

FISCAL SPONSORSHIP AGREEMENT

Dated as of ("the Effective Date") _____.

This FISCAL SPONSORSHIP AGREEMENT ("Agreement") is entered into as of the Effective Date by and between Peace Entertainment Project, Inc. ("PEPSTAR") located at 21515 Hawthorne Blvd., Suite 1050, Torrance, CA 90503 and [Applicant:] _____

WHEREAS, by submitting an application for fiscal sponsorship, the applicant indicates that he/she/organization has read and understood the below Terms and Conditions in full and that, in the event that the application is approved for sponsorship, agrees and intends to be legally bound;

WHEREAS, these terms and conditions shall become effective if, and only if, and at such time as PEPSTAR decides by affirmative resolution of its Board of Directors, that financial support of the charitable activities described in the associated fiscal sponsorship application (the "PROJECT") will further PEPSTAR's tax-exempt purposes;

WHEREAS, in the absence of such a resolution, no part of this Agreement shall be binding in any way on either party;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

TERMS AND CONDITIONS

PEPSTAR is willing to receive tax-deductible charitable gifts, grants and contributions to be awarded by donors ("Donors") to PEPSTAR for the purposes of the charitable activities described in the associated fiscal sponsorship application (the "PROJECT"). In furtherance of its charitable purposes, PEPSTAR shall create a restricted fund designated for the purposes of the PROJECT and has decided to grant all amounts that it may receive from Donors for the purposes of the PROJECT, less any administrative handling charge as set forth below, to the responsible legal entity identified in the fiscal sponsorship application ("Grantee"), subject to the terms and conditions herein.

1. If Grantee is an organization, Grantee represents and warrants that its governing documents, completed and filed IRS Form SS-4, and/or other documentation deemed satisfactory by PEPSTAR to evidence Grantee's separate existence as a legal entity are accurate and complete. If Grantee is an individual, Grantee shall personally assume full legal, fiscal, and oversight responsibility for all responsibilities and obligations of Grantee under this Agreement in particular and the PEPSTAR-grantee relationship in general.
2. Grantee shall use the grant solely for the purposes of the PROJECT, and Grantee shall repay to PEPSTAR any portion of the amount granted which is not so used by the Grantee, provided, however that:
 - a. Any changes in the purposes for which grant funds are spent desired by Grantee must be approved by PEPSTAR (in writing or by email) before implementation.

- b. PEPSTAR retains the right, if Grantee breaches this Agreement or if Grantee's conduct of the PROJECT jeopardizes PEPSTAR's legal or tax status, to withhold, withdraw, or demand immediate return of grant funds, and to spend such funds so as to accomplish the purposes of the PROJECT as nearly as possible within PEPSTAR's sole judgment.
 - c. Grantee understands that this Agreement is tied to and partially predicated on Grantee's status as an active member of PEPSTAR. Should Grantee's membership in PEPSTAR lapse, the PEPSTAR-Grantee relationship as detailed in this Agreement (including, without limitation, all appointments of Grantee as PEPSTAR's agent) shall be terminated in accordance with paragraph 17 below, and assets held for the purposes of the PROJECT, if any, shall be distributed in accordance with paragraph 18 below. Any tangible or intangible property, including copyrights, obtained or created by Grantee as part of the PROJECT shall remain the property of Grantee.
3. Grantee may solicit monetary gifts, contributions, grants, and non-monetary gifts to PEPSTAR for the purposes of the PROJECT, and PEPSTAR hereby appoints Grantee, and Grantee accepts appointment, as PEPSTAR's non-exclusive agent for the limited purpose of soliciting such contributions from Donors and receiving non-monetary gifts ("In-Kind Items"). Grantee's choice of funding sources to be approached and the text of Grantee's fundraising materials are subject to PEPSTAR's prior approval (in writing or by email). All grant agreements, pledges, or other commitments with funding sources to support the PROJECT via PEPSTAR's restricted fund shall be executed by PEPSTAR. The cost of any reports or other compliance measures required by such funding sources shall be borne by Grantee. Grantee agrees to promptly report to PEPSTAR each In-Kind Item it receives or proposes to receive, such reports to include photographs of such In-Kind Items, as the Program Manual (defined below) may require, so that PEPSTAR may decide whether it wishes to accept or not to accept such In-Kind Item. Grantee agrees to hold each In-Kind Item solely for the benefit of PEPSTAR until such time as PEPSTAR, in its sole discretion, requests that Grantee transfer such In-Kind Item to PEPSTAR, grants such In-Kind Item to Grantee for the purposes of the PROJECT, or instructs Grantee that it does not wish to accept such In-Kind Item and to return such In-Kind Item to the Donor. Notwithstanding anything in this paragraph, Grantee is not authorized to make any binding commitments, either express or implied, to funding sources or Donors on behalf of PEPSTAR. Grantee agrees that it is acting as an agent of PEPSTAR pursuant to this paragraph 3 solely in a volunteer capacity and is not owed any compensation or other consideration, and agrees not to seek any compensation or other consideration, from PEPSTAR for any solicitations conducted by Grantee pursuant to this Agreement.
4. Except as specifically and to the extent set forth in paragraph 3 above, (i) nothing in this Agreement shall constitute the naming of Grantee as an agent or legal representative of PEPSTAR for any purpose whatsoever; and (ii) this Agreement shall not be deemed to create any relationship of partnership, joint venture, or other agency between the parties hereto, and Grantee shall make no such representation to anyone.
5. Grantee understands that, in compliance with applicable laws, PEPSTAR retains full legal ownership of, and discretion and control over, funds contributed to PEPSTAR for the purposes of the PROJECT and placed in the restricted fund, until such funds are granted or spent in accordance with this Agreement. With respect to the selection of Grantee or any other grantee to carry out the purposes of the PROJECT, PEPSTAR retains full discretion and control over the selection process, completely independent of any funder or revenue source. PEPSTAR retains the power and sole discretion, without approval from any funding source, from Grantee, or from any other interested party, to

redirect use of funds received for purposes of the PROJECT away from Grantee to another beneficiary capable of fulfilling the purposes of the PROJECT. However, PEPSTAR holds the restricted fund in charitable trust under the laws of the State of California, so that uses of the fund are limited to the PROJECT's purposes. It is the intent of the parties that this Agreement be interpreted to provide PEPSTAR with variance powers necessary to enable PEPSTAR to treat the restricted fund as PEPSTAR's asset in accordance with Accounting Standards Codification (ASC) paragraphs ASC 958-605-25-25 and -26, formerly expressed in Statement No. 136 issued by the Financial Accounting Standards Board (FASB).

6. Because the restricted fund is held for the purposes for which such funds were given, the parties intend that its assets are not subject to the claims of any creditor or to legal process resulting from activities of PEPSTAR unrelated to such purposes.
7. Grantee is responsible for notifying PEPSTAR of any benefits provided by Grantee to Donors in exchange for any contribution, and for estimating the fair market value of such. For example, if Grantee holds a fundraising event to support its sponsored activities and sells tickets for \$50, but ticket buyers receive \$20 worth of entertainment and refreshments at the event, then Grantee must provide this information to PEPSTAR so that PEPSTAR may issue appropriate and accurate tax receipts to said Donors.
8. Grantee understands that contributions to PEPSTAR for the purposes of the PROJECT are only tax deductible under the Internal Revenue Code to the extent that they are motivated by donative intent. All donors should consult with a professional tax advisor regarding the deductibility of their contributions. Anyone making a contribution for the purposes of the PROJECT without the requisite intent, especially the Grantee or a member of the Grantee's family, should consult a professional tax advisor. PEPSTAR reserves the right not to accept any contribution. PEPSTAR assumes no responsibility for ensuring that contributions to PEPSTAR for the purposes of the PROJECT are tax- deductible to any particular Donor. PEPSTAR does not provide individual tax advice; therefore all Donors are encouraged to consult their own outside professional advisers to address questions on deductibility or donative intent.
9. In order to defray PEPSTAR's costs of administering the restricted fund and this grant, PEPSTAR shall deduct an administrative charge of 7% of the full amount of any donation designated for purposes of the PROJECT. This administrative charge shall be assessed, recorded, and deducted each time a donation is received into the restricted fund or received by Grantee acting as agent for PEPSTAR under the terms of paragraph 3. PEPSTAR may additionally, at its sole discretion, deduct from the restricted fund any special or unusual costs it incurs in administering the restricted fund (such as bank penalty fees resulting from a Donor's bounced check). Any interest earned on amounts held in the restricted fund shall be retained in PEPSTAR's general fund.
10. In furtherance of PEPSTAR's charitable mission and the PROJECT's charitable intent, the parties desire to ensure that works produced using grant funds are made available for public (rather than private) benefit. As such, Grantee shall not sell or transfer the right to distribute, exhibit, or otherwise profit from such works or any part or derivatives of such works to a third party without PEPSTAR's written consent.
11. Grantee shall spend all funds received from PEPSTAR in furtherance of the PROJECT within ninety (90) days of receipt. Grantee shall return any funds not so spent to PEPSTAR, who shall allocate them to the restricted fund designated for purposes of the PROJECT.
12. Grantee shall submit a full and complete report to PEPSTAR no later than 90 days following the end of each year within which any portion of this grant is received or spent. The report shall describe the charitable programs conducted by Grantee with the aid of

This grant and the expenditures made with grant funds, and shall report on Grantee's compliance with the terms of this Agreement.

13. This grant is not earmarked to be used in any attempt to influence legislation within the meaning of Internal Revenue Code (IRC) Section 501(c)(3). No agreement, oral or written, to that effect has been made between PEPSTAR and Grantee. Thus, any use of grant funds by Grantee for such activities constitutes a decision of Grantee that is wholly independent of PEPSTAR. Grantee shall not use any portion of the funds granted herein 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).
14. PEPSTAR has determined, relying on the advice of legal counsel, that the restricted fund is not a donor advised fund within the meaning of IRC Section 4966(d)(2)(B)(i), as presently interpreted, because it makes distributions only to a single identified entity.
15. Grantee shall notify PEPSTAR immediately of any change in (a) Grantee's legal or tax status, or (b) Grantee's executive staff or key staff responsible for achieving the grant purposes.
16. Grantee hereby irrevocably and unconditionally agrees, to the fullest extent permitted by law, to defend, indemnify, and hold harmless PEPSTAR, its officers, directors, employees, and agents, from and against any and all claims, liabilities, losses, and expenses (including reasonable attorney's fees) directly, indirectly, wholly, or partially arising from or in connection with any act or omission of Grantee, its employees, or its agents, in applying for or accepting the grant, in expending or applying the funds furnished pursuant to the grant, or in carrying out the program or project to be funded or financed by the grant. Notwithstanding any other provision of this Agreement, this paragraph 16 shall survive the termination of this Agreement.
17. This Agreement may be terminated by either party (a) with cause immediately upon providing notice (in writing or by email) of such termination and the cause to the other party, or (b) without cause forty (40) business days after providing notice (in writing or by email) of such termination to the other party. The Agreement may be terminated by the Grantee when the purposes of the PROJECT can no longer reasonably be accomplished.
18. In the event this Agreement is terminated and the balance of the restricted fund designated for the purposes of the PROJECT is greater than zero, PEPSTAR may, within its sole discretion, distribute some or all remaining amounts to Grantee within fifteen (15) business days of receiving a final grant request for any legitimate, Project- related anticipated or unreimbursed expenses (the "Final Request"). Grantee shall submit the Final Request no later than ninety (90) calendar days after this Agreement is terminated. PEPSTAR shall process the Final Request in accordance with the standard policies and procedures for fund disbursements as described in this Agreement and the Program Manual (defined below) as in effect at the time a notice of termination is sent by either party. PEPSTAR, in its sole discretion and control, may also dispose of the PROJECT assets, including funds held in the restricted fund, in any manner consistent with applicable tax and charitable trust laws which may include granting any balance to another fiscal sponsor recognized as tax-exempt within the meaning of Section 501(c)(3) and a public charity described in Section 509(a), re-allocating any balance to another fund for substantially similar purposes, or using any balance to defray PEPSTAR's costs of administering its fiscal sponsorship program. Notwithstanding any provision of this Agreement to the contrary, this paragraph 18 shall survive the termination of this Agreement for so long as PEPSTAR is processing the Final Request.

19. PEPSTAR, at any time and at its sole discretion, may conduct an audit of the PROJECT's activities. Such audits are intended to investigate and document that the PROJECT is being carried out in accordance with the approved application, this contract, PEPSTAR's exempt purposes, and all applicable laws. Failure on the part of Grantee to provide full cooperation and adequate documentation in the event of an audit shall be considered a breach of this Agreement.
20. This Agreement shall be governed by, and construed under, the laws of the State of California applicable to contracts entered into and to be performed in each State. Venue for all purposes shall be in the County of Los Angeles, State of California, and each party hereby consents to the personal jurisdiction of any court in such county.
21. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way, and the invalid provision replaced by an enforceable provision most nearly approximating the intent of the parties.
22. This Agreement, in conjunction with the program manual posted in the fiscal sponsorship section of the PEPSTAR website (at <http://www.pepstar.org>) (the "Program Manual") constitutes the entire agreement of the parties with respect to the subject matter hereof. PEPSTAR reserves the right to modify or amend this Agreement at any time, provided that such modification or amendment shall not be effective until thirty (30) calendar days after notice (either in writing or by email) describing such modification or amendment is provided to Grantee. PEPSTAR reserves the right to modify or amend the Program Manual at any time, provided that such modification or amendment shall not be effective until the modified or amended Program Manual is published on the website described in this paragraph 22. Grantee's continued non-exercise of its right to terminate this Agreement under paragraph 17 shall be deemed acceptance of all such modifications and amendments. PEPSTAR reserves the right to assign its rights and responsibilities under this Agreement to another fiscal sponsor recognized as tax-exempt within the meaning of Section 501(c)(3) and a public charity described in Section 509(a). Grantee may not assign any part of this Agreement without PEPSTAR's written consent.

[END OF TERMS – SIGNATURES TO FOLLOW]

IN WITNESS WHEREOF, the undersigned have executed, or have caused this Agreement to be executed, as of the first date written above.

PEPSTAR
By: Its:

[COMPANY or INDIVIDUAL]
"Applicant" or "Grantee"
By: Its: