

FISCAL SPONSORSHIP AGREEMENT

This Fiscal Sponsorship Agreement (Agreement) is made by and between the Illinois Stewardship Alliance (Sponsor), and the Illinois Organic Growers Association Steering Committee (Committee). Sponsor is an Illinois not-for-profit corporation located in Springfield, Illinois, qualified as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and classified as a public charity under IRC Sections 509(a)(1) and 170(b)(1)(A)(vi). The Committee is an unincorporated nonprofit association established to manage the affairs of the Project described below.

RECITALS

A. The Sponsor Board of Directors has approved the establishment of a restricted fund to receive donations of cash and other property designated for support of the project known as the Illinois Organic Growers Association (the Project) and to make disbursements in furtherance of the Project's mission to support networking and farmer-to-farmer exchange among farmers interested in organic and sustainable production methods, promote and develop new and improved production methods that are state- and region-specific, and help growers support expanded markets for organic agricultural products.

B. Sponsor desires to act as the fiscal sponsor of the Project, by receiving assets and incurring liabilities identified for the Project beginning on the effective date as defined in Paragraph 1, and using them to pursue the objectives for which the Project is being established, which Sponsor's Board has determined will further its charitable and educational goals. The Committee desires to manage the Project on behalf of Sponsor.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. **Term of Agreement.** On August 1, 2011, Sponsor shall assume operation of the Project, which operation shall continue in effect unless and until terminated as provided herein.
2. **Project Activities and Sponsorship Policies.** All educational programs, public information work, fundraising activities, processing and acknowledgment of cash and noncash revenue items, accounts payable and receivable, negotiation of leases and contracts, disbursement of Project funds (including grants), and other activities conducted by the Project shall be the ultimate responsibility of Sponsor and shall be conducted in the name of Sponsor beginning on the effective date, with the exception that the IL Department of Agriculture grant for the Establishment of an Illinois Organic Growers Association shall continue to be administered through its grantee, the University of Illinois, until its project period concludes. Unless otherwise agreed, and subject to their consent, all personnel to be compensated for working on the Project shall become at-will employees or independent contractors of Sponsor on the effective date and shall be subject to the same personnel policies and benefits as are required by law to apply to all employees and independent contractors of Sponsor. The parties shall abide by the Administrative Terms and Policies of Sponsor set forth on the attached Exhibit 1, which Sponsor may amend from time to time with the consent of the Committee and which include administrative fees, interest, and charges for extra services, to be paid to the general fund of Sponsor from the restricted fund described in Paragraph 4 below. Unless otherwise agreed, any tangible or intangible property, including intellectual property, such as copyrights, obtained from third parties or created in connection with the Project shall be the property of Sponsor while this Agreement is in effect.

3. **Delegation.** As of the effective date, management of the program activities of the Project is delegated by Sponsor Board of Directors to the Committee, subject to the ultimate direction of Sponsor Board. The Committee is a group of individuals that serves as a subordinate body to Sponsor Board and as an integral part of Sponsor. In matters governed by this Agreement, the Committee's separate legal existence as an unincorporated nonprofit association will be solely for the limited purpose of holding, exercising, and enforcing the contractual duties and obligations Sponsor may owe to the Committee under this Agreement.
4. **Restricted Fund / Variance Power.** Beginning on the effective date, Sponsor shall track all gifts, grants, contributions, and other revenues received by Sponsor for the purposes of the Project into a restricted accounting fund to be used for the sole benefit of the Project's mission as that mission may be defined by the Committee from time to time with the approval of Sponsor. Sponsor retains the unilateral right to spend such funds so as to accomplish the purposes of the Project as nearly as possible within Sponsor's sole judgment, subject to any donor-imposed restrictions, as to purpose, on the charitable use of such assets. The parties agree that all money, and the fair market value of all property, in the restricted fund be reported as the income of Sponsor, for both tax purposes and for purposes of Sponsor's financial statements. It is the intent of the parties that this Agreement be interpreted to provide Sponsor with variance powers necessary to enable Sponsor to treat the restricted fund as Sponsor's asset in accordance with Statement No. 136 issued by the Financial Accounting Standards Board, while this Agreement is in effect.
5. **Performance of Charitable Purposes.** All of the assets received by Sponsor under the terms of this Agreement shall be devoted to the purposes of the Project, within the tax-exempt purposes of Sponsor. Expenditures for any attempt to influence legislation within the meaning of IRC Section 501(c)(3) shall be subject to limitations imposed by Sponsor. Sponsor shall not use any portion of the assets to participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office, to induce or encourage violations of law or public policy, to cause any private inurement or improper private benefit to occur, nor to take any other action inconsistent with IRC Section 501(c)(3). The restricted fund is not a donor-advised fund within the meaning of IRC Section 4966(d)(2) as presently interpreted under federal tax authorities.
6. **Termination.** This Agreement shall terminate if not approved by a majority of IOGA members voting before or at the Project's annual business meeting at the 2012 Illinois Specialty Crops, Agritourism, and Organic Conference (ISCAOC). An IOGA member shall be anyone who pays membership dues to IOGA for 2012, before or at the ISCAOC. Voting shall take place at the annual business meeting at the 2012 ISCAOC or in any manner before the business meeting as determined by the Steering Committee. If this Agreement is approved by IOGA members at the 2012 ISCAOC, then thereafter, this Agreement shall terminate when the objectives of the Project can no longer reasonably be accomplished by Sponsor. If the objectives of the Project can still be accomplished but either the Committee or Sponsor desires to terminate Sponsor's fiscal sponsorship of the Project, the following understandings shall apply. Either Sponsor or the Committee may terminate this Agreement on 90 days' written notice to the other party, so long as another nonprofit organization acceptable to the Committee is found that is tax-exempt under IRC Section 501(c)(3), is not classified as a private foundation under Section 509(a) (a Successor), and is willing and able to sponsor the Project. (As used in this Paragraph 6, the word "able" shall mean that the Successor has charitable purposes compatible with the purposes of the Project and has the financial and administrative capacity to competently manage the Project.) The balance of assets in Sponsor's restricted fund for the Project, together with any other tangible and intangible assets held and liabilities incurred by Sponsor in connection with the Project, shall be transferred to the Successor at the end of the notice period or any extension thereof,

subject to the approval of any third parties that may be required. If the Committee has formed a new organization qualified to be a Successor as set forth in this Paragraph, such organization shall be eligible to receive all such assets and liabilities so long as it has received a determination letter from the Internal Revenue Service indicating that such qualifications have been met, no later than the end of the notice period or any extension thereof. If no Successor is found, Sponsor may dispose of the Project assets and liabilities in any manner consistent with applicable tax and charitable trust laws. Either party may terminate this Agreement, based upon a material breach of this Agreement by the other party, by giving 30 days' written notice to the other party, and any Project assets and liabilities shall be disposed of at the end of the notice period in a manner consistent with the provisions stated above in this Paragraph.

7. **Miscellaneous.** In the event of any controversy, claim, or dispute between the parties arising out of or related to this Agreement, or the alleged breach thereof, the prevailing party shall, in addition to any other relief, be entitled to recover its reasonable attorneys' fees and costs of sustaining its position. Each provision of this Agreement shall be separately enforceable, and the invalidity of one provision shall not affect the validity or enforceability of any other provision. This Agreement shall be interpreted and construed in accordance with the laws of the State of Illinois applicable to contracts to be performed entirely within such State. Time is of the essence of this Agreement and of each and every provision hereof. The failure of Sponsor to exercise any of its rights under this Agreement shall not be deemed a waiver of such rights.
8. **Entire Agreement.** This Agreement constitutes the only agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. All Exhibits hereto are a material part of this Agreement and are incorporated by reference. This Agreement, including any Exhibits hereto, may not be amended or modified, except in a writing signed by all parties to this Agreement.

IN WITNESS WHEREOF, the parties have executed this Fiscal Sponsorship Agreement as of the effective date set forth in Paragraph 1 above.

ILLINOIS STEWARDSHIP ALLIANCE

By:

Lindsay Record, Executive Director

Dated: _____

ILLINOIS ORGANIC GROWERS ASSOCIATION STEERING COMMITTEE

By:

Michelle Wander, Chair

Dated: _____