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. 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, without expectation or receipt of direct economic benefit, 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 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: The only penalty for failing to deliver results on a timely basis is the return of unspent funds or unused materials; there is no penalty for failing to use all the funds.

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**: 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 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, in consultation with the Vice President of Development and University Relations, 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 University Provost.

**APPROVAL SIGNATURES**

This policy was developed by Marie Dockter, Assistant Provost, and approved by the President’s Coordinating Council on February 24, 2009.
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