

## California Arts Council Grants Fiscal Sponsor Policy

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Organizations conducting not-for-profit work without federal tax-exempt status may apply for California Arts Council (CAC) grant programs through the use of a fiscal sponsor.

### **Applicant Organization Fiscal Sponsorship Eligibility Requirements:**

- Must be an organizational entity; the CAC does not currently accept applications from individual applicants within organizational grant categories
- Must have a principal place of business in California
- Must be consistently engaged in arts programs and/or services for two years prior to the time of application

### **Fiscal Sponsor Eligibility Requirements:**

- Must be a nonprofit organization with tax-exempt status under section 501(c)(3) of the U.S. Internal Revenue Code
- Must have a principal place of business in California
- Must be consistently engaged in arts programs and/or services for two years prior to the time of application (*Acting as a Fiscal Sponsor to arts and cultural organizations is considered an arts service.*)

Must have “active status” with the California Secretary of State (SOS) showing evidence of “good standing” at the time of application.

### **Relationship Between the Applicant Organization and the Fiscal Sponsor:**

Fiscal sponsors are expected to maintain close involvement with the applicant organization to ensure that funding is used in accordance with the approved grant proposal.

It is the duty of the applicant organization—not the fiscal sponsor—to develop and execute the grant proposal activity and to complete all required grant reporting. All application materials and information (other than the fiscal sponsor’s IRS Form 990) should be representative of the applicant organization. This includes application budget tables and references to total operating revenue.

It is the duty of the fiscal sponsor to collaborate with the applicant organization on a joint Letter of Agreement, jointly signed and dated, outlining the relationship, terms, and expectations of each party. The Letter of Agreement must indicate the *specific* CAC grant program to which the applicant organization is applying and must confirm the

fiscal sponsor's agreement to serve throughout the full term of the Grant Activity Period, including any CAC-approved extensions.

Only under special circumstances may an applicant organization change their fiscal sponsor after the grant application deadline; this change may not be made without an official written request and prior approval from the California Arts Council.

For applicant organizations with a total operating budget (TOR) of more than \$250,000, the total of all application requests within a single grant cycle cannot exceed 50% of that organization's total operating revenue from the last completed fiscal year. There is no restriction for organizations with a TOR of \$250,000 and below. The fiscal sponsor's total operating revenue is not considered in this restriction.

### **Fiscally Sponsoring Multiple Applications:**

An organization may act as the fiscal sponsor for multiple applicant organizations. A fiscal sponsor may also submit its own proposal as an applicant organization for eligible programs, in addition to serving as the fiscal sponsor for one or more applicant organizations.

### **Fiscally Sponsored Grant Application Requirements (due at the time of application):**

- Legal name of fiscal sponsor
- Fiscal sponsor's federal EIN
- Fiscal sponsor's executive leader's name, phone number, and email
- Fiscal sponsor's mailing address
- Number of years the fiscal sponsor has been engaged in arts programming and/or services
- A brief description of the history of the fiscal sponsor arts programming and/or services
- An IRS 990, 990-EZ or 990-PF form for the fiscal sponsor; no other types of 990 forms will be accepted. *Please note:* CAC does not accept 990 N forms.

### **Fiscal Sponsor Responsibilities:**

If an applicant organization using a fiscal sponsor is recommended for funding, the fiscal sponsor becomes the legal contractor for the grant, as designated in the State of California Standard Agreement (STD 213). All contractual documents must be signed and approved by an authorized representative of the fiscal sponsor. The fiscal sponsor must complete and submit a Payee Data Record (STD 204) with contract documents.

Grant disbursements are made payable to and mailed to the fiscal sponsor. The fiscal sponsor is responsible for distributing funds to the applicant organization. The fiscal

sponsor is responsible for updating contact information by requesting formal change request forms from, and submitting these completed change requests to, the Arts Program Specialist assigned the particular grant program(s) for which they are receiving funds.

Termination of the fiscal sponsor relationship or violation of terms outlined in the Letter of Agreement between the fiscal sponsor and applicant organization may be grounds for rescinding a grant award.