A **sponsored project** is an exchange agreement – a transfer of money or property from a sponsor in exchange for specified services (e.g., research and development), sometimes including proprietary rights to and products derived from the services, and including financial and/or technical reporting by the recipient as to the actual use of the money or results. The agreement is enforceable by law, and performance is usually to be accomplished within a specified time frame, with payment being subject to revocation for cause. A **gift or donation** is a voluntary and irrevocable transfer of money, services or property (e.g., equipment, personnel time and skill, etc.) from a donor without any expectation of or receipt of direct economic benefit or provision of goods or services from the recipient.

Private sector entities (private agencies, professional associations, private foundations, corporate foundations, and corporations) may act as either donors or sponsors depending on the award instrument. In determining whether a project is a gift of a sponsored project, important considerations include the type of sponsor, intent of the sponsor/donor, the type of proposal submitted, and the scope of work. The following indicators have been developed to help direct specific awards to the proper university office.

### Sponsored Project
- Award is from a governmental entity (federal, state, tribal, local, etc.).
- Sponsor expects to receive a direct benefit (e.g., studies are conducted on substances/products/processes, etc., owned by the sponsor). The award may come from the sponsor’s R&D budget, if a corporation, and is perceived by the company as a “cost of doing business” rather than a gift.
- University is contractually bound to a specific scope of work that is to be accomplished within a specific time and budget.
- Award provides for disposition of property, including intellectual property and/or publications; requires itemized budgets and financial reports.
- NAU regulatory approval(s) (human subjects, use of animals, e.g.) are required to conduct the study.
- Award includes requirements for insurance, indemnification, termination.

### Gift
- Voluntary and irrevocable transfer of money, services, or property to University.
- The conditions or stipulations placed on the use of the award are reasonable and serve to direct the funds to areas such as scholarships, infrastructure, or general research support of interest to the donor.
- Reports are provided as part of sponsor stewardship, not as a contractual requirement.
- The donor makes the gift to the university without expectation of direct benefit commensurate with the value of the gift. Indirect benefits such as tax advantages, business or personal goodwill derived from a close association with the university, etc. are not sufficient to negate gift intent.