



## **Metro Arts – Fiscal Sponsorship FAQ**

Applicants to the Metro Arts Thrive program who are individual artists and groups that do not hold 501(c)(3) nonprofit status will be required to work with a fiscal sponsor to receive a Thrive grant for the FY25 grant cycle. This is a new requirement, and we are working on an expedited timeline to help artists meet this requirement. Applicants are due to Metro Arts on February 18, 2025, including information about fiscal sponsors. The FAQs below provide information to prospective fiscal sponsors. Please contact Metro Arts at [arts.grants@nashville.gov](mailto:arts.grants@nashville.gov) with additional questions.

### **Who needs a fiscal sponsor?**

Thrive applicants that hold 501(c)(3) status **do not need** a fiscal sponsor. Nonprofit organizations will contract directly with Metro Arts to receive a Thrive grant. You will still need to update your Submittable application to upload your IRS Letter of Determination to verify your nonprofit status. If you are an individual or a group without nonprofit status, you will need to identify a fiscal sponsor.

### **What is a fiscal sponsor?**

A fiscal sponsor, or a fiscal agent, is a 501(c)(3) nonprofit organization that provides financial and administrative processing and oversight for Thrive-funded artists who don't have nonprofit status. Fiscal agents offer their nonprofit legal status so that individuals or groups can qualify for grant funding that requires 501(c)(3) status. When you serve as a fiscal sponsor, you receive and manage Metro Arts grant funds on behalf of individual artists or artist collectives, ensuring compliance with financial regulations while enabling artists to focus on their projects.

[Here is some helpful information on fiscal sponsorship](#) from the Arts & Business Council. Metro Arts Thrive projects are independent from ABC programming, but this provides helpful information of how fiscal sponsorship works in another setting.

### **Who can be a fiscal sponsor?**

Any registered Tennessee 501(c)(3) nonprofit organization with an IRS Letter of Determination effective January 15, 2024, or earlier can serve as a fiscal sponsor. Organizations do NOT have to be arts-focused to serve as fiscal sponsors. Organizations will be asked to provide their IRS Letter of Determination to Metro Arts.

### **Will artists be assigned a fiscal sponsor?**

Artists will not be assigned a fiscal sponsor. They can either choose your own fiscal sponsor or Metro Arts staff will assist them in identifying organizations who have agreed to serve as fiscal sponsors.

### **What exactly are the fiscal sponsor's responsibilities?**

As a fiscal sponsor, you will oversee financial aspects of the grant. This includes receiving and managing the grant funds from Metro Arts and reviewing all grant documentation for completeness. You'll be responsible for disbursing funds to artists according to your agreed-upon schedule and maintaining financial records. You'll share responsibility with the artists for ensuring final reports are complete and submitted by deadlines. A final expenditures report will be submitted that summarizes the project expenses. Additionally, Metro Arts may audit up to 10% of funded projects. Throughout the grant period, you'll ensure compliance with all grant requirements, which are described in the [Thrive Grant Guidelines here](#). Fiscal sponsors will receive a short mid-point check-in email or phone call from Metro Arts staff (artists will too) and should maintain open communication with Metro Arts if any issues or concerns arise during the grant period.

### **What is the size of the grant that fiscal sponsors will administer?**

Thrive applicants may request up to \$20,000. Applicants that receive a qualifying score will receive 75% of their requested amount.

### **What is my liability as a fiscal sponsor?**

Fiscal sponsors are essentially “loaning” their nonprofit legal status to the Thrive artist, and requirements as outlined in the contract should be followed for the fiscal agent (and Thrive artist) to remain in good standing with Metro Arts. Fiscal sponsors should consult with their organization about things like tax implications, applicability of any existing insurance policies, and other operational considerations.

### **What documentation is needed to become a fiscal sponsor?**

- **Letter of Fiscal Agency to Metro Arts:** This simple form states your agreement to serve as fiscal sponsor for a specific Thrive applicant and their project.
- **Letter of Agreement:** This agreement outlines the roles and responsibilities of the artist and the fiscal sponsor, including fund disbursement, reporting, administrative fees, and other logistics. This is a *template* and should be completed by the artist and the fiscal sponsor together. Completing the Letter of Agreement will help make sure everyone understands and documents what is being agreed upon in the fiscal sponsor partnership. You may choose to use it as-is or may choose to broaden or narrow the terms to fit the needs of what is agreed upon and any other conditions. You may also use an entirely different form if you are an experienced fiscal sponsor and have other documentation that meets the same purpose. This agreement is between the artist and the fiscal sponsor, but Metro Arts staff can answer and questions that applicants or fiscal sponsors have.
- **Disbursement Schedule:** The artist and the fiscal agent should agree on the disbursement schedule for when the artist will receive funds. Thrive grants will be disbursed in one 100% payment to the fiscal sponsor after the contract is completed.

The artists and the fiscal agent should decide if the artist will receive 100% of the grant funds immediately or if a different schedule is preferred (i.e., two 50% installments), based on project needs and preferences.

These 3 documents can be found on the [Metro Arts Partner Tools](#) website. You'll also need to submit your IRS 501(c)(3) determination letter and complete standard Metro vendor forms including a W-9. Once the grant is approved, you'll sign a grant contract with Metro Arts. If you're charging an administrative fee, you'll need to document this in your agreements.

### **How are funds disbursed from Metro Arts?**

Metro Arts provides 100% of grant funds upfront to the fiscal sponsor once the contract is executed. As fiscal sponsor, you'll then disburse funds to artists according to your agreed-upon schedule. While the distribution schedule can be customized to meet project needs, it must be clearly documented in your agreement. A record of all distributions must be maintained throughout the grant period.

### **Can we charge an administrative fee?**

Yes, you may charge up to 10% of the total grant amount as an administrative fee. The exact percentage must be mutually agreed upon with the artist and documented in your Letter of Agreement. While 10% is the maximum allowed, you can charge less or waive the fee entirely. Any fee charged should be used to cover actual administrative costs related to managing the grant.

We are encouraging organizations who have benefitted from Metro Arts funding to consider serving as a fiscal sponsor for artists and waiving administrative fees, to support artists and ensure that their funding goes towards their community project.

### **Can we serve multiple artists?**

Yes, you can serve as fiscal sponsor for multiple Thrive grantees. There is no set limit, but you should carefully assess your organizational capacity to properly manage each relationship, considering your staff resources and financial management capabilities.

### **Can we apply for our own grants while serving as a fiscal sponsor?**

Yes, serving as a fiscal sponsor has no impact on your eligibility for other funding. You can still apply for Thrive grants, Operating Support grants, and any other Metro Arts funding opportunities while managing fiscal sponsorship relationships.

### **Do fiscal sponsors have any involvement in artistic decisions?**

Thrive artists have complete artistic control over their projects. By serving as a fiscal sponsor, organizations agree that artists alone have the ability to make artistic decisions about their work. Decisions regarding what applicants are recommended and authorized funding remain with community panels that evaluate Thrive applicants and the Arts Commission that authorizes all Thrive grants.

**What's the complete timeline for fiscal sponsors?**

Thrive applicants must submit their fiscal sponsor documentation by February 18, 2025. If approved, grant contracts will be executed in early March 2025. The contract and grant spending period are from January 22, 2025 to June 30, 2025. Final reports are due by July 15, 2025.

**What support does Metro Arts provide to fiscal sponsors?**

Metro Arts provides support throughout the process. You'll receive templates for all required documents and can attend informational sessions and open house events. Regular office hours are available for questions, and staff provide ongoing technical assistance. You'll have access to clear written guidelines on roles and responsibilities and support for troubleshooting issues. Metro Arts cannot provide legal advice to organizations or artists.

**What happens if there are issues during the grant period?**

If issues arise, contact Metro Arts staff immediately. Document all communication with artists and follow proper procedures for any budget or project changes. Metro Arts staff will work with you to resolve compliance issues, but we are confident that maintaining open communication between all parties will enable concerns to be addressed promptly and effectively.

**What are the possibilities for collaboration between artists and fiscal sponsors?**

The fiscal sponsorship requirements are about administering grant funds and ensuring the duties of the contract and guidelines, such as reporting, are met. While fiscal sponsors and the Thrive project may share mission alignment and other community goals, collaboration beyond the minimal requirements are not necessary nor expected. Applicants are welcome to describe any further planned collaboration between fiscal sponsors and the Thrive artist in their application narrative, if applicable, if it benefits the proposed project work.

If you are interested in serving as a potential fiscal sponsor for Thrive artists, please complete this [Fiscal Sponsor Online Interest Form](#) and someone from Metro Arts will follow up with you.