

## FISCAL SPONSORSHIP: AN OVERVIEW

### What is Fiscal Sponsorship?

Fiscal sponsorship allows individual artists and emerging organizations to apply for funding normally available only to organizations with 501(c)(3) nonprofit status and to receive tax-deductible donations from individuals. A fiscal sponsor is a nonprofit organization that agrees to act as a fiscal umbrella for an artist or group, receiving charitable donations and grant funds on their behalf.

Through fiscal sponsorship, a broader range of funding sources is made available to artists and new organizations. Organizations that offer fiscal sponsorship programs that serve a significant number of artists may also provide technical assistance during the fundraising process, accounting services and other project-related assistance.

### How Does Fiscal Sponsorship Work?

When an organization agrees to act as a fiscal sponsor for an artist or new organization, a contract may be issued that outlines the responsibilities of the artist and the fiscal sponsor. LMCC strongly recommends executing a contract at the beginning of a fiscal sponsor relationship to ensure a clear working relationship.

The following is a broad outline of some of the more common aspects of fiscal sponsor relationships:

#### Fundraising

- The artist is responsible for identifying potential funding sources and soliciting all funds
- The artist will prepare fundraising materials subject to the fiscal sponsor's final approval
- The artist is responsible for submitting all final reports required by funders in a timely manner

#### Financial

- Fiscal sponsor receives grant funds and donations on behalf of the artist
- Fiscal sponsor will issue a thank you letter and/or receipt to individual donors to use for tax purposes (obtaining a deduction)
- Fiscal sponsor disburses payment to or on behalf of the artist
- Fiscal sponsor files an IRS 1099 form reflecting all payments as payments to the artist
- The artist is responsible for the tax implications of these monies and must reflect the activities of the fiscally sponsored project on his/her own federal, state and local tax returns

#### Fees and Charges

- Fiscal sponsor may charge an administrative fee on funds received/dispensed on behalf of the artist. Fees tend to range from 5% to 10% depending on the level of administrative support provided by the fiscal sponsor. Therefore, it is important for artists to factor this cost into their project budgets and fundraising plans.
- Fiscal sponsors may charge an annual administrative flat fee in lieu of the percentage model.

### What to look for in a fiscal sponsor?

- Clarity in communication
- Responsiveness
- Financial expertise
- Previous experience as a fiscal sponsor

## What to look for in a fiscal sponsor? (cont'd)

The most important thing in a fiscal sponsorship relationship is trust. Only enter into this relationship with an organization you know and that you trust to receive and manage your project funds. While any nonprofit organization may enter into a fiscal sponsorship relationship, keep in mind that organizations that offer fiscal sponsorship programs have the most reliable policies and processes to support this relationship.

## Who offers fiscal sponsorship?

The following list includes organizations in New York City that offer fiscal sponsorship programs for artists & arts projects. It is best to contact a provider directly about the specifics of their program. This list is intended as a starting point rather than a comprehensive list of all fiscal sponsorship programs in NYC.

### General Arts

Arts Engine Inc | [www.artsengine.net/fs](http://www.artsengine.net/fs)  
Brooklyn Arts Council | [www.brooklynartscouncil.org](http://www.brooklynartscouncil.org)  
FJC | [www.fjc.org](http://www.fjc.org)  
Fractured Atlas | [www.fracturedatlas.org](http://www.fracturedatlas.org)  
New York Foundation for the Arts | [www.nyfa.org](http://www.nyfa.org)

### Dance/Performance

Dance Theater Workshop | [www.dtw.org](http://www.dtw.org)  
The Field | [www.thefield.org](http://www.thefield.org)

### Media/Film

Cine Qua Non Inc | [www.incite-pictures.com](http://www.incite-pictures.com)  
Dance Films Association | [www.dancefilms.org](http://www.dancefilms.org)  
Experimental Television Center Ltd. | [www.experimentaltvcenter.org](http://www.experimentaltvcenter.org)  
Independent Feature Project | [www.ifp.org](http://www.ifp.org)  
New York Women in Film and Television | [www.nywift.org](http://www.nywift.org)  
Public Media Inc. | [www.publicmediainc.org](http://www.publicmediainc.org)  
Third World Newsreel | [www.twn.org](http://www.twn.org)  
Women Make Movies | [www.wmm.com](http://www.wmm.com)

## Additional Resources:

To follow are a few online resources that provide useful information on fiscal sponsorship.

### Foundation Center

[www.foundationcenter.org/getstarted/tutorials/fiscal/](http://www.foundationcenter.org/getstarted/tutorials/fiscal/)  
[www.foundationcenter.org/getstarted/faqs/html/fiscal\\_agent.html](http://www.foundationcenter.org/getstarted/faqs/html/fiscal_agent.html)

The Foundation Center offers resources for nonprofits, philanthropists, and the grant-making and grant-seeking community. Its website offers detailed online tutorials and FAQ's that describe why you would seek out fiscal sponsorship, what you can achieve with a fiscal sponsor, and how to build successful partnerships between grant-seekers and sponsors.

### Fiscal Sponsor Directory | San Francisco Study Center

[www.fiscalsponsordirectory.org](http://www.fiscalsponsordirectory.org)

Fiscal Sponsor Directory is a tool created by the San Francisco Study Center to help connect community projects with fiscal sponsors. The website offers a nation-wide searchable database of fiscal sponsorship providers. Information for national trends and research data on fiscal sponsorship is also provided.

### Ask The Lawyer | Volunteer Lawyer for the Arts (VLA)

[www.askthelawyer.info](http://www.askthelawyer.info)

VLA launched its Ask the Lawyer Website to archive and present basic and pertinent legal information to arts and legal professionals, which grew out of VLA's experience in speaking with and helping thousands of arts community members. The website offers a myriad of legal information, glossary & resources for arts professionals, including creating a contract and incorporating a not-for-profit organization.