

Meeting Monday Oct. 26 at 9 AM Participants: Brian Yacker, Matt Gonda, Eve Fromberg, Lety De Lara

Fiscal Agency- Normally can not give exempt status to another entity. Can provide office back support to entity such as book keeping/accounting duties. Not necessary for the client entity to be a nonprofit. Client entity must have its own bank account. Fiscal Agency relationship can be long-term.

Contract/agreement states the services provided, for example accounting, grantmaking support, etc.

Minimal liability on RAP for taking on this role. RAP is only a vendor for services agree on. Liability rests with the services we provide and any errors we may make.

Income can be taxed as unrelated income to RAP. However, it is possible to set up a structure to have income be considered related income. Brian Yacker's organization can provide the documentation needed to qualify that the income is not subject to unrelated income and satisfy the auditors. Also, Brian can be contracted to set up a system for the 990 reporting.

RAP will need to review draft agreements, set up accounting infrastructure

Can charge a fee for this service

Bylaws will need to be amended to include this new service

Mission Statement may need to be updated – we will need to get the okay from the County to provide the new service by demonstrating the similarity/cohesiveness to the services we provide now and coincide with our focus areas.

Review our insurance coverage to ensure we have sufficient coverage

RAP needs to be fully committed to this effort, before moving forward with becoming a fiscal agent.

Eve can draft the engagement letter for these services, which would take the form of a standard professional services engagement letter.

Brian Yacker estimated it would cost around \$10,000 to set us up with the documentation we will need for future audits to address the related/unrelated income issue, though he said that was subject to change based on our particular situation and goals. He would charge us a separate "flat" fee to prepare our annual Form 990. Could possibly be able to respond to our next RFP for auditors which will require the ability/interest to do an A133 Audit for Federal grants.

This service could potentially be a revenue generator for CNA if we market this service. More relevant now because of COVID negative impacts and could benefit entities beyond Riverside County.

Fiscal Sponsor- can give tax exemption for contributions, likely short-term relationship until the client entity receives their own IRS Tax status. All programs for the entities are tied to RAP, all checks (donations) would have to be made payable to RAP.

RAP would have to review its liability for any arrangement under this method, as it could create an employment relationship with parties working for the sponsored organization.

For purposes of illustration, CNA is a relatively good representation of how a fiscal sponsorship would look. The program runs under the control of RAP, but operates with some independence, and with the ultimate goal of standing on its own.