

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/disbursed 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

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 selected 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

- Brooklyn Arts Council | www.brooklynartscouncil.org
- FJC | www.fjc.org
- The Field | www.thefield.org
- Fractured Atlas | www.fracturedatlas.org
- New York Foundation for the Arts | www.nyfa.org
- New York Live Arts | www.newyorklivearts.org
- Pentacle | www.pentacle.org

Media/Film

- Cine Qua Non Inc | www.incite-pictures.com
- Dance Films Association | www.dancefilms.org
- Harvest Works | www.harvestworks.org
- Independent Filmmaker Project | www.ifp.org
- New York Women in Film and Television | www.nywift.org
- Third World Newsreel | www.twn.org
- Women Make Movies | www.wmm.com

Additional Fiscal Sponsorship Resources:

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

Foundation Center

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.

<https://grantspace.org/resources/knowledge-base/fiscal-sponsorship/>

Fiscal Sponsor Directory | San Francisco Study Center

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 nationwide searchable database of fiscal sponsorship providers. Information for national trends and research data on fiscal sponsorship is also provided.

www.fiscalsponsordirectory.org

National Network of Fiscal Sponsors

The National Network of Fiscal Sponsors promotes the understanding and professional practice of fiscal sponsorship. NNFS is committed to raising the understanding of fiscal sponsorship among funders and the public, share a desire to build best practices, and enhance the sector by building capacity to advance public benefit. The website offers guidelines for best practices in fiscal sponsorship and specific guidance for funders of fiscally-sponsored projects and those seeking fiscal sponsorship.

<http://www.fiscalsponsors.org>

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