

**NOVA SOUTHEASTERN UNIVERSITY**  
**OFFICE OF SPONSORED PROGRAMS AND**  
**DIVISION OF ADVANCEMENT AND COMMUNITY RELATIONS**  
**POLICIES AND PROCEDURES**  
**DIFFERENTIATION AND ADMINISTRATION OF**  
**SPONSORED PROJECTS AND**  
**GIFTS**

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**I. PURPOSE**

To establish 1) the criteria for differentiation between sponsored projects and gifts, and 2) the responsibilities for the administration of such awards at Nova Southeastern University. The University must properly manage funds received in accordance with applicable laws and specific terms and conditions of any sponsored projects or gifts. The University's internal processes (i.e., approvals and agreement protocols, accounting and reporting practices, administrative oversight and compliance procedures), vary based on the category of the funds. Accordingly, it is critical that funds are categorized correctly for the following purposes, given considerations outlined in this policy:

- 1) Financial Reporting under Generally Accepted Accounting Principles (GAAP) – Revenue recognition typically differs for sponsored projects vs. gifts; Financial Operations maintains the chart of accounts and establishes new funds pursuant to the criteria in GAAP considering specific terms and conditions set forth in the respective documents.
- 2) Responsible University Office to Administer – Office of Sponsored Programs (OSP) administers sponsored projects while the Division of Advancement and Community Relations (ACR) administers gifts, with each office following their internal policies and procedures.
- 3) Campaign Reporting – ACR follows the CASE Reporting Standards (a common set of definitions and procedures for reporting the results of fundraising activities at educational institutions) for reporting on the philanthropic giving campaign.

**II. BACKGROUND**

Sponsored projects (as defined herein) and gifts (as defined herein) comprise a significant portion of the University's revenue. The terms "grant" and "gift" have different meanings and are sometimes erroneously used interchangeably by sponsors and donors, therefore the language used by the donor or sponsor should not in and of itself determine the classification of the funds. Moreover, from a research, administration, financial reporting, budget, fundraising, stewardship, and legal prospective, sponsored projects and gifts can have drastically different requirements.

Accordingly, the differentiation and proper management of sponsored projects and gifts is of utmost importance to the institution.

### III. DEFINITIONS

Contract: An agreement between the University and sponsoring agency where the University provides a good or service for the benefit of the sponsoring agency. The agreement is binding and creates a quid pro quo (mutual consideration) relationship between the institution and the entity. Contracts are sponsored projects and are managed by the Office of Sponsored Programs. Contracts are excluded from CASE reporting.

Donor: A third-party contributor or source of gift funds to the University.

Gift: A non-reciprocal transfer of funds, with a charitable intent; specifically, a contribution received by the University for either unrestricted or restricted use in the furtherance of the University for which the University has made no commitment of resources or services other than, possibly, committing to use the gift as the donor specifies. A restricted gift is one that the donor instructs should be used for a specific *purpose*, i.e. to benefit a specific academic area or institutional activity. A *time* restriction could also be imposed by the donor, i.e. a term endowment. Gift agreements for restricted gifts may specify particular activities and budgets for those activities; but usually do not specify how the funding must be spent or administered, and allow funding to be utilized at the full discretion of the recipient, although respecting the overall gift purposes. Financial reporting requested by donors of restricted gifts is normally in the aggregate, although detailed reports are sometimes requested; in both cases this reporting is solely intended to assure proper gift stewardship. Unexpended funds are not returned to the donor at the expiration of the restricted gift period. Gifts are managed by ACR, and may include private grants (as defined herein).

Gift Agreement: A written document between the University and a donor which describes and clarifies any terms or restrictions on the gift.

Government Grant- A financial assistance mechanism and legal instrument awarded pursuant to a statutory authority that permits an agency of government to transfer anything of value to the recipient to carry out a public purpose of support, instead of acquiring property or services for the direct benefit of the agency. Government Grants are sponsored projects and managed by OSP.

Indirect Costs/Facilities and Administrative (F&A) Costs: Those costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or other institutional activity.

Principal Investigator/Project Director: The individual whom the University designates to direct the scientific, technical, or programmatic aspects of a sponsored project. The PI/PD is responsible and accountable to the University and the sponsor for the proper conduct of the project or activity.

Private Grant: Funding received by the University from a corporation, foundation, or other non-governmental organization, rather than an individual, for either unrestricted or restricted use by the University. Depending on the attributes of a private grant, such grant may be classified by the University as either a Sponsored Project or a Gift. Contracts, as defined above, are excluded from this definition. Awards that include any of the following provisions are considered Contracts:

- Any IP/Ownership goes to the sponsor
- Sponsor retains rights to use the IP for its purposes
- Any requirement to share royalties

Sponsor: A third party provider or source of sponsored project funds to the University.

Sponsored Project: Any externally funded research, service or training activity that typically has a defined scope of work or set of objectives which provides a basis for sponsor requirements or expectations. This category includes government grants, contracts, and cooperative agreements, and may include private grants depending on the specific terms and conditions of the private grant. This category includes all funding arrangements in which the University is providing a return benefit to, or agrees to provide a defined deliverable or complete a set of activities for, the sponsor in exchange for the funds, regardless of whether the funding instrument is designated a contract, cooperative agreement, grant, consortium agreement, or otherwise. This category also includes all subcontracts and subgrants, whether from federal or nonfederal sources. Sponsored program awards often support research activities, but may also be provided for non-research, demonstration or service projects. Sponsored projects are managed by OSP.

#### **IV REFERENCES**

OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200)

Various presentation materials from the following professional organizations:

- National Council of University Research Administrators (NCURA)
- Society of Research Administrators

CASE Management and Reporting Standards, Fourth Edition

#### **V. POLICY**

It is the policy of Nova Southeastern University to properly differentiate between Sponsored Projects and Gifts, as defined herein, and to identify responsibilities for the administration and management of each in accordance with accepted practices for colleges and universities. The classification of funding as a “Gift” or “Sponsored Project” is important to ensure the proper accounting and management of the award by the University for purposes of regulatory compliance, stewardship, cost recovery, and reporting. This policy provides direction in distinguishing between Sponsored Projects and Gifts when it may be difficult to do so from an administrative, financial and fundraising perspective. Those awards exempt from this policy are

also identified. This policy is not intended to replace or supersede other policies and procedures of Financial Operations, the Division of Advancement and Community Relations and the Office of Sponsored Programs.

## **VI. PROCEDURES**

Typically, there is no difficulty in differentiating between sponsored projects and gifts. However, when a Private Grant (as defined herein) is received, it may be difficult to make a determination whether the award should be classified as a Sponsored Project or Gift, and to identify the appropriate office for acceptance, processing and management of the award. In these cases, the staff from the respective offices should refer to the *Summary of Sponsored Projects and Gifts Attributes* chart below to assist them in the identification and classification of the award.

If, after review and discussion, the correct designation of the award is not clear, staff should consult their respective Vice Presidents (e.g. Research & Technology Transfer, Financial Operations, and Division of Advancement and Community Relations) for direction. It may be necessary for these Vice Presidents to convene in order to make a final decision regarding the final classification of the award as a sponsored project or a gift. In exceptional cases, it may be necessary to contact the sponsor or donor to verify their intent with respect to the award; such contact should be made in a coordinated approach with appropriate parties and in some cases, award terms may have to be adjusted in consultation with the donor/sponsor to clearly document the intent of the donor or sponsor.

At the time of funding, a proposal initially prepared and classified as a Gift may require reclassification of support as a Sponsored Project based on the terms and conditions of the award. Similarly, a proposal initially prepared and classified as a Sponsored Project may require reclassification as a Gift based on the terms and conditions of the award. Furthermore, the absence or existence of a submitted proposal is not necessarily indicative of the classification of an award as a Gift or a Sponsored Project.

Awards classified as Sponsored Projects must be handled in accordance with policies and procedures of the Office of Sponsored Projects and Financial Operations. Awards classified as gifts must be handled in accordance with policies and procedures of the Division of Advancement and Community Relations and Financial Operations. Additionally, characteristics of certain Private Grants may necessitate coordination between, and involvement from, each office to ensure proper management and stewardship of the award.

The following are exempt from this policy and procedure:

- **Clinical Trials**  
Clinical trials, also referred to as pharmaceutical or drug studies are organized medical-based studies (with a protocol reviewed and approved by an Institutional Review Board) of a new or existing drug, medical device or medical or biological treatment. They typically represent fixed price agreements that are reimbursed based on a pre-determined

price or fixed fee per unit of service or product. A clinical trial never represents a Gift to the institution. Clinical trials are managed through the Office of Clinical Research.

- **Technology Transfer Agreements**

Revenues that are generated as a result of a license or transfer of proprietary University intellectual property or technology represent neither a Sponsored Project nor a Gift. Such revenues are accounted for in accordance with the policy and procedures established by the Vice President for Research and Technology Transfer.

The following table serves as a reference guide, highlighting the general characteristics of each type of funding category.

<b><i>Summary of Sponsored Projects and Gifts Attributes</i></b>	
<b><i>Office of Sponsored Projects</i></b>	<b><i>Division of Advancement and Community Relations</i></b>
<b><i>Sponsored Projects (including Government and Private Grants, Cooperative Agreements, Contracts and Purchase Orders)</i></b>	<b><i>Gifts (including Private Grants)</i></b>
Sponsors include governments, companies, and foundations	Donors include individuals, foundations, companies, and organizations
Specific protocols may be required for regulatory compliance that involve the use of human subjects, vertebrate animals, hazardous waste, recombinant DNA	Specific protocols are generally not required in a project
Binds the University to a specific set of terms and conditions	Has a charitable intent and only generally obligates the University
Obligates the principal investigator/project director to a line of scientific, scholarly or public service that follows a plan, scope of work, or protocol	Supports a purpose that can be restricted by the donor or the University itself
Establishes an understanding of how funds will be used or includes a detailed, itemized budget that identifies time and effort commitments and/or expenses by activity, function, or project period	Funds may be used for University activities (e.g. programs, trainings, services) and for specific programs. Budget information, if any, is general in nature and terms, and funder pre-approvals are not required as long as funds are used for stated purpose.
Indirect costs may be included	Indirect costs are not applicable
Separately budgeted and accounted for	May be aggregated with similar philanthropic awards while individual stewardship is needed for each donor
Includes terms and conditions for disposition of tangible (i.e., equipment, records, technical reports, or other deliverables) or intangible property (i.e., intellectual property, rights in data, copyrights).	Results of funding will not specifically provide tangible benefit to the donor but rather serves philanthropic or personal interest of the funder. No goods, services or deliverables are exchanged in consideration of receipt of the external support, excepting only de minimis benefits as described in IRS regulations.
Involves testing or assessment of sponsor's products or services or conducting research that has an effect on the sponsor/donor's products or immediate business. Serves the primary business or mission of the funder, thus a benefit is received by the funder.	
A cost share, matching, or other commitment from the University may be required	Matching funds or other financial commitment from the University or other external donors may be required
Prior written approval of certain expenditures by the sponsor may be required	Prior approval of expenditures is not required

**Summary of Sponsored Projects and Gifts Attributes**

<p align="center"><i>Office of Sponsored Projects</i></p> <p align="center"><b><i>Sponsored Projects (including Government and Private Grants, Cooperative Agreements, Contracts and Purchase Orders)</i></b></p>	<p align="center"><i>Division of Advancement and Community Relations</i></p> <p align="center"><b><i>Gifts (including Private Grants)</i></b></p>
Requires fiscal accountability as evidenced by the submission of financial reports to the sponsor, an audit provision or the return of unexpended funds at the conclusion of the project	For purposes of stewardship, may require minimal fiscal responsibility and reporting to the donor in the form of a general statement of how the funds were used.
Includes specific deliverables and obligates the principal investigator/project director to report project results	The activities or programs to be supported may be specified; generally no specific deliverables are required, rather only minimal requirements related to donor pledge payments and the University 's commitment to achieve the donor's intent through a mid-term report and/or annual report
Monitors or restricts the publication or other use of the results obtained	Generally does not require published results that are award specific
May include indemnification, insurance requirements or imposes other terms that require legal accountability	Usually no further obligations or legal restrictions are required on the part of the University
Payments may be contingent upon programmatic or fiscal reporting that require milestone payments, periodic invoices, or installment payments	Payments are not contingent upon a donor's approval or satisfaction of the use of the proceeds of the award, or other non-technical criteria
Includes standard "boilerplate" terms and conditions imposed by either/both parties and includes a defined period of performance	Can have standard terms and conditions, but generally no defined period of performance.
Contain language that relates to an award type such as cost reimbursable, fixed price, or "not exceed" limitations	Never includes language that relates to an award type such as cost reimbursable or fixed price
Approved through the Office of Sponsored Programs by appropriate university officials and administered by the Office of Sponsored Programs	Approved by the appropriate Dean and the President, and processed through the Division of Advancement and Community Relations

**Additional Guidelines for Private Grants**

The above table aids in determining which department (ACR or OSP) will administer the award. However, in situations where Private Grants (as defined herein) are administered by OSP, ACR may:

- 1) Be involved in stewardship activities whereby both departments will work collaboratively in order to ensure the relationship with the donor organization is serviced appropriately.
- 2) Include within giving campaign reporting pursuant to CASE guidelines which provides that such grants be philanthropic in nature.