Hot Topics in Comprehensive Fiscal Sponsorship

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Approval of new projects

Application

- Mission-consistency
- Activities
- Geography
- Financials
- Leadership
- Other risks
Interview

Would you hire this person to be in charge?

Some Risks

Model A Project

&

Independent Nonprofit Entity
Confusion

- Name
- Leadership
- Programmatic activity
- Financial activity
- Donations/grants

Side Note: “Project Committee”

- Party to fiscal sponsorship contract
- Party with supervisory authority over project
- Persons fundraising for project

Terminating Fiscal Sponsorship
With Cause

- Contract terms
- Activities
- Financials
- Dormancy
- What happens to the money?

Charitable Trust

Successor Sponsor

Transfer = Grant

- 501(c)(3), public charity
- Mission-consistency
- Financials, Forms 990
- Sponsorship agreement & policies
- Other risks
Spin-off (New charity)

Transfer = Grant

• 501(c)(3)
  • 1023-EZ issues
• Leadership risks
  • Private benefit
  • Self-dealing

Using a Single Member LLC

“Model L”

Project in subsidiary (LLC)

• Wholly-owned by fiscal sponsor
• Disregarded entity (federal tax)
• Separate entity (liability)
• Management - oversight
• State issues
Duties of a fiscal sponsor

- Select
- Monitor
- Transfer

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