

Fiscal Sponsorship for Artists

Workshop by Jess Young

Inspired by resources shared by Dianne Debicella of Fractured Atlas



What is fiscal sponsorship?

- an arrangement between a person or group (project) and an IRS-approved 501(c)(3) organization
- a fiscal sponsor receives the funds, writes checks for program expenses, includes the grant in its annual tax return, and is liable for all deliverables for the project



Common Misconceptions

- Fiscal Sponsor does not equal sugar mama or grant writer
- Sponsors do not match you up with funders, write grants or solicit individual donors on your behalf. They do tidy up grant applications in some cases, or provide feedback, and can offer a range of other services.
- Sponsors do not support your entire artistic practice, but ongoing activities & projects.

Model C

In a **Pre-Approved Grant Relationship Fiscal Sponsorship** a fiscally-sponsored project does not become a program belonging to the sponsor, but is a separate entity responsible for managing its own tax reporting and liability issues. In addition, the sponsor does not necessarily maintain ownership of any part of the results of the project's work—ownership rights may be addressed in the fiscal sponsor agreement and could potentially result in some form of joint ownership. The sponsor simply assures that the project will use the grant funds received to accomplish the ends described in the grant proposal.

Source: <http://www.fiscalsponsors.org/pages/models-fiscal-sponsorship>



Is my work right for a fiscal sponsor? Are you:

- Interested in getting funding from private foundations, government agencies, individuals, or corporate donors

Note: Most institutional funders are either required by law, or simply prefer, to make their contributions to organizations with 501(c)(3) status. Individual donors are more likely to give when the donation is tax-deductible.

- A creator or facilitator of work that will attract philanthropic support
- Working on a project that may not exist in perpetuity *or* on a project that needs time to develop before becoming its own 501(c)3

Why not just become a 501(c)3?

Only the IRS can grant 501(c)3 status; they approve form 1023i and offer exemptions from paying federal income tax, federal unemployment tax, and most state taxes. But this takes time, money and loads of paperwork....

- 6 months to a year
- Filing fees of \$350–750
- Fees for accountant and attorney advisors
- ...and that's not all!



501(c)3's are required to:

- file form 990 with the IRS and annual reports with your state's Secretary of State & Attorney General annually
- Hold regular board meetings w/official minutes
- Institute an accounting system that meets nonprofit standards
- Audit annual financial statements (expensive! est. \$5k+ per year)
- Solicit, acknowledge and record contributions



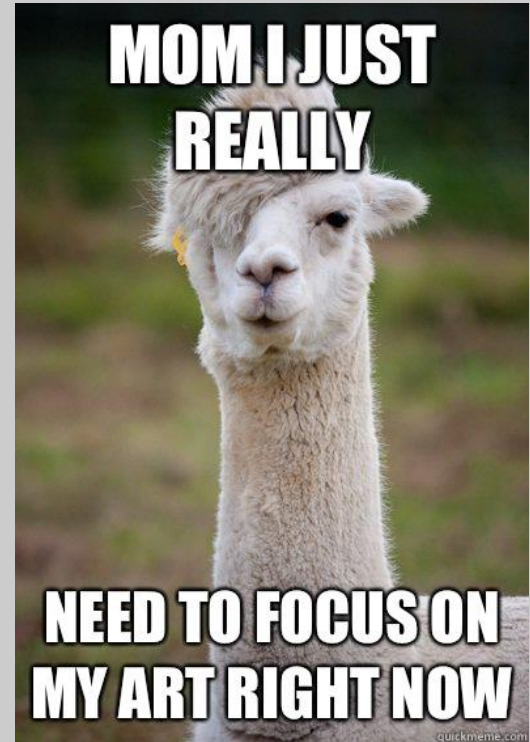
The Big Question

Is your organization committed to permanent existence & the infrastructure to sustain it?



Luckily, fiscal sponsorship exists as an alternative...

So that you can spend your time creating instead of balancing the books and filing reports, and still reap many of the benefits you would as a 501(c)3.



Core benefits of fiscal sponsorship:

- Apply for most government and foundation grants through the sponsoring organization
- Gain credibility & sometimes even mentorship
- Have your sponsor accept tax-deductible donations from individuals and corporations & pass those funds along to you



Some fiscal sponsors provide a combination of the following benefits:

- Processing online donations (including recurring donations) in addition to checks
- Acceptance of non-cash donations
- Online financial tracking
- Educational & professional development resources
- Ticketing software
- Grant critiques/feedback
- Discounts (insurance, other things)
- HR & technology support
- Legal advice
- Accounting & bookkeeping



But, as with any business deal, there are costs & considerations...

- Funding conflicts
- Non-monetary costs of collaboration; time = money
- Necessary fees (5–10%) + membership dues



How do I decide if a sponsor is a good fit?

- Research using resources like www.fiscalsponsordirectory.org
- Get legal questions answered! Gene Takagi, NEO Law Group. gene@attorneyfornonprofits.com
- Mission fit
- Capacity
- Communication & contracts
- Personal referrals



Step 1: Research & Ask Questions

- Is the sponsor local or national?
- Are they sponsoring projects like yours?
- How will you work together?
- What are the fees? Reporting requirements?
- What level of involvement do you want them to have?
- Look at their current projects – and contact one!
- How are the funds managed & released? Do they write checks to vendors?
- What can they accept? Non-cash, stocks?
- Grant submission timelines & other fundraising procedures?
- Exit provisions?



Step 2: Apply

- Approval timelines vary; typically 2–6 weeks
- Most applications are crafted to get a sense of your programming/outcomes, the size and scope of your project, where you are in the organizational process, and how your project is a mission fit, similar to a grant application
- “Before we sponsor a project, we want to be convinced of the need for the service and know that it has community support, a realistic game plan and a committed staff.” – SF Study Center



Local Options

- SOMArts
- Intersection for the Arts
- Dancer's Group
- ProArts
- Independent Arts & Media

National Options

- New York Foundation for the Arts (two tracks: projects & emerging organizations)
- Fractured Atlas

& many more!

Fiscal Sponsorship from SOMArts

Non-profit since: 1979

Fiscal sponsor since: 1996

SOMArts fiscally sponsors:

- Bay Area Society for Art & Activism
- McSweeney's
- QBOX
- & more!



Fiscal Sponsorship from SOMArts

Services:

- Facilitation of tax-deductible donations
- Grant app review & consultation
- Professional development
- Space rental discounts

Fees:

- 8% < \$150,000 raised
- No application or annual fee fee

Write to info@somarts.org
to request an application!



**SO YOU HAVE
QUESTIONS**

HOW NICE

memegenerator.net