

Association of Government Accountants
Nashville Chapter
Policy #8 – Corporate Sponsorship
March 3, 2009

I. PURPOSE:

- A. The purpose of this policy and related procedures is to
1. create an authorized environment for entering into sponsorship agreements with third parties where such sponsorships are mutually beneficial to both parties in a manner that is consistent with all applicable policies set by the Nashville AGA Chapter (Chapter);
 2. uphold the Chapter's stewardship role to safeguard the Chapter's assets and interests;
 3. provide Chapter officers with guidelines and procedures based on best practices; and
 4. protect the Chapter from risk.
- B. The policy provides an enabling environment for the Chapter to enter into sponsorship agreements within set guidelines and procedures for the purpose of optimizing Chapter revenue sources. Under the conditions of this policy, Chapter Executive Committee (CEC) members and other Chapter members (with CEC approval) may solicit such sponsorship agreements.
- C. The Chapter shall not relinquish to the sponsor any aspect of the Chapter's right to manage and control the Chapter's assets.
- D. This policy is not applicable to philanthropic contributions, grants, or unsolicited donations in which no benefits are granted to the sponsor. This Policy takes into consideration the AGA's Code of Ethics. It also takes into consideration the Tennessee Ethics Commission's Advisory Opinions (08-04 Part I and 08-04 Part II). This Policy should be read in conjunction with the AGA's *Code of Ethics* and the Advisory Opinions (<http://tennessee.gov/sos/tec/opinions.htm>).
- E. This policy has been developed to provide a transparent process in the interests of accountability to the Chapter membership. It provides a process for use by the CEC, as well as information for potential sponsors about partnerships with the Chapter. There are many instances when the Chapter may want, or need, to seek a sponsorship. For example:
- Chapter will benefit from the partnership established;
 - budget restrictions do not allow for any improvements to be made to an existing event, program or service, based on the Chapter's Strategic Plan;
 - budget restrictions do not allow the Chapter to meet a need for a new event, program or service as established by the Chapter's Strategic Plan;

- current supply of a necessary program or service is no longer economically viable;
- a business or individual has approached the Chapter with an offer of sponsorship; or
- a prospective sponsor has a high reputation for providing and proposed service or goods

Whatever the circumstances, a sponsorship may be able to assist the Chapter to achieve its goals. A sponsorship, by definition, must provide both the sponsor and the Chapter with clear benefits.

II. KEY CONSIDERATIONS:

Conflicts of Interest

The Chapter's reputation is an important asset. In addition, the Chapter has responsibilities and accountabilities, and must operate within its own by-laws, policies, and guidelines. To minimize possibilities where conflict of interest may occur, and to ensure sponsorship activities fulfill the Chapter's strategic plan and operate within its own by-laws, policies and guidelines, this policy clearly outlines what sponsorships the Chapter will not undertake (See Section V). All sponsorships, noting the name of the sponsor, and the event sponsored, will be listed in the Chapter's Annual Report. The value of the sponsorship will not be published. Officers involved in sponsorship activity should be conscious of their primary responsibility for probity. The AGA's *Code of Ethics* and the Advisory Opinions noted above are useful references for maintaining professional, ethical behavior at all times. The risks associated with sponsorship may be higher than those associated with normal Chapter activities. The major risks include:

- perceptions of improper conduct;
- the potential to embarrass the Chapter through associating a Chapter activity with an inappropriate sponsor;
- undertaking an activity on the basis of the promise of corporate sponsorship which then does not materialize;
- breaching the Chapter's accounting requirements;
- undervaluing or overvaluing sponsorship activities to potential sponsors; and
- not being cost effective.

Any sponsorship the Chapter undertakes must not compromise the Chapter's reputation, public image, probity, or its ability to fulfill its functions. While the Chapter does not provide sponsors with commercial endorsements, sponsors may gain credibility from association with the Chapter. However, the Chapter may lose credibility by associating itself with businesses which do not fulfill their responsibilities, are of poor repute, or conflict with the Chapter's priority programs and commitments. Protecting the Chapter's reputation will be expressed as a term or terms in the agreement. The terms to be included depend on the nature and scope of the sponsorship. For example, the Chapter may include terms to ensure that:

- its logo is not used without its specific written permission;

- the sponsorship deal is not regarded as a general endorsement by the Chapter of the business activity of the other party; and
- Chapter information obtained by the other party in the course of the sponsorship is kept confidential.

Where the Sponsor proposes to deal with the Chapter in any other capacity, the Chapter President (with CEC approval) will implement appropriate measures to deal with any actual or potential conflict, consistent with the Code of Ethics and Advisory Opinions.

III. SPONSORSHIP SCOPE:

- A. This policy applies to all Chapter-sponsored educational activities.
- B. This policy may apply to other Chapter activities as long as the Ethics Commission's Advisory Opinions Parts 1 and 2 are followed.
- C. The Chapter provides a range of educational programs and services. It also produces events which contribute to achieving its strategic plan. Sponsorship is sought to obtain additional resources with which to support specific educational activities or programs. Sponsorship may be provided as cash or as value-in-kind, where the sponsor provides a product or a service. The value of sponsorship arrangements may vary from a few hundred dollars to several thousand dollars. A sponsorship agreement may last from a few hours, for a specific event, to a partnership of several years between the Chapter and sponsor. Through sponsorship, the Chapter may enhance, extend or reduce the cost of current activities or programs or develop new ones. It may do this by providing some benefit to a private sector company, corporation or government agency in exchange for money, goods or services to support its activities. The benefits to sponsors may include, for instance, the exposure of the sponsor's name or logo as a supporter of Chapter activity. This activity may attract a larger or different audience from that which the sponsor might target in its normal business. The association of the sponsor with the broader public interest of the Chapter may improve the sponsor's relationship with its stakeholders, shareholders, staff and customers - as well as provide the opportunity for the sponsor to present its name and products to a wider market within the government accountability environment.

IV. DEFINITIONS:

- A. **Benefits for the Chapter:** Through sponsorship, the Chapter may gain resources to enhance, or to offset the cost of, producing and promoting Chapter educational events, programs and services.
- B. **Benefits for sponsors:** The primary benefit for sponsors is a competitively-priced medium to reach a target audience. Benefits include, but are not limited to branding, hospitality, and advertising. Benefits are determined by collaboration and agreement between the Chapter and the sponsor, and are restricted by the Chapter guidelines and this policy. For example, the Chapter does not endorse commercial products or services.

- C. “**Sponsorship**” shall mean a mutually beneficial business arrangement between the Chapter and a third party, wherein the third party provides cash and/or in-kind goods or services to the Chapter in return for access to the commercial and/or marketing potential associated with the Chapter. Sponsorships may include sponsorship of one or more of the Chapter’s educational services, projects, events, or activities.
- D. “**In-kind sponsorship**” shall mean a sponsorship received in the form of goods and/or services rather than cash. Examples include goods such as equipment, or services such as advertising or printing, given to the Chapter to enable a specific event, program, or service to be produced and/or delivered.
- E. “**Sponsorship agreement**” shall mean a mutually beneficial, contractual agreement that reflects the business arrangement for the exchange of commercial and/or marketing benefits between the Chapter and a third party for a specified period of time.
- F. “**Sponsor**” shall mean any organization or individual providing resources to the Chapter, for use in achieving Chapter objectives, in return for specific benefits. A sponsor is not an organization or individual providing a ‘gift’ with no benefits in return.
- G. “**Request for sponsorship (RFS)**” shall mean an open and competitive process whereby third parties may express their interest in participating in sponsorship opportunities with the Chapter. Requests for sponsorship should include a summary of the sponsorship opportunity, benefits for participation, and a description of the open and competitive procedure for expressing interest in participating in sponsorship opportunities.
- H. “**Philanthropic contribution**” shall mean a contribution to the Chapter from a third party for which there is no reciprocal commercial and/or marketing benefit expected or required from the Chapter. Such contributions are separate and distinct from sponsorship. However, the Advisory Opinions do not prohibit the AGA from using corporate contributions, including contributions from Employers, to provide items for a silent auction, to provide scholarships, to make donations to a charity or other organization operating pursuant to Section 501(c)(3) of the United States Internal Revenue Code, or for any other purpose.
- I. **Project** refers to the activity (e.g., event, program or service) for which sponsorship is being sought.

V. RESTRICTIONS:

In general, the Chapter shall reject advertising that does not comply with the standards set forth in this policy. The following standards for advertising will not be displayed:

1. Is false, misleading or deceptive
2. Relates to an illegal activity
3. Is explicit obscene material or material harmful to minors
4. Includes language which is obscene, vulgar, profane, or scatological

5. Depicts violence and/ or anti-social behavior

VI. PROCEDURES & AUTHORITY:

- A. All sponsorship proposals must be submitted in writing (e.g., email).
 - 1. All sponsorships to be received by the sponsor as stated in the *Program Form* shall be forwarded to the CEC for approval. Approval should be based on compliance with the Ethics Commission's Advisory Opinions.
 - 2. If not approved at any stage of the approval process, the Sponsorship Agreement form shall be returned to designated contact with explanation for non-approval (e.g., using standard memo).
- B. All approved sponsorship agreements must include:
 - 1. Signatures by authorized representatives of the CEC and the sponsor. Authorized representative of the CEC shall be the Chapter President or his/her designee.
 - 2. Terms of the agreement, including provisions for termination.
 - 3. Details of the exchange of benefits, including what will be provided to the Chapter by the sponsor and what will be provided by the Chapter to the sponsor.
- C. Solicitation and negotiation of sponsorships will be conducted by the CEC based on recommendations by the Corporate Sponsorship Subcommittee members and the committee members seeking the sponsorship. All Chapter sponsorship agreements will be negotiated in good faith and represent the Chapter in a professional manner.
- D. The Finance Committee should manage the policy and processes outlined in this document.
- E. Developing a sponsorship proposal:
 - i. For cash sponsorships, the Chapter will:
 - 1. Determine the event, program or service available for sponsorship.
 - 2. Determine the element of the event, program or service to which the sponsorship cash will be applied.
 - 3. Determine the total amount of sponsorship required by the event, program or service.
 - 4. Establish a value that you expect a sponsor to pay for the sponsorship (major, supporter, etc.) and the basis for the valuation.
 - 5. Establish a range of benefits for that level of sponsorship.
 - 6. Establish a value for those benefits.
 - 7. Establish a range of organizations to approach for sponsorship through research into the alignment of their objectives, and those of the activity and the Chapter.

8. Develop a marketing campaign aligned to each organization, including targeted benefits which address each organization's specific objectives.
9. Ensure a balance between the value of the sponsorship campaign and the sponsor benefits.
10. Identify any potential, real or perceived conflicts of interest.
11. Identify any other risks including risk to the Chapter's and sponsor's reputations.
12. Develop a draft sponsorship agreement.
13. Seek the Chapter President's approval to go ahead with the sponsorship negotiation.

The Chapter President will address any potential real or perceived conflict of interest, advise on how it should be treated, or decline to continue with the sponsorship approach.

ii. For value in kind sponsorships, the Chapter will:

1. Determine the event, program or service available for sponsorship.
2. Determine the goods or service required to undertake the event program or service.
3. Determine the fit-for-purpose nature of the goods or service, e.g.,:
 - for media sponsorships, determine the market you want to target with media, and establish which media outlets provide the best fit for that market, through frequency of publishing, coverage, audience demographic etc;
 - for beverages, determine through the nature of the event whether the beverages may be alcoholic;
 - for production equipment, develop a brief on the nature and amount of equipment (lighting, audio, audiovisual, computing, staging, etc.) that is required by the event.
4. Establish the amount of goods or services that you require to undertake the event.
5. Establish a value for the goods or services at a commercial rate. This should be the value of the sponsorship sought.
6. Determine a range of benefits for that level of sponsorship (in line with the cash sponsorships).
7. Establish a value for those benefits.
8. Establish a range of organizations to approach for sponsorship through research into the alignment of their objectives, and those of the project.
9. Develop a pitch aligned to each organization, including targeted benefits which address each organization's specific objectives.
10. Ensure a balance between the value of the sponsorship pitch and the sponsor benefits.
11. Identify any potential real or perceived conflicts of interest.
12. Identify any other risks including risk to the Chapter's and Sponsor's reputations.
13. Develop a draft sponsorship agreement.
14. Seek the Chapter President's approval to go ahead with the sponsorship negotiation.

The Chapter President will address any potential real or perceived conflict of interest, advise on how it should be treated, or decline to continue with the sponsorship approach.

F. Attracting sponsors

In order to maintain a fair playing field, the Chapter may publicly seek sponsorship interest to allow all potential sponsors equal opportunities for involvement in the activity, program, or event. However, the Chapter might determine that the most effective method of attracting sponsors is to approach individual sponsors directly. This is also more effective in terms of cost and time, as it allows the Chapter to identify those sponsors that will meet its criteria and who will most benefit by the audience being reached by the activity. In those instances where it is more feasible to approach individual sponsors directly, the Chapter will employ both methods to allow for both a fair playing field and the identification of most appropriate sponsors. Attracting sponsors is a two stage process:

1. Attracting interest from potential sponsors; and
2. Pitching a sponsorship to individual organizations, in view of their specific corporate objectives.

G. Unsolicited offers

The Chapter may be approached directly by an organization with an unsolicited sponsorship offer. Generally there is a commercial advantage to the organization proposing the sponsorship. Careful consideration should be given to the acceptance of this offer. The Chapter may obtain better value for money by accepting the sponsorship than by calling for expressions of interest. The sponsorship offer should be evaluated in accordance with this Policy. Where an unsolicited offer of sponsorship is received and there is a desire to test the market for further interest, it is important to protect the commercially valuable ideas and strategies of the organization or the individual that proposed the original offer.

H. Selecting sponsors

The Chapter should always select the sponsor that offers the most towards achieving the activity's and the Chapter's goals, and will clearly benefit from sponsoring the activity. Sponsors may be declined if they do not meet the Chapter's criteria for sponsorship. If the Chapter receives expressions of interests from more sponsors than the activity requires or may support, it may seek other opportunities for them where possible. For example, the Chapter might be able to offer them a smaller sponsorship package within the same program or event creating a tiered sponsorship with major and secondary sponsors or sponsorship of another project in progress. In each case, the Chapter must be able to clearly demonstrate and record reasons for selecting and not selecting sponsors.

I. Contracting the sponsorship

Once the proposed sponsorship has been approved by the CEC, it must be contracted. Any agreement between the Chapter and a sponsor must be put in writing outlining all the benefits, rights, and responsibilities of both parties, in addition to establishing clear objectives (e.g., Exhibit 1). The Pledge Form (Exhibit 2) should be used as the standard template for sponsorships. Not all agreements need to originate with the Chapter. Where the sponsorship approach is from the Chapter, there is likely to be an expectation by the other parties that the Chapter drafts the agreement. Where another party submits an unsolicited proposal to the Chapter it is likely that the sponsor may draft the agreement. **ALL** agreements, regardless of who drafts them, must be vetted by the CEC before it is sent for signature. Sponsorship agreements will include:

1. the objectives of the parties;
2. the event, program or service to be sponsored;
3. the value of the sponsorship to be provided by the sponsor and a payment schedule;
4. the nature and value of the benefits to be provided by the Chapter;
5. the right of the Chapter not to be fettered in its role by the sponsoring organization or the sponsorship;
6. cancellation and termination conditions; and
7. that the Sponsor advises the Chapter of any change in circumstances relating to the Sponsor's reputation;
8. that the Sponsor advises the Chapter of any association or parent company directly or indirectly involved in the sponsorship; and
9. that the Sponsor will disclose the existence of the sponsorship when dealing with the Chapter in any other capacity (e.g., the provision of goods and services, etc.).

Contracts must be signed before the sponsorship is provided.

J. Accounting for Sponsorship

a. **Cash sponsorships**

- i. Cash sponsorships will be recorded as income for the relevant event, program or service.
- ii. The cost of providing benefits will be recorded as a cost to the relevant event, program or service.

b. **Value in Kind (VIK) sponsorships**

- i. VIK sponsorships will be recorded as income against an equal expenditure in the relevant project code.
- ii. The cost of providing benefits will be recorded as a cost to the relevant event, program or service.

K. Managing the sponsorship

The Chapter will:

1. Ensure the agreement is executed by both parties.
2. Provide the sponsor with an activity plan including an event timeline, with invitation, PR and print deadlines.
3. Determine with the sponsor an approval process for the use of logos and other printed materials.
4. Provide the sponsor with updates on the planning of the event.
5. Manage the hospitality requirements, including invitations, RSVPs, ticketing and catering.
6. Maintain good communication with the sponsor.
7. Ensure the exchange of invoices, as necessary.

L. Evaluating and reporting

Sponsorship activities should be evaluated regularly against measurements established in agreement with the sponsor. As any dealings with corporate sponsors need to be highly transparent and satisfy public accountability, reports must be clear and easily accessible.

M. Evaluation

Evaluation is used to gauge performance (i.e., in relation to the Chapter strategic plan) and provide information for reports, to both the Chapter and the sponsors, on the success of the sponsorship activity. Measurements for evaluation may be established in conjunction with the sponsor. Possible qualitative and quantitative measures could include:

- whether the letter of agreement or contract was fulfilled
- extent to which sponsor used benefits;
- qualitative assessment of the activity;
- whether the target audience was reached;
- whether the general community's awareness was raised;
- how much media coverage was generated; and
- cost/benefit analysis (actual versus budget).

In some instances, either the Chapter or the sponsor will gain benefits from formal marketplace research to assess outcomes. Results of market research may be used to assist in acquiring sponsors in the future and encouraging existing sponsors to renew.

N. Reporting to the Chapter and Sponsor

- All sponsorships will be provided for within the Chapter's budgets for events, programs and services.
- The total value of sponsorships for each event will be reported at each monthly CEC meeting, as applicable.
- Sponsorships will be included in the Annual Report.

- A report will be provided to each sponsor at the completion of the sponsorship activity, including an evaluation of the activity.

VII. Effective Date

This policy and related procedures are effective for the Chapter recognition year beginning on May 1, 2009.

Prepared by: Gerry Boaz, Corporate Sponsorship Subcommittee Chair, 3-5-2009

Exhibit 1

Corporate Sponsorship Program

(Example Educational Event activities)
Sponsor Levels

Level	Funding Level	Benefits	Maximum (sponsors)
Platinum	\$4,000 and over	Social event (\$15,000) Logo in program for social Logo on signs for social Three registered participants Welcome by speaker at social Special sign at event	5
Gold	\$3,000 – \$3,999	Lunches for two days (\$12,342) Logo in program for lunches Logo on signs for lunches Two registered participants Welcome by speaker at lunch Logo on display behind podium	6
Silver	\$2,000 – \$2,999	Breakfast, two breaks for two days (\$13,552) Logo in program for breakfast and breaks Logo on signs for breakfast and breaks One registered participant	9
Bronze	\$1,000 - \$1,999	Hospitality suite (\$3,000) Logo on Suite Sign	3
		Conference bag (\$2,000) Logo on Bag	2
Friends of AGA	\$999 & under	Cash donations for conference and/or charity donations for silent auction (Fair market value of item is \$999 or under) Separate insert with sponsor list Example of suggested items: Ipod, event tickets, camera	20

Benefits for all Corporate Sponsors

- Corporate logo and name on sponsor page in program
- Corporate logo and name on sponsor page on PDC website
- Corporate logo and name on board at conference
- Sponsor ribbon on conference badge
- Certificate of appreciation

Exhibit 2
Specify Event – Pledge Form Example

_____ Yes, we are interested in contributing to the success of the _____
Conference in Nashville as a Corporate Sponsor. My company will make
a contribution of \$ _____.

_____ Yes, we are interested in contributing to the success of the _____
Conference in Nashville as a Corporate Sponsor. Please have someone
from the committee contact me so we may discuss my company's
participation further.

_____ No, my company is not interested in being a corporate sponsor of the
_____ Conference in Nashville.

Name: _____

Firm: _____

_____ Date

Address: _____

Phone: _____

Fax: _____

Please Make Check Payable to: Nashville Chapter of the Association of Government
Accountants

Contributions are tax deductible (Federal ID #62-1079077).

Please Respond by _____, 20__ to:

Finance Committee

Attention: _____, **Co-Chair**

P.O. Box 198025

Nashville, TN 37219-9998

Questions? Call _____ @ 615-____-_____

or _____ @ 615-____-_____