

What is Fiscal Sponsorship?

Fiscal Sponsorship describes an arrangement between a non-profit organization with 501(c)(3) tax exempt status and a project, often a new charitable effort, conducted by an organization, group, or individual that does not have 501(c)(3) status. Fiscal sponsorship permits the exempt sponsor to accept funds restricted for the sponsored project on a project's behalf. The sponsor, in turn, accepts the responsibility to ensure the funds are properly spent to achieve the project's goals. This arrangement is useful for new charitable endeavors that want to "test the waters" before deciding whether to form an independent entity as well as temporary projects or coalitions that are looking for a neutral party to administer their funds.

What is the Community Development Program?

The City of Duluth expects to receive almost \$3,000,000 annually in funds from the U.S. Department of Housing and Urban Development (HUD). The City disperses these funds to meet the goals and objectives in the Consolidated Plan. HUD provides three types of funds: Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions Grant (ESG). Local organizations apply to the Community Development Program requesting these HUD funds for their projects. In late July 2016 the application guidelines for fiscal year 2017 funds will be available. Applications will be due in early September 2016. Applications will be reviewed and scored by the CD Committee in October 2016. The CD Committee will release initial funding recommendations in late October 2016 for a 30 day public comment period. The Committee will hold a hearing at the end of November 2016 and decide on final funding recommendations. The final recommendations go to City Council for approval in December 2016. The funding cycle starts April 1, 2017 and runs through March 31, 2018. Organizations are required to submit reports and payment requests quarterly.

What types of projects are eligible for Community Development funding?

CDBG

- *Public Services*
Projects that assist persons in poverty to become self-sufficient by removing barriers and assisting persons with basic needs such as food, clothing, health care, employment and housing stability for the homeless or households at-risk of becoming homeless.
- *Public Facility Improvements*
Projects that make site improvements to facilities which serve the public in areas where more than 51% of the residents have low incomes or whose clientele meet the 51% low income guidelines. Certain projects, such as special assessments, must provide a direct benefit to clientele who have low incomes.
- *Housing*
Projects that increase the availability of affordable housing, preserve and upgrade the existing housing stock, help low-income households purchase homes, and assist in providing housing options for persons with special housing requirements.
- *Economic Development*
Projects that support economic development and reduce poverty by assisting persons with low and moderate incomes in achieving economic self-sufficiency.

HOME

Projects that provide decent, safe, and affordable housing and alleviate problems of excessive rent burdens, homelessness, and deteriorating housing stock.

ESG

Projects that address homelessness issues through outreach, Coordinated Access and Assessment, shelter operations (including transitional housing), rapid re-housing, prevention assistance for persons at-risk of becoming homeless and collection and maintenance of homeless data and record-keeping requirements.

Fiscal Sponsorship Checklist

- Set up a face to face meeting with Lee Stuart of CHUM and provide her with the following:**
 - Proof of your organization
examples: articles of incorporation, business plan
 - A letter stating your organization's support for and commitment to seeking fiscal sponsorship
examples: resolution from the Board of Directors, resolution from founding members of the organization
 - Proof that your organization's mission and the proposed project are consistent with CHUM's mission and purpose
- Submit a written proposal to CHUM including:**
 - Your organization's mission
 - The proposed project
 - The proposed budget
 - A formal request for fiscal sponsorship
Lee will take the proposal to CHUM's Board of Directors for approval.
- Apply for Community Development Program funding including:**
 - Community Development Application (available in late July 2016 on the Community Planning website)
 - Draft Fiscal Sponsorship Agreement (available on the Community Planning website)

Contacts

We strongly encourage new applicants to contact CHUM and Community Planning staff as soon as possible to discuss the application process.

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