



# Entity Management Update

PI-7 | 26 June 2019 | Paula Hunter | Arusha Tanzania

mojaloop



## Update from Gates Foundation (April 2019)

### *Vision*

By mid-2019, there exists an active and diverse community of Mojaloop developers, adopters, integrators, and dependents, all contributing to the evolution of a common Mojaloop open source core, hosted by an independent legal entity.



## Update from Gates Foundation (April 2019)

- Launch an Independent Organization to...
  - Host the community
  - Maintain software roadmap
  - Self-organize an Agile release program
  - Evangelize Mojaloop
  - Reinforce Financial Inclusion mission
  - Actively reference Level One Project principles
- Join the Organization
- Theme: Stimulate OSS community to thrive, guide software evolution
- Legal Challenges
  - Corporate form, founding documents, rules of procedure
  - Keep governance light-weight for open source contributors while ensure structure and mission alignment



## Mojaloop Community

The Open Source Project's complete set of stakeholders including contributors, supporters, users, beneficiaries, implementors, host organizations, etc.

- DFSPs
- Governments
- Hub Operators
- Payment Providers
- Supporters
- Systems Integrators
- Users
- ...



# Roll of Key Stakeholders

## Strategic

- Alignment with mission
- Invest financially
- Advocacy

## Project Strategy and Implementation

- Establish and maintain market requirements
- Drive an evolving and vibrant roadmap
- Define standard rules
- Contribute resources to project(s)

## Development

- Contribute resources to code base to deliver vibrant, well tested platform
- May fund incremental development

## Deployment

- Solution maintains interoperability throughout ecosystem
- Customer values community driven development which meets their requirements
- Ability to differentiate solution beyond the core platform
- Affiliation with Mojaloop entity delivers inherent value to company



## Work in Progress

Newly assigned to Virtual Inc. (Paula Hunter, lead)

- Analyze different legal forms and recommend type that is flexible, scalable, and inclusionary
- Develop business plan for entity that is sustainable, including
  - Full operating budget to address required staffing and resources (3 year plan)
  - Membership structure to ensure adequate funding for operations
  - Governance model that protects mission while encouraging OSS community participation and growth
    - Board of Directors: focused on mission, strategic, and fiduciary concerns
    - Technical and Standards groups: focused on the project roadmap, development, and ongoing evolution of the Mojaloop platform
- Initiate formal discussions with prospective founders (members)
- Prepare legal documents to establish entity
- Prepare launch plan to announce new entity and founding members

## Establishing a 501(c)(3) Entity

- It must be organized and operated only for exempt purposes.
- It must not be organized or operated for the benefit of any private interest. Its net earnings may not benefit any private shareholder or individual. Nonprofits can make a profit, but that profit must support charitable purposes only. This may be the defining difference between nonprofit and for-profit businesses.
- It is restricted in its political and lobbying activities.

### What Benefits Do 501(c)(3) Nonprofits Enjoy?

It is helpful for a nonprofit organization to seek tax exemption. The benefits include:

- It can receive grants from private foundations and the government.
- It is exempt from many federal, state, and local taxes.
- It can provide a tax deduction to individual donors.
- It may receive special postage rates, nonprofit advertising rates, and other discounts.
- It receives limited protection from lawsuits. Since a charitable organization usually incorporates before seeking tax exemption, lawsuits only apply to its corporate assets. Thus, staff and board members enjoy legal protection. But, that protection may not cover all situations. Nonprofits should also buy certain types of insurance as well.



## By-laws

Bylaws vary according to the nature of your organization but consider them to be the internal manual for how entity will operate. They should address basic activities, such as:

- governance, such as whether the org is controlled by a board or by its membership
- when and how board meetings will be held and conducted
- how board directors and officers will be appointed or elected
- voting procedures, such as what constitutes a quorum so that your board can make a decision
- how committees are created and discontinued
  - Including technical and/or standards committees
- number of directors for your board, their required qualifications, and their terms of service
- language that affirms the requirements and prohibitions for nonprofit (501(c)(3) organizations as set out by the IRS
- rules that govern conflicts of interest
- how the bylaws can be changed or amended





## Other Documents

Document	Function
Membership Application	A binding contract between the Entity and the member, that requires the member to obey the IPR Policy and all related rules and procedures
Bylaw language	A section of this document gives the Board the authority to adopt, amend and administer the IPR Policy and all related rules and procedures
IPR Policy	A set of high-level rules that address all crucial patent, copyright and trademark issues
Assertion Forms	A set of short forms used to disclose IPR and to commit to licensing choices. One form must be completed in connection with, and must accompany, any submission made by a member for possible inclusion in a standard, and a similar form must be completed by every member of a working group at the time that it votes to recommend a draft standard for adoption (some Orgs require non-working group members that vote to adopt a standard to complete a form as well). The forms contain language that tracks the IPR policy, and a member may only select which licensing statement it chooses to make, and not change the language of the commitment itself. Exhibits are provided for the disclosure of essential patent claims, and the portion of a draft standard to which they relate
Rules of Procedure	The "bylaws" of the technical process
Trademark Guidelines	Rules of usage for Entity trademarks
Trademark License	As needed, for example: if a compliance or certification mark program is put into place



## Operating Plan and Budget Considerations

- Staff: Executive Director, Community Manager, other staff resources
- Release Management
- Technical Governance (Mojaloop project, API)
- Marketing and Public Relations
- Community Events (i.e.: Convenings)
- Travel
- Operations (finance, membership management)
- IT (Website, development platform)
- Legal
- Transfer of assets from BMGF to new entity



# New Org: Revised Timeline

## June

- Finalized agreement with Gates Foundation and Virtual Inc.
- Initiated staffing to establish new entity

## July/August/September

- Target sponsor engagement
  - MOUs for funding support (if needed)
  - Clear list of requirements with regard to decision making, role in new org, and financial commitment (3 years)
- Formulate new organization model in alignment with sponsors requirements
- Develop multi-year budget and funding requirements
- Create new organization structure, by-laws, and related legal elements
- Build community management function

## August/September

- Prepare for launch of new entity

**LAUNCH: Critical Dependencies: securing non profit status and initial founding sponsors**

