

## **80.16 Distinction between Gifts and Sponsored Projects**

**Approval Authority:** Cabinet  
**Responsible Executive(s):** Provost and Vice President for Academic Affairs  
CFO, Vice President for Finance and Treasurer  
Vice President of Development  
**Responsible Office(s):** Division of Development and Alumni Engagement  
Office of Sponsored Accounting and Cost Analysis  
Office of Sponsored Programs  
**Effective Date:** March 20, 2018

### **I. Purpose of this Policy**

This Policy is intended to facilitate the appropriate classification of funding received by the University for gifts and sponsored projects. Among other reasons, classification is important to ensure that external funding directed to the University receives the proper administrative and compliance reviews, the University recovers indirect costs where appropriate, and that donors receive appropriate receipts and acknowledgement for their charitable donations.

### **II. Definitions**

A. Gift: External funds should be classified as a Gift if a confluence of the following characteristics is present: (i) the donor's intent is to make a charitable gift and the funds are transferred irrevocably to the University; (ii) the donor restricts use or disposition of funds to a specific school, program or activity; (iii) the donor restricts the use or disposition of the funds to a specific purpose (e.g., a scholarship or professorship); (iv) the donor requests that publications acknowledge its donation; and/or (v) the agreement asserts that no goods or services are provided in exchange for the donation. Gift agreements may contain certain intangible benefits to the donor with the intent of donor stewardship, such as obligations of the University to provide reporting on the use or investment of gifted funds. Gift agreements are often preceded by detailed spending proposals, which do not constitute legal obligations on the part of the University. In certain circumstances, gifts may offer tangible benefits to the donor in accordance with IRS guidelines. Gifts are administered by the Division of Development and Alumni Engagement.

Sponsored Project: An arrangement under which there is a transfer of funds, property, services or anything of value from a sponsor and for which there is an expectation of performance, a tangible deliverable or an outcome by the University that specifically benefits the sponsor should be classified as a Sponsored Project. External funds received will be for a Sponsored Project if a confluence of the following characteristics is present: (i) the award commits the University to a specific line of scholarly or scientific inquiry, typically documented by a statement of work; (ii) the activities are budgeted and the

award includes requirements for fiscal reports and/or invoicing; (iii) a period of performance is specified; (iv) the University is obligated to convey rights to tangible or intangible properties resulting from the work; and/or (v) the sponsor requires that publications acknowledge its sponsorship. Sponsored Projects are awarded through various mechanisms, including grants, contracts and cooperative agreements and/or other legally binding contracts. Sponsored Projects are administered by the Office of Sponsored Programs (“OSP”) and the Office of Sponsored Accounting and Cost Analysis.

### **III. Policy**

Only the Division of Development and Alumni Engagement may formally accept Gifts from donors, and only OSP may accept funds from sponsors for Sponsored Projects, in each case on behalf of the University. While discussion of the classification of funds may be an appropriate topic for discussion with a potential donor or sponsor, classification of funds by the University should occur promptly upon receipt. In accepting funds, University staff may seek advice from other University offices such as the Division of Finance, the Office of the General Counsel or the Office of the Provost.

In some cases, the distinction between a Gift and a Sponsored Project may be ambiguous and require consideration of additional factors, including but not limited to: the intent of the donor/sponsor or agreement, the charitable grant-making status of the donor (e.g., a charitable foundation), the scope of work, the potential benefit to the sponsor, the value exchanged, the terms of accountability for use of funds, tangible deliverables and the ability of the funder to recoup the funds provided. The use of certain terms, such as “research,” “grant,” “sponsor” and “invoice” in documentation is common with both Gifts and Sponsored Projects, and does not necessarily have implications for the classification of funds. When external funds are in part a Gift and in part a Sponsored Project, funds should be allocated and classified accordingly.

Funds received as philanthropic sponsorship of an event or program of the University and acknowledged by the University in accordance with IRS guidelines will be considered a Gift.

In certain instances, funds received by the University may be classified as funds for a Sponsored Project, but may also meet the criteria set forth in the guidelines of the Council for Advancement and Support of Education (“CASE”) and the University’s Capital Campaign for acknowledging and counting gifts. In this case, the Division of Development and Alumni Engagement and the Division of Finance will consult to approve the classification of such funds.