

July 11, 2011

MEMORANDUM

TO: Deans, Directors, and Department Heads

FROM: Nevin E. Kessler, Vice Chancellor, University Advancement *nek*
Charles D. Leffler, Vice Chancellor, Finance and Business *Charles D. Leffler*
Terri L. Lomax, Vice Chancellor, Research & Innovation *Terri L. Lomax*

RE: Definition of Gifts, Grants and Contracts

The purpose of this memorandum is to provide guidance for the proper receipt and recording of gift, grant, and contract funds for NC State University (University), and associated foundations. This memo supersedes the previous memo issued on this subject from May 25, 1994.

GIFT - A gift is a voluntary and nonreciprocal donation of personal (cash, securities, books, equipment, life insurance, etc.) or real property provided by a non-governmental donor for which no goods or services are expected, implied, or forthcoming. Should goods or services be provided in exchange for a gift, the value of those benefits must be subtracted from the donation amount and the net will be received as a gift. Providing the donor the names of recipients of scholarships, awards, or providing a summary of how the funds were expended does not prevent the contribution from being considered a gift. Gifts may be outright or deferred, and may be restricted for a specific purpose, or unrestricted in nature. If the gift is restricted, all expenditures must relate to the purpose of the gift, as stated by the donor. Additional information on fundraising activities and gift receipts is contained in NCSU POL03.00.2, located at:

http://www.ncsu.edu/policies/alumni_dev/POL03.00.1.php

The entity in which gifts must be recorded is determined by how the gift was solicited. When a gift is designated to an endowment for the benefit of the institution or an associated foundation, and the endowed fund does not exist, the Vice Chancellor for University Advancement or designee must personally review and approve the endowment agreement. A standard endowment agreement template has been established, and any deviations from the standard agreement must also be approved by the Vice Chancellor for University Advancement prior to obtaining signatures from donors. All gifts are subject to the University's Standard Operating Procedures for Acceptance of Gifts found at:

http://www.fis.ncsu.edu/foundations_accounting/developofficers/documents/Gift_Acceptance_Policy_Sep2010_Final2.pdf

GRANT – Nonspecific - Occasionally a donor (usually a philanthropic foundation, or other non-profit organization) may designate or refer to a gift as a 'grant'. Nonspecific grants may or may not result from the submission of a proposal. Provided that the donor does not receive benefit from such a grant, and provided that the provisions of the grant do not contain a comprehensive set of terms and conditions such as, but not limited to intellectual property, scholarly publications, or fiduciary obligations including financial reporting or audit, such grants are administratively handled the same way as a gift and are subject to the University's Standard Operating Procedures for Acceptance of Gifts referenced above. If a proposal was submitted to the donor, the proceeds of the grant must be recorded in the entity named in the proposal. Nonspecific grants are generally processed through the Office of Advancement Services and are counted in official fundraising totals.

GRANT - Specific – Specific grants result from a successful grant proposal submitted by the University and typically name lead and collaborative investigator(s) from the University's faculty who oversee the performance thereof. The University commits resources or services as a condition of the grant to carry out a specified project and is subject to terms and conditions, a specific period of performance, and may require delivery of a product, usually a technical report. Specific grant agreements promulgate administrative terms and conditions governing the use of the funds and often address the University's rights in intellectual property, scholarly publications, and fiduciary obligations such as performance and financial reporting as well as requirements for audit.

Specific irrevocable grants from non-governmental entities generally are counted in official fundraising totals to the extent that the value of benefits received in return are deducted, while specific grants from foreign, federal, state, county, and local/city governmental agencies are generally not included in fundraising totals with the exception of a very few entities previously approved by the Vice Chancellor for University Advancement.

Specific grants as described above must name as the recipient NC State University and are submitted and managed by the office of Sponsored Programs and Regulatory Compliance Services (SPARCS). Any exceptions allowing specific grants in an associated foundation must be approved in advance by the Vice Chancellor of Finance and Business (SOP-Gifts.2.2).

CONTRACT - A contract for scholarly endeavors (broadly defined as research and development, extension and economic development, instruction, training and public service) is a written agreement defining the role of the University in executing performance outlined in a narrowly defined scope of work. The University's responsibility under a contract involves the generation of a product or service, such as a report of project findings or service activities, and may contain provisions for the exclusive or proprietary use of results, is subject to explicit standards of performance, and involves monitoring by the sponsor through regular progress and financial reporting.

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Contracts for scholarly endeavors must name as the recipient NC State University and are submitted and managed by the office of Sponsored Programs and Regulatory Compliance Services (SPARCS). These payments are never included in official fundraising totals.

Any questions related to gifts or non-specific grants should be directed to the Associate Vice Chancellor, Advancement Services. Any questions related to contracts or specific grants should be directed to the Associate Vice Chancellor, Research Administration.

cc: Chancellor Woodson