

Advancement | UCF Foundation, Inc.

Fundraising Events Sponsorship Guidelines

Policy# 7.29

Effective Date: 12/15/2020

Responsible Department: Accounting

1. **PURPOSE**

The purpose of this policy is to outline the University of Central Florida Foundation, Inc.'s (Foundation) guidelines for accepting fundraising event sponsorship revenue.

2. **APPLICABILITY**

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

3. **POLICY**

Many successful events solicit donors to fund sponsorship levels in order to obtain additional funding for the event. Qualified sponsorship payments may be eligible for a charitable contribution income tax deduction by the sponsoring donor. A qualified sponsorship is any payment to which there is no substantial return benefit other than the use of the sponsor's name or logo. Use of a sponsor's name or logo may include:

- “Logos and slogans that do not contain qualitative or comparative descriptions of the sponsor's products, services, facilities, or company”.
- “A list of the sponsor's locations, telephone numbers or internet address”; and
- “Value-neutral descriptions, including displays or visual depictions, of the sponsor's product line or services”. (NACUBO: A Guide to Federal Tax Issues for Colleges & Universities)

A payment that does not qualify as a qualified sponsorship may be considered advertising revenue or other taxable income. This type of income is not eligible to be accepted by the Foundation from University departments or affiliated entities outside of the Division of Alumni Relations and Development.

Examples of sponsorships where there is a substantial return benefit; therefore, not eligible as a charitable contribution include the following:

- advertising and exclusive provider arrangements
- goods, facilities, services, or other privileges the fair market value of which is equal to or more than the value of the sponsorship;
- exclusive or nonexclusive rights to use an intangible asset, such as a trademark, patent or logo;
- licensing arrangement for the use of the exempt organization's name and logo;
- any sponsorship payment which is dependent upon the level, amount, or other factors indicating the degree of public exposure to one or more events is not a qualified sponsorship payment;
- any payment received in return for the display of the sponsoring company's name or logo in regularly scheduled publications;

- any payment received in return for the display of the sponsoring company's name or logo at a trade show; and
- sponsor tables which allow the sponsor to solicit their goods or services.

Other than the use of a sponsor's name and logo as described above, if the sponsor receives any benefit in return for the sponsorship payment, such as free admission to the event, then each of these benefits must be valued separately and submitted to accounting so that staff may review the information for acceptance of the funds.

IRS regulations require that the Foundation provide written disclosure to donors when a return benefit is given in exchange for a contribution. The written disclosure must include the fair market value (FMV) of the benefit provided to the donor.

The department must value the benefit based on the fair market value (not cost) of the benefit. Please see (<http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Charitable-Contributions-Quid-Pro-Quo-Contributions>) for more information related to the FMV. Documentation for these items can be obtained from vendors directly, from catalogs, internet web sites, etc. Example: Many golf courses publish their public access rates on their websites. This published rate would be used to calculate the FMV of the benefit provided to the donor.

IRS allows donors to decline benefits offered only if done in advance or at the time of payment. If a donor does wish sponsorship payment to be 100% eligible for a charitable contribution, the donor should decline all benefits offered as part of the sponsorship in writing prior to or at the time of submitting the check or payment to the Foundation.

In order to process the funds, the Foundation accounting office will require detailed records associated with the sponsorship monies including a list of benefits as well as the documentation showing how the fair market value of benefits to sponsors was determined. The IRS requires a reasonable and good faith valuation of the substantial return benefit. Disclosure on the donors tax receipt will include the value of the goods or services provided.

Internet Sponsorships

A list of sponsors on a website with a hyperlink to the sponsor's website may be acceptable, but no other information about the sponsor or its products is allowed. However, if upon linking to the sponsor's Web site, a viewer would see the University's authorized endorsement of the sponsor product, this would constitute advertising and not a qualified sponsorship; therefore subjecting the sponsorship payment to income tax at regular corporate rates. These types of funds are not eligible to be accepted by the Foundation.

Additional Information Resources:

The Foundation's "Fundraising Events Publicity and Printed Materials Guidelines" provides more information on printed materials requirements. The Foundation's "Written Acknowledgement Policy" provides additional information related to the donor's tax receipt.

4. CLARIFICATION

Requests for clarification of this policy should be sent to the Associate Vice President and Chief Financial Officer.

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

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