

## **ECRAC Fiscal Sponsorship Guidelines FY2020-2021**

If your group has not yet received federal nonprofit, tax-exempt 501(c)(3) status, you may still apply to the East Central Regional Arts Council (ECRAC) by using another 501(c)(3) organization, a unit of government, or an independent school district as a fiscal sponsor. Artists do not need a fiscal sponsor when applying for an ECRAC individual artist grant.

Using a fiscal sponsorship is an arrangement between a nonprofit organization with a 501(c)(3) tax exempt status, and a project, often a new charitable effort, conducted by an organization or group that does not have 501(c)(3) status. The sponsored organization or group is usually an arts organization and the art grant funded project is the sponsored project. For ECRAC grants the fiscal sponsor can accept funds restricted for the sponsored organization on their behalf and for the sponsored project. The fiscal sponsor accepts the responsibility to ensure the funds are properly spent to achieve the grant project's goals.

The fiscal sponsor must have complete discretion and control over the funds. This means the fiscal sponsor must be legally responsible for the funds. It is important for a fiscal sponsor and the sponsored organization to understand the exact nature of their relationship and to have a written agreement.

### **Fiscal Sponsorship duties for ECRAC grants:**

The Fiscal Sponsor is responsible for the ECRAC grant project funds of a sponsored organization (grant applicant) that does not have 501(c)(3) status;

The Fiscal Sponsor must retain discretion and control as to the use of the grant project funds;

The Fiscal Sponsor must maintain records that establish that all grant project funds were used for the approved purposes;

The Fiscal Sponsor status is for one grant project only and, if not, the sponsored non-exempt organization should be actively seeking its own tax-exempt status.

**Finding a Fiscal Sponsor:**

First you will need a group of at least 3 people. Then to find a Fiscal Sponsorship that is a good match for your group and your grant project you will need to do some research. Start by making a list of organizations familiar with your group's work and add any that appear to have a similar purpose to your group's purpose. Then confirm the organization's 501(c)(3) status. Talk with representatives from each of those organizations and discuss your grant project for ECRAC and the fact that you need a fiscal sponsorship. Organization's that are willing to serve as fiscal sponsors typically do so for a modest fee.

**Fiscal Sponsorship Agreement:**

ECRAC requires that a sponsored organization grant applicant submit a Fiscal Sponsorship Agreement in their application showing that an agreement has been formally made between the Grantee and a Fiscal Sponsor. The agreement must be signed by authorizing officials of both the Fiscal Sponsor and the sponsored organization. An example of an agreement is included in the ECRAC grant guidelines for organizations. However, this is only an example and applicants are not required to follow this template.

**Keep In Mind:**

Please note that it is not an easy undertaking to find a fiscal sponsor and when you do so you will need to get prior approval from them as well as the Regional Arts Council on any grant revisions – this is because they are responsible for the ECRAC grant funds.

**For More Information:**

For more information on how to use a fiscal sponsorship for ECRAC grant projects: review the grant guidelines; or contact the office by calling (320)591-7031 or by emailing [info@ecrac.org](mailto:info@ecrac.org).