



# UTAH VALLEY UNIVERSITY

## Policies and Procedures

<b>POLICY TITLE</b>	Qualified Sponsorships	<b>Policy Number</b>	234
<b>Section</b>	Financial Affairs and Development	<b>Approval Date</b>	June 18, 2025
<b>Subsection</b>	Development	<b>Effective Date</b>	June 18, 2025
<b>Responsible Office</b>	Office of the Vice President of Institutional Advancement	<b>Last Review</b>	June 18, 2025

### 1.0 PURPOSE

1.1 This policy sets forth the procedures by which UVU entities and a person engaged in a trade or business may establish a qualified sponsorship under U.S. tax law and by which the sponsor will receive a charitable deduction.

### 2.0 REFERENCES

- 2.1 Internal Revenue Code § 513(c), *Developments in Advertising Income*
- 2.2 Internal Revenue Code § 513(i), *Qualified Sponsorship Payments*
- 2.3 26 CFR § 1.513-4, *Certain sponsorship not unrelated trade or business*
- 2.4 UVU Policy 137 *Sponsored Programs*
- 2.5 UVU Policy 172 *Advertising*
- 2.6 UVU Policy 231 *Fundraising Authority, Responsibility, and Coordination*
- 2.7 UVU Policy 532 *University Student Groups*

### 3.0 DEFINITIONS

**3.1 Director of development:** An Institutional Advancement employee who is embedded in a university school/college or division and who is responsible for crafting and implementing strategic plans to raise philanthropic funding from prospective donors, corporations, and foundations in coordination with the dean/vice president or athletic director.

**3.2 Exclusive sponsorship:** A qualified sponsorship in which UVU acknowledges the person engaged in a trade or business as the exclusive sponsor of a UVU activity or event, or the



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exclusive representative of a specific trade, business, or industry. Because this is a qualified sponsorship, the sponsor does not receive a substantial return benefit.

**3.3 Gift reinvestment fee:** A one-time fee that the Utah Valley University Foundation applies to a charitable gift. The fee, which is customary with universities and other non-profit organizations across the United States, provides essential support to Utah Valley University Foundation and Utah Valley University's Advancement program. The established fee is specified in the qualified sponsorship agreement.

**3.4 Mere acknowledgement:** The mere recognition of sponsorship payments, which may include, but is not limited to, the display of sponsor logos and slogans (that do not contain comparative or qualitative descriptions), sponsor locations and telephone numbers, value-neutral descriptions (including displays or visual depictions) of a sponsor's product-line or services, sponsor brand or trade names, and product service listings. The effect of an acknowledgement is identification of the sponsor rather than the promotion of the sponsor's products, services, or facilities.

**3.5 Qualified sponsorships:** Relationship in which a person engaged in a trade or business makes qualified sponsorship payments (as that term is defined in the Internal Revenue Code) to UVU. A qualified sponsorship results in charitable contributions for which the University provides a gift receipt to the person engaged in a trade or business. In a qualified sponsorship, the sponsor may not receive a substantial return benefit beyond "mere acknowledgment." Not all charitable contributions are qualified sponsorships.

**3.6 Qualified Sponsorships/Advertising Review Committee (QSARC):** A group comprised of representatives from Institutional Advancement, University Marketing, Finance and Business Services, and the General Counsel, who review sponsorship proposals to resolve any question as to whether the proposed sponsorship would be a qualified sponsorship.

**3.7 Substantial return benefit:** Any item or service provided to a sponsor in return for the sponsor's support or sponsorship of a university activity, event, or program where the benefit is above or beyond a disregarded benefit (a benefit provided that is not more than 2% of the fair market value of the item or service provided). Examples may include, but are not limited to, a booth or table at an event/activity, tickets to an event/activity, advertising, t-shirts/mugs, or access to university services. Substantial return benefit does not include an exclusive sponsorship of an exempt activity (an activity having a substantial relationship to a purpose for which UVU has been granted tax-exempt status), the use or mere acknowledgement of the name of logo (or product lines) of the payor's trade or business.

**3.8 UVU Foundation: ("Foundation"):** The duly established Utah nonprofit corporation organized to be a charitable, tax-exempt 501(c)(3) entity that operates exclusively for the benefit of the University. The Foundation accepts and manages any and all charitable gifts to the University. The Foundation is directed by a board comprising volunteers and university employees. For the purposes of this policy, references to the Division of Institutional



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Advancement shall be presumed to include the Foundation and its board unless otherwise indicated.

### 4.0 POLICY

#### 4.1 Policy Statement

**4.1.1** This policy provides a process whereby UVU departments and programs may establish a qualified sponsorship with a person engaged in a trade or business in accordance with the Internal Revenue Code. All such relationships must be conducted in accordance with applicable UVU policy as well as state and federal laws (including the Internal Revenue Code).

**4.1.2** Compliance with this policy will help ensure that UVU does not incur unrelated business income tax liability and that the sponsor's payments qualify as charitable contributions.

**4.1.3** The Assistant Director of Gift Processing or the Director of Foundation Accounting determine whether a sponsorship is a qualified sponsorship, enlisting the help of the QSARC if necessary.

**4.1.4** This policy does not cover the establishment of sponsorships not classified as qualified sponsorships, such as advertising, which are covered in UVU Policy 172 *Advertising*.

**4.1.5** This policy does not cover sponsored programs, which are covered in Policy 137 *Sponsored Programs*.

#### 4.2 Qualified Sponsorships vs. Other Sponsorships

**4.2.1** University entities engaging in a transactional relationship with a person engaged in a trade or business are responsible to contact the Assistant Director of Gift Processing or the Director of Foundation Accounting, within Institutional Advancement, to determine whether the sponsorship is a qualified sponsorship.

**4.2.2** The Assistant Director of Gift Processing or the Director of Foundation Accounting, within Institutional Advancement, shall determine whether a relationship is a qualified sponsorship, in accordance with the procedure described in Section 5.0.

**4.2.3** The structure of the sponsorship, not the name given to the sponsorship or a transaction, will determine whether the relationship is a qualified sponsorship (i.e., charitable or non-charitable). There are instances in which a portion of a transaction may fall under a qualified sponsorship, and a portion may not (e.g., a situation in which the fair market value must be established, and only the payment above the fair market value would be charitable).



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#### **4.3 Acknowledgement and Receipt**

**4.3.1** Because qualified sponsorship payments are charitable contributions (as defined by the IRS), the Assistant Director of Gift Processing or the Director of Foundation Accounting must provide a receipt. University departments and organizations must report all sponsorships to Institutional Advancement to ensure accurate accounting and acknowledgement from the Foundation.

**4.3.2** Once Institutional Advancement receives and processes the qualified sponsorship payment, Institutional Advancement will issue a charitable receipt as acknowledgement from the Foundation to the donor.

#### **4.4 Unacceptable Qualified Sponsorship**

**4.4.1** The University and the Board of Trustees are authorized to disapprove and refuse a qualified sponsorship that they deem unacceptable. Unacceptable qualified sponsorships include, but are not limited to those that would:

- (1) be in conflict with university policies;
- (2) adversely affect the University's reputation;
- (3) appear to create an endorsement by the University of a particular company, product, political candidate or position regarding public policies;
- (4) be considered to contain obscene, indecent or profane material;
- (5) ridicule, exploit or demean persons on the basis of their age, color, creed, disability, national origin, race, religion, sex or sexual orientation; or
- (6) promote tobacco products.

#### **4.5 Termination of Existing Qualified Sponsorships**

**4.5.1** The University and the Board of Trustees are authorized to determine whether a qualified sponsorship should be terminated in accordance with its qualified sponsorship agreement.

**4.5.2** The Vice President of Institutional Advancement shall ensure that each qualified sponsorship agreement includes appropriate terms allowing UVU to terminate the agreement.

#### **4.6 Gift Reinvestment Fee for Qualified Sponsorships**

**4.6.1** Institutional Advancement charges a gift reinvestment fee for charitable donations, including qualified sponsorship payments. The Vice President of Institutional Advancement



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determines this fee (typically a percentage of the donation) for each sponsorship and ensures that the fee is specified in the qualified sponsorship agreement.

### 5.0 PROCEDURES

#### 5.1 Determining if a Request is a Qualified Sponsorship

**5.1.1** When a university entity, in coordination with their director of development, and a person engaged in a trade or business wish to establish a sponsorship, it must first be determined whether the sponsorship is a qualified sponsorship or a sponsorship that falls under another classification (e.g., advertising). With the exception of student groups, the university entity must submit the proposal to the Assistant Director of Gift Processing or the Director of Foundation Accounting in Institutional Advancement.

**5.1.1.1** Student groups (as defined in UVU Policy 532) must first submit their proposal to their program advisor, who contacts the designated director of development. The director of development then submits the request to Assistant Director of Gift Processing or the Director of Foundation Accounting in Institutional Advancement.

**5.1.2** The Assistant Director of Gift Processing or the Director of Foundation Accounting will determine whether the proposed sponsorship is a qualified sponsorship or falls under another classification (e.g., advertising).

**5.1.3** If the Assistant Director of Gift Processing or the Director of Foundation Accounting determines that the proposal is not a qualified sponsorship, but is advertising, the appropriate director of development will refer the university entity and the third party to the Director of Trademarks and Licensing in University Marketing. Such requests then follow the procedure laid out in UVU Policy 172 *Advertising*.

**5.1.4** If the proposed qualified sponsorship would include the use of the UVU name, logos, trademarks and/or related intellectual property, the director of development must obtain written approval from the Director of Trademarks and Licensing in University Marketing.

#### 5.2 Handling Qualified Sponsorships and Other Sponsorships in One Proposal

**5.2.1** When a person engaged in a trade or business wishes to either (1) exchange gifts in kind or (2) make qualified sponsorship payments and payments falling under other classifications, the university employee working with the donor and the appropriate director of development will submit the proposal to the Assistant Director of Gift Processing or the Director of Foundation Accounting in Institutional Advancement. The Assistant Director of Gift Processing or the Director of Foundation Accounting will determine whether QSARC review of the proposal is required.



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**5.2.2** If the QSARC reviews and approves the proposal, the Assistant Director of Gift Processing or the Director of Foundation Accounting will contact the appropriate director of development who submitted the proposal.

**5.2.3** If the QSARC reviews and does not approve the proposal, the Assistant Director of Gift Processing or the Director of Foundation Accounting will advise the appropriate director of development.

**5.2.4** Sponsorships must be updated once a year. The appropriate Institutional Advancement director of development will submit these to the Assistant Director of Gift Processing or the Director of Foundation Accounting.

### 5.3 QSARC Meetings

**5.3.1** The QSARC shall meet as needed to review a proposal and shall do so in a timely manner.

**5.3.2** QSARC members may assign a delegate in their absence to attend meetings when needed to complete proposal reviews in a timely manner.

**5.3.3** If another university entity is involved in the donation, the QSARC may invite a representative from that entity to attend the meeting in which the proposal is reviewed.

<b>POLICY HISTORY</b>		
<b>Date of Last Formal Review:</b> June 18, 2025		
<b>Due Date of Next Review:</b> June 18, 2030		
Date of Last Action	Action Taken	Authorizing Entity
June 15, 2006	Regular policy approved	UVU Board of Trustees
June 18, 2025	Revised policy approved.	UVU Board of Trustees

\*More information on the formal review can be found in Policy 101 section 4.7.3.