



Corporate Brand Sponsorships and Collaborations: Important Information You Need to Know

College Panhellenics are increasingly interested in and entering into corporate brand sponsorships and collaborations. These partnerships are not simple and require consideration of legal matters, tax implications, and overall values congruence. Collaborations and sponsorships convey messages beyond product endorsement, and partnerships connect you not just to the product but also to the company. Panhellenics should spend time researching the product and the owner(s) before making any decision regarding partnerships. Brand deals and sponsorships can carry legal and financial risk if handled improperly.

Disclaimer: This resource is educational in nature and is created for College Panhellenic organizations. This is not intended to be legal advice.

Types of Brand Collaborations and Sponsorships

- Advertising (print or digital)
 - This is a simple cash payment in exchange for placing an advertisement in the materials published by another.
 - Example: Advertisements purchased by local businesses and placed by the College Panhellenic in a recruitment lookbook in order to promote the local business.
- In-Kind Donations
 - A third party donates products or services in exchange for public acknowledgement.
 - Example: A local bakery donates cookies to a College Panhellenic event. The cookies have the bakery's logo on the packaging. The College Panhellenic acknowledges the donation in the event promotion.
- Sponsorship Programs
 - A program that exchanges promotional benefits for direct monetary contributions.
 - Example: The College Panhellenic hosts a leadership conference and charges local businesses a fee for access to the event so they can showcase their products to the attendees during a business fair or trade show. The payments are tiered and the companies that choose to make higher payments gain greater access to the conference participants.
- Content Collaborations/Brand Endorsements
 - An arrangement for which a business pays a creator or provides a product in exchange for promotion of the business, or its products, on social media channels.
 - Example: An activewear company provides activewear to each member of a College Panhellenic Council in exchange for two social media posts that feature the product, make a positive claim and tag the brand.



Terms of the Agreement

The individual College Panhellenic bylaws should address which officers have the authority to enter into and sign an agreement or contract...and who is involved in the decision-making process.. Make sure the officers/advisors outlined in the bylaws are the individuals executing agreements for sponsorships or collaborations. Additionally, follow any institutional contracting requirements that may apply as a registered student organization.

It is important to know who the College Panhellenic may legally bind to an agreement. Any contract for brand collaborations or sponsorships should be with the College Panhellenic Association alone. The individual chapters on their respective campuses should not be bound by the College Panhellenic's agreement.

Also note that any use of the National Panhellenic Conference logo requires approval. Contact npccentral@npcwomen.org with questions regarding this process.

Tax Liability

Before engaging in any type of partnership, a College Panhellenic Association will need to engage in legal and tax exercises to protect the Association. Payment of any type, including products, must be claimed as income and therefore the Association must be registered as a business entity within the state it does business and must have an official tax identification number (EIN).

All College Panhellenics choosing to engage in these types of activity should be registered with the Internal Revenue Service (IRS) as a 501(c)(6) nonprofit organization. A 501(c)(6) is a membership organization, not open to the public and primarily supported by dues. While the organization may receive some income from non-member sources (such as sponsorships), the majority of income must come from membership dues or participation fees. These organizations must also share a common business interest, which for College Panhellenics, is the promotion of the sorority experience.

Why does tax-exempt status matter to College Panhellenics?

If there is no 501(c)(6) status, the Panhellenic would be required to pay significant amounts in both state and federal income taxes, and the cost of reinstating the status would be high. There could also be penalties for engaging in these activities without the proper tax status.

It is important to note that individual members cannot receive a private benefit from these types of activities. All income must be used to support the Panhellenic's activities. If earnings benefit an individual member or private party, the College Panhellenic risks losing its exempt status. All compensation and perks should flow to the organization. Additionally, if the officers of the College Panhellenic receive benefits of an agreement, as opposed to the general membership, it is known as private inurement. This activity is also prohibited and risks the Panhellenic's tax-exempt status.



The final component to be aware of is Unrelated Business Income (UBI). This is income from activities not related to an exempt purpose and is not tax exempt, including commercial sales, advertising and sponsorships, and rentals and facility use. If the Panhellenic is receiving substantial UBI, its tax-exempt status is being jeopardized. There is no definitive maximum for UBI published by the IRS, but it should be less than 50% of gross receipts, and ideally less than 35%. The Panhellenic should track this throughout the year and project planned income.

Questions for the Panhellenic to Consider

- Values Alignment
 - Does the sponsorship/collaboration align with the purpose of promoting the sorority experience?
 - Does the sponsorship/collaboration align with the culture of the campus Panhellenic community?
 - Is the sponsorship/collaboration representative of all members of the community? Is the brand size inclusive? Does the brand respect all religions and ethnic differences?
- Terms of the Contract
 - Who has responsibilities for the completion of the agreement?
 - Does the person signing the contract or entering into an agreement have authority delegated to them?
 - If you are using the NPC logo, have you received proper approvals to do so?
 - Are we aligned with any campus contracting requirements (if a registered student organization)?
 - Does the post have stipulations regarding the length of time it needs to be up? Does the contract dictate who owns the post?
- Tax Implications
 - Is the Panhellenic properly registered with the IRS as a 501(c)(6) organization?
 - Is anyone in the Panhellenic association receiving a private benefit?
 - Are the benefits of the collaboration being felt by the broader membership?
 - Have you projected expected income from collaboration and sponsorship activities to ensure you're staying under the 35% threshold?

Questions regarding this resource or issues related to corporate sponsorships and branding should be sent to Kaitlin Logan Melvin, director of advocacy, at kaitlin@npcwomen.org.