

Sponsorship/Benefit Frequently Asked Questions

- 1. What if I have questions about sponsorships, who do I contact?**
 - a. Terri Clark at tclark@utfi.org or 865-974-2806.
- 2. Should I have my donors submit their sponsorship transactions through online giving forms/sites as fully charitable?**
 - a. No, as qualified sponsorships are not fully charitable as they contain benefits. Receiving sponsorship transactions through online giving sites/forms would cause incorrect receipts to be provided, once discovered, adjustments would need to be made and a new corrected receipt sent.
- 3. Can I have an online sponsorship form set up?**
 - a. Yes, the Digital Strategy and Innovation (DSI) Team will be happy to set up a sponsorship form for you with planning and an advanced request/notice (3-4 weeks). You must have submitted and received approval for your sponsorship request before contacting DSI.
- 4. When do I need to submit a sponsorship request form?**
 - a. If the transaction (event, dinner, gala, benefit, etc.) has any benefits or will potentially have a charitable or non-charitable portion.
- 5. What does submitting a sponsorship request form get me approval for?**
 - a. The sponsorship request should contain a description of the sponsorship opportunity with any benefits and levels. The review will determine if the sponsorship is qualified (a portion can be charitable) or non-qualified (the sponsorship contains a quid pro quo and would not contain any charitable portion).
- 6. What is a qualified sponsorship?**
 - a. A qualified sponsorship is any payment made by any person or corporation engaged in a trade or business with respect to which there is no arrangement or expectation that such person or corporation will receive any substantial return benefit other than the use or acknowledgment of the name or logo (or product lines) of such person's trade or business in connection with the activities of the organization that receives such payment.
- 7. What is a non-qualified sponsorship?**
 - a. Non-qualified sponsorships are arrangements in which the sponsor receives a return benefit that involves more than an acknowledgment and includes anything valued at more than 2 percent of the amount of the sponsorship payment. This type of return benefit involves any item or service provided to a sponsor in exchange for the sponsor's support. Examples may include but are not limited to event tickets; food and beverages; promotional items (t-shirts, mugs, pens, notepads, etc.) and access to university services.
- 8. How do we submit non-qualified sponsorships and get monies into the correct designation and account?**
 - a. Non-qualified sponsorships should be submitted to Constituent Management as such and will be entered into ACE into a non-charitable account and deposited into the appropriate NC designation and account. No receipt will be issued.

9. Who determines the charitable and non-charitable amounts for sponsorships and events?

- a. UTFI Advancement Services will determine the charitable versus non-charitable portions of a transaction which is based on the sponsorship request form, materials (including levels and amounts), and submitted documentation including receipts for the total costs of the event/forum/gala/dinner/etc. (this includes gifts/giveaways, flowers, banners, programs, venue, food, and drink (including alcohol).

10. What type of communication does my sponsor/donor receive after making a sponsorship transaction?

- a. Thank you for your support of UT through this transaction. A portion of this transaction may be tax deductible, and you will receive an official receipt or acknowledgment following the event or sponsorship opportunity.

11. How do we enter sponsorships into ACE when we do not know the charitable versus non-charitable portion of the transactions?

- a. All transactions will be entered into a sponsorship RGSF designation by campus until after the event or opportunity is over and after the appropriate documentation has been received.
- b. Once the appropriate documentation has been received, a request to move the monies from the sponsorship RGSF designation will be submitted to constituent management and the monies will be moved to the appropriate account.

12. Do I need to request a Non-Charitable (NC) account to be established?

- a. No, Constituent Management will create an NC account to mirror the charitable account as needed.

13. Can donor advisors use a Donor Advised Fund (DAF) to fulfill any portion of their sponsorship?

- a. No, donor advisors cannot recommend the use of their DAF as this would result in donor advisors receiving directly or indirectly more than incidental benefit. This includes raffle tickets, tickets to galas and other special events, auction items, preferential seating or parking at athletic events, and any other benefits.
- b. Donors, donor advisors, or anyone related to either of them who recommend grants and receive, directly or indirectly, more than an incidental benefit, are subject to an excise tax equal to 125% of the grant. Per the Internal Revenue Code 26 U.S. Code § 4967 - Taxes on prohibited benefits.
- c. For example, if a ticket breaks out the cost for the non-deductible dinner and the tax-deductible gift to charity, the donor must pay from sources other than their DAF for the full value of the ticket and not just for the non-charitable amount. The mere opportunity to attend is considered of greater than incidental benefit. IRS Notice 2017-73, Sec.31

14. Can a donor use their IRA to fulfill any portion of their sponsorship?

- a. No, under Internal Revenue Code § 408(d)(8)(C), an IRA distribution will be treated as a QCD “*only if a deduction for the entire distribution would be allowable*” as a charitable deduction (emphasis added) [without regard to the percentage

limitations under section 170(b)]. This limitation on QCDs ensures that a person/donor cannot receive any benefit at all in exchange for the QCD.

- i. With a qualified sponsorship payment, the donor is explicitly receiving a benefit, which is limited under the Code to the use or acknowledgment of its business name, logo, or product lines in connection with UTFI's activities. But such a benefit is allowable only for purposes of defining a qualified sponsorship payment under Code section 513. Section 170, defining charitable deductions, does not provide for any such limited exception, other than subtraction out of the value of any goods or services provided. Since it is not likely that a deduction for the entire QCD distribution would be permitted under section 170, a QCD would not be allowed to pay any part of the sponsorship.