

Accounting Process for Sponsorships

Liberty University conducts functions at which organizational units (i.e., Colleges, Schools, Centers and/or Departments) may offer opportunities for corporate or individual sponsors to help underwrite costs associated with unit events or programs. The following procedures set forth rules and requirements for accepting, depositing, acknowledging, and documenting these sponsorships.

Qualified Sponsorships

A qualified sponsorship is any payment (may be cash, transfer of property, or provision of services) by any person engaged in a trade or business where there is no arrangement or expectation that the person will receive any substantial return benefit. Support may include a payment of money, transfer of property, or the provision of services. Qualified sponsorships are considered donations and are not taxable income to the University. A qualified sponsorship may include the following:

- Use of logos and slogans on event brochures, banners or other promotional material, that **do not** contain qualitative or comparative descriptions of the payor's products, services, facilities, or company
- Providing a list of the payor's business locations, telephone numbers, or internet address
- Use of payor's brand name or trade names and product service listings
- Small benefits received, which are too small or insignificant to be considered important, also known as a "De Minimus" benefit worth less than 2% of payment.
- Display or distribution, whether for free or remuneration, of sponsor's product at the sponsored event.

Qualified Sponsorships do not include:

- Advertising: messages that include qualitative or comparative language, price information or other indications of savings or value, an endorsement, or an inducement (i.e. "call us today") to purchase, sell, or use any company, service, facility or product. This includes financial institutions advertising services specifically for students (i.e. student loans). Advertising is considered taxable income to the University.
- Cobranding with a financial institution that provides financial services specifically to students of the University.
- Exclusive provider arrangements where services and advertising are provided or competing ventures are not allowed to participate when participation normally would be allowed
- Goods, facility, services or privileges such as sporting tickets, membership access, etc.
- Exclusive or nonexclusive rights to use an intangible asset of Liberty (trademark, patent, logo, or designation)
- Any payment the amount of which is contingent upon level of attendance

Acceptance/Deposit

When accepting a sponsorship and depositing the payment with the Cashier's Office of the University all units must follow the procedures below:

- Payment should be made payable to Liberty University.
- Sponsorships that involve a contract or any related letter of agreement are required to be reviewed and signed by the Dean of the School.
- Deposit the payment as revenue into Account 581002 Sponsorships. Include the Fund/Org related to the department collecting the Sponsorship.
- Send copy of contract, with pictures of signage, brochures, or other promotional items that the University provides to the Tax Department.

Departmental Accounting for Sponsorships

The Dean of the Department has fiduciary oversight over the funds.

Departments should work closely with their budget analyst to ensure funds are recorded accurately.

Funds received in one fiscal year may be carried over to the new fiscal year by notifying Accounting and the Budgeting Department of the need to do so with the understanding that the funds should not remain unused for multiple years.