



ARTS & BUSINESS COUNCIL OF GREATER NASHVILLE
FISCAL SPONSORSHIP PROGRAM MANUAL
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About The Program

The Arts & Business Council of Greater Nashville's Fiscal Sponsorship program is designed to provide administrative support and other services for arts projects & organizations as well as independent film & documentary media projects. Many of our projects' goals include forming their own separate tax-exempt organization, though many others are looking for a way to solicit funds for a single project or event. We sponsor projects with budgets as low as a few hundred dollars to as large as six-figures or more.

The main benefit of Fiscal Sponsorship is that sponsored projects are able to qualify for some grants and funding that would be otherwise inaccessible without a nonprofit designation. Fiscal sponsorship is a good solution for organizations, individual projects, or events that only want to do a few small projects over a specified period of time, those who don't have the time or staff for a lot of organizational administration, or those who need to be able to receive tax-deductible donations while they wait for separate 501(c)(3) nonprofit status approval from the IRS.

Fiscal Sponsorship is designed to act as an incubator for the creative sector, removing barriers and providing support for arts projects & organizations as well as independent film & documentary media projects through a Pre-Approved Grant, or Model C, relationship. Of note, in a Model C relationship, the sponsor only funds projects to the extent that the project is able to raise funds.

Eligibility

Arts Projects & Organizations must meet the following eligibility requirements:

- Projects must fall within the scope of the Arts & Business Council's mission to create a thriving, sustainable creative culture in Nashville.
- Main project activities must be based in Tennessee.
- Sole proprietorships, nonprofit corporations, or single-member LLCs are eligible.

Independent Films & Documentaries must meet the following eligibility requirements:

- Projects must fall within the scope of the Arts & Business Council's mission to create a thriving, sustainable creative culture in Nashville.
- Films & documentary projects must be made primarily in Tennessee with at least 51% of production occurring in the state.
- Must be independent or documentary media projects such as a short or feature film, television or docu-series, web series, podcast, or experimental and immersive media.

In addition, funds should not be used for the purpose of influencing legislation, such as funding lobbying. (Note, this references the use of the funds themselves and does not prevent a project from doing general advocacy, either on behalf of their organization or of the arts in general.)

Creative Control and Intellectual Property

As long as your work is in compliance with our federal tax-exempt status and the terms outlined in your executed Fiscal Sponsorship contract, the Arts & Business Council does not influence the content or creative aspects of sponsored projects. Though the Arts & Business Council takes on legal liability for the funds raised on behalf of the project, copyright and ownership of the intellectual property for the project and the project's outcomes remain with the project manager, and in return, they must indemnify the Arts & Business Council from all related liability. If it is of interest, we are happy to collaborate or provide guidance on your project's activities should you be interested, but the project itself remains its own legal entity.

Application Process

Through your application, we want to get a sense of your programming, the size and scope of your project, where you are in the organizational process, and how your project is in line with the Arts & Business Council's mission. We want to support a diverse array of projects, so acceptance into the program has little to do with relative size, genre, or level of experience.

Depending on when we receive your initial inquiry, the total time from application to approval can take up to three months. New applications received along with the application fee (see "Program Fees" section) are reviewed by the Arts & Business Council staff monthly for initial feedback, then approved applications are submitted to a selection committee quarterly. Please see the review dates listed on the Arts & Business Council's website. All projects are subject to approval by the selection committee, made up of members from the Arts & Business Council's Board of Directors, as well as leaders in Greater Nashville's creative sector.

Program Fees

There are nominal fees for participating in the Arts & Business Council's Fiscal Sponsorship program. However, the Arts & Business Council offers fiscal sponsorship because it is an important part of our nonprofit mission.

Application fee: **\$50** for ABC Members | **\$100** for non-members

On-boarding fee: **\$25**

Monthly administrative fee: **7.5%** of funds received for your project each month (with a minimum fee of **\$25 per month** beginning after a 3-month grace period.)

Projects with an income above \$250,000 in a single fiscal year are subject to an additional \$3,000 one-time fee to cover additional expenses.

We also charge rush grant fees if we need to accommodate requests for materials on short notice. The rush grant fee is currently **\$100** if the request is submitted within **2-10 business days** of the submission deadline. Before 10 business days, there is no charge.

Please reach out to us at info@abcnashville.org if you have questions about the fees or would like to discuss the fee structure in more detail. As you are evaluating potential fiscal sponsors, rates anywhere from 5%-15% are common for administrative maintenance fees depending on the level and type of service provided.

Renewal and Termination

All sponsored projects' agreements renew automatically each year with the Arts & Business Council unless the project or the Arts & Business Council declines to renew. The date of renewal is based on the signing date of your most recent contract. The renewal is an important part of fiscal sponsor oversight and allows us to update your account information, keep informed of your project's activities and goals, and provide the highest level of support to your project. Contracts may be renewed indefinitely, at the Arts & Business Council's discretion, as long as the project is active and in compliance with the terms of the Arts & Business Council's Fiscal Sponsorship program and the signed Fiscal Sponsorship Agreement.

Contracts may also be terminated by either party, with good cause, and with 60 days notice. If, for example, your project receives an IRS determination letter and its own federal tax-exempt status, you would no longer need a fiscal sponsor and could "hatch" from the incubation of fiscal sponsorship.

Non-compliance: The Arts & Business Council may terminate a project’s Fiscal Sponsorship contract immediately upon notice in the instance of reasonable determination of the following:

- The continuation of the project jeopardizes the Arts & Business Council’s tax-exempt status;
- The project is acting, or has acted, in a manner that reflects poorly on the Arts & Business Council of Greater Nashville or the Nashville-area creative community, in general;
- The project has failed to comply with the terms of the signed Fiscal Sponsorship Agreement, including but not limited to: fee payment, marketing and recognition requirements, or reporting requirements.

If the Fiscal Sponsorship relationship is terminated by either party, the sponsored project must either dissolve, have another sponsor, or have an IRS determination letter for their project. In the event that the project dissolves and there are still funds held in the Arts & Business Council’s restricted account for that project, remaining funds may be absorbed by the Arts & Business Council for general operating purposes. If the project has 501(c)3 status or has found another sponsor, and appropriate documentation is provided, the balance of funds will be transferred to the new sponsor or new 501(c)3 nonprofit organization.

Once a fiscal sponsorship relationship with the Arts & Business Council ends, we will keep your project’s records on file for at least five years.

Recommended Steps Upon Receiving Approval

To simplify the process of keeping track of your project’s income and expenses, we strongly recommend setting up an account in your organization’s name that is separate from your personal account(s). You can set up an Assumed Name for your business through the [Secretary of State](#) and then open a business checking account at a bank of your choice. You can also establish a single-member LLC. Be sure to let us know, as your correct business structure must be identified on your current contract.

If your organization plans to eventually file to become a 501(c)(3), we strongly recommend incorporating as a nonprofit with the state of Tennessee. This is the first step towards becoming a 501(c)(3) non-profit with the federal government, but you’re not required to file your federal paperwork immediately. Filing with the state of Tennessee includes a fee of \$100 and takes some extra paperwork, but it allows you to have a business checking account separate from any individual tax liability to pay for project expenses. This is the recommended course of action if you have plans on applying for your own 501(c)(3) status in the near future. The Arts & Business Council’s [Volunteer Lawyers and Professionals for the Arts](#) program can assist in the completion and filing of this paperwork for an additional \$100 fee.

Soliciting Funds

Donated Income vs. Earned Income

Any unearned revenue (also called, contributed revenue) for your project, including all donations, grants, or other funds that are being donated, must be contributed to the Arts & Business Council of Greater Nashville for your project. All donations to the Arts & Business Council for your project are tax deductible as allowable by law. If your organization has non-donated income (from things like ticket sales, performances, or workshops), that is called “earned income,” and does not need to come through the Arts & Business Council. Many organizations we sponsor run all of their income through their Fiscal Sponsorship account to simplify their accounting, with the understanding that we take the administrative fee (7.5%) on all funds that come through the Arts & Business Council whether or not the funds are tax-deductible.

Individual Donations

Contributions from individuals often make up the largest source of income for nonprofit arts organizations. By using a fiscal sponsor, donations to your project can be tax-deductible for your donors, but you must follow certain guidelines.

Equity Investors

Any fiscally sponsored project with equity investors (usually independent film & documentary media projects) must maintain and provide records of all equity investors to the Arts & Business Council in a timely manner. Equity investors are restricted from making donations to the fiscal sponsor for the project and donors are restricted from becoming equity investors. Please contact ABC staff if you plan to have equity investors in your project.

You must properly identify your relationship with the Arts & Business Council. Because donations to fiscally sponsored projects are legally made to the Arts & Business Council, fundraising materials and solicitations - such as brochures, letters, event invitations, or digital initiatives (such as your website or social media) - *must* follow legal guidelines and include proper recognition of the sponsorship arrangement. The following is the text to use for general marketing and in all film/documentary credits:

[Project Name] is a fiscally sponsored project of the Arts & Business Council of Greater Nashville, a nonprofit organization.

The following is the text to use when soliciting donations:

[Project Name] is a fiscally sponsored project of the Arts & Business Council of Greater Nashville, a nonprofit organization. Contributions on behalf of [Project Name] should be made payable to the Arts & Business Council of Greater Nashville, and are tax-deductible to the extent permitted by law.

Contributions are fully tax-deductible as allowable by law, provided your project is not providing any **substantial return benefit** (goods or services) in exchange for the donation. Sometimes you may want to offer your donors something in return, like tickets to a performance. In that case, the tax deduction and text are a little different:

[Project Name] is a fiscally sponsored project of the Arts & Business Council of Greater Nashville, a nonprofit organization. Contributions on behalf of [Project Name] should be made payable to the Arts & Business Council of Greater Nashville. The value of [goods received] is [\$xx). Any contribution above that amount is tax-deductible to the extent permitted by law.

This language will also be used when the Arts & Business Council is preparing acknowledgment letters for your donors. If you have any questions about substantial return benefits or tax-deductibility, please contact us at info@abcnashville.org.

In-Kind Donations

An in-kind donation is a donation of goods that will benefit your organization, such as office equipment or items for a silent auction. The donor must determine the value of the goods donated. Contact the Arts & Business Council in advance of accepting in-kind donations if the donated item's value is larger than \$1,000. The Arts & Business Council does not take an administrative percentage of the value of in-kind donations, so you're responsible for requesting acknowledgement letters for all in-kind donors, and there must be adequate documentation to support the donation. You can request letters through the form on your account page. Please note that the Arts & Business Council cannot process vehicle donations.

Unlike donated goods, donated services are not tax-deductible under fiscal sponsorship. This includes rent, legal, accounting, graphic design, web design, or printing services. You can, of course, receive those kinds of donated services; it is just that the donor cannot get a tax deduction for them.

Matching Donations

Companies often have giving programs that will match an employee's charitable donation. Most often, donations to a group through a fiscal sponsor are eligible for these programs. The employee donating to your project must remember to note the Arts & Business Council of Greater Nashville as the recipient of the funds and designate the gift for your project. Forward any employer match forms to the Arts & Business Council for processing. Once the matching check arrives, it will be credited to your account. Keep in mind that it often takes corporate matches several weeks to process before they are sent out.

Online Donations

Online donations can be made through the [Fiscal Sponsorship page](#) of the Arts & Business Council's website by selecting your project from the project grid. The donor will be taken to an individualized donation page for your project. ABC pays a fee for donations made online, so though online payments are extremely convenient, we recommend that donors send a check to the Arts & Business Council to help reduce unnecessary costs. If you are planning to use crowdfunding sites such as Kickstarter or Indiegogo, please discuss your plans with us in advance to ensure that your crowdfunding campaign is compliant with the terms of the Fiscal Sponsorship agreement.

Sponsorship vs. Advertising

Corporate sponsorship can be a great way to raise funds for your project. Advertising and sponsorship are similar but have important differences. If a sponsor or advertiser controls the content of a message they've paid for, it's considered advertising. If the nonprofit controls the content (usually a simple thank you and logo placement), then it's considered sponsorship. Advertising income is not tax-deductible. In fact, income from advertising is taxable, even for a 501(c)(3). We will not manage the advertising income, but we will manage sponsorship income.

Grants

Grants can be a major source of income for your project. A main benefit of fiscal sponsorship is that you are eligible for more kinds of funding than you would be as an individual artist or for-profit business. However, there are more restrictions on granting through a fiscal sponsor than through a separate tax-exempt organization. For legal reasons, the Arts & Business Council must be made aware of any grant proposals you plan to submit that require your fiscal sponsorship. The Arts & Business Council reserves the right to refuse to manage funding from proposals that we did not approve or endorse in advance.

You are open to apply for government funding through the Tennessee Arts Commission, Metro Arts, and other subsidiary government agencies, but fiscally sponsored projects are prohibited from soliciting their legislators for direct appropriations from the state.

Some large private and corporate foundations do not grant to fiscally sponsored organizations. Be sure to do your research early and each time you plan to submit a proposal. Eligibility requirements can change over time as well. If you submit a proposal that does not fit guidelines, it can reflect poorly on both the Arts & Business Council and on your organization.

If a grantor does accept fiscally sponsored projects, they will almost always require a letter of support or other supporting documentation from the Arts & Business Council that outlines our relationship to your project and our

financial status. The grantor may also request additional documents from the Arts & Business Council. You can request letters of support and other materials on your Online Dashboard.

Since all of our fiscally sponsored projects are soliciting funding using the same tax-exempt status, many funders consider the projects as one organization under one EIN and will not “double-dip” or offer two grants to the same organization, even though the two fiscally sponsored projects may be completely unrelated. In the case that two projects are interested in applying for the same grant opportunity, approval will be given on a first-come, first-served basis.

To avoid rush fees, contact us no less than 10 business days before your grant application is due. This time is necessary to prepare materials you may need, including letters of support. Requests made fewer than 10 business days in advance are subject to a \$100 rush fee. Requests made fewer than 2 business days in advance may be declined.

In general, it is a great idea to study the attachments and support materials required by grantors as early as possible. Applicants typically think of the narrative as the most time-consuming aspect of a grant application, but often the attachments and support materials require considerable lead-time and effort.

If you plan to submit a grant application that will utilize your fiscal sponsorship, but the grantor does not require a letter of support or other materials, you still need to notify us of your plans. You can do so by sending us an email at info@abcnashville.org.

Charitable Gambling

Fiscally sponsored projects are not permitted to raise funds via charitable gambling. That includes raffles and bingo.

Donor Acknowledgment

For donations of \$250 or more, the Arts & Business Council will send an acknowledgment email or letter to your donors, provided we’ve received and deposited the check. You will be copied on the acknowledgements, which will include the Arts & Business Council’s federal ID number and serve as a receipt for the donation. The Arts & Business Council will send acknowledgement letters for gifts of \$250 or more from granting organizations when checks are sent directly to our office.

Please note: we cannot send acknowledgement letters (or acknowledge as tax-deductible) donations made with cash, unless the donor has provided all relevant contact information to you and received a detailed receipt at the time of the contribution.

If you want acknowledgment letters to go out for donations less than \$250, you can either request one from your account page, or draft your own acknowledgment letter that includes the following paragraph:

[Project Name] is a fiscally sponsored project of the Arts & Business Council of Greater Nashville, a nonprofit organization. Contributions on behalf of [Project Name] should be made payable to the Arts & Business Council of Greater Nashville, and are tax-deductible to the extent permitted by law. The Arts & Business Council has been organized and operated to qualify as tax-exempt under Section 501(c)(3) of the Internal Revenue Code; Taxpayer Identification Number 20-3255129.

The Arts & Business Council will write the acknowledgment letter for you after you have filled out the form available on the Fiscal Sponsorships page. You’ll need to know donation amounts, names, email addresses, and mail addresses of those required to receive acknowledgment letters before you complete the form.

Managing Funds

Deposits

If you are running a campaign aimed at individual donors, we recommend that you collect checks and drop them off or mail them to the Arts & Business Council (*Attn: Arts & Business Council, 99100, 1900 Belmont Blvd., Nashville, TN 37212*). Though donors can send checks to the Arts & Business Council directly, we sponsor many projects, some of which have the same donors. Having checks sent in by the project manager helps us make sure your funds are credited properly. Please note, whether sending in checks or dropping them off, all checks must have your project noted in the memo line in order to be properly processed.

Processes vary from funder to funder, but checks from grantors are often sent directly to the Arts & Business Council and not to the project manager. In these cases, the Arts & Business Council will deposit and acknowledge the donation without any additional prompts or forms needed from you. If you ever need to know the status of grant funds you are expecting, feel free to contact us at info@abcnashville.org.

Some things to keep in mind:

1. Checks can only be made out to “Arts & Business Council of Greater Nashville.” The memo line must include your project name.
2. We cannot accept checks made out to your project’s name, [Your Project] / Arts & Business Council, or ABC. Please make sure your project name is in the memo line.
3. We can deposit cash, but it must be dropped off at the Arts & Business Council’s office directly and we can write acknowledgment letters only if there’s adequate documentation (See page 6)

What happens to funds that are deposited with the Arts & Business Council?

The Arts & Business Council conducts regular deposits of all monies received to our office. If your project receives a donation, we deposit the funds into an account that is separate from any other fiscally sponsored project and the Arts & Business Council’s operating cash or reserves. The Arts & Business Council takes our administrative fee when funds are deposited or when accounts are reconciled each month. The balance of your funds stays with us until you request it, and you are not required to maintain a minimum balance. Funds are not available until a deposit has been processed and clears the bank, which can take a few days up to two weeks.

Monthly statements will be emailed to each project manager within the first five business days of the month. Fiscally sponsored projects are welcome to withdraw their funds on an as-needed basis with proper documentation. In all cases, we strongly recommend each project maintain a bank account for their project that is separate from any personal accounts.

Check Requests

Request funds via the online Check Request form linked on the [online dashboard](#). Check requests received by Tuesday at 5 p.m. will be mailed on or after 9 a.m. on the following Friday. Anything received after Tuesday at 5 p.m. will be included in the following week’s batch. The Arts & Business Council will only cut checks to the project itself or the project manager. We do not make checks out to third parties. Please do not request funds until funds to cover your request have been deposited and cleared.

Check Requests will be honored only if:

1. The online request form(s) have been completed.
2. Funds are requested by a signer on your organization’s fiscal sponsorship contract .
3. The funds to cover the request have cleared.

Vendors, Taxes, and Reimbursement

The Arts & Business Council treats unincorporated fiscal sponsor projects as independent contractors. Any independent contractor who receives \$600 or more from us will be issued a 1099 tax form at the end of the year. If some of those funds were to reimburse yourself for project expenses and supplies, you will need to itemize those expenses on a Schedule C (profit and loss from business) to reduce your taxable income. It is imperative that you keep track of all money coming in and receipts of payment. The Arts & Business Council is happy to offer assistance, but please note that proper tax reporting for your organization is your responsibility and we strongly recommend consulting with a tax professional in order to review your specific needs. It is the responsibility of the project manager, for both incorporated and unincorporated projects, to send out 1099s to individuals they paid \$600 or more for work on their project. If you need assistance with recordkeeping or tax preparation, the Arts & Business Council offers education workshops and referrals to bookkeepers and tax professionals.

Other Program Benefits and Services

Project Communication

Email is the Arts & Business Council's primary communications tool with fiscally sponsored projects. Make sure we have your current email address so we can contact you about your account, as well as let you know about workshops that might be useful, fiscal sponsorship project discounts, or upcoming grants and opportunities. Also please note that multiple employees monitor the info@abcnashville.org account, and it is often the fastest way to get in touch with us.

Project Marketing

In addition to administrative support, the Arts & Business Council is delighted to provide promotion and marketing support to our fiscally sponsored projects through our social media channels and e-newsletter. Please keep us informed of your project's activities, events, or special information by submitting them at least 10 business days in advance through the [online dashboard](#) so we are able to incorporate the information into our marketing plan.

Professional Development and Continuing Education

The Arts & Business Council offers education seminars and workshops across a variety of topics aimed at cultivating and growing Nashville's creative community. Fiscally sponsored projects receive discounts on admission to all of these standard seminars. On top of these public seminars, each fiscally sponsored project receives one complimentary seat to the Arts & Business Council's "Arts Nonprofit Nuts and Bolts" training series. This intensive training covers the basics and best practices of running a nonprofit organization including governance, fundraising, and marketing.

Arts & Business Council Member Benefits

Fiscally sponsored projects receive complimentary Arts & Business Council [membership](#) as a part of their relationship with us. Through membership, the Arts & Business Council offers discounts on the Arts & Business Council's programming, including Volunteer Lawyers & Professionals for the Arts and some education workshops. Fiscally sponsored projects also receive free postings on our Opportunities Hub, a digital marketplace for creative employment and collaboration. For more information, email info@abcnashville.org.

Meeting Space

Through the Arts & Business Council's relationship with Belmont University, fiscally sponsored projects have access to select rooms and classroom spaces on campus at a discounted rate for approved project group meetings or events. Requests must be made at least 10 business days in advance. Contact info@abcnashville.org for pricing and availability. Please note that Belmont is a dry campus and under no circumstances will alcohol be allowed for events on the premises.

Summary and Conclusion

DO:

1. Be aware of your deadlines and needs – many of our projects apply for the same grants, and we are not always able to accommodate last-minute requests.
2. Make sure donation checks are made out to the Arts & Business Council with your organization's name in the memo line.
3. Keep track of your records. The better organized you are day-to-day, the easier it will be to file your taxes or prepare grant applications when the time comes.
4. Be available via email –much of the communication for this program happens online.
5. Let us know what's working and what's not. We're here to help, and we always strive to do better.

DO NOT:

1. Use the Arts & Business Council's EIN or Tax Exemption Certificate without our knowledge or consent. No consent will be given for any purpose that does not align with the Arts & Business Council's mission.
2. Re-grant money from your fund to another entity.
3. Record and keep credit card information from your donors.
4. Use contributed funds for anything outside your stated project.
5. Use the Arts & Business Council's name or information to register for services or accounts.
6. Apply for exemption from sales tax. The Arts & Business Council's exemption from Tennessee sales tax does not extend to fiscally sponsored projects.
7. Solicit your state or federal legislators for government funds through direct appropriation.

Thank you for your interest and participation in the Arts & Business Council's Fiscal Sponsorship program. We are excited about the prospect of teaming up with your project to help you accomplish your charitable goals. If you have any further questions about our Fiscal Sponsorship program or the support we offer to the creative community, please don't hesitate to reach out to us at info@abcnashville.org or give us a call at 615-460-8274.



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Cultivating Nashville's creative community