
Gift or Sponsored Projects Indicators

University of Wisconsin - Madison

Additional Guidance to the Chancellor's Memo

See for the Chancellor's Memo on UW-Madison and UW Foundation Policies
<http://www.rsp.wisc.edu/policies/uwfoundation.html>

In some cases it may be difficult to distinguish between a gift and a sponsored project. These terms are defined in the accompanying document, **Gift or Grant? Definitions**.

If, after reviewing definitions and considering the intent of the source of funding and nature of the agreement in question, there remains a question about the proper classification of an award, the following list of indicators may be helpful. This collection of indicators should be viewed as a continuum. Placement toward one side or the other, taken together with the analysis of the source of funds and the terms of the agreement, should help to classify questionable awards.

This analysis should be discussed with the Dean's Offices, who will consult as necessary with Research and Sponsored Programs, the University of Wisconsin Foundation, and other University offices to make final determinations

Gifts		Sponsored Projects
Funding does not originate from a governmental agency		Funding often originates from governmental agencies but also with non-governmental sponsors
For a general or specific purpose, e.g., endowment, capital projects, a line of research, faculty support or student financial aid and/or it may be for any activity at the university, e.g., department, library, arts, scholarship, facilities, research/instruction activities, etc.		For a specific statement of work, e.g., specified protocol, experiments, testing of hypotheses, particular line of inquiry or for a specified research project, specific instruction or other sponsored activities
Few, if any, deliverables (other than reports as noted below, and use of funds as requested and awarded)		Deliverables defined by agreement, e.g., reports, research results, IP rights, equipment, etc., and funds may be withheld pending delivery

<p>No restrictions on publication rights. Publication attribution may be encouraged or agreement may be silent on attribution. Sponsoring Organization may require something similar to “Research made possible a grant from...” language.</p>			<p>Agreement requires attribution to the sponsor and often may ask for or require minor publication delays</p>
<p>Proposal may be informal, e.g., a letter proposal from an individual, a department, office or school, or the grant making Organization may require a formal proposal with specific guidelines and required information.</p>			<p>Sponsor requires formal and detailed proposal and/or contractual agreement. Must be submitted through Research and Sponsored Programs or Division Offices as allowed.</p>
<p>Often require only general stewardship and communication as a courtesy to donor, e.g., progress reports, reports of expended funds and balance</p>			<p>May require detailed financial and other reports , e.g., scientific reports, invention reports, financial reports on sponsor-specified format, may include the right of sponsor to audit</p>
<p>No requirement for return of unexpended funds</p>			<p>Budgets and project period may lead to unexpended funds that must be returned if there is no approval to carry forward or extend project</p>
<p>No required pre-approvals for expenditures unless a change of circumstances arises that may cause the University and/or the UW Foundation to revisit the purpose of the gift with the donor</p>			<p>Certain expenditures may require prior written approval by sponsor</p>
<p>Some gifts may be combined into one fund (if for the same purpose)</p>			<p>Must be separately budgeted and accounted for</p>
<p>Qualifies for tax treatment as charitable contribution by donor</p>			<p>May qualify for basic research tax credit for sponsor</p>
<p>No obligation or agreement to share data with donor; donor willing to relinquish intellectual property and data rights to University. Donor may request progress reports as noted above.</p>			<p>Donor expects access to data, primary records, or has ability to audit data collection</p>

Suppose a faculty member hands you a check for \$10,000, telling you that it came from the ABD Company or the XYZ Foundation to support research in your department. Along with the check is an agreement that someone needs to sign, indicating how the money will be used and imposing some other restrictions. Is this a gift? Who needs to sign the agreement?

There's not enough information in that short paragraph to allow you to answer those questions. Here's one quick test - if the source of funds is a Government agency, the dollars may NOT be treated as a gift. Government funding always implies a sponsored project. If, as in this hypothetical situation, the funds came from a foundation, corporation, or other non-Government source, the following analysis will help to make the correct classification.

It is important to note that almost all private foundations and corporations refer to their funding as "grants", so the mere use of the word cannot be determinative. Just because the corporation or foundation calls it a grant does not mean that has to be directed to the Office of Research and Sponsored Programs. It may, in fact, be a "gift" that can be held and stewarded by the University of Wisconsin Foundation.

The result of this analysis will determine how Wisconsin must account for the money and will have significant administrative implications.

SPONSORED PROJECTS

A sponsored project is an activity that requires a specific statement of work, detailed financial accountability, and compliance with the sponsor's terms and conditions. The following conditions characterize a sponsored project agreement and help to distinguish such agreements from gifts. Any analysis of these conditions must also take the **intent** of the donor/sponsor into consideration.

1. Specific statement of work

Sponsored projects are typically awarded to Wisconsin in response to a proposal to accomplish a specific statement of work and commitment to a specified project plan. While gifts may be restricted to a general purpose, e.g., cancer research, construction of a building, or library support, a sponsored project will usually entail a more detailed project methodology, e.g., a series of experiments to test a particular hypothesis or support to perform a particular activity. This statement of work is typically supported by both a project schedule and a line-item budget, both of which are essential to financial accountability, described below.

2. Detailed financial accountability

The written agreement typically includes detailed and complex financial accountability, including such conditions as:

- a. a line-item budget related to the project plan, including F&A (indirect) costs
- b. a specified period of time in which project funds may be expended, usually defined with "start" and "stop" dates
- c. a requirement to return any unexpended funds at the end of that period
- d. regular financial reporting and audit.

These kinds of conditions generally define the level of financial accountability associated with a sponsored project. They are collectively indicative of the increased level of financial accountability associated with such projects.

3. Disposition of properties ("deliverables")

Sponsored project agreements also usually include terms and conditions for the disposition of tangible or intangible properties, including, for example, hardware, data, or intellectual property. The presence of such terms and conditions in the agreement indicate that the activity is a sponsored project.

GIFTS

A gift, on the other hand, is defined as a contribution with no tangible reciprocal benefit to the donor. In general, the following characteristics describe a gift.

- a. No contractual requirements are imposed. However the gift may be for a stated purpose, with the use of the funds restricted to that purpose.
- b. A gift may be intended to be used during a specified period of time, but will not have a requirement to return unexpended funds. If funds remain after the period noted in the original gift, a request for changes to the period must be approved by the donor.
- c. The award is irrevocable, with no specified "period of performance."
- d. There is no formal fiscal accountability, but the donor may require periodic progress reports and reports of expenditures. These reports may be thought of as a requirement of good **stewardship**, rather than as a contractual obligation.
- e. There is no retention by the donor of any intellectual property rights to discoveries or other quid pro quo deliverables being made to the donor other than recognition of the donor's generosity.

In our hypothetical example, this analysis would determine whether the agreement should go to the Office of Research and Sponsored Programs for handling as a sponsored project or to the UW Foundation for treatment as a gift.