Fund Bucket Project Proposed Definitions:
Gifts, Sponsored Projects, & External Sales

Transactions Excluded from the Definitions
The University administers funds it receives from third parties through various administrative units. For example: The Office of Student Finance administers tuitions, the Budget Office administers legislative appropriations, the Department of Intercollegiate Athletics administers ticket sales to sporting events, and the Office of Technology Commercialization administers funds received in exchange for licenses to University technology.

The definitions in this document are intended to clarify the types of transactions which result in funds administered by the University's Foundations (i.e., University of Minnesota Foundation and Minnesota Medical Foundation), Sponsored Projects Administration ("SPA"), and the University's External Sales Office. As clarification, the payments received by the University in (A) through (L) (displayed on the right) do not fall within the definition of a Gift, Sponsored Project, or External Sale. As indicated previously, these payments and the activities generating them are administered by other units at the University.

Grey Areas and Questions about Definitions
While the excluded transactions referenced above and the definitions on the next page attempt to create bright lines, grey areas may still remain. A gift, for example, that requires extensive financial reporting beyond that normally required to fulfill an obligation of good stewardship, may fit the definition of a Gift, but it might be administered more appropriately by SPA. To highlight these grey areas, an excluded transaction or a definition may contain indicators that are intended to provide guidance and factors to be considered by appropriate administrative units for resolving "grey area" transactions.

A transaction classification group with representatives from SPA, External Sales, and both University Foundations has been established to provide rapid input to faculty and administrators who are uncertain how to classify a given transaction. This group also has ready access to University counsel when needed. To obtain input from this group, send a copy of the proposed statement of work, budget and performance dates, contact information for the person most knowledgeable about the proposed transaction, and any other background information the requestor feels is pertinent to: classification@umn.edu. A classification decision or a request to obtain clarifying information will be provided to the requestor within 3 working days.

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“Gift” means a transaction involving the transfer of funds by a third party to the University without any requirement on the University’s part to provide the third party (i) any direct economic benefit, or (ii) a return of any unused funds.

Indicator: If a transaction that otherwise meets the definition of a Gift contains extensive financial reporting or programmatic requirements (e.g., milestones), the Foundations will consult with Sponsored Projects Administration to determine whether the Gift would be administered more appropriately by SPA.

“Sponsored Project” means a transaction, other than excluded transactions, involving the transfer of funds by a third party, other than an individual, to the University which meets any of the criteria set forth in (A) – (J):

A. The University performs research for a third party under a fixed price or cost-reimbursement contract;
B. The contract is for the performance of a clinical trial;
C. The University performs services for the federal government or a department thereof (e.g., Department of Health and Human Services);
D. The contract for the transaction is a sub-award;
E. The contract is for services and requires the University to account for and return unspent funds;
F. The University performs services that require prior approval or monitoring by a University institutional review board or committee, unless the services are funded by a gift or by departmental funds;
G. The contract provides funds for a training grant; or
H. The contract for services requires the University to provide cost sharing or matching funds.
I. The University performs services for the State of Minnesota (or a department thereof) and the State of Minnesota desires that the contract be administered through SPA.
J. The contract provides federal funds to the University for a building or capital equipment project.

“research” means (i) a systematic study intended to increase generalizable scientific knowledge or scholarly understanding; or (ii) a systematic study intended to determine or exploit the potential of new knowledge for improvements in technology, materials, processes, methods, devices (including design and development of prototypes), or techniques.

“services” as used in the definition of Sponsored Projects may include research, training, and public service/outreach activities.

“sub-award” means a contract with a sub-recipient performing a portion of the scope of substantive programmatic work (i.e., beyond mere analytical work-for-hire) covered by a prime award.

“training grant” means a grant of funds to the University to develop or enhance research training opportunities for individuals, selected by the University, who are training for careers in specified areas of research or scholarly inquiry. Under the terms of such grant, the University must account to the third party for use of the funds, must return unused funds, and/or must report the results of research or other scholarly inquiry undertaken by the trainee.

“External Sale” means a transaction involving a transfer of funds from a third party to the University which meets all of the criteria set forth below.

A. The funds are in exchange for (i) services performed by the University and any tangible goods produced as a result of such services; (ii) use of laboratory equipment; or (iii) a license to use information on University maintained databases.
B. The transaction is not a Sponsored Project, Gift, or an excluded transaction; and
C. The transaction is consistent with the scope, guiding principles, and criteria set forth in the Board of Regents Policy on Direct Sales of Goods and Services.

“External Sale” means a transaction involving a transfer of funds by a third party to the University which meets all of the criteria set forth below.