



SUBJECT: CLASSIFICATION OF GIFTS AND SPONSORED PROJECTS

I. PURPOSE

Correct classification of funds is important to assure the University's ability to comply with terms specified by the sponsor/donor, meet the government's reporting and accounting requirements, properly recover costs (both direct and indirect), and monitor the nature and extent of research in various units.

Classification of funds requires the exercise of professional judgment if its characteristics are such that the true nature is not immediately clear. Often the terms "gift" or "grant" are used interchangeably. Therefore, the terminology used by the sponsor or donor should not determine the classification of the funds. In situations where the classification is not immediately clear, the Vice President for Advancement and the Provost will jointly review the documentation to determine the most appropriate classification.

II. DEFINITIONS

A. Gifts

A gift may be defined as any money from private sources, whether solicited directly or not, for which the donor does not retain any future interest or cannot be expected to receive any material, unique, or preferential benefit from the act of donating funds. This definition follows guidelines established by the Internal Revenue Code as well as practices of other universities and nonprofit organizations. Gifts are generally funded by individuals, corporations, or foundations.

The following criteria identify a gift (usually more than a single criteria needs to apply, although all do not have to be met):

1. Contractual requirements are not imposed. However, objectives may be stated and use of the funds may be restricted to a particular purpose such as a professorship, scholarship, or research in a defined area.
2. No commitment of resources or services other than, possibly, committing to use the gift as the donor specifies.
3. Award is irrevocable.
4. A period of performance is not specified although an end date may be used as a convenience in tracking use of funds.



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5. Additional financial accounting and reporting requirements are not imposed and there is no requirement to return unexpended funds (negotiations may be needed if unexpended funds cannot be spent for the purpose of the gift, i.e. specialized scholarships, etc). However, a report to the donor on the utilization and/or impact of the gift may be requested, and this report may include expenditures and fund balances.

Gifts are received under the direction of the Institutional Advancement Office and responsibility may be delegated to other departments.

B. Sponsored Projects

The term “sponsored project” is used synonymously with grant, contract, cooperative agreement, or subcontract. Sponsored projects are generally funded by government entities, corporations, or foundations.

The following criteria identify sponsored projects and are consistent with guidelines established by the Office of Management and Budget circulars (usually more than a single criteria needs to apply, although all do not need to be met):

1. The award specifies terms such as budgetary restrictions, objectives, and/or individual(s) responsible for completing the work.
2. The award is subject to formal conditions outlined in a contractual instrument signed by both parties. The University incurs a legal obligation and an authorized institutional signature is required.
3. The sponsor places specific restrictions or requires specific deliverables on the award (e.g., a definitive time period, expenditures, various reports, and/or audit).
4. Funding is typically on a cost-reimbursable or fixed-price basis.
5. There is a commitment of university facilities, personnel, or other resources.
6. The sponsor retains authority to withhold funds pending satisfactory completion of project objectives. Unused funds are often required to be returned to the sponsor.



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7. The sponsoring organization may receive a benefit.

Sponsored projects are administered through the cooperative effort of the Office of Sponsored Research and Grants (contractual) and the Controller's Office (fiscal). Contractual responsibilities for non-academic, non-government sponsored projects may be delegated to other departments.