



## **Policy on Non-Governmental Funding: Working with the NAU Foundation and the NAU Office of Sponsored Projects**

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### **NAU Foundation (NAUF)**

The Northern Arizona University Foundation is a 501(c)(3) non-profit organization working to advance the teaching, research, and public service endeavors of Northern Arizona University by generating private contributions from individuals, corporations, and foundations to supplement the University's state and federal revenues for capital, operating, projects, programs, and student assistance funds. The NAU Foundation is the catalyst and conduit through which charitable support and endowment income flow to provide immediate and long-term support for the University and all of its endeavors.

In support of this mission, **Corporate and Foundation Relations (CFR)** offers range of services that build and support positive and mutually beneficial relationships with companies, private foundations, and other private organizations. OCFR collaborates with faculty and staff to:

- identify exemplary programs and initiatives that advance NAU's key priorities;
- provide tools, services, and information on charitable support;
- provide assistance to NAU faculty and staff in identifying and submitting proposals to corporations, foundations, and private organizations;
- build and strengthen the University's relationships with these constituencies; and  increase funding from these constituencies across the University.

### **Office of Sponsored Projects (OSP)**

OSP facilitates external funding between the university community and sponsors such as federal, state, local, and tribal governments and private-sector sponsors. OSP is responsible for assisting principal investigators in:

- identifying and responding to funding opportunities
- reviewing and assuring compliance with sponsor and university requirements (including fiscal and non-fiscal compliance areas)
- submitting applications and proposals on behalf of the university
- supporting large interdisciplinary, multidisciplinary, and/or multi-institutional collaborations
- interpreting the regulations of state and federal agencies and private sponsors
- clarifying university policies and procedures for faculty and sponsors

OSP also is responsible for accepting awards and has the responsibility to negotiate awards that protect the rights of faculty, staff, and students to use, publish, and otherwise disseminate the results of their creative activities, and that comply with university and sponsor laws, regulations, and policies, including those of the state and federal government.

## **Sponsored Projects**

A sponsored project is any externally funded activity for which there is a: 1) specific statement of work that is expected to be completed within a defined period of time; 2) detailed budget; and 3) designated principal investigator (PI) or program director. A principal investigator (PI) is typically a faculty member who is submitting a proposal to an external sponsor. Once an award is made, the PI has primary responsibility for technical compliance, completion of programmatic work, and fiscal stewardship of funds. A sponsored project may support university activities including but not limited to research, training, instruction, public service, and construction. Sponsored projects are funded by numerous public (local, state and federal government agencies and public organizations), tribal governments, and private, non-government funding sources.

**The following guidelines describe the difference between two types of sponsored project support from private, non-government sources – exchange transactions and charitable support – and how this support is secured and administered at Northern Arizona University.**

The primary difference between an exchange transaction and charitable support is *intent*.

## **Exchange Transaction**

An exchange transaction is when a resource provider receives a direct benefit related to the dollar amount they provide to the recipient. Exchange transactions create a relationship between a sponsor and the university where funds are awarded for the pursuit and completion of specific program or research objectives or tasks, or the delivery of specific products, with commercial value and within specified timelines where, through an agreement or contract, the sponsor holds the university accountable for successful and timely completion of the work and “hand-over” of the deliverables. In an exchange transaction, both the university and its faculty are usually responsible for reporting on progress and results to the sponsor at intervals or milestones identified in the agreement or contract. Sponsors usually stipulate as part of the terms and conditions of an award that they have discretion to examine, even on a line-item basis, the expenditures of the funds, and to disallow and demand repayment of any funds deemed by the sponsor to have been expended for purposes other than direct support of the defined activities. If the funded program or research is not pursued, or the deliverables not attained, sponsors often reserve the right to recoup all or some of the sponsored award from the recipient.

**OSP submits requests and administers all exchange transactions on behalf of the University.**

## **Charitable Support**

A charitable support application is any proposal or request to an individual, corporation, foundation, or non-profit organization that meets the definition of a sponsored project (i.e., proposals including a specific statement of work, detailed budget and PI) but is philanthropic and charitable in intent.

As determined by the Internal Revenue Code, charitable support is financial support in the form of donations to a tax-exempt organization (such as NAU and NAUF) exclusively for religious, charitable, scientific, literary, or educational purposes. From [Internal Revenue Code, Publication 526, Charitable Contributions](#):

“A charitable contribution is a donation or gift to, or for the use of, a qualified organization. It is voluntary and is made without getting, or expecting to get, anything of equal value. ... Qualified organizations include nonprofit groups that are religious, charitable, educational, scientific, or literary in purpose, or that work to prevent cruelty to children or animals.”

In general, the following characteristics describe charitable support:

- No contractual requirements are imposed. However, the contribution may involve a gift agreement that outlines the funds be for a stated and restricted purpose.
- The awards are typically irrevocable.
- There is no formal fiscal accountability beyond periodic progress reports and reports of expenditures. These reports may be thought of as a requirement of good stewardship, rather than as a contractual obligation.
- The funds are considered “charitable” under IRS federal tax law.
- There is no exchange of commercial value.
- If the money is being used for charitable purposes, it is considered a “gift,” although a private funder may refer to the contribution as a “grant.”

Requests for charitable support from foundations or corporations are submitted by Corporate and Foundation Relations, University Advancement (CFR) through the NAU Foundation and funding is received by the NAU Foundation. Under certain circumstances, awarded funds may be administered by OSP after they are received by NAUF (See Award Acceptance and Administration below).

The funder’s description of funds as a gift, grant, sponsored project, or other terminology has no bearing on NAU’s or NAUF’s categorization of it as a gift, charitable grant, or sponsored project.

## **Applying Organization**

Unless explicitly prohibited by the sponsor, the NAUF serves as the applicant organization for all **charitable support applications**. OSP serves as the applicant organization **for all exchange transactions**.

## **Charitable Support Submission Guidelines**

Corporate and Foundation Relations (CFR) provides support services for all charitable support applications to corporations, foundations, and organizations. Please notify your College’s Director of

Development and CFR at the earliest stages of proposal interest and development to allow for adequate lead time and support. Tier 2-proposals require a minimum of fifteen business days in advance notice to receive services noted below. Tier 3- and Tier 4-level projects require a minimum of thirty business days advance notice to receive services noted below.

<u>Corporate and Foundation Relations (CFR)</u> <u>Proposal Support Services</u>			
<u>Tier 1 up to \$25,000</u>	<u>Tier 2 \$25,000-\$100,000</u>	<u>Tier 3 \$100,000-\$999,999</u>	<u>Tier 4 \$1 Million+</u>
<u>Review budget</u>	<u>Review budget</u>	<u>Review budget</u>	<u>Review budget</u>
<u>Provide supporting documentation</u>	<u>Provide supporting documentation</u>	<u>Provide supporting documentation</u>	<u>Provide supporting documentation</u>
	<u>Brief proposal review and comment with advance notice</u>	<u>Intensive proposal review and comment; grant writing as needed; proposal submission; report reminders</u>	<u>Intensive grant writing; full proposal management and submission services; report reminders</u>

CFR and OSP staff work together to support charitable support proposals. OSP staff will notify CFR of any upcoming charitable grant applications as soon as possible and direct PIs to CFR for support in submitting their proposal (as outlined above). Similarly, CFR staff works in coordination with in preparing proposal and notifying OSP for Institutional Review and approvals for those applications that will eventually be administered by OSP upon award.

**Award Acceptance and Administration**

See the following chart for charitable support award acceptance and administration. Charitable grants/gifts those are unrestricted or in support of a general purpose (versus a project with a scope of work, detailed budget, and PI) will be administered solely by NAUF. **See Attachment A.**

**Fees for Charitable Support**

Prior to submission of any request for charitable support, the project director/principal investigator should review funder policies regarding fee assessment or indirect costs. Budgets for charitable support must always include NAUF gift fees as indicated below.

<u>NAUF Management Fee Rates</u>	
\$0-\$99,999	5%
\$100,000-\$499,999	4%
<a href="#"><u>\$500,000 - \$999,999</u></a>	<a href="#"><u>3%</u></a>
\$1,000,000-\$1,999,999	2%
\$2,000,000+	1%

If the funds will be administered by the University after award, request the funder's maximum allowable fee rate. NAUF will charge its fees first and the University will charge the remaining fees as overhead recapture.

In the event a funder has published policies that places a cap on fees and overhead recapture that is lower than NAUF and university fees, NAUF will charge its fees first. The remainder will be available for the university to charge its fees and/or overhead recapture.

If the funder has a published policy that does not permit fees and overhead recapture, NAUF **will address the assessment of fees on a case by case basis as determined by the Vice President, University Advancement.** University Advancement and NAUF staff has no authority to waive fees. If a department, or the University, desires that the Foundation accept a gift and the funder expressly objects to the fee, the department or university may be asked to reimburse the Foundation for the lost revenue from the fee waiver out of discretionary funds.

For more information on NAU Foundation Fees, please see the [NAU Foundation Reinvestment Fee Policy](#).

**Who Can Help Me?**

If you have questions regarding Nongovernmental Funding Guidelines, please contact Mary Negri, Director of Corporate and Foundation Relations, University Advancement at [602.827.2554](tel:602.827.2554) or [Mary.Negri@nau.edu](mailto:Mary.Negri@nau.edu).

Questions regarding sponsored projects or exchange agreements should be directed to Michael Nichols, Associate Vice President for Sponsored Projects at 928-523-0886 or [Michael.Nichols@nau.edu](mailto:Michael.Nichols@nau.edu).