Private fundraising is central to Carolina’s future. When corporations, foundations, and other private donors provide gifts to the university, the funds are handled entirely by the Development Office. When these entities provide support for research, the funds are handled by the Office of Sponsored Research. Fundraising success depends on an effective partnership between these two Offices.

Correctly classifying gifts and sponsored projects is important for several reasons. Not only does the distinction between gifts and sponsored projects determine which office handles the award, there are usually differences in how gifts and grants should be budgeted, and how and by whom the resulting projects should be monitored. There may similarly be differences in the content, detail and frequency of reports to the sponsor. Gifts do not trigger review for the university’s obligations with respect to research compliance (e.g., IRB), whereas sponsored projects do.

Given the importance of correctly classifying gifts and sponsored projects, and given the absence of clear and up-to-date guidance, the Vice Chancellor of Development and the Vice Chancellor for Research charged a Task Force last April (2015) to develop recommendations on the matter. The Task Force was co-chaired by Mark Meares, Associate Vice Chancellor for Development and Director of Corporate and Foundation Relations, and Robin Cyr, Associate Vice Chancellor for Research and Director of the Office of Sponsored Research. This memorandum sets forth the recommendations of this Task Force, including definitions and a decision tree.

DEFINITIONS

GIFT
A gift is something of value that is given to the University by a donor who expects nothing of significant value in return, other than recognition of the gift and its disposition in accordance with the donor’s wishes. A written agreement may or may not be entered into by the University and by the donor. When the gift is in the form of funding, it can be ‘unrestricted’, meaning the funds may be used freely; or ‘restricted’, limiting the use of funds to work in a specific field or for a specified purpose. When a gift is accompanied by an agreement, the agreement must be reviewed by the Office of University Counsel and signed by the Vice Chancellor for Development or the Vice Chancellor for Finance and Administration and an authorized signatory of the donor.

In general, a gift has the following characteristics:

• No contractual requirements are imposed and there are no “deliverables” to provide the donor. However, the gift may be accompanied by an agreement that restricts the use of the funds to a particular field or purpose.
• A gift is irrevocable. While the gift may be intended for use within a certain time frame, there is no specified period of performance or a start and end date for when the gift can be used.
• There is no formal fiscal accountability to the donor. There may however be annual or periodic updates requested by the donor and sent by the department, Corporate and Foundation Relations, or the Development Office.
that may be thought of as sound practices of good gift stewardship, and, as such may be required by the terms of the gift. These informal reports are not considered contractual obligations or deliverables.

SPONSORED PROJECT
A sponsored project has a statement of work to be implemented in exchange for something of value, such as data, results, intellectual property, and/or mandatory report. A written agreement is entered into by the University and the sponsor. Sponsored projects generally use one of two funding structures; grants or contracts (Appendix A). Sponsored projects are reviewed and signed by an authorized official from OSR or, when appropriate, the Sponsored Programs Office with the School of Medicine; and an authorized signatory of the sponsor.

In general, a sponsored project has one or more of the following characteristics:

1. Return of unexpended funds to the sponsor.
2. Restrictions on data use and/or research publication rights imposed by the sponsor.
3. The right of the sponsor to audit the project, program, lab or related documentation such as financial data or lab notebooks.
4. Ownership of data or intellectual property resulting from project/program vesting in whole or in part with the sponsor.
5. Preferential sharing of the project/program results or resulting research resources, such as a model organism, with the sponsor.

“GIFT OR SPONSORED PROJECT?” DECISION TREE

The answers to the following questions may be of assistance in determining whether an externally funded activity is a gift or sponsored project:

1. Is the funding source a governmental entity (federal, state, local)?

Any funding provided by a government agency at the federal, state or local level is treated as a sponsored project and is administered by OSR.

If YES, all requests and agreements must be approved by the Office of Sponsored Research.

If NO, go to question #2.

2. Does the proposal and/or the agreement have characteristics of a sponsored project as described above?

If YES, then proposal and/or agreement and payment must be processed and approved by the Office of Sponsored Research using the RAMSeS system. For example, funding from voluntary health organizations or associations, such as the American Cancer Society or the American Heart Association, is usually treated as a sponsored project because of the terms and conditions typically conveyed in the notice of award. In other cases, the determination of whether it is a gift or a sponsored project is based upon the proposal, budget if any, statement of work, and terms and conditions of the agreement (as indicators of the intent of the sponsor/donor). The UNC Office of Corporate and Foundation Relations can assist in preparing a proposal and working with the funder both before and after the award has been accepted by the University.

If NO, then the proposal and/or agreement (and associated payments) is likely a gift and should be processed through the development office within the applicant's school or unit and the University Development Office.

If UNSURE, first check with your department or unit business manager for assistance with determining whether the activity is a gift or sponsored project. If they are uncertain, check with your Dean’s Office or the Vice Chancellor’s
Office. Generally, it is important to include all documentation related to the proposal and solicitation, where appropriate when reaching out for assistance. If needed please email questions to giftorsponsoredproject@unc.edu, the special help desk at the Office of Sponsored Research. Please include your specific question(s) and any available supporting materials such as the proposal, proposal and award requirements of funder (generally on their website if not provided in a guideline, letter or award document), contact information for point person at the funding organization and, as applicable and if available, the proposed project budget.

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