Fiscal Sponsorship

July 28, 2026

WWW.FRESNO.GOV/EAAC

- Access Slide Deck: www.fresno.gov/eaac
- All Webinar participants will be on mute.
- Questions will be answered at the end of the presentation.
- Use Q&A section to add your questions.
- You can upvote a question.
- Webinar is recorded and will be found on www.fresno.gov/eaac upon completion.

Zoom Participation

- Use sticky notes to write down any questions during the presentation.
- Sticky notes will be collected by a PARCS team member.

Questions will be answered at the end of session and/or as part of the FAQ on grant website.

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Agenda

- Overview
- About Fiscal Sponsorship
- Principles of Fiscal Sponsorship
- Fiscal Sponsorship Pre-Qualification
- Best Practices for Successful Fiscal Sponsorship
- Common Challenges & Solutions
- Q&A

Overview

Purpose

The purpose of this presentation is to provide an overview of **fiscal sponsor requirements** as outlined in the grant guidelines, share best practices, and highlight items for consideration when exploring the role of fiscal sponsorship.

Disclaimer: This presentation is not reflective of all considerations unique to your organization, and is not intended to provide legal, financial, tax, governance or regulatory advice. Participation in fiscal sponsor meet-and-greets does not infer or imply endorsement of any participating organization(s) or individual(s).

Measure P Grant Requirement

- Measure P requires that grants be made to an active nonprofit charitable organization as described in section 501(c)3 of the Internal Revenue Code of 1986 (as amended).

- Grants cannot be made directly to individuals.

About Fiscal Sponsorship

What is Fiscal Sponsorship?

- Fiscal sponsorship is an arrangement where an established 501(c)(3) nonprofit organization (the "fiscal sponsor") extends its legal and tax-exempt status to a smaller/newly-established or unincorporated project or group so they can solicit tax-deductible donations and apply for grants.

- Fiscal sponsorship is often used by newly formed nonprofits before they are recognized as tax-exempt by the IRS or for nonprofits who have their exempt status but do not yet have administrative capacity in place.

- Partnering with a fiscal sponsor enables a program or organization that isn’t tax-exempt to apply with a fiscal sponsor for EAAC grant funding.

Contractually Responsible

- The fiscal sponsor is legally responsible for **all contractual obligations** in the Grant Agreement and acts as a fiduciary for the project.

- The fiscal sponsor will be the primary point of contact with the City on matters including contracting, insurance requirements, invoicing, payments, communications, meetings, and all activities associated with grant management.

- Fiscally sponsored organizations may be included in their sponsor's communications, but the fiscal sponsor will serve as the primary point of contact for all official communications.

Principles of Fiscal Sponsorship

Principles of Fiscal Sponsorship

Fiscal Sponsorship **is not:**

- A passthrough arrangement with no obligations/responsibilities

Principles of Fiscal Sponsorship

- Accountability
  - Review agreement terms and requirements
  - Establish mutual expectations
  - Set deadlines
  - Hold regular check ins
- Responsibility
  - Follow deadlines and reporting requirements
  - Keep records
  - Keep receipts
- Transparency
  - Routinely share information
  - Remaining balances
  - Progress toward goals
- Communication
  - Timely and clear
  - Explain, teach/equip
  - Don't avoid direct or difficult conversations
  - Identify challenges, collaborate to resolve
- Compliance
  - Meet the City's Insurance Requirements
  - TB Testing (If applicable)
  - Finger Printing (If applicable)

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Fiscal Sponsorship Benefits

- Expand Access for emerging artists, cultural bearers and organizations.
- Mentorship & tools to strengthen and expand arts and culture throughout Fresno.
- Reduce barriers to entry through collaboration and support.
- Capacity-building for future private, local, state, or federal funding opportunities.
- Cost-effective to leverage existing administrative capacity.
- Investment in local artists, cultural bearers and organizations to realize the cultural arts plan vision.

Who can serve as a fiscal sponsor?

Fiscal sponsors must:

- Have at least t**wo consecutive years** of nonprofit operational experience
- Be a nonprofit organization in **good standing** with the IRS and the State of California
- Demonstrate experience with **financial management**
- Agree to assume **financial responsibility** for the grant award

Fiscal Sponsorship Pre-Qualification

Fiscal Sponsor Pre-Qualification

Sponsors submitting ***more than five (5) sponsored proposals must be pre-qualified***

- Fiscal sponsors may submit one submission for their own organization (if applying for EAAC) and up to five (5) sponsored proposals – **pre-qualification not required.**

- Six (6) or more sponsored proposals – **prequalification is required.**

- Pre-qualification application will be sent to you and must be submitted by **August 15, 2026 at 3:00pm.**

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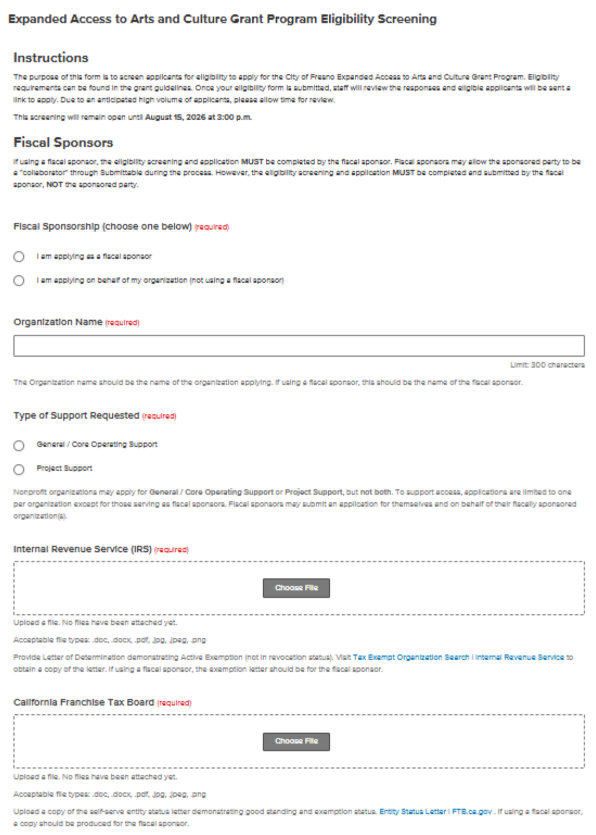
Fiscal Sponsor Pre-Qualification

- Indicate **5+ proposals** on the eligibility form.
- This will automatically **trigger an email** sending you the Fiscal Sponsor Prequalification form.
- **Receive the email** with the attached form.
- **Complete and submit** the form **before August 15 at 3:00 PM.**



Expanded Access to Arts and Culture Grant Program Eligibility Screening

Instructions

The purpose of this form is to screen applicants for eligibility to apply for the City of Fresno Expanded Access to Arts and Culture Grant Program. Eligibility requirements can be found in the grant guidelines. Once your eligibility form is submitted, staff will review the responses and eligible applicants will be sent a link to apply. Due to an anticipated high volume of applicants, please allow time for review.

This screening will remain open until **August 15, 2026 at 3:00 p.m.**

Fiscal Sponsors

If using a fiscal sponsor, the eligibility screening and application **MUST** be completed by the fiscal sponsor. Fiscal sponsors may allow the sponsored party to be a "collaborator" through Submittable during the process. However, the eligibility screening and application **MUST** be completed and submitted by the fiscal sponsor, **NOT** the sponsored party.

Fiscal Sponsorship (choose one below) (required)

- ○ I am applying as a fiscal sponsor
- ○ I am applying on behalf of my organization (not using a fiscal sponsor)

Organization Name (required)

Limit: 300 characters

The Organization name should be the name of the organization applying. If using a fiscal sponsor, this should be the name of the fiscal sponsor.

Type of Support Requested (required)

- ○ General / Core Operating Support
- ○ Project Support

Nonprofit organizations may apply for **General / Core Operating Support** or **Project Support**, but **not both**. To support access, applications are limited to one per organization except for those serving as fiscal sponsors. Fiscal sponsors may submit an application for themselves and on behalf of their fiscally sponsored organization(s).

Internal Revenue Service (IRS) (required)

Choose File

Upload a file. No files have been attached yet.

Acceptable file types: .doc, .docx, .pdf, .jpg, .jpeg, .png

Provide Letter of Determination demonstrating Active Exemption (not in revocation status). Visit Tax Exempt Organization Search | Internal Revenue Service to obtain a copy of the letter. If using a fiscal sponsor, the exemption letter should be for the fiscal sponsor.

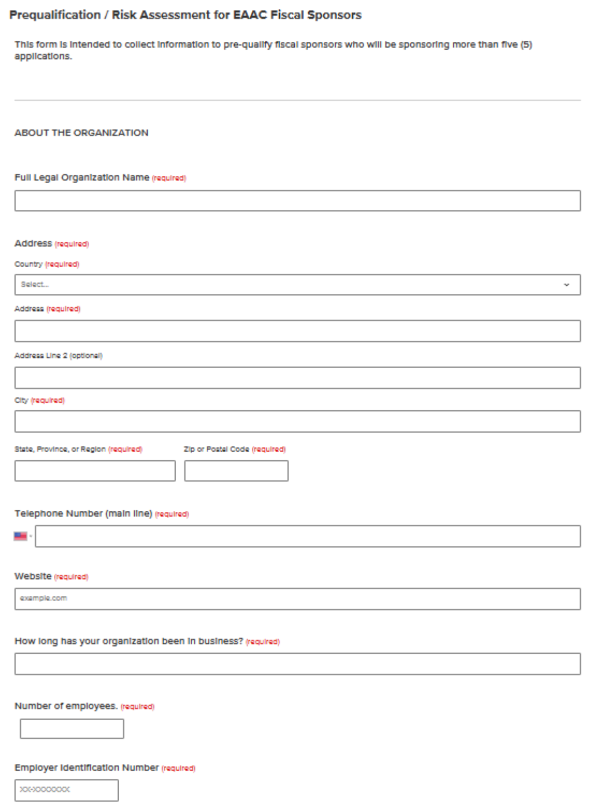
California Franchise Tax Board (required)

Choose File

Upload a file. No files have been attached yet.

Acceptable file types: .doc, .docx, .pdf, .jpg, .jpeg, .png

Upload a copy of the self-serve entity status letter demonstrating good standing and exemption status. Entity Status Letter | FTB.ca.gov . If using a fiscal sponsor, a copy should be produced for the fiscal sponsor.



Prequalification / Risk Assessment for EAAC Fiscal Sponsors

This form is intended to collect information to pre-qualify fiscal sponsors who will be sponsoring more than five (5) applications.

ABOUT THE ORGANIZATION

Full Legal Organization Name (required)

Address (required)

Country (required)

Select...

Address (required)

Address Line 2 (optional)

City (required)

State, Province, or Region (required)

Zip or Postal Code (required)

Telephone Number (main line) (required)

Website (required)

example.com

How long has your organization been in business? (required)

Number of employees. (required)

Employer Identification Number (required)

XX-XXXXXXX

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Fiscal Sponsor Pre-Qualification

Pre-qualification is used to:

- Review internal controls and organizational capacity
- Complete the City’s risk assessment covering controls, policies, staffing, duties, audits, and recordkeeping
- Determine if the sponsor is qualified, needs added controls or is denied due to deficiencies

Grant Guidelines Attachment A– Risk Assessment for Fiscal Sponsors

Best Practices for Successful Fiscal Sponsorship

Prepare

Consider legal, tax and regulatory compliance:

- Work with your **Board of Directors** to ensure sponsorship is in alignment with organization’s exempt purpose
- Consult a **CPA/Tax Professional** to identify any potential tax implications.
- Consult with **legal counsel** to establish agreement terms which outline roles and responsibilities between both parties
- Consult with a **human resources professional** if funding personnel/employment

Prepare

Consider organizational stability:

- Are sponsored organizations in good standing?
- Have there been any recent audit findings?
- Are policies in place to identify and mitigate risk?
- Is your mission/purpose aligned?

Prepare

Consider Insurance Requirements:

- Identify an insurance broker who carries a wide range of coverage.
- Consult your insurance broker. Ensure your organization's coverage is appropriate for any risks associated with sponsorship.
- Using sample insurance requirements, consult your insurance broker to understand cost implications related to the proposed scope.
- Specific insurance requirements are determined at the time of grant agreement.

Insurance Tools

- You may find it helpful to use the California Department of Insurance's broker search tool to locate licensed insurance brokers who can assist you in securing a policy that meets the City's requirements. They also have a number to contact them for assistance.

- **Website:** https://www.insurance.ca.gov/

- **Direct link for the Find an Agent tool:** https://interactive.web.insurance.ca.gov/apex_extprd/f?p=119:1

- **Number:** 1-800-927-4357

Set Mutual Expectations

- Enter into a written, mutually signed agreement that outlines expectations both parties.

- Review contractual requirements for your organization using sample grant agreement(s) and ensure requirements are passed through as applicable.

- Define roles and responsibilities for all parties.

Set Expectations

The questions below and on the slides that follow are intended to highlight key considerations when establishing expectations between parties. The list is not intended to be comprehensive, and legal counsel should be sought to address the unique needs specific to your organization.

Questions for consideration :

- How will expenses be reviewed and approved?
- What are the sponsor fees, and what do those fees cover?
- What reporting deadlines are included and who will be responsible for drafting the report(s)?
- What financial controls are required?
- How often will parties meet?

Set Expectations

Questions for consideration (continued):

- Are there any expectations for communication/responsiveness?
- What are the payment terms? How will interest be handled?
- What insurance will be required?
- Who will provide oversight?
- How will disagreements or dispute resolution between parties be handled?
- Are policies and procedures in place?
- Who are the key contacts for each organization?
- What supports will the fiscal sponsor provide? (mentorship, office space, trainings etc.)
- Who will be responsible for media inquiries related to the grant?

Set Expectations

Questions for consideration (continued):

- Will staff be hired as employees of the fiscal sponsor or act as independent contractors? If employees, who will be responsible for approving hiring, termination and/or disciplinary action(s)?
- What is the process to terminate the agreement?
- How will conflict of interest be managed?
- How will ownership of assets, equipment and materials purchased during the grant term and thereafter be handled?
- Does the agreement outline eligible/ineligible expenses?
- How will ineligible expenses be handled?

Financial Controls

Hold funds in a dedicated account.

- It is the fiscal sponsors responsibility to ensure that grant funding is held in a separate/dedicated bank account used exclusively for the grant
- Avoid co-mingling funds with personal or other professional accounts
- Ensure funds are restricted to their intended purpose

Maintain traceability and transparency.

- Keep back-up documentation for all expenses - Receipts, timecards, invoices, etc.
- Monitor and reconcile account balances at least monthly

Financial Controls

Ensure compliance to avoid repayment.

- Funds must be spent on eligible items in accordance with the grant agreement.
- Monitor eligibility of expenses against contract requirements.
- Ineligible items or misuse of funds may result in repayment, termination and impacts to future funding.

Risk Assessment for Fiscal Sponsors: Grant Guidelines pg. 28

Financial Controls

Evaluate policies and procedures using the risk assessment; update controls.

- The City's risk assessment asks a series of questions designed to identify potential risks
- Completing the risk assessment can assist your organization with proactively self-identifying areas where controls can be enhanced
- Risk assessments are required as part of contracting and as part of fiscal sponsor pre-qualification for sponsors who will be applying for more than five applications

Plan for Reporting & Connect

Public funds require transparency.

- Meet routinely with subgrantee to monitor progress, gather expense documentation, and review financials, and prepare progress reports
- Take photos, video, and keep track of required reporting metrics/data

Review resources and guides from trusted sources.

- Connect with other fiscal sponsors to share best practices, tools and tips

Common Challenges & Solutions

Common Challenges & Solutions

Challenge	***Solution***
1. Lack of communication/unresponsive.	1. Define communication expectations in writing. Ex. Respond within 3-5 business days.
2. Unclear roles and responsibilities/established through verbal agreements.	2. Write it out; list who will do what.
3. Limited visibility/ transparency into remaining funds and/or project progress.	3. Use shared tools. Consider using software, platforms or shared files to track in real time.
4. Insufficient recordkeeping or ineligible expenses.	4. Check the agreement and guidelines. Review eligibility prior to purchase. Ask if unsure.
5. Tax avoidance - "under the table" payments.	5. Follow the law. Legitimacy opens opportunities.

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Common Challenges & Solutions

Challenge	***Solution***
1. Limited experience with government grants; learning curve.	1. Partner with others who have experience. Attend Technical Assistance meetings.
2. Unexpected delays resulting in cost increases.	2. Include an inflation factor when applying for grants that anticipates cost increases via a contingency line item or % escalator.
3. Insurance market volatility.	3. Obtain a quote from a broker. Shop around. Ask about rate increase frequency. Include contingency.
4. Capacity for oversight.	4. Avoid overcommitting. Be honest about capacity, seek tools to increase efficiency to build capacity.
5. Governance gaps – unclear authority for decision-making and dispute resolution protocols.	5. Identify potential issues; write down/ agree on how they will be addressed before any issues arise.

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Thank you!

Questions will be reviewed shortly.

Contact Email:

Expandedarts@fresno.gov

Applications, Guidelines, & NOFO:

www.fresno.gov/eaac