

FISCAL SPONSORSHIP EXPLAINED

Simplest Definition of Fiscal Sponsorship

Fiscal sponsorship allows individual artists, collectives and unincorporated organizations to apply for grant funding by using another entity's tax-exempt status. It enables the applicant to apply to funding opportunities, from foundations, government entities and corporate funders, that are usually restricted to 501(3)c nonprofit organizations. Fiscal sponsorship is a liability on the tax-exempt organization and requires a written contractual agreement. We recommend consulting with an attorney about creating a contract.

NYSCA'S Definition of Fiscal Sponsorship

At the discretion of SLC Arts, individual artists or collectives may apply to SCR through a fiscal sponsor.

The entity serving as the fiscal sponsor must meet the same eligibility requirements as an applicant organization listed on page 10.

- The fiscal sponsor must be based in the county where the proposed activity is taking place; however, the sponsored applicant is not required to reside in that county.
- A direct SCR applicant may serve as a fiscal sponsor and may sponsor more than one applicant as the sponsored requests do not count towards the three-request limit or \$5,000 maximum.
- The sponsored applicant is limited to three requests in any combination of categories totaling no more than \$5,000 per SCR site.
- Direct NYSCA applicants may not serve as a fiscal sponsor for a SCR applicant

Fiscal Sponsors are responsible for:

- Knowledge and understanding of grant opportunity criteria and relevant guidelines.
- Ensure work for which funding is sought will occur within the appropriate contract period and required service area.
- Consulting with the artist or collective regarding project eligibility and conveying all relevant grant application information, including deadlines and online access details.
- Registering requests and submitting applications with all required supporting information, including an Organizational Budget and Events Schedule (where applicable).
- Execute a letter of agreement with the sponsored group/artist that clearly outlines the administration of the grant and defines mutual responsibilities.
- Informing sponsored group/artist of funding decisions in a timely manner (prior to the expiration of the appeals period).
- Receiving and disbursing granted funds and ensuring that all relevant tax filings and reporting are executed as appropriate. Fiscal sponsors must issue W-9s to grantees that are individuals, or unincorporated groups of individuals, with grants greater than \$600 prior to issuing the grant award

check and a 1099 tax form must be issued for the grantees' tax purposes.

- Submitting a final report on the expenditure of the grant funds after the end of the contract period.

Additional Fiscal Sponsor Prerequisites and Expectations:

- Sponsoring organizations may serve as fiscal agents for grants being applied to and limit their role to receiving, disbursing, and reporting on grants. The sponsoring organization may alternatively provide additional fiscal, administrative and other services to the group/artists they sponsor.
- When choosing a sponsor, the group/artists must understand and establish the role of the sponsor organization, which must be fully described in the grant application. Sponsored groups/artists are expected to meet with the sponsoring organization prior to the preparation of the application. The sponsoring organization should work with the sponsored party to comply with the SCR program's requirements and procedures. Sponsored parties may consult with SCR staff if they have questions about their relationship with their sponsor.