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Policy on the Distinction Between Gifts and Sponsored Programs

Policy Number: RA-004
Classification: Research Administration
Responsible University Office:
Office of the Vice President for Research

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1.0 INTRODUCTION

Although the distinction between sponsored programs and gifts can be subtle, it is important to be able to recognize the difference so that the sponsor is approached appropriately and gifts and grants are managed and accounted for properly.

The rules for this determination are set out in Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made", and Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations."

Although the term *grant* is sometimes used casually to refer to either a gift or a sponsored program, a fundamental difference between the two forms of external funding exists:

Gifts are bestowed voluntarily, have a clear philanthropic intent and no expectation of performance, whereas sponsored programs are awarded to support a project with a defined scope of work from which the sponsor expects certain performance objectives to be achieved.

The Office of Research Services and the Office of Sponsored Programs Administration establish and manage sponsored program funds, and the Development Office oversees the cultivation and stewardship of gift funds.

2.0 PURPOSE

The purpose of this policy is to outline a general framework for proper solicitation, administration, and accounting of gifts and sponsored programs. It is not the purpose of this policy to detail institutional procedures for management of the funds.

3.0 APPLICABILITY

This policy is applicable to the entire Saint Louis University community.

4.0 POLICY

4.1 Classification

Considerations for determining whether external funding will be classified as a gift or a sponsored program follow in sections 4.1.1-4.1.8.

4.1.1 Source of Funding

Although the funding source (e.g., private foundation or corporation) does not necessarily determine the classification, public funding originating from sources such as federal, state, and local governments must always be classified as sponsored-program funding since public funding carries specific accounting obligations as well as civil and criminal penalties for non-compliance.

4.1.2 Mission of and Benefit to Sponsor

Gift: Funds are in support of items that are directly related to the recipient's mission, while usually only indirectly related to the sponsor's business.

Sponsored Program: Funds are in support of items that are directly related to the sponsor's business activities, and may not be directly related to the recipient's mission.

4.1.2 Value Exchange

Gift: Sponsor receives little or no direct value in exchange for the funding provided.

Sponsored Program: Outcomes are of particular value to the sponsor, and the sponsor is entitled to receive value (e.g., the sponsor may request intellectual property rights, data ownership, etc.)

4.1.3 Scope of Work

Gift: Sponsor expresses the goal of an activity rather than the “how tos.”

Sponsored Program: Sponsor may specify the "how tos," such as a protocol for testing or specific method of program delivery.

4.1.4 Penalty for Non-Performance

Gift: Gifts typically do not require performance (creates “*Quid Pro Quo*.” Or exchange transaction under FAS 116)

Sponsored Program: Penalties (e.g., punitive damages) may exist for failing to deliver items on a timely basis. Sponsor may include audit and compliance terms.

4.1.5 Publication and Data Review

Gift: Sponsor places little or no restriction on review of results before they are made available.

Sponsored Program: The Sponsor may place restrictions on how results are reviewed before being made available to a wider audience.

4.1.6 Time Period

Gift: Generally, no time period is specified.

Sponsored Program: There is usually a specified time period over which the funds will be expended.

4.1.7 Reporting

Gift: According to CASE Management Reporting Standards Addendum (Nov. 2002), the institution has no obligation to report to the donor how the gift is used or invested, but the institution is not prevented from providing such reports as part of donor stewardship.

Sponsored Program: Technical, programmatic, and/or financial reports are required.

4.1.8 Tax Benefits to the Sponsor

Gift: Foundations expect the University to provide a receipt for tax purposes.

Sponsored Program: The University does not provide a receipt for tax purposes.

4.2 Coordination and Clarification

To facilitate regular coordination of the solicitation and management of gifts and sponsored programs from corporations, foundations, and other private sponsors, the Office of Sponsored Programs Administration and the Office of Development maintain systems for consistently reporting and sharing information.

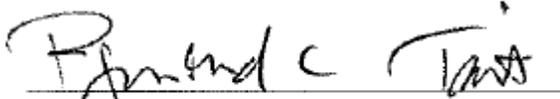
Occasionally, questions may arise about application of the principles stated in this policy. When the classification of a project is not be immediately apparent, the Director of Sponsored Programs Administration, in consultation with the Vice President of Development and University's external Auditors, will attempt to make the final determination of whether funds received are to be classified as gifts or sponsored programs. If these two administrators cannot reach agreement, a final determination will be made by the Vice President for Research.

APPROVAL SIGNATURES

This policy was developed by:

Office of the Vice President for Research

This policy has been approved by:



Raymond C. Tait, Ph.D.
Vice President for Research
Saint Louis University

September 24, 2012

Date

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02/24/09	1.0	New Document
September 24, 2012	2.0	Revision