

# Is it a gift or a grant?

OSR Monthly Meeting  
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# Objectives

Why it's important to differentiate

Characteristics of gifts

Characteristics of grants/contracts

Navigating both processes



# Why Differentiate?

Internal Revenue Code § 170(c)(2)(B) and (D);  
IRS Pub. 526 (2010)

Treatment of external funding is driven by NU policy

- <http://policies.northwestern.edu/index.html>

Standards for Business Conduct

- <http://policies.northwestern.edu/standards/>

Criteria for Defining Sponsored Projects Versus Gifts

- [http://www.research.northwestern.edu/osr/criteria\\_print.html](http://www.research.northwestern.edu/osr/criteria_print.html)



# Key Players

Prospects, donors, and sponsors

Faculty, chairs, deans and academic personnel

Research Administrators (within dept/div/ctr)

Gift Officers (FSM)

Grants Officers (OSR)



# Video

<https://www.youtube.com/watch?v=wWuAp1GooxA>

National Council of University Research Administrators



# Gifts

Funding support given without restriction

- Few or no conditions specified
- No contractual requirements
- No deliverables other than a stewardship report

In other words, no strings attached



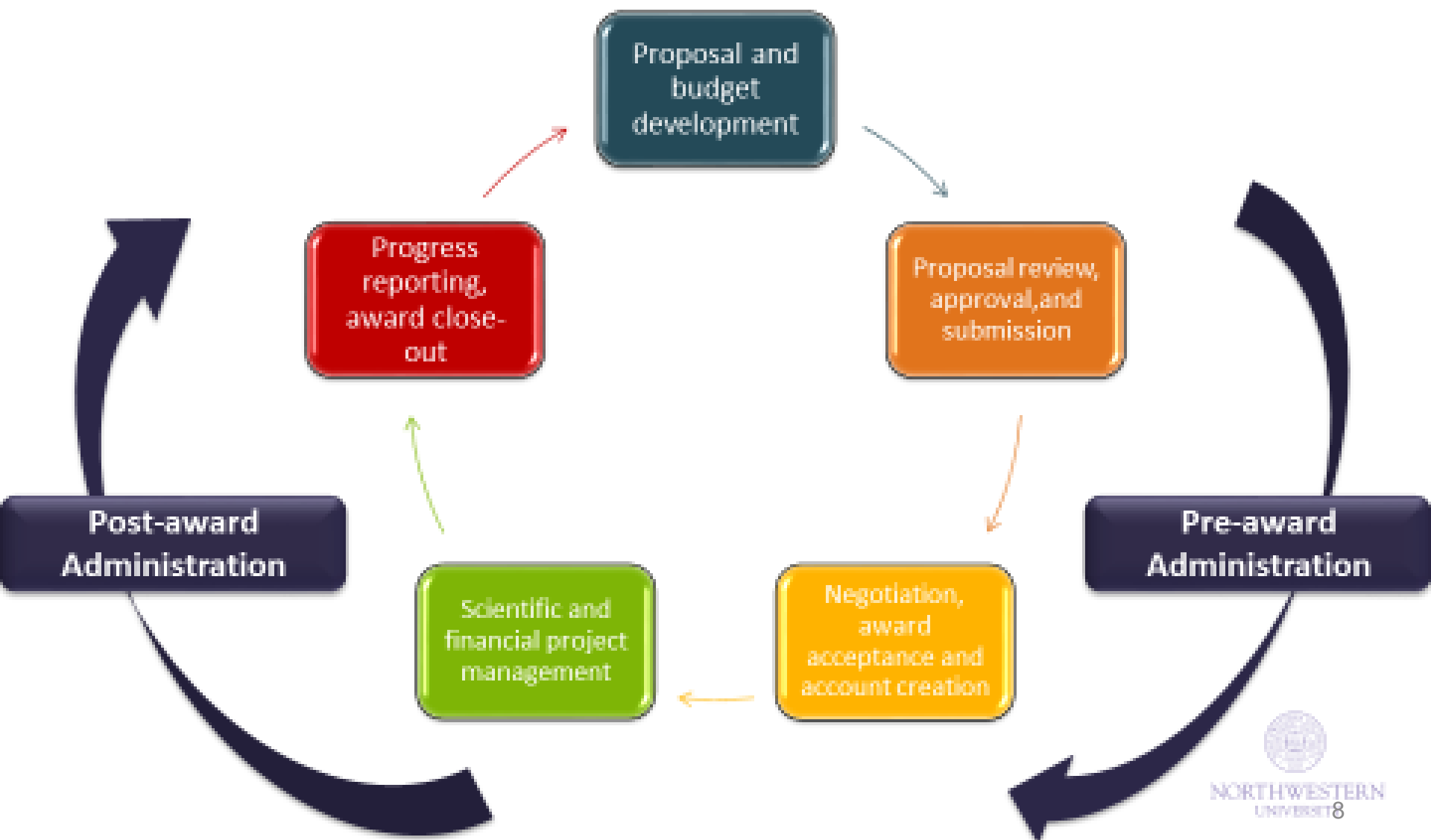
## Grants and Contracts

**Grant:** Financial assistance to an eligible entity to carry out a project or activity. A grant is used to pay for the performance of a project or activity.

**Contract:** An award instrument used to acquire property or services for the direct benefit or use by the sponsor.



# Grant Administration Life Cycle





# Gifts vs Grants

Gifts	Grants
No strings attached	Strings attached
No specified statement of work and/or deliverables	Specified statement of work and/or deliverables
Minimal reporting requirements	Reporting requirements
Irrevocable	Performance period specified
Work with Development Office	Work with Office for Sponsored Research
Subject to University Policy	Subject to University Policy
Method of Payment: Lump Sum or Pledge	Reimbursement/milestone Payments



# Scorecard

- Donor/sponsor
- Gift/grant
- Stewardship reporting/scientific progress technical reporting or deliverables
- Narrative and financial report/invoicing and detailed financial reporting
- Stewardship visit/site visit



## Facilities and Administrative Costs

Northwestern applies different Facilities and Administrative (F&A) rates - sometimes called "indirect cost rates" - to sponsored projects, depending on the nature of the individual sponsored projects.

Northwestern negotiates its F&A rates with the federal government, specifically the Department of Health and Human Services ("DHHS"), every 3-4 years.



## FEDERAL PROJECTS

For periods beyond 08/31/15, the FY 2016 rates should be provisionally used.

<i>NATURE OF SPONSORED ACTIVITY</i>	<i>ON/OFF CAMPUS</i>	<i>FY 2013 09/01/12 – 08/31/13</i>	<i>FY 2014 09/01/13 – 08/31/14</i>	<i>FY 2015 09/01/14 – 08/31/15</i>	<i>FY 2016 09/01/15 - 08/31/16 (PROVISIONAL)</i>
Sponsored Research	On Campus	54.5%	54.5%	<b>54.5%</b>	54.5%
	Off Campus	26.0%	26.0%	<b>26.0%</b>	26.0%
Department of Defense (DoD) Contracts	On Campus	55.5%	55.5%	<b>55.5%</b>	55.5%
	Off Campus	26.0%	26.0%	<b>26.0%</b>	26.0%
Sponsored Instruction/Training	On Campus	51.0%	51.0%	<b>51.0%</b>	51.0%
	Off Campus	26.0%	26.0%	<b>26.0%</b>	26.0%
Other Sponsored Activity	On Campus	36.0%	36.0%	<b>36.0%</b>	36.0%
	Off Campus	26.0%	26.0%	<b>26.0%</b>	26.0%



# Management and Administrative Fees

- The Management and Administrative Fees for “gifts” were eliminated in May 2015.



## Exceptions

There will always be exceptions to the rule

Funding may be intended for a specific purpose but treated as a gift

Documents can appear to be a contractual agreement by definition, but NU may treat it as a grant



# Working Together

FSM Development – Maureen Mizwicki

ASRSP – Mike Daniels

OSR – David Lynch



# Federal Cost Principles

## Cost Principles

- Allowability
- Allocability (no comingling)
- Reasonable
- Consistent

Expense must directly benefit the specific aims of the grant.





# Case Study 1

NU receives a check, just a check

Faculty member instructs staff to deposit funds in gift account

Later that year, faculty forwards email from the donor which requests a detailed accounting of how funds were spent.

Is this a gift or grant? Other? Do we need more info?



## Case Study 2

Donor wants to support specific research project

Proposal submitted by faculty member

Donor requires written notification of new inventions, development, or discovery resulting from the research

Donor requires narrative and financial reporting

Donor established charitable foundation

Foundation will be the donor



## Case Study 3

University receives an agreement

References proposal

Period of performance

References scope of work

Budget/reporting requirements

Future intellectual property rights will be shared

Budget for reading/interpreting x-rays



Is it a gift or a grant?

**Answers!**

**Questions?**



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