



## **FAQ BDA Fiscal Sponsorship**

Boston Dance Alliance has an extensive fiscal sponsorship program that supports the dance community.

Being fiscally sponsored means that an unincorporated person, organization or dance company can

- apply for certain grants that require the grantee be a 501c3 nonprofit
- provide receipts that make the donation eligible for a tax deduction.

### **Applying for Grants and Creating Fundraising Campaigns**

#### **Do I have to do all my grant applications through BDA?**

**No.** Not all grants require that you be either a 501c3 nonprofit or be fiscally sponsored. If they don't require it, just apply directly.

#### **Do I have to show my grant applications to BDA before I send them?**

We recommend that you send the first grant application you write under fiscal sponsorship to us to review just to make sure it reflects the fiscal sponsorship contract you signed. But we do not require this going forward unless we need to sign a document or affidavit.

#### **The applications says I need to have proof of my fiscal sponsor's nonprofit status. How do I get that?**

Just send an email to [dcash@bostondancealliance.org](mailto:dcash@bostondancealliance.org) and we will send you a copy. We can also send letters that affirm you are part of our fiscal sponsorship program or other related documentation. Please request this material at least a week before the application is due.

### **Receiving Donations and Grants**

#### **How does BDA keep track of my funds?**

- Each fiscal sponsee has a unique donation link into our database
- Each fiscally sponsored project has its own account in our Quickbooks system
- BDA's fiscal sponsorship bank account is segregated from BDA's own funds
- Occasionally, we receive a grant from a donor, such as The City of Boston, that supports more than one of our fiscal sponsees. If the payment does not indicate which project the funds are designated for, we confirm the intended grantee with the appropriate department. This may cause delays, but we endeavor to be as efficient as possible.

- We retain award letters for any donation over \$5,000 and those donations are audited by an independent certified public accounting firm.

### **How does my donor get a receipt making their gift eligible for a tax deduction?**

Your donors get a tax receipt that is dated as of the day their donation was received or when the donation was mailed. For instance, if the donors send a check postmarked in the mail at the end of the year (December 31) but we don't get it until January 3, they still get a receipt that makes their donation eligible as of December 31.

If the donation comes through our online system, the tax receipt is generated automatically. If it comes by check, BDA sends a receipt either by email or hardcopy to a street address.

### **My donors made their gift through a donor advised fund. Do they get a tax deduction or receipt?**

When someone sets up a donor advised fund (DAF) at Fidelity, The Boston Foundation, or some other entity, they have already received their tax deduction. Most funds specify that we should NOT send a receipt. However, we share the information with you so that you can write a thank you note!

## **Disbursing Donations and Grants**

### **How will I know how much is in my account?**

If your account is active, we usually report donations once per month. However, if you are doing a fundraising campaign, or expecting a particular grant, we can get you that information more often. Just ask.

### **Can BDA pay my dancers and collaborators directly?**

No. We disburse funds to you, under your Social Security number or EIN. You then pay the dancers and collaborators who work with you as expenses associated with your creative project

### **Do I have to pay taxes on donation disbursements?**

**Yes.** If BDA disburses more than \$600 to you in a calendar year, you will get a 1099-MISC form in late January the following year. Most people include this revenue on their Schedule C. The good news is that for most artists, the revenue is offset by expenses

### **How long can I keep my funds in the BDA account?**

**BDA** keeps your funds in the bank until you ask for a partial or account balance disbursement, explaining what the funds will be used for (e.g. "dancer payments for spring performance"). You do not get taxed on them until we disburse them. Typically dance groups take their donations within two years.

### **Can you send my money by Venmo?**

Sorry, no. We can send it by Zelle, if your bank participates in that program, or by check.

**I want to do a Facebook, Kickstarter or GoFundMe fundraiser. Can I do that through BDA?**

No. You are very welcome to do this kind of online fundraising, but those organizations aggregate the funds and handle any receipts.

**Our dance company still exists, but the leadership has changed. Do we have to apply again?**

As long as you are still active as a dance organization, you can remain in the fiscal sponsorship program. However, we must have the name, contact information and W9 from the person who will be receiving (and being responsible for taxes on) disbursements.

**What happens to my funds if I move out of town?**

As long as you are a current paid up BDA member at the Tier 1 level as either a Choreographer/Artistic Director or Studio/Dance Organization and you will be using the funds for dance-related activities, you can ask for a disbursement. While BDA's primary focus is metropolitan Boston and New England, we sponsor projects elsewhere on a case by case basis. If you have moved, we should revisit your fiscal sponsorship to make sure you are still eligible.

**What happens to my funds if I close my company and leave the dance field?**

Ideally you will ask for a disbursement for your project and spend those funds on dance-related expenses before closing business permanently. Let us know if this is your situation and we can discuss it so that the funds will continue to support dance activity in accordance with BDA's charitable mission.

*Approved February 9, 2023*