

**LOYOLA MARYMOUNT UNIVERSITY
POLICIES & PROCEDURES**

DEPARTMENT: CONTROLLER’S OFFICE	
SUBJECT: Gift and Grant Classification Policy	Page 1 of 4
Policy Number: BF028.01	Supersedes: N/A
Effective Date: June 1, 2013	Previous Issued: N/A
Approvals: Business & Finance Policy Steering Committee	Date for next review: January 2015

External support may be awarded under a wide variety of labels, including grants, sponsored projects, gifts, contracts, subcontracts, and other similar mechanisms.¹ Broadly speaking, a **grant** (or sponsored project) is a type of funding awarded to the university to support an approved instructional activity, research endeavor, or public service. A **gift** is a type of funding awarded to the university that may be earmarked for a specific purpose, but the donor does not have specific control over expenditures or over the work preformed.

This document describes the procedures and standards used by Loyola Marymount University for classifying external support as either a sponsored project or a gift.

1. Overview

Merely describing an award as a “grant” does not determine the how the University will administer the award. Some foundations and corporations refer to their donations as “grants,” though they may be more properly classified as philanthropic gifts. On the other hand, awards from corporations and foundations that require contractual performance and commitments from the University would likely be administered as grants. In these cases, even though the donor is philanthropic in nature, the award itself may contain performance contractual terms and conditions requiring its classification as a sponsored project by the University.

Governmental organizations do not make “gifts.” Funds from agencies such as the National Institutes of Health, the National Science Foundation, or the National Endowment for the Humanities are administered as grants, contracts or cooperative agreements.

2. Characteristics of a Sponsored Project

¹ Other mechanisms include purchase orders, funded collaboration agreements, master agreements, clinical trial agreements, consulting agreements, testing agreements, service agreements, task agreements, basic ordering agreements, and corporate affiliate partnership programs.

The following lists of characteristics are provided to clarify how external funds from non-governmental entities will be classified and administered. The existence of one factor alone may not be determinative. Multiple factors will be considered to decide whether an award is a sponsored project.

Sponsored Projects (including grants, contracts, cooperative agreements, etc) exhibit one or more of the following characteristics

- All monies originating from a governmental agency (federal, state, or local), aside from student aid, are considered sponsored projects.
- Sponsor requires specific deliverables (e.g., final technical report, evaluation, technical assistance, training).
- Sponsor requires return of unexpended funds.
- Award designates a sponsor employee (agent) as project technical monitor, as opposed to designating a contact person to improve communications.
- Award contains intellectual property rights provisions.
- Award restricts or monitors publications or use of results.
- Award payments are contingent upon programmatic or fiscal reporting (e.g., milestones, invoices).
- Award includes terms and conditions imposed by the project sponsor.
- Award requires protection of sponsor and confidential information.
- Award contains an itemized budget, which requires sponsor approval to modify.
- Request for funding requires cost sharing or other financial commitment from the University.
- The testing and evaluating of proprietary products is involved.
- Initial pricing, expenditures, financial reporting, and/or performance may be subject to external audit.

3. Characteristics of a Gift

A gift is the voluntary contribution of external support by a donor to the University without any requirement of an economic or other tangible benefit in return beyond what any general member of the public would receive. The contributor of a gift is referred to as the “donor” and the donor’s intent must be philanthropic or charitable. The primary beneficiary of a gift is the general public and not the donor.

Gifts may be either unrestricted or restricted. A restricted gift does not imply that the donor benefits from the gift nor is there an implied *quid pro quo*. Valid restrictions pertain to the permitted use of gift funds rather than providing a result to the donor. Gifts shall normally meet some of the following criteria:

- Award supports a purpose or such activities as endowments (e.g., eminent scholars, endowed chairs, professorships), capital projects (e.g., construction or renovation, equipment), or general student support (e.g., scholarships, fellowships). Restrictions by field of study or College are also common
- Donations of real property.

- The primary beneficiary of the outcome accruing from the funding will be the general public and not specifically benefit the donor.
- The external support is irrevocable, providing the gift is used in accordance with any valid use restrictions accepted by the University.
- No goods, services or deliverables are offered to the donor or exchanged in consideration of receipt of the external support, excepting only *de minimis* benefits as described in IRS regulations.
- The donor provides the support to the University without expectation of direct economic benefit or other tangible benefit. Indirect benefits such as tax advantages or business or personal goodwill derived from close association with the University and the miscellaneous benefits derived from donor status shall not be deemed to be inconsistent with classification of support as a gift.
- Detailed financial reporting or accounting for use of external support is not generally required, although it shall be acceptable for the donor to request information from the University about utilization and/or impact of the external support, including expenditures and fund balances.
- Public recognition by the University of donors through accepted University underwriting guidelines shall not be deemed to be to be inconsistent with classification of support as a gift.
- Gifts to specific researchers or faculty members may be classified as grants if the expectation exists that, should the researcher or faculty member leave LMU, unspent gift balances will go to their new institution.

4. Process for determining

Prior to submitting a proposal for external awards, the Office of Research for Sponsored Projects (ORSP) and Office for Corporate and Foundation Relations (CFR) will use the foregoing definitions to determine a project's likely classification.

All intended applications for external awards are communicated to the appropriate parties via the use of the Intent to Apply Form. Upon receipt of this form, the CFR and ORSP will determine the likely category of the eventual award to be made under the proposal.

- If the proposal will likely result in a **gift**, CFR will solely be responsible for securing the appropriate approvals;
- If the proposal will likely result in a **grant** from a government agency, ORSP will solely be responsible for securing the appropriate approvals (using the Routing Form);
- If the proposal will likely result in a **grant** from a foundation, corporation or other private source of funds, CFR and ORSP will jointly be responsible for securing the appropriate approvals (using the Routing Form).

Upon receiving award documents, the office of Post-Award Accounting and Administration will make the final determination regarding the kind of university accounts to open for administering the funds.