What activities does the Arts Council Santa Cruz County accept for sponsorship?
Fiscal sponsor services are typically provided for individuals and organizations without an IRS determination letter and community groups planning projects that are clearly charitable in nature, provide public benefit to the local community, and further the purposes of the Arts Council.

We will consider sponsorship for activities that meet the following criteria:
- Projects that are in line with the Arts Council’s mission and strategic priorities
- Projects that are pursuing their own 501(c)(3) status and/or temporary with an end date.

We will not consider activities for sponsorship that:
- Raise funds for other 501(c)(3) organizations
- Could be sponsored more appropriately by another organization
- Benefit private individuals, for-profit enterprises, or proprietary businesses

What services can the Arts Council provide to its sponsored projects?
Financial Services:
- Provision of non-profit status to the project (making contributions tax-deductible)
- Establishment of a Fund to receive contributions to the project. The project is then accounted for as “The XYZ Fund, a project of the Arts Council” for IRS auditing, financial reporting, marketing, and fundraising purposes.
- Quarterly financial statements showing income and expenses for the Fund
- Authorization and payment of expenses from the Fund (reimbursements, disbursements and bills). As program sponsor, the Arts Council is legally responsible for the disbursement of funds.
- Federal, state and local tax and informational returns

Gifts and Grants Administration:
- Receipting of all contributions with thank-you letters
- Maintenance and monthly reporting of donor data
- Authorization and payment of grants from the Fund

How does an organization or individual apply?
The first step in our application process is to submit a Letter of Intent (LOI). This LOI should be submitted online through our grants portal: after logging in (or creating an account), click “Apply” in the top green menu bar, then enter access code 1070. A list of questions that will be asked is available on our webpage for the fiscal sponsorship program.

The Application Review & Approval Process
Arts Council staff will review the LOI and determine if the organization or individual will be invited to submit a full application, with a decision sent within 10 business days. Once a full application is submitted, our review process takes a minimum of one additional month to complete. Applications are reviewed by the Arts Council staff, and staff recommendations are subject to approval by the Arts Council Board of Directors at the next Board meeting. Board
meets typically take place the third week of September, December, February, May and June.

The full application has requirements including, but not limited to: the expected number of grant applications, contributions, and payment requests; a list of advisory group members and a primary contact; a list of key staff/volunteers and responsibilities; a description of current activities and recent accomplishments, organizational structure, audience/community, and goals; outreach/marketing, fundraising and equity plans; a current budget; recent financial statements (if available); and supporting materials (uploads and/or links).

**What fees are charged?**

As compensation for its services, the Arts Council charges an annual administration fee on the balance of the fund, assessed monthly. This fee is based on the number of expected transactions during a typical month. The fee will run between 8% - 12%. Extraordinary costs, e.g., start-up, legal costs, stationery, or publications, are separately billed against the fund. If the administrative time needed to manage the fund exceeds expectations, additional costs may be billed against the fund.

**What are the obligations of the sponsored project?**

- The project must have an advisory committee of at least three people, which the Arts Council authorizes to provide day-to-day oversight of the project.
- A single person must be designated to act as the primary contact & coordinator.
- Either comprehensive general liability insurance or event insurance must be maintained, depending on the type of project.
- Projects may not use the Arts Council tax identification number without written approval.
- Signed grant agreements must be provided to the Arts Council before disbursement from the Fund.
- Contracts issued for the project must be sent to the Arts Council for a quick review before they are signed.
- The Arts Council should be acknowledged as a fiscal sponsor in all communications.
- A draft of communications (e.g., fundraising letter, marketing email) must be reviewed by the Arts Council before going out. After we review one of each type of communication, we may decide there is no longer a need to do so.
- Projects may not engage in any lobbying activities without pre-approval from the Arts Council. Projects may not, under any circumstance, participate in partisan politics.
- Any raffles must be coordinated with Arts Council staff as they are strictly regulated by the Attorney General of California.
- Equipment purchased through the fund is restricted for use by the project.
- Projects may not open accounts in the name of the Arts Council or the Fund.
- An annual budget must be provided to renew the fiscal sponsorship contract each year. Projects are also expected to report annually to the Arts Council on their progress.
- *Disregard of the Arts Council policies, procedures, and guidelines will result in termination of the Fiscal Sponsor relationship.*

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