

# Sponsored Project or Gift Guide

*Processing Private Sector Support for Higher Education: Corporate, Foundation, and Nonprofit Support*

The following are key characteristics to consider when determining whether support from a corporation or foundation should be processed through University Development or through the Office of Sponsored Programs (OSP).

Please refer to the table on the next page and the characteristics that follow to determine whether funds provided by a corporate or foundation sponsor should be processed by University Development or OSP.

When in doubt, work through Corporate Relations, Foundation Relations, or Office of Sponsored Projects staff member to clarify.

Note that the existence of one characteristic alone is likely not sufficient to make a determination. Moreover, the characteristics of both sponsored projects and gifts will oftentimes apply to the same award.

For these reasons, multiple factors should be considered in making an assessment of how to proceed. A sound judgment based on the consideration of applicable characteristics should determine which office handles the funds.

In general, OSP will process awards with budget, confidentiality, intellectual property, or compliance factors (e.g., human subjects and animal research), aspects of which require the sophisticated tracking and review tools built into the research enterprise (e.g., RCI or IRB). Sponsored Projects processed through OSP that meet CASE and IRS guidelines for philanthropic contributions may also be considered gifts for reporting and campaign purposes. In cases where it is uncertain whether corporate or foundation support should be processed through University Development or OSP, any relevant documentation should be reviewed by University Development and OSP for a determination. Consultation with other appropriate university entities (e.g., Financial Aid, Business and Finance) will be the joint responsibility of University Development and OSP.

# Gift or Sponsored Project Guide

Award Characteristic	Sponsored Project	Gift
<b>SOURCE OF FUNDS</b>		
Funding provided by an individual		X
Funding provided by governmental agency	X	
Funding provided by private, non-governmental institutions (i.e. for-profit or non-profit entity)	X	X
<b>TERMS OF USE OF FUNDS</b>		
Funds are irrevocable		X
Funds are unrestricted		X
Funds have a loosely restricted purpose	X	X
Uniform guidance (2 CFR 200) applicable	X	
Federal acquisition regulations (FARs) applicable	X	
Confidentiality of sponsored-provided information	X	
Certifications and formal terms and conditions	X	
Use requires compliance office review (e.g., IRB, IACUC)	X	X
Funder-defined scope of work	X	X
No specific period of performance		X
Prior approval required for budget, scope, or date changes	X	X

<b>Facilities &amp; Administrative (Indirect) costs</b>	X	X
<b>Actual cost reimbursement</b>	X	
<b>Fixed fee reimbursement</b>	X	
<b>Milestone reimbursement</b>	X	
<b>Unilateral termination allowed</b>	X	
<b>OUTCOMES GENERATED FROM USE OF FUNDS</b>		
<b>Funder benefits</b>	X	X
<b>IP owned by funder</b>	X	
<b>Derivative IP owned by funder</b>	X	X
<b>Publication restricted or pre-reviewed</b>	X	
<b>Pre-publication review required</b>	X	
<b>Detailed financial and progress reporting</b>	X	X
<b>Minimal high-level financial and progress reporting</b>		X
<b>No financial or progress reporting</b>		X
<b>GVSU must return unexpended funds</b>	X	X

## **CORPORATE, FOUNDATION, AND NONPROFIT SUPPORT PROCESSED THROUGH UNIVERSITY DEVELOPMENT**

Transactions that meet the following criteria, individually or collectively, should be handled as a gift through University Development:

1. Voluntary contributions from individuals or non-governmental institutions that are:
  - Charitable in purpose
  - Irrevocable
    - Except for private foundations, which are allowed to include a clawback provision for unexpended funds in their agreements under IRS regulations
  - Unrestricted
  - Not limited to a performance period
  - Not subject to detailed financial or progress reporting
2. In some instances a gift can be restricted, for example:
  - For endowment, i.e., only a proportion of market value may be spent in perpetuity
  - For a specific school, college, or unit
  - For a stated purpose, like a construction project, program, professorship, scholarship, etc.
3. The agreement documenting the contribution may be binding or non-binding, depending on the purpose.
4. According to the IRS, an agreement with a private foundation that documents a charitable contribution may use the term “grant” instead of “gift”.
5. Periodic, high-level financial or progress reports are allowable.
6. Research processed through OSP may ALSO qualify as a gift based on CASE and IRS guidelines for philanthropic contributions -- including research that has a funder-defined scope of work or requires compliance office review; prior approval for budget, scope, or date changes; or detailed financial and progress reporting -- as long as the donor meets the criteria defined on page 6 below.

## **CORPORATE, FOUNDATION, AND NONPROFIT SUPPORT PROCESSED THROUGH THE OSP**

Transactions that meet the following criteria, individually or collectively, should be handled as a Sponsored Project through OSP:

1. Funds originate from a federal or state sponsor.
2. The corporation or foundation receives some deliverable or commercial benefit, e.g., rights to intellectual property, pre-publication review, hardware, software, data.
3. Funds are restricted for a detailed purpose that requires adherence to:
  - a specific statement of work and commitment to a specified project plan, such as a prescribed research activity;
  - a detailed project methodology, e.g., a series of experiments to test a particular hypothesis, or support to perform a particular activity;
  - a line-item budget, the tracking of which is key to financial accountability and requires sponsored project management systems to fulfill; and
  - a specified period of performance in which project funds will be expended, usually defined with "start" and "end" dates.
4. The supported activity requires the approval of a compliance office, i.e. the Research Compliance & Integrity (RCI) or Institutional Review Board (IRB).

## **CORPORATE, FOUNDATION, AND NONPROFIT SUPPORT PROCESSED THROUGH THE OSP, CONT.**

Research processed through OSP may ALSO qualify as a gift based on CASE and IRS guidelines for philanthropic contributions as long as the Sponsored Project meets the following criteria:

- The Sponsored Project is not coming from a governmental organization, including corporations, foundations, and other non-governmental organizations.
- The funding organization may define intended use for a Sponsored Project, but the funding organization cannot seek post-award control.
  - Intended use may include a line-item budget, a detailed scope of work, specified terms and conditions, deliverables, and fiscal accountability. These often articulate intended use without being post-award control.
  - Common examples of post-award control include selecting researchers or scholarship recipients, influencing active research, or restricting dissemination of results.
- The funding organization does not receive a tangible benefit from the Sponsored Project.
  - Common examples of tangible benefits include event tickets or other items with a market value.
- The products or results of a Sponsored Project will be made publicly available and are not exclusive to the funding organization.
  - Common examples include research grants from private foundations with publicly disseminated results.
- Name recognition is allowed, but advertising is not.
  - Name recognition becomes advertising when a specific product is promoted, displayed, or marketed as a result.

## **PROCESSING CORPORATE, FOUNDATION, AND NONPROFIT CONTRACTS**

Support from a corporation or foundation that is not a voluntary donation for religious, charitable, scientific, literary, or educational purposes may actually be a contract. Contracts are defined as “Exchange transactions having potential commercial benefit or profit that does not support a charitable purpose” (e.g., private gain). This category of support is most applicable to corporate research contracts, not to foundation, corporate foundation, or nonprofit grants or gifts. All contracts are processed through OSP and are considered Sponsored Projects.

While Sponsored Projects may also qualify as gifts and be included in campaigns even when processed and managed by OSP (as detailed above), corporate research contracts are NOT counted.