

## Classification, Administration, and Reporting of Nongovernmental Support

### **POLICY IX.6.2**

Volume IX, Advancement  
Chapter 6, Stewardship  
Issuing Office: University Development Office  
Responsible Officer: Sr VP for Advancement  
Responsible Office: University Development  
Originally Issued: May 15, 1974  
Most Recently Revised: September 27, 2002

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### **Statement of Policy**

Reporting and administration of nongovernmental support will be determined based on the award's classification as either voluntary support or contract support, as defined by this document.

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### **Reason for Policy**

The purpose of this document is to guide Purdue's classification, administration, and reporting of nongovernmental voluntary and contract support by:

- defining nongovernmental "voluntary support" and "contract support" to assure income is classified consistently;
- assigning responsibility for administering those nongovernmental awards classified as "voluntary support" and "contract support";
- explaining how such awards will be counted and reported to all audiences.

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### **Who Should Know This Policy**

- President
- Provost
- Chancellors
- Vice Chancellors
- Vice Presidents
- Deans
- Directors/Department Heads
- Faculty
- University Development Staff
- Business Office Staff

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### **Contacts**

Sponsored Program Services	(765) 494-1055
Development Services	(765) 494-7624

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## **Definitions**

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Voluntary Support	Voluntary support includes awards and donations from individuals, corporations, partnerships, foundations, associations, and other nongovernmental entities who provide this support without receiving or expecting equal value in return from the University. These awards and donations are further characterized by only minimal reporting requirements to the donor in the form of a general statement of how funds were used.
Contract Support	<p>A contract is a promise between two or more parties, usually involving the procurement of goods or services by one party and the rendering of goods or services by the other party. Contracts can be fixed price or cost reimbursement. The following are characteristics of contract support:</p> <ul style="list-style-type: none"><li>• provision for changing the agreement;</li><li>• provision for terminating the agreement;</li><li>• provision for time limits on the expenditure of funds;</li><li>• provision for reversion of funds to the support source;</li><li>• provision for binding payment terms, not including pledge schedules;</li><li>• provision identifying remedies available to the parties;</li><li>• provision setting forth liability, indemnification, or hold-harmless requirements;</li></ul>

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- provision regarding warranties;
  - provision setting forth audit requirements;
  - provision governing the ownership of intellectual property developed under the agreement;
  - provision governing option to license or licensing of intellectual property developed under the agreement;
  - provision identifying deliverables and the use of deliverables;
  - provision identifying the governing law applicable to the agreement;
  - provision governing assignment of the agreement.

Such agreements may be unilateral or bilateral in nature.

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## **Procedures**

### **Classification of Nongovernmental Support**

Nongovernmental support will be classified as voluntary or contract support in accordance with the definitions contained in this policy. The department/school/division recipient of the support will make a preliminary classification of the support. The final responsibility for classification of nongovernmental support has been assigned to the vice president for business services or designee.

### **Administration of Non-Governmental Support**

Voluntary support will be administered as follows:

- A. The department/school/division recipient of the support and Accounting Services will administer voluntary support, including endowment, student financial aid and construction programs, unless the support is subject to the conditions set forth in Item B below.
- B. Awards classified as voluntary support but meeting one or more of the following criteria will be administered by the department/school/division recipient of the support and Sponsored Program Services (SPS):
  1. support designated for use by a specific faculty member(s) for research, instructional, or other programs;

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2. support designated for use by a group of professors working within a designated field/discipline or a particular laboratory in advancing their respective program;
3. institutional support provided by nonprofit, tax-exempt foundations that include contractual requirements for the management and/or reporting of the award.

The department/school/division recipient of the contract and SPS will administer contract support.

### **Reporting**

Reporting of voluntary support and contract support affects both the financial position of the University and its prestige, as viewed through the eyes of external and internal audiences. Therefore, such reporting has the following objectives:

- consistent reporting standards;
- objective and accurate reporting;
- compliance with generally accepted accounting principles.

Voluntary support, including voluntary support administered by SPS, will be reported by the University Advancement Office to all audiences. Contract support from nongovernmental resources will not be included in these reports.

SPS will report contract support to all audiences. Voluntary support administered through SPS will not be included in these reports.

All support, whether voluntary or contractual in nature, will be reflected on University financial records in accordance with generally accepted accounting principles.

### **Chargeable Costs**

Funds received from nongovernmental entities from voluntary or contractual support will be subject to the University's established policies for the charging of costs.

### **Regulatory Assurance and Compliance**

All support, whether voluntary or contractual, will be subject to University policies for regulatory compliance, including the use of human subjects, vertebrate animals, radioactive materials, recombinant DNA, biohazardous agents, unfixed human fluids, tissues or cell lines, and conflict of interest.

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## **Special Situations**

### **Awards from Foundations**

Awards from nonprofit, tax-exempt foundations may include one or more of the contract support provisions listed in the definitions section of this policy. Awards from these types of organizations resulting from a specific program announcement and/or directed for the conduct of a specific project will be classified as contract support. In some cases, these types of organizations will make awards for institutional priorities with a scope and impact much greater than individual projects. Institutional awards of this type will be reviewed on a case-by-case basis, but will likely be classified as voluntary support.

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## **History**

This policy supersedes **Executive Memorandum No. C-25**, issued February 28, 1992.

Executive Memorandum No. C-25 superseded **Executive Memorandum No. B-26**, issued May 15, 1974.