



Fundraising

1. Board Member Fundraising
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Board Member Fundraising Policies

Introduction

Board members have a crucial role to play in raising funds for the organization they serve. They are volunteers dedicated to the mission of the organization and the people served by the organization. And, they have contacts in the community. The expectation of board member involvement in fundraising continues to rise, yet many boards have not created a policy that specifies what that involvement should entail. A board fundraising policy can take the form of a narrative or a specialized agreement or contract in which board members indicate the amount they expect to contribute to the organization in the coming year and how they will participate in the fundraising efforts of the organization.

Key Elements

- Personal giving policies state whether a board member is expected to give a certain amount or to give according to his or her means. Funders often ask if 100 percent of board members give.
- Fundraising policies establish expectations for board members to make a personal donation and to participate in solicitation efforts. The policy may list examples of how board members can or should be involved, such as providing names of potential donors, writing or signing fundraising letters, thanking donors personally, accompanying the chief executive on donor and foundation visits, or making the ask themselves.
- Some organizations use a special pledge form that guides board members in thinking about the array of fundraising activities taking place throughout the year and asks them to make an annual fundraising commitment.
- Some nonprofits incorporate board member fundraising expectations into more general job descriptions (see Part II, Sections 1 and 2).
- If the organization has a separate fundraising body (maybe a supporting organization), it is still important to outline the role for board members and how they relate to this body — and vice versa.

Practical Tips

- ✓ To become a committed fundraiser, a board member must first make a contribution. This requirement is the cornerstone of individual fundraising because it allows a board member to use himself or herself as an example of someone who supports the organization.



- ✓ Not every board member will be able to give the same size gift. Some organizations stipulate a minimum gift amount; many do not. The policy should encourage each board member to make the organization a one of the priorities in his or her personal giving plan or to make what, for that person, is a substantial financial contribution. The policy should not, however, eliminate capable and valuable individuals from joining the board and contributing other skills and expertise.
- ✓ Board members possess different skill levels and aptitudes for solicitation. Provide board members with training in fundraising and practical tools like checklists, sample elevator speeches, and steps for approaching a potential donor, to help each member gradually assume more responsibility. Providing mentors and coupling inexperienced board members with staff or more seasoned board members is another way to increase everybody's comfort with personal solicitations.
- ✓ Some individuals, because of their profession or position (e.g., journalists, judges), may be prohibited from certain kinds of fundraising solicitations (e.g., workplace campaigns). Seek other activities so these board members can still support the organization in a meaningful way.

Sample Board Member Fundraising Policies

The sample fundraising policies included range from broad statements of general expectations to specific requirements and commitments for board member participation. They are arranged in order of least to most specific.

Sample #1

This brief statement acknowledges that each board member should give according to his or her means and should participate in all fundraising efforts.

Fundraising is a major part of a board member's responsibility, and financial support of the annual appeal and special events is expected. Board members are expected to make an annual financial contribution according to their personal means.

Sample #2

This general policy outlines expectations for board member participation that is beyond simply "giving and getting."

Board members are expected to give an annual monetary gift to XYZ and are asked to make XYZ a priority in their personal giving. Board members are expected to be involved in fundraising by using their personal and business connections when appropriate, by soliciting funds when appropriate, by serving on fundraising committees, and by attending fundraising events.



Sample #3

This brief sample, which may be incorporated into other statements, identifies a specific sum each board member is responsible for either raising or contributing.

Give or Get: We ask that each board member be responsible for raising (or giving) a minimum of \$___ annually. We also ask that each board member make a personal contribution, which will be counted as part of this amount.

Sample #4

This brief statement not only establishes a minimum amount for personal contributions but also separates fundraising obligations from personal giving.

Each board member is expected to

- Support XYZ by making a meaningful financial gift of at least \$___ each calendar year.
- Solicit the financial, in-kind, and political support of others and obtain at least \$___ in contributions made to XYZ each fiscal year in addition to his or her personal contribution.
- Attend as many XYZ program and fundraising events as possible.

Sample # 5

This sample statement suggests more personal ways that board members can support the organization's fundraising activities. It was adapted from a national organization to encourage board members to get involved in local fundraising.

In addition to any organization-wide fundraising activities approved by the board, board members can engage in individual fundraising activities on behalf of XYZ, including

- Annual end-of-year fundraising letter to personal and professional contacts
- Yearly fundraising activities in their communities
- Making contacts for support of XYZ programs; seeking assistance from other board members if needed
- Encouraging local members [or supporters] to consider planned giving

Sample #6

This statement summarizes how board members are expected to actively participate in fundraising. It refers to three major areas of responsibility in this regard — leadership,



personal action, and advocacy — and is also meant to be used as a guide to evaluate board members' performance in fundraising.

FUNDRAISING JOB DESCRIPTION FOR BOARD MEMBERS

Board Member Duties

- Board members must identify and evaluate prospects, cultivate and solicit gifts, actively support fundraising programs by their presence, and offer personal acknowledgments to donors and volunteers.
- Board members are obliged to provide leadership and actively advocate the organization's priorities and the necessity of its fundraising efforts.
- Board members must engage in personal gift support to their level of ability.

Board Duties

- The board is responsible for attracting and supervising all the resources of the organization to carry out its programs and services.
- The board must develop a strategic plan to deliver benefits to the community it serves and to attract public support.
- The board must deliberate on and develop fundraising plans that address staff, systems, space, and budget.
- The board is part of an essential team, with the obligation to lead, support, and work together with staff and volunteers in the design, supervision, and conduct of fundraising activities.
- The board must select and evaluate the chief executive, rating performance as a key team member in the fundraising team.
- The board must take responsibility for guidance and direction on ethical and professional practices — including use of budget allocated for fundraising activities.
- The board must ensure that budget appropriations for fundraising are evaluated as an investment strategy designed for reliable long-term results from faithful donors, committed volunteers, and reliable net revenue that meets organizational priorities.
- The board must review the results and evaluate the performance of fundraising activities at all levels to their satisfaction, in accordance with established goals and objectives.

Sample #7

This more comprehensive sample, in the form of an annual pledge form, specifies the level of contribution, level of participation in fundraising activities, and ability to donate or identify in-kind giving sources. This form needs to be prefaced by an explanation in the job description for new board members in order for them to feel comfortable with this expectation.

XYZ recognizes that board members contribute in many valuable ways — not only funds, but information, professional guidance, and in-kind resources. Therefore, each board member is asked to complete the following pledge form (as also stated in the board member



job description), which will facilitate the organization's fiscal planning and eliminate repetitive requests.

For the fiscal year ____ my contribution toward the support of the organization will be

1. Personal contribution () \$100 () \$250 () \$500 () \$1,000 () Other \$_____

Please indicate:

() Check enclosed () Check(s) will be sent on the following date(s): _____

Please send me a reminder notice on _____

2. My company will match \$_____
3. Other contributions (art/stock/planned giving) _____
4. Special events are important to our organization. I will participate in
() Planning events () Purchasing tickets () Encouraging others to attend
5. I can assist with fundraising outreach to the following foundations, corporations, individuals:
(please list) _____
6. I can provide/identify in-kind resources/services (computer equipment, office supplies, furniture, volunteers, vehicles, tickets, professional services [public relations, legal, financial, etc.])

Signature of Board Member _____ Date _____

In turn, this organization is responsible to me in a number of ways:

1. I will regularly receive financial reports.
2. I can call on the paid staff to discuss programs and policies, goals, and objectives.
3. Board members and staff will respond to the best of their ability in a straightforward and thorough fashion to any questions I have that I feel are necessary to carry out my fiscal, legal, and moral responsibilities to this organization.

Signature of the Chief Executive _____ Date _____



Suggested Resources

- Sternberg, Dave, *Fearless Fundraising for Nonprofit Boards*, Second Edition. Washington, DC: BoardSource, 2008.
- Greenfield, James M. *Fundraising Responsibilities of Nonprofit Boards*, Second Edition. Washington, DC: BoardSource, 2009.
- Tempel, Eugene R. *Development Committee*. Washington, DC: BoardSource, 2004.



Donor Relations Policies

Introduction

Treating donors with respect, gratitude, and consideration not only makes sense but is also the only way a charitable organization will keep donors coming back. A nonprofit organization is accountable to the public *and* to the donors who support it. Respecting donors' wishes, first and foremost, demonstrates responsible and ethical behavior. If a donor makes an unrestricted contribution, the organization is free to use the money to advance the mission however it deems appropriate. If a donor specifies what the money is to be used for or puts conditions on the contribution, the organization is obligated to follow the donor's wishes if it accepts the gift. Donors have a right to know that their contributions have been put to good use.

Key Elements

- Recognizing donors for their gifts is an essential part of responsible fundraising. There are numerous ways this can be done, but it is best managed by clear guidelines that spell out the process and define the levels and methods of recognition.
- A donor relations policy should be clear about proper handling of confidentiality and anonymity desired by some donors. Additional guidelines should state how to treat donor contact information and how the donor prefers to be listed or named in recognition vehicles.
- Federal tax law imposes rules as to written substantiation of contributions above specific amounts and statements as to whether a donor has received anything in return that might lower the deductible portion of the contribution.

Practical Tips

- ✓ Following rules of accounting on how to record unrestricted, temporarily restricted, and restricted grants and donations is the only way to keep track of the use of donated funds.
- ✓ Always keep the donor informed. He or she has the right to know how his or her contribution or grant is being used and what the organization has been able to accomplish with the gift. In the policy, stipulate what information is shared with donors and at what intervals.
- ✓ Donor intent must be honored. If conditions change and the donor's intent can no longer be followed, go back to the donor (if possible) and negotiate another use for the balance of the funds. It is best to do this as soon as it becomes clear that the funds will need to be allocated or the term of the grant extended. It is inadvisable to wait for the formal grant reporting deadline.



- ✓ When defining the different levels of recognition, always leave the options open for a major gift. It is desirable to be able to provide a worthy and equitable recognition for the gift.
- ✓ Share with all major donors your audited financial statements and annual reports.
- ✓ Adopt the Donor Bill of Rights as a way to let donors know that their needs are respected in the organization. (A copy of the Donor Bill of Rights is included at the end of the sample fundraising policies).

Sample Donor Relations Policies

The first two samples are policies related to donor recognition and informing donors appropriately. The third sample is the Donor Bill of Rights, which is a good addition to (not a substitute for) a donor relations policy.

Sample #1

This succinct policy highlights some of the key elements in donor recognition.

Donor Intent. Donors' wishes will be considered to the extent possible, as long as their intended use of funds is in keeping with the purpose of XYZ and with the policies and priorities of the organization as expressed in the corporate plan. XYZ will not accept a gift for which it is incapable of honoring donor intent.

Acknowledgment. All gifts, regardless of value, form, or stipulations, shall be acknowledged by XYZ in the form of a written substantiation, including a gift receipt.

Recognition. Formal recognition of donors includes methods that convey appreciation to the donor and provide opportunities for public acknowledgment.

Public Notice. XYZ will respect a donor's wish to remain anonymous.

Confidentiality. The fund development unit shall maintain confidentiality concerning all correspondence regarding contributions, gift records, prospect cards, and other data on donors, and will ensure that this donor information is used on a need-to-know-basis only for the support of fund development for XYZ.

Sample #2

This policy includes more specifics about the information provided to donors.



XYZ solicitation of funds from the public or from donor institutions uses material that is truthful. XYZ respects the privacy concerns of individual donors and expends funds consistent with donor intent. XYZ discloses important and relevant information to potential donors.

In raising funds from the public, XYZ will respect the rights of donors, as follows:

- To be informed of the mission of XYZ, the way the resources will be used, and capacity to use donations effectively for their intended purpose
- To be informed of the identity of those serving on XYZ's governing board and to expect the board to exercise prudent judgment in its stewardship responsibilities
- To have access to XYZ's most recent financial reports
- To be assured their gifts will be used for purposes for which they are given
- To receive appropriate acknowledgment and recognition
- To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law
- To be approached in a professional manner
- To be informed whether those seeking donations are volunteers, employees of XYZ, or hired solicitors
- To have the opportunity for their names to be deleted from mailing lists that XYZ may intend to share
- To be encouraged to ask questions when making a donation and to receive prompt, truthful, and forthright answers

Sample #3

The Donor Bill of Rights was created by the Giving Institute: Leading Consultants to Non-Profits [formerly known as the American Association of Fund Raising Counsel (AAFRC)], Association for Healthcare Philanthropy (AHP), the Association of Fundraising Professionals (AFP), and the Council for Advancement and Support of Education (CASE). It has been endorsed by numerous other nonprofit associations, and many charities incorporate it into their operating policies and procedures.

THE DONOR BILL OF RIGHTS

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit organizations and causes they are asked to support, we declare that all donors have these rights:

- I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes



- II. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities
- III. To have access to the organization's most recent financial statements
- IV. To be assured their gifts will be used for the purposes for which they were given
- V. To receive appropriate acknowledgement and recognition
- VI. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law
- VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature
- VIII. To be informed whether those seeking donations are volunteers, employees of the organization, or hired solicitors
- IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share
- X. To feel free to ask questions when making a donation and to receive prompt, truthful, and forthright answers

Suggested Resources

- The Donor Bill of Rights
<http://www.afpnet.org/ethics/enforcementdetail.cfm?itemnumber=3359>
- Poderis, Toni. "Building Donor Loyalty." <http://www.raise-funds.com/2003/building-donor-loyalty-chapter-1/>
- Sternberg, Dave. *Fearless Fundraising for Nonprofit Boards, Second Edition*. Washington, DC: BoardSource, 2008.



Gift Acceptance Policies

Introduction

Nearly all charitable organizations accept, and most actively solicit, financial gifts. However, there are times when the perception of such gifts might compromise the mission of the organization or the gift might have too many conditions imposed by the donor. Having a gift acceptance policy helps the board decide whether to accept controversial or “high-maintenance” gifts. Because nonprofits also receive non-cash contributions, clear gift acceptance policies provide guidance as to whether the organization should accept gifts of real estate, stock, art, or automobiles, and how those gifts will be liquidated or maintained.

Key Elements

- A nonprofit organization need not accept a gift simply because it is offered. A gift acceptance policy defines the types of gifts the organization will allow.
- Not every gift is a blessing. Donors and nonprofits don’t always share the same values and priorities. Gifts that do not enhance the organization’s mission, priorities, and reputation should be not accepted.
- Planned giving vehicles, such as bequests and charitable trusts, require that the organization have the capacity to administer them. They may not be appropriate for every organization.

Practical Tips

- ✓ Seek ways to encourage donors to make unrestricted gifts that support the general operating budget. Donor restrictions and conditions must be acceptable to the organization and not endanger the tax deductibility of the contribution. Negotiating with generous but demanding donors may be time consuming, but it is important that both parties agree on the terms of the gift and that the gift reflects an investment in work/activities that advance the mission of the organization.
- ✓ The federal law mandates how certain kinds of gifts (e.g., cars, real estate, art) must be documented, valued, and even taxed. Work with lawyers specialized in charitable giving to avoid problems for the organization, and ask that donors do the same.
- ✓ To protect the organization’s integrity, consider having a policy that requires the immediate sale of gifts of securities. This eliminates ethical concerns about affiliation with certain companies and avoids second guessing the timing of stock sales.
- ✓ Seriously consider whether the nature of the gift or the source of the gift is in conflict with the mission of your organization. For example, should an environmental organization accept funding



from a known environmental offender, or should a gun control advocacy organization accept funding from an arms manufacturer?

- ✓ Remain independent to the beliefs and values of the organization and do not allow a major donor to lead you off course or to compromise your objectives.

Sample Gift Acceptance Policies

The sample gift acceptance policies provided range from very a simple acknowledgement of the board's role in accepting gifts to expansive policies that address values, process, and administrative details. They are arranged in order from least to most comprehensive.

Sample #1

This brief policy clarifies the board's right, on behalf of the organization, to refuse a gift.

Refusal of Gifts

The board shall have the right to refuse contributions that do not enhance, promote, and ensure further the purpose of XYZ and the long-range financial viability of the organization.

Sample #2

This brief policy specifies how the organization will treat gifts of stock.

XYZ receives gifts in the form of cash, checks, and securities. Securities are received into the investment account maintained at ABC, which is located at DEF.

Gifts of securities will be acknowledged to the donor at the value received into the account, as of the day received.

All securities will be sold immediately upon receipt into the account. The funds available after the sale will be invested only in interest-bearing accounts of low risk, such as money market accounts, treasury notes or bills, or certificates of deposit.

Sample #3

This short sample establishes the board's role in accepting gifts of property valued over a certain amount.



Any gifts of property valued at \$___ or more must be approved by the board [or designated committee] of XYZ.

Sample #4

This general policy outlines the basic parameters a nonprofit board and organization should take into account when deciding whether to accept a gift.

XYZ actively solicits gifts and grants to further the mission of the organization. There is a potential that the acceptance of certain gifts could compromise the ability of the organization to accomplish its goals or could jeopardize its tax-exempt status. Hence, the following gift acceptance policy applies:

- The chief executive of XYZ and the board have the authority to solicit and/or accept gifts on behalf of XYZ.
- XYZ's responsibility is to productively pursue gifts that will further the organization's mission, goals, and objectives. The primary consideration in the pursuit of gifts is how they can benefit the organization in the most ethical and unencumbered manner. To that end, the following caveats must be considered:
 - *Core Values.* Is the gift one that is consistent with the organization's standards, principles, and core values?
 - *Compatibility of Cause.* Will the gift unnecessarily challenge the organization's ability to further its mission, goals, or objectives?
 - *Public Relations.* Does the acceptance of the gift present the organization in an unfavorable light? Does it appear that there may exist a conflict of interest between the donor and the organization?
 - *Motivation.* Is there clear charitable intent and a commitment to the organization?
 - *Consistency.* Will the acceptance of the gift be compatible and in agreement with other fundraising activities or gifts of the organization?
 - *Credibility.* Are the circumstances surrounding the donor and the gift believable?
 - *Organizational Stability.* If controversy develops, will it be significant enough to weaken the structure of the organization?
 - *Form of Gift.* Will the nature of the in-kind contribution create problems, such as in advertising or sponsorship?
 - *Source of Gift.* Who is the donor? Is the gift from an individual or a corporation? Does the donor represent a perceived conflict of interest, or might the donor's objectives not fit with the mission of the organization?

Sample #5

This policy lists clearly the kinds of gifts that the organization will not accept.



Gift Acceptance Policy

1. Unrestricted, outright gifts of cash, check, credit card, and publicly traded securities do not require approval. Routine gifts are accepted and administered through the director of development, with final authority to accept routine gifts lying with the chief executive.
2. Gifts will only be accepted where there is charitable intent on the part of the donor. XYZ is unable to accept gifts that are overly restrictive in purpose. The most desirable gifts are those with the least restrictions, as unrestricted funds allow the organization to address its most pressing needs. Unless the board grants a specific exception, XYZ will not accept any gifts that
 - Contain a condition that requires any action on the part of the organization that is unacceptable to administration
 - Contain a condition that the proceeds will be spent by the organization for the personal benefit of a named individual or individuals
 - Require the organization and its administration to employ a specified person now or at a future date
 - Inhibit the organization from seeking gifts from other donors
 - Expose the organization to adverse publicity, litigation, or other liabilities
 - Require undue expenditures, or involve the organization in unexpected responsibilities because of their source, conditions, or purpose
 - Involve unlawful discrimination based upon race, religion, gender, sexual orientation, age, national origin, color, disability, or any other basis prohibited by federal, state, and local laws
3. Noncash gifts will be accepted only when it is reasonably expected they can be converted into cash within a reasonable period of time or when XYZ can utilize the property in its operations. Generally, [six months to one year] shall be considered reasonable for conversion to cash. All noncash gifts to XYZ will be sold at the discretion of XYZ, whose express policy will be to convert the property to cash at the earliest opportunity, keeping in mind current market conditions and the potential use of the property in the accomplishment of the mission of XYZ.
4. Property encumbered by a mortgage or other indebtedness cannot normally be accepted as a gift unless the donor agrees to assume all carrying costs until the property is liquidated. Exceptions to this guideline can be made when the value of the property exceeds the anticipated exposure, or will produce income, or will be used by XYZ in its programs.
5. Associated expenses of a gift made to XYZ are to be borne by the donor.
6. Donors of property gifts of over \$5,000, except for gifts of publicly traded stock, must obtain an appraisal by an independent third-party appraiser in accordance with current tax law requirements.
7. To avoid conflicts of interest, the unauthorized practice of law, the rendering of investment advice, or the dissemination of income or estate tax advice, all donors of noncash gifts must acknowledge that XYZ is not acting as a professional advisor, rendering opinions on the gift. All information concerning gift planning from XYZ is to be for illustrative purposes only and is not to be relied upon in individual circumstances. XYZ may require a letter of understanding from a donor of a property gift, along with proof of outside advice being rendered, before such a gift will be accepted.
8. All gifts of life insurance must comply with applicable state insurance regulations, including insurable interest clauses.



9. XYZ does not accept any gifts requiring annuity payments that will be guaranteed by the organization.
10. All gifts and gift consideration must meet all applicable local, state, and federal laws and regulations.

Sample #6

This comprehensive sample provides detailed guidance for staff in working with major donors and articulates their respective responsibilities.

Acceptance

XYZ reserves the right to decline any financial commitment, gift, or bequest, as well as the right to determine how a gift will be credited and/or recognized.

Restricted and Unrestricted Gifts

Unrestricted gifts shall be encouraged unless 1) the donor indicates that he or she is only willing to make a restricted gift or 2) the option of a restricted gift will otherwise significantly increase the chances of obtaining a gift from the donor.

In drafting instruments for the gift of restricted funds to XYZ, or to any of its affiliated organizations, donors and their advisors shall be encouraged to use language that would permit application of the gift to a more general purpose if, in the opinion of the board, the designated purpose is no longer feasible.

All receipts from unrestricted bequests, annuities, charitable remainder trusts, or charitable lead trusts shall become a part of the general endowment, unless the executive committee determines a particular unrestricted gift of the type enumerated in this paragraph should be deposited in a different account.

Administrative Expenses

XYZ will not pay commissions or finder's fees as consideration for directing a gift to XYZ or to any of XYZ's affiliates.

Donors are responsible for obtaining their own appraisals for tax purposes of real property or tangible or intangible personal property being given to XYZ and for any fees or other expenses related to such appraisals.

XYZ retains the right to obtain its own qualified appraisals of real property or tangible or intangible personal property being offered as a gift at its own expense.

XYZ will acknowledge receipt of gifts of tangible personal or real property in accordance with the federal tax law and will sign any IRS form or other documents necessary for the donor



to obtain a tax deduction for such gifts, so long as such acknowledgment does not entail valuing the gift.

Prospective donors shall be responsible for their own legal, accounting, appraisal, transportation, and other fees related to XYZ.

Professional Advice

Prospective donors shall be strongly encouraged in all cases to consult with their own independent legal and/or tax advisors about proposed gifts, including tax and estate planning implications of the gifts. No representative of XYZ shall provide legal or tax advice to any donor or prospective donor.

Upon request, representatives of XYZ may provide to the donor sample bequest language for restricted and unrestricted gifts to ensure that a bequest is properly designated. XYZ may also provide, upon request, IRS-approved prototype trust agreements for review and consideration by the donor and his or her advisors. The sample nature of such language or agreements shall be clearly stated on all documents given to donors, and donors shall be advised that consultation with their own legal advisors is essential prior to use of such standard language or specimen agreements.

Confidentiality

All information about donors and prospective donors, including but not limited to their names, the names of their beneficiaries, the nature and amounts of their gifts, and the sizes of their estates will be kept confidential by XYZ and its representatives, unless the donor grants permission to release such information. All requests by donors for anonymity will be honored, except to the extent that XYZ is required by law to disclose the identity of donors.

Authority

The board chair or his or her designee is authorized to enter into planned gift agreements on behalf of XYZ and to execute any and all documents necessary or appropriate to consummate such agreements.

Any exceptions to these gift acceptance policies may be made only in exceptional circumstances, on an individual basis, and shall require the approval of the vice chair of development and the executive committee of the board.

These gift acceptance policies may be amended by the executive committee, upon recommendation from the development committee of the board.

Sample #7

This comprehensive policy outline presents a thorough gift acceptance policy that addresses ethical considerations, legal requirements, and administrative procedures.



Introduction

The purpose of this gift acceptance policy is to give guidance and counsel to those individuals within XYZ concerned with the planning, promotion, solicitation, receipt, acceptance, management, reporting, use, and disposition of private sector gifts.

These policies must be viewed as flexible and realistic in order to accommodate unpredictable situations as well as donor expectations, as long as such situations and expectations are consistent with XYZ's mission and policies. Flexibility must be maintained since some gift situations will be complex, and proper decisions can be made only after careful consideration of all related factors. These policies may, therefore, require that the merits of a particular gift be considered by the appropriate staff and/or committee of the board along with legal counsel and directors if necessary.

All fundraising activities and gift acceptance policies, and their day-to-day implementation, are designed and managed by the chief executive in conjunction with the appropriate staff, and are subject to approval by the board.

The board, through the finance committee and the chief executive, is responsible for the gift acceptance policy. This responsibility cannot be delegated or waived. These policies and authorizations shall be reviewed by the finance committee on an annual basis or as circumstances warrant.

Policy Statements

A. Board Acceptance of Gifts

The board shall exercise its public trust, as mandated by statute, in making final decisions for the acceptance of all gifts and grants and for any exception to its policies and guidelines. Gifts and gift instruments may be received by the chief executive but can be accepted officially only by the board as managers of the public trust.

XYZ shall accept only those gifts the transference and implementation of which shall be deemed consistent with the public laws and/or regulations of the United States of America and the State of [insert appropriate state].

B. Philanthropic Intent

The board shall determine that gifts to XYZ are evidence of philanthropic intent and that the donor's philanthropy is in accord with the stated mission and goals of XYZ. The purpose is to prevent XYZ from being an object of philanthropic intent for either designed or innocent avoidance of taxes, prejudiced purposes, or evaluation of gifts without generous, advanced, objective, experienced evaluation.

C. Ethics



The board shall assure itself that all philanthropic promotions and solicitation are ethical by adopting policies that prohibit XYZ personnel from benefiting personally by way of commissions or other devices related to gifts received.

D. Review Legal Arrangements

Legal counsel retained by XYZ shall, as required, review legal documents, contracts, and all donor agreements. XYZ shall seek the advice of legal counsel in all matters pertaining to its planned giving program. All agreements shall follow the formats of the specimen agreements to be approved by legal counsel unless counsel has agreed in writing to a change for a specific agreement.

XYZ shall encourage donors to seek their own counsel in matters relating to their bequests, life income gifts, tax planning, and estate planning. All legally binding documents involving gifts over \$___ shall be prepared and/or reviewed by counsel retained by the donor, to avoid any conflict of interest or undue influence. Alternatively, a donor may sign a document prepared by XYZ, releasing XYZ from any liability and waiving any conflict.

E. Professional Fees

While XYZ is happy to offer assistance to attorneys and other professional advisors by providing specific language to be used in charitable giving instruments, it cannot pay any attorney's or advisor's fees associated with this work.

F. Unacceptable Gifts

XYZ reserves the right to refuse any gift that is not consistent with its mission. In addition to and without limiting the generality of, the following gifts will not be accepted by XYZ:

1. Gifts that violate any federal, state, or local statute or ordinance
2. Gifts that contain unreasonable conditions (e.g., a lien or other encumbrance) or gifts of partial interest and property
3. Gifts that are financially unsound
4. Gifts that could expose the XYZ to liability

G. Stewardship

XYZ will be responsible for good stewardship toward its donors by following these guidelines:

1. All gifts will be acknowledged within the required, or otherwise reasonable, period of time.
2. All gift acknowledgment letters/receipts will be prepared by the chief executive or his or her designee.
3. Gifts to XYZ shall be reported in a manner consistent with the standards recommended by the Association of Fundraising Professionals (AFP) or the National Council on Planned Giving (NCPG).
4. Files, records, and mailing lists regarding all donors and donor prospects are maintained and controlled by XYZ. Maximum use will be made of information and contacts that



members of the board, various volunteer groups, or the staff have with potential donors. Written reports of interviews and solicitations will be maintained in the donor prospect file and/or computer.

5. This information is confidential and is strictly for the use of XYZ board and staff. Use of this information shall be restricted to organization purposes only. Donor has the right to review his or her donor fund file(s).
6. XYZ will provide the donors of endowed scholarships with appropriate information about the recipients of scholarship assistance.
7. Should the gift be restricted, XYZ will provide the donor with a narrative and financial report detailing the activities made possible by their support. This report will be submitted to the donor within ___ days of the completion of the underwritten activities.
8. Gifts to XYZ and accompanying correspondence will be considered confidential information, with the exception of the publication of donor recognition societies. All donor requests for confidentiality will be honored.
9. Names of donors will not be provided by XYZ to other organizations, nor will any lists be sold or given to other organizations.

H. Conflict of Interest

The XYZ board will assure itself that XYZ personnel are circumspect in all dealings with donors in order to avoid even the appearance of any act of self-dealing. The board will consider a transaction in which the employee has a “material financial interest” with a donor an act of self-dealing. In reviewing self-dealing transactions, the board shall consider financial interest “material” to an employee if it is sufficient to create an appearance of a conflict. In each case, this will be a question of fact.

The board will examine all acts of self-dealing including, but not limited to prohibition against personal benefit. Those individuals who normally engage in the solicitation of gifts on behalf of XYZ shall not personally benefit by way of commission, contract fees, salary, or other benefits from any donor in the performance of their duties on behalf of XYZ. (The definition of individuals includes each of the categories of employees of XYZ. Individuals are further defined to include associations, partnerships, corporations, or other enterprises in which a member of the staff holds a principal ownership interest.)

I. Conformity to Federal and State Laws

The board will assure itself that fundraising activities comply with local, state, and federal laws.

J. Gift Valuations

XYZ shall follow accepted guidelines for the valuation of gifts such as stock, real estate, personal property, and life insurance that require specific methods of valuation for the protection of both the donor and XYZ.



Gifts of art, furniture, books, stamps, coins, and other collections must have values assessed by properly accredited independent appraisers retained by potential donors for appropriate gift tax credit. XYZ shall acknowledge receipt of such properties but must not verify values.

K. Required Reporting of Gifts to the Internal Revenue Service

Should XYZ sell, exchange, or otherwise dispose of any gift (other than checks, cash, or publicly traded stocks or bonds), within two years after the date of the gift, XYZ will furnish the Internal Revenue Service and the donor with a completed Form 8282.

Suggested Resources

- Tempel, Eugene R. *Development Committee*. Washington, DC: BoardSource, 2004.
- Fowler, Ronald and Amy Henchey. "In-Kind Contributions." <http://www.irs.gov/pub/irs-tege/eotopice94.pdf>



Sponsorship Policies

Introduction

A corporate sponsorship is a financial relationship between a nonprofit organization and a commercial enterprise that is of mutual benefit. In exchange for money, products, or services, the nonprofit provides the corporation with recognition and, at times, use of its name in corporate marketing. Generally, there are four types of corporate sponsorship:

1. **Event Marketing:** A company sponsors a specific event. For example, Adidas, Heineken, and Hyundai have been sponsors of past Olympic Games.
2. **Partner Sponsorship:** A long-term partnership between a nonprofit and a corporation. For example, a local mechanic sponsors a little league baseball team.
3. **Cause-Related Marketing:** A corporate sponsor promotes a specific cause by donating a percentage of its profits from the purchase of a product or service. For example, American Express gives a percentage of its profits to Share our Strength.
4. **Endorsements:** A corporation pays a royalty fee for the use of a charity's name or logo on its products. For example, Nicoderm has given money to the American Lung Association to use the ALA name and logo in commercials and on its packaging.

Key Elements

- A sponsorship policy defines the relationship between the nonprofit organization and its corporate sponsors. It should provide guidelines on the types of companies the organization will work with and any potential concerns related to the nonprofit's mission and values.
- Sponsorships, by their very nature, require giving the company prominent recognition. A sponsorship policy should establish guidelines for corporate recognition based on the level or value of the sponsorship and, likewise, boundaries for use of the nonprofit's name and logo.
- The policy should also acknowledge who has authority for making sponsorship decisions. Depending on the scale and scope of the organization or the activity, the board may reserve the right to review and even approve corporate sponsorships.
- The board should establish and approve the organization's sponsorship policies, but staff will often handle operational issues, such as negotiating contracts, coordinating communication efforts, and implementing the activities.



- The board should establish parameters for sponsorship agreements that address limitations and exclusivity, requirements for entering and terminating contracts, and other basic terms.
- Responsibility for corporate sponsorships can be confusing. In nonprofit organizations, either the development or the marketing department may take charge. In corporations, it is often part of the marketing department, rather than the philanthropic or community affairs department.
- Not every nonprofit organization is suited to corporate sponsorships. Small nonprofit organizations may find sponsorship difficult because they lack the staff and resources required to work with a large company. Other organizations, with strong ideology or controversial missions, will find few companies willing to promote their cause.

Practical Tips

- ✓ Engage in the necessary due diligence with respect to a corporation. Make sure that the company's activities, affiliations, business practices, and reputation do not compromise the organization's mission or brand. Ensure that the nonprofit's supporters and stakeholders will be comfortable with this relationship.
- ✓ Clarify expectations on both sides. What does the organization want out of this relationship? How important is it in the short- and long-term? How does the company want to be recognized? Does it want sole sponsorship?
- ✓ Remain independent and true to the values of the organization. Do not allow a donor or a sponsor to steer the organization off of its course or beliefs.
- ✓ Beware of IRS regulations. The IRS regulates sponsorship relationships and separates them from taxable business activities, such as advertising. To avoid taxable income, sponsorship payments should not provide a substantial benefit to the company, but recognition is allowed. You can avoid taxable income and still acknowledge sponsors by citing the sponsor's name, logo, phone number, and address; using value-neutral descriptions of products and services; and linking to the sponsor's Web site's home page.

Sample Sponsorship Policies

Because there are so many variations on corporate sponsorships, from high-profile events and program underwriting to co-branding and product endorsements, the policies are relatively general.



Sample #1

This succinct statement affirms the organization's commitment to its values and establishes the board's authority for making decisions related to endorsements.

XYZ will not solicit or accept gifts from individuals or entities whose practices, policies, or operations are deemed unacceptable and contrary to the values implicit in its mission.

XYZ will not endorse the policies or views of its funders or donors.

XYZ will not promote corporate products without approval by the board.

Sample #2

This policy encourages active solicitation of sponsors for the organization's programs.

Policy Statement

XYZ actively solicits and encourages the business community, service clubs, and other organizations to become sponsors of XYZ events, programs, and services. XYZ enters into sponsorship agreements with sponsors it deems appropriate. Sponsorship agreements may vary by sponsor.

Definitions

A sponsorship is defined as a mutually beneficial exchange arranged in advance whereby

- XYZ obtains support for a specified activity.
- Sponsor receives value in return for cash and/or products and services-in-kind to XYZ.

Policy Objectives

XYZ's sponsorship policy has been developed within the framework provided by the [official credentialing agent].

Policy Principles

Sponsorship Approvals

XYZ's board has the right to refuse an offer of sponsorship that is deemed inappropriate or incompatible with the mission, goals, or best interests of XYZ.

Conditions of Sponsorship

XYZ undertakes to ensure that all partners understand that the sponsorship agreement will have no impact on the policies or practices, such as materials selection or purchases, of XYZ.



Use of XYZ's name or logo is strictly controlled. Any use of XYZ's name or logo by community or business partners requires prior approval in writing.

A partnership agreement will define the terms of the sponsorship (e.g., project details, timing, limitations, invoicing, and formal recognition of the sponsorship) and any recognition to be provided to the sponsor. The sponsorship agreement will have a set time period and all obligations on the part of XYZ and the sponsor will end upon the termination of the agreement, unless otherwise specified in the agreement.

Certain partnership agreements may entitle a sponsor to exclusivity. In all other cases a sponsor may not limit XYZ's ability to enter into other sponsorships.

Sponsor Recognition

Sponsors will be provided with a level of recognition commensurate with their contribution. Recognition shall be in conjunction with, but not limited to, the programs or services that are supported by the sponsor.

Charitable Tax Receipts

Charitable receipts may not be issued for sponsorships where the sponsor receives a benefit such as advertising or promotion in return for the donation. However, XYZ will issue an appropriate numbered receipt to its business partners for tax purposes.

Sample #3

This sample provides general guidelines for choosing a sponsor.

XYZ SPONSORSHIP POLICY

Definition

A sponsorship is a mutually beneficial exchange whereby the sponsor receives value in return for cash or goods or services-in-kind provided to the organization. The relationship requires a formal written agreement or confirmation setting out the terms of the sponsorship, including any recognition to be provided to the sponsor, and must be signed by an authorized member of the sponsor and by XYZ's chief executive or designee.

Tax receipts are not issued to sponsors. Sponsorships are usually considered business expenses and not charitable donations. They are typically funded from corporate marketing budgets. Sponsorships must comply with the organization's policy on conflict of interest. The organization reserves the right to refuse or decline any offer of sponsorship at its absolute discretion or to negotiate with the sponsor concerning any aspect of a proposed sponsorship.

Sponsorships do not imply endorsement of products or services by the organization. A sponsorship does not automatically imply any exclusive arrangement with the organization.



XYZ's chief executive, in concert with the marketing and communications division, is responsible for determining whether a sponsorship will be solicited and/or accepted based on an assessment of the best interests of the organization and the wishes of its members. XYZ's chief executive may refuse any sponsorship deemed at variance with the organization's mission, goals, policies, and best interests.

It is important that any sponsorship arrangement involving XYZ should

- Be unambiguous and clearly understood by all parties.
- Avoid any real or perceived conflict of interest.
- Avoid real or implied endorsement of a commercial product.
- Avoid partnerships with inappropriate individuals and organizations.
- Receive appropriate approval (see below).
- Be fully accountable to XYZ's board.

General Principles Governing Sponsorship

- There must not be preferential treatment as a result of sponsorship, for example an expectation that a company will get favored treatment by XYZ over a competitor.
- Where appropriate, sponsorship should be arranged after publicly calling for expressions of interest to ensure there is no disadvantage to any individual or business.
- Individual staff should not receive any substantial benefit from association with sponsors. Any commissions, substantial gifts, or other financial benefits should be brought to the attention of a supervisor.
- XYZ must retain control over any sponsored program and sponsors should not have any input into operational matters relating to a project they have sponsored.

Who Can Be a Sponsor?

- Sponsorship arrangements will only be with individuals or companies held in high regard.
- Sponsorship should be avoided with any industry or organization that has a real or perceived conflict of interest and does not support the way XYZ staff perform their duties.
- The sponsoring organization's policies and procedures will be in concert with the corporate philosophy of XYZ and not likely to cause embarrassment to XYZ.

General Guidelines

In order to ensure editorial integrity, XYZ has established the following principles to guide the acceptance and display of sponsorship advertising in association with its content:

- All sponsorship or advertising shall comply with the laws and regulations of the United States, including the Food and Drug Administration (FDA).
- XYZ shall have sole discretion for determining sponsors and the display of sponsor advertising. All sponsored programs will be recognized as such.
- Acceptance of sponsorship advertising shall in no way indicate XYZ's endorsement of the sponsor's products and/or services.



- XYZ shall review all sponsorship and advertising claims to therapeutic benefit and reject any unsubstantiated claims. XYZ will not knowingly advertise any forms of products or services that are harmful to health.
- Sponsors shall not dictate the form or substance of any content appearing on a sponsored program for XYZ.
- XYZ shall be directly responsible for communicating and ensuring compliance of its sponsorship advertising policy to all of its participants.
- The XYZ sponsorship policy will be available on XYZ's Web site.

Sample #4

This policy gives guidelines for product endorsement and sponsorships for special events.

Corporate Partnership/Product Endorsement Policy

XYZ will enter into corporate partnerships and/or endorse a product of a firm or individual only after careful consideration and research to ensure that doing so would be in the best interest of the organization.

When a request for a corporate partnership or product endorsement is received, or prior to the solicitation by XYZ of such a relationship, the executive committee or another committee so designated by the board chair will research the firm or individual to ensure the partnership or endorsement will be consistent with the current programs, position statements, and strategic plan of XYZ. Criteria to be evaluated during this research process may include, without limitation, corporate or individual history, compliance with applicable laws, and marketing practices.

After review of the proposed partner using the criteria set forth above, the resource development committee shall make a recommendation to the board concerning the proposed corporate partnership or product endorsement. The decision to approve the partnership or product endorsement must be made by a majority of those present and voting at a regularly scheduled board meeting. However, in the event that a decision is required between board meetings, the executive committee is authorized to act on behalf of the full board.

Special Event/Project Fundraising Policy

XYZ welcomes, encourages, and appreciates sponsored fundraising events/projects that benefit our programs and services. Any fundraiser considered must meet all applicable local, state, and federal laws and regulations. The following guidelines shall be adhered to when considering such events:

- Special fundraising events/projects shall be evaluated by the director of resource development using the following criteria: profitability, demands on staff time, strength of support from the organizing group/volunteers, public relations exposure, costs/budget, and potential conflicts of interest.



- The chief executive must approve the use or inference of XYZ's name, services, or logo.
- All promotional materials for special fundraising events/projects must be preapproved by the director of resource development. Promotional materials include media releases, fliers, invitations, posters, point-of-purchase stands, tickets, etc.
- The solicitation of corporate, foundation, individual, or association sponsors for a fundraising event/project must be preapproved by the director of resource development and the chief executive. This will avoid duplications and existing agency exclusives.
- XYZ reserves the right to disassociate itself from any event or project not in compliance with its policies, procedures, or guidelines.
- Any special fundraising event/project considered must meet all applicable local, state, and federal laws and regulations.
- Special fundraising events/projects not originated by the resource development committee must be brought to the attention of and reviewed by said committee. If the resource development committee deems a fundraiser to be in keeping with the mission and goals of XYZ, a recommendation will be made to the board concerning the proposed event/project. The decision to approve must be made by a majority of those present and voting at a regularly scheduled board meeting. However, in the event that a decision is required between board meetings, the executive committee is authorized to act on behalf of the full board.

Sample #5

This comprehensive policy defines terms, scope, and restrictions for sponsorship activities and clarifies the process for approving contracts.

XYZ SPONSORSHIP POLICY

I. Purpose

- A. The aim of this policy is to create an authorized environment for entering into sponsorship agreements with third parties where such sponsorships are mutually beneficial to both parties in a manner that is consistent with all applicable policies set by XYZ. The purpose of the policy and procedures as outlined is to
 1. Uphold XYZ's stewardship role to safeguard XYZ's assets and interests;
 2. Provide employees with guidelines and procedures based on best practices; and
 3. Protect XYZ from risk.
- B. The policy provides an enabling environment for XYZ to enter into sponsorship agreements within set guidelines and procedures for the purpose of optimizing non-tax revenue sources. Under the conditions of this policy, XYZ staff may solicit such sponsorship agreements.



- C. XYZ shall not relinquish to the sponsor any aspect of XYZ's right to manage and control XYZ's assets or facilities.
- D. This policy is not applicable to philanthropic contributions, grants, or unsolicited donations in which no benefits are granted to the sponsor and where no business relationship exists.

II. Scope

- A. This policy applies to all XYZ business units, departments, and divisions.
- B. This policy does not apply to
 - 1. Independent foundations or registered charitable organizations from which XYZ may receive benefit.
 - 2. Philanthropic contributions or unsolicited donations to XYZ.
 - 3. Funding obtained from other orders of government through formal grant programs.
 - 4. XYZ sponsorship support of external projects where XYZ provides funds to an outside organization.
 - 5. Third parties who lease XYZ property or hold permits with XYZ for activities or events

III. Definitions

- A. "Sponsorship" shall mean a mutually beneficial business arrangement between XYZ and a third party, wherein the third party provides cash and/or in-kind services to XYZ in return for access to the commercial and/or marketing potential associated with XYZ. Sponsorships may include sponsorship of one or more of XYZ's services, projects, events, facilities, or activities.
- B. "Sponsorship agreement" shall mean a mutually beneficial, contractual agreement that reflects the business arrangement for the exchange of commercial and/or marketing benefits between XYZ and a third party for a specified period of time.
- C. "Sponsor" shall mean a third party that enters into a sponsorship agreement with XYZ.
- D. "In-kind sponsorship" shall mean a sponsorship received in the form of goods and/or services rather than cash.
- E. "Request for sponsorship (RFS)" shall mean an open and competitive process whereby third parties may express their interest in participating in sponsorship opportunities with XYZ. Requests for sponsorship should include a summary of the sponsorship opportunity, benefits for participation, and a description of the open and competitive procedure for expressing interest in participating in sponsorship opportunities.



- F. “Naming rights” shall mean a type of sponsorship in which a third party purchases the exclusive right to name a whole asset or venue. The naming of a component of an asset or venue (e.g., a bench in a park, specific room in a building) is not considered to be naming rights for the purposes of this policy and would be categorized as per section VI (Type A, B, or D). Sponsorship naming rights are considered in the commercial context only, where the naming right is sold or exchanged for significant cash or other revenue support. This arrangement must be documented in an agreement signed by the interested parties and shall have a specified end date to the contractual obligations. This policy shall not apply to honorary and philanthropic naming rights, which are addressed as provided in the [relevant policy].
- G. “Naming rights agreement” shall mean a written contract evidencing the right to name or rename XYZ-owned facilities or land that contains terms acceptable to XYZ. In most cases, indemnification and termination clauses would be required as part of the agreement. All such agreements are to be reviewed by XYZ’s attorney prior to finalization to ensure that XYZ’s legal interests are protected. Dates indicating the term of the agreement should be included.
- H. “Philanthropic contribution” shall mean a contribution to XYZ from a third party for which there is no reciprocal commercial and/or marketing benefit expected or required from XYZ. Such contributions are separate and distinct from sponsorship and shall be governed by a separate XYZ policy.

IV. Restrictions

- A. In general, the following industries and products are not eligible for sponsorships with XYZ: police-regulated businesses; faith-based and political organizations; companies whose business is substantially derived from the sale of alcohol, tobacco, firearms, or adult use. Sponsorships by sponsors that fall into one of the above-stated categories shall be subject to review and approval by the board.
- B. XYZ shall reject advertising that does not comply with the standards set forth in this policy. All full advertising graphic designs must be submitted in sufficient detail to determine content and final general appearance to the [relevant administrator] or his or her designee for review and approval before application. The approval process for advertising design shall not exceed ___ business days from time of submittal.
- C. The following standards for advertising are adopted and will not be displayed if it
- i. Is false, misleading, or deceptive
 - ii. Relates to an illegal activity
 - iii. Is explicit sexual material, obscene material, or material harmful to minors



- iv. Advertises tobacco products
- v. Includes language that is obscene, vulgar, profane, or scatological
- vi. Relates to instruments, devices, items, products, or paraphernalia that are designed for use in connection with specific sexual activities
- vii. Depicts violence and/or antisocial behavior

V. Policy

- A. Sponsorships will not result in any loss of XYZ jurisdiction or authority.

VI. Sponsorship Categories

- A. Type A: Individual Sponsorship. Sponsorship of an individual XYZ event, program, or asset. Events, programs, or assets shall be limited to those coordinated or managed by a single departmental entity.
- B. Type B: Multiple Sponsorship. Sponsorship of a series of XYZ events, programs, or assets OR sponsorship of an individual event, program, or asset coordinated or managed by multiple departmental entities.
- C. Type C: Naming Rights Sponsorship. Any sponsorship that falls into the definition for naming rights.
- D. Type D: Purchasing Sponsorship. Any sponsorship that includes purchasing of commodities, materials, equipment, or services.

VII. Procedures and Authority

- A. All sponsorship projects must be submitted in writing to the [relevant administrator] or his or her designee using the [official form] [attached to this policy].
- B. Utilizing the approved [official form], a request for sponsorship (RFS) shall be developed and forwarded to the [relevant administrator] or his or her designee for approval. Upon approval, the RFS must be publicly noticed for a minimum of ___ business days prior to any designated closing date for submission of proposals. Public notice shall consist, at a minimum, of posting on XYZ's Web site.
- C. All sponsorship proposals must be submitted in writing. For all sponsorship proposals submitted in response to an RFS, with the exception of Type D sponsorships:
 - 1. Negotiations shall be conducted by designated contact as defined on the RFS. Negotiations may commence after the designated closing date for submission of proposals. If no closing date has been designated, negotiations may commence after the RFS has been publicly noticed for a minimum of ___ business days.



2. Upon completion of negotiations, [official form] shall be completed by designated contact and forwarded with [official transmittal slip] [attached to this policy] to [department director].
 - a) If “Fair Market Value” listed on [official form] does not exceed purchasing competitive bid threshold stated in the [relevant document], then [official form] shall be completed by designated contact and sent to [department director] for approval; ([official transmittal slip] will not be used). Upon approval, [department director] shall forward to [relevant administrator] or his/her designee. Skip to step 8 below.
 3. [Department director] shall forward to [risk management office].
 4. [Risk management] shall forward to [office of management and budget]. Upon approval by [office of management and budget], [official form] shall be forwarded to:
 - a) Type A: assistant administrator governing departmental entity under which sponsorship falls.
 - b) Type B: assistant administrator(s) governing any departmental entities under which sponsorship falls.
 - c) Type C: assistant administrator governing departmental entity responsible for facility.
 5. After approval by assistant administrator(s), the agreement shall be forwarded to attorney’s office.
 6. All sponsorships with sponsorship value in excess of [director of purchasing] bid award authority as stated in the [relevant document] shall be forwarded to [relevant administrator] for approval.
 7. All sponsorships in excess of [relevant administrator] bid award authority as stated in the [relevant document] are subject to approval by the board. In addition, all Type C sponsorships and all sponsorships by sponsors that fall into a category listed in the section titled “Restrictions” shall be subject to approval by the board, regardless of the sponsorship value.
 8. If not approved at any stage of approval process, [official form] shall be returned to designated contact with explanation for non-approval.
- D. All Type D sponsorship requests shall be governed by [board purchasing ordinance and policies].
- E. All approved sponsorship agreements must include
1. Signatures by authorized representatives of XYZ and the sponsor. Authorized representative of XYZ shall be the highest ranking approval authority from the above-stated review process.
 2. Term of the agreement, including provisions for termination.
 3. Details of the exchange of benefits, including what will be provided to XYZ by the sponsor and what will be provided by XYZ to the sponsor.



- F. A report summarizing approved sponsorship agreements shall be filed on the consent agenda of the board at least quarterly and filed with the clerk of the circuit court for placement in board records.
- G. Solicitation and negotiation of sponsorships will be conducted by XYZ staff who are specifically designated by the department director, or by outside contract as approved by the department director. Directors are responsible for ensuring that staff understand the requirements of this policy and that they are provided with appropriate guidance and/or training related to sponsorship practices. All XYZ sponsorship agreements will be negotiated in good faith and represent XYZ in a professional manner.

Sample #6

This detailed sample is attentive to the legal definitions of sponsorship and advertising. It details the types of sponsorship and advertising the organization deems acceptable and unacceptable.

ADVERTISING AND CORPORATE SPONSORSHIP POLICY

Statement of Policy

XYZ welcomes corporate support and advertising in organization publications subject to the following guidelines:

- XYZ will not accept advertising or corporate sponsorship that reflects in a negative manner on the organization, does not align with its mission statement, or is not in the best interest of the health and safety of the organization as determined by decision-making parties listed below.
- XYZ does not accept advertising or corporate sponsorships for certain categories of products and services, including alcohol products, illegal drugs and drug paraphernalia, weapons, tobacco products or establishments, sexual escort services, gambling opportunities or casinos, weight-loss products or plans, check cashing services, and credit cards.
- XYZ does not accept advertising or corporate sponsorship acknowledgments on its Web site.
- XYZ does not endorse, directly or by implication, any products, services, or ideas advertised except those sponsored directly by the organization.

Purpose of Policy

XYZ seeks to provide an environment in which [organization-specific activities] can occur relatively free from the pervasive messages of the broader commercial society. The advertising and corporate sponsorship policy is designed to guide decision making for XYZ personnel who are approached by external advertisers or sponsors who want to access the XYZ community and for departments and programs seeking supplemental revenue to support XYZ



activities from external advertisers or sponsors. The policy also is designed to be mindful of XYZ's status as a nonprofit organization under the law.

Procedures

Corporate Sponsorship

XYZ departments or organizations must receive approval from the office of development before gifts are solicited. Because corporate sponsorships are charitable contributions by IRS definition and must be appropriately receipted under the law, departments and organizations must report all gifts received to the office of development in order to ensure accurate accounting and acknowledgment of all contributions to XYZ.

To be considered a contribution, a corporate sponsorship payment must include all of the following characteristics:

- A payment received from a business or commercial enterprise
- A printed or other acknowledgment of the business or commercial enterprise from XYZ (e.g., included on a sports scoreboard, banner, or other display)
- The acknowledgment may not contain
- XYZ's endorsement of the business entity or its products or services
- Any qualitative or quantitative language about the business entity's products or services (e.g., statements or information about the quality or prices of products or services)
- Any information other than business name, logo, address, telephone, and/or Internet address
- The payment received may not be from a vendor as part of an exclusive provider arrangement between XYZ and that vendor

If the above characteristics are not all met, then the payment is considered advertising revenue according to tax laws and regulations (see tax implications below).

Advertising

To ensure XYZ's compliance with applicable tax laws and regulations, the responsible department head is required under this policy to notify the [director of accounting and budget services] about advertising activity if any of the following conditions exist:

- A publication is issued more frequently than once per year and it contains advertising.
- A substantial part of any XYZ employee's job is devoted to selling advertising.
- XYZ enters into an exclusive provider contract with a vendor and the vendor will make one or more payments to XYZ.
- Revenues received are to be classified as advertising revenues if the transaction has any of the following characteristics:
- An endorsement by XYZ of the business or commercial enterprise or its products or services
- Qualitative or quantitative language about the business or commercial enterprise's products or services



- An exclusive provider arrangement exists between XYZ and a vendor and the vendor makes a payment to XYZ
- Advertising revenues earned by XYZ are currently subject to [state and city] tax and should be classified as miscellaneous service revenue (account ____), so the applicable tax can be calculated and paid.
- Net income from advertising revenue (e.g., advertising revenue less related expenses) is currently subject to federal UBIT if any of the following conditions exists:
 - The publication is issued more frequently than once per year.
 - A substantial portion of any employee's job is devoted to selling advertising.
 - The revenues generated are from a payment(s) where an exclusive provider arrangement exists between the vendor and XYZ.

Tax Implications of Advertising and Corporate Sponsorship Revenue

For revenue classification and tax purposes, a distinction is made between corporate sponsorship and advertising revenues. Corporate sponsorship revenue is considered contribution revenue not subject to tax, whereas advertising revenue is subject to both [state and city] tax, and may be subject to federal UBIT depending on the facts and circumstances.

Definitions/Descriptions/Abbreviations

- “Advertising” means offering space in a print publication to another party for the purpose of promoting or marketing any trade or business, or any service, facility, or product. Advertising includes messages containing qualitative or comparative language, price information, or other indications of savings or value, an endorsement, or an inducement to purchase, sell, or use any company, service, facility, or product.
- “Corporate sponsorship” means accepting a contribution from a business or commercial enterprise in exchange for a printed or other acknowledgment that is limited to only the business name, logo, address, telephone, and/or Internet address.
- UBIT is federal unrelated business income tax.



Suggested Resources

- “What is a Corporate Sponsorship?” National Council of Nonprofits
<http://www.councilofnonprofits.org/resources/resources-type/toolkits/corporate-sponsorship-toolkit> .
- IRS. “Rules and Regulations, Taxation of Tax-Exempt Organizations’ Income From Corporate Sponsorship.” http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=2002_register&docid=02-9930-filed.pdf.
- Poderis, Toni. “Fitting Annual, Endowment, Capital, Sponsorship & Underwriting Campaigns into Your Organization’s Plans and then Making Them ‘Sing.’”
- <http://www.raise-funds.com/1999/fitting-annual-endowment-capital-and-sponsorship-underwriting-campaigns-into-your-organizations-plans-and-then-making-them-sing/>