



Sponsorship Guidelines

The law permits non-profit 501(c)3 organization such as PTAs, to be exempt from paying federal income taxes on income from corporate sponsorships, as long as the benefits that are given back to the organization fall within IRS guidelines.

Follow PTA's Noncommercial Policy

- Do not make a qualitative judgment on the sponsor's products or services.
- Do not include comparative language or language that implies good quality in the acknowledgment.
- Do not ask your members or the public to buy the products or services of the sponsor.
- Do not endorse a product or service.

Acceptable Acknowledgments

This includes the transmission or display of a sponsor's logos and slogans that do not contain comparative or qualitative description of its products and services. It may include sponsor locations, telephone numbers, and value-neutral description of a sponsor's product line or services.

Unacceptable Acknowledgments that include advertising

To the extent that the acknowledgment exceeds mere identification and, instead, promotes the sponsor's product or services, the recognition may instead be treated as advertising rather than an acknowledgment. Price information would generally be treated as advertising rather than acknowledgment. Any encouragement to buy, sell, rent, or lease a sponsor's product or service would likewise be treated as advertising rather than donor acknowledgment.

Permissible Activities

- Give the corporate sponsor an acknowledgment of thanks in return for the donation.
- Identify the sponsor's name, a picture of their product, an address, phone number, web page.
- Include the logo or slogan of the sponsor for example: "Ford, Where Quality is Job One"
- Hang a company banner up with their name, logo, or any type of language that says they are a sponsor
- Provide free product samples. For example, it is acceptable to have a banner which states, "Pepsi: Valued sponsor of the PTA Event – free samples at Booth 56"

Prohibited Activities

- **Do not** include any comparative statement such as, "MCI is better than AT&T!" or "Chevy: Best Car in America!"
- **Do not** call for someone to purchase a product. For example, "List your home with Century 21 today!" or "Wells Fargo: Open an account today!"
- **Do not** hang a banner which states, "PTA hates Coca-Cola and loves Pepsi."

Thank You,
Sponsors

Corporate Sponsorship Overview

Sponsorships can help state and local PTAs further programs, aims, and goals of the association and can be linked to specific events, programs, activities, or publications, or can be added to general funds. Sponsorship money or in-kind donations shall not be solicited nor accepted from companies that manufacture products or take public positions inconsistent with National PTA's positions and resolutions (e.g., alcohol, tobacco, or firearm companies).

Sponsorship vs. Endorsement

Corporate Sponsorship is a funding mechanism in which a commercial concern provides cash, products, or know-how to a charitable or educational association in return for an acknowledgment of thanks. The acknowledgment of thanks generally takes the form of public recognition for the sponsor's support.

Sponsorships are an appropriate means of funding projects and programs that promote the objectives of the association.

A special provision in the IRS guidelines makes 501(c)(3) organizations exempt from paying federal income taxes on income from corporate sponsorships, as long as the benefits that are given back to the corporate sponsor fall within IRS guidelines. Because qualifying corporate sponsorship income is considered a charitable donation, there is no limit to the amount that can be received by a 501(c)(3) organization.

Endorsement activities are fundraising mechanisms in which charitable or educational associations endorse the products or services of commercial concerns.

Endorsement activities are not appropriate for PTA participation based on PTA's noncommercial policy, available on page 7 of the National PTA Fundraising Quick Reference Guide.

Recognition Guidelines. In return for sponsorship, a PTA may thank the sponsor for its contribution. The thank-you may be in writing or on posters, banners, or other appropriate media. The written acknowledgement must be limited to an expression of thanks and can list identifying information for the sponsor. **The acknowledgement can never make a qualitative judgment regarding the sponsor or its product, and it cannot request that people patronize the sponsor or buy its products; otherwise, the sponsorship payment will be subject to federal income tax.**

<https://www.irs.gov/charities-non-profits/charitable-organizations/exemption-requirements-section-501c3-organizations>

The screenshot shows the IRS website interface. At the top, there is a search bar and navigation links for 'Charities & Nonprofits' and 'Tax Pros'. Below this is a main navigation bar with categories: 'File', 'Pay', 'Refunds', 'Credits & Deductions', and 'Forms & Instructions'. The current page is titled 'Tax Information for Charitable Organizations'. On the left, there is a sidebar menu with links such as 'Charitable Organizations', 'Applying for Tax Exempt Status', 'Annual Reporting & Filing', 'Revoked? Reinstate? Learn More', 'Tax Exempt Organization Search', 'How to Stay Exempt', 'Educational Resources and Guidance', 'About Us', 'Churches and Religious Organizations', 'Political Organizations', 'Private Foundations', 'Other Non-Profits', 'Contributors', 'Search for Charities', 'Education Sessions', 'Charity and Nonprofit Audits', 'Life Cycle', and 'Free e-Newsletter'. The main content area features several key links: 'Exemption Requirements - 501(c)(3) Organizations', 'Application for Recognition of Exemption', 'Exempt Organizations - Required Filings', 'Publication 4573, Group Exemptions', 'The Restriction of Political Campaign Intervention by Section 501(c)(3) Tax-Exempt Organizations', 'Unrelated Business Income Tax', 'Employment Taxes for Exempt Organizations', 'Tax Information for Churches and Religious Organizations', and 'Tax Information for Contributors'. On the right side, there is a 'Charities & Non-Profits Topics' section with a list of links including 'Charities & Non-Profits A-Z Site Index', 'Tax Exempt Organization Search', 'Calendar of Events', 'Exempt Organizations Audit Process', 'Current Edition of Exempt Organizations Update', 'Webinars for Tax Exempt Government Entities', 'Life Cycle of an Exempt Organization', 'Taxpayer Bill of Rights', 'Requesting Educational Services from Tax Exempt Government Entities', 'Tax Exempt Government Entities Division At a Glance', 'Tax Exempt and Government Entities Issue Synopsis', and 'Tax Topic 102 - Tax Assistance for Individuals with Disabilities'.