

## **Sponsorships** <sup>[1]</sup>

### **In Brief**

- Sponsorships occur when companies or individuals provide money, services, or other support to a CU event or activity without receiving substantial benefit from CU in return.
- When the promotional benefit received by the sponsor exceeds mere acknowledgment of payment, the sponsorship becomes advertising income to CU ... and this may result in unrelated business income tax (UBIT).

### **Quick Look**

## **Procedural Statement - *effective date: 04/01/25***

### **General Requirements**

The University conducts functions - such as conferences, official functions, and fundraising events - at which organizational units may offer opportunities for corporate or individual sponsors to help underwrite costs associated with the event. The following procedures set forth rules and requirements for accepting, depositing, acknowledging, and documenting these sponsorships.

### **Sponsorships and Unrelated Business Income Tax**

A sponsorship is support of a University event or activity by a company or individual in which there is no arrangement or expectation that the company or individual will receive any substantial return benefit. Support may include a payment of money, transfer of property, gift in kind, or the provision of services. In return, the sponsor's name and/or logo may appear on event brochures, banners, or other promotional materials. When the promotional benefit received by the sponsor exceeds the mere acknowledgement of the payment, then the sponsorship becomes advertising income to the University. This advertising income, in turn, can result in unrelated business income tax (UBIT) for the University since advertising does not fall within the education and research mission of most organizational units at the University.

The following types of sponsorships **will not** result in UBIT. This is not an all-inclusive list.

- Visual display of sponsor name/sponsor logo on items such as the event web page, invitations, flyers, brochures, event program, banners, banquet table signage, or display monitor screens.
- Verbal recognition of the sponsor at the event.
- Value-neutral descriptions of the sponsor's product whether in a print, broadcast, or internet medium (that is, the descriptions do not contain qualitative or comparable language/description, price, or call to action to use or purchase the sponsor's products or services).
- A hyperlink on a University webpage to a sponsor's website and nothing more.

The following types of sponsorships **may** result in UBIT. This is not an all-inclusive list.

- There is a call to action relative to the sponsor's products, services, facilities, or company (i.e., language or logo itself, that promotes use or inducements to purchase sponsor's products, services, facilities, or company).
- There is a comparative or qualitative description, price information, or other indications of savings or value of the sponsor's products, services, facilities, or company (e.g., # 1 burgers in town, lowest prices in Colorado).
- Sponsorship payments whereby the individual or company is entitled to the use or acknowledgement of the business name, logo, or product lines in a University periodical versus an event-specific program or brochure.
- Payment by the sponsor for advertising in a periodical, which is defined as any regularly-scheduled and printed material (such as a monthly journal) that is published by or on behalf of the organization or one of its organizational units.

## Acceptance and Deposit Procedures

**Acceptance/Deposit - No gift tax receipt involved:** As a rule, sponsorships are considered to be a business or promotional expense, rather than a charitable donation, on the part of the company or individual offering the sponsorship payment to the University. In return for their sponsorship, the company/individual receives the benefits accorded to them as listed on the sponsorship agreement or associated with the articulated support levels (e.g., platinum, gold, silver sponsorships). The University does not issue a gift tax receipt for this type of payment. Sponsors are not offering the University a gift; they are sponsoring the event and receiving no substantial benefit in return. For assistance in determining insubstantial or substantial return benefit for an event, contact the appropriate campus controller.

When accepting a sponsorship and depositing the payment:

- The organizational unit can accept a sponsorship payment. Payment should be made payable to the Regents of the University of Colorado.
- Sponsorships that involve a contract or any related letter of agreement must be reviewed and signed by the campus controller.
- Deposit the payment as revenue into a University SpeedType, using Account 325119 (Miscellaneous Revenue - Sponsorships). Because the sponsorship does not constitute a gift, it should be deposited into an unrestricted fund (e.g., Fund 20, Fund 29).

- The organizational unit may send a thank-you letter to the sponsor. Since the thank-you letter is not a gift tax receipt, do not assign a value to the sponsorship or include language that could be misconstrued as a gift tax receipt. There should be no mention of the University's 501(c)(3) status or tax identification number. The word "donation" should not be used.

**Acceptance/Deposit - Gift tax receipt requested:** If a sponsor of a University event does request a gift tax receipt, then the organizational unit must treat the payment as a gift. For official functions and conferences, the University Treasurer's Office will issue the gift tax receipt to the sponsor. The receipt will reflect the total amount of the contribution, less the fair market value of any goods and/or services received from the University. For fundraising events, the Fundraising Events & Gift Compliance Specialist in the Office of University Controller will issue the gift tax receipt.

When accepting a sponsorship as a donation and depositing the payment:

- Payment should be made payable to the Regents of the University of Colorado.
- Because the sponsor is requesting a gift tax receipt, the sponsorship must be treated as a gift. Such sponsorship payments must be placed in a Fund 34 SpeedType whose purpose is consistent with that of the event. Follow regular campus procedures for depositing gift revenues; use Account 240411 (Revenues/Sponsorships).
- It is the responsibility of the organizational unit to document, in the Description Section of the Cash Receipt form, the fair market value (or non-gift amount) of what the sponsor received relative to the sponsorship payment. This information is required for accurate issuance of gift tax receipts by both the Treasurer's Office (conferences, official functions) and the Fundraising Events & Gift Compliance Specialist, Office of University Controller (fundraising events).

## Special Considerations

**University of Colorado Foundation (CU Foundation):** The CU Foundation may accept sponsorship monies on behalf of the University. Generally, University Development staff would solicit these sponsorships for an organizational unit event, with intent to deposit to the CU Foundation. If the CU Foundation is accepting a sponsorship payment and issuing the gift tax receipt, it is the responsibility of Development and organizational unit staff to communicate to and coordinate with the CU Foundation, any gift/non-gift components of the sponsorship payment for proper gift tax receipt acknowledgement. Multi-year sponsorship agreements are more appropriately handled by the CU Foundation.

Fundraising event sponsorships should be placed in the gift fund 34 Speedtype set up specifically for the event.

**Schools of Dental Medicine, Medicine, Skaggs School of Pharmacy and Pharmaceutical Sciences, College of Nursing, Colorado School of Public Health, Graduate School, and the Health Sciences Library at the Anschutz Medical Campus:** University organizational units at Anschutz Medical Campus must follow compliance rules and regulations that restrict industry partnerships. When considering entering into a sponsorship agreement, keep in mind

that:

- The Anschutz Medical Campus has adopted more restrictive policies to govern and guide interactions with pharmaceutical and medical device companies. For specific information, refer to both Procedures for Evaluating Conflicts of Interest and Commitment, eff. August 11, 2014, and the Office of Regulatory Compliance, at 303.724.1010.
- Industry support for Continuing Medical Education courses is governed by separate University and national guidelines. For information, contact the Office of Continuing Medical Education at 303.724.3552.

**Athletics, University of Colorado at Boulder:** Generally speaking, Learfield Sports Media/Buffalo Sports Properties administers all sponsorship agreements for the Athletic Department at the Boulder Campus. Questions related to athletic sponsorships on the Boulder Campus should be directed to the Office of Athletics Business Affairs.

**Athletics, University of Colorado at Boulder and University of Colorado at Colorado Springs - NCAA Compliance and Other Sponsorships:** University Athletic Departments have additional compliance rules and regulations that govern their operations. Please seek additional information from your campus Athletics Compliance Office. The sponsorship guidance contained in these procedures is intended to provide a reference solely for event sponsorships that fall under the University definition for a conference, official function, or fundraising event.

## Revision Log

- Updates 4/1/2025: Changed exception authority from Associate Vice President & University Controller to Director of Tax, with requests for exceptions to be submitted through the appropriate campus controller's office.
- Accounting Handbook Sponsorships Procedures published dated 9/15/2011.

## Exceptions

Unless approved by the Director of Tax in the Office of University Controller, there are no exceptions to this procedural statement. Requests for exceptions must be submitted through the appropriate campus controller's office [2].

## Questions & Feedback [3]

Feedback or Question \*

Your Name

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## Your Email Address

CAPTCHA

This question is for testing whether or not you are a human visitor and to prevent automated spam submissions.

Submit

Controller

### Groups audience:

Controller

### Right Sidebar:

AH Sponsorships CTA Side

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OUC-Where Policies

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**Source URL:**<https://www.cu.edu/controller/procedures/accounting-handbook/sponsorships>

### Links

[1] <https://www.cu.edu/controller/procedures/accounting-handbook/sponsorships>

[2] <https://www.cu.edu/controller/campus-controllers-finance-offices>

[3] <https://www.cu.edu/controller/forms/questions-feedback-0>