



United Neighborhoods of Santa Clara County Fiscal Agent Basics

Overview – The UNSCC **may** enter Fiscal Agent contracts on behalf of **member organizations** if 1) the request is consistent with the 1998 Fiscal Agent Policy and is approved by the board.

The UNSCC 1998 Fiscal Agent Policy governs UNSCC Fiscal Agent Support. The highlights are:

- o Limits the service, if approved, to UNSCC **member organizations in good standing**,
- o Requires a written application/justification demonstrating the grant purpose(s) is/are aligned with UNSCC Mission Statement¹, and
- o Establishes a minimum fee structure which can be higher based on scope of work.
 - Section 5 – \$100 or 10% as the Fiscal Agent Fee, whichever is greater
 - Section 6 - \$50 charge for each incremental payment for grant over \$1,000

The process for obtaining UNSCC Fiscal Agent Support for nonprofit grants is:

1. *Establish UNSCC Membership (in good standing at the time of the request) - If the organization is a UNSCC member organization go to Step #3*
2. *Obtain UNSCC Membership*
 - o *Complete a UNSCC Membership Application (available at unsc.org)*
 - o *Submit the completed application and a copy of the bylaws to the UNSCC Secretary (Secretary@unsc.org) - The Secretary will*
 - *Protect the UNSCC nonprofit status by verifying bylaw compatibility with the UNSCC Mission*
 - *The Secretary will work with the applicant to get corrective action.*
 - *Once Bylaws are compatible the Secretary will agendize the application at the next Board Meeting (2nd Thursday of each month)*
 - o *Board Review and Vote*
 - o *Secretary will notify the organization of the Board's decision, and, if accepted will alert the Treasurer to Invoice for annual dues (\$200/yr prorated based on acceptance date)*
3. *Submit a request for UNSCC Fiscal Agent Support (May be submitted with the Step #2 Application for timely processing). NOTE - FA services will cost at least \$100 or 10% of the grant amount, whichever is greater. (Final FA Fee will be quoted based on the scope, duration, and reporting/management tasking imposed by the MoU). Supporting Documentation Required:*
 - o *Grant Memorandum of Understanding (MoU) - establishes requirements for funds distribution, management, reporting, and records retention requirements*
 - *Amount of the Grant*
 - *Contact information*
4. *If the UNSCC Board and the Applicant agree to a Fiscal Agent relationship an agreement letter will be delivered to the grantor and grant recipient*
5. *Upon receipt of funds, the UNSCC will deduct its fee and distribute the balance by check under the terms of the MoU.*

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The UNSCC as **Fiscal Agent** can only receive and disburse funds on behalf of another party's project or activity (i.e. City of San José BeautifySJ Grant funds) and **shall have NO variance power** over how the funds are disbursed.

These resources received from a federal, state, city, or other governmental agency are regarded for tax purposes as an exchange

- First - The ultimate customer or beneficiary of the resources. In all cases where the UNSCC provides Fiscal Agent services where the customer is not the government but the general public; thus, the transaction is between the recipient of the resources (i.e., the not-for-profit entity) and the general public.
- Second – The benefit from the transfer of assets is the general public or is part of an existing exchange between a recipient and an identified customer. If it is determined that the transaction is furthering the not-for-profit entity's mission and benefiting the public, then the transaction will be treated as an unconditional or conditional contribution.

The transaction is between the not-for-profit, UNSCC, and an identified customer (and not the government, which is just a funds transfer agent), and is treated as an exchange.

An "Exchange" given to support the project or activity is treated as given directly to that project or activity. As a result, the "contributions" are only tax-deductible, if the other party is a tax-exempt organization. The transfer of funds from a tax-exempt organization (i.e. City of San José) are not "contributions" or "revenue" to the UNSCC since these are assets in which the reporting entity (UNSCC) acts as an agent, trustee, or intermediary.

NOTE: Most grants include the provision of "Right of Return" meaning that the UNSCC incurs an obligation to identify, collect, and return the grant funds if conditions established in the Memorandum of Understanding with the recipients are not met. Right of Return is part of the Final Report Audit of the Grant execution.