



ARTRAIN, INC. FISCAL SPONSORSHIP PROGRAM – Updated for 2018

★ GENERAL INFORMATION

Artrain is a nonprofit project management agency that partners with artists and/or arts and cultural institutions to produce and deliver outreach programs of all types – art, culture, history, science, environment and more – to people in villages, towns and cities. Founded in Michigan more than 45 years ago, Artrain’s mission is to deliver discovery and – through the power of arts and culture – transform lives, organizations and communities. Artrain has shared award-winning exhibitions and many of the world’s greatest artists with millions of people during hundreds of community visits across the United States and, more recently, Canada. Countless individuals – from schoolchildren to grandparents – have experienced Artrain programs. Many have become art and creative practitioners, consumers, supporters, advocates and/or volunteers. Since its founding in 1971, Artrain has helped start or strengthen hundreds of cultural organizations. In recognition of its legacy, In 2006 Artrain received the **National Medal for Museum Service** – the nation’s highest award for museums.

Originally delivering its programs exclusively on a museum-on-a-train that used America’s rail system to deliver art exhibitions, **Artrain retired its rail museum in 2008**. Today, Artrain determines the best delivery method for each project it produces. Its target audiences are communities and their residents who have limited access to traditional museums or collections. Artrain defines community broadly. A community could be a town, village or a neighborhood; it could also be a group of artists, a classroom or a school.

★ ARTRAIN’S FISCAL SPONSORSHIP PROGRAM

Fiscal sponsorship entitles individual artists and organizations without 501(c)(3) status to apply to funders and donors under the auspices of Artrain, Inc., a 501(c)(3) nonprofit. Fiscal sponsorship, therefore, is essentially a regranting program for grant awards and contributions to specific pre-approved artists or organizations intended for purposes directly related to Artrain’s vision and mission.

Fiscal sponsorship requires that Artrain accept programmatic and fiscal responsibility for the applicant. Therefore, fiscal sponsorship is offered to creative individuals and arts & cultural organizations who demonstrate a high level of professional practice in the management of their endeavors. Accordingly, the attached application is designed to provide Artrain’s board and staff with sufficient information to determine whether or not to accept these responsibilities on behalf of the applicant.

★ GUIDELINES

- Artrain reserves the right to revoke fiscal sponsorship at any time if the applicant does not comply with Artrain regulations for use of that status.
- Eligibility for fiscal sponsorship is determined through a tiered application process. Upon full approval, the applicant remains eligible for sponsorship for the period indicated on the approved applications, unless otherwise noted by Artrain.
- Applicants must use funds raised solely for the purpose stated in the application. Any deviation from said purpose or improper use of funds is subject to persecution and all costs associated with such action, including costs to Artrain, is the responsibility of the applicant.

- Any significant change in the name, project, mission, purpose or personnel affiliated with the applicant requires a renewal of the application. Artrain has the exclusive authority, at its discretion, to determine what is considered a “significant change.”
- Period of fiscal sponsorship: Fiscal sponsorships will conclude at the end of each calendar year but may be extended.
 - For those applicants intending for sponsorship to extend beyond the end of a calendar year, an annual report and a request for extension is required by January 31st of the year following the first approved fiscal year.
 - Reinitiating of fiscal sponsorship status can only be obtained by submitting all reports due and reapplying for said status.
- Each applicant approved for fiscal sponsorship must submit an annual / final report as per Artrain guidelines. If the required reports are not received by the deadlines indicated on the reporting forms, the applicant’s fiscal sponsorship status will be revoked.
- Applicants are encouraged to seek counsel to review the tax ramifications of the grants or contributions received through Artrain’s fiscal sponsorship. Applicants should determine if such contributions are to be considered income, as well as the appropriate accounting guidelines for tax returns.
- Applicants will not themselves and will not permit their projects to, participate in or intervene in any political campaign on behalf of, or in opposition to, any candidate for public office, or otherwise engage in the carrying on of propaganda (within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986). The applicant is also responsible for abiding by the law as defined in the same section of the Internal Revenue Code.

★ARTRAIN FISCAL SPONSORSHIP APPLICATION PROCESS

- Applications are accepted on a rolling basis. Coaching sessions on fiscal sponsorship may be available. Contact Artrain for more information.
- Applicants must first submit a completed **General Fiscal Sponsorship Application** along with all required support materials and fees to Artrain’s office.
- Artrain will review applications within three weeks of receiving the required materials and will notify the applicant of its decision.
- If approved for fiscal sponsorship, applicants are required to attend an orientation conference call with Artrain, date and time to be determined.
- After general fiscal sponsorship approval and completion of the orientation session, applicants are then able to complete the **General Contribution Application** to receive individual donations and other contributions of restricted (project) and unrestricted (general operating) funds. Applicants may also apply for grant eligibility with Artrain acting as fiscal sponsor through completion of the **Grant Review Application**.
- Applicants may complete the **General Fiscal Sponsorship Application, General Contribution Application** and **Grant Review Application** simultaneously.
- Approval for general fiscal sponsorship does not necessarily guarantee approval of the **General Contribution Application** or **Grant Review Application**.
- Incomplete applications will be rejected and may not be resubmitted for a period of six months.

★RECEIVING GENERAL CONTRIBUTIONS

To receive contributions of unrestricted (general operating support / GOS) and restricted (project) funds:

- Applicants must submit a completed **General Contribution Application** along with all required support materials to Artrain's office.
- Artrain will review applications within three weeks of receiving the required materials and will notify the applicant of its decision.
- Following approval of the application, applicants may then receive contributions of unrestricted and restricted funds.

GIFT ACCEPTANCE POLICIES

All Gifts (Regardless of Tender):

- Artrain recommends the use of its standard gift receipt form template for donations, available for electronic download at: www.artrainusa.org/fiscalsponsorshipprogram.asp.
- All gifts must include the following information:
 - Donors name, address, email and phone number
 - Applicant's Name
 - Purpose of Gift (GOS or Project Name)
 - Date of Gift

Checks:

All checks must be made payable to Artrain, Inc., with the applicant's name clearly written in the memo field. Failure to follow these instructions may result in the donation being directed to Artrain and a general delay in the dispersing of the funds.

Fees

▪ **Artrain Administrative Fees**

Artrain will retain 7.5 percent of all contributions received as an administrative fee.

▪ **Credit Cards/Merchant Fees**

Each credit card payment will be charged at the current merchant fee assessed by the bank.

Though these fees may change at any time and without notice, they are approximately 2.5 percent for Visa/MasterCard/Discover and 0.5 percent for American Express transactions.

▪ **17.5 percent Hold on Applicant's Funds**

An additional 17.5 percent of the donations will be held by Artrain pending completion and review of the required annual and or final reports. Artrain will disburse the remaining 17.5 percent of contributed funds within 60 days of the receipt and approval of the completed final report.

▪ **Why does Artrain retain 17.5 percent of the applicant's donations?**

1. **As incentive for the applicant to complete all annual or final reports depending on the length of the fiscal sponsorship.** Artrain must file legal and tax documents that require specific information about fundraising and donors.
2. **In the possibility of applicant's failure to perform.**

It is out respect for the applicant's donors and for the protection of Artrain. As the responsible party to the donors, funds must be available, if for any reason, the project is not completed or if any donor was to demand that their funds be returned. A donor may do that if they determine that the funds are not used for the purpose promised or in a timely manner. Artrain, as the legal recipient of these funds is also responsible for meeting the obligation to the donor.

DISBURSEMENTS TO APPLICANT

Artrain will disburse net funds twice monthly assuming the following conditions have been met for funds received:

- Cashier's checks, bank checks and money orders – no waiting period.
- In-state checks - seven days have passed after receipt of in-state checks
- Out of state checks - 14 days have passed.
- A \$30.00 fee (or the current fee charged by Artrain's bank) will be charged to the applicant for any checks return.
- Credit card donations – seven days after receipt of the donation.

REPORTING REQUIREMENTS – Forms are provided

Regardless of the official reporting from any donor, the applicant must still submit regular reports to Artrain.

Applicants are required to follow the reporting format outlined in the reporting forms.

Failure to submit a report within 30 days of the deadline may result in revocation of the applicant's fiscal sponsorship status and the forfeiture of any funds held by Artrain. Reinstatement of a fiscal sponsorship status can only be obtained by submitting all reports due and reapplying for said status.

- **Interim reports** are due no later than six months from the project start date.
- **The Calendar Year Report** – due by January 31st of the New Year for the 12 month period January 1 – December 31 of the previous year.
 - **The Fiscal Year report is critically important to Artrain's annual IRS filing. It must be received on time.**
- **Annual Sponsorship Renewal Request** - The Annual Year Report may also serve as a fiscal sponsorship renewal request.
- **Final reports** – are due 30 days after the project completion and before all funds are released.

★APPLYING FOR GRANTS

To apply for a grant requiring 501(c)(3) status:

- Applicants must first complete the **General Fiscal Sponsorship Application** and be approved for fiscal sponsorship. Following approval for fiscal sponsorship, applicants may apply to Artrain to be sponsored for specific grants or other funds that require 501(c)(3) status.
- Grant applicants must complete and submit the **Grant Review Application** along with all required support materials at least 30 days in advance of the grant deadline or project start date, though applicants are encouraged to seek approval a minimum of two months before a grant deadline. A separate application is required for each grant. The applicant is responsible for following all granting sponsorship instructions and for informing Artrain of any and all materials that must be provided by Artrain.

- Artrain’s staff will review all documents. If the sponsorship is approved, Artrain will provide any materials as required by the funding sponsorship to the applicant via email. If hardcopy materials are required, Artrain reserves the right to pass costs of printing, preparation and mailing to the applicant. After the receipt of Artrain’s materials, it is the responsibility of the applicant to follow all funder instructions and to complete the submittal process by the grant deadline.
- Upon receipt of the grantor’s check, Artrain will disburse the funds in accordance with the guidelines of the respective funder. Artrain will retain 7.5 percent of the funded amount as an administrative fee. An additional 17.5 percent of the funds will be held pending completion of the funded project and receipt and review of all reporting requirements. Artrain will disburse the remaining 20 percent of granted funds within three weeks of the receipt and review of the completed final report.
- If granting sponsorship requires an interim and/or final report, the report and required support materials must be submitted to the Artrain’s office no later than 30 days in advance of the report deadline. Artrain’s staff will review and, depending on the requirements of the funder, either Artrain or the applicant will sign and submit the original form and all support materials to the granting sponsorship.
- If the granting sponsorship does not require any official reporting, the applicant must still submit an interim (if applicable) and final report to Artrain for review. Interim reports are due no later than six months from the project start date, and final reports are due no later than 60 days from the project end date. Applicants are required to follow the reporting format outlined in the reporting forms. All reporting forms are available for electronic download at: www.artrainusa.org/fiscalsponsorshipprogram.asp.
- Failure to submit a report within 30 days of the deadline may result in revocation of the applicant’s fiscal sponsorship status and the forfeiture of any funds held by Artrain. Reinstatement of a fiscal sponsorship status can only be obtained by submitting all reports due and reapplying for said status.

★ FREQUENTLY ASKED QUESTIONS

DISCLAIMER: The following should be considered general information rather than specific tax advice. Artrain recommends consulting a tax specialist, accountant and/or attorney with any questions about your situation.

1. **What is a fiscal sponsor?** *A fiscal sponsor is an organization that agrees to accept and be responsible for grant monies and tax deductible donations on behalf of an individual or group of individuals.*
2. **Why would I want to apply for fiscal sponsorship?** *To offer prospective donors/supporters a tax deductible option and qualify for grants requiring 501(c)(3) status. In effect, your organization operates as a 501(c)(3) without having to submit the application for the 501(c)(3) or meet the IRS requirement.*
3. **Who may serve as a fiscal sponsor?** *An IRS approved 501(c)(3) organization.*
4. **How do I apply for fiscal sponsorship?** *See the Artrain Fiscal Sponsorship Program Guidelines.*
5. **What are the responsibilities of the fiscal sponsor?** *The fiscal sponsor is responsible for receiving and safeguarding your grant funds. Furthermore, the fiscal sponsor is legally obligated to:*
 - *Acknowledge contributions as required by law.*

- *Maintain separate records of disbursements related to your organization.*
 - *Keep receipts for at least three years following receipt of the grant.*
 - *Make financial records available to the foundations upon request.*
 - *Disburse funds in accordance with the purpose of the grant application.*
6. **Are there any disadvantages to designating a fiscal sponsor?** *You will not have direct control over the funds. Artrain, as your fiscal sponsor, will deposit your grant funds and donations and disburse your funds. It is your responsibility to follow up with the appropriate representative of Artrain to understand the requirements to maintain a fiscal sponsorship status. You will be responsible for submitting completed grants to Artrain 30 days before the grant deadline.*
7. **Must I appoint a fiscal sponsor before I submit a grant or can I decide to do so after I receive a grant?** *You must designate the fiscal sponsor at the time of your original grant application. In general, foundations will not consider requests to appoint a fiscal sponsor after an award has been made.*

Additional services:

Please contact Artrain if you are interested in having a webpage created for your fiscal sponsorship that links from Artrain's website. Fees would be equal to the cost of graphic design plus 10 percent.

For more information, contact:

Artrain, Inc.

Attn: Fiscal Sponsorship Program

1100 North Main, #A

Ann Arbor, MI 48104

Email: deb.polich@artrain.org

Tel: 734.747.8300