Conventional Models C and A

“Model C” Pre-approved Grant

Funding Sources
- Foundation Grants
- Government Grants
- Corporate Gifts
- Individual Gifts

Sponsor
Nonprofit Organization

Non-exempt Entity or Person
Carries out Project activity

Pays
- Vendors
- Contractors
- Employees

Report
Agreement
Disbursement Request
Re-granted Funds
Reports

“Model A” Comprehensive Relationship

Income Sources
- Foundation Grants
- Government Grants
- Corporate Gifts
- Individual Gifts
- Earned Income

Sponsor
Project Nonprofit Activity

Pays
- Vendors
- Contractors
- Employees
What we’re seeing

“Model C”

Core
- Receive Contributed Income (grantee of record)
- Review/approve reports to funders
- Book contributions as revenue on 990 and disbursements to sponsee on grants sch.

+ 
- Liability insurance
- Expense management/vendor payments (acts as bank/fiscal agent?)
- Tax support/1099 to vendors/3rd parties

“Model A”

Core
- Legal Home
- Federal Tax Exemption
- Receives & spends all funds
- Full-charge Accounting (AP/AR)
- Employer
- Board/Fiduciary Responsibility
- Enters into 3rd party contracts
- General Liability/D&O Insurances

Plus Ambiguity in the Fiscal Sponsorship Agreement
Discussion

- How does this show up in your practice and why?
- How do you manage it?
- What questions/concerns do you have?
- What innovations do you have to share?
Operational & Compliance Considerations

If doing this. . .

“Model C”

Core
- Receive Contributed Income (grantee of record)
- Book contributions as revenue on 990 and disbursements to sponsee on grants sch.
- Review/approve reports to funders
  + liability insurance
- expense management/vendor payments (but not holding the contract)
- tax support

Questions:
- 990 Reporting
- FASB recognition rules
- 1099 Reporting Responsibility
- UBIT
- Professional Liability Concerns
- Acting as fiscal agent?
- Why not do light touch “Model A”?
Regardless of model and nuances within the model, among other things, does your FSA provide clarity regarding . . .

- **The Parties** - Who is entering into this relationship? (hint, the counterparty to the agreement should not be the “project”. The project is the activity/work being done.

- **Fund Management** - Who is tracking the funds? Are funds tracked in separate bank account? Who is spending the funds? Who is issuing payments?

- **Assets** - who holds title to the assets developed while the fiscal sponsorship relationship is ongoing?

- **Employment** - If there will be employees, who is the employer?

- **Contracts** - If contracts will be entered into to support the work, who is contracts with these third parties? Who pays invoices? If not the party holding the contract, how is it managed?

- **Insurance** - Who’s liability insurance covers who and what?

And. . . do your practices match what your FSA says?
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