



FINANCIAL GOVERNANCE & SUSTAINABILITY

Sponsorship Governance: The Deal Your Association Can't Deliver

Most boards evaluate what the money is worth. Few cost whether they can honour their end

Most boards evaluating a sponsorship opportunity focus almost entirely on one side of the ledger: what the money is worth and what it could fund. The ACNC's own guidance on corporate partnerships points directly at the risk sitting on the other side, one boards consistently underweight: the possibility that your association has promised a sponsor more than it can deliver.

Which rules apply to your association?

The law depends on how your association is set up. A **company limited by guarantee** follows the Corporations Act 2001 (Cth) and its constitution. An **incorporated association** follows its state or territory associations Act and its rules. A **registered charity** also follows the ACNC Act and the ACNC Governance Standards, and some Corporations Act rules are replaced for charities that are companies. Check your own governing documents, and get advice before decisions with legal consequences.

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The Risk Most Boards Do Not See Coming

The ACNC is direct on this point in its published guide, Corporate partnerships and charities: one risk it names is that a charity overestimates what it can offer a prospective partner, but is then unable to deliver. This guidance is written for charities, but the same discipline suits any association. This is a different risk from the more obvious concerns most boards focus on, sponsor reputation, alignment with mission, and it deserves equal weight. A sponsorship that promises naming rights, event exposure, or member access the association cannot realistically deliver at the scale promised does not just disappoint a sponsor. It damages the relationship and the organisation's credibility with exactly the kind of commercial partner future sponsorship depends on.

The Two-Way Ledger, Done Properly

The approach the ACNC guide recommends is worth adopting: before entering any sponsorship discussion, articulate clearly what your association wants, funding, goods, services, expertise, and separately, what your association can realistically offer in return, promotional exposure, naming rights, signage, event participation, preferred supplier arrangements, reputational association with your cause. Costing the delivery side honestly, and being willing to identify what would be a deal-breaker before entering the conversation, protects the organisation from the specific failure mode of promising more than it can honour. A sponsorship agreement that looks generous on the funding side but has never been costed on the delivery side is not actually a good deal. It is a commitment your association has not yet confirmed it can keep.

Conflicts Of Interest Hide Particularly Easily In Sponsorship Deals

Sponsorship arrangements are a common place for the conflict of interest discipline discussed earlier in this series to quietly go untested. A board member whose own business becomes a sponsor, or who has a personal or commercial connection to a prospective sponsor, creates precisely the kind of conflict this series has already covered in detail, one that requires disclosure and the conflicted director's exclusion from the actual decision, not simply a passing mention that the connection exists. The ACNC guide expects the board to disclose any actual or perceived conflicts of interest. A disclosed conflict need not rule a sponsorship out if it is managed properly, but managed properly means the full discipline already established in this series, not a lighter version applied because the deal in question happens to be commercially attractive.

- Cost the delivery side of any sponsorship agreement as rigorously as the funding side, confirming specifically that your organisation can deliver everything promised at the scale committed to.
- Identify deal-breakers before entering sponsorship negotiations, rather than discovering mid-negotiation that a particular condition is unacceptable.
- Apply the full conflict of interest discipline discussed earlier in this series to any sponsorship involving a director's own business or personal connection, treating commercial attractiveness as no reason to soften the process.
- Maintain a written sponsorship agreement for every arrangement, signed by someone with authority under your delegations, and confirm the GST treatment with your accountant, since sponsorship that gives the sponsor benefits is usually a taxable supply. Keep sponsorship records, correspondence, and payment documentation for at least the period your regulators require, generally seven years for registered charities and companies and at least five years for tax records, and check any state fundraising rules that apply.
- Vet prospective sponsors for alignment with your association's purpose and reputation before entering an agreement, since a poorly aligned sponsor can create reputational cost considerably larger than the sponsorship's financial value.

A sponsorship relationship, done well, benefits both sides and can meaningfully support an association's mission. Done without a clear-eyed assessment of what your organisation can deliver, it becomes a commitment made in the excitement of securing funding that quietly damages the very commercial relationships your association will need again next year.

This is one of the practical governance topics built into our Board Director course, alongside the papers, tools and frameworks that turn the principle into your board's actual practice. [Explore the course](#)

Annie Gibbins

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BOARDROOM ACTION WORKSHEET

Sponsorship Governance: The Deal Your Association Can't Deliver

Turn the resource into evidence, a decision and an accountable next step. Keep the completed record in your association's approved board records system.

1 What is the issue or decision?

State the governance question in one clear sentence.

2 What evidence do we already have?

Record the facts, source documents and stakeholder evidence available now.

3 What evidence is still needed?

Identify the legal, regulatory, financial, member or operational information still required.

4 What is the agreed next action?

Capture the owner, timeframe and how the matter will return to the board.

Action owner	Review date	Board decision or resolution

General education, not legal, financial, tax, clinical or governance advice. Confirm specifics at the relevant primary source or with your own qualified adviser. Nexus Leadership is operated by Lipstick Consulting Pty Ltd · ABN 15 619 120 482.

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