

DCCPTA Committee - Use of Sponsor Website Links Report

FAQ & Supplemental Information

Revised Date 11-09-2016

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Committee Recommendation:

Local PTAs should follow the National PTA response to the state our question (see **DCCPTA Committee - [Use of Sponsor Website Links Report](#)**).

Questions:

The DCCPTA Board appointed a committee to address the question. “Can a local PTA, in accordance with IRS regulation, recognize a sponsor by posting a link back to their website?”

Example

The XYZ PTA recognizes these sponsors;

Joes Book Store

1111 Main Street

Jacksonville Florida 11111

Phone 904/000-0000

www.Joesbookstore.com

Summary of other information and opinions found in the search.

- If a local PTA wants to avoid any questions regarding IRS interpretation and believe that the sponsor links are considered advertising, they should not publish a sponsor link back to their website.
- A PTA is allowed up to \$1,000 per year limit for Unrelated Business Income (UBI). Advertising would be one item considered as a UBI. So if you publish a sponsor’s link back to their website as an advertisement, and do not go over the UBI limit of \$1000 you will still avoid tax according to the IRS..
- If a Unit interprets the IRS law that a sponsor link is **not** advertising (see references supporting this view) and chooses to post the sponsor’s link, then your PTA should: 1. Used a software disclaimer that explains you are leaving the PTA website and your PTA is not responsible for anything on their website (see attachment 1). 2. Local PTA units should have a signed Sponsor Agreement clarifying the agreement. (see attachment 2)

Question to National PTA:

When recognizing PTA sponsors, and not contributing to Unrelated Business Income (UBI) limits, is it permissible to; 1. Print the URL of the sponsor's website, 2. Print the sponsor's URL with an active link back to their website? Does using the URL or URL link make it an advertisement?

Answer:

Consult with an attorney who specializes in UBIT to be absolutely certain.

That said, National PTA typically suggests that including a hyperlink back to the sponsor's website is fine, provided that the link does not go directly to a transactional page. Usually this means that the linked page is not a purchasing page. If it is the home page, an informational page, or an educational page, that linked page should be fine. If the linked page is truly a sales page, that's when some attorneys may interpret that as UBIT-qualifying because there is a sales inducement.

Kris Carey Prevatte
National PTA | Associate Director, Corporate Alliances
www.pta.org
Oct. 21, 2016

Question to State PTA:

Can a PTA recognize sponsors by printing their web link back to their website?

Answer: Jean Hovey, Florida PTA Executive Director

The safe way is to "Thank" the sponsor/business, not include a direct link to their business.

Question to State PTA:

Is it safe to use just the printed sponsor URL without the electronic link?

Answer: Jean Hovey, Florida PTA Executive Director

I think that placing the website address (without the link) with the company name would be okay.

Florida PTA Position

Comments from Jean Hovey, Florida PTA Executive Director

"The safe way is to "Thank" the sponsor/business, not include a direct link to their business."
"The decision for advertising and UBI would be up to each individual PTA." "All business postings should be carefully considered, with regarding to UBI, before posting of the website link, etc."

The issue is in the definition of the revenue received for the posting of advertisement. Advertisements are considered Unrelated Business Income (UBI). A PTA is allowed up to \$1,000.00 limit to Unrelated Business Income (UBI) per year.

Jean Hovey
Executive Director, Florida PTA
www.FloridaPTA.org
Sept. 12, 2016

Question to Lawyer:

In a PTA cash donation sponsor recognition list, does displaying the sponsor's URL or linking the URL back to their website, make the sponsor's recognition an advertisement? The links are to their home page not to a sales page.

Answer:

That becomes closer to an advertisement, but you have guidance from National as to how to minimize that potential

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Oct. 21, 2016

Additional Factors to Consider

Revised Date 10-15-2016

1. IRS's definition of advertising does not include limits of sponsor web links.

According to IRS - 3. Unrelated Trade or Business / Excluded Trade or Business Activities / Advertising,

https://www.irs.gov/publications/p598/ch03.html#en_US_2014_publink100019559

Definition

Advertising includes:

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

According to IRS's definition, a link back to their website in my interpretation would not qualify advertising.

2. National PTA Statement

The 2016–2017 National PTA, Official Back-to-School Kit, PTA Fundraising Quick Reference Guide, clearly allows for identification of the PTA sponsors.

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.”

3. Respected Greater Washington Society of CPAs clearly approves the use of websites links when recognizing sponsors.

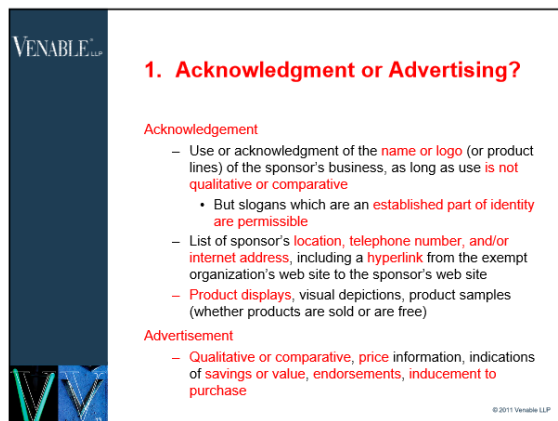
Sponsorships, Advertising, Endorsements and Cause Marketing: Understanding Critical UBIT Issues for Nonprofits

June 16, 2011 12:00 – 2:00 p.m. ET

Venable LLP

575 7th, Street, N.W., Washington, DC 20004

https://www.venable.com/files/publication/53acbc93-3732-480c-b1ba-4d40264e40dd/presentation/publicationattachment/d6758647-1a7f-468c-a461-3af6df931f43/sponsorships_advertising_endorsements_and_cause_marketing_understanding_critical_ubit.pdf



4. Respected National Nonprofit Law Blog clearly approves the use of websites links when recognizing sponsors.

Nonprofit Law Blog

UBIT: Advertisements vs. Qualified Sponsorship Payments

By Erin Bradrick on March 13, 2014

<http://www.nonprofitlawblog.com/ubit-advertisements-vs-qualified-sponsorship-payments>

Qualified Sponsorship Payments

In contrast to advertising, a qualified sponsorship payment is any payment made to a nonprofit by an individual or company without an arrangement or expectation that the payer will receive a benefit in return. The nonprofit may provide minor benefits in connection with a QSP without turning the QSP into advertising. These minor benefits may include acknowledgement of the sponsorship through use of the donor's name or logo, or goods or services of an insubstantial value. If the nonprofit does provide the use or acknowledgment of a donor's sponsorship, it should not include qualitative statements regarding or endorsements of the donor's goods or services in the acknowledgment. However, a use or acknowledgment may include a list of the donor's locations, contact numbers, or website; a logo or established slogan; and value-neutral

descriptions, displays, or depictions of products or services. In general, the content of the use or acknowledgment should be controlled by the nonprofit and not by the entity making the payment

5. Adler & Colvin A Law Corporation

CORPORATE SPONSORSHIP: FREQUENTLY ASKED QUESTIONS

“What acknowledgment can we give our sponsor without providing a substantial return benefit? You can acknowledge the sponsor by publishing its name; product lines; logos and slogans, as long as they don’t contain qualitative or comparative descriptions of its products, services, facility or company; locations; telephone numbers; **Internet URLs**; and value-neutral descriptions, including displays or visual depictions, of its product lines or services. You can also acknowledge the sponsor as your exclusive sponsor, or as your exclusive sponsor for a particular trade, business or industry.”

6. The National PTA website use web links back to the sponsor’s website, some including sales info.

<http://www.pta.org/about/content.cfm?ItemNumber=3019>

Proud National Sponsors

Our highest level of corporate commitment, Proud National Sponsors make an annual investment in PTA which helps power key programs and services. We are especially grateful for their support and invite you to learn more about each of them.

[Amazon Kindle](#)

Kindle and National PTA are working together to help families get more involved in their children’s reading and enhance their emerging interest in books. In support of this mission, the [PTA Family Reading Experience](#), Powered by Kindle, is an easily replicable event that local PTAs can implement within their schools to engage families in fun activities and provide them with tools and strategies to help their children become better readers. [Connect with Kindle](#).

7. The Florida State PTA website clearly uses web links back to the sponsor’s website.

Links to <https://legolandfloridatickets.legoland.com/LLF/Content.aspx?Kind=LandingPage>

Additional Reference

[IRS Unrelated Trade or Business](#)

Disclaimer

No one on this committee is a lawyer or a tax professional and your PTA should consider this document as information only, not professional legal or financial advice.

IRS Ramification

I could not find a PTA that has been cited for advertising with supporter link backs. So I cannot give any examples of actual IRS penalties for using support link back. From what I have seen from IRS dealing with tax code violations, they would charge you for the tax as an advertisement, interest on the amount of money not paid, and penalties

Conclusion

If your PTA wants to be safe they should not use a sponsor link to their website. If a PTA interpret the IRS law that a sponsor link is not advertising (see references supporting this view) and you chooses to post the sponsor's link, then your PTA should use sponsor links and:

1. Used a software disclaimer that explains you are leaving the PTA website and your PTA is not responsible for anything on their website (see attachment 1).
2. Local PTA units should have a signed Sponsor Agreement clarifying the agreement. (See attachment 2)

Link Off PTA Website to Sponsor's Website Disclaimer Sample

Attachment #1

Richard Godke
DCCPTA Tech Chair
904-693-3501
rgodke@yahoo.com
www.dccpta.org
Revised Date 09-22-2016

If you offer a link to a sponsor off your PTA website you should always include a disclaimer. This warns the user you are no longer on the PTA website and PTA does not control that information. Instead of a link that goes directly to the sponsor the link goes to this message. At the end of the message there is a link to the sponsor. Try this is sample sponsor link. [XYZ Sponsor Sample](#)

XYZ Sponsor Sample

You are leaving the XYZ PTA website. Offering this link does not imply endorsement by PTA. This web link is offered as sponsor identifying information not advertising. PTA does not assume responsibility for the content of linked sites and does not independently verify or exert editorial control over information on the linked sites. PTA shall not be responsible or liable, directly or indirectly, for any damage or loss caused by or alleged to be caused by use of the linked site in any way. [Click Here](#) to proceed.

XYZ Sponsor Sample Code

You are leaving the XYZ PTA website. Offering this link does not imply endorsement by PTA. This web link is offered as sponsor identifying information not advertising. PTA does not assume responsibility for the content of linked sites and does not independently verify or exert editorial control over information on the linked sites. PTA shall not be responsible or liable, directly or indirectly, for any damage or loss caused by or alleged to be caused by use of the linked site in any way. Click Here to proceed.

Sample Sponsor Agreement - Attachment #2

The _____ identifies the following company or individual as a
(PTA/ PTSA name)

PTA sponsor by listing:

Company or Individual Name: _____

Address 1: _____

Address 2: _____

City _____ State _____ Zip _____

Phone #: _____

Website link: _____

Logo (file name): _____

Agreement

As a sponsor your identification information will be included in a “PTA Sponsor List”. As a sponsor, recognition of your web link does not imply endorsement by PTA. Your web link is offered as sponsor identifying information, not advertising. PTA does not assume responsibility for the content of linked sites and does not independently verify or exert editorial control over information on the linked sites. PTA shall not be responsible or liable, directly or indirectly, for any damage or loss caused by or alleged to be caused by use of the linked site in anyway. Sponsor agrees to prohibit lobbying and electioneering on the connected web page. A sponsor can be removed from the “PTA Sponsor List” if the PTA finds the sponsor not complying to set requirements.

Sponsor’s Name (print): _____ Signature: _____ Date: _____.

PTA’s Name (print): _____ Signature: _____ Date: _____.

DCCPTA 09-28-2016

Delores Appleby, Cathy Guiler, Mindy Eisman