



Corporate Sponsorships

Tim Phillips, General Counsel, ACS

Laurisa Curran, Assistant General Counsel, ACS

June 18, 2014

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*
- We host free monthly webinars on legal topics for nonprofits
 - ✓ To view upcoming webinars or workshops, visit the [Workshops Page](#) on our website
 - ✓ Join our mailing list by emailing rla@pbpatl.org

The American Cancer Society's Mission

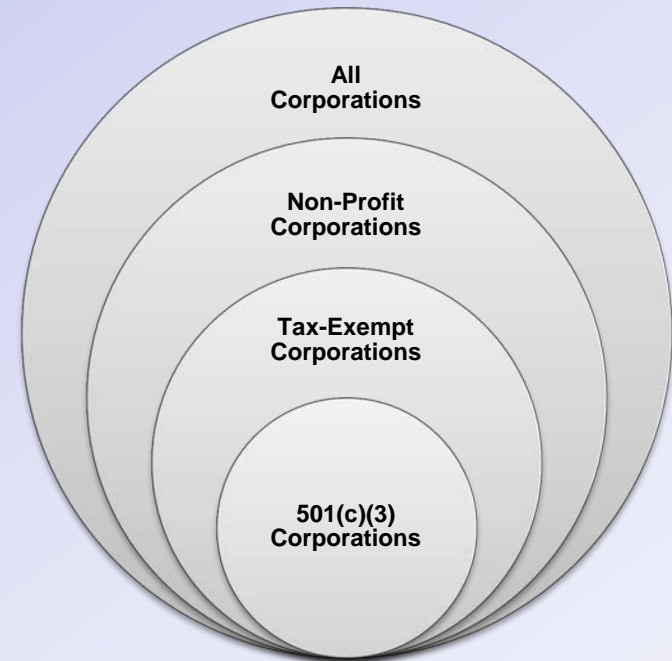
The American Cancer Society is the nationwide community-based voluntary health organization dedicated to eliminating cancer as a major health problem by preventing cancer, saving lives, and diminishing suffering from cancer, through research, education, advocacy and service.

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.
- ✓ All rights reserved. No further use, copying, dissemination, distribution or publication is permitted without express written permission of Pro Bono Partnership of Atlanta.
- ✓ **CIRCULAR 230 DISCLOSURE:** To comply with Treasury Department regulations, we inform you that, unless otherwise expressly indicated, any tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties that may be imposed under the Internal Revenue Code or any other applicable tax law, or (ii) promoting, marketing or recommending to another party any transaction, arrangement, or other matter.

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:

Phone: 404-407-5088

Fax: 404-853-8806

Info@pbpatl.org

www.pbpatl.org