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**
Last Revised: **September 1, 2025**

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 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 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:

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.

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