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Internews Network

Terms of Reference

TITLE: Feasibility Study on Establishing a US-based Supporting Organization for the Media Support Fund (MSF) registered in Armenia

LOCATION: Armenia

DEPARTMENT: Media Program in Armenia (MPA)

SUPERVISOR: MPA Project Chief-of-Party

a. Background information on the project

Armenia has a vibrant media ecosystem that nevertheless faces serious challenges. Resource-strapped public interest media struggle to consistently produce high-quality coverage that reaches broad audiences, including youth, minorities, and residents of rural areas. Few independent media outlets in Armenia are financially viable, which poses a threat to their long-term sustainability.

The USAID-funded Media Program in Armenia aims to strengthen the integrity of the information space in the country.

Implemented by [Internews in Armenia](#) and its partners: [Media Initiatives Center](#) (MIC), [Yerevan Press Club](#) (YPC), and [Zinc Network](#), the program will enhance journalistic standards, catalyze the financial viability of public interest media, and foster an enabling environment for a society that is more resilient to disinformation. The **Media Program in Armenia** targets the following three objectives:

1. Enhance journalistic standards and content quality

2. Catalyze financial viability of public interest media
3. Foster enabling environment for independent information flow

b. Context

To address the issues mentioned above, the Media Program in Armenia envisages the establishment of a **sustainable Media Support Fund** that will eventually operate as an independent entity providing a range of grants and complementary technical assistance to media organizations in Armenia. The **Media Support Fund (MSF)** is expected to support the long-term sustainable business and financial independence of media outlets in Armenia.

The primary objective of this consulting service is to get an assessment of the feasibility of establishment of a US-based non-profit entity under section 501(c)(3) of the Internal Revenue Code, **which will serve as a supporting organization for the Media Support Fund (MSF) in Armenia**. The US-based organization would handle fundraising, outreach, and relationships with international and diaspora donors and organizations.

By focusing on the financial, legal, and practical implications of establishing a US-based supporting organization, this feasibility study will enable MSF to make a fully informed decision on whether to proceed with the registration and setup of such an entity.

****During the assignment under these Terms of Reference, the consulting company is encouraged to look at other similar organizations. As an example, it would be advised to look at the US-based structure of American University of Armenia (AUA). AUA has a US-based entity (AUA Corporation) registered as a 501(c)(3) non-profit in California, which helps them raise funds from US donors. This setup allows donors to receive tax benefits under US law, making it attractive for individuals, foundations, and organizations in the US to donate to the AUA.*

c. Contract objective

The objective of this feasibility study is to provide a **thorough assessment of the legal, administrative, financial, and tax-related aspects of establishing a 501(c)(3) non-profit organization in the United States to support the Media Support Fund (MSF) in Armenia**. The study will help MSF make an informed, fact-based decision on whether it is feasible, cost-efficient, and practical to establish and operate such an organization in the US.

The study shall focus on providing specific, detailed information on timelines, costs, and tax implications. **The goal is to determine whether the benefits of setting up a US-based supporting organization justify the resource investment, including time and money.**

d. Scope of Work

1. State-by-State Analysis of Registration Options:

Conduct an analysis of the legal, administrative, and financial aspects of registering a 501(c)(3) organization in several key US states (e.g., Delaware, New York, California).

Provide a detailed comparison of registration costs, administrative requirements, and ongoing compliance obligations for each state.

Recommend the most suitable state for establishing the organization, if feasible, based on the balance of cost, ease of registration, and administrative burden.

2. Timeline and Process for Registration and Establishment:

Deliver a detailed timeline, including estimated time frames for preparing documents, filing for incorporation, obtaining 501(c)(3) tax-exempt status, and establishing the organization.

Provide step-by-step guidance on the entire registration and establishment process, including legal document preparation (Articles of Incorporation, Bylaws), IRS application for tax-exempt status, and state-level filings.

3. Cost Analysis:

Provide a detailed breakdown of the costs associated with registering and establishing a 501(c)(3) organization, including:

- Legal fees for document preparation.
- State-specific registration fees.
- Costs for applying for 501(c)(3) tax-exempt status (IRS Form 1023).
- Any ongoing mandatory compliance costs (e.g., annual reporting, filing fees).
- Estimate the total cost to establish the organization, considering mandatory and optional costs (e.g., expedited services, professional legal assistance).

4. Tax Implications and Compliance:

- Analyze the tax obligations for the US-based 501(c)(3) organization, both at the federal and state levels.
- Provide clear, actionable steps for maintaining tax-exempt status, including compliance with IRS regulations and reporting requirements. **Outline how donations to the US-based entity will be eligible for charitable tax deductions in the US and how this benefits potential donors.**
- Provide insight into any cross-border tax regulations that may affect the transfer of funds from the US-based organization to the Media Support Fund in Armenia.

5. Legal Relationship Between the US-based Entity and MSF (Armenia):

- Define the legal relationship between the US-based organization and the MSF in Armenia.
- Identify any legal or administrative requirements for transferring funds between the two entities, ensuring compliance with US and Armenian regulations.

6. Risk Assessment:

- Identify any potential risks related to establishing and operating the US-based organization, including legal, tax, and administrative risks.
- Provide mitigation strategies for these risks where applicable.

e. Deliverables:

Feasibility Report:

A detailed feasibility report outlining the findings of the state-by-state analysis, timeline, cost analysis, and tax implications, mandatory including the following information:

1. Tax and Compliance Analysis:

- A comprehensive analysis of tax-related benefits and obligations, both for the US-based organization and its donors, including cross-border tax issues.
- Guidance on how donations to the US entity will qualify for tax-deductible status under US law.

2. Specific data and recommendations on:

- The most cost-effective and administratively favorable state for registration.
- Estimated time required to complete the registration process, from document preparation to full establishment.
- Breakdown of all costs, including mandatory fees, legal services, and ongoing administrative costs.

3. Timeline and Cost Breakdown:

- A clear, itemized cost breakdown for each phase of the registration process, including legal fees, filing fees, and ongoing compliance costs.
- An estimated timeline from document preparation to completion of registration and approval of tax-exempt status, with potential delays and key milestones identified.

4. Legal Relationship and Fund Transfer Framework:

Legal guidance on the relationship between the US-based entity and MSF in Armenia, including how funds will be transferred and any legal restrictions or reporting requirements.

5. Step-by-Step Guidelines for Establishment:

- A step-by-step guide for the legal process of establishing a 501(c)(3) organization, from filing Articles of Incorporation to receiving IRS approval for tax-exempt status.
- A checklist of documents required, mandatory legal filings, and compliance steps for both federal and state levels.

f. Timeline

Internews anticipates the feasibility study to be completed **within 14 weeks** from the signing of the contract.

Tasks & Deliverables	Expert Days	Timeline
Phase 1: Research and Feasibility Assessment Includes state-by-state analysis, timeline estimation, and cost breakdown.	12	Weeks 1-4
Phase 2: Tax and Legal Compliance Review (3-4 weeks) Includes tax obligation assessment and legal relationship between entities.	12	Weeks 5-9
First draft report	8	Weeks 10-11
Phase 3: Final Report and Deliverables Submission	8	Weeks 12-13
Presentation of the report and the guidelines	1	Week 14
Total:	41	

NOTE: The draft and final reports should be presented in English.

g. Financial Proposal

Bidder is required to provide a summary of costs, encompassing all expenses, taxes, and fees, for the scope of work outlined in the sections above, as part of the financial proposal. Any extra costs during the study must be pre-approved by the contracting authority. The financial proposal for the feasibility study will be based on the **number of expert days outlined in the table**.

Note: The program is exempt from VAT, and the service provider will receive a VAT exemption document.

h. Qualification

Internews in Armenia is **seeking a consulting company** to develop a feasibility assessment of the **establishment of non-profit organization in the United States to support the Media Support Fund (MSF) in Armenia, under the Internal Revenue Code 501(c)(3)**.

This consultancy seeks seasoned and experienced candidates who are expected to possess the following competencies:

1. **Experience in International Investment and Non-Profit Sector:** The consulting company must have experience working with international non-profit organizations and should show familiarity with international funding structures, including endowments and donor engagement.
2. **Knowledge of US and Cross-Border Tax Law:** Demonstrated expertise in US tax law related to non-profits, including cross-border tax implications, is essential. Experience working with international donors and cross-border financial regulations is required.
3. **Financial Viability and Risk Assessment:** The company should have deep experience in assessing the financial viability of non-profit entities, especially in the context of establishing endowment funds and ensuring long-term sustainability through fundraising and diversified financial strategies.
4. **Familiarity with Compliance and Legal Obligations:** Proven expertise in ongoing compliance, reporting, and governance requirements for 501(c)(3) entities. This should include IRS filing and annual state requirements.
5. **Experience in Working with Government and International Institutions:** A background in collaborating with international cooperation programs, government institutions, and handling relationships between different legal entities in multiple countries.

Expert-Level Qualifications:

1. **Legal Expert:** Expertise in Armenian and US Non-Profit and Tax Law. At least 5 years of experience in dealing with international (preferably USA) law, particularly related to establishment and operations of funds and nonprofit organizations. The expert should be familiar with state-by-state registration requirements, Articles of Incorporation, Bylaws, and IRS regulations.
2. **Cross-Border Legal Expertise:** Experience in advising international organizations on cross-border legal frameworks and fund transfers, ensuring compliance with both US and foreign regulations.

Financial and Tax Expert:

1. **Financial Analysis and Modeling for Non-Profits:** Minimum of 5 years of professional experience. Familiarity with IRS requirements for non-profit financial reporting and management.
2. **Expertise in Tax-Exempt Status and Compliance:** Deep knowledge of federal and state-level tax obligations for 501(c)(3) organizations, with a proven ability to ensure ongoing compliance and maximize tax benefits for donors.

3. **Experience in International Financial Transfers:** Expertise in cross-border financial transactions, including fund transfers from a US-based entity to international organizations, ensuring compliance with US and foreign tax laws.
4. **Risk Management in Non-Profit Finance:** Ability to assess financial risks and provide mitigation strategies for managing administrative costs, and legal compliance.

Project Management Expert:

1. **Project Management:** At least 5 years of experience managing complex, multi-stakeholder projects, ideally related to funds involving international partners and multi-country legal environments.
2. **Coordination of Feasibility Studies:** Demonstrated experience managing feasibility studies or similar assessments, ensuring that deliverables are on time, on budget, and meet quality expectations.
3. **Reporting and Presentation Skills:** Ability to compile, synthesize, and present findings clearly and concisely to stakeholders, including high-level decision-makers.

General Skills and Qualifications for All Experts:

1. **Excellent Written and Verbal Communication Skills:** All experts must be capable of producing high-quality written reports and delivering presentations in English.

i. Application guidelines and requirements

Interested parties should send their applications to: Corina Cepoi, Chief of Party, at ccepoi@internews.org, copying Mariam Dermoyan, Financial manager, at mdermoyan@internews.org

Applications should include the below documentation (Deadline: **November 16, 2024**):

- A 3–5-page statement of interest/draft proposal, highlighting how your methodological approach will address the scope planned for this assessment as well as describing how your profile meets the criteria (see Qualifications)
- CV of the main expert(s)
- Evidence of previous relevant work (e.g., link to reports or PDF attachments, references from partners, etc.)
- Financial quote

h. Evaluation Criteria

Proposals will be evaluated by the selection committee under the following criteria:

1. Technical criteria (65%)

- Relevance of the proposal to this ToR (max 10 points)
- Clarity of vision for what the study is to achieve and how to carry it out (max 10 points)
- Proposed Key Expert (max 10 points)

2. Financial offer (35%) maximum 10 points

Offers can be submitted by a single expert or by legal entity.

Evaluation cycle

The evaluation cycle will begin after the announced application deadline and have a duration of **2 weeks**. Successful respondent(s) will be notified of selection within fifteen (15) working days following the deadline for submission of proposals.

The successful respondent(s) must confirm the proposal and acceptance of the selection within five (5) working days of selection notification or the selection will be withdrawn due to non-responsive respondent and offered to the next most qualified respondent. Once selection is finalized, unsuccessful respondents will be notified that an award has been made.