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I. POLICY SUMMARY

The [University of California](#) (UC) [Division of Agriculture and Natural Resources](#) (ANR) appreciates the generosity and commitment of individuals, corporations, foundations, trusts, and other organizations that support ANR's mission. Unfortunately, inappropriate acceptance and/or acknowledgment of a gift can negatively affect UC ANR. This section of the [Handbook](#) will establish appropriate Division policy and guidelines, as well as discuss the tax consequences of qualified sponsorships and the impact acceptance of a sponsorship can have on UC ANR's reputation. This section will also identify the best practices for implementing this policy in the UC ANR environment.

This policy does not discuss gifts in-kind, contracts and grants, endowments, or restricted funds (other than Qualified Sponsorships as defined below). This policy attempts to provide support for common situations that [UC ANR](#) programs face, especially how to solicit and recognize a sponsor without inadvertently advertising or promoting a product or business. Of equal importance for UC ANR is avoiding any conflicts of interest and/or any damage to UC ANR's reputation.

II. DEFINITIONS

Qualified Sponsorship: a payment made by a person or company that is engaged in a trade or business for which there is no arrangement or expectation that they will receive a substantial benefit other than acknowledgement or recognition of the company's name and/or logo.

Advertisement: a message that implies endorsement, and/or contains qualitative or comparative language, and/or contains price information or other indications of savings or value, and/or is an inducement to purchase, sell, or use certain products, and/or, in the context of websites, can be recognized by their use of banner ads, or a direct link making purchase of goods or services easier to obtain.

If a single message contains both advertising and sponsorship recognition it will be regarded as advertising.

III. POLICY TEXT

A. Guidelines

1. This section of the [Handbook](#) is not meant to constrain efforts to attract sponsorship to support UC ANR's programmatic activities. Rather, it is intended to:
 - a. Help determine if sponsorship from a particular trade or business in specific situations is in UC ANR's best interest.
 - b. Describe what UC ANR may and may not do to recognize the sponsor (Qualified Sponsorship).

- c. Provide guidelines to judge when recognition of a sponsor may cross the line and imply UC ANR's endorsement of a commercial interest (e.g., constitute an advertisement).
 - d. Reduce risk to UC ANR's reputation through association with specific trades or businesses.
2. As a large public institution, all UC ANR research, including research sponsored by industry, is governed by the UC's traditionally upheld commitment to the free exchange of ideas and the timely dissemination of research results.
3. The California Education Code [Section 92000-92001](#) prohibits the use of the University of California's name for purposes of advertising. This policy is intended to shield UC ANR's research and public service activities from undue influence by commercial pressures.
4. All gifts, including Qualified Sponsorships, are considered public monies and are subject to public disclosure. Accordingly, all records related to a sponsor's gift are disclosable under the [California Public Records Act](#), unless the donor requests anonymity and the gift is not over \$5,000.

B. Sponsorship Conflict of Interest Risks

1. The risks of UC ANR's acknowledgment of sponsorship include, but are not limited to, the following.
 - a. Potential appearance of a conflict of interest and/or of an actual conflict of interest,
 - b. Potential appearance of improper conduct and/or of actual improper conduct,
 - c. Potential that UC ANR's activities may appear to be influenced by sponsor and/or may actually be influenced by sponsor,
 - d. Potential that a sponsor's trade or business activities may damage UC ANR's image, and/or
 - e. Potential for endangerment of UC's tax-exempt status based on federal, state, and UC accounting requirements.
2. The public's perception of a conflict of interest can present as great a risk to UC ANR's reputation as an actual conflict of interest. See the Frequently Asked Questions section below for matters to consider before accepting sponsorship.

C. Avoiding Inadvertent Advertising

1. UC is a non-profit, tax-exempt organization. However, the Internal Revenue Service (IRS) can tax our organization when UC engages in "unrelated trade or business activities" that contradicts our non-profit purpose.
2. If UC ANR recognizes a sponsor in a manner that the IRS considers Advertising,

then the sponsorship payment becomes taxable income to UC.

- a. Having to report this type of income creates an avoidable administrative burden.
 - b. Additionally, the sponsor will forfeit its tax deduction, because their donation is no longer a charitable donation, but rather taxable Advertising income.
 - c. Less money will be available for the actual program or event.
3. The IRS definition of a Qualified Sponsorship is broad and ambiguous. The following guidelines may be useful to differentiate between the acceptable acknowledgment of a Qualified Sponsorship and an acknowledgment that constitutes Advertising.
- a. Acceptable: The gift is monetary (not in-kind) and is designated for support of the specific event or program for which it was solicited.
 - b. Acceptable: The sponsor has no expectations regarding reciprocity or exchange beyond gratitude and does not articulate a specific form of recognition other than displaying its logo.
 - c. Unacceptable: Only a single sponsor among multiple potential sponsors in a particular type of trade or business was solicited (e.g., UC ANR can neither approach only the “X Seed Company” for sponsorship, nor exclude other seed businesses as a condition of sponsorship.)
4. The following examples would constitute Advertising or a substantial benefit and would require consultation with [Development Services](#):
- a. Sponsor articulates very specific recognition expectations in return for its sponsorship (e.g., sponsor wants to be recognized in written publications, wants to be recognized multiple times, etc.).
 - b. Sponsor requests to be the exclusive representative of a particular category of trade or business and wants to exclude other competitors.
 - c. Sponsor wants acknowledgment that includes messages containing qualitative or comparative language; price information, or indications of savings or value; an endorsement; or an inducement to buy, sell, or use any company, service, facility, or product.
 - d. Sponsorship quid pro quo, meaning goods or services were provided in exchange (consideration) for the gift (strings attached).
5. Sponsorship of Specific Research Projects

If a sponsor wishes to support a specific research project and expects research deliverables, a formal extramural funding agreement is required. UC ANR personnel should contact the [ANR Contracts and Grants Director](#).

6. It can be difficult to identify a single, easily definable bright line between sponsorship recognition and advertising. Situational factors vary and certain non-intuitive specific exemptions may apply. Accordingly, UC ANR personnel should contact [Development Services](#) with any questions and/or areas of uncertainty that they may have.

D. Proper Acknowledgement of Sponsors in Print or on the Web

1. All web pages or publications displaying a sponsor's link and/or logo shall include the following disclaimer:

"Links to websites (or sponsor names and/or logos) do not imply endorsement by the University of California or its affiliates."
2. A sponsor's logo on the web or in print should be smaller in dimension than the UC seal, the UC ANR logo, and/or the ANR program logo (e.g., the UCCE Master Gardener Program poppy logo, etc.) that may appear on the same page, ensuring that the public understands that this is a UC ANR program.
3. Avoid identifying a specific dollar value of the sponsorship. If multiple sponsors are being acknowledged, it is acceptable to identify a dollar range of sponsorship (e.g., "UC ANR thanks the following firms who made contributions of up to \$100" and "UC ANR thanks the following firms that made contributions in the range of \$101 - \$1,000", etc.).
4. The sponsor's address and telephone number may not be identified, but the city may be (e.g., "Printing sponsored by Acme Printing of San Carlos").
5. Corporate slogans must not be included.
6. Sponsors' links and/or logos must not be displayed on the home page of any UC ANR Cooperative Extension office, Research and Extension Center, Statewide Program, or Business Unit.
 - a. The display of a sponsor's web link and/or logo is permitted but is restricted to secondary or lower-level webpages.
 - b. The link should send the user to the sponsor's home page and not to the sponsor's shopping cart or merchandise purchasing page.

E. Minimum Records Requirements

1. The recipient of a qualified sponsorship should immediately acknowledge its receipt in writing. The acknowledgment letter may express appreciation for the gift, but it should not imply official UC acceptance, unless the [UC ANR Vice President](#) has given the writer a written re-delegation of authority to accept gifts in the subject amount.
2. At minimum, the content of the acknowledgment must contain the sponsor's name, donation amount, date, name of department, unit or program that solicited

the gift, and the name of the specific activity or the event that the sponsor wishes to support.

3. Include the following in a footnote:

"University of California and/or Agriculture and Natural Resources is the property of the State of California and accordingly, the sponsor may not use those terms to imply, indirectly or directly, that the organization, or any product or service of such organization is connected or affiliated with, or is endorsed, favored, or supported by, or is opposed by the University of California.

All records related to this sponsorship, including but not limited to the written memorialization itself, may be subject to the California Public Records Act, unless sponsor request anonymity and the amount of the gift is less than \$5,000."

4. The best practice for recording the qualified sponsorship is to utilize Appendix A, Sample Letter Acknowledging Acceptance of Sponsorship and/or Sponsorship Recognition.
 - a. The standards list helpful boundaries within which UC ANR may recognize sponsors appropriately, while making clear that ANR does not endorse the sponsor and/or their product.
 - b. An official, detailed, written agreement is necessary for all other forms of sponsorship and/or sponsorship recognition that are not a qualified sponsorship or if the amount of the gift is \$1,000 or more. UC ANR personnel should contact the [UC ANR Development Services Director](#) to determine whether a sponsorship arrangement requires a formal written agreement. The UC ANR Development Services Director will oversee the associated administrative process.

IV. COMPLIANCE / RESPONSIBILITIES

- A. The [UC ANR Development Services Director](#) is responsible for implementation of this policy and has been delegated the relevant decision-making authority. Questions or concerns should be forwarded to the [Director](#).
- B. The [UC ANR Vice President](#) has overall authority and responsibility for this policy in the ANR environment. The [UC ANR Vice President](#) may approve exceptions to this policy on recommendation of the [UC ANR Development Services Director](#). In the event of any internal disagreement about this policy, the decision of the UC ANR [Vice President](#) will be final.

V. PROCEDURES

- A. Qualified Sponsorships from businesses, corporations, private foundations, and

individuals are considered gifts.

- B.** Financial contributions from governmental (such as CDFC) and other public entities (such as Universities) are not charitable donations (gifts) because these governmental agencies receive public funds. Although these agencies may also receive revenue from non-public sources, the source of the revenue is indistinguishable to us when we receive their contributions.
1. Meeting and event sponsorships from public entities may be processed as conference fees. Meeting and event sponsorships from businesses, corporations, private foundations, and individuals are processed as gifts.
 2. Here is a [list](#) of non-governmental/non-profits whose Qualified Sponsorship should be processed as conference fees.
- C.** Use of the UDEV 100 form is mandatory for gifts of \$1,000 or more, all gifts for endowment, and gifts of real property.

VI. RELATED INFORMATION

- Appendix A, Sample Letter Acknowledging Acceptance of Sponsorship and/or Sponsorship Recognition.
- UC ANR [Administrative Handbook](#), Section 206, [Gifts](#).
- UC Office of the President Research Administration Office Guidelines on University - Industry Relations.
- UC ANR [Delegations of Authority](#)
- 4-H National Headquarters Sponsorships and Promotions Fact Sheet.

VII. FREQUENTLY ASKED QUESTIONS

What questions should I consider before accepting sponsorship?

- **Is there a Conflict of Interest?**

Perform a basic review of potential sponsors to get to know them. While performing the review, check how the sponsor is perceived by the public. Does the sponsor/private company have a positive public image? Will acceptance of this sponsorship lead to criticism of UC ANR from the public or the media?

- **What kind of things might give the appearance of undue influence?**

Although there are numerous illustrations, offering naming rights for sponsored activities is an example that could give the appearance that the sponsor “owns” the program and/or activity. In turn, the impression of ownership may give the appearance that UC ANR endorses the sponsor’s product or services. Be sure that sponsorship acceptance will not hinder your department from carrying out its functions fully and impartially.

- **Will the sponsorship arrangement survive critical public scrutiny?**
Relations between UC ANR and industry sponsors must be conducted in a transparent manner that will stand up to public scrutiny and preserve the public trust.
- **Will the sponsorship create confusion over UC ANR's aims and objectives?**
The aims of the sponsor/private company should be complementary to UC ANR's priorities.

Is giving a sponsor an exhibitor table considered advertising?

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

Can we put a sponsor's logo on a banner, flyer, brochure, or t-shirt?

The use of promotional logos that are an established part of the sponsor's identity is not, by itself, advertising. A sponsor's logo should be smaller in dimension than the UC seal, the UC ANR logo, and/or the ANR program logo.

Can we give sponsors complimentary tickets, cups, or t-shirts?

Providing facilities, services, or other privileges (for example, complimentary tickets, program playing spots in golf tournaments, or receptions for major donors) to a sponsor or the sponsor's designees in connection with a sponsorship does not prevent the payment from being a Qualified Sponsorship. Instead, such privileges are treated as a separate transaction in determining whether UC ANR has received business income unrelated to the event. Generally, if the services or facilities provided to the sponsor are not a "substantial benefit" or if providing the privileges is a related business activity, the payment is not subject to the unrelated business income tax.

For example, if a sponsorship payment entitles the sponsor to both product advertising and the use/acknowledgment of the sponsor's name/logo, any unrelated business income tax will not apply to the part of the payment that is more than the fair market value of the product advertising.

VIII. REVISION HISTORY

Not applicable

APPENDIX A
SAMPLE LETTER OF SUPPORT ACKNOWLEDGEMENT AND UNDERSTANDING

Sponsor Name _____ Corporate Representative _____

Address _____ State _____ Zip _____

Phone _____ Email _____

Date of contribution: _____ Dept. Name: _____

Specific event, group, program or activity _____

The University of California (UC) Division of Agriculture and Natural Resources (ANR) appreciates the generosity and commitment of individuals, corporations, foundations, trusts and other organizations that sponsor (support) UC ANR's mission. UC ANR will publicly recognize such sponsorship in an appropriately tasteful, unobtrusive, and non-commercial manner.

We very much appreciate your interest in, and valuable support of, UC ANR.

With your sponsorship commitment of \$____ we will acknowledge your donation in connection with the activities of our organization listed on line____ by placing your name, web link or corporate logo:

____ *On our web page*

____ *On all printed material publicizing this event*

____ *Within a stand-alone publication (e.g., "Printing sponsored by Acme Printing,")*

Other _____

- *No goods or services were provided in exchange for this gift.*
- *Links or logos will be located at the bottom of our secondary or lower-level pages web page or the lower portion of the right column and not larger than the supported organization's logo.*
- *The name "University of California" and all abbreviations are property of the State of California and may not be used to imply, either directly or indirectly, the University's endorsement, support, favor, association with, or opposition to an organization, product, or service without permission of the University.*
- *Some details of commercial sponsorship are subject to the California Public Records Act*

Name of Department Head

Signature