



## 1. PURPOSE

Defines charitable contributions (often referred to as “gifts”) and sponsored projects (often referred to as “grants”). Provides guidance related to identifying these types of contributions, and outlines responsibilities for acceptance.

## 2. DEFINITIONS

The following definitions provide the criteria by which a contribution will be determined to be a charitable contribution, sponsored award, other type of contribution, or a combination thereof.

- a. **Charitable Contributions: (Often referred to as “Gifts”):** voluntary transfers of property (including, but not limited to, cash, cash equivalents, securities, real property, and personal property), not time or services, from a person or organization where no goods (including intangible goods such as intellectual property) or services are expected, implied, or forthcoming for the donor.
  - i. A donor may place some restrictions on the use or disposition of a gift and may require a report that demonstrates that the donor’s wishes have been met.
  - ii. There is no formal fiscal accountability to the donor beyond periodic progress reports and summary reports of expenditures.
  - iii. No return of funds required.
- b. **Sponsored Awards: (often referred to as “Grants”):** the transfer of money or property from an external entity such as a private foundation, corporation, or governmental agency to an institution that may require a statement of work, budget, detailed financial reporting or specific deliverables. Sponsored Awards have a defined scope and purpose undertaken by the University with the expectation of an outcome that meets stated performance goals within a defined period of performance.
  - i. Sponsored awards bind the University to a set of specific terms and conditions including audit provisions and return of unexpended funds at the conclusion of the project
  - ii. May include a renewal option

## 3. ROLES AND RESPONSIBILITIES

- a. Recipient department shall make a determination based on these guidelines. They must document the conclusion and the decision process.
- b. Department head shall endorse the conclusion and the decision-making process.
- c. ORSP may assist in the determination when a contribution is thought to be a Sponsored Award. ORSP shall validate Sponsored Award conclusions.
- d. DAR may assist in the determination when a contribution is thought to be a Charitable Contribution. DAR shall validate Charitable Contribution conclusions.
- e. In the unlikely event that DAR and ORSP do not agree on the conclusion, the Controller’s Office will serve as final arbiter in consultation with the appropriate offices.

#### 4. PROCESSING

Any funding provided by United States Government agencies, at the federal, state, or local level, in support of Lehigh activities, is a sponsored project. Government funds are not gifts.

- a. Charitable contributions are processed through the Office of Development and Alumni Relations (DAR). In accordance with Lehigh University's Board of Trustees approved [Gift Administration Fee Policy](#), a portion of charitable contributions may be used to fund further advancement efforts on behalf of Lehigh University.
- b. Sponsored Awards are processed through the Office of Research and Sponsored Programs (ORSP). Information and the policy on submitting a proposal for external funding can be found on the [ORSP website](#). Sponsored Awards are charged Indirect Cost (IC) unless the Sponsor has an established written policy that precludes application of Lehigh's IC in whole or in part.
- c. Once established as a charitable contribution, a new index may be requested through the Controller's office, if necessary, in accordance with the definitions of this policy. Sponsored awards received from external entities will be processed through ORSP and an index will be established following formal acceptance of the award/agreement.

#### 5. DECISION MAKING PROCESS

- a. Guided by the Considerations Matrix provided below, the recipient shall use the attached Questionnaire to document their conclusion. The rationale must be clearly documented and defensible under audit.
- b. The department head shall endorse the conclusion based on the supporting documentation.
- c. The conclusion and the documentation thereof shall be made available to:
  - i. ORSP for Sponsored Awards
  - ii. DAR for Charitable Contributions
  - iii. the Controller's Office
  - iv. The University's auditors upon request
- d. In some situations, communication, including the proposal and award documents as well as conversations with the donor/sponsor, make it clear of the donor's/sponsor's intent. In cases where the University reaches a conclusion that does not agree with the donor's/sponsor's intent, 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.
- e. There are rare instances when funds received from outside sources are neither Charitable Contributions nor Sponsored Awards. These cases are not processed through DAR or ORSP. Please check with the Controller's Office for assistance on these "other" types of awards.

Funds received from governmental agencies at the federal, state or local level are never treated as Charitable Contributions. In cases where funding is provided by corporations, foundations or others, the distinction is based on the nature of the proposal, statement of work, presence of an exchange transaction, and/or other terms of the agreement. Note that donors sometimes confuse the classification issue by using the word "grant" when the funding actually qualifies as a gift, or vice versa. Therefore, careful consideration of the supporting documentation is critical in determining donor/sponsor intent. Presence of any single factor rarely represents the condition of a Charitable Contribution or a Sponsored Award. Rather, all factors should be considered together. Administrators should use the following factors to help determine donor/sponsor intent.

## Considerations Matrix: Charitable Contributions vs. Sponsored Awards

	<b>Charitable Contributions</b>	<b>Sponsored Awards</b>
<b>Government Funding</b>	Funding provided by Federal, state, or local government is not a Charitable Contribution	Funding provided by federal, state, or local government is most likely a Sponsored Award
<b>Intent and Purpose</b>	Philanthropic intent from the donor	Includes a Statement of Work which is a commitment to a specific project plan, as opposed to a general field of study or research area; the commitment describes a specific line of scholarly inquiry such as testing of a hypothesis, experiments, a model project or a defined set of deliverables
<b>Restrictions</b>	No expectation of deliverables  Only restriction is the purpose of the funding  Donor may restrict use or disposition	Award requires endorsement by a university official.  Investigator is obligated to a line of scholarly or scientific inquiry that follows a plan, provides for orderly testing or evaluation or seeks to meet stated performance goals.
<b>Time Period</b>	No time period associated with the use of funds.	Clearly defined “Start” and “End” dates. Return of any unexpended funds is often expected at the end of a designated period
<b>Reciprocal transfer of value</b>	Generally, none. Some charitable contributions may confer a benefit, but the fair-market-value of that benefit reduces the charitable value of the contribution, and cannot exceed the total amount of the charitable contribution.	<ul style="list-style-type: none"> <li>● Sponsor rights to Licensing and/or Intellectual Property</li> <li>● Basic Research Tax Credit</li> <li>● Legal accountability such as indemnification and other such terms</li> <li>● Non-Disclosure Agreement</li> </ul>
<b>Publication and Reporting</b>	Donor may request copies of publications that result from research supported with donated funds and ask to be acknowledged in such publications.  Donor may also request annual progress reports or a summary of the types of activities supported.  Smaller gifts do not usually require reports.	Terms of the award may require publications or technical reports dealing with substantive aspects of the work.  Investigator is obligated to report project results.  Technical and Financial reporting requirements annually or at the end of a project at a minimum

	<b>Charitable Contributions</b>	<b>Sponsored Awards</b>
<b>Accounting and Financial Reports</b>	<p>Donor may request that the funds be established in a separate account and that the donor receive an annual statement of total funds expended.</p> <p>May require a summary report of expenditures</p> <p>Smaller gifts do not usually require accounting statements.</p>	<p>Detailed financial reporting (line-item detail, percentages of effort) beyond a summary report of expenditures.</p> <p>Award includes a line-item budget that identifies expenses by activity, function, or project period.</p> <p>Award includes budgetary constraints such as limits on budget categories, or the sponsor requires prior approval or other controls over expenditures.</p> <p>Fiscal accountability is required, as evidenced by submission of financial reports to the sponsor, an audit provision, or return of unexpended funds at the conclusion of the project.</p>
<b>Project Direction or Mentoring</b>	<p>Sponsor may identify an individual in the corporation as a point of contact.</p>	<p>Sponsor may identify a technical monitor who is responsible for monitoring performance, arranging research visits, and providing liaison between the University and corporate research teams.</p>
<b>Period of Performance</b>	<p>A period of performance is not normally included, but one may be stated as a general expectation.</p>	<p>Terms include a specific period of performance and definition of allowable expenditures.</p>
<b>Renewal</b>	<p>Normally no formal renewal. Additional funding may be provided at the discretion of the donor.</p>	<p>May be renewed contingent on things such as technical review or satisfactory progress. This implies that the sponsor is monitoring performance to determine if some set of expectations is fulfilled. Future payments contingent on reporting.</p>

To assist in making a determination, and to document your decision, please use the [Charitable Contribution \(“gift”\) or Sponsored Award \(“grant”\) Questionnaire](#) available on the Controller’s office website.