

University of Missouri-Kansas City

Guidance on Defining and Distinguishing Between Research Gifts and Sponsored Projects

DEFINITIONS

Both sponsored projects and research gift funded activities are externally-supported, with funds typically provided in response to a request or proposal. The classification of funding as "research gift" or "sponsored project" will affect, among other things, the way the University of Missouri-Kansas City (UMKC) accounts for the funds, calculates and applies Facilities & Administrative (F&A) costs, and reports on the use of the funds to the sponsor or donor and to the Office of the Executive Vice Chancellor and Provost and the Office of the Chancellor. The following summary outlines the campus procedure for defining and distinguishing between research gifts and sponsored projects. If you have any questions, after reading the information below, please contact the Office of Research Services (ORS) at (816) 235-5600 or the UMKC Foundation at (816) 235-1571.

Definition of Sponsored Projects

Sponsored Projects are externally-funded activities in which a formal written agreement, i.e., a **grant, contract, cooperative agreement, memorandum of understanding or similar instrument**, is entered into by UMKC and by the sponsor. Sponsored projects typically have a specified statement of work with identified deliverables, allow for detailed financial accounting, and have a budget which includes direct and indirect costs of the research activity.

Sponsored Projects are to be managed by the UMKC Office of Research Services

The following conditions characterize a sponsored project agreement, and help to distinguish such agreements from gifts:

1. Statement of Work

Sponsored projects are typically awarded to the University of Missouri-Kansas City in response to a detailed statement of work and commitment to a specified project plan. As described below, this statement of work is usually supported by both a project description and a line-item budget, both of which are essential to financial accountability. The statement of work and budget are usually described in a written proposal submitted by the faculty or administration through ORS to the sponsor for review and agreement.

2. Detailed Financial Accountability

The sponsored project agreement includes detailed financial accountability, typically including one or more such conditions as:

- a line-item budget related to the project plan. The terms of the agreement may specify allowable or unallowable costs, requirements for prior approvals for particular expenditures, etc.
- a specified period of performance, typically defined with "start" and "stop" dates
- a requirement to return any unexpended funds at the end of that period
- regular financial reporting and audit, including, for federal and state awards, accountability under the terms of OMB A-21, Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements With Educational Institutions and OMB A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations. These conditions generally define the level of financial accountability associated with a sponsored project.

3. Required Deliverables

Sponsored project agreements also usually include contractual consideration such as:

- terms and conditions for the disposition of tangible properties (e. g., equipment, records, specified technical reports),
- intangible properties (e.g., intellectual property [rights in data, copyrights, inventions], testing, or evaluation of proprietary property),
- other services or considerations specified by the sponsor.

While not all of the above conditions are necessary to define a sponsored project, they are collectively indicative of the increased level of financial accountability associated with such projects.

Definition of Research Gifts

A research gift is defined as any item of value given to the University by a donor who wishes to support the research of a faculty member or group of faculty members, and who expects nothing of significant value in return, other than recognition and disposition of the gift in accordance with the donor's wishes. For example, an individual may donate to The University of Missouri-Kansas City the amount of \$600,000 with the only stipulations that the funds be used for a specific area of research - such as age-related macular degeneration - and the donor recognized for the contribution.

Therefore, a gift is designated as a Research Gift when it is provided as unrestricted funds or as an in-kind contribution to support the research of one or more specified faculty members or research programs.

Research Gifts are to be managed by the University of Missouri - Kansas City Foundation

(the UMKC Foundation is a not-for-profit 501(c)(3) corporation established in 2008 to be the official foundation devoted to raising funds for the University, and for exercising fiduciary responsibility over endowments and other philanthropic investments made to UMKC)

In general, the following characteristics describe a research gift:

- **Research gifts do not carry restrictions**, no contractual requirements are imposed and there are no deliverables to the donor. If restrictions are imposed on the use of funds, such funds will be regarded as a sponsored project and treated accordingly. A research gift may, however, be accompanied by an agreement that specifies the use of the funds for a particular purpose.
- **A research gift is irrevocable.** While the gift may be intended for use within a certain timeframe, there is no specified "period of performance" or "start"/ "stop" dates as associated with sponsored projects.
- **There is no formal fiscal accountability to the donor beyond periodic progress reports and summary reports of expenditures.** These reports may be thought of as requirements of good stewardship, and, as such, may be required by the terms of a gift. They are not characterized as contractual obligations or deliverables.

Recovery of Direct and Indirect Costs and Gift Fees

Once extramural funds have been classified as sponsored projects or as gifts, the following mechanisms are in place to recover costs incurred by the university:

For Sponsored Projects

In accordance with University of Missouri-Kansas City policy, sponsored projects must recover the full cost of research, both direct and indirect. For more information on indirect costs/overhead please go to <http://www.umkc.edu/ors/forms/info.cfm>. A sponsored project budget will include the University's full negotiated F&A (indirect) cost rate, unless a waiver of those costs has been approved.

DISTINGUISHING BETWEEN RESEARCH GIFTS AND SPONSORED PROJECTS

Distinctions Based On Source of Funds

All funds provided by U.S. Government agencies, at the federal, state, or local level, in support of UMKC activities are treated as sponsored project funding. Government funds are not treated as gifts. Funding from Voluntary Health Organizations or Associations, such as the American Cancer Society or American Heart Association are also treated as a sponsored projects.

Distinctions Based on Intent of Donor/Sponsor

In cases where funding is being provided by corporations, foundations or others not specified above, the distinction between research gifts and sponsored projects will be made based on the nature of the proposal, statement of work, and/or terms of the agreement, taking into consideration the intent of the donor/sponsor. Note that, in some situations, associated communications about the award or gift, including written proposal or award documents, or conversations, have already made it clear that the donor's/sponsor's intent was to classify an award to UMKC as either a research gift or a sponsored project. In these cases, the terms of the accompanying agreement may have to be adjusted in consultation with the donor/sponsor in order to clearly document the intent, and avoid unintended classification, while insuring that appropriate UMKC and UMKC Foundation policies are followed.


THE DECISION-MAKING PROCESS IN UNCLEAR SITUATIONS

In some cases, the distinction between research gifts and sponsored projects can be difficult to draw. If PIs, departments or units need assistance in determining whether an interaction should be managed as a gift or a grant, and the indicators below have not provided resolution, then please contact ORS at (816) 235-5600.

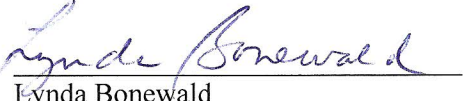
In the event that a classification still cannot be made, the Vice Chancellor for Research and the UMKC Foundation President (or their specific designees) will jointly resolve the issue. If necessary, the final arbiter is the Chancellor.

As executed this day; July 29, 2010:


Leo E. Morton
Chancellor


Gail Hackett
Executive Vice Chancellor and Provost


Murray Blackwelder
President - UMKC Foundation


Lynda Bonewald
Vice Chancellor for Research

Gifts, Research Gifts or Sponsored Projects Indicators

University of Missouri-Kansas City

In some cases it may be difficult to distinguish between a gift and a sponsored project (i.e. grant, contract, memorandum of understanding, cooperative agreement, etc.). If, after reviewing definitions and considering the intent of the source of funding and nature of the agreement in question, there remains a question about the proper classification of an award, the following list of indicators may be helpful. This collection of indicators should be viewed as a continuum. Placement toward one side or the other, taken together with the analysis of the source of funds and the terms of the agreement, these criteria should help to classify questionable or ambiguous awards.

	Managed by UMKC Foundation	Managed by UMKC Foundation	Managed by UMKC Office of Research Services
	Gift	Research Gift	Sponsored Project
Purpose	For a general or specific purpose, e.g., endowment, capital projects, or student financial aid	Designated as unrestricted funds to support the research of one or more specified faculty members or research programs	For a specific statement of work e.g., specified protocol, experiments, testing of hypotheses, particular line of inquiry
	May be for any activity at the university, e.g., department, library, arts, scholarship, facilities, research /instruction activities, etc.	Supports the research of one or more specified faculty members or research programs	Usually for a specified research project but may be for projects associated with instruction or other sponsored activity
Required Deliverables	No deliverables. (stewardship reports and ability to observe at open research reviews are allowable as noted below	Same as for gift	Deliverables defined by formal, written agreement, including, reports, research results, IP rights, equipment, or other specified services or considerations. Funds may be withheld pending delivery
	No obligation or agreement to share data/research results with donor; donor willing to sign gift agreement relinquishing intellectual property and data rights to University. Donor may request progress reports, as noted above, and ability to observe at open research reviews	Same as for gift	Sponsor expects access to research results and the ability to audit research results, but not to prevent publication.

	Managed by UMKC Foundation	Managed by UMKC Foundation	Managed by UMKC Office of Research Services
	Gift	Research Gift	Sponsored Project
Tax Implications	Qualifies for tax treatment as charitable contribution by donor	Same as for gift	May qualify for basic research tax credit for sponsor
Publication Attribution	Publication attribution may be encouraged or agreement may be silent on attribution	Same as for gift	Publication attribution is typical and acknowledges the sponsor
Form of proposal	Proposal may be informal e.g., a letter Proposal from an individual, a (department, office or School	Same as for gift	Proposal submission required through the authorized office, Office of Research Services
Stewardship	Often require only general stewardship and communication as a courtesy to donor, e.g., progress reports, reports of expended funds and balance, invitation to open reviews of research.	Same as for gift	May require detailed financial and other reports , e.g., scientific reports, invention reports, financial reports on sponsor-specified format, may include the right of sponsor to audit
Financial/Budget	No requirement or expectation of return of unexpended funds.	Same as for gift	Budgets and project period may lead to unexpended funds that must be returned if no approval to carry forward or extend project
	No required pre-approvals for expenditures	Same as for gift	Certain expenditures may require prior written approval by sponsor
	Some gifts may be combined into one fund (if for the same purpose)	Same as for gift	Must be separately budgeted and accounted for

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