

## Procedure 1304 PR.02

### Distinguishing Between Gifts and Sponsored Awards

Revision Date 4/1/06

---

Overview.....	1
Sponsored Awards.....	1
Gifts .....	1
How to Distinguish.....	2

---

#### Overview

Gifts and sponsored awards to the University are made in a variety of forms, reflecting the diversity of sponsors as well as their purposes.

The language used by a donor or sponsor in providing support is generally the source for making a distinction between an award and a gift; however, it is often difficult to determine from the wording of the governing document whether a receipt of funds is a sponsored award or a gift.

When in doubt, consult the University or Medical School Offices of Grant and Contract Administration. They, in consultation with the Office of Development, will make the final determination as to whether the award in question shall be treated as a sponsored award or a gift. The Office of Development should be kept informed of all such cases and receive copies of related documentation.

This procedure is also intended to assist department business personnel in determining how to process awards (and where to deposit funds) received at the department, especially in those cases when standard University procedures have not been followed.

---

#### Sponsored Awards

A sponsored award is funding from an external entity such as a private foundation, corporation or governmental agency for an activity with a defined scope and purpose undertaken by the University with the expectation of an outcome that directly benefits the provider.

- Sponsored awards, which include both grants and contracts, bind the University to a set of specific terms and conditions and involve a related reciprocal transfer of something of value to the sponsor. In general, contracts contain a more precisely stated expectation of a definable work product on some set schedule as a condition of payment than do grants. Contracts also generally provide for tighter control by the sponsor over the scope of work and utilization of funds.
- Sponsored awards are charged facilities and administrative costs, whether identified in the award or not, unless the sponsor has a written policy that precludes such recovery and the University has accepted the award with this restriction. The rates to be applied are University-approved rates. The Provost, Deputy Provost, Dean of Medical School (or designee), or Associate Vice President for Finance after consideration of the proposed award may choose to accept an alternative indirect cost arrangement.

Sponsored awards from private foundations, corporations, corporate foundations and government agencies are administered by the University and Medical School Offices of Grant and Contract Administration. The Corporate and Foundation Relations Office within the Office of Development should be kept informed of all corporate and foundation activities and receive copies of all correspondence related to such activities.

---

#### Gifts

Support of the University that does not include the above conditions (also see detailed list below) is viewed as a gift and is processed through the Contribution Processing unit in the Office of Development and the Funds Management Office.

- A gift is any item of value given to the University by a donor who expects nothing significant of value in return, other than recognition and disposition of the gift in accordance with the donor's wishes.

- Although a donor may place some restrictions on the use or disposition of a gift and may require a report that demonstrates that the donor's wishes have been met, these terms do not make the gift a sponsored award. Such "restricted gifts" essentially create a fiduciary responsibility in which the University, by accepting the gift, is obligated to carry out the wishes of the donor.

See Policy [2200](#) Gifts to the University, for University policy regarding transmission, acceptance, recording, disposition, acknowledgment and management of gifts.

## How to Distinguish

Sponsored award instruments may include some or all of the requirements and conditions listed below. Gifts may be unrestricted or may include some or all of the restrictions listed. The language used by a donor or sponsor is generally the source for making a distinction between a sponsored award and a gift.

	Gift	Sponsored Award
General	<ul style="list-style-type: none"> <li>• Donor may restrict use or disposition.</li> </ul>	<ul style="list-style-type: none"> <li>• Award instrument requires endorsement by a University official.</li> <li>• Investigator is obligated to a line of scholarly or scientific inquiry that follows a plan, provides for orderly testing or evaluation or seeks to meet stated performance goals.</li> </ul>
Publication and Reporting	<ul style="list-style-type: none"> <li>• Donor may request copies of publications that result from research supported with donated funds and ask to be acknowledged in such publications. Donor may also request annual progress reports or a summary of the types of activities supported.</li> <li>• Smaller gifts do not usually require reports.</li> </ul>	<ul style="list-style-type: none"> <li>• Terms of the award require publications or technical reports dealing with substantive aspects of the work. Investigator is obligated to report project results.</li> </ul>
Accounting and Financial Reports	<ul style="list-style-type: none"> <li>• Donor may require that the funds be established in a separate account and that the donor receive an annual statement of total funds expended.</li> <li>• Smaller gifts do not usually require accounting statements.</li> </ul>	<ul style="list-style-type: none"> <li>• Award includes a line item budget that identifies expenses by activity, function, or project period.</li> <li>• Award includes budgetary constraints such as limits on budget categories, or the sponsor exercises prior approval or other controls over expenditures.</li> <li>• Fiscal accountability is required, as evidenced by submission of financial reports to the sponsor, an audit provision, or return of unexpended funds at the conclusion of the project.</li> </ul>
Project Direction or Mentoring	<ul style="list-style-type: none"> <li>• Corporate sponsor may identify an individual in the corporation as a point of contact, particularly if that person works in university relations or philanthropic functions of the corporation.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate sponsor identifies a technical monitor who is responsible for monitoring performance, arranging research visits and providing liaison between the University and corporate research teams.</li> </ul>

Period of Performance	<ul style="list-style-type: none"> <li>• A period of performance is not normally included, but one may be stated as a general expectation.</li> </ul>	<ul style="list-style-type: none"> <li>• Terms include a period of performance that is specific for defining allowability of expenditures or other purposes.</li> </ul>
Renewal	<ul style="list-style-type: none"> <li>• Normally no formal renewal.</li> <li>• Additional funding may be provided at the discretion of the donor.</li> </ul>	<ul style="list-style-type: none"> <li>• May be renewed contingent on such things as technical review or satisfactory progress. (This implies that the sponsor is monitoring performance to determine if some set of expectations is fulfilled.)</li> </ul>
<p><b>If an agreement includes any of the following terms</b>, it must be established as a <b>sponsored award</b> (because such terms involve a related reciprocal transfer of something of value to the sponsor):</p>		
Sponsor Rights to Licensing and/or Intellectual Property		<ul style="list-style-type: none"> <li>• Investigator is obligated to convey rights to tangible or intangible properties resulting from the project. Tangible properties include equipment, records, technical reports, theses, or dissertations. Intangible properties include rights in data, copyrights or inventions.</li> </ul>
Basic Research Tax Credit		<ul style="list-style-type: none"> <li>• Stipulates that expenditures must qualify for the basic research tax credit.</li> </ul>
Legal Accountability		<ul style="list-style-type: none"> <li>• Includes indemnification or other legal accountability terms.</li> </ul>

The official version of this information will only be maintained in an on-line web format. Any and all printed copies of this material are dated as of the print date. Please make certain to review the material on-line prior to placing reliance on a dated printed version.