

Social & Environmental Entrepreneurs (SEE) Frequently Asked Questions

■ *What are the benefits of joining SEE?*

There are many benefits of utilizing the services of a fiscal sponsor:

- All accounting is done in house for minimal fee of 6.5% of all donations received.
- Recognition as a nonprofit entity under SEE's fiscal sponsor umbrella.
- Updated financial reports (profit & loss statements) available as requested.
- Handle all federal and state tax filings (990s and 1099s).
- Thank you letters/tax receipts to donors for donations of \$50 and more.
- Ability to accept donations by check, cash, credit card, or electronic wires.
- Audited financial statements as requested by grants and foundations.
- Donations reduce out of pocket expenses for Project Directors.
- Use your time with SEE to ensure the success of your non-profit.
- SEE's network of projects promotes collaboration and resource exchange

■ *What is the process of joining SEE?*

Once an inquiry is made to the SEE office, we send you an application. It is important to read through this material carefully.

To be considered for an interview, applications must be filled out completely, including an accompanying budget. Incomplete applications will not be considered. Please mail or hand-deliver the application, as we cannot accept proposals by facsimile or e-mail.

Once we have received your completed application, the SEE staff then carefully reviews each proposal. There may be follow up questions for you to answer in writing. Your project may then be invited to interview with members of the SEE staff.

If there is agreement to move on and formally work under SEE's auspices, the Project Director will sign the Memorandum of Understanding (MOU). Once a project has signed the MOU and read the Operations Manual, that project is able to utilize SEE's tax-exempt status for raising project funds and then your project's mission statement will be added to the SEE website at www.saveourplanet.org. (Both the MOU and Operations Manual are available for you to read on the website in advance).

■ *Are there any ongoing fees? What are fiscal sponsorship fees?*

There are no ongoing fees other than fiscal sponsorship fees, which are calculated at 6.5% of every project's revenue for normal services. However, the 6.5% is not taken from in-kind donations, i.e. non-dollar donations. This fee is used to maintain the SEE office, and pay for such infrastructure costs as salaries, equipment, telephone, etc. and cannot be reduced.

■ *Does SEE raise funds for the project?*

All projects are expected to raise funds to cover their activities, as well as project-related overhead. SEE is not involved in fund raising for projects as each project is independent.

■ *Can SEE put projects in touch with any donors or foundations?*

Our donors understand that giving ensures a degree of confidentiality; therefore donors always expect an organization to respect their privacy. We adhere to this unwritten code.

■ *Is there a registration fee to join SEE or a minimum amount?*

While it is free to apply to SEE, there is a \$100 activation fee to actually sign on as a project upon approval by staff and Board after the interview process. This fee ensures that Project Directors are dedicated to working towards their said mission and using their time with SEE effectively.

SEE also requires that each project pay a minimum of \$225 per calendar year in fiscal sponsorship fees. There is no maximum amount, i.e. we do not cap fees at a ceiling amount. Any project that does not raise at least \$3,400 in donations for a full calendar year will need to remit funds to come up to the \$225 level. This policy was enacted to ensure that all projects are active and working toward the goals they have set forth.

■ *What if our group lacks a significant operating history?*

SEE is equipped to handle start-up endeavors. As long as you are serious about doing the work, you have a home with SEE. Project Directors are expected to raise funds to expand their work and advance the goals of the project.

■ *How does the flow of money occur once a donation has been given?*

Donations always need to be sent to the SEE office, where they are deposited. They can be in the form of checks, credit cards (we accept Visa, MasterCard, Discover and Diner's Club ONLY), wires, or stock. Only project-related expenses can be covered with these funds, never personal expenses. If a project does not have adequate funds to cover expenses before checks are deposited, funds will be disbursed only after the checks have cleared.

■ *May we contact / collaborate with other SEE projects?*

Yes - we encourage it! Contact information for active SEE groups is listed on the web site at www.saveourplanet.org. Feel free to get in touch with any project that you feel could augment your work and vice versa.

■ *Can SEE projects lobby voters or politicians?*

SEE encourages all individuals to lobby on their personal time. SEE projects cannot spend any funds on expense related to *direct* lobbying (visiting lawmakers or creation of publications that advocate voting for a particular law or proposition).

■ *Can we earn a salary doing nonprofit work?*

Yes, you can pay yourself for doing work for your project. This goes for staff, interns, consultants and contractors. This is perfectly legitimate within nonprofit work. However, it is not appropriate for a project's entire expenses to be directed toward salaries. There are always office and field expenses entailed in carrying on a humanitarian / ecological project.

SEE monitors payments for services to be sure that they are commensurate with the project work.

■ *Do we need to form a Board of Directors?*

It is not necessary, as the SEE Board of Directors becomes the de facto Board for all SEE projects. This is due to the fact that every member project is legally a part of SEE as the fiscal sponsor. Projects do not have a legal identity outside of SEE. However, all projects are encouraged, though not required, to form

an advisory council. This helps in project efficiency, community visibility, and in the 'spinning off' process if a project decides to become your own non-profit.

■ ***Are we allowed to hold raffles?***

Raffle laws vary from state to state, but raffles are mostly illegal (because it is considered a form gambling). In California, the only people allowed to run raffles are the employees of nonprofits (where the money raised goes to benefit the nonprofit's mission). Because of SEE's small staff, we do not have the resources to lend out employees for raffles.

■ ***What if our work involves books, films, videos, etc? Who owns them?***

This is an important issue, and needs to be understood. Any tangible product or intellectual property (e.g. book, film, video, manuscript) that is produced with funds from the public realm, i.e. via a public charity such as SEE, is technically owned by the charity. It is strictly a legal issue. It is useful to keep in mind that every SEE project is afforded recognized nonprofit status only through its affiliation with SEE.

SEE does not act in a proprietary manner with any project's assets. There will never be an issue of SEE exercising creative control over your productions (unless it violates federal or state nonprofit guidelines). However, using public funds to create or purchase an asset does restrict how it can be used. When a project spins off, all assets created during a project's tenure are granted to the project as long as it goes to another non-profit.

■ ***How are contracts with outside vendors / service providers / individuals handled?***

Projects are free to negotiate contracts for services rendered by businesses or individuals. However, there is no debt financing allowed in SEE. When signing a contract for a service, the project must have available funds to pay for the said service. If a contract for any amount is over and above a group's normal operating level, the SEE office must first approve it.

■ ***If I have collected donations and deposited them into my personal bank account, are those donations tax-deductible once I join SEE?***

No, because in order for a donation to be tax-deductible, it has to be directly deposited into the bank account of a tax-exempt nonprofit like SEE. However, if you have the checks/cash/money orders in your possession and they have not yet been deposited, the donations will be tax-deductible if they are deposited into SEE's bank account.

■ ***Can SEE projects take donations from businesses?***

Yes. However, projects must be very careful not to advertise the gift by thanking the business for their donation on your website. If the business' "gift" is ever advertised, the IRS will consider that gift to be a payment for advertising, not a donation. Therefore, that money would be considered "unrelated business taxable income" and subject to tax at the corporation rate. Donations from individuals and foundations are not subject to these regulations.

■ ***If someone donates his or her time or space (for example, creating my website or giving free office space) can that person receive a tax donation?***

The IRS only recognizes tax-deductions for tangible goods and does not consider time or space tax deductible.

■ ***What if my project needs to purchase or lease a product?***

In some instances, a group may find it necessary to purchase or lease items for their activities. All such purchases and leases need to be executed by an individual associated with your group, not by the SEE office. SEE must not be listed as payee or lessee on any contracts.

■ ***If someone donates a tangible good (like a box of t-shirts) can the donor receive a tax donation?***

Yes. If a project under SEE received a donated good, known as an in-kind donation, SEE can give the donor a letter for the donor's records. Nonprofits can only list specific items the donor gives, they cannot assign values to those items. Therefore the letter will read, "We would like to acknowledge your in-kind donation of 40 blue t-shirts." Please provide detailed information as to the In-Kind donations received when requesting a letter to the donor.

If the donor will be deducting the value of the donation from United States Federal taxes and the value is over US\$500, the donor will need to fill out Form 8283 with your next annual tax return. If the value of the US tax-deductible donation is over US\$5,000, SEE will need to sign the Form 8283, according to IRS regulations.

■ ***Is there a minimum / maximum time a group needs to stay with SEE?***

A project is not required to spend any particular length of time with SEE. You can begin to seek independent tax-exempt status at any point that you and your advisory council feel ready. SEE does require an exit interview before spinning off.

■ ***Can SEE help a group get its nonprofit status?***

A project can be part of SEE while it goes through the process of seeking tax-exempt nonprofit status. SEE has online resources to refer projects to, listed on our website. But for professional assistance, a lawyer specializing in nonprofits should be consulted.

■ ***What if I'm not sure my project fits within SEE's criteria?***

The best place to start is the Member Projects section on the SEE website, at www.saveourplanet.org. Find the area that best matches your mission and goals, and check out the groups who are listed there. If you are still unsure, the best option is to contact us directly.

■ ***What if I have more questions?***

Many times the best thing to do is to fill out the application and send it in so we can better answer your questions as it relates to your specific project.

Thank you for your interest and for considering becoming one of the SEE member projects. If you have additional questions, please contact us.

Social & Environmental Entrepreneurs (SEE)
22231 Mulholland Hwy., Ste 209
Calabasas, CA 91302

Telephone: 818-225-9150
Facsimile: 818-225-9151
Website: www.saveourplanet.org

