



6.08 GIFT & GRANT CLASSIFICATION & PROCEDURE FOR DETERMINATION

Approved by:	Executive Committee of University's Administration
Effective Date:	Approved by the ECA on October 8, 2015
Related Policies:	6.01 Gift Acceptance Policy
Additional References:	None

1. INTRODUCTION

The following information provides guidance on distinguishing between gifts to the University and grants (sponsored projects) so that they may be correctly classified and administered by the appropriate offices.

External support may be awarded under a wide variety of labels including; grants, sponsored projects, gifts, contracts, subcontracts, and other similar mechanisms. Broadly speaking, a grant (or sponsored project) is a type of funding awarded to the university to support an approved instructional activity, research endeavor, or public service. A gift is a voluntary transfer of assets from an individual or non-governmental organization made without consideration (that is, the donor does not expect to, and does not in fact, receive any goods or services from the University in consideration of the gift).

Gifts and grants (sponsored projects) are the principal forms of awards made by both governmental and private sources. The correct classification and processing of awards is sometimes complex and will require the exercise of informed judgment, particularly in cases where the nature of an award is not immediately clear. Rather than focusing on any single characteristic, each award must be considered in its totality.

This document describes the procedures and standards used by Barry University for classifying external support as either a grant (sponsored project) or a gift.

2. OVERVIEW

Merely describing an award as a "grant" does not determine how the University will administer the award. Some foundations and corporations refer to their donations/gifts as "grants," though they may be more properly classified as philanthropic gifts. On the other hand, awards from corporations and foundations that require contractual performance and commitments from the University would likely be administered as grants. In these cases, even though the donor is philanthropic in nature, the award itself may contain performance contractual terms and conditions requiring its classification as a grant (sponsored project) by the University.

Governmental organizations do not make "gifts." Funds from agencies such as the National Institutes of Health, the National Science Foundation, or the National Endowment for the Humanities are administered as grants, contracts or cooperative agreements.

Private-sector entities (individuals, private agencies, professional associations, businesses, private foundations, corporate foundations, and corporations) may be perceived as either

6.08 GIFT & GRANT CLASSIFICATION & PROCEDURE FOR DETERMINATION

donors or sponsors depending on the award instrument. There are also several shared characteristics, such as signatures from authorized officials binding the university to the terms and conditions of a gift or grant. A gift or grant can also contain terms on the use of the funds. The following indicators have been developed to help direct specific awards to the proper university office.

3. DEFINITIONS

Characteristics of a Gift – A gift is the voluntary contribution of external support by a donor to the University without any requirement of an economic or other tangible benefit in return beyond what any general member of the public would receive. The contributor of a gift is referred to as the “donor” and the donor’s intent must be philanthropic or charitable. The primary beneficiary of a gift is the general public and not the donor.

Gifts may be either unrestricted or restricted. A restricted gift does not imply that the donor benefits from the gift nor is there an implied quid pro quo. Valid restrictions pertain to the permitted use of gift funds rather than providing a result to the donor. Gifts shall normally meet some of the following criteria:

- Award supports a purpose or such activities as endowments (e.g., eminent scholars, endowed chairs, professorships), capital projects (e.g., construction or renovation, equipment), or general student support (e.g., scholarships, fellowships). Restrictions by field of study or College are also common.
- Donations of real property.
- The primary beneficiary of the outcome accruing from the funding will be the general public and not specifically benefit the donor.
- The external support is irrevocable, providing the gift is used in accordance with any valid use restrictions accepted by the University.
- No goods, services or deliverables are offered to the donor or exchanged in consideration of receipt of the external support, excepting only de minimis benefits as described in IRS regulations.
- The donor provides the support to the University without expectation of direct economic benefit or other tangible benefit. Indirect benefits such as tax advantages or business or personal goodwill derived from close association with the University and the miscellaneous benefits derived from donor status shall not be deemed to be inconsistent with classification of support as a gift.
- Detailed financial reporting or accounting for use of external support is not generally required, although it shall be acceptable for the donor to request information from the University about utilization and/or impact of the external support, including expenditures and fund balances.
- Public recognition by the University of donors through accepted University underwriting guidelines shall not be deemed to be inconsistent with classification of support as a gift.
- Gifts to specific researchers or faculty members may be classified as grants if the expectation exists that, should the researcher or faculty member leave the University, unspent gift balances will go to their new institution.

Characteristics of a Grant (Sponsored Projects) – Grants (sponsored projects) can come in various forms, including, but not limited to, grants, contracts, and cooperative agreements. A grant (sponsored project) is an agreement formalizing the transfer of money or property from a sponsor and can be for the intent to either carry out a public purpose or provide a direct benefit for the sponsor. Sponsored projects are enforceable by law, and specified objectives are usually accomplished within a specified time frame, with payment being subject to revocation. Many

6.08 GIFT & GRANT CLASSIFICATION & PROCEDURE FOR DETERMINATION

grants (sponsored projects) also include facilities and administrative costs (i.e., indirect costs). Grants (sponsored projects) shall normally meet some of the following criteria:

- All monies originating from a governmental agency (federal, state, or local), aside from student aid, are considered grants (sponsored projects); including sub-contracts where the origin of funds is a government agency (i.e., flow-down funds)
- Sponsor requires specific deliverables (e.g., final technical report, evaluation, technical assistance, training).
- Sponsor requires return of unexpended funds.
- Award designates a sponsor employee (agent) as project technical monitor (i.e., principal investigator), as opposed to designating a contact person to improve communications.
- Award contains intellectual property rights provisions.
- Award restricts or monitors publications or use of results.
- Award payments are contingent upon programmatic or fiscal reporting (e.g., milestones, invoices).
- Award includes terms and conditions imposed by the project sponsor.
- Award requires protection of sponsor and confidential information.
- Award contains an itemized budget, which requires sponsor approval to modify.
- Request for funding requires cost sharing or other financial commitment from the University.
- The testing and evaluating of proprietary products is involved.
- Initial pricing, expenditures, financial reporting, and/or performance may be subject to external audit.

4. PROCESS FOR DETERMINATION

Prior to submitting a proposal for external awards, the Department of Grants and Sponsored Programs ("GSP") and the Department of Major Gifts Development will use the above definitions to determine a project's likely classification. Appropriate personnel from each area will work on the submission of applications.

- If the proposal will likely result in a grant, GSP will upon receiving award documents, work with the Department of Financial Grants Management to open an account for administering the funds.
- If the proposal will likely result in a gift, the Department of Major Gifts Development will instruct the Department of Advancement Services with regard to securing the appropriate approvals and work with the Division of Business and Finance to assign the university account.

Upon receipt of the award, if a donation/gift proposal results in a 'grant' from a foundation, corporation or other private source of funds, a joint recommendation for appropriate type of university fund will be done by the GSP Director in conjunction with an Associate Vice President for Major Gifts Development. The **FUNDS DETERMINATION Form** (*on the last page of this document*) will be completed and indicate the determination and be submitted to the Department of Financial Grants Management for signature.

Should a question regarding determination arise, a final approval of determination will be provided jointly by the Vice President of Institutional Advancement & External Affairs and the Vice President for Business and Finance.

6.08 GIFT & GRANT CLASSIFICATION & PROCEDURE FOR DETERMINATION

- Review Guide to assist in fund classification determination

CRITERIA	GIFT INDICATOR	SPONSORED PROGRAM INDICATOR
Proposal Process	Initiated by donor or Institutional Advancement's Department of Major Gifts Development.	Initiated by faculty/staff members working together with the Department of Grants and Sponsored Programs (GSP).
Purpose/Intent	A donor may specify a general area of interest or a goal to be funded by their donation.	A sponsor stipulates how the funds should be utilized via supporting documentation (a/k/a notice of award, grant, agreement, subcontract, consortium, etc.).
Documentation	Letter of Donor Intent/Gift Agreement/Endowment Agreement	Grant, contract, notice of award, agreement, subcontract, consortium, etc.
Period of Performance	As designated	Start and end dates are identified within the supporting documentation; application/award notice.
Reporting	Any subsequent reporting on the use of the funds to the donor is not a condition of the receipt of funds, but rather a function of the corporate social responsibility or donor stewardship process.	The award document specifies deliverables such as technical, financial, invention, or procurement reports, milestones, timetables, etc.
Penalties	No penalties for failing to use the funds.	Penalties may apply for failing to comply with the terms and conditions set forth by the sponsor.
Excess Funds	N/A	May be required to be returned to sponsor.
Facilities and Administrative (F&A) Costs	N/A	F&A Rates defined by Department of Health and Human Services or as stated in documentation.
Value Exchange	There is no expectation of direct economic benefit or provision of goods and services from the recipient, other than recognition and adherence to any donor imposed restrictions. Beyond a designation of the use, the donor does not impose contractual requirements on the donation.	A transfer of money or property from a sponsor to an institution in exchange for specified deliverables.

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Barry University



FUNDS DETERMINATION

Date: _____

Funder: _____

Date of Award Notice: _____

Amount: _____

Determination: GIFT ACCOUNT _____ or GRANT ACCOUNT _____

Gift Account (Check one box): RESTRICTED UNRESTRICTED

ENDOWED TEMPORARILY RESTRICTED OTHER _____

Attachments (*check all that accompany this form*):

- CHECK
- AWARD NOTIFICATION
- OTHER _____

Justification (must reference one of the items on Page 4 of Gift & Grant Classification & Process for Determination):

Signature indicates agreement with determination:

Associate Vice President, Major Gifts Development

Director, Grants and Sponsored Programs

Director, Financial Grants Management

**6.08 GIFT & GRANT CLASSIFICATION &
PROCEDURE FOR DETERMINATION**

Signature indicates approval (*NOTE: This level of approval is only necessary if additional clarity is sought. Both signatures are required*):

*Vice President of Institutional
Advancement & External Affairs*

Vice President for Business and Finance

Routing of completed form:

- *Original to Finance*
- *Copy to Department of Financial Grants Management (if determined to be a grant)*
- *Copy to Department of Advancement Services*
- *Copy to Department of Grants & Sponsored Programs*

Date: 09/15/2015