

Iowa State University and ISU Foundation
Office of Sponsored Programs Administration and
Corporate and Foundation Relations
(Formerly: Processing Gifts and Contractual Agreements
Iowa State University & the Iowa State University Foundation)
(Revised Sept. 2007)

Gift or Sponsored Project?

ISU receives monetary support for many different initiatives from many donors and sponsors. Sometimes the question is asked, “is this a sponsored project or a gift?” Below are some general guidelines that should help you decide the appropriate venue for depositing funds, especially from corporations and foundations. Proposals and awards that are considered to be gifts are processed through the ISU Foundation (see guidelines which follow). Proposals and awards that are considered to be sponsored projects are processed by the Office of Sponsored Programs Administration (OSPA).

The ISU Foundation accepts funds that meet the following gift criteria:

Gift Criteria

1. The funding provides support for activities, such as professorships, endowed chairs, scholarships, non-federal building projects, fellowships, research and instructional programs that meet the criteria of items 2-5 below. The donor may direct the use of funds to a specific program area or purpose.
2. No scientific or technical data are required to be given to the funder as a condition of the gift. The donor may require or request a brief summary of the results from the recipient.
3. The donor makes no claim on the patents, copyrights and other intellectual property rights that may result from activities supported by the gift.
4. The gift does not include restrictive provisions, such as delays or reviews prior to publication of results, or disposition of tangible property.
5. There is no expectation at the time the gift is given that funds remaining at the termination of the project will be required to be returned to the donor or that formal permission would need to be granted to spend outside of the defined budget period. Funding from private foundations is exempt from this criterion. Private foundations may request the return of unused funds associated with a project, and it can still be considered a gift.

If funding is provided as a gift for the general purpose of supporting research, then the foundation will provide a copy of the proposal and award document to OSPA. All research projects will be reviewed for conformance with university policies for conducting research, including research compliance and conformance with the university’s mission.

In the event an award is received in ISUF that fits the criteria of a sponsored project, ISUF will notify OSPA and assist with the transfer of the project to the university.

The Office of Sponsored Programs Administration (OSPA) administers sponsored projects defined according to the following sponsored project criteria:

Sponsored Project Criteria

1. If the funding is from a federal, state or local government agency, or flow-through from one of these agencies it is always treated as a sponsored project.
2. If the funding is from a commodity group and the purpose of the project is to perform basic or applied research, then it is handled as a sponsored project.
3. If the funding is from a non-government sponsor and includes one or more of the following provisions it will be treated as a sponsored project:
 - The sponsor requires return of unexpended funds or written approval to spend beyond the designated project period. (Note: private foundations are not included in this provision)
 - The award contains restrictive provisions for intellectual property rights
 - The award restricts or monitors publications or use of results
 - The award requires indemnification of the sponsor
 - The award includes reference to confidential information
 - The award comes in the form of a contract or cooperative agreement
 - The award is cost-reimbursable

In the event an award is received in OSPA that otherwise fits the criteria of a gift, OSPA will notify ISUF and assist with the transfer of the project to the Foundation.

Irrelevant Factors in Determining a Gift or Sponsored Project:

1. The payment or nonpayment of indirect costs (facilities and administrative costs) is not a factor in defining whether the funding is a gift or a sponsored project.
2. Designation as a “gift” will not preclude the recovery of indirect (F&A) costs if allowed by the donor.
3. A proposal may be solicited or unsolicited and be awarded as a gift or sponsored project.
4. Both competitive and non-competitive proposals could be considered gifts. An RFP does not necessarily require that an award be handled as a sponsored project.
5. The presence or absence of subrecipient agreements with an outside entity is not a factor in defining whether the funding is a gift or a sponsored project.
6. A funder’s requirement to provide an auditable fiscal report is not a factor in defining whether the funding is a gift or a sponsored project.
7. The funders description of the funds as a gift, sponsored project or other terminology has no bearing on ISU’s determination of it as a gift or sponsored project.

Therefore, when the situation is not clear, the documentation provided with the funds must be carefully reviewed by the Office of Sponsored Programs Administration (OSPA) and the Iowa State University Foundation for the substance of the transaction, and

internally treated as a sponsored project or as a gift, based on the nature of the individual transaction.

Corporate and foundation funds may come to the university in a variety of ways and can be referred to as gifts, grants, purchase orders, cooperative agreements, subcontracts, contractual agreements, memorandums of agreement, and memorandums of understanding. The Iowa State University Foundation (ISUF) (<http://www.foundation.iastate.edu>) and the Office of Sponsored Programs Administration (OSPA) (<http://www.ospa.iastate.edu>) work closely together to determine whether the corporate or foundation award should be managed as a sponsored agreement or a gift, based on the funder's intent and any restrictions that the funder may place on the funds. In addition, OSPA and ISUF share information regarding pending proposals for foundations and corporations to prevent conflicts through communication.