



Policy for Advertising and Sponsorships

Updated Jan 16 2013

The Emily Dickinson PTSA publishes items throughout the year including but not limited to the Membership Directory, Theater programs, Auction programs and posters publicizing these and other events. This policy clarifies how businesses can be listed in our publications. Dickinson PTSA does not sell advertising but we can solicit sponsorships.

EDPTSA does not sell Advertising.

Our PTSA does not sell or print advertising in any of our publications.

Why do we not sell Advertising?

The Dickinson PTSA is a nonprofit corporation. As a nonprofit we need to conduct business that is substantially in line with our tax exempt purpose or we may be responsible for paying Unrelated Business Income Tax. Having to pay Unrelated Business Income Tax would likely complicate our tax return making it cost more for preparation and provide little financial benefit for the limited funds we would likely earn from any Unrelated Business Income.

As of the policy effective date the IRS considers "advertising" Unrelated Business Income, they do allow a nonprofit to conduct up to \$1,000 per year of Unrelated Business Income without paying the tax but as a general rule the Dickinson PTSA will still avoid the sale of advertising in any amount.

For detailed information on advertising see IRS publication 598 Tax on Unrelated Business Income of Exempt Organizations

Sponsorships

While the IRS considers "advertising" Unrelated Business Income, sponsorships are considered excluded income and therefore are allowed. The Dickinson PTSA can solicit sponsorships and acknowledge these sponsors in our publications.

What Qualifies as a Sponsorship?

Sponsorship involves a donation to our PTSA from a business or corporation. We will acknowledge and thank sponsors for their donation by placing only their name, contact information and/or logo in our publications, no additional information such as coupons, business reviews, endorsements or additional information that could be construed as advertising may be used in our publications.

Sponsors should be made aware that their donations will be to the Dickinson PTSA. While a sponsor may choose to fund a specific need or a specific program any excess funds collected will be used for the Dickinson PTSA general fund.

For detailed information on this topic see IRS publication 598 Tax on Unrelated Business Income of Exempt Organizations - Chapter 3: *Qualified Sponsorship Payment and Advertising*



References: IRS Publication 598, Tax on Unrelated Business Income of Exempt Organizations
PTA and the Law (2013 version, Page 25)
<http://www.asaecenter.org> - White Paper on Corporate Sponsorship

EXAMPLES:

Calendar Press Room Sign In
Everett Performing Arts Center
2710 Wetmore Avenue
Everett, WA 98201
Box Office: (425) 257-8600

SEASON SPONSORS Microsoft Pogacha MEDIA SPONSOR The Seattle Times

Foster Engineering
Proud sponsor of the Cook County School District Science Clubs

For Board Member Background and Information Only:

Following Excerpt is From: http://www.irs.gov/publications/p598/ch03.html#en_US_2011_publink1000267776

Qualified sponsorship activities. Soliciting and receiving qualified sponsorship payments is not an unrelated trade or business, and the payments are not subject to unrelated business income tax.

Qualified sponsorship payment. This is any payment made by a person engaged in a trade or business for which the person will receive no substantial benefit other than the use or acknowledgment of the business name, logo, or product lines in connection with the organization's activities. "Use or acknowledgment" does not include advertising the sponsor's products or services. The organization's activities include all its activities, whether or not related to its exempt purposes.

For example, if, in return for receiving a sponsorship payment, an organization promises to use the sponsor's name or logo in acknowledging the sponsor's support for an educational or fundraising event, the payment is a qualified sponsorship payment and is not subject to the unrelated business income tax.

Providing facilities, services, or other privileges (for example, complimentary tickets, pro-am playing spots in golf tournaments, or receptions for major donors) to a sponsor or the sponsor's designees in connection with a sponsorship payment does not affect whether the payment is a qualified sponsorship payment. Instead, providing these goods or services is treated as a separate transaction in determining whether the organization has unrelated business income from the event. Generally, if the services or facilities are not a substantial benefit or if providing them is a related business activity, the payments will not be subject to the unrelated business income tax.

Similarly, the sponsor's receipt of a license to use an intangible asset (for example, a trademark, logo, or designation) of the organization is treated as separate from the qualified sponsorship transaction in determining whether the organization has unrelated business taxable income.



If part of a payment would be a qualified sponsorship payment if paid separately, that part is treated as a separate payment. For example, if a sponsorship payment entitles the sponsor to both product advertising and the use or acknowledgment of the sponsor's name or logo by the organization, then the unrelated business income tax does not apply to the part of the payment that is more than the fair market value of the product advertising.

Advertising. A payment is not a qualified sponsorship payment if, in return, the organization advertises the sponsor's products or services. For information on the treatment of payments for advertising, see *Exploitation of Exempt Activity—Advertising Sales* in chapter 4.

Advertising includes:

1. Messages containing qualitative or comparative language, price information, or other indications of savings or value;
2. Endorsements; and
3. Inducements to purchase, sell, or use the products or services.

The use of promotional logos or slogans that are an established part of the sponsor's identity is not, by itself, advertising. In addition, mere distribution or display of a sponsor's product by the organization to the public at a sponsored event, whether for free or for remuneration, is considered use or acknowledgment of the product rather than advertising.