



Board of Trustees

Policy Statement
University Policy Library

Operational Area:	Business and Finance
Responsible Executive:	Chief Advancement Officer
Responsible Office:	University Advancement
Effective:	April 1, 2019

Sponsorships

Business and Finance

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I. Introduction

- A. **Authority:** C.R.S. § 23-54-102, *et seq.* (2019) authorizes the Trustees of Metropolitan State University of Denver (MSU Denver) to establish rules and regulations to govern and operate the University and its programs. The Trustees retain authority to approve, interpret, and administer policies pertaining to University governance. The Trustees authorize the President of MSU Denver to approve, administer, and interpret policies pertaining to University operations.
- B. **Purpose:** This policy provides guidance to schools, colleges, departments, and academic or administrative (collectively “University”) organizations on the sponsorship of University organization events, programs, publications, or other activities by non-university entities. This policy should be read in conjunction with the Metropolitan State University of Denver Foundation, Inc. “Gift Acceptance Policy,” the Metropolitan State University of Denver “Other Revenue Generating Programs Policy” and the “Naming of Facilities, Endowed Positions and Honorary Grants Policy.”
- C. **Scope:** This policy governs sponsorship of University organization events, programs, publications, or other activities by non-university entities. This policy applies to University employees, students, and organizational units.



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II. Roles and Responsibilities

- A. **Responsible Executive:** Chief Advancement Officer
- B. **Responsible Administrator:** Chief Foundation Relations Officer
- C. **Responsible Office:** University Advancement Office
- D. **Policy Contact:** Chief Foundation Relations Officer, 303-605-5815

III. Policy Statement

- A. Purpose

This Policy provides guidance to schools, colleges, departments, and academic or administrative (collectively “University”) organizations on the sponsorship of University organization events, programs, publications or other activities by non-university entities. This policy should be read in conjunction with the Metropolitan State University of Denver Foundation, Inc. “Gift Acceptance Policy,” the Metropolitan State University of Denver “Other Revenue Generating Programs Policy” and “Policy Governing the Naming of Facilities, Endowed Positions and Honorary Grants.” The University recognizes any Sponsorship arrangement in which a Facility or Endowed Position is named (as such terms are defined in the Policy Governing the Naming of Facilities, Endowed Positions and Honorary Grants) imposes an opportunity cost on the University’s ability to raise philanthropic funds in connection with the naming of such Facility or Endowed Position. Consequently, all Sponsorships in which a facility is named should be carefully considered and any decision to engage in such a Sponsorship should weigh the opportunity cost of foregoing the possibility of a philanthropic gift against the benefits provided by the Sponsorship opportunity. Sponsorship of University activities, programs or events by non-university entities can, when conducted in an appropriate manner, be beneficial to the sponsored University organization, as well as to the sponsoring entity, to the University community and



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to the state. However, it is also necessary to recognize that the University is a public institution and that its reputation and image must be protected, and that it must not serve to unduly advance the interests of one non-university entity or organization over another. Finally, University entities should be mindful of the significant value to non-university entities that results from the exposure and association with the University that a sponsorship relationship provides. The Office of the Vice President for University Advancement has been given the authority to administer these policies at the University. Questions pertaining to the policy, and requests for approvals or deviations from the policy should be directed to that office.

B. Key Provisions

1. It is generally permissible for University organizations to accept external support or sponsorship for events, programs, publications or other activities.
2. Acknowledgment of sponsorship is not the same as paid advertising. University Advancement strongly recommends pursuing qualified sponsorships rather than advertising.
3. Organizations that offer and provide support or underwriting for University events or activities may be sponsors. However, when a University entity acknowledges a sponsor, invariably an association in the mind of the public is created between the sponsor and University entity being sponsored. When a University entity is considering entering into a sponsorship relationship, it should consider the compatibility between its mission and image and that of the sponsor. Accordingly, there is an obligation of the University entity to decline sponsorship support from non-university organizations with a mission, message, image or reputation that is deemed incompatible with that of the University. For example, a sponsorship is unacceptable that 1) is in conflict with University policies; 2) adversely



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affects the University's reputation; 3) appears to create an endorsement by the University of a particular company, product, political candidate or position regarding public policies; 4) is considered to contain obscene, indecent or profane material; 5) ridicules, exploits or demeans persons on the basis of their age, color, creed, disability, national origin, race, religion, gender or sexual orientation; or 6) promotes products that fosters irresponsible conduct or behavior. When permitted, the content of any sponsorship acknowledgment related to a product that is inappropriate for underage consumption must include specific warnings against abusive or unsafe use of the product and/or must conspicuously promote its responsible use.

4. The support or sponsorship may be in the form of a gift of money or a gift-in-kind of goods and/or services.
5. Sponsorship is comprised of either 1) qualified sponsorship that meets the IRS guidelines for "qualified sponsorship payments" and as a result is not subject to unrelated business income tax ("UBIT") or 2) non-qualified sponsorship that does not meet those IRS guidelines. An acknowledgment of sponsorship may not include an endorsement by the University organization.
6. Special guidelines apply when the University organization name and/or logo is used. Refer to MSU Denver's brand guidelines found at msudenver.edu/brandcentral.
7. In limited circumstances, a sponsor may be granted permission to use University trademarks, names or logos but not without permission from the Associate to the President for Marketing and Communications for such use. Sponsorship of a University organization activity or event itself does not automatically give the sponsor the right to use any University trademarks, names or logos. Acknowledgments must be secondary and subordinate to the name, marks and other representations of the University school,



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college, department, unit, program or event to which the sponsorship relates. For example, a banner promoting a departmental conference should prominently identify the conference and the department, with sponsor logos or other acknowledgment placed on the bottom of the banner in a smaller script.

8. The University has designated the MSU Denver Foundation (“Foundation”) as the repository of private gifts made in support of the University unless otherwise specified by the donor. Consistent with this concept, the Foundation shall accept sponsorship monies on behalf of the University and shall be identified as a party to sponsorship agreements which should clearly identify roles and responsibilities of the Foundation. This would include accepting and accounting for sponsorship payments, and issuing related gift tax receipts.

C. Review and Approval

1. **Qualified Sponsorship.** If a sponsorship arrangement provides a sponsor only with a qualified acknowledgement, the unit may proceed without further approvals. If a sponsorship arrangement provides a sponsor with a return benefit in addition to a qualified acknowledgment, the terms of the arrangement need to be reviewed before being accepted. If it is determined that the return benefits can be disregarded for IRS purposes, then the unit may proceed without further approvals. Otherwise, the sponsorship will be considered a non-qualified sponsorship.
2. **Non-qualified Sponsorship.** If a sponsorship arrangement does not meet the criteria to be considered a qualified sponsorship, the terms of the arrangement need to be reviewed before being accepted. This is to determine whether there are UBIT or other implications related to the nature of either the acknowledgment or the return benefits. A formal



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written agreement outlining the specifics of the arrangement and any special terms and conditions in addition to the Standard Sponsorship Terms and Conditions will be required.

3. “Official” Sponsors. Because the use of the term “official” in connection with a sponsorship activity may constitute a prohibited endorsement, the University will permit use of the “official” designation only under certain conditions. An “official” sponsorship is different than a standard sponsorship. Therefore, “official” sponsorships need to be reviewed before being accepted.
4. Unrelated Business Income. As noted previously, Sponsorship is not subject to UBIT if the only return benefit to a sponsor is an acknowledgment and certain insubstantial other return benefits. Providing tangible benefits to a sponsor has the potential to make the entire sponsorship payment subject to tax. The nature of the return benefits must be evaluated to determine if UBIT applies to the sponsorship. If the return benefits are sufficiently insubstantial (e.g., generally considered anything valued at less than 2% of the amount of the sponsorship payment), no portion of the sponsorship payment is subject to UBIT. Because this is a complicated area, with exceptions that apply in certain limited circumstances, schools, colleges, departments or units who contemplate providing return benefits to sponsors other than those listed above need to seek assistance from General Counsel, the Office of the Controller or Foundation finance staff to evaluate any exposure to UBIT.
5. Acceptability of Sponsorships. When it is uncertain as to the acceptability of a sponsorship (e.g., it is unclear whether the sponsorship conflicts with University policy, or the sponsorship might have an adverse effect on the University’s reputation, or the character of the sponsor or sponsor’s product or service is questionable), the terms of the arrangement need to be reviewed before being accepted.



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IV. Definitions

- A. **Sponsorship** means the provision by a non-university entity of money, goods or services to a University organization in support of one or more activities, events or programs. In return, the sponsor may be provided an acknowledgment of the sponsorship, event tickets or programs, food, beverages or other tangible return benefits. Sponsorships are not advertising and may not include an endorsement. Although sponsorships are generally in support of activities, events or programs, a sponsorship may include the naming of a facility when return benefits (other than the simple naming of the facility) are provided to the donor.
- B. **Acknowledgment** is a term used to signify the recognition of sponsorship support. A typical acknowledgment of sponsorship is the placement of a sponsor's logo, and/or certain information about a sponsor, in the promotional material for the University event or activity being underwritten or supported by the sponsor. This might be on signage or a departmental web site, or in the marketing or promotional information about an event. An acknowledgment on a University web site may contain a link to the sponsor's home web page. Acknowledgments are not advertising.
- C. **Return Benefit** is any item or service provided to a sponsor in return for the sponsor's support or sponsorship of a University activity, event or program. Examples may include, but are not limited to, event tickets, food and beverages, t-shirts, mugs or access to University services.
- D. **Endorsement** means any statements or depictions which can be reasonably construed to contain or imply a preference by the University, by any of its units or employees speaking or acting as representatives of the University for one non-university interest over any other.
- E. **Qualified Sponsorship** means a sponsorship where the financial or other support meets the IRS guidelines for "qualified sponsorship payments." This means that the return benefit to the sponsor is an acknowledgment of the sponsorship that contains only such information as the sponsor's location, telephone number,



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internet address, value neutral descriptions of sponsor's products or services and the sponsor's logo, established slogan, brand or trade name.

1. A qualified acknowledgment may not contain qualitative or comparative statements (e.g., sponsor makes the best product), price information or indication of savings or value (e.g., sponsor's product or service is the best price in town), call to action (e.g., don't miss sponsor's huge sale) or endorsements (e.g., this product is preferred by MSU Denver faculty, staff and students).
 2. Qualified sponsorship payments are exempt from unrelated business income tax ("UBIT"). It may be permissible to provide a sponsor with some nominal or *de minimus* return benefits, in addition to an acknowledgment, and still be a qualified sponsorship, but because this is a complicated area, it cannot be assumed and additional review and approval is required. The University would prefer that most, if not all, sponsorships be qualified sponsorships, and exempt from UBIT, due to the significant accounting, recordkeeping and reporting obligations required for activities that generate UBI.
- F. **Non-Qualified Sponsorship** means a sponsorship where the financial or other support does not meet the IRS guidelines for "qualified sponsorship payments." A sponsorship may fall into this category because the acknowledgment or the return benefit(s) go beyond what is permissible to be considered a qualified sponsorship.
- G. **Gift-in-Kind** is a product or service donated, in lieu of a cash gift, to a school, college, department or unit.
- H. **Gift of Money** is a cash donation or pledge made directly or through the Metropolitan State University of Denver Foundation to a school, college, department or unit.



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V. Policy History

- A. **Effective:** April 1, 2019
- B. **Original Enactment:** December 4, 2015
- C. **Review:** This policy will be reviewed every five years or as deemed necessary by University leadership.

VI. Policy Approval

A handwritten signature in black ink, appearing to read "Janine Davidson".

Janine Davidson, Ph.D.
President, Metropolitan State University of Denver

A handwritten signature in black ink, appearing to read "John Paul Pogge".

John Paul Pogge, Esq.
Chair, Board of Trustees, Metropolitan State University of Denver