
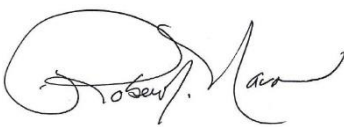


SUBJECT: CORPORATE SPONSORSHIP	Reference: GP-014
Section: GIFT PROCESSING PROCEDURES	PAGE: 1
DEPARTMENT: ADVANCEMENT SERVICES AND OPERATIONS	OF: 2
	EFFECTIVE: 3/1/2020
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PURPOSE

The purpose of the Corporate Sponsorship Procedure is to establish proper internal controls for the acceptance of sponsored gifts and meet the set requirements established by CASE and the University.

GUIDELINES

For a corporate sponsorship to be fully countable as a gift all the factors below must exist.

- 1) Contribution must be made by a person or corporation engaged in a trade or business
- 2) The sponsor should not expect nor receive a substantial return benefit (2% of sponsorship contribution) for payment other than name acknowledgement and/or promotional value
- 3) Promotional information should be limited to any or all of these: o Sponsor's location, phone number, website
- 4) Value-neutral description of sponsor's products or services
- 5) Sponsor's brand/trade name or product/service listings.
- 6) There is no qualitative or comparative advertising of sponsor's products or services such as pricing, savings, value, purchase/sale inducements, etc.
- 7) Sponsorship should not be contingent on event attendance, ratings or public exposure.

If the sponsorship receives competitive pricing or product information displayed because of a donation, the IRS defines this as an exchange transaction and not a gift.

Examples of sponsorships that **do not** qualify as charitable gift income:

- 1) Advertising revenue
- 2) Exclusive vendor relationships, such as fees received for pouring rights
- 3) Trade-outs, such as free hotel rooms or transportation provided by the supplier; these are not considered tax-deductible by the IRS and are not reportable
- 4) Donations of athletic uniforms, shoes and equipment via exclusive vendor agreements whereby the university received the items in exchange for refraining from using competitors' products.

EXAMPLES:

- 1) An institution offers corporate sponsorship opportunities at a golf tournament, where the sponsor would pay \$2,500 to provide food and beverages at any of the 18 holes, in exchange, a placard stating the name/logo of the company sponsoring that hole would be displayed. Because the simple display of the corporation's name does not constitute "advertising", the entire \$2,500 is a valid charitable gift.
- 2) However, if the sponsor also received four 'free' tickets to the golf tournament and the fair market value of those tickets is \$125 per person, the value of those tickets must be deducted from the gift amount, making the net gift amount \$2,000.
- 3) Anytime a donor receives a benefit for a gift or a sponsorship, the fair market value of that benefit should be deducted from the gift. In addition, if tickets or season passes are provided as part of the benefit, then only 80% of the gift is tax-deductible.