



# Corporate Sponsorships

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## **Mission of Pro Bono Partnership of Atlanta:**

To maximize the impact of pro bono engagement by connecting a network of attorneys with nonprofits in need of free business legal services.

## Pro Bono Partnership of Atlanta Eligibility & Other Information

- In order to be a client of Pro Bono Partnership of Atlanta, an organization must:
  - ✓ Be a 501(c)(3) nonprofit.
  - ✓ Be located in or serve the greater Atlanta area.
  - ✓ Serve low-income or disadvantaged individuals.
  - ✓ Be unable to afford legal services.
- *Visit us on the web at [www.pbpatl.org](http://www.pbpatl.org)*
- We host free monthly webinars on legal topics for nonprofits
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# The American Cancer Society's Mission

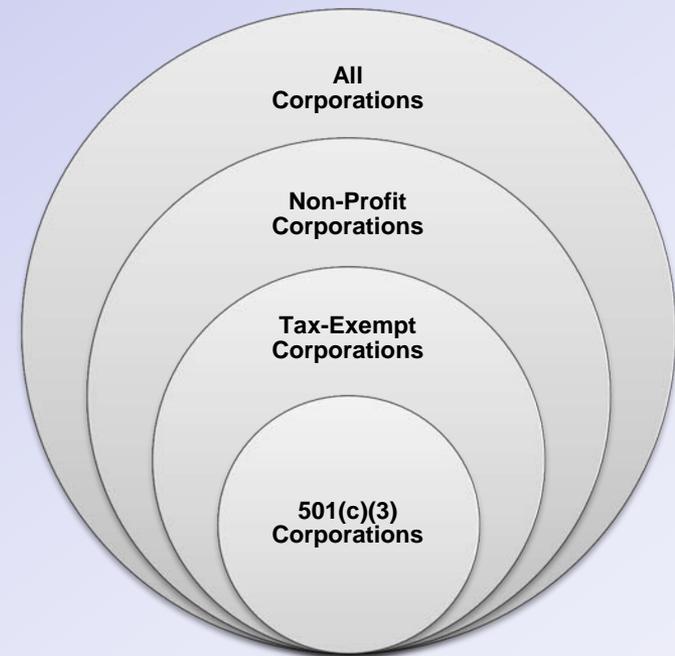
The American Cancer Society is the nationwide community-based voluntary health organization dedicated to eliminating cancer as a major health problem by preventing cancer, saving lives, and diminishing suffering from cancer, through research, education, advocacy and service.

## Legal Information:

- ✓ This webinar presents general guidelines for Georgia nonprofit organizations and should not be construed as legal advice. Always consult an attorney to address your particular situation.
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# What separates nonprofit operations from “business” operations?

- ✓ Operate “not-for-profit”
- ✓ Operate with an IRS tax-exempt status
- ✓ Operate for the benefit of the public, i.e., as a “public charity”



# Unrelated Business Income Tax

- Understanding UBIT
  - ✓ “Unrelated”
  - ✓ “Business” income
  - ✓ From an activity “regularly carried on”
- Common exceptions
  - ✓ Volunteer sales force
  - ✓ Donated goods or services
- Commercial activities have tax consequences
- Example: Advertising income

## Sponsorship

### ➤ What is a sponsorship?

✓ A payment by a company in return for:

- Limited recognition benefits related to a program (example – recognition on your web site, banners at events) or
- Limited goods or services of an insubstantial value (2%)

## **What benefits can we give sponsors that will not trigger UBIT?**

- Acknowledgement of sponsorship (name, logo, slogan, basic contact information)
- Samples of the sponsors products may be distributed to attendees of event
- Sponsor's location, website (hyperlinks to home page are OK)
- A display of product
- Banners or collateral materials

## What benefits will trigger UBIT and, therefore, should be avoided?

- Qualitative language (“the best”)
- Payments contingent upon number of attendees at event or other resultant effect
- Exclusivity agreements may constitute a substantial benefit
- Pricing information for product
- Call to action to purchase (“call today”)
- Advertising space on your website

## What happens when the charity provides goods or services to the sponsor?

- Is the Fair Market Value (FMV) less than 2%?
- If the FMV is greater than 2%, then some of the sponsorship payment = payment for the goods or services
  - ✓ Provide written disclosure of goods and services received identifying that portion of the corporate sponsorship as not deductible.
  - ✓ E.g., tickets to gala events, participation in golf tournament

## Sponsorship

- Why beneficial to a nonprofit?
  - ✓ A fixed tiered structure can be created - so easy to roll out
  - ✓ Low risk of UBIT if done correctly
- Issues to Consider
  - ✓ Sponsor of “what”? Make it limited
  - ✓ Reputational issues of sponsors
  - ✓ You can not endorse their products or services
  - ✓ Control sponsor’s use of your Marks (must use “sponsor of \_\_\_\_\_”)

## Sponsorship

- Caution for Corporate Donations
  - ✓ If a company wants to give you a gift but “strings” are attached then the gift may really be a sponsorship
  - ✓ Be sure to agree to the terms of the “strings” and memorialize them in a writing, preferably a contract

## Sponsorships Summary

- Just acknowledge, no call to action, no qualitative statements, no endorsements
- Limit any goods or services of value given in return

## For More Information:

If you would like more information about the services of Pro Bono Partnership of Atlanta, contact us at:

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