



**SOUTHERN  
DOCUMENTARY  
FUND**

FISCAL  
SPONSORSHIP  
HANDBOOK

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### **SDF's Mission:**

The Southern Documentary Fund (SDF) is a nonprofit arts organization that cultivates documentary projects by makers based in the American South. Inspired by our core belief that documentaries have the power to change lives and communities, we serve as a leading advocate for powerful Southern storytelling, providing filmmakers and artists with professional support, filmmaking grants, and fiscal sponsorship. Since its founding in 2002, SDF has sponsored over one hundred projects that have screened all over the world, won critical acclaim and prestigious awards, and inspired audiences with authentic stories that matter.

### **Contact the Southern Documentary Fund:**

#### **Mailing**

**Address:** Southern Documentary Fund  
P.O. Box 3622  
Durham, NC 27701

**email:** [fiscal@southerndocumentaryfund.org](mailto:fiscal@southerndocumentaryfund.org)

**telephone:** (919) 308-3714

# 1. Fiscal Sponsorship Overview

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The Southern Documentary Fund (SDF) offers Fiscal Sponsorship for projects by Makers based in the American South. In the simplest terms, “Fiscal Sponsorship” is when an organization that has received nonprofit status from the IRS accepts legal responsibility for funds received from other entities to support activities that further its mission.

Fiscal Sponsorship is important so that your media project (broadly defined—it could be film, video, photography, multimedia, or something else) can secure funding from foundation, government or corporate sources that require tax-exempt status under a current 501(c)(3) certificate from the IRS. As a nonprofit organization, a fiscal sponsor provides fiduciary oversight and allows you to solicit funds from these government, foundation, individual, and other philanthropic sources, which are tax deductible to the fullest extent allowed by law (and may be partially tax-deductible in cases where goods are exchanged).

Instead of attempting to establish 501(c)(3) nonprofit status for your project or production company (a lengthy, involved, costly, and demanding process), you may contract with a fiscal sponsor to serve as the tax-exempt entity that will independently manage the funds from your donors. As a fiscal sponsor, SDF collects all funds for a project and disburses the funds as necessary, and provides services that include a project page on the SDF website.

## ***Continued Eligibility***

To be eligible for fiscal sponsorship, you must be working on a documentary project that is consistent with the SDF mission and seeking donations in the form of grants from public agencies, foundations, corporations, or individual donors (including fundraising benefits). Once accepted, you must actively raise funds to remain in “active status” with SDF fiscal sponsorship.

SDF reserves the right to discontinue services to a project at any time if it does not meet these requirements.

## ***Fees***

All sponsored projects are required to pay an annual \$50.00 Artist Services Fee. For your first year of sponsorship, your application fee covers this charge. In order to remain current, the Artist Services fees are paid each January with your Progress Report.

In addition, SDF charges a 6% administrative fee to all funds received for the project, and any funds processed via Paypal will have their fee (2.2% + \$.30) deducted from the total. All fees will be calculated based on the full value of the donation.

## 2. Relationship of Fiscal Sponsor and Project

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Many projects seeking fiscal sponsorship receive support from a government agency or a private foundation, or a tax-deductible contribution from an individual or corporation. However, the IRS has a strict policy against so called “conduit” arrangements. This means that your funds cannot merely pass through SDF without any oversight of their use. For example, when an organization makes a donation to your project, the checks are made out to The Southern Documentary Fund and deposited into our bank account, where they will be earmarked for your project (minus the SDF fee). This donation is in reality a gift to your project, but to be eligible for tax-exempt status under Section 501(c)(3), the IRS requires that SDF has “complete discretion and control” over the funds, and the IRS holds SDF legally responsible to ensure that its payments to the project are used solely in concordance with our mission. As far as the IRS is concerned, your project must act so as to further SDF’s tax-exempt purposes (as outlined in our mission statement) and SDF cannot be directed or controlled by the project.

**In short, SDF retains control and discretion over the use of all contributions it receives.**

These conditions on fiscal sponsorship necessitate the guidelines, forms, and regulations you will read about in this handbook.

## 3. Summary of Fiscal Sponsorship Agreement

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All new projects must enter into the attached Fiscal Sponsorship Agreement which requires you to:

- Keep track of all expenses connected with the project in accordance with your approved budget, and submit documentation with Disbursement Request Forms - available at <https://sdf.submittable.com/submit/37927/disbursement-request-form>
- Provide a photo, description, and links to relevant project sites in order for SDF to build a project page for you on our website.
- Complete and return a Progress Report on January 31st each year a project is sponsored via Submittable.com.
- Pay the Annual Service Fee each year a project is sponsored.
- Spend funds administered to you through SDF only for the production of the project and in accordance with the budget approved by SDF.
- Comply with restrictions and requirements imposed on SDF by the IRS.
- Provide a copy of your final product to SDF.
- Provide proper credit to SDF in publicity and outreach materials

In return, SDF will:

- Manage donations to your project under its 501(c)(3) tax status.
- Provide donors with acknowledgement of their gift and a tax receipt indicating the legal tax-exempt status of their donation.
- Disburse funds to you on behalf of your project, no more than once per month and provide information upon request about your account balance.
- Provide you with one page on SDF's website to feature your project.

**See Fiscal Sponsorship Agreement for additional details.**

## 4. Financial Records

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### **Track your expenses:**

SDF recommends that all filmmakers work with a bookkeeper. You may decide to take the bookkeeping on yourself. Preferably, you'll track expenses in QuickBooks or some type of accounting software, balancing them against your approved budget so reporting is quick and easy. For projects that are doing extensive fundraising and have many production-related expenses to reimburse, SDF recommends using accounting software rather than trying to keep track of everything in Excel or a spreadsheet format. Be sure to track check numbers, payee names, a description of the expense, and budget category.

To remain in compliance with IRS guidelines, SDF must do spot audits of our projects annually. Be aware that your project may be randomly chosen. SDF has the right to request copies of actual invoices and canceled checks for audit. Be sure you are keeping these items for your records. All expenses you plan to reimburse from funds raised via fiscal sponsorship must be directly related to the production of your film and must appear in your approved budget.

### **Keep up with your budget:**

SDF has a legal obligation to ensure that all funds raised via our fiscal sponsorship program and 501(c)(3) status are spent in accordance with your approved budget. You should enter your budget in QuickBooks or some type of accounting software so tracking expenses vs. budget is easy to do. You will be required to provide an up-to-date budget with your annual Progress Report to SDF each year.

### **Track your income and donors:**

You need to keep track of the donations you receive via SDF fiscal sponsorship. SDF will send you a notification email for each donation we receive on behalf of your project. You

should then enter that information into your own database or record. SDF sends an acknowledgment letter that serves as a tax receipt to donors who make contributions

of \$250 or more, and project directors are encouraged to communicate directly with donors to acknowledge these gifts as well.

When you receive a donation, we will notify you of the type of donation (check/Paypal/etc), the name of the donor, the amount, and the email address of the donor (if provided). We recommend that you keep your own records of donors as well.

## 5. Donations

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Donors who wish to make a check contribution should write those checks to the Southern Documentary Fund, making sure to indicate the project name in the FOR/MEMO line. Checks should be sent to Southern Documentary Fund, PO Box 3622, Durham NC 27701.

If you collect check contributions on behalf of your donors you must send them to SDF using the Contribution Notification Form. We recommend that you make copies of all notification forms that you send to us for your own records.

DO NOT wait to send these checks to SDF. Hanging onto checks for months after the check issue date is discourteous to the donor and it may result in the check not clearing with the bank. If you are collecting many checks it's fine to send them to SDF in weekly batches.

Also, please make sure that your donors make their check payable to the Southern Documentary Fund. If they write the check in your name or your project's name, we cannot accept them. If we receive checks not payable to SDF we will return them to the donor.

Donors who wish to make a PayPal/credit card donation should visit your project page on the SDF website. Donors should contact us directly if they wish to make a stock donation to your project.

Our Federal Tax ID Number is 75- 2993148.

Tax Letter Policy: SDF issues a tax receipt for all donations made over \$250. We will email the donor their receipt unless they specifically request a hard copy or they only provide a mailing address. Donors should retain their check stub or PayPal receipt for their records.

SDF will issue a tax receipt for donations when goods or services are exchanged but we are required to detail the goods and non-deductible (fair market) value of those goods.

## 6. Disbursements

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As a fiscally sponsored project of SDF, you are entitled to make one disbursement request per month. SDF recommends that you request your balance from us prior to making the disbursement request to check the balance against your own records.

**If you have any outstanding progress reports, your project funds will be frozen until progress reporting is up to date and late fees are paid.**

### How to Request Funds

1. Fill out the disbursement request form.

Disbursement requests made by the 1st Monday of the month will receive payment on the 15th of the month. Requests made by the 3rd Monday of the month will receive payment on the 30th. **IMPORTANT:** If you are submitting a disbursement with a payee other than the one you initially set up with us, you will need to fill out a new w9 form. Note that this is in situations where you start a LLC or a new Project Director joins the project - SDF will not pay your vendors or contractors directly.

\*\*Important notes about disbursements payable: We strongly recommend creating a LLC or even a separate checking account for any money received - a dedicated account will make tracking finances and tax reporting much easier for all parties.

2. Submit the proper reporting:

Anticipated Expenses – Each time you make a disbursement request you must submit an outline of what the funds will be used for in accordance with your budget.

Previous Expenses – You must also report on the actual expenses paid for with your previous disbursement funds - a line-item accounting is sufficient. An example of this reporting are a QuickBooks P&L for the specific date range that covers the expenses incurred. We do not need individual receipts for each item, but we recommend that you still keep these in case of an audit or other need for detailed reporting.

We need a report on previous expenses with the following detail:

- Payee name
- Payment date
- Purpose/description of the service/expense and budget category
- Is there a balance forward? For example, you previously received a disbursement for \$5,000 but only have expenses so far totaling \$4,000. You will need to note a balance forward on your report and include actual reporting on that remaining \$1,000 balance with your next disbursement.

Once SDF receives the disbursement request and all of the proper reporting and documentation you will receive the donation within the timeline noted above. Your bookkeeping of expenses is critical to making disbursements and reporting an easy and painless process. Please note: incomplete requests and reporting will delay the processing of your request.

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## 7. Progress Reports

As outlined in the Sponsorship Agreement, you are responsible for submitting progress reports every January 31st. Prior to that deadline, you will be notified with a web address where you will be able to submit your progress report.

### **SDF Policy on Delinquent Progress Reports**

Any Project Director with one or more outstanding Progress Reports will have their fiscal sponsorship disbursement account frozen (no further disbursements for which funds are available shall be made) until such time as the outstanding Progress Report(s) are filed. Once the account is updated, the project will again be eligible to receive disbursements. **SDF will discontinue sponsorship with project directors who consistently fail to meet contractual deadlines. Late progress reports will incur a \$25 late fee per missed deadline.**

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## 8. Forms

The following useful forms are included in this Welcome Packet:

- W-9 Form (required in order to receive disbursements)
- SDF's 501(c)(3) documentation (required by some funders)
- Donation Form (for single contributions)
- Contribution Notification Form (for batched contributions you may receive, for example at an event)

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## 9. Proposals and Special Reports

### **Submitting a Proposal to a Funder**

You must send SDF a copy of all grant proposals you are submitting under our fiscal sponsorship.

This will not only keep us informed, but should your potential funder contact us regarding your project, we will be able to answer their questions and concerns knowledgeably.

If the funder does not require 501(c) status to receive funds, you are welcome to apply directly and not process the funds through us, saving you the processing fee on the grant totals.



**We require at LEAST a month's prior notice for any grant proposal that Southern Documentary Fund must submit. If this deadline is not met, the grant application will not be submitted.**

### **Reporting**

The majority of funders require both grant applications and reporting to be submitted by organization receiving the funds - i.e. the fiscal sponsor. Project Directors are required to provide any required reporting elements to SDF at least one week before the submission deadline so staff can review before submission.

### **Policy on Signatures and Review**

If your proposal requires a signature or any info directly from SDF you must give us at least four weeks turnaround time. The same applies if your grant reporting requires a staff or board signature from SDF.

## **10. Seek Your Own Tax Advice**

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You will receive an IRS Form 1099 in December or January detailing any funds disbursed to your project. If it is near the end of the year, you may not want to request more funds than you are absolutely sure of expending by December 31st; otherwise you may have to report unexpended money to the IRS as personal income.

SDF is not a tax advisor and is not responsible for a project's individual accounting. We do not prepare W-2 or 1099 forms for your project's vendors. Project Directors should establish a relationship with an accountant or tax advisor, or be prepared to submit these forms themselves.

## **11. Fundraising Events**

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### **Tickets vs. Donations**

Please be aware that SDF is not able to receive "donations" in response to a solicitation for ticket sales to your event. Changes to NC laws in 2014 require that we charge sales tax for admissions. It's important that you structure your project events accordingly.

For example, if you're asking folks to donate \$100 per person to attend an event where they are receiving food, drink, entertainment, perks, etc., the law considers this entertainment and it is not necessarily a fully tax-deductible donation. If goods are received in exchange we need to know this information in advance so we can issue the tax letter with the appropriate information. The guidelines are complicated so it is critical that you reach out to us at least four weeks before your event so we can work out the details.

## Appendix A: Additional Materials Required

Submit the following deliverables via email and/or Google Drive:

1. **Full contact information** (if different or additional from what you provided on your application): name, phone numbers, mailing address, email.
2. **Film descriptions.** We need: one page, one paragraph, one sentence.
3. **Filmmaker(s) bio(s).**
4. **Production credits.**
5. **URLs/addresses for**
  - Film website
  - Facebook page
  - Twitter feed
  - Any other social media sites
6. **3 to 4 high-resolution photographs**, as jpegs (print quality).
7. **1 to 2 high-resolution production stills** (if available), as jpegs (print quality).
8. **Film trailer/promo**, high resolution QuickTime file or Vimeo link (when ready).
9. **Title treatment**, as a jpeg (print quality—when ready).

## **Appendix B: List of Additional Services**

The following services are included with SDF Fiscal Sponsorship.

- **Timely disbursements of cleared contributions.**

- Project page on SDF website. Your project page will include a still image and description of your project, links to your project's website, social media, trailers, and a donation button to your SDF PayPal donation account.

- Invitation to our Annual Artists Convening. Our annual Convening including workshops, panel discussions, master classes, screenings, access to industry professionals, and community building.