

Policies, Guidelines, Procedures and Forms Library

TITLE/NAME OF POLICY/GUIDELINE: Corporate Sponsorship Standards, Policies and Guidelines

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POLICY

The Boards of Zonta International and Zonta Foundation for Women have approved the solicitation of corporate support for the following Zonta activities¹.

Zonta International / Zonta Foundation for Women may seek corporate support for:

- The Zonta International Conventions.
- Charitable programs funded by Zonta Foundation for Women.
- Zonta Foundation for Women recognition and fundraising events.
- The Zonta International/Zonta Foundation for Women website.
- Other Zonta International and/or Zonta Foundation for Women events.
- All communications including *The Zontian* magazine, social media, and electronic newsletter.
- Production of promotional materials.

Zonta districts and clubs may seek corporate support for various purposes, such as:

- Local events.
- Local Awards
- Local service efforts.
- Local Web sites.
- Local Newsletters.
- Workshops, seminars and conferences.
- Production of promotional materials.

¹ For definition of Corporate support and other terms, see Appendix C, Glossary of Terms

Zonta International and Zonta Foundation for Women are committed to adhering to the highest standards of ethical practice in all efforts to develop corporate partnerships. Therefore, these general principles shall be followed:

- The Zonta entity shall maintain control of all content and integrity of programs, exhibitions and activities.
- All efforts to solicit corporate support and all final agreements shall maintain loyalty to Zonta's mission.
- Any Zonta entity soliciting corporate support shall conduct their solicitation process in full compliance with all relevant international, national and local laws, rules and regulations. Further, complying with applicable laws should be the minimum requirement. Ethical standards often exceed these minimums. In particular, in keeping with USA tax laws applicable to Zonta International/Zonta Foundation for Women and its events, no printed corporate information to be provided to event attendees may be a direct "inducement to action or to buy."
- Conflicts of interest shall be avoided.
- Necessary steps shall be taken to ensure that actions are transparent and understandable to Zonta leaders and members.
- Human and financial resources needed shall be available to fulfill Zonta's obligations in any Zonta-corporate relationship are available.
- All documentation relating to the development of any corporate support shall be maintained.

Exclusions

Zonta International/Zonta Foundation for Women have not determined to exclude any business or category of business because of the business's products and/or services at this time.

Zonta districts and clubs shall determine whether they will exclude any business or category of business. In making such determination, the mission, vision and values of Zonta International, and the characteristics, values, and attitudes of the community and audience, shall be the basis for consideration. Whether or not the Zonta district/club chooses to make exclusions, it should be prepared to state and justify its policy. In creating any policy of exclusions, consideration may be given to:

- Products and /or services provided.
- Business practices.
- Whether to associate certain exclusions with particular activities.

Approval:

Corporate sponsorships at International level are approved by the executive committee with the exception of the ones related to convention which are approved by the international president, the president-elect and the convention chairman. At district and club levels, corporate sponsorships are approved by the district and club boards, respectively.

RATIONALE

Many corporations (see definition in Appendix C) have various forms of organized philanthropy: foundations, giving programs, employee matching gift programs, etc. Corporate giving programs and corporate foundations with permanent assets usually operate more like private foundations. Corporations also have other significant resources that, if the corporation identifies a good match between their corporate interests and a nonprofit organization, can be of direct

benefit to the nonprofit organization. These resources include corporate budget areas such as marketing, advertising, and product promotion.

The keys to successful Zonta-corporate relationships include:

- A clear understanding of each other's needs and the benefits to each.
- Understanding of the different motivations each has for coming together.
- Defining the limits on each party (how much each is willing to give up to have the relationship).
- Providing the corporation with recognition appropriate to its needs.
- Giving the relationship the time and energy needed to make it successful.
- Ensuring the organization's/corporation's tax-exempt status is not jeopardized

Before seeking corporate sponsorship, the Convention Committee, the districts and/or club need to investigate and apply appropriate and applicable national and local laws governing fundraising activities and the applicable potential tax treatments of various forms of corporate support.

GUIDELINES:

Brand Identity Policy - Available on the Zonta International website under Member Resources/Policies

Corporate Promotion of the Corporate-Zonta Relationship

Whenever Zonta International, Zonta Foundation for Women, a Zonta district or a Zonta club is involved in a corporate relationship, an appropriate statement clarifying the relationship between the Zonta entity and the corporation and/or product must appear in accompanying materials, unless an exception is specifically granted by the Zonta International/Zonta Foundation for Women president or specified in this policy. The statement must be conspicuous and legible. Examples of such proclaimer include:

- Sponsored by XYZ Company
- Product ABC is a proud sponsor of this Zonta ... event.
- This program was developed through a grant from XYZ Company, maker of ABC product.
- This program funded as a public service by XYZ Company

A corporation or business may wish to promote its relationship with Zonta in its marketing, advertising and public relations activities. Each entity should consider:

- Any limits on the scope of how and extent to which a business may promote its relationship with Zonta.
- The responsibility of the Zonta entity to approve any promotion of a business relationship with that entity.

Recognition

Consideration should be given to the range of recognition the Zonta entity may offer a business supporter. In doing so, it may consider:

- General standards for recognizing business support, such as those relating to the use, placement, size, etc. of the business's logos, names, signage, etc. Standards for recognizing business support based on the level of support received.

Exclusive Arrangements

Consideration should be given to whether or not the Zonta entity is willing to enter into a relationship with a business that restricts the Zonta entity from receiving support from the business's competitors and/or from using a competitor's products and services.

Support from a Zonta Vendor

Each Zonta entity should ensure that any current or potential relationship between that entity and a vendor providing goods or services is not contingent upon a contribution from the vendor to avoid a conflict of interest.

Conflict of Interest Policy available on Zonta International website under Member Resources/Policies

Documentation

Ensure that all Zonta-corporate relationships are a matter of record. Documentation should reflect the nature and complexity of the relationship and include at minimum:

- Scope of the relationship and term of the agreement.
- Forms of and parameters for recognition.
- Procedures for approval for the use and placement of each party's name and logo.
- Parameters for promotion by the corporation of the Zonta-corporate relationship.
- Parameters of any exclusivity: an agreement should clearly define the category, scope and term of the exclusivity.
- Procedures for terminating the agreement. Grounds for canceling an agreement may include:
 - Engagement by the corporation in an activity that is counter to Zonta's objects, policy and mission.
 - Changes in the ownership of a corporation or changes in its products and services that are not consistent with Zonta's objects, mission, standards, values and reputation or are not in the best interest of the community Zonta serves.
 - Inability of either party to carry out its responsibilities as outlined in the agreement due to unforeseen circumstances.
- Signature Page, including date and approval by legal counsel, if required.

Application of Policies

Each Zonta entity should identify clearly all entities, such as friends groups, that must comply with its policies about business support.

Corporate Support Options

The Boards of Zonta International and Zonta Foundation for Women have approved the solicitation of corporate support in the following manners:

Corporate Sponsorship: Support for Zonta International Conventions and Related Events, and Zonta District or Club Events

The following options may be made available to corporations that wish to financially support an event in its entirety, or food, beverage, entertainment, or other function at Zonta International and Zonta District and Club events.

- The corporation provides financial or in-kind support for a specific Zonta activity or program.
- In return Zonta recognizes the support of the corporation and/or the product.
- The corporation and Zonta sign a Letter of Agreement outlining the corporation's level of financial commitment and the recognition opportunities provided by Zonta. See APPENDIX A, Sample Convention Letter of Agreement. The agreement signed with event-related vendors, e.g., producer, facility, should list both Zonta and the corporation in the indemnification provision.
- Zonta manages all contracts relating to the event.

Important Legal, Tax and Accounting Issues

(See Appendix B)

Zonta Districts and Clubs, and any group acting on behalf of Zonta International or Zonta Foundation for Women (for example, Zonta International Convention Committees, Zonta Foundation for Women Development Committee) should be familiar with applicable legal, tax and accounting principles before engaging in a Zonta-corporate relationship. A Zonta District, Club, or other entity should seek appropriate legal, tax and accounting advice, as needed, when developing and managing Zonta-corporate relationships.

Legal

Zonta Districts and Clubs, Zonta International Convention Committees should be aware of and comply with applicable national and local laws as well as general legal principles regarding solicitation, acceptance and use of corporate support, including contributions. Particular areas of attention include contract law and laws regulating charitable contributions.

Tax

Zonta Districts and Clubs, Zonta International Convention Committees should be aware of and comply with applicable national and local tax laws. United States Zonta Districts and Clubs, and Zonta International Convention Committees should pay particular attention to US Internal Revenue Service corporate sponsorship regulations, and should be aware that the structure of its Zonta-corporate relationships might determine the taxability of the resulting income (**See APPENDIX C**). Appropriate tax reporting of exempt and taxable income is mandatory.

Accounting

Zonta Districts and Clubs, and Zonta International Convention Committees should comply with generally accepted accounting principles relating to sponsorships

Public Accountability

ZI and the Foundation, Zonta districts and clubs, and Zonta International Convention Committees should immediately report all public and media inquiries about its support from corporations, including allegations of unethical behavior to the executive director and the International PR Committee chairman who will discuss the response with the Zonta entity and assist with a prompt, full, and frank discussion of the issue, the entity's actions, and the rationale for such actions.

Zonta districts and clubs, Zonta International Convention Committees should avoid agreeing to requests for anonymity where such anonymity conceals a conflict of interest, real or perceived, or raises other ethical concerns.

APPENDIX A. Sample Materials

SAMPLE CONVENTION LETTER

[Date]

[Company Name]

RE: Letter of Agreement for Participation in Zonta International [Year] Convention

Dear [Name]:

We are very pleased that [Company Name] as agreed to financially support Zonta International's [insert event name]. This event is scheduled to be held on [insert date] at the [insert facility name] in [insert city, state]. [OPTIONAL - Insert for entertainment activity: "We hope to secure (insert name) as the featured entertainer for this event."]

This letter will serve as the AGREEMENT ("Agreement") between the [Company Name] ("COMPANY"), and Zonta International ("ZONTA") for the [insert name of event] ("the Event").

1. Financial Support - COMPANY shall provide financial support for the Event in the amount of [insert amount] (See attached budget breakdown).
 - 1.1 Payment Schedule - COMPANY shall forward the following payments to [insert name - either Zonta or direct to facility/producer]:
[insert payment schedule]
 - 1.2 Check/Payable To - Payments shall be made in the form of checks made payable to [insert name of facility/producer or ZONTA].
2. Special Considerations - In consideration for COMPANY'S financial support of the Event, ZONTA shall provide COMPANY with the following:
[insert considerations, e.g. acknowledgment ribbons, display of company name/logo on signage, special listings in event brochures, company representative to introduce event]
3. Agreement with PRODUCER - ZONTA shall enter into an agreement for production of the Event with [insert name of PRODUCER]. PRODUCER'S responsibilities shall include negotiating and signing a contract with the Event entertainment and coordinating all technical aspects of the Event. ZONTA will seek to include in its agreement with PRODUCER an indemnification provision that extends both to ZONTA and to COMPANY.
4. Third-Party Suppliers - COMPANY acknowledges that ZONTA does not own, operate or in any other manner exercise any control or influence over third party suppliers, including PRODUCER. ZONTA does not assume any responsibility for and cannot be held liable for any personal injury, property damage or other loss, accident, delay, inconvenience, or irregularity which may be occasioned by any wrongful or negligent acts or omissions on the part of any of the suppliers, including PRODUCER, their employees or any other party not under the control of ZONTA for any defect in or failure of any vehicle, equipment or instrumentality owned, operated or otherwise used by any suppliers, any additional costs which may be occasioned by any other elements beyond ZONTA'S control, or strikes or Force Majeure.
5. Use of COMPANY'S Trademarks, - COMPANY grants to ZONTA and ZONTA hereby accepts, a limited non-exclusive right to use COMPANY'S trademarks including the COMPANY logo in connection with promoting the Event. This right shall not be divisible or transferable without COMPANY'S written consent. COMPANY shall provide ZONTA with samples and proofs of such trademarks as requested by ZONTA. COMPANY shall have the right to review and approve samples and promotional materials for the Event.

If the above meets with your approval, please sign below and return this Agreement to me along with the [insert "first" or "full"] payment. If you have any questions, please call me.

Sincerely,
[Name]
[Title]

ACCEPTED AND AGREED:
[Company Name]

BY: _____

Its: _____

Date: _____, 20__

Compliance with Applicable Laws - SUPPLIER shall perform the Agreement in compliance with all applicable governmental laws and regulations, including but not limited to, labor laws, workers compensation laws, and fire, safety and health regulations, and shall indemnify, defend and hold harmless ZONTA INTERNATIONAL, [COMPANY], and their respective officers, directors, employees and agents and each of them, from any claims made against any of them arising out of any breach by SUPPLIER of this provision.

Insurance - SUPPLIER represents and warrants it shall carry adequate liability and other insurance protecting itself against any claims arising from its performance under the Agreement.

Indemnification - SUPPLIER shall indemnify, defend, and hold harmless ZONTA INTERNATIONAL, [COMPANY] and their respective officers, directors, employees and agents and each of them (collectively "the indemnitees"), from and against any and all claims, demands, actions, judgments, costs, and expenses, including costs of defense thereof, incurred by any of the indemnitees caused by or arising out of SUPPLIER'S unauthorized, dishonest or fraudulent acts or omissions during the performance of this Agreement, or out of the negligence, gross negligence, or intentional misconduct of SUPPLIERS, its officers, directors, employees, agents or contractors.

Dispute resolution – Any dispute concerning this agreement that the parties cannot settle amicably, should be referred to mediation in accordance with the laws of the state of Illinois.

APPENDIX B. United States Tax Implications²

(Note: the information in this section dates back to 2011; tax laws have changed; a review of this information is recommended. Additionally, this is intended to be a broader policy and therefore may require additional considerations.)

Zonta International and Zonta Foundation for Women were incorporated and are headquartered in the United States, making each entity subject to U.S. tax law. On the district and club level, and in the case of Zonta International Conventions conducted outside of the U.S., other country tax laws may apply. Any Zonta entity seeking corporate support outside of the U.S. is advised to be knowledgeable of local tax laws or to consult a local tax advisor.

Both Zonta International and the Zonta Foundation for Women are nonprofit corporations under U.S. tax law. However, the Foundation is classified as a *charitable* nonprofit by the U.S. Internal Revenue Service and therefore enjoys additional tax benefits not available to Zonta International. (It is also subject to additional US tax rules and regulations not practical for Zonta International's purpose and activities.) For U.S. tax purposes, Zonta clubs may participate in the Zonta International group exemption, which covers clubs which elect to participate. However, Zonta clubs **may not** use the tax status of the Zonta Foundation for Women under any circumstances.

The United States Internal Revenue Service has indicated that if "recognition" becomes "advertising" for the contributor, the income received from the contributor may be considered unrelated business income, taxable to Zonta International or Zonta Foundation for Women.

In its audit guidelines, the IRS has indicated:

- Sponsor acknowledgments will not be considered advertising merely because they contain sponsor logos and slogans that do not contain comparative or qualitative descriptions of the sponsor's products, services, facilities, or company; sponsor locations and telephone numbers; value-neutral descriptions and depictions of a sponsor's products or services and/or sponsor brand or trade names and product or service listings.
- Messages or other programming material containing the following will be considered advertising: qualitative or comparative language, price information or other indications of savings or value associated with a product or service; a call to action; an endorsement; or an inducement to buy.
- Distribution of a sponsor's product at a sponsored event will not make sponsorship income taxable, whether it is distributed free or sold.
- The mere existence of a contract for sponsorship will not make sponsorship payments taxable advertising income, even if the contract is for "exclusive" sponsorship of an event.
- If the amount of a sponsorship payment is contingent on attendance at an event or broadcast ratings for an event, the payment will be considered advertising income. But the fact that a sponsorship payment is contingent on an event actually taking place or being broadcast does not, in itself, mean that the payment is advertising income.

² Based on advice from Barnes & Thornburg LLP.

Printed hard copies of controlled documents are considered uncontrolled. All personnel using hard copies for ease of reference are required to determine the up-to-date status of any hard copy document ensuring it matches the current electronic version.

- Provision of facilities, services or other privileges by an association to a sponsor or individuals designated by the sponsor (e.g., complimentary tickets, playing spots in golf tournaments or receptions for major donors) in connection with payments will affect the determination of whether payments constitute advertising income. The value of the benefits must be split from the sponsorship payment and analyzed separately as a taxable or non-taxable transaction.
- Portions of a payment in excess of the fair market value of advertising or other taxable benefits received by a sponsor will be exempted from taxation.
- The general rules regarding taxability will be applied uniformly to all sponsorship activity without regard to the local nature of the organization or activities or the amount of the sponsorship payment.

It is recommended that Zonta International / Zonta Foundation for Women, and Zonta districts and clubs use terms such as “financial supporter” or “special team member” in place of “corporate sponsor.”

APPENDIX C. Glossary of Terms

Section 501(c)(3) Organizations

A not-for-profit organization operated exclusively for one or more of the following purposes: religious, charitable, scientific, testing for public safety, literary, educational, foster national or international amateur sports competition (but only if none of its activities involve providing athletic facilities or equipment may qualify for exemption from federal income tax under U.S. Internal Revenue Code (IRC) section 501(c)(3)

501(c)(4) Organizations

A not-for-profit organization operated only to promote social welfare to benefit the community may qualify for exemption from federal income tax under U.S. Internal Revenue Code (IRC) section 501(c)(4).

Audience

An important term in marketing and communications, referring to the target groups or constituencies to whom efforts are directed or have an effect upon. Corporate-nonprofit partnerships often grow out of recognition of a shared audience, such as a youth service organization partnering with a beverage or fast-food company or a home shopping network partnering with a nonprofit that serves people with disabilities.

Corporate Support

Any support, financial or in-kind, philanthropic or driven by marketing, advertising, and/or public relations, provided by a business (corporation, partnership, agency, family business, etc.) regardless of the nature and value of the benefit provided, and/or the tax implications of the relationship. The term Zonta-corporate relationship refers to any business support arrangement, which may benefit both entities, directly or indirectly, or be categorized as a donation.

Corporation

A body of persons acting under a legal charter as a separate entity with its own rights, privileges and liabilities distinct from those of its individual members.

Disclosure/Transparency

The obligation of nonprofit organizations and corporations that serve the public to maintain open communications and engender the trust of their stakeholders. In the context of corporate-nonprofit partnerships, the link and relationship between the nonprofit organization and the commercial entity should be clearly disclosed. While there is broad support for the concept of disclosure, there is current debate in the field over how and how much of the partnership details must be included in advertising and product packaging and what serves the public most effectively.

Event Marketing

Promotional activities specifically designed around an event to raise awareness or funds for a cause or to promote a company or product. An example is the Avon Breast Cancer 3-Days event that promotes awareness of breast cancer and raises funds for breast cancer research.

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Indemnify

To secure against future hurt, loss, or damage. To compensate or reimburse for incurred hurt, loss, or damage.

In-kind Giving

In-kind donations are those donations that are done in goods and services rather than money (or cash).

Licensing

An agreement in which a nonprofit's name is attached to a product. Typically, a nonprofit licenses a company to develop, produce, market and/or distribute a mission-related product that is promoted either with the organization's brand name or co-branded with both the company's and nonprofit's names. Another kind of licensing partnership occurs when a nonprofit grants use of its information or knowledge.

Marketing

The American Marketing Association's definition of marketing is "the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals."

Naming Rights

Applying a company's name or brand to a program, venue or facility based on an agreed-upon arrangement.

Philanthropy

Philanthropy is a cash or product gift to a charitable cause with no expectation of receiving services, products, or specific recognition in return. Companies are increasingly making their contributions decisions with business goals in mind. Some people use the terms philanthropy, altruistic philanthropy or traditional philanthropy to differentiate the contributions made with no specific business purpose from strategic philanthropy, focused philanthropy, or corporate social investing, which is designed to achieve a business purpose. While a grantmaking partnership may not be as dynamic or deep as other multi-faceted partnerships, the corporate grantmaker and the nonprofit grantee each deliver something of value to each other.

Premiums

Promotional items, products or apparel designed specifically to coincide with an event or promotion either to be given as incentives or purchased. An example is National Public Radio/Starbucks co-branded CDs that are given as premiums for new and renewing memberships.

Product Donation

A contribution in the form of a service or product. Some partnerships include a product donation to the nonprofit organization.

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Qualified Sponsorship Payment

A "safe harbor" created by Congress in 1997 for charities that wish to acknowledge their business sponsors without being liable for UBIT (Unrelated Business Income Tax). Previously, acknowledgment of the business donor was problematic because the IRS could consider it as advertising, and thus require the nonprofit to pay UBIT.

Sponsorship

A broad term that covers many kinds of business-nonprofit relationships from financial to in-kind operational support. Nonprofit organizations can create innovative sponsorship opportunities of many different kinds to engage additional corporate partners, reach wider audiences, increase financial support, or build operational and strategic capacity. Many levels and types of sponsorship are often developed to create opportunities at various financial or in-kind contribution levels.

Unrelated Business Income Tax (UBIT)

Taxes paid by a nonprofit organization on income earned from activities unrelated to its original tax-exempt purpose or mission. The Internal Revenue Code says that if an exempt organization regularly carries on a trade or business that is not substantially related to its exempt purpose except that it provides funds to carry out that purpose, the organization is subject to tax on its income from that unrelated trade or business. To be subject to UBIT, the nonprofits' activities must be significant and ongoing. Nonprofit organizations need to be aware of any tax implications that may arise from corporate partnerships and should plan these expenses into the partnership arrangements.

APPENDIX D. A Framework for Ethical Consideration

A Framework for Ethical Considerations in NGO Partnerships with Corporations By Laurie Regelbrugge

KNOW your Organization's Mission and Identity – Be clear about who you are, what you do, and why.

- What is the mission of your organization, and what are your goals and objectives?
- What is the nature of your activities?
- What are your rationale and strategies?
- What are the causes of the circumstances you are addressing?

RESEARCH the company or companies with which you wish to partner, or which might be good prospects for partnerships given their strategic interests.

- What companies operate in our geographic region?
- What companies address related issues in their business?
- What companies have operations that would be contradictory to our mission and approaches?

DETERMINE WHY you want a corporate partnership.

DETERMINE WHY the company wants or might want a relationship with your organization.

DISCUSS the nature of the relationship, the target activities, the desired outcomes, and processes for decisions, updates, and resolving differences.

- How and by whom will decisions about the partnership or joint project be made?
- What outcomes are we seeking that are the same, and what outcomes are we seeking that are different?
- Is there anything about the proposed relationship, activities, or environment for the partnership that is illegal? Anything that strikes you as unethical?

ANTICIPATE best- and worst-case scenarios for your involvement with this company.

- If there were a scandal involving the company, how might this affect the partnership and/or your organization?
- Do company operations threaten or contradict your work or could they Jeopardize outcomes?
- How will the company communicate about the partnership?

ACT if there are signs of trouble in the relationship that might jeopardize your organization in some way.

Source: Laurie Regelbrugge, who was vice president of the Hitachi Foundation when she developed these guidelines.