services they provide. Project Directors are encouraged to inquire about professional liability insurance and bonding for any services that could lead to physical harm, damage to property, or physical, financial, or reputational damage owing to error or negligence on behalf of the vendor. CultureWorks may request proof of such insurances or bonding, if we feel circumstances recommend it.

MARKETING THINGS

THE ESSENTIALS

Your public face remains unchanged. You and your Project identity remain the "public face" of your work—from your name, website, and printed materials, to how you talk about the Project and develop your creative, financial, and other community relationships.

1. Project Directors are responsible for marketing their Project to the general public.

2. CultureTrust will maintain a basic Project profile for each Project on its website. Projects may include a link to their own website link on their Project profile.

3. Projects are required to acknowledge their relationship to CultureTrust in all public documents (website, programs, press releases, donor solicitations, etc.). You will find specific guidelines on how to acknowledge CultureTrust and where, in this section of the User Manual.

4. Your Community Director must approve all print materials and advertising before it "goes live" to confirm proper crediting of CultureTrust.

5. CultureTrust requests copies of advertising materials, photographs and/or videos, press coverage, and programs/stagebills for its archives.

EXPLAINING CULTURETRUST

When it comes to the general public, CultureTrust has no aspiration toward a true public identity. The relationship between CultureTrust and your Project is akin to the "powered by" idea familiar from our online world. The credit byline "A project of CultureTrust Greater Philadelphia" and its logo at the bottom of the webpage in small print—or the equivalent—is usually sufficient in most cases.

CultureWorks' administrative presence remains entirely in the background, unless you need to clarify your management structure (which is provided by CultureWorks staff) to a donor, funder, or other stakeholders interested in understanding the relationship. It may also take on more importance in your fundraising efforts. But even here, your Project and its specific mission remain the most critical part of the funder relationship.

There are some disclosures and credits concerning your relationship with CultureTrust required for specific circumstances, but the intention of CultureTrust is to remain largely in a supporting role.

How to talk about your relationship with CultureTrust.
The relationship between CultureTrust and your Project is simple and straightforward. Your Project is a project of CultureTrust and no different than the relationship between a project of an independent nonprofit and the nonprofit itself. For instance, a theatre company may have an educational outreach project and a young adult training project. Both have distinct and separate missions, operating needs, audiences, income streams, funders, and donors, yet they both live under one charitable organization.

If asked whether you are a nonprofit.
<<PROJECT NAME>> is a project of CultureTrust Greater Philadelphia, a charitable 501(c)(3) trust supporting diverse cultural practices in the Philadelphia region.

If asked whether your relationship with CultureTrust is a fiscal sponsorship.
Yes, it is. CultureTrust is a Model A Fiscal Sponsor and we are a Project of CultureTrust. We work directly under its management and administration. My colleagues and I are employees and contractors of CultureTrust, which is responsible for our work.

When asked what the mission of CultureTrust is.
“CultureTrust Greater Philadelphia provides a charitable home and affordable shared management resources for arts and heritage programs of diverse disciplines and cultural traditions.”

If you want to demonstrate your Project’s mission relationship to CultureTrust.
“CultureTrust Greater Philadelphia provides a charitable home and affordable shared-management resources for arts and heritage programs of diverse disciplines and cultural traditions. <<PROJECT NAME>> as a project of CultureTrust, <<supports/fosters/educates...PROJECT MISSION STATEMENT>>”

If you are filling out a contract, application grant, or any other kind of application, you will write in the “applicant” space.
“<<PROJECT NAME>> of [or a project of] CultureTrust Greater Philadelphia”

GRAPHICS & STYLE GUIDE

It is preferred, but not required that the CultureTrust logo appear with any credits. If you publish the logo, it must be accompanied by text clarifying the relationship to your Project, which may appear in the dispositions below. Explanatory text may not be placed to the left of the identity, and the identity should never appear alone.

With explanatory text to the right/left/above/below the identity.

<<PROJECT NAME>>, a project of

Identity files are available in .pdf, .jpg, and .tiff forms in the Toolkit section.

If you are acknowledging the relationship without the identity, here are some examples to follow that can stand alone or be used in prose text:
<<PROJECT NAME>>, a project of CultureTrust Greater Philadelphia [...]
<<PROJECT NAME>> of CultureTrust Greater Philadelphia [...]
<<PROJECT NAME>> is a project of CultureTrust Greater Philadelphia

If you are acknowledging the relationship for a press release:
<<PROJECT NAME>>, a project of CultureTrust Greater Philadelphia, <<PROJECT MISSION/DESCRIPTION>>
CREDITING POLICIES
HOW TO GIVE CREDIT

Projects are asked to represent their relationship to CultureTrust in some manner in all printed information or marketing materials, websites, donor solicitations and acknowledgements, stage bills, advertisements, press releases, and other public documents. Before an item goes to print or a website goes live, you must submit it to your Community Director for review. Similar to your grant proposals and fundraising appeals, marketing materials are checked for proper crediting of CultureTrust. These include:

Stagebills/Book-type Publications
Representation of affiliation in a stagebill, book- or leaflet-type publication may occur anywhere in the front matter (cover, first several layouts), back cover, or where funding and institutional credits (board/committee, donor, sponsor, staff, and partner lists) appear.

Press Releases
For press releases, affiliation representation may appear anywhere in the main body of the release, but more likely in the boilerplate copy at the end of the release.

Advertising Materials
For posters, brochures, flyers, and event cards representation should likely appear in a secondary position to the main identity of the Project or event (i.e., bottom gutter/corners or sidebar), either on the front or the back (if double-sided), depending on design and overall layout.

Websites
For websites, affiliation representation may appear on the footer or sidebar of the website (or header, if preferred by the Project). Affiliation may also appear, as appropriate in the “about” content of the website with other institutional information (board/committee, donor, sponsor, staff, and partner lists).

Solicitation Letters/Materials & Brochures
Your association with CultureTrust must appear, using the charitable disclosure language below, on any webpage or print material on which text appears soliciting charitable contributions. This disclosure may or may not appear with the CultureTrust graphic identity. (See “GETTING MONEY” for specific disclosure language.)

DOCUMENTATION (PHOTOGRAPHY & VIDEO)

To help CultureWorks support the marketing and fundraising efforts for your Project and to document the general work of CultureTrust, we ask Project Directors to keep track of, collect, and deliver copies of any of the following project documents (as applicable) to CultureWorks for promotional and archival use only:

- Photographs
- Audio/Video Recordings
- Press Releases
- Programs and Stage Bills
- Advertising materials such as brochures, flyers, posters and cards.
- Print advertisements from newspapers or magazines.
- Articles and Press Coverage
- Public Reports
- Any other documents or deliverables relevant to your Project.

LEGAL STUFF

THE ESSENTIALS

All the corporate and legal stuff you ever wanted to know.
If you're a CultureTrust Project, does your board have any responsibilities? If you buy a camera with CultureTrust funds, who owns it? Time to part ways—how do you exit CultureTrust? The answers are all here.

1. CultureTrust is a charitable trust formed to be a direct management and fiduciary umbrella for arts and heritage projects and organizations operating in the Greater Philadelphia metropolitan area.

2. CultureWorks Greater Philadelphia is contracted to be the Trust Administrator and handle the administrative, back-office functions of the Trust. CultureWorks is a separate entity from CultureTrust.

3. Any and all intellectual property generated by a project belongs to the Project Director or other individuals responsible for its creation.

4. Any equipment or technology purchased with funds raised through CultureTrust, remains the property of CultureTrust even after the project has ended.

CULTURETRUST'S LEGAL STRUCTURE

CultureTrust Greater Philadelphia is a § 501(c)(3) charitable organization that is the direct management and fiduciary umbrella for arts and heritage projects and organizations operating in the Greater Philadelphia metropolitan area.

CultureTrust follows the legal formation of a trust rather than a corporation.

CultureTrust is a charitable trust declared in the Commonwealth of Pennsylvania. A copy of the official tax-exempt 501(c)(3) registration and financial information for CultureTrust Greater Philadelphia may be obtained from the Pennsylvania Department of State by calling toll free, within Pennsylvania, 1-800-732-0999. CultureTrust has its own Federal Employment Identification Number (FEIN). CultureTrust functions just like other charitable organizations in its ability to receive grants and tax-deductible contributions.

CultureTrust is governed by the CultureWorks Board of Trustees, who are responsible for fiduciary oversight of all of the Trust's Projects. The Trustees must approve any Project that wishes to operate under CultureTrust. They set policies and engage other services providers to fulfill their fiduciary responsibilities.

The ability of the Trustees to perform this duty is based fundamentally on a relationship of trust among donors, Project Directors, and the public. In fact, the legal form of a trust is one of the oldest charitable constructs in the world, originating in English law, and is the precursor of the nonprofit corporation in America.

So, how is CultureWorks Greater Philadelphia involved?
CultureTrust contracts with CultureWorks to be the Trust Administrator. Under this agreement, CultureWorks' staff perform the day-to-day, back-office functions of CultureTrust, including bookkeeping, insurance, human-resources administration, accounts payable/receivable management, project intake and preliminary assessment, and general project management, among other duties. The CultureWorks Board of Directors governs CultureTrust through a sole governance structure whereas the one board governs both CultureWorks and CultureTrust. CultureTrust and CultureWorks, however, are independent charities.

BOARD OF DIRECTORS' RESPONSIBILITIES

All Projects under CultureTrust fall under the fiduciary and governance oversight of the CultureWorks Board of Trustees. The Trustees meet four times per year (once per quarter) to approve new Projects and address ongoing governance issues and policy development for CultureWorks and CultureTrust.

- Maintaining the integrity and focus of CultureTrust's mission and support of the arts, heritage, and creative community in Greater Philadelphia.

- Serving as fiduciaries for all the Projects and organizations under CultureTrust, including approving new projects for inclusion under the trust, providing oversight to active Projects, and assuring donors and funders that Projects are in compliance with donor intentions.

- Shaping operating policies and ensure transparency in these policies, processes, and the financial management of CultureTrust, as well as oversee the annual compliance process, including the independent audit and filings with taxing and regulatory authorities.

- Advocating in the community to Project and organization leaders and funders and donors to consider CultureTrust as a management and infrastructure solution for improving the overall operating efficiency and impact of the sector.

Board Giving
Trustees of CultureWorks are not required to contribute personally to its Projects, nor are they expected to participate in fundraising activities for Projects. Since they serve on behalf of multiple Projects, these tasks would place an unreasonable burden on Trustees. For this reason, Trustees' responsibilities (as stated above) are purely fiduciary in nature—they work to represent the community, reach out to Projects and organizations, oversee the work of CultureWorks as Trust Administrator, and serve as a watchdog for the interests and donors and funders of Projects.

DO I NEED A BOARD?

For Projects without nonprofit status or affiliation.
Projects, which do not have their own nonprofit status or affiliation, do not need to build a board of directors for governance reasons. These functions, which are necessary for operating as an independent nonprofit organization, are fulfilled by the Board of Trustees of CultureTrust. Projects without any formal nonprofit status or affiliation are encouraged, nevertheless, to develop committees to address other functions that boards often provide, such as offering professional or subject matter advice, fundraising, networking, outreach, volunteerism, etc. related to the Project. These committees do not serve a fiduciary or "governance" role, but can offer valuable support to a Project and its leadership and create a stronger internal support and outreach base.

For Projects with nonprofit status or affiliation.
For Projects which are nonprofits in their own right or affiliated with existing nonprofits, the board of the nonprofit needs to stay active if it chooses to maintain its independent nonprofit organization status. As discussed in a later section ("Ownership of real property, collections…") if the Project has intellectual or real property assets, or significant debts or long-term liabilities, the nonprofit must remain active as the title holder to these assets and liabilities. CultureTrust will not assume ownership of intellectual/real property, assets, or debts.

Assuming the board of the nonprofit keeps the organization active, they can still transfer all day-to-day financial operations (and thus the majority of their ongoing liabilities) of the organization to CultureTrust. For these organizations, their participation in CultureTrust is not to obtain access to charitable status, but is a means of obtaining lower-cost (or higher capacity) back office management. But as a CultureTrust Project, the organization would no longer receive funds and assume liabilities in the name of their nonprofit.

They may choose to maintain the organization's bank account(s) with minimum balance(s) to avoid fees. Since fundraising is being conducted in the name of the Project's original nonprofit, annual compliance costs for the nonprofit corporation become virtually none. It would only need to file an IRS 990-N (a simple postcard form) once a year, and would no longer require the services of a Certified Public Accountant.

Directors of the "dormant" nonprofit retain their fiduciary and governance responsibilities only for any assets or liabilities that remain in the name of the organization and for organization's corporate entity itself. They retain limited to no fiduciary liability for the organization's operations, since most or all of that would have been transferred to CultureTrust. As a result, the organization does not have to maintain Directors and Officers insurance for its board (separate from CultureWorks), though the board may elect to do so.

Beyond these vestigial fiduciary duties, board members also should continue to perform other functions that support the Project, such as fundraising, volunteer support, subject matter expertise, outreach and networking, and professional service.

MEMBERSHIP AND LOBBYING

Scope

CultureWorks Greater Philadelphia (CultureWorks) is subject to federal and local laws regarding lobbying and political campaign activities. Federal and local lobbying laws may require registration and reporting by organizations engaged in lobbying. The requirement for registration and reporting primarily depends on the amount of time and money spent by CultureWorks on lobbying activities. In addition, because of CultureWorks' status as a tax-exempt charity that is subject to the requirements of Internal Revenue Code Section 501 (c)(3), CultureWorks may not conduct more than an "insubstantial" amount of lobbying and may not engage in <u>any</u> political campaign activity whatsoever. This Policy is intended to assist CultureWorks in complying with these legal requirements by outlining the lobbying restrictions and prohibited political campaign activities. This Policy is applicable to CultureWorks' officers, trustees, and staff, and to its Track 2 and Track 3 members and must be strictly enforced and followed.

Policy Statement

All officers, trustees, staff, and Track 2 & Track 3 members are strictly prohibited from engaging in lobbying activities for or on behalf of CultureWorks unless specific and prior authorization has been granted by the CultureWorks Board of Trustees. All officers, trustees, staff, and Track 2 & Track 3 members are strictly prohibited from engaging in political campaign activities for or on behalf of CultureWorks under any circumstances.

This Policy is not intended to inhibit an individual's personal expression of political views made in that person's individual capacity and on his/her personal time. However, when engaged in such personal activities, all officers, trustees, staff and Track 2 & Track 3 members must take care to indicate by their words and actions that such activities or expressions of opinion are personal positions and are not being made on behalf of CultureWorks. None of CultureWorks' resources may be used for political campaign activities.

CultureWorks' resources may be used for appropriate lobbying activities if advance approval is sought and obtained in accordance with this Policy.

Definitions

Lobbying is any attempt to influence legislation by contacting or urging the public to contact a member of a legislative body to propose, support or oppose legislation, or to advocate the adoption or rejection of legislation.

Legislative Body includes the Congress of the United States, the Pennsylvania legislature and any other governmental body domestic or foreign that has the authority and responsibility to adopt or enact laws, ordinances or the like. An agency of the executive branch of a government that has authority to adopt regulations and rules is <u>not</u> a legislative body for this purpose.

Legislation includes action by Congress, any state legislature, any local council, or similar governing body, with respect to acts, bills, ordinances, resolutions, proposals or similar actions (such as legislative confirmation of appointive office as in the case of federal judges), or by the public in referenda, ballot initiatives, constitutional amendments, or similar procedures. It does <u>not</u> include actions by executive, judicial, or administrative bodies.

Paying or otherwise obtaining the services of a lobbyist to engage in any of the above lobbying activities is also considered lobbying for these purposes.

Political Campaign Activity is participating in, or intervening in (including the publishing or distributing of statements), directly or indirectly, any political campaign on behalf of (or in opposition to) any candidate for public office. This includes making contributions, or causing contributions to be made by others, to political campaign funds or making public statements in favor of or in opposition to any candidate for public office.

Public Office includes elected positions in federal, state or local government. It also includes elected positions in foreign governmental bodies.

Permitted Activities

Political campaign activity does not include conducting public forums, publishing candidate responses to a questionnaire on a variety of subjects, issue advertising, nonpartisan public opinion polling, and nonpartisan voter registration drives – so long as no candidate is endorsed or opposed, directly or indirectly. Consistent with applicable laws, it is CultureWorks' policy to maintain a nonpartisan position when it comes to all lobbying and advocacy activity.

- CultureWorks' officers, trustees, staff and Track 2 & Track 3 members may engage in legislative advocacy and issue-related advocacy on behalf of CultureWorks as long as it is appropriately approved in advance in accordance with this Policy, follows all applicable laws, and does not include political campaign activity.

- CultureWorks' officers, trustees, staff and Track 2 & Track 3 members may engage in nonpartisan activities such as nonpartisan analysis and research, nonpartisan voter registration drives, nonpartisan candidate debates, and nonpartisan voter education, as long as these activities fulfill exempt purposes. Included in these activities are:

    - Nonpartisan voter registration and engagement activities.
    - Educating the public and sponsoring a debate only if all candidates are invited, given equal opportunity, and cover a broad range of issues.
    - Nonpartisan analysis, study and/or research conducted by CultureWorks that is published and made available to the general public (and that is independent, objective, and constitutes a full and fair exposition of relevant facts, without unsupported statements of opinion).

- CultureWorks is also permitted to communicate with a legislative body regarding matters that might affect the existence of CultureWorks, its powers and duties, its tax-exempt status, or the tax deductibility of contributions made to the organization.

- If a CultureWorks representative wishes to participate in political campaign activities in his or her own personal capacity, it is important that such individual:

    - Makes it clear and unequivocal in any written or oral statements that his or her participation and views are strictly personal and that such statements are neither endorsed by nor necessarily reflect the views of CultureWorks; and
    - Refrains from using any of CultureWorks' funds, property or other assets (including CultureWorks' publications) to pursue such activities or convey such statements.

Prohibited Activities

CultureWorks does not participate in, or intervene in (including the publishing or distributing of statements), directly or indirectly, any political campaign on behalf of (or in opposition to) any candidate for public office. This includes making contributions, or causing contributions to be made by others, to political campaign funds or making public statements in favor of or in opposition to any candidate for public office.

- CultureWorks does not allow candidates to speak at organization or Track 2 & Track 3 member functions due to the difficulty in controlling the message.

- CultureWorks' officers, trustees, staff and Track 2 & Track 3 members may not endorse a specific candidate for public office or make a campaign contribution, either monetary or in-kind, on behalf of CultureWorks. CultureWorks' members may not retweet, share, or link to partisan messages.

WORKING WITH MINORS

Policy
CultureWorks Greater Philadelphia (CultureWorks) and CultureTrust Greater Philadelphia (CultureTrust) do not contract directly with minors (individuals under 18 years of age). Minors over age 16 can enter into a contractual agreement with CultureWorks and/or CultureTrust if they are co-signing with a guarantor that is not a minor. All proposed contracts with minors must be approved by the appropriate organization's senior executive officer.

Minors over age 16 can have a non-voting role on the CultureWorks Board of Directors.

CultureWorks staff that directly interface with minors working with our Track 2 membership undergo background checks and clearances once hired per the requirement for working alongside minors. Information uncovered in the background check will not be used to make decisions about employment or changes to compensation but may be used to appropriately limit contact with minors.

Background
From time-to-time CultureTrust Greater Philadelphia (CultureTrust) and CultureWorks Greater Philadelphia (CultureWorks) have been approached by minors looking for support and access to our services. While we are legally able to enter into a contract with anyone, regardless of age, contracts with minors are not always enforceable or binding. This exposure is not one that either organization can take on, however we would like to be able to support projects led by minors.

CultureWorks also manages the operations of the Projects under CultureTrust. Many of these projects work with minors, which creates a potential exposure for our staff in our role as co-managers and co-fiduciaries.

REAL AND INTELLECTUAL PROPERTY OWNERSHIP

The CultureTrust model is to operate everything and own nothing.

That means if your Project intends to create intellectual property (specific design products, artistic works, proprietary processes, research, data, etc.) CultureTrust abdicates any ownership of that property in its Subtrust Declaration Letter. Determination of ownership for such intellectual property is up to the Project Director and any other owners/stakeholders in the intellectual property. If you need legal or other advice related to managing your intellectual property, we can refer you to professionals in our network.

If you wish to purchase a trademark or copyright for your name, logo, or any intellectual property or process, your options are:

(1) You apply for the copyright or trademark in your name and cover the cost privately (not through Your Project of CultureTrust's bank account). You then hold the copyright or trademark ownership and then license it, cost-free, to [Project] of CultureTrust for use with the fiscally sponsored project.

(2) You apply for the copyright or trademark in your name, but then transfer it to [Your Project] of CultureTrust, in which case your project's CultureTrust account pays for it, and CultureTrust holds ownership.

(3) You apply for the copyright or trademark in [Your Project] of CultureTrust's name, the project's CultureTrust account pays for it, and CultureTrust holds ownership.

A copyright or trademark can be transferred at a future date, but if CultureTrust owns it, it will need to be transferred to another nonprofit or fiscal sponsor the same way any project's equipment or property would.

Real property (land, buildings, monuments), and other property, such as equipment, furnishings, and special collections (artifacts, libraries, archives, etc.) are likewise not subject to ownership by CultureTrust. Property of this nature must be titled to a separate organization, individual, or entity. As discussed elsewhere, CultureTrust can insure such property, naming the titleholders as "additionally insured."

CultureTrust assumes that an individual or legacy organization (such as an historic site owned by an existing nonprofit) will retain title to the real property. The directors of that organization will retain their fiduciary responsibility relative to the property, but they would transfer fiduciary responsibility and liability for the operations of the Project to CultureTrust.

Purchasing through CultureTrust
We don't anticipate that Projects of CultureTrust will purchase substantial real property (land/buildings) or illiquid assets (antiques, cars, machinery, etc.) on a regular basis, though it could happen. If a Project does purchase such property, we will require that the deed holder be a separately formed charitable organization. Funds to cover purchase could be raised through CultureTrust, but our interest is not in holding the deed to real property or collections.
Since we all live in a digital age, we do expect our Projects to make major purchases of technology (software and hardware). In acquiring new technology, the Project Director should consider two distinct scenarios before making the purchase:

Technology purchased directly with funds from your CultureTrust account is the property of CultureTrust, not your personal property. For example, your Project requires photography. If you raise $5,000 through CultureTrust to buy a camera, and CultureTrust makes the purchase, the camera becomes a charitable (i.e., "public") asset, not your personal property. You can use the camera as you wish for the purpose and duration of your Project. But when the Project is over, you don't get to "keep" the camera. It must be used for another charitable purpose within CultureTrust or donated to another charity with a similar mission for further charitable use.

If you wish to privately own the technology you purchase, you must pay for it with individual income earned by you for your work on the Project (or from other personal income or assets). For instance, if your intention is to privately own the camera, you can use approved fees or salary earned by you from your Project to purchase the camera. Since you used your individual earned income, the camera becomes your property. You may continue to use the camera for your Project, and CultureTrust can even insure it for you, if you wish, but at the end of the Project, you can keep your camera.

DEBT & LIABILITIES

HOW TO DEAL WITH EXISTING DEBT AND LIABILITIES

If an existing organization or Project coming into CultureTrust carries any kind of long-term debt or liabilities (lines of credit, related-party loans, credit card debt, mortgages, and other notes), those debts or credit lines must remain in the name of an individual or the existing organization. CultureTrust will not assume title to pre-existing debts or long-term liabilities.

If there are significant long-term debts, and those debts may have an impact on the Project, CultureTrust may require the organization to submit a plan to reduce or eliminate the debt as part of the Project. The debt would remain titled to the organization or original debt-holder, but revenues generated through the Project under CultureTrust may be used to make payments against the debt.

FIDUCIARY MANAGEMENT

CultureTrust is a fiduciary, meaning that its chief responsibility is to ensure the Project is successfully realized and delivered, and that promises to donors and funders are fulfilled. Success and delivery for the Project are defined by grants' conditions (if any) and through the application process and your overall design of the Project.

CultureTrust and the Project Director (you!) are co-fiduciaries of your Project.
It means we work together to make financial decisions that benefit the Project. Together, we hold assets (mostly cash) in a trust, and together, we can spend it to make the Project happen. We hold each other accountable: CultureTrust can't make decisions about where to spend money without instruction from the Project Director; Project Directors need CultureTrust to sign off on their instructions.

We share a duty to act responsibly and in the best interests of the Project. We're both liable if we act negligently or make decisions in our own best interest, rather than the best interests of the Project.

Beyond this co-fiduciary role, CultureTrust and its administrator CultureWorks do not make aesthetic, artistic, or key subject matter or staffing decisions. For these decisions, we rely on the Project Director to instruct CultureTrust as to the best staffing or vendor solutions. The Trust confers on a Project Director power to direct the Trustees' actions. In fact, Pennsylvania law requires the Trustees to follow the Project Director's written instructions, unless an instruction is contrary to the Trust document or represents a serious breach of the Project Director's fiduciary duty in managing the Project to meet its charitable purposes.

CultureTrust is not in the business of being an artistic director or passing judgment on the Project from a curatorial or aesthetic standpoint. CultureTrust will only step in and influence staffing or vendor decisions if it feels that a specific decision (or lack thereof) may lead to failure of the Project overall. In stewarding any Project, there is great reliance on a true relationship of trust between CultureTrust and the Project Director.

Long-term ownership of your organization or Project.
CultureTrust has no interest in assuming founding credit for or long-term "ownership" (legal or otherwise) of a Project (whether that is a Project without prior nonprofit affiliation or an existing organization). Our purpose is to provide shared operating infrastructure for

Projects, nothing more. We sometimes receive questions from Project founders about whether CultureTrust might want to “take over” the Project or organization for the long term. The answer is, “No.” CultureTrust is not interested in taking over your Project concept or organizational mission. Our purpose is to help you administer your Project more effectively with respect to cost and labor, not to “acquire” Projects or organizations and their assets.

ROLLING TRACK 2 MEMBERSHIP APPROVAL

Policy
CultureWorks’ management has the authorization from the Board of Directors to request review and approval of prospective members by the Membership Committee for entry into Track 2 (CultureTrust) on a rolling basis, guided by the below terms and criteria.

- The prospective member must have a compelling and time-sensitive reason to require approval outside of the quarterly meeting cycle.

- The prospective member must have completed a Track 1 360 Assessment with CultureWorks staff and been identified by the Community Development team as a good fit for the services as defined by mission-match, leadership acumen, and meeting minimum necessary financial requirements.

CultureWorks’ management will not recommend prospective members for rolling approval that exhibit the following qualities. In these cases, prospective members may apply at the quarterly application deadlines and will be discussed at the quarterly board meeting.

- The prospective member represents a significant legal, insurance, or financial liability exposure for CultureTrust and, by extension, CultureWorks.

- The prospective member challenges the boundaries of CultureWorks’ mission or may be a threat to the organization’s exempt status by virtue of the project’s work and mission, or the manner in which its programs and services are delivered.

The full Board of Directors will ratify any rolling approvals by the staff at the quarterly board meeting as a part of the consent agenda.

Purpose & Background
The rationale for instituting this policy and practice are:

- This will help streamline the approval process and allow member projects to move from Track 1 to Track 2 when the time is right for the project and CultureWorks, instead of waiting for full board approval at a quarterly meeting.

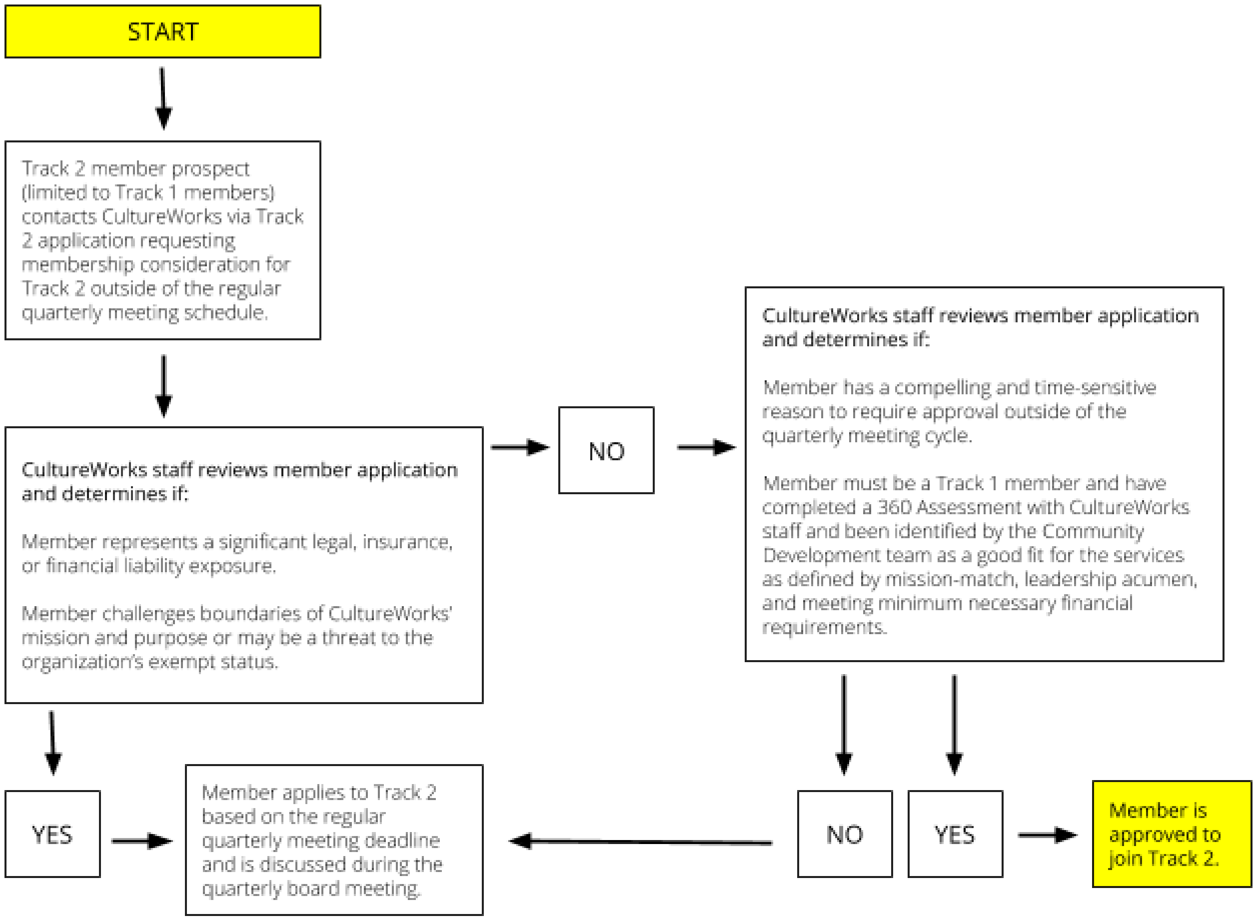
- This will permit greater efficiency and better work flow management in the overall operating model and service delivery for CultureWorks, by allowing projects to be transitioned from Track 1 to Track 2 on an ongoing basis as opposed to “batching”, which was an artifact of the former board approval requirement—following each meeting many projects needed to be on-boarded at once, leading to workflow challenges.

Since the establishment of CultureTrust Greater Philadelphia and our Model A Comprehensive Fiscal Sponsorship program in 2013, CultureWorks, as Trust Administrator, has followed a practice of having all projects approved by the Board of Trustees of CultureTrust. In 2014, the CultureTrust board created a standing Program Committee, which was empowered to review all applicants to CultureTrust and make recommendations to the board. Only cases of significant liability concern or that challenged the boundaries of our mission and work was referred to the board for discussion beyond the Program Committee.

In June 2017, the boards of CultureWorks and CultureTrust, as well as the relationships between the two charitable formations were restructured, resulting in one board (CultureWorks) governing both entities. With this restructuring came also some changes to how programs and services are delivered and how membership in the CultureWorks community is defined. With these improvements came the addition of a provisional Model C Fiscal Sponsorship relationship under our Track 1 resources. This relationship was approved by the board to be designated by management and does not require separate approval by the board.

CultureWorks seeks to shift the approval process for our Track 2 members (participants in CultureTrust/Model A Fiscal Sponsorship) from the board to the management of CultureWorks and the Membership Committee of the board. In this case, most projects, with exceptions, would be approved by management (the Chief Commons Director) and the Membership Committee to move from Track 1 to Track 2 and become subtrusts under CultureTrust.

Internal Staff Review & Approval Process Overview



SAYING GOODBYE, OR GOODBYE FOR NOW

Leaving CultureTrust is a simple four-step process. Throughout this process, as with all other management processes, the Trustees of CultureTrust maintain ultimate authority over the way in which a Project leaves the trust.

Written Request from the Project Director
The Project Director writes a letter addressed to the Board of CultureWorks Greater Philadelphia and delivered to the Project's Community Director at CultureWorks expressing her/his desire to dissolve the Project's subtrust and cease operations under CultureTrust.

Creation of Settlement Strategy for all Project Assets and Liabilities

CultureWorks and the Project Director work together to arrive at a timeline and approach for settling all outstanding liabilities (bills and obligations) that are in the name of the Project and CultureTrust at the time the request to dissolve was created, as well as for dispersing any remaining cash in accordance with the law. A written Settlement Letter is created by CultureWorks summarizing this strategy.

If a Project does not have its own nonprofit status or affiliation, charitable law mandates than any remaining charitable assets—in this case, remaining cash restricted to the Project and any illiquid assets—must be either (a) returned to the funders or donors or (b) dispersed to a registered charity in good standing of similar mission and purpose. Charitable funds and assets may not revert to the Project Director or any other private parties unless to settle approved debts and liabilities.

If a Project has its own nonprofit status or affiliation and wishes to resume operating under its former organizational structure, CultureTrust may agree to transfer any remaining funds back to the existing nonprofit, provided the nonprofit corporation has remained active and is in good standing. CultureTrust may also contribute the funds to another charity with a similar mission or purpose. This decision is at the sole discretion of the Board of Trustees of CultureTrust. A Project does not end without settling all debts and obligations that remain in the name of CultureTrust.

Approval of Settlement Letter by Board of Trustees
The CultureWorks Board has full authority and discretion in deciding how to manage any remaining charitable funds restricted to a Project and the Board must approve the final Settlement Letter. The Settlement Letter will be reviewed and approved by the Board at the next available meeting. The Board may also seek legal counsel or the input or approval of the Attorney General of the Commonwealth of Pennsylvania concerning the disbursement of any restricted Project assets.

Execution of Settlement Letter by CultureWorks
Finally, CultureWorks is charged by the Board to work with the Project Director to implement the approved settlement strategy for the Project's account, in accordance with the Settlement Letter.

Temporary Project Dormany
If a Project has been inactive for over 3 months, with neither financial activity nor communication from the Project Director, their CultureTrust Community Director will begin reaching out to see if the Project Director would like to make their Project dormant for a significant period of time. This means that:

- The Project will not be fiscally sponsored from the time the agreement is signed until the Project Director signs a new Subtrust Declaration, at a time of their choosing.

- The Project will no longer be covered under CultureTrust's general liability insurance or able to legally accept any income into its CultureTrust while it's dormant.
- CultureTrust will retain any Project funds until such time as the Project is formally restarted or settled.
- After 1 year, if there has been no update from the Project Director, the Community Director will reach out to either see about settling or restarting the Project.

KEEPING YOUR RECORDS

All Projects are asked to keep copies of fundraising-related documents for their own record keeping while working under CultureTrust, and for the eventuality that they might leave CultureTrust. We assume that the Project Director and other Project staff outside of CultureWorks will maintain most of the administrative and program-related documents for the Project.

CultureWorks will maintain two sets of files on behalf of CultureTrust. After a Project ends, these files remain under CultureWorks' stewardship. Projects will have access to copies of the following documents upon leaving CultureTrust, so that they may continue to manage their work:

- **Financial Documents** – We will make available complete electronic copies of all of the financial documents and accounting for your Project while under CultureTrust.

- **Fundraising Documents** – We will make available copies of all fundraising and grants management files accumulated while operating under CultureTrust.

- **Other Documentation** – Depending on the Project, CultureWorks may have maintained other documentation, which will likewise be made available to the Project Director upon exit from CultureTrust.