Guidelines on the Determination of Sponsored Projects and Gifts

Issuing Department: Office of Research
Foundation at NJIT
New Jersey Innovation Institute, Inc.

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I. Guidance Summary & Purpose

New Jersey Institute of Technology, Foundation at New Jersey Institute of Technology, and New Jersey Innovation Institute, Inc. (collectively, the University) receive support from external sources. This support may be in the form of money, property, or services and may be applied to various University purposes. These awards take the form of either a gift or sponsored project.

This document is to be used to ensure that the classification of external funds received by the University complies with accounting rules and with the University’s Chart of Accounts business rules. In cases where the classification is unclear, university-level officials will consult with the relevant submitting office(s) to determine which classification is appropriate.

II. Scope and Applicability

This guidance applies to all external sources of funding received by NJIT and NJII.

III. Definitions

A. “Gift” means a voluntary, non-reciprocal transfer of resources from a sponsor. The sponsor may be an individual, a corporation, or a non-profit organization. There is no expectation of direct economic benefit or provision of goods or services by the University, other than recognition and adherence to any sponsor imposed restrictions.

B. “Sponsored Project”, “Grant” or “Contract” here mean an award from a sponsor to the University in exchange for specific performance criteria or deliverables (e.g., technical reports, progress reports, etc.) to be provided within a designated period of performance.

C. “Exchange” means a transfer of money or property from a sponsor to the University.

D. “Sponsor” means a federal, state or local government agency, foundation, or other private organization that is providing support in the form of money, property, or services.

IV. Guidelines

The terminology used by the sponsor is not determinative. Sponsors may refer to a payment as a “grant” even though it is a gift or as a “gift” even though it is a grant.

The following criteria are separately sufficient to classify a sponsor’s funding as a sponsored project:
1. The project receives direct or pass-through support from any government entity (e.g. federal, state, local, or foreign).

2. The project involves human subjects, vertebrate animals, radioactive materials, recombinant DNA, infectious agents, or third-party proprietary materials.

3. The project involves at least one of the following:
   a. Delivery of specific goods, services, or any other deliverable that provides a direct benefit to the sponsor.
   b. Milestones or programmatic tasks with specified timelines and performance expectations.
   c. Transfer of ownership or related rights of intellectual property.
   d. Requires insurance, indemnification, or warranty of work.
   e. Restrictions, including prior review, of publication of research results.
   f. Audit requirements to ensure compliance with terms and conditions of the award.
   g. Subcontracting part of the project to a non-NJIT entity.
   h. Sponsor requires the return of unused funds.
   i. The exchange involves payments on a milestone or cost-reimbursable basis.

4. The sponsor may withhold or seek a refund of the exchange if the project does not meet the performance requirements.

The following criteria are normally sufficient to classify a sponsor’s support as a gift:

1. The support does not meet any of the criteria listed above as determinative of a sponsored project.
2. The sponsor’s support is irrevocable providing it is used within any restrictions accepted by NJIT at the time of the exchange.
3. The sponsor does not expect to receive any direct benefit as a result of the exchange.
4. The sponsor may reserve the right to audit the gift to ensure the intent of the gift is met. This limited audit provision is insufficient on its own to classify the exchange as a sponsored project.

V. Responsible Parties

Appropriate personnel in the Office of Research and the division of Development and Alumni Relations make the determination of whether a sponsor’s support is a sponsored project or gift in the normal course of business.

When the appropriate categorization of external funds received is uncertain, the senior vice provost for research and vice president for development and alumni relations will jointly make a determination.

In cases of uncertainty or dispute about the appropriate categorization of an exchange, the associate vice president for finance and controller will make the final determination.