

Gifts and Sponsored Projects: Working with the NAU Office of Grant and Contract Services and the NAU Foundation

Introduction

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 to supplement the University's state and federal revenues for capital, operating, and student assistance funds. The NAU Foundation is the catalyst and conduit through which gifts and endowment income flow to provide immediate and long-term support for the University and all of its programs.

Northern Arizona University (NAU) is an instrumentality of the State of Arizona and, as such, also is exempt from Federal income taxes under Internal Revenue Service Code (IRC) (26 U.S.C. § 115). While the university is not directly covered under IRC § 501 (c) (3), the university is eligible to receive charitable contributions pursuant to IRC § 170. Grant proposals to non-profit sponsors should be submitted through the University; in some cases, however, sponsored project proposals may be required to be submitted through the NAU Foundation if the sponsor stipulates 501(c)(3) status.

What is a gift?

A **gift** is a charitable contribution of cash, in-kind goods, or services made to the university, generally from the private sector. Gifts are philanthropic and charitable in intent, and often require long-term cultivation of a prospect. *All gifts to Northern Arizona University are administered through the NAU Foundation with assistance from the Office of University Advancement.* Typically, gift proposals will not require detailed budgets, specific deliverables, or intellectual property or confidentiality terms. In general, gifts to the NAUF are irrevocable—there is no timeline for expenditure of funds and unused funds remain the property of the university. Contractual requirements are not imposed, nor is formal financial accounting required.

What is a sponsored project?

The term “sponsored project” is synonymous for “grant,” “contract,” “cooperative agreement,” “subcontract,” or “purchase order.” Funding for sponsored projects may be received from individuals, corporations, foundations, and/or governmental entities (federal, state, local or tribal government). Sponsored project awards often contain complex requirements related to intellectual property, insurance and indemnification provisions, return of unused funds, or other matters that establish a quid pro quo relationship with the grantor. Proposals generally are submitted through a formal Request for Proposal (RFP) process and have significant auditing and/or reporting requirements. *All grant awards to Northern Arizona University are administered by the Office of Grant and Contract Services (OGCS) with assistance from Sponsored Projects Services (SPS).* Proposals to ALL local, state, tribal, or federal government agencies, including government established foundations (such as the National Endowment for the Arts and the National Science Foundation), automatically fall within the purview of OGCS. Additionally, all proposals to contractors or grantors in the private sector (i.e., corporations and

foundations) requiring specific performance objectives, detailed expenditure reporting, intellectual property or confidentiality terms will be handled by OGCS.

The Frequently Asked Questions (FAQ's) section and the Proposal Development and Submission flowchart should help answer additional questions you may have about proposal submission. If, after reviewing these documents, you still have questions about your proposal, please contact the Office of Grant and Contract Services at 523-4880 or the NAU Foundation/Office of University Advancement at 523-2012.

Gifts and Sponsored Projects: Frequently Asked Questions

1. When is a proposal submitted through the NAU Foundation (NAUF) vs. the Office of Grant and Contract Services (OGCS)?

All **gift** proposals will be submitted through NAUF. All **sponsored project** proposals will be submitted through OGCS unless a foundation explicitly requests submissions from a 501(c)(3) entity. In these cases, the NAUF and NAU Office of Grant and Contract Services (OGCS) will work with the NAU investigator to determine submission requirements and allowable costs; the principal investigator will work primarily with OGCS Grant and Contract Administrators to prepare the proposal, following regular OGCS procedures, including completion of the Proposal Approval Form. A cover letter from NAUF will be sent in lieu of the standard OGCS cover letter. After the award is received and accepted by the NAUF, the funds will be transferred to the University and a sponsored project account will be established for the project.

2. How do you know whether or not a grant-giving organization requires 501 (c)(3) status?

Information about a grant-giving organization's requirements is often listed on their website or in printed materials. If the information is not posted on the website, you should work with your OGCS Grant and Contract Administrator and College Development Officer to determine the submission requirements.

3. What happens when a grant-giving organization requires a non-profit status, but not necessarily a 501(c)(3)?

As a state supported educational institution, NAU is considered a "not-for-profit" organization. This general status differs from the NAU Foundation's 501(c)(3) tax-exempt status. *Many foundations that support universities do not require 501(c)(3) tax-exempt status.* If a grant-giving organization does not require 501(c)(3) status, the proposal will be submitted by the university and the project administered by OGCS.

4. What are indirect costs and how are they handled with OGCS vs. NAUF?

Indirect costs support the expense of university infrastructure, overhead and budget administration. Proposers should request full reimbursement for the University's allowable indirect costs, unless the sponsor has stipulated a different rate. While very few organizations refuse to pay any indirect costs, their allowable rates may be lower than the University's approved rates. If the rate given by the sponsor is lower than the University's approved rates, the University will accept the sponsor's rate, as determined from website information as well as direct conversation with the sponsor.

Effective February 6, 2009, a new fee schedule was implemented by the NAU Foundation that stipulates a sliding scale reinvestment fee for all new restricted and unrestricted gifts (that is, all non-endowed funds) received by the NAU Foundation. The fee is assessed at the time the gift is received. The fee may not be waived except by the Foundation Board of Directors. If a project director/principal investigator wishes the Foundation to accept a gift from a donor who refuses to pay a fee, the unit receiving the gift will reimburse the Foundation for the fee. Prior to

submission of any proposal, the project director/principal investigator should review sponsor policies regarding fee assessment or indirect costs.

5. What if there is no policy on the part of a foundation regarding indirect costs?

If a grant-giving organization has no written policy on indirect costs, the Foundation will request indirect cost reimbursement based on the sliding scale discussed above. The University will request its fully allowable indirect costs.

Developing and Submitting Grant Proposals to Private Organizations

For Faculty, Staff, and Deans seeking extramural funding: Locate your department's Development Officer at <http://www.advancement.nau.edu/giving-colleges.html> and Office of Grant and Contract Services (OGCS) Grant & Contract Administrator (GCA) at <http://www.research.nau.edu/OGCS/contact.html>

