

Hot Topics in Comprehensive Fiscal Sponsorship

Presented by: Gene Takagi

Approval of new projects

Application

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



Interview

Would you hire
this person to
be in charge?



© 2014 NEO Law Group

neo

Some Risks



© 2014 NEO Law

neo

Model A Project
&
Independent Nonprofit Entity

© 2014 NEO Law Group

neo

Confusion

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



neo

© 2014 NEO Law Group

Side Note: "Project Committee"

- Party to fiscal sponsorship contract



- Party with supervisory authority over project
- Persons fundraising for project

neo

© 2014 NEO Law Group

Terminating Fiscal Sponsorship

neo

© 2014 NEO Law Group

With Cause

- Contract terms
- Activities
- Financials
- Dormancy

- What happens to the money?



neo

Charitable Trust



neo

Successor Sponsor

Transfer = Grant

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



neo

Spin-off (New charity)

Transfer = Grant

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

© 2014 NEO Law Group



Using a Single Member LLC
“Model L”

© 2014 NEO Law Group



Project in subsidiary (LLC)

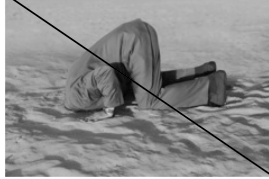
- Wholly-owned by fiscal sponsor
- Disregarded entity (federal tax)
- Separate entity (liability)
- Management - oversight
- State issues

© 2014 NEO Law Group



Duties of a fiscal sponsor

- Select
- Monitor
- Transfer



neo

© 2014 NEO Law Group

Disclaimer

The information contained in this presentation has been prepared by NEO Law Group and is not intended to constitute legal advice. NEO Law Group has used reasonable efforts in collecting, preparing, and providing this information, but does not guarantee its accuracy, completeness, adequacy, or currency. The publication and distribution of this presentation are not intended to create, and receipt does not constitute, an attorney-client relationship.

gene@neolawgroup.com | Twitter: GTak

<http://www.facebook.com/NonprofitLaw>

201 Spear St., Suite 1100 | San Francisco, CA 94105 | 415.977.0558
NEOLawGroup.com | NonprofitLawBlog.com

neo

© 2014 NEO Law Group
