

CHILDREN'S MEMORIAL MEDICAL CENTER

Criteria for Defining Sponsored Grants and Contracts and Philanthropic Gifts

Introduction:

Children's Memorial Medical Center receives extramural support for facility operating expenses, research, programs, endowments, training and public service projects through two principal mechanisms: sponsored projects and gifts. Extramural sponsors and donors provide funds to Children's Memorial Medical Center (Children's Memorial). The following guidelines should be followed in categorizing sponsored grants and contract funds and philanthropic gifts.

Sponsored Project Criteria:

A sponsored project is a transaction in which there is a specified statement of work with a related, reciprocal transfer of products or services of value. A sponsored project may support Children's Memorial research related activities including, but not limited to training, instruction, public service and construction, as well as other activities outside of the research mission. The Office of Sponsored Programs (OSP) and the Office of Sponsored Programs Accounting (OSPA) are responsible for the acquisition and stewardship of funding from the following sources:

Specific Examples of Sponsored Types:

- U.S. government agencies, at the federal, state, or local level
- Foreign governmental agencies and other foreign not for profit organizations
- Funding from voluntary health organizations or associations, such as the American Heart Association or the American Cancer Society
- Universities, hospitals, and other not for profit organizations
- Privately and publicly held corporations

Sponsored Grant and Contract Proposal Process:

Sponsored grant and contract proposals should be submitted to external sponsors via the Office of Sponsored Programs (OSP), which serves as the authorized signatory authority for Children's Memorial. Projects will be considered sponsored projects if any of the following criteria are met:

Sponsored projects are subject to facilities and administrative costs (F&A also known as indirect costs) at the Children's Memorial published rate applicable to the type of project being conducted. If the sponsor has a written policy, uniformly applied, prohibiting or restricting the payment of F&A to a lower rate, OSP may permit the funds to be accepted in accordance with the sponsor's policy. This exception does not apply to for-profit sponsors, who are expected to provide full F&A when funding sponsored projects. The Chief Administrative Officer, CMRC, is the final authority responsible for determining the acceptance of the F&A rate in all cases.

Critical Indicators for Sponsored Grant and Contracts:

- The sponsor places conditions on the publication or dissemination of results of the project. This would include a requirement that the sponsor review manuscripts, presentations and/or other materials as specified in the grant or contract award prior to submission for publication or presentation.
- The sponsor hopes to gain economic benefit as a result of the activity being conducted. Note: This is a critical indicator for corporate sponsors.
- Funded activity involves the use of regulated species and/or materials including in research including human subject's research, the use of animals, radiation hazards, biohazards, and/or rDNA.
- The sponsor acquires proprietary rights in data or inventions resulting from activities conducted under the sponsored 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/processes/etc. that are owned by the sponsor. The sponsor shall retain ownership after the research is completed.

General Indicators for Sponsored Grant and Contracts:

- The funds are often awarded following a proposal or bid process.
- The sponsor requires a line item budget and often requires prior approval for any rebudgeting.
- The budget and award document has subcontract and/or consultant cost budgeted. The award requires management of the subcontract and consultant agreements and flow down of award requirements.

- The award comes from a corporation's Research and Development budget and is perceived as a cost of doing business rather than a charitable gift.
- The sponsor is entitled to receive some deliverables such as a product, service, detailed technical and status reports, test results and/or merchandise.
- There are requirements for audits by or on behalf of the funding source.

Philanthropic Gift Criteria

A gift is often defined as any item of value given to Children's Memorial by a donor that usually expects nothing significant of value in return, other than recognition and disposition of the gift in accordance with the donor's requirements. Stewardship reports, both narrative and financial, are often required by the donor to document proper disposition of the gift.

The Children's Memorial Foundation (Foundation) is responsible for the acquisition and stewardship of funding from the following sources:

Specific Examples of Philanthropic Gift Types:

- Individuals
- Private, community and family foundations
- Private and publicly held corporations

Sponsored Grant and Contract Proposal Process:

Gift solicitations should be coordinated with the appropriate development office in the Children's Memorial Foundation (Foundation), and the Foundation should be contacted for procedures applicable to gift solicitations. Gifts may be subject to a gift "assessment" as set by Children's Memorial policy for the purposes of recovering Children's Memorial F & A cost. Gifts and funding sources/sponsors will be considered the responsibility of the Foundation if any of the following criteria are met:

Critical Indicators for Philanthropic Gifts:

- The donor intends for the award to be a charitable gift.
- The donor has no expectations of direct economic or other tangible compensations (such as product or services) associated with the value of the gift. Indirect benefits such as tax advantages, business or personal goodwill derived from the close association with the hospital and miscellaneous benefits derived from being a donor are not sufficient to negate gift intent.

General Indicators for Philanthropic Gifts :

- The gift is intended for capital improvement or for the general or programmatic use of the Children's Memorial Medical Center.
- The funds are often awarded following a competitive application.
- The conditions or stipulations placed on the use of the gift serve to direct the funds to an area of interest of the donor such as scholarships, infrastructure, programmatic or research support.
- The donor requires a general or line-item budget for conducting the project and may require prior approval for rebudgeting
- The donor generally indicates a specific time period for conducting the activity, commonly known as the "period of performance".
- The donor may require that any unexpended funds be returned at the end of the period of performance.
- The donor is entitled to receive some deliverables such as detailed programmatic reports, financial reports and/or status reports.
- The donor has the right to audit either the financial or programmatic aspects of the project.
- Deliverables and expectations are dictated by a written contract or gift agreement.

Implementation of Policy on Defining Sponsored Grants and Contracts and Philanthropic Gifts:

The Office of Sponsored Programs (OSP), Office of Sponsored Programs Accounting (OSPA) and the Foundation Accounting will make a joint determination if there is a question about whether external funding should be treated as a sponsored grant and/or contract or a gift.

If needed, a a decisions can be made by the Senior Executive Vice President/Chief Operating Officer of the Foundation and the Chief Administrative Officer, Deputy Director for Administration, CMRC with close consultation of Chief Legal Officer and Chief Financial Officer, CMMC or his/her designee as appropriate.