

Procedures for Acceptance and Administration of Private Sector and Foundation Funding to George Mason University and The George Mason University Foundation, Inc.

George Mason University (Mason) and George Mason University Foundation, Inc. (GMUF) have agreed to use the following procedures for the submission, acceptance and administration of private sector funding awarded to Mason and GMUF. These procedures support Mason Policy No. 4008 (<http://www.gmu.edu/facstaff/policy/newpolicy/4008res.html>). As stated in Policy 4008, the Office of Sponsored Programs (OSP) is the office responsible for administering sponsored project support of Mason from state, local, national and foreign governments, as well as non-profit and for-profit organizations. GMUF seeks, accepts and administers gifts and donations on behalf of George Mason University. Policy 4008 applies to all Mason faculty, staff, students and administrators, as well as those at affiliated organizations that use the Mason name or logo in seeking outside funding, at all Mason locations, owned or leased, for activities conducted on or off campus.

DEFINITIONS

Grants, cooperative agreements, or contracts are agreements representing the transfer of money, property, or services by a sponsor in exchange for specified services or activities (e.g. research and development), including requirements for 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 under time constraints with payment being subject to being revoked for cause.

A **gift, or donation**, is a voluntary and irrevocable transfer of money or real property (e.g., stock, real estate, equipment, or materials) made by a donor without any expectation or receipt of direct economic benefit or provision of goods or services from the recipient.

A **private sector entity** is a private agency, professional association, private foundation, corporate foundation, corporation or other such entity.

A **public sector entity** is a federal, state or local government agency or municipality.

A **quasi-governmental organization** is an organization that has characteristics of both public and private entities.

A **donor** is an individual or entity who gives a gift or donation to George Mason University Foundation, Inc.

A **sponsor** may be a donor but usually is an entity that provides funding for a specific project with specific terms and conditions associated with the funding.

SUBMISSION OF PROPOSALS TO THE PRIVATE SECTOR¹

If the anticipated award will be a gift, the submitting individual will contact the Office of Corporate and Foundation Relations. Proposals to be submitted and/or administered by GMUF must be reviewed and signed by GMUF prior to submission. If the anticipated award will be a grant or contract, the submitting individuals will contact OSP to complete a project budget and OSP routing form.

¹ If the proposal to a private entity contemplates Mason serving as a subcontractor on a project to be funded by a public entity, OSP administers the proposal and project as for public sector sponsors. Mason will inform GMUF of such proposals and projects.

The indicators attached to the award are the best way to determine whether an award is a gift or a grant when dealing with quasi-governmental organizations such as the FDIC, Fannie Mae, or Sallie Mae.

For help in determining whether an award will be a gift or a grant, contact the Director of Corporate and Foundation Relations or the Director of OSP. Also see *Attachment A, Guidelines for Determining Administrative Entity for Private Sector Projects*.

The following procedures shall be followed to determine whether Mason or GMUF submits the proposal.

1. If OSP initiates a submission, the Principal Investigator (PI) works with OSP staff to review the submission guidelines. If GMUF initiates the submission process, development staff will coordinate with OSP.
2. OSP and GMUF will jointly determine whether the proposal should be submitted, and/or the award administered, by OSP or GMUF. Guidelines for making such determination are outlined in *Attachment A, Guidelines for Determining Administrative Entity for Private Sector Projects*.
3. If the proposal is to be submitted by OSP to the funding entity, routine OSP procedures will be followed. OSP will notify GMUF that a submission is being made to the private sector by sending a copy of the OSP Routing Form to the Director of Corporate and Foundation Relations. The Director of Corporate and Foundation Relations will inform the director of development for the appropriate school or college.
4. If the proposal is to be submitted by GMUF to the funding entity and includes personnel or Mason services costs, OSP will assist the PI in the development of the budget.
5. Proposals to be submitted and/or administered by GMUF must be reviewed and signed by an authorized officer for GMUF prior to submission.

FACILITIES AND ADMINISTRATIVE COSTS (F&A) COSTS

The budget will include **F&A (or Indirect) costs** unless the funding entity has a written policy or history of practice that precludes payment of such costs and Mason and/or GMUF is willing to accept the award with this restriction. The process for F&A waiver can be found at the OSP website: <http://www.gmu.edu/research/OSP/index.html>.

Current-use gifts paid to GMUF incur an administrative fee, currently 3%. A request for waiver of GMUF fee can be requested from the Director of Corporate and Foundation Relations.

RECEIPT AND ACKNOWLEDGEMENT OF AWARDS

1. Determining Whether Mason or GMUF will Administer an Award

- a. If an award notice or payment is received by either OSP or GMUF that:
 - i. has not yet been classified for administration by OSP or GMUF, or
 - ii. appears to be inappropriately classified,

the receiving office will notify the other and confer to determine the appropriate entity to handle the award. Payments will not be deposited or agreements will not be signed until a determination has been made as to who will administer the project.

- b. If there is insufficient information to make a determination from the award materials, OSP or GMUF will contact the project PI to obtain the proposal guidelines and to confer on the classification of the award. OSP or GMUF may also contact the funding source for further guidance and, as appropriate, will discuss such contact with the PI before it is made.
- c. OSP and GMUF will jointly determine whether the award will be administered by OSP or GMUF.

2. Acknowledgement of Awards

- a. If an award from a private entity is to be administered by OSP, GMUF will be notified of the award so that it may prepare an appropriate response, including a letter of acknowledgement to the funding source as appropriate. Copies of such letters will be sent to OSP, the academic unit Director of Development and others as appropriate. OSP will provide periodic financial and narrative reports as required by the funder. The Director of Corporate and Foundation Relations will oversee and coordinate additional university contact with the private entity.
- b. If an award is to be administered by GMUF, GMUF will send a letter of acknowledgement to the funding source with copies to OSP, the academic unit Director of Development, and others as appropriate. The Director of Corporate and Foundation Relations will oversee and coordinate additional university contact with the private entity.

ADMINISTRATION OF AWARDS TO MASON

Awards administered by Mason will be administered in the same manner as all other sponsored projects accounts according to established Mason policies and procedures.

ADMINISTRATION OF AWARDS TO GMUF

Depending on the project guidelines and other factors, awards to be administered by GMUF are of two types that are administered differently, as follows:

1. Type 1

Projects are of Type 1 if the award is classified as a gift, donation, or endowment that is administered entirely by GMUF.

- a. GMUF accepts the award, and all funds are administered and distributed by GMUF.
- b. All checks should be made payable to George Mason University Foundation, Inc., and must be accompanied by a deposit slip designating account name and number. If a new account must be established, the PI must fill out a *GMUF Account Request Form*, available from GMUF, with all the appropriate signatures.
- c. The *George Mason University Foundation Voucher* is used for requesting payment of Foundation expenses. A current signature card containing the signatures of those authorized to disburse funds from the account must be on file with the Foundation before checks can be issued. Vouchers should be submitted to the Foundation office with the original receipt or invoice attached. Checks will be mailed to the payee unless PI requests check to be returned through interoffice mail or picked up at GMUF offices. For more information, please see George Mason University Foundation Inc. Disbursement Procedures, available from the Foundation.

- d. The PI will have primary responsibility to ensure that the funds are expended in accordance with the guidelines imposed by the funding entity.
- e. GMUF and OSP may allow the PI to request that a portion of the funds be deposited in a Mason OSP account to allow the funding of activities inappropriate for GMUF administration (e.g., paying salary to state employees). The process for payment of funds to OSP is:
 - i. The OSP proposal approval routing process is completed by OSP, and OSP creates a sponsored projects fund in the PI name.
 - ii. The PI completes and submits Attachment B, *Agreement For Transfer of Funds from George Mason University Foundation, Inc. to George Mason University* to GMUF signed by the PI and Mason OSP representative.
 - iii. Once the completed Attachment B is received by GMUF, the requested GMUF funds will be transferred to the restricted sponsored fund through the Mason cashier's office.

2. Type 2

Projects are of Type 2 if project guidelines require that the project be awarded to a 501(c) 3 foundation, but also include restrictions that require the transfer of the entire project to OSP for administration.

- a. GMUF accepts the award, and funds are deposited in the appropriate GMUF account.
- b. The project is transferred to OSP from GMUF. Documentation to support the transfer includes: i) Attachment B, *Agreement For Transfer of Funds from George Mason University Foundation, Inc. to George Mason University.*, and ii) a copy of the executed agreement.
- c. OSP creates a sponsored project fund in the PI's name. If funds are to remain at GMUF, a GMUF account for the project is established in the OSP director's name.
- d. OSP sends monthly project invoices to GMUF.
- e. In cases where project charges may be unacceptable for a sponsored projects account, the OSP director forwards those charges to the GMUF for direct payment and the total award to be administered by OSP is reduced by the amount paid directly by GMUF.
- f. Cost overruns will be handled according to existing university procedures. (If expenditures are made above the amount available to the sponsored projects fund, the academic unit will be responsible for the cost overrun.) If the excess charges are unacceptable for a sponsored projects fund, they will be billed to the related GMUF account and paid from a GMUF account held for the academic unit.
- g. OSP prepares and submits financial reports to the sponsoring agency. If additional correspondence is required, OSP will coordinate with GMUF.
- h. Unexpended funds at the end of a project will be handled in accordance with the expectations of the donor. In the absence of such expectations, such funds will be deposited in a GMUF or Mason pool account, as appropriate, in the name of the PI.

REPORTING

OSP will report all submissions and awards administered by OSP in its quarterly and annual reports to the university community. OSP also provides external reports to sponsors and other appropriate entities. GMUF will report appropriate Foundation and Corporate awards both externally and internally, e.g., campaign reports or reports to the Council on Aid to Education.

DATE: March 1, 2008

Attachment A
George Mason University
Guidelines for Determining Administrative Entity for Private Sector Projects

OSP and GMUF will use the following indicators to review a proposal and make a determination as to which entity shall submit the proposal and administer the award. In some cases, it will not be possible to make the final determination of the appropriate administrative entity until OSP and GMUF have had the opportunity to review the award instrument.

The following are indicators that an award should be administered by GMUF:

- The award is from an individual.
- The award is from a non-governmental source and is for capital improvements or the university's endowment.
- The donor specifically intends the award to be a charitable gift as reflected by the absence of "quid pro quo."
- The donor imposes minimal restrictions on use of the funds, and these restrictions serve to direct the funds to areas such as scholarships, infrastructure, or general research.
- The donor intends the gift to be irrevocable and, therefore, relinquishes the rights to reclaim the gift or any unused remainder.
- Formal financial accounting is not required by the donor and there is no requirement to return unexpended funds. (However, a report to the donor on the utilization and/or impact of the gift may be requested, and this report may address expenditures and fund balances. Such a report does not negate gift intent.)
- The donor makes a gift to the university without expectation of direct economic benefit or other tangible benefit commensurate with the worth of the gift. Indirect benefits such as tax advantages, business or personal goodwill derived from close association with the university, and miscellaneous benefits derived from donor club status are not sufficient to negate gift intent.
- The award is for an event with the benefit being de minimis to the award received; i.e., a substantial gift component is associated with the award. Examples include but are not limited to golf tournaments, award dinners, and galas. For such events, GMUF will work with Mason to determine who should manage the event. The remainder funds are a gift under Financial Accounting Standards Board 116.

The following are indicators that an award should be administered by OSP:

- The award is from a private sector sponsor that provides a subcontract or subgrant that contains federal or other governmental "flow down" provisions.
- The award is from a private sector sponsor (including individuals) for the work of a specific faculty member(s), and the work is characterized by contractual obligations (such as milestones or project reports) that must be accomplished within a specific time and budget framework.
- The sponsor places restrictions on publication of data from studies supported by the award. This would include restriction of publication or requirement for prior review or approval by the sponsor.

- The sponsor wishes to obtain proprietary rights in data or inventions resulting from activities conducted under the agreement. This would include any proprietary rights and/or references to licensing arrangements for patents or copyrights developed as a consequence of the activity.
- Studies are to be conducted on substances/products/process, etc., that are owned by the sponsor.
- The award comes from a corporation's R&D or other operating budget and is not perceived as having charitable intent. It should be expected that the characteristics of the resulting grant or contract language would reflect this intent.
- The sponsor hopes to gain direct economic benefits as a result of the activity to be conducted.
- The sponsor places restrictions on the use of funds or retains the right to revoke the award. Examples of such restrictions include requirements of prior sponsor approval for deviation from originally approved budget items and disallowance of certain costs, requirements for payment on a cost reimbursement basis, or audit requirements.
- The award instrument requires that any unused funds be returned to the sponsor.
- The award instrument requires regular financial reports on the use of funds, and/or status reports.
- The sponsor has participated in determining the "statement of work" to be performed or services to be provided on the project.
- The sponsor requires external oversight of performance on the project, such as a technical monitor.

DATE: March 1, 2008

Attachment B

Agreement for Transfer of Funds from George Mason University Foundation, Inc. to George Mason University

- Type 1:** Gift, donation or endowment administered entirely by GMUF but OSP fund established to fund activities inappropriate for GMUF administration (e.g. paying salary to state employees)
- Type 2:** Project guidelines require award be made to a 501(c) 3 foundation but OSP is responsible for administration

Project Title: _____ OSP Fund: _____

Total Amount: _____ Award Period: _____

PI Name: _____ PI Dept/Unit: _____

GMUF Account: _____ GMUF Account Name: _____

To administer the above named project both GMUF and Mason agree as follows:

GMUF will:

1. pay Mason the total funded amount in the amount of \$ _____ for the **Type 1** project upon receipt of PI approval. These funds will be deposited into an OSP restricted fund.

OR

2. pay Mason up to \$ _____ for the **Type 2** project. OSP will submit invoices to GMUF monthly for expenses incurred up to the Total Funded Amount.
3. be responsible for project charges not allowed for an OSP restricted fund, assuming sufficient funds available in the GMUF account and the charges are appropriate according to sponsor guidelines.

Mason will:

1. establish an OSP restricted fund for the above named PI.
2. administer the project for the project period according to applicable award terms and conditions, including the preparation of financial reports and appropriate correspondence.
3. monitor project charges according to university policies and applicable award terms and conditions. If any charges unallowable on OSP fund can be paid from GMUF, OSP will forward to GMUF for direct payment. Project budget administered by OSP will be reduced by the amount paid directly.
4. ensure compliance with all applicable federal, state and institutional rules and regulations for externally sponsored projects.

PI will:

1. accept responsibility for charges not allowable by GMUF or OSP or if there are insufficient funds.

PI Name date

Agreed to by:
for George Mason University Foundation, Inc.

for George Mason University

Name date

Name date