



UNIVERSITY OF CENTRAL FLORIDA

Office of the President

<b>SUBJECT:</b> Distinguishing Gifts from Sponsored Awards	<b>Effective Date:</b> 6/15/2017	<b>Policy Number:</b> 4-210	
	<b>Supersedes:</b>	<b>Page</b> 1	<b>Of</b> 8
	<b>Responsible Authority:</b> Vice President for Research and Dean of the College of Graduate Studies		

### **APPLICABILITY/ACCOUNTABILITY**

This policy applies to all gift and sponsored award determinations for the University of Central Florida (UCF), direct support organizations (DSO), and auxiliary units, and all faculty, staff, and students involved in the preparation, submission, and processing of proposals and processing of awards for external funding.

### **BACKGROUND INFORMATION**

Funding derived from sources outside the university is an essential component of the university's financial health necessary to undertake and sustain vital research, scholarship, and education. Due to the varied and sometimes overlapping nature related to the solicitation of external funding, the classification of external funding can often be unclear. The classification of external funding as a gift or as a sponsored award serves as an important step in ensuring the proper stewardship of the funds and compliance with university, state, and federal laws, rules, and regulations. The purpose of this policy is to facilitate the appropriate classification of external funding intended to support sponsored research and provide a review process for instances when the classification remains unclear.

### **DEFINITIONS**

**Commercialization.** The process by which a new product or service is introduced into the general market resulting from efforts through technology transfer, venture accelerators,

business incubation, and other leading innovative programs supporting entrepreneurial efforts of students and faculty, as well as the local ecosystem.

**Development.** The systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.

**Gift.** A voluntary, non-reciprocal transfer of money or property by a donor, for the charitable purpose designated by the donor. The donor does not expect anything of value in return other than recognition and must release control over the gift. Such gifts may include cash, securities, property, bequests, and gifts-in-kind.

**Research.** A systematic study directed toward fuller scientific knowledge or understanding of the subject studied. Research includes all research activities, both basic and applied, and all development activities, including the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities

**Sponsored Award.** External funding received for the purpose of supporting sponsored research.

**Sponsored Research.** Research executed by university employees using any university space, facilities, materials, equipment, or property which is financed by contract payments, grants or gifts from any source (UCF Regulation UCF-2.027). Sponsored Research supports research and development, but it also includes instruction, training, professional development, curriculum development, community and public service projects, and Commercialization. Sponsored Research funding instruments also includes cooperative agreement, consortium agreement, and donation.

## **POLICY STATEMENT**

The university must manage all funds received in accordance with applicable federal, state, and local laws, and with the specific terms and conditions of any grant, contract, or gift. The university's procedures, oversight, and compliance can differ depending on whether funds received are categorized as a gift or sponsored award. It is the policy of the university that all external support is properly classified, processed, and administered as either a gift or sponsored award per the definitions of this policy and that neither the process by which funds are acquired or the source of the external funding, nor the term "gift" or "grant" will determine how the funds should be classified and administered. The proper administration of external funding is based on the terms and conditions of the funds received.

## Criteria for Classification

The following criteria define how classification of external funds as a gift or sponsored award is determined. However, the presence of all criteria are not necessary and should not prevent an award from being classified as either a gift or sponsored award.

A gift is made with a primarily philanthropic intent as a voluntary, non-reciprocal transfer of assets to UCF. For funds to be determined as a gift, generally the following criteria are met:

- There are no contractual requirements imposed on UCF, except when a gift is designated for a specific purpose;
- The donor does not expect to receive goods or services in return for the gift other than recognition;
- The award is irrevocable, with or without an expectation by the donor of the timing of expenditures; and
- There is no formal required fiscal accountability beyond those required as part of good stewardship.

A sponsored award in contrast to a gift, will be considered a sponsored project agreement if the following criteria are met and will be administered consistent with the university's policies and procedures for sponsored programs:

- The project commits UCF to a specific line of scholarly or scientific inquiry, typically documented by a statement of work or research plan;
- The project requires a specific commitment of personnel effort, deliverables, or milestones;
- Project activities are budgeted, and the award includes conditions for fiscal reports, audits, or invoicing;
- The project may require that unexpended funds be returned to the sponsor at the end of the project period; and
- The agreement provides for the disposition of either tangible property or intangible property, which may result from the project.

## Administration of Gifts or Sponsored Awards

The Office of Research & Commercialization (ORC) and the University of Central Florida Research Foundation (UCF RF) are authorized to negotiate, enter into, and execute sponsored research contracts; to solicit and accept research grants and donations; and to

fix and collect fees, other payments and donations that may accrue from sponsored research awards (F.S.1004.22(3),UCF Regulation 2.027), and UCF Policy 2-107.4.

The University of Central Florida Foundation (UCF Foundation) is authorized to supervise and manage all fund-raising activities, fund-raising programs, development employees, and the solicitation and stewardship of gifts (UCF Policy 2-202.1).

While ORC, UCF RF, and the UCF Foundation are all engaged in solicitation efforts and the acceptance of payments and donations on behalf of the university, all are expected to be responsible for following the procedures required by the university when classifying, accepting and administering funds solicited. Funds solicited by the UCF Foundation that are classified per this policy as a sponsored award will be immediately transferred to ORC or UCF RF for acceptance and administration as appropriate.

## **PROCEDURES**

The sponsored research award terms and conditions and the gift terms in conjunction with this policy will determine the classification of external funds received as either a gift or sponsored award. The indirect cost recovery rate will not be the basis for the appropriate classification. Gift funds used for research and development purposes must be assigned to the UCF RF for compliance review, administrative oversight, and proper fiscal treatment and monitoring.

When the classification of a gift or sponsored award is not clear, the designated representatives of ORC, UCF RF, and UCF Foundation will coordinate to reach a determination as to whether the external funding is a gift or a sponsored research award. In cases of uncertainty or dispute about the appropriate classification of external funds received, the UCF Office of the General Counsel will be the final arbiter. Guidance on classifying external funding received is provided in Table 1. Gift vs Sponsored Award Quick Reference.

## **RELATED INFORMATION**

*UCF Regulation 2.207* Sponsored Research

[http://regulations.ucf.edu/docs/notices/2.027SponsoredResearch\\_Aug09.pdf](http://regulations.ucf.edu/docs/notices/2.027SponsoredResearch_Aug09.pdf)

UCF Policy 2-207.4 Signature Authority

<http://policies.ucf.edu/documents/2-107.3SignatureAuthorityPolicy.pdf>

*UCF Policy 2-202.1* UCF Foundation Solicitation of Charitable Gifts:

<http://policies.ucf.edu/documents/2-202.1UCFFoundationSolicitationOfCharitableGifts.pdf>.

**RELATED DOCUMENTS**

Florida Statute Title XLVIII, Chapter 1004.22 Divisions of sponsored research at state universities.

Florida Statute Title XLVIII, Chapter 1004.28 Direct-support organizations; use of property; board of directors; activities, audit; facilities.

Gift vs Sponsored Award Quick Reference

Frequently Asked Questions: Gift vs Sponsored Award

Memorandum of Understanding between UCF RF and UCF Foundation

**CONTACTS**

University of Central Florida, Office of Research & Commercialization, 12201 Research Parkway, Suite 501, Orlando FL 32826, phone (407) 823-3778.

**INITIATING AUTHORITY**

Vice President for Research and Dean of the College of Graduate Studies

**POLICY APPROVAL**  
**(For use by the Office of the President)**

Policy Number: 4-210

Initiating Authority: \_\_\_\_\_ Date: 6/15/2017

University Policies and Procedures Committee Chair: \_\_\_\_\_ Date: 6/2/2017

President or Designee: \_\_\_\_\_ Date: 6/15/17

**Table 1. Policy on Distinguishing Gifts vs Sponsored Award**

**Quick Reference Summary**

The purpose of this document is to assist in distinguishing a gift from a sponsored activity. The table highlights general characteristics of these two funding categories.

	<b>Gift</b>	<b>Sponsored Award</b>
<b>Benefit received by funder from activities funded</b>	Serves philanthropic or personal interest of funder; does not serve the primary business purpose of the funder; received without any expectation of or receipt of direct economic benefit	Serves the primary business or mission interest of the funder, whose basic activities are integrally related to the research plan; benefit received
<b>Specificity of intent of funder</b>	Donor intends the funds to be a charitable gift, as reflected by the absence of quid pro quo; the gift should be used for the substantial benefit of the university; conditions stipulated should be reasonable and serve to direct the funds to areas such as infrastructure, operations, scholarship, endowments	Funder states programmatic objectives to be achieved; typically the result of an outcome driven proposal; generally for research but may be for instruction, public service, training, or other sponsored program activity; defined objectives, strategies, work plans, and/or deliverables
<b>Value exchanged</b>	Funder essentially receives no personal or institutional value in return for the funds given, other than intellectual satisfaction that the activities have been undertaken; no deliverable for work performed or activities accomplished	Funder expects and receives implementation of and/or report of university's funded activities; funder's own mission and/or research agenda is advanced through the university's funded activities; deliverable provided; intellectual property ownership rights
<b>Scope of work</b>	More generally defined; typically no time frame or period of performance. No involvement of human or animal subjects, hazardous materials, proprietary materials, data rights or subcontracts to third parties.	More specifically defined with a clear period of performance; project may involve use of human subjects (IRB) and/or animal subjects (IACUC), hazardous materials; proprietary materials; data rights; subcontract efforts to a third party
<b>Persons performing funded activities</b>	Often left to the discretion of the university, college, research center, program or one named individual	Key personnel are named in the proposal/scope of work; changes to key personnel require pre-approval from funder; funded based on the technical expertise of the key personnel; export control restrictions
<b>Budget specificity and restrictions</b>	Budget is general in nature and terms; funder pre-approvals are	Budgets are specific; may require variances to be pre-

	not required as long as funds are used for donors intended purpose	approved by the funder; deems certain costs as unallowable; effort reporting
<b>Progress reports</b>	May be required but are most often general in nature and content	Required, must outline progress toward the specific outcomes/scope of work
<b>Terms of funding</b>	Less detailed	Often detailed; use of the funds stated; may include budgetary restrictions or prior approval requirements; payment may be contingent upon programmatic accomplishments or other detailed reporting
<b>Accountability for use of funds</b>	More moral than legal; no penalties for failing to use the funds	May require fiscal reporting; invoice requirements; return of unallowable expenses; audit requirements; oversight for conflict of interest
<b>Ability of funder to recoup funds</b>	Funds are awarded irrevocably	Establishes the ability to terminate the funding agreement and/or demand repayment of funds if scope of work has not been completed; return of unspent funds upon termination and/or expiration of agreement; return of unallowable expenses
<b>Method of documentation</b>	Check; letter of intent; gift agreement	Binding, typically signed by both parties
<b>Funding Source</b>	Individuals Non-Profit Organizations Corporations Corporate Foundations Family or individual Foundations	Government Agencies Non-Profit Organizations Foundations Corporations Corporate Foundations State Agencies Local/County Government Agencies Foreign Entities

## **Frequently Asked Questions: Policy on Distinguishing Gifts vs Sponsored Award**

### **Does the inclusion (or exclusion) of indirect cost factor into determining whether external funds represent a Gift or Sponsored Award?**

No. Whether external funds allow for or prohibit indirect costs does not affect the classification of whether those funds represent a gift or sponsored award.

Moreover, the classification of funds as a gifts or sponsored award is dependent on the terms and conditions accompanying the funding. The amount of indirect costs or the amount set aside for management fees does not have any bearing on this classification. The determination should rest only on the whether the various elements of the funding indicate that the funding is a gift or sponsored award, according to university policy.

### **Is it true that a Foundation award is not a Sponsored Award?**

No. Foundations issue grants that may have reporting, deliverable, or financial requirements. These are considered sponsored projects. However, the university maintains special relationships with foundations and trusts and both UCF ORC and the UCF Foundation may be involved in the contract, proposal and reporting processes. The ORC and UCF Foundation work cooperatively on many foundation projects. Even if the proposal is developed and processed with the assistance of the UCF Foundation, if the award has any of the classifications of a sponsored award as previously outlined, the award will be processed through the UCF ORC.

### **Is it true that if the sponsor says the award is a donation then it is processed as a gift?**

No. Many sponsors use the term donation or gift or similar terms when making an award. The determination as to whether or not the award is a gift or a sponsored award is the overall status of the previously described classifications, restrictions, intents, activities, reporting requirements, etc., not the use of a specific term in an award letter.

### **How can it be a gift if reporting is required?**

Reporting is an important aspect of all award types. Donors are entitled to know that their gift was spent for the intended purpose. The more detailed the reporting, both in terms of specificity and frequency, the more likely the award is not a gift, and instead a sponsored award. However, it is important to remember that reporting requirements alone are not determinative of the classification of external funds as a gift or sponsored award.

### **Is there a dollar threshold?**

No. If external funding is a sponsored award, it must go through the ORC regardless of its dollar value.