A.S. SPONSORSHIP DONATION POLICY

In keeping with the SDSU policy, the Associated Students shall only accept sponsorship payment from individuals or corporations whose payment meets the criteria for a qualifies sponsorship donation. A payment can be treated as a qualified donation as long as the payor (donor) receives no substantial return benefit other than the use of acknowledgement of the payor’s (donor’s) name or logo as part of sponsored event. The test to determine a substantial return benefit is to distinguish if the services provided by AS-SDSU in return for a qualified sponsorship payment constitute advertising or an acknowledgement.

Rules and Regulations

I. Pre Solicitation Approval: Solicitation of qualified donations in excess of $5,000 and/or from individuals with whom the University has an existing donor relationship or exclusive sponsorship and marketing rights agreement must be approved in advance. To ensure compliance, A.S. departments must annually submit a list of proposed contacts to the A.S. Business Office for prior annual approval.

The University has conveyed exclusive sponsorship and marketing rights to businesses in a variety of product categories. Therefore certain products and entities are not approved by University Policy for sponsorship/donation solicitation. These categories of products include all beverages including but not limited to soft drinks, bottled water, energy drinks, juices, and malt beverages. Donations from a competing entity in the beverage category must be limited to those without any public acknowledgement requirement. They also include automobile manufacturers, beverage distributorships, office supply retailers, business machines, sports apparel, sports footwear, and banking and financial services. Each of these agreements contains varying degrees of exclusive rights generally including fixed signage, advertising, and use of university identification. Any proposal for a sponsorship agreement in these categories must be approved in advance by the University. In accordance with University policy, Associated Students prohibits sponsorship or any agreement involving tobacco or illegal drugs.

II. Processing of Payments: All qualified cash payments received in support of A.S. programs must be received through The Campanile Foundation and all qualified gifts-in-kind must be reported to The Campanile Foundation to ensure appropriate University acknowledgement and the donor receives appropriate tax documentation.

II. Qualified Payment
a. Definition
A Qualified donation is any payment by a payor or business where there is no arrangement or expectation that the payor will receive any substantial return benefit thereby qualifying as a contribution. A payment can be money, transfer or property, or performance of services. However, only payment of money and property are treated as contributions.

b. Substantial Return Benefit
i. Definition
A Substantial return benefit is any benefit other than the use or acknowledgement, or certain disregarded benefits (goods or services) of insubstantial value.

ii. Benefits (considered a substantial return benefit)
Benefits provided to the payor or persons designated by the payor include:
1. Advertising
2. Exclusive provider arrangements
3. Goods, facilities, services or other privileges
4. Exclusive or nonexclusive rights to use SDSU’s logos or trademarks

iii. Use or Acknowledgement *(NOT considered a substantial return benefit)*
Use of acknowledgement may include the following:

1. Name, logos (or product lines), or slogans that do not contain qualitative or comparative descriptions of the payor’s products, services, facilities or company
2. Exclusive Sponsor arrangements
3. List of payor’s locations, telephone numbers, or internet address
4. Value-neutral descriptions (displays or visuals) of product-line or services
5. Payor’s brand name or trade name and product or service listings

Note: Mere display or distribution, whether for free or remuneration, of a payor’s product by the payor or SDSU to the general public at the sponsored activity is not considered an inducement to purchase, sell or use the payor’s product and will not affect the determination of whether a payment is a qualified sponsorship payment.

iv. Advertising *(considered a substantial return benefit)*

1. Definition
Any message or other programming material which is broadcast or otherwise transmitted, published, displayed or distributed, and which promotes or markets any trade, business, service, facility or product.

2. Advertising includes:
   a. Messages containing qualitative or comparative language,
   b. Price information or other indications of savings or value,
   c. An endorsement, or an inducement to purchase, sell, or use any company, service, facility or product.

Note: A single message that contains both advertising and an acknowledgement is advertising. This section does not apply to activities conducted by a payor on its own. For example, if a payor purchases broadcast time from a television station to advertise its product during commercial breaks in a sponsored program, the exempt organization’s activities are not thereby converted to advertising.

v. Exclusivity Arrangement

1. Exclusive Sponsor *(NOT considered a substantial return benefit)*
An arrangement, in exchange for payment, that acknowledges the payor as the exclusive sponsor generally does not result in a substantial return benefit as long as no advertising or other substantial return benefit is provided to the payor.

2. Exclusive Provider *(considered a substantial return benefit)*
An arrangement, in exchange for a payment, that limits the sale, distribution, availability, or use of competing products, services, or facilities in connection with an SDSU activity generally results in a substantial return benefit.
   a. If a payor receives both exclusive sponsorship and exclusive provider rights in exchange for making a payment, the fair market value of the exclusive provider arrangement and any other substantial return benefit is determined first.
   b. Level of Activity by SDSU
   Certain contractual arrangements that stipulate a requisite level of activity by SDSU can affect whether the sponsorship payment is considered a gift, a royalty payment, or rental income. Check IRS rules regarding UBTI for clarification.
vi. **Contingent Payments** *(considered a substantial return benefit)*

A *qualified sponsorship payment* does not include any payment that is contingent, by contract or otherwise, upon:
1. level of *attendance* at one or more events,
2. *broadcast ratings*, or
3. other factors indicating the *degree of public exposure* to sponsored activity.

Note: The fact that a payment is contingent upon sponsored events or activities actually being conducted does not, by itself, cause the payment to fail to be a qualified sponsorship payment.

III. **Examples**

**Example 1:** AS-SDSU organizes a walkathon at which it serves drinks and other refreshments provided free of charge by a X corporation. X corporation also provides prizes to be awarded to winners of the event. SDSU recognizes the assistance of X corporation by listing the corporations’ name in promotional flyers, in newspaper advertisements of the event and on T-shirts worn by participants. SDSU changes the name of its event to include the name of the corporation.

**Determination**
SDSU’s activities constitute *acknowledgement* of the sponsorship. The drinks, refreshments, and prizes provided by the corporation are a *qualified sponsorship payment*.

**Example 2:** SDSU maintains a Web site containing pertinent information for donors and alumni and its schedule of events. The X Company makes a payment to SDSU to fund an upcoming event, and SDSU posts a list of its sponsors on its Web site, including the X Company’s name and Internet address. SDSU’s Web site does not promote the X Company or advertise its merchandise or services. The X Company internet address appears as a hyperlink from SDSU’s Web site to X Company’s Web site.

**Determination**
SDSU’s posting of the X Company name and Internet address on its Web site constitutes *acknowledgment* of the sponsorship. The entire payment is a qualified sponsorship payment.