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# Faultless Board Meeting

Wednesday, March 9th

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## Attendees

Mandie Jue  
Mandy Miller  
Nicole Stone-Lankes

## Agenda

1. Fiscal Sponsor
2. Sponsorship Levels
3. Silent disco Expenses and Revenue options
4. Website Layout and ideas- finding Survivors and or having artists donate their art
5. Art Bundle idea

## Notes

- **Fiscal Sponsor-** MEND out of Ouray- Men ending Rape Culture
  - I meet this Saturday with one of the board members and then present to them on 1st Tuesday of April

### 1. How soon can my project be sponsored?

This depends on the fiscal sponsor and on the extent of your current financial and contractual relationships. Each fiscal sponsor has a process for approving new projects, and can explain that to you. In addition, you will need to transfer (“assign,” in legal language) or terminate your existing contracts. Grant funds which have not

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been fully spent out will need the permission of the funder to be moved to the new sponsor.

## 2. How much do you charge?

To cover the costs of their services, most fiscal sponsors add an administrative allocation to your expenses. This is usually calculated as a percentage of either project revenues or expenses, and should be part of your written agreement with the sponsor. These percentages vary depending on the types of services included, requirements of the project, the sponsor's policies, and other factors, but in general the range is between 9% and 15%. It is common for fiscal sponsors to charge a higher percentage to administer government grants.

## 3. We're thinking of applying for our own 501c3 in the next 6 months. Are you okay with that?

One of the main benefits of fiscal sponsorship is ease of entry and exit. Some projects may choose to be sponsored for an interim period while they consider the pros and cons of independent incorporation; others may remain as sponsored projects indefinitely. (Note: studies have shown that the financial break-even point for independent status vs. fiscal sponsorship is an annual budget of approximately \$2 million). Experienced fiscal sponsors have well-tested processes for intake and spin-off and will assist projects with those transitions, but be sure to discuss this with your fiscal sponsor during the intake process.

## 4. How much control will our project have over the way our money is spent?

It is the responsibility of individual projects to raise funds, prepare annual budgets, and design and carry out their programs. You determine how your money can be spent. Fiscal sponsors maintain internal control and compliance systems to assure that adequate funds are available and are allocated properly according to the approved budget. In addition, there are a few constraints, which are pretty much the same constraints you are bound by even if you are not fiscally sponsored:

- Expenditures have to comply with the terms of grants and contracts you have received, as stipulated by the foundation or awarding agency.
- Expenditures have to comply with laws, regulations and accounting standards governing the use of nonprofit funds.

## 5. If we get funding up front but don't spend it down right away what happens to the interest?

Fiscal sponsor policies vary regarding interest on advance funding. Some sponsors retain the interest to help cover their administrative costs; others reserve it for the use of the project.

#### 6. What services do you provide in addition to accounting?

All projects of a comprehensive fiscal sponsor are legally part of that sponsor's mission-related activities. They therefore fall under the sponsor's Chapter 501(c)(3) public charity status, and receive financial management services, payroll and benefits administration, employee relations assistance, liability and other insurance, inclusion in the annual audit and other technical assistance in the same way as other programs within a nonprofit organization.

In a Pre-Approved Grant Relationship, the sponsor is only responsible for charitable funds and the project maintains a separate legal entity for employment and liability purposes.

In addition to these basic services some sponsors provide a suite of additional services (consulting, executive coaching, IT services, meeting space, etc.) either at no cost or for an additional fee.

#### 7. Our program manager doesn't need fringe benefits and we have been paying her as a consultant. Are there any problems with that?

Possibly. The Internal Revenue Service has published guidelines for determining if an individual should be paid as a benefited employee or an independent contractor. Many states have their own rules which can often be even stricter. This decision is a matter of law, not an individual choice. Companies found to have violated the law are subject to severe penalties. Responsible fiscal sponsors will have a clear policy about this and will communicate it during the project intake period.

#### 8. We work with a lot of volunteers/interns/students. How do you handle that?

Many fiscally sponsored projects depend on volunteers and interns to support their work. If you are engaged in a relationship with a Comprehensive fiscal sponsor, the sponsor's human resources staff should be well versed in volunteer stipend and reimbursement related regulations as well as the federal and state requirements for time tracking, criminal record checks, etc. If you are engaged in a Pre-Approved Grant Relationship, the responsibility for volunteer issues will remain with the sponsored project.

#### 9. What role does your Board of Directors play as compared to our Advisory Board?

The Board of Directors of the sponsor has legal oversight and fiduciary responsibility for all sponsored projects. However, fiscal sponsor boards typically delegate strategic and programmatic decisions to projects' Advisory Boards and senior staff.

#### 10. We developed some materials that we sell. Who owns that property now and when and if we leave fiscal sponsorship?

In most comprehensive fiscal sponsorship arrangements, the sponsor is the owner of all assets, including intellectual property, for the duration of the relationship. Well-drafted fiscal sponsorship agreements address this important area and typically provide that while fiscally sponsored, the sponsor will hold the asset for the exclusive benefit of the project and if the project leaves to become an independent 501(c)(3) or operate under a new sponsor, the intellectual property, along with all other assets, will go with the project. In the Pre-Approved Grant model, intellectual property typically stays with the artist or organization that is engaged with the fiscal sponsor. In this case, the fiscal sponsor is responsible only for the administration of charitable funds, and not of materials that are developed by the project itself.

#### 11. Will my project have a separate bank account?

Not if you are entering into a relationship with a Comprehensive Fiscal Sponsor. Revenues and expenses for your project will be accounted for separately within the sponsor's accounting system but you will not have a separate bank account. You MAY have a separate bank account if you are engaged with a Pre-Approved Grant Relationship Fiscal Sponsor, but this is not universally the case.

#### ● Sponsorship Levels

##### I just wanna dance! 🕺 \$100

- 2 tickets to the 2nd silent disco party and light show.
- Logo on event poster.

##### I wanna dance with somebody! 🕺👯 \$250

- 5 tickets to the 2nd silent disco party and light show.
- Logo on event poster.
- A shout out on all Faultless's social media platforms (FB, Tik Tok, Instagram and Twitter)

##### Moves like Mic Jagger! 😄 -\$500

- 10 tickets to 2nd silent disco party and light show
- Logo on all marketing material for event

- A shout out on all social media platforms
- Your logo projected on amphitheater during light show.

**Please don't stop the music! -\$1000** 🎵🎧😍

- 20 tickets to 2nd silent disco party and light show
  - A shouted out on all social media platforms, plus radio and newspaper.
  - Logo on all event merchandise and marketing material for event.
  - Your logo projected on amphitheater during light show
  - Your logo on Faultless website sponsor page for a year.
- **Silent Disco Expenses and Revenue- see pdf**
  - **Website**
    1. Main page- Mission/ Featured Artist/Donate button
    2. About us- Faultless peer group, mission, board, 990 etc.
    3. Donate/sponsorship
    4. Events- silent disco
    5. Merchandise/Shopify acct
    6. Resources

Featured artists on home page. Survivors and supporters. Wondering if we are able to give the artists a 70 % commission and faultless takes 30%?

- Complimentary Art Bundles for survivors who come through Dolphin house, SM resource center, etc.



## Action Items

- 1.

## Next Meeting Agenda Items