

Fractured Atlas Strives to Address Artists' Needs Nationally

By Adam Natale

Fractured Atlas is a non-profit organization that serves a national community of artists and arts organizations. Its programs and services facilitate the creation of art by offering vital support to the artists who produce it. Fractured Atlas helps artists and arts organizations function more effectively as businesses by providing access to funding, health care, education, and more, all in a context that honors their individuality and independent spirit. By nurturing today's talented but underrepresented voices, FA hopes to foster a dynamic and diverse cultural landscape of tomorrow. Among Fractured Atlas' most prominent and widely

used programs—and perhaps those most helpful to tap artists—are health insurance and fiscal sponsorship.

The Need for Affordable Insurance

Access to affordable health care insurance is a major problem in the United States affecting thousands of artists, especially those working on limited salaries. In general, artists work independently and do not maintain a consistent employer–employee relationship. As such, they are constantly locked out of the “normal” route to access health care coverage.

Five years ago FA's executive director, Adam Forest Huttler, realized that health care insurance was a major need to be addressed in the arts community, just as pressing as increased government funding and availability of live/work space. Fractured Atlas began to speak to various health care institutions to determine whether there were ways to create low-cost health care plans specifically for artist–members of our organization. Initially, however, these companies were reluctant to help. Fractured Atlas had yet



Misnomer Dance Theater. Fiscally sponsored by Fractured Atlas and a company that has used FA's event insurance program. Dancers from their company also use FA's health care insurance program.

to build a strong membership base and the insurance companies could not necessarily see how they would benefit. Even now, with Fractured Atlas' membership figure close to 4000 (and growing at a rate of more than 100 members per month), the numbers don't always add up for the insurance companies. They didn't want to play ball until they saw larger numbers.

To artists and other arts organizations, 4000 is a huge number! To insurance companies, it's a drop in the bucket. To raise the stakes, Fractured Atlas realized that artists needed to band together to influence change. Therefore, Fractured Atlas initiated the Open Arts Network, a collaborative collective of arts organizations from across the country that, through Fractured Atlas, are able to share resources, cut down on duplication of services among similar organizations, and whose membership figures are used to leverage and negotiate better insurance plans at better rates. Members of Open Arts Network organizations have access to many of Fractured Atlas' programs and services for free. Today, there are more than 30 organizations that make up the Open Arts Network, with 10 more

expected to join in the upcoming months. Many of these organizations are membership based, such as Dance Theater Workshop in New York and Theatre Bay Area in California. The Network's organizations have a wide range of both cultural and artistic diversity. Examples include the Asian American Arts Alliance in New York and the Austin School of Film in Texas. Collectively, these organizations represent more than 45,000 artists nationwide—exactly the type of numbers that health care institutions like to see. [Ed. Note: The ITA is investigating the possibility of joining the Open Arts Network so that ITA members would also have access to many Fractured Atlas benefits free of charge.]

With more and more individuals and organizations joining Fractured Atlas and the Open Arts Network, we can begin negotiating new health care plans—both local and national—at low-cost rates specifically developed for the arts community. Fractured Atlas believes strongly in constant and consistent advocacy, and the Open Arts Network provides the much-needed leverage to pry open the doors of the health care insurance world.

And health care insurance is only the beginning. Throughout the years, we have learned that artists have had to negotiate many obstacles to obtain several types of insurance, including liability insurance. Therefore, in 2006 we formed both an event liability insurance program (insurance required by venues that are being rented for a performance) as well as a film/equipment liability program (insurance required by venues/locations and equipment rental houses when shooting a film). Fractured Atlas negotiated with top-rated insurance companies, developed an easy online application, and began what is now one of the country's largest insurance programs for artistic events. We have heard from our artists that the pricing they receive through our program saves them anywhere from \$200 to \$1000 per event, if not more. Furthermore, we are about to launch the following insurance programs to our member artists: annual teaching artist liability insurance, annual general liability insurance for theater and dance companies (which covers any and all studio rentals), director's and officer's insurance, and worker's compensation insurance. All of these low-cost programs have been specially negotiated for Fractured Atlas members only. In addition, because

Fractured Atlas is an arts service organization and not an insurance company itself, we handle the communication between the insurance companies (who generally know very little about the arts) and the artists (who generally know very little about insurance). Fractured Atlas acts as an interpreter for both parties to navigate the obstacles that have obstructed artists from obtaining proper, low-cost insurance in the past.

The only way the arts community can effect change is if it speaks from one unified platform. Fractured Atlas has only been able to accomplish what it's done in so short a life span as a result of effective collaboration, community building, and banding together to achieve a common goal. We invite you to visit our website at www.fracturedatlas.org to explore the many ways in which we are helping and advocating for a national community of artists.

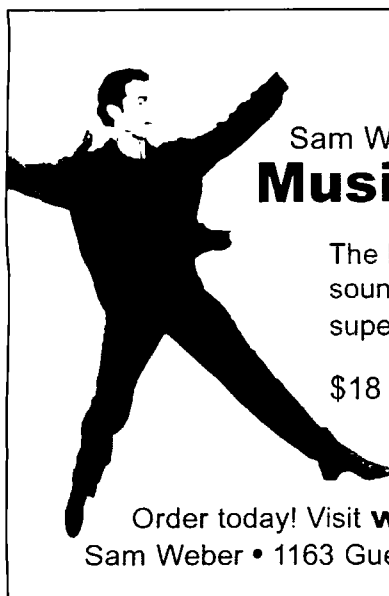
Everything You Need to Know about Fiscal Sponsorship (Abridged)

By Arwen Lowbridge

You may or may not have heard the term *fiscal sponsorship*, but it's an important phrase to become familiar with. In the United States, fiscal sponsorship is a financial and legal system by which a legally recognized 501(c)(3) public charity—meaning nonprofit or not-for-profit organization—(such as Fractured Atlas) provides limited financial and legal oversight for a project initiated independently by an artist. That "project" might be a single production, ongoing career development, or the early stages of a new organization awaiting its own 501(c)(3) status. Once sponsored, the project is eligible to solicit and receive grants and tax-deductible contributions from individuals that are normally available only to 501(c)(3) organizations. Why get sponsored? In a nutshell, it helps you raise and save money, and it is a lot easier than forming your own nonprofit.

Money disbursed through fiscal sponsorship is usually considered taxable income by the Internal Revenue Service (IRS)—and the IRS code governing exempt organizations and nonprofit accounting requirements is no joke: There are lots of papers to fill out and lots of rules to comply with. We've found that for many artists, it is best to join a fiscal sponsorship program to develop early projects and establish a programming history. Fiscal sponsorship also allows for a great introduction to the various issues associated with running a tax-exempt organization.

Fiscal sponsors almost always charge an administrative fee that covers overhead expenses associated with managing the funds, and most charities don't profit off a fiscal sponsorship program; it is offered as a service, not produced to generate excess revenue. The administrative fee at Fractured Atlas is 6% of the funds raised and you must be a paid member of Fractured Atlas to become sponsored (this Fractured Atlas service is not available free of charge through the Open Source Network). From our own calculations, until you have any operating budget of more than \$250,000 annually, fiscal sponsorship is usually more cost-effective than obtaining your own 501(c)(3), and it significantly decreases your administrative responsibilities.



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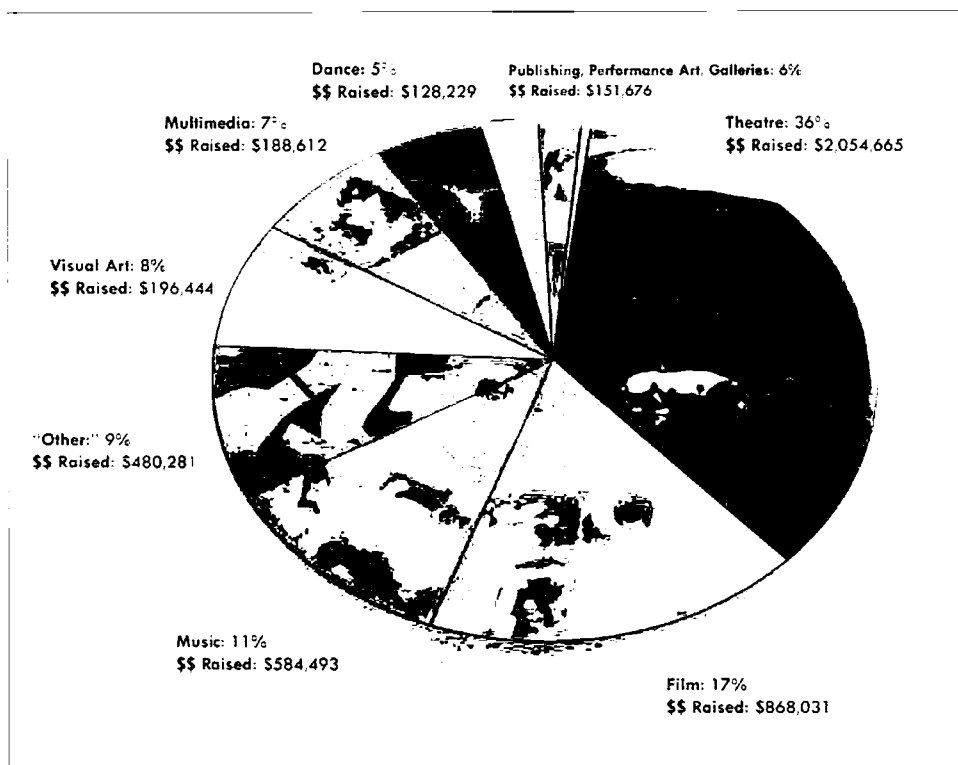
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By getting fiscally sponsored, you open up new sources of operating revenue in the form of contributed income. Projects can raise significant sums by soliciting individual donations, receiving corporate matching gifts, accepting donations of noncash items, and applying for grants, and can save money by requesting nonprofit discounted rates from vendors.

Finding a fiscal sponsor that suits your needs can be an interesting task. Fiscal sponsorship is a complex legal agreement. Unless a charity has implemented their program based on legal advice from qualified attorneys specializing in exempt organizations, their program may not be legally or ethically sound. Because the IRS hasn't made a formal determination about how to operate a fully compliant program, there are no mandates that a fiscal sponsor can follow. You should always investigate different fiscal sponsorship programs to see which fits you best, because programs differ. A good Internet search is usually the best way to begin. Some programs may be exclusive (ours is not) or they may have restrictions on what artistic discipline or geographic area that a project must meet to be accepted. To make an informed decision, consider the following things:

- **Contracts:** Artists should always ask to review a contract before agreeing to anything. This is especially important when reviewing a fiscal sponsorship contract. Artists should pay close attention to the issues of intellectual property, creative control, and ownership of the work produced under the relationship when reviewing an agreement. Fractured Atlas is clear in our grant agreement that all creative control and ownership are retained by the artist.
- **Accessibility:** Before becoming sponsored, we suggest that you inquire about the administrative fees associated with the program, how the organization tracks donations received on behalf of your project, how you may access and obtain your funds, how long before your funds become available, how donors may make a contribution, and how you can monitor the balance of funds you've raised. Fractured Atlas offers its fiscally sponsored artists access to their donation history, donor contact information, fund release history, and current fund balance, and the ability to request a disbursement anytime through our secure website.
- **Compliance:** Charities [e.g. nonprofits] are required to report to the IRS and the state agencies that regulate them on a regular basis. You can verify the exempt status of any charity by calling the IRS or searching the Internet. We suggest that you inquire regarding how donors will receive acknowledgment when they contribute, how the charity reports the income to the IRS, and what your reporting responsibilities are to the charity regarding the income. Fractured Atlas is fully compliant with all federal and state reporting requirements.



Breakdown by arts discipline of funding raised through the Fractured Atlas fiscal sponsorship program. Photo courtesy of Fractured Atlas

Fractured Atlas currently sponsors more than 720 artistic projects in 42 states. Currently, 45 of our sponsored projects are specifically working in dance. We use the power of Internet technology to make our program accessible and affordable to artists across the country. We do not require work samples, nor do we judge a project on the basis of artistic merit when reviewing applications. Our program aims to be as inclusive as possible and we sponsor projects in every discipline of the arts. We believe that it is our job to give artists the tools needed to raise the money to make their work, not curate projects based on our personal aesthetic preferences.

About the Authors

Adam J. Natale, director of Fractured Atlas member services, joined Fractured Atlas in December 2005 and, since then, has spearheaded an artist health care advocacy campaign in Washington, DC, created an innovative audience development program with organizations including Theatre Development Fund and High 5 Tickets to the Arts, and currently represents Fractured Atlas as one of 17 nationally elected arts leaders on Americans for the Arts' Emerging Leader Council.

Arwen Lowbridge, managing director at Fractured Atlas, received her Bachelor's of Fine Arts degree in Acting from New York University's Tisch School of the Arts and has worked professionally as a performer, producer, director, choreographer, and stage manager across the country.

She currently serves as the development consultant for Richard Foreman's Ontological-Hysterical Theater Company and is the resident grant writer for the Orlando International Fringe Festival.