

# Hot Mess Express

## Model A Fiscal Sponsor FAQ



Moving forward with a Model A fiscal sponsorship as the fiscal sponsor involves several important aspects. Here's a bullet-point list of key information:

- **Role of Fiscal Sponsor:** As the fiscal sponsor, Hot Mess Express will act as the legal and tax-exempt home for affiliates or groups that don't have their own nonprofit status. This means HME will be responsible for managing funds and compliance for these affiliates.
- **Tax-Exempt Status:** Affiliates under HME will operate under HME's tax-exempt status. This allows them to receive tax-deductible donations through HME.
- **Financial Management:** HME will handle all financial aspects, including receiving donations, disbursing funds, and maintaining financial records for each affiliate.
- **Legal and Compliance Oversight:** HME is responsible for ensuring all affiliates comply with legal and tax regulations, including filing necessary reports and maintaining good standing with the IRS.
- **Affiliate Support and Supervision:** HME will provide support and oversight to ensure affiliates align with its mission and values. This includes monitoring affiliate activities and outcomes.
- **Administration Fees:** HME may charge an administrative fee to cover the costs of managing affiliates. This fee will be a percentage of the affiliate's revenue.
- **Contractual Agreement:** Each affiliate will have a contractual agreement with HME outlining roles, responsibilities, and expectations.

This agreement is essential for legal and operational clarity.

- **Risk Management:** HME assumes certain risks by taking on affiliates, including financial and reputational risks. It's important to assess and mitigate these risks through careful selection and management of affiliates.
- **Termination and Transition:** There should be a clear process for ending the fiscal sponsorship if an affiliate decides to establish its own nonprofit status or if HME decides to terminate the relationship.
- **Communication and Collaboration:** Regular communication between HME and affiliates is crucial to ensure alignment and address any issues promptly.
- **Insurance and Liability:** HME should consider obtaining insurance to protect against potential liabilities associated with sponsored affiliates.
- **Resource Allocation:** Allocate sufficient resources, such as staff time and expertise, to effectively manage and support sponsored affiliates.
- **Reporting and Accountability:** Establish clear reporting requirements for affiliates to ensure transparency and accountability in how funds are used and affiliate outcomes are achieved.
- **Mission Alignment:** Affiliates must align with HME's mission and values to ensure coherence and synergy in organizational goals.