



Policy name: Policy on Classification of Funds as Sponsored or Philanthropic for Stewardship Purposes

Administrator & Offices Responsible for Policy Monitoring and Update: Sponsored Programs (CFE) and the Office of Advancement (Advancement)

Effective Date: October 3, 2022

Policy Scope

Proper classification of external funding from foundations, corporations, associations, organizations, and governmental agencies as sponsored or philanthropic is necessary for accurate submission, expense tracking, and stewardship purposes.

The primary intended users of this Policy are the Provost's Office, the Office of Advancement (Advancement), the Center for Faculty Excellence's Sponsored Programs staff (CFE), and the Finance Office (Finance).

Policy Purpose

This Policy is designed to provide a uniform understanding of how the University determines which types of funding are classified as sponsored or philanthropic, for submission, tracking of expenses, and stewardship purposes. Additionally, this document provides guidelines for proposal submission, expense tracking, and stewardship of gifts and grants managed by CFE or Advancement, in collaboration with Finance. Note that there is a Policy on Classification of Funds as Gift or Grants for GAAP financial reporting purposes through the Controller's office. These two Policies can co-exist without conflict.

Definitions

Philanthropy:

Financial Assistance donated or otherwise made to support the operations or other activities undertaken by the University where the donor/grantor may direct the general purpose of the funds but the actual expenditure of funds is not controlled by the donor/grantor and where there is no Quid Pro Quo. In other words, the intent of the donor is philanthropic. It is important to look at both the intent of the donor/grantor and the other criteria to determine whether it qualifies as a Restricted Gift or Charitable Grant.

A. Restricted Gifts

A **Restricted Gift** is a Charitable Contribution from an individual, a for-profit organization, or a non-profit organization. To qualify as a Restricted Gift, the Financial Assistance must be accompanied by a letter or other written documentation clearly identifying it as a Gift or Donation. Gifts can be targeted to a specific area (e.g., Health Science) or Program/Project (e.g., REEF Center or Leadership Innovation Hub), but there can be no contractual terms and conditions. Donors frequently use the terms "gift" and "grant" interchangeably to describe the donation of funds; however, the terminology used by the donor should not determine the University's categorization of the funds. The grantor may receive a gift receipt, a gift acknowledgement, and/or a Stewardship Report.

B. Charitable Grants

A **Charitable Grant** is a Charitable Contribution from an individual, a for-profit organization, or a non-profit organization that may specify limited terms and conditions. For example, if the terms and conditions serve to direct the gift to areas of a particular purpose, such as scholarships, programs, infrastructure, or general research support of interest to the donor, the grant may be classified as a charitable grant. The grantor may not provide oversight of the expenditure of donated funds. The grantor may receive a gift receipt, a gift acknowledgement, and/or a Stewardship Report that may include a financial report.

Sponsored Revenue:

A sponsored project is any externally funded activity that has a defined scope of work or set of objectives which provides a basis for sponsor expectations. Generally a sponsored project involves a written agreement representing the voluntary transfer of money or property by a sponsor in exchange for specifically enumerated performance of services, often including rights and access to results of this performance, and some formal financial and/or technical reporting by the recipient as to the actual use of money or property provided. Such agreements are enforceable by law, and performance is usually accomplished under time and fund use constraints with the transfer of support revocable for cause. Sponsored activities are characterized by one or more of the following criteria:

- Funds are awarded for a proposal submitted in response to an RFP (Request for Proposal) or published guidelines or through a competitive application process
- Sponsor is a governmental entity (or is awarding governmental flow-through funds)
- Funds are to match a government-funded project (including flow-throughs)
- Award is a contract, cooperative agreement, consortium agreement, grant, subgrant, or subcontract
- Funds are provided to cover a specified scope of work or to provide a specific product, service, or other deliverable or outcome within a specified period of time

- Funded activity involves humans in research, animals, radiation hazards, biohazards or R-DNA
- Activities involve use of university facilities or other university resources or the sponsor will have access to university facilities or other university resources
- Sponsor specifies how funds are to be used or includes a line item budget that identifies expenses by activity, function, or project period
- Sponsor requires external audits, detailed financial reports, invoices and/or technical reports as a condition of award
- Sponsor requires return of unexpended funds at the close of the project
- Sponsor stipulates other terms and conditions of award dealing with such topics as publication restrictions, conveyance of rights to tangible or intangible property, compliance with federal or state regulations, allowable or unallowable costs, subcontracting, insurance, warranties, indemnification or hold harmless requirements, protection of proprietary or confidential information, modifications, penalties, remedies, termination, applicable governing law, and assignment

Responsibilities and Procedures

A. Submission Stage

At the submission stage, representatives from CFE and Advancement will jointly make the determination as to what classification (sponsored or philanthropic) should apply in accordance with this Policy. Appendix A provides a matrix for determining the classification. If there is no consensus, the Provost's Office will be consulted for a final determination.

B. Post Award/Stewardship Stage

Advancement or CFE, together with the Principal Investigator(s) of a sponsored or philanthropic grant, as appropriate, are responsible for determining appropriate management of the funds and donor communications.

All narrative and financial reports are prepared by Advancement or CFE, in collaboration with the Principal Investigator(s) and the Finance Office. Submissions of these reports should be handled as follows:

- Restricted gifts and philanthropic grants - by Advancement or the Principal Investigators, as agreed between the parties
- Sponsored Grants and Contracts - by the Principal Investigators.

These narrative and financial reports must be maintained and stored by the University, either by the CFE or Advancement.

Offices Responsible for this Policy: CFE and Advancement are responsible for writing, updating, and interpreting this Policy.

Related Policies: Policy on Classification of Funds as Gift or Grants for GAAP financial reporting.

Simmons University Revenue Type Determination Matrix

	Philanthropy:	Philanthropy:		Sponsored Revenue:	Sponsored Revenue:
Criteria:	Restricted Gift	Charitable Grant		Restricted Grant	Contract
Source	Individual donor, corporation, foundation	Individual donor, corporation, foundation		Sponsor, federal or state government, professional organizations, companies	Federal or state government procurement, other organizations, companies
Initial Process	University approaches donor and cultivates the relationship	University approaches donor, cultivates the relationship, and typically submits a written proposal with a budget		The University submits an application to a posted/requested funding opportunity	University applies to a funding opportunity, or the opportunity arises through discussion/collaboration
Scope of Work	Not required or not mentioned	Defined by University or PI in the proposal		Defined by PI in proposal	Detailed scope of work defined either by the PI or the sponsor (or collaboratively)
Maximum Deliverables	Acknowledgement letter with tax language and stewardship report	Acknowledgement letter with tax language and stewardship report		Detailed technical and financial reports	Detailed technical and financial reports and other agreed-upon deliverables
Typical payment mechanism	Advance payment	Advance payment or agreed-upon payment schedule		Cost-based(reimbursement) invoicing or fixed payment schedule	Cost-based (reimbursement) invoicing or fixed payment schedule
Documentation	Letter or other signed document identifying funding as a charitable contribution	Grant agreement stipulating limited terms and conditions, including payment schedule and reporting requirements		Grant agreement stipulating payment, deliverables, reporting, and other terms and conditions	Formal contract stipulating payment, deliverables, reporting, IP rights, confidentiality, liability, and other terms and conditions
Intellectual Property Terms ¹	See Simmons IP policies	See Simmons IP policies		See Simmons IP policies	See Simmons IP policies
Publication Terms ²	Simmons retains full publication rights. Donor may request acknowledgement of support or anonymity	Simmons retains full publication rights. Donor may request acknowledgement of support or anonymity. Donor may request advanced copies of publications.		Simmons retains full publication rights. Sponsor may request acknowledgement of support. Sponsor may request advanced copies of publications.	Simmons retains full publication rights. Sponsor may request acknowledgement of support. Sponsor may request advanced copies of publications.

¹ Simmons IP Policies: Where works are developed by an employee in the course of Sponsored research funded by a third-party or outside agency pursuant to an agreement approved by the Simmons University Office for Sponsored Programs, ownership of the copyright shall be determined by the terms of the agreement. In addition, inventions conceived or reduced to practice in the course of performance of a contract with a governmental agency or with a non-governmental sponsor will be governed by the terms of such contracts.

² Pursuant to Simmons' IP Policies.

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