



SAMPLE HYBRID AGREEMENT

Welcome! This addendum is a separate agreement to Fractured Atlas's **Fiscal Sponsorship Grant Agreement**, which is the backbone of our fiscal sponsorship program. It solidifies our working relationship as you start your fiscal sponsorship with us. We know contracts are not everyone's cup of tea so you will find this agreement annotated with more accessible language. The language on the left column is the original contractual language and the language on the right column is our annotations to ease understanding. Please note that in the annotation, we'll frequently refer to the project in the second-person pronoun. This "you" refers to the Grantee. And remember, the official contract is what is binding – our annotations are just to help in understanding contractual language.



ADDENDUM TO FISCAL SPONSORSHIP GRANT AGREEMENT

Requirements for Receiving Investments

In the event that Grantee directly receives an investment in the form of a sale of stock or other inflow of capital with an accompanying expectation of a return of the capital and/or control over the actions or decisions of Grantee (each, an "Investment") from sources other than Grantor, for the Project, Grantee shall satisfy the following requirements in addition to the requirements set forth in the Fiscal Sponsorship Grant Agreement (the "Agreement") and the Program Policies. All capitalized terms used in this Addendum to the Fiscal Sponsorship Grant Agreement (the "Addendum") have the same definition as given in the Agreement unless specified otherwise.

This addendum to the Fiscal Sponsorship Grant Agreement covers requirements for receiving investments. If you receive investments from third parties, that's when this addendum kicks in. This addendum will work in conjunction with the Fiscal Sponsorship Grant Agreement and the terms used throughout this addendum use the same definitions as the Fiscal Sponsorship Grant Agreement.

1. Grantee, as a separate legal entity, is not prohibited from directly accepting funds and/or Investment from investors or other individuals or entities in support of the Project, subject to the terms and conditions in this Addendum. Grantee shall be solely responsible for the receipt of all Investments, which shall be distinct and independent from any grant from Grantor under the Agreement, and for compliance with any associated tax, reporting, regulatory, and/or financial requirements. As required by the Agreement, Grantee must treat all grant funds from Grantor as restricted assets and maintain a separate bank account exclusively for any grant funds received from Grantor, separately from other funds, including any Investment.
2. Grantee shall not accept any Investment for the Project that creates an actual or potential conflict with or otherwise jeopardizes (a) Grantee's obligations as set forth in the Agreement and/or the Program Policies, (b) Grantor's tax-exempt status or purposes, or (c) any other provision of applicable law.
3. Without the written consent of Grantor, Grantee shall neither solicit nor accept any Investment from any individual or entity who has made a charitable contribution to Grantor in furtherance of the purposes of the Project (referred to herein as "Donors").
4. Grantee shall not use any funds or In-Kind Items granted by Grantor to Grantee to satisfy any obligation of Grantee in connection with any Investment, including, but not limited to, paying back principal or making distributions of any kind to any individual or entity who has made an Investment (such individuals and entities referred to herein as "Investors").
5. Grantor shall not accept contributions, donations, grants, or In-Kind Items for the purposes of the Project from any Investor of Grantee, except in its sole discretion.
6. In carrying out the Project, including in any fundraising activities, Grantee shall prioritize the Project's charitable purpose, as described in Grantee's application for fiscal sponsorship as submitted to

Your project may accept investments that are subject to the terms covered in this agreement. Your project is responsible for receiving any and all investment funds directly. This means Fractured Atlas cannot receive this money in support of your project. Your project needs to keep the funds released to you by Fractured Atlas separate from any investment funds using two separate bank accounts since these are different forms of revenue.

Your project agrees to not accept any investments that would violate the Fiscal Sponsorship Grant Agreement, this Addendum, and Fractured Atlas's program policies. You also agree to not accept any investments that would compromise our 501(c)(3) status, or break the law.

Your project can't accept any investments from donors and your project cannot accept any donations from investors.

Your project cannot use any funds released to you through Fractured Atlas's fiscal sponsorship program to fulfill any investment obligations.

Fractured Atlas can't accept donations for your project from investors of your project.

Your project agrees to prioritize your charitable purpose, as described in your fiscal sponsorship application, over any commercial

Grantor, over any commercial interest, any Investor's interest, or the pursuit of profit. Grantee shall notify Grantor immediately of any change to the purpose of the Project, including any change that is inconsistent with Grantor's charitable purpose in breach of the Agreement.

or profitable goals. If there are changes to your project's overall purpose and/or your charitable purpose, your project will notify Fractured Atlas immediately via email.

7. Grantee shall ensure that the Project's project director maintains control over the charitable, educational, and/or artistic/creative aspects of the Project and that such control is not delegated to any Investor or other third-party.

Your project will ensure that the project director maintains control over the charitable, educational, and/or artistic parts of the project and that this control will not be given to any investor of your project.

8. Grantee shall only accept Investments that will not negatively impact Grantee's ability to comply with the terms of the Agreement, Program Policies, and this Addendum and shall not enter into any written agreement related to an Investment unless such written agreement provides that, notwithstanding anything therein to the contrary, Grantee shall not engage in any action or inaction constituting a breach of any provision of this Addendum. Within thirty (30) days of accepting any Investment related to the Project, consistent with the terms of this Addendum, Grantee shall disclose to Grantor copies of any agreements related to such Investment, including the identities of all Investors involved.

*Your project agrees to **only** accept investments that would not violate the Fiscal Sponsorship Grant Agreement, Fractured Atlas's program policies, and this addendum. You agree to send Fractured Atlas copies of any agreements or contracts related to an investment within 30 days of its inception, including the identities of any investors involved.*

9. Grantee shall disclose on its annual report to Grantor, as required by the Agreement, any financial arrangements with Investors and other persons or entities providing funding to Grantee for the Project.

You will describe your project's investment(s) and/or investor agreement(s) in the required annual report for your fiscal sponsorship.

10. Grantee shall adhere to all applicable laws, regulations, and other requirements related to any Investments for the Project, including, but not limited to, any securities laws, and shall use a sufficiently qualified, licensed, and experienced attorney to prepare any offering memoranda, prospectus, and agreements related to the Project and/or Investments for the Project.

Your project agrees to follow all laws and regulations related to investments and agrees to work with an attorney to manage your project's investment funding.

11. As stated in the Agreement, Grantee shall not sell or otherwise transfer to any third party the right to distribute, exhibit, or otherwise profit from any finished product or products, or parts or derivatives thereof, created by Grantee as part of the Project using funds granted by Grantor without Grantor's prior written consent, which shall be provided in its sole discretion. Grantor shall provide its written consent to any sale or transfer of the right to distribute, exhibit, or otherwise profit from any finished product or products, or parts or derivatives thereof, produced using funds granted by Grantor to a third party only if such sale or transfer advances the charitable purpose of the Project, as determined by Grantor in its sole discretion.

Your project agrees to not sell or transfer any distribution or exhibition rights without Fractured Atlas's knowledge and consent. If the selling or transferring of distribution or exhibition rights advances the charitable purpose of your project, then Fractured Atlas may give consent.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date last signed by Grantor below.

Signed [Date agreement is signed](#)

YOUR LEGAL ENTITY NAME
Digitally signed by **Your name**

Signed [Date agreement is signed](#)

FRACTURED ATLAS, INC.
Theresa Hubbard
CEO



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