

Advancement | UCF Foundation, Inc.

Advertising, Royalty, and Other Miscellaneous Income

Policy# 7.20

Effective Date: 12/15/2020

Responsible Department: Accounting

1. PURPOSE

Since the purpose of the University of Central Florida Foundation, Inc. (Foundation) is to solicit charitable contributions, the Foundation only incidentally receives other types of miscellaneous income such as advertising, rent, royalty, fee revenue, etc. The percentage of public support from gifts is monitored by the IRS; therefore, miscellaneous income should be minimized so that the tax-exempt status of the Foundation is not jeopardized. Unless the IRS allows for an exemption, non-gift revenue may be taxed for federal and state income tax purposes.

The purpose of this policy is to outline the Foundation's policy related to accepting non-gift revenue.

2. APPLICABILITY

This policy applies to all University of Central Florida (University) employees soliciting or processing non-gift revenue.

3. POLICY

Other revenue including royalties, advertising, sponsorships, fundraising event tickets and auction item sales may be accepted by the Foundation if appropriate approvals are received in advance. Advertising, rent, and royalty revenue may be considered non-gift revenue by the IRS. Sponsorships and fundraising event related revenue may include both non-gift and gift revenue depending if the donor receives a benefit in return for the gift. The following highlights the general policies related to other income:

1. Royalty arrangements will be documented through a written agreement. Agreements will be approved by the Foundation's legal counsel and Chief Financial Officer (CFO) in advance of the Foundation accepting the revenue and in advance of final signature on the contract. All agreements will be signed by the Chief Executive Officer (CEO), Chief Operating Officer (COO) or a designee.
2. Advertising arrangements will be documented through a written agreement. Agreements will be approved by the Foundation's legal counsel and CFO in advance of the Foundation accepting the revenue and in advance of final signature on the contract. Recurring alumni advertising contracts do not need to be reviewed by the CFO or Legal Counsel if the contract template has been approved in advance. All agreements will be signed by the CEO, COO or a designee. A separate project will be set up for tracking purposes for each arrangement. See the Foundation's New Project and Project Authorizer Policy.

3. Membership programs will be approved in advance by the Foundation. The IRS requires that certain benefits received in return for a membership payment will be valued and disclosed to the donor; therefore, benefit information will be submitted to the Foundation and will be updated for each membership year or when the benefits change. See the Foundation's policies related to Individual and Corporate Membership Programs. In order for the Foundation to consider accepting these types of funds, departments will submit appropriate information in accordance with the establishing a new project process.
4. Fundraising event revenue will be approved in advance by the Foundation Office of Development and Office of Accounting. In order for the Foundation to consider accepting these types of funds, departments will submit appropriate information in accordance with the establishing a new project process as well as the Third-Party Fundraising Request Form and Event Process.
5. Rent revenue related to Foundation owned property will be documented through a written lease contract and will be approved by the Foundation's legal counsel and CEO, COO or designee. Funds related to University owned property will be submitted to the University directly. For additional information related to donated property see the Foundation's Gift Acceptance Policy for Real Estate.
6. All other revenue will be considered on a case by case basis and will be approved by the CEO, COO, CFO or a designee.

The Foundation's legal counsel and CFO will determine if the revenue meets the criteria for exemption of unrelated business income tax. If the revenue constitutes taxable income, all taxes resulting from the income will be charged to the department. Under no circumstances will the Foundation accept revenue which will jeopardize its tax-exempt status.

4. CLARIFICATION

Requests for clarification of this policy should be sent to the Director of Advancement Records and Gifts and Director of Accounting.

Certified as approved by the Executive Committee of the Foundation Board of Directors on December 15, 2020.

Name: Rachel Schaefer

Title: Associate Vice President for Advancement Strategy and Chief Operating Officer

Revision history: 3/12/2014

Adoption Date: 12/15/2004

History: 135