



PRIVATE FOUNDATION SUMMIT

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How to Process a Grant from a Project with a Fiscal Sponsor (Model C, Regrant)

1. Project explores the foundation's interest in a project, directly with the foundation.
2. Project shares the grant proposal with Sponsor in written form, including identity of foundation, narrative description, budget, etc.
3. Sponsor (Ex Dir if within her authority, or Exec Com or Board if necessary) approves the grant proposal as furthering Sponsor's charitable purposes.
4. Sponsor notifies Project that proposal looks fine (is "pre-approved," prior to submission to foundations), in writing, email is OK.
5. Project assembles the proposal package, which includes two items from Sponsor:
 - a. Sponsor's IRS recognition letter
 - b. Cover letter from Sponsor to foundation (see exemplar below)

Note: The application to the foundation should include some information specific to Sponsor as the 501(c)(3) public charity grantee, e.g.

- Name & address & email & phone of Sponsor contact,
- Sponsor's federal EIN and fiscal year end, and
- Brief explanation of the fiscal sponsor relationship in the narrative.

Other info, such as primary contact, composition of board, financial statements, etc., would normally reflect Project, not the whole of Sponsor.

6. Either Project or Sponsor could deliver the proposal to the foundation, once it has been assembled as described above, on behalf of the Sponsor.

7. Sponsor should be cc'd on all grant correspondence between Project and foundation.
8. Foundation's grant payment and grant agreement (in support of the charitable purposes of the Project) go to Sponsor for deposit and for Sponsor signature.
9. Project needs to calendar and fulfill two obligations to make periodic grant reports:
 - a. The foundation's reporting schedule, reports to be submitted with a cover letter from Sponsor.
 - b. Sponsor's own reporting schedule, according to the Fiscal Sponsorship Grant Agreement between Sponsor and Project.

Letter from Sponsor to Foundation

Sponsor letterhead

Dear ABC Foundation,

As Executive Director, I have [or the Board of Directors or Executive Committee] of [sponsor name] [has] approved our fiscal sponsorship of the _____ Project and the enclosed grant proposal.

We wanted you to know that while we hold donated funds in charitable trust, restricted to each project's specific purposes, we do retain "variance power," that is, discretion and control over how funds are disbursed within those purposes, and the unilateral right to select those recipients whom we believe will best accomplish those purposes.

Our organization has been determined to be a public charity by the IRS under Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code. Attached please find a copy of our IRS determination letter.

If you have any further questions please feel free to contact me.

[name]
Executive Director

Any tax advice contained in this handout is not intended to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under federal tax law. A taxpayer may rely on our advice to avoid penalties only if the advice is reflected in a more formal tax opinion that conforms to IRS standards. Please contact us if you would like to discuss the preparation of a legal opinion that conforms to these rules.