

Fayetteville State University

Gift vs. Sponsored Project

Private fundraising is central to Fayetteville State University's future. When corporations, foundations, and other private donors provide gifts to the university, the funds are handled entirely by University Advancement (UA). When these entities provide support for research and programs, the funds are handled by the Office of Sponsored Research and Programs (OSRP). Fundraising success depends on an effective partnership between these two Offices.

Correctly classifying gifts and sponsored projects is important for several reasons. Not only does the distinction between gifts and sponsored projects determine which office administers the award, there are usually differences in how gifts and grants should be budgeted, and how and by whom the resulting projects should be monitored. There may similarly be differences in the content, detail and frequency of reports to the sponsor. Gifts do not trigger review for the university's obligations with respect to research compliance (e.g., IRB), whereas sponsored projects do.

Given the importance of correctly classifying gifts and sponsored projects, and given the absence of clear and up-to-date guidance, the Provost & Senior Vice Chancellor for Academic Affairs solicited recommendations on the matter. A committee of personnel from UA, OSRP and Contracts and Grants (C&G) was tasked to develop recommendations on the matter. This memorandum sets forth the recommendations of this committee.

DEFINITIONS

GIFT

A gift is something of value that is given to the University by a donor who expects nothing of significant value in return, other than recognition of the gift and its disposition in accordance with the donor's wishes. A written agreement may or may not be entered into by the University and by the donor. When the gift is in the form of funding, it can be 'unrestricted', meaning the funds may be used freely; or 'restricted', limiting the use of funds to work in a specific field or for a specified purpose. When a gift is accompanied by an **agreement, the agreement must be reviewed by the Office of University's General Counsel**, signed by the Vice Chancellor for Development or the Vice Chancellor for Business and Finance and an authorized signatory of the donor.

In general, a gift has the following characteristics:

- No contractual requirements are imposed and there are no "deliverables" to provide the donor. However, the gift may be accompanied by an agreement that restricts the use of the funds to a particular field or purpose.
- A gift is irrevocable. While the gift may be intended for use within a certain time frame, there is no specified period of performance or a start and end date for when the gift can be used.
- There is no formal fiscal accountability to the donor. There may however be annual or periodic updates requested by the donor and sent by Division of University Advancement that may be thought of as sound practices of good gift stewardship, and, as such may be required by the terms of the gift. These informal reports are not considered contractual obligations or deliverables.

SPONSORED PROJECT

A sponsored project has a statement of work to be implemented in exchange for something of

value, such as data, results, intellectual property, and/or mandatory report. A written agreement is entered into by the University and the sponsor. Sponsored projects generally use one of two funding structures: grants or contracts. Sponsored projects are reviewed and signed by an authorized official from the Office of the Provost & Senior Vice Chancellor for Academic Affairs, and an authorized signatory of the sponsor.

In general, a sponsored project has one or more of the following characteristics:

1. Return of unexpended funds to the sponsor.
2. Restrictions on data use and/or research publication rights imposed by the sponsor.
3. The right of the sponsor to audit the project, program, lab or related documentation such as financial data or lab notebooks.
4. Ownership of data or intellectual property resulting from project/ program vesting in whole or in part with the sponsor.
5. Preferential sharing of the project/ program results or resulting research resources, such as a model organism, with the sponsor.
6. A penalty for non-performance.

“GIFT OR SPONSORED PROJECT?” DECISION TREE

The answers to the following questions may be of assistance in determining whether an externally funded activity is a gift or sponsored project:

1. Is the funding source a governmental entity (federal, state, local)?
Any funding provided by a government agency at the federal, state or local level is treated as a sponsored project and is administered by OSRP.

If YES, all requests and agreements must be processed by OSRP.

If NO, go to question #2.

2. Does the proposal and/or the agreement have characteristics of a sponsored project as described above?

If YES, then proposal and/or agreement must be processed by the OSRP and approved by the Office of the Provost and Vice Chancellor for Academic Affairs using the CAYUSE system. Payments must be processed through C&G. For example, funding from voluntary health organizations or associations, such as the American Cancer Society or the American Heart Association, is usually treated as a sponsored project because of the terms and conditions typically conveyed in the notice of award. In other cases, the determination of whether it is a gift, or a sponsored project is based upon the proposal, budget if any, statement of work, and terms and conditions of the agreement (as indicators of the intent of the sponsor/donor). Both OSRP and the Division of University Advancement can assist in preparing a proposal and working with the funder both before and after the award has been accepted by the University.

If NO, then the proposal and/or agreement (and associated payments) is likely a gift and should be processed through the UA.

If UNSURE, first check with OSRP or UA for assistance with determining whether the activity is a gift or sponsored project. If they are uncertain, check with the Office of the Provost or the Division of Business and Finance. If assistance is needed please email questions to

OSRP@uncfsu.edu and/or Advancement@uncfsu.edu. Please include your specific question(s) and any available supporting materials such as the proposal, proposal and award requirements of funder (generally on their website if not provided in a guideline, letter or award document), contact information for point person at the funding organization and, as applicable and if available, the proposed project budget.

Funding received against a published 'Request for Proposal (RFP)' or 'Request for Application (RFA)' by any governmental or non-governmental agency will go through OSRP.

Distinguishing Gifts vs. Grants Checklist

PI: _____ Department: _____

Project title (if applicable): _____

Sponsor/Donor: _____ Amount: _____

This checklist is a job aid intended to provide guidance to assist in determining if a transaction is a gift or sponsored project through OSRP.

Review all funding documentation available and answer the questions below.

1. Is the funding provided by the government (federal, state, or local)? Yes ☐ No ☐
If yes, stop here. The funding should be processed as a grant. If no, continue to questions 2-8.
2. Is the university committed to performing a specific project detailed in a research plan or statement of work? Yes ☐ No ☐
3. Is there a specific commitment regarding level/percentage of effort for faculty or personnel, or an obligation to spend a certain amount of time on the project? Yes ☐ No ☐
4. Is the university required to provide detailed financial reporting beyond a brief summary of how the funds are spent? Yes ☐ No ☐
5. Is the university required to return unspent funds at the end of the work? Yes ☐ No ☐
6. Is the university obligated to provide deliverables, like reports, research results, study data, or other tangible items? Yes ☐ No ☐
7. Are there any publication restrictions? Yes ☐ No ☐
8. Is the sponsor/donor requesting rights to intellectual property? Yes ☐ No ☐

If you answered yes to any question 2-8, the funding should be processed as a sponsored project. Otherwise, it can be processed as a gift.

Gifts are processed by the University Advancement – Advancement@uncfsu.edu

Sponsored projects are processed by the Office of Sponsored Research & Programs Administration – osrp@uncfsu.edu.