I. SCOPE

This Policy for Distinguishing Gifts from Sponsored Awards ("Policy") applies to staff that administer or negotiate Gifts or Sponsored Awards and all other faculty, staff, students, or any other individuals who seek or receive external funding through their affiliation with the University. See Section IV below for the definition of all capitalized terms in this Policy.

II. POLICY STATEMENT

The University must manage all external funds in accordance with all applicable federal, state and local laws and regulations, as well as with the specific terms and conditions of any Gift or Sponsored Award. While both Gifts and Sponsored Awards (usually in the form of a grant agreement or contract) are often awarded in response to a proposal with a specific work plan or activity, the mechanisms used to manage these respective types of funds differ greatly, and are primarily determined by the requirements of the Donor or Sponsor. Consequently, it is important to properly classify such awards.

The purpose of this Policy is to provide a framework to facilitate the appropriate classification of private support received by the University as either a gift or a sponsored award. This categorization is essential for ensuring that the appropriate office or department manages the funding in a manner consistent with such classification and for ensuring that it is treated correctly for tax and accounting purposes.

III. POLICY

The distinction between a Gift and a Sponsored Award is not always immediately apparent therefore this Policy seeks to provide guidance to the University community on the appropriate categorization of funds as set forth below.

A. Gifts

A Gift is a donation of money or property from a Donor (individual or organization) that is not contingent on specific deliverables, results, or activities. As long as the general interest of a Donor is met, funds may be spent at the discretion of the University unless there are specific restrictions on the gift. The University has a fiduciary obligation to use a Gift in accordance with the wishes of the Donor.
may come from the private sector (such as individuals and businesses), or nongovernmental sources. All funds that originate with government agencies must be classified as Sponsored Awards.

Gifts can be categorized as either “restricted” or “unrestricted”. An unrestricted Gift may be spent at the discretion of the University. It is not limited to specific purposes, objectives, programs, or designated to specific organizational units. A Gift is considered unrestricted if a Donor does not specify how funds are to be used. A restricted Gift is earmarked for a specific purpose, objective, program, or organizational unit. However, a Donor does not have control over expenditures or the work performed.

Gifts may be used to meet the cost sharing commitment on a Sponsored Project if the purpose of the Gift allows it.

Gifts are under the administration of the Office of University Advancement (“OUA”).

**Indicators that the funds are a Gift:**

- **Solicitation:** Donor is approached through non-competitive proposal process. Typically solicitation is initiated by OUA, not a principal investigator.
- **General Characteristics:** Donor usually does not specify how funds should be expended or administered. However, the Donor may restrict the gift for a specific purpose.
- **Donor Expectations:** Donor intends the Gift to be a charitable contribution to the University. There is no expectation of direct benefit in exchange of funds. Tax deduction, acknowledgement, donor memberships/benefits, and goodwill from association with the University are not direct benefits. Gift recognition and disposition should be done in accordance with Donor wishes.
- **Timeline:** There may be a general time period in that the funds are expected to be used, but the Gift is generally not contingent on firm start and end dates of the project.
- **Performance Requirements:** Gifts may or may not be for specific activities in general or unspecified area. Typically, no audit is required or performed.
- **Budget:** A detailed budget generally is not required to receive a gift.
- **Publication and Data Review:** Donor has no expectations to approve outcomes.
- **Reporting:** There is minimal or no reporting requirements. Progress and summary reports may be requested or provided as part of good stewardship, but they are not part of contractual obligations.

The above criteria are to be used as guidance only and each case must be considered on an individual basis.

**B. Sponsored Awards**

A Sponsored Award is the provision of money from a Sponsor to support specific activities including, but not limited to, research, service, or training projects such as development or testing of a product or designing a training program.

Sponsored Awards typically require an application or proposal in which the Principal Investigator (PI) or applicant details the work to be done and the budget for the Sponsored Project. Sponsored Awards may come from federal, state, local or international governments and agencies, non-government organizations, non-profit organizations, private foundations, or the private sector (including individuals).

Although Sponsored Awards do not typically seek specific outcomes, they do typically include reporting and accounting requirements in addition to requiring acknowledgement in presentations and
publications.

All Sponsored Awards are under the administration of the Office of Sponsored Research and Programs (OSRP) and Financial and Administrative Services.

**Indicators that the funds are a Sponsored Award:**

- **Solicitation:** The funds are awarded after some form of competitive application, proposal, or bidding process.
- **General Characteristics:** Sponsor specifies project objectives and deliverables stated in the Sponsor’s funding guidelines.
- **Sponsor Expectations:** The Sponsored Project outcomes are of significant value to Sponsor. Funds are exchanged for Sponsored Project outcomes.
- **Timeline:** There are specified start and end dates for the Sponsored Project.
- **Performance Requirements:** Sponsor expects specific activities to be performed by specific individuals in a specific focus area as described in the proposal submitted to the Sponsor.
- **Budget:** Sponsor requires a budget specific to the Sponsored Project prior to providing funds. Funding is awarded based on detailed budget and the Sponsor usually approves budgetary changes. Audit provisions are usually included in the terms and conditions of the Sponsored Award. Sponsor retains the option to recover funds not spent within the allotted time or according to the approved budget.
- **Publication and Data Review:** Sponsor may request the right to review manuscripts, presentations prior to dissemination. Sponsor may retain the rights to the intellectual or physical property that is created as a result of the Sponsored Project either as the sole owner or jointly with the University.
- **Reporting:** Sponsor expects to receive progress reports, technical reports, services, or products that are created as a result of the Sponsored Project, and such provisions are stipulated in the Sponsored Award documents.

The above criteria and the chart below are to be used as a guidance only. Distinguishing a gift from a sponsored award must be considered for each case on an individual basis.

**C. Guidance**

If an award does not align sufficiently with the criteria for either a Gift or a Sponsored Award, consult the OSRP who will work in conjunction with the OUA to determine the appropriate categorization of the funds. If a consensus cannot be reached between these parties, the funds, along with the respective determinations of the relevant parties, will be forwarded to the Vice President for Finance or his/her designee for the final determination.

**IV. DEFINITIONS**

**Donor:** the individual or organization that gives a Gift.

**Gift:** includes external funds provided by an individual or organization that is not contingent on a specific activity (e.g. research) or deliverable (good or service) to be provided or completed as a condition of the funding. This includes but is not limited to unrestricted donations from estates, alumni, and foundations as well as restricted gifts given to support a specific activity or project on campus (such as scholarships, building facilities, or academic programs).
Principal Investigator: is the individual designated by the University to have the appropriate level of authority and responsibility to direct the Sponsored Project.

Sponsor: the organization or funding agency that funds a Sponsored Award.

Sponsored Award: includes all arrangements and agreements that are contingent on a specific activity (e.g. research) or deliverable (good or service) to be provided or completed as a condition of the funding. This includes but is not limited to grants, research agreements, sponsored service, testing and training agreements, contracts and fellowships.

Sponsored Project: an externally funded activity in which a formal written agreement such as, a grant, award, sub-award agreement, cooperative agreement, contract, or fellowship is executed between the University and the Sponsor.

University: Arcadia University, its colleges, schools, affiliates, divisions, and subsidiaries.

V. EFFECTIVE DATE

This Policy shall be effective on the date that it is approved.

VI. SIGNATURE, TITLE AND DATE OF APPROVAL

By: [Signature]
President

Date: 17 May '17

SEE VISUAL CHART ON NEXT PAGE
Is this federal or state government funding?

No

Is the award for general or broadly restricted support, or is it task/project specific?

General/broadly Restricted support

Does the award contain terms and conditions for the University’s use of the funds?

No

Are there financial reporting requirements?

No

Are technical/progress reports or other deliverables required?

No, other than courtesy reports or general reports

GIFT

Yes

Task/ project specific

Yes

SPONSORED AWARD