Foundation and Other Non-Profit Agreements: Grants with Special Conditions

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Grants with Special Conditions

Why are they special?

Because they are more like contracts.
Overview

• Changes that have occurred in non-profits and foundations.

• What does it mean to receive funds from non-profits, foundations, and corporate foundations?

• Terms and conditions that affect how we manage these projects.
Background

History of non-profit funding

• Foundations provided “friendly” funding sources to help support research in a specific area.

• In the past, there were few restrictions or conditions on how the funds were used. There were like gifts.
What has Changed in Non-Profit and Foundation Grant-Making

• Transparency
• Accountability to donors—are my $$ being put to good use?
• Desire to be part of the conversation as research develops financial potential
• Ability to share results of research with other research organizations
• Donors want to see results
• Donors want a strong brand
• Donors want a cure or a solution
• Donors don’t want to abandon possible intellectual property

Source: The Nonprofit Times, April 2012
Results of Changes

- Agreements are more restrictive
- Sponsors want *ownership* of outcomes
- Sponsors want more *control* of outcomes
What Do These Changes Mean for Stanford Researchers and Administrators?

Every agreement is **different**:

- Each sponsor has its own demands and requirements
- Faculty and administrators need to understand what the sponsor really wants
- Cultivate your contacts at the sponsor organization
- Best advice to avoid pitfalls
  Read the agreement!!!
- Understand the rules and limitations of the particular grant agreement you’re reading
Terms that Affect the Management of the Project

- Financial terms
- Invoicing/reporting requirements
- Types of payments
- Foreign payments
- Other restrictions or penalties
Financial Terms

- Payment Schedules
  - Fixed price
  - Cost-reimbursement
  - Milestones
  - Advance payment

- Carry Forward
  - Is it allowed?
  - Approvals required?

- Deposit funds into an interest-bearing account
  - Is it required?
Invoicing/Reporting Requirements

Types of Reports
- Scientific or technical reports
- Progress reports
- Financial reports

Frequency and Due Date

Format
- Do we need to use the sponsor’s template?
- Do invoices and reports have to be submitted via the sponsor’s portal?

Final Payment
- Amount withheld until the sponsor has received all the deliverables
- Contingent upon submission, approval, and receipt of technical reports

Frequency of Reports
- Is the reporting schedule something Stanford can accommodate?
Foreign Foundations and Non-Profits

• Most foreign foundations and non-profits pay in their home currency.

• Payments are typically made via wire transfer. Who pays the wire transfer fee?
  • Typically taken out of the amount transferred. Be sure to check!

• Is payment being made upfront or upon invoice?
  • If upfront, then manageable because you know exactly how much money is coming.
  • If upon invoice, subject to currency fluctuations over time.

• Anticipate currency fluctuations at the department level and have a plan. Rarely do non-profits or foundations pay for or accommodate fluctuations and they can significantly affect available funds.
Penalties and Restrictions

• Returning unspent funds or even funds not spent according to the proposal.
• Reperformance (doing the work again).
• Restrictions on use of funds for specific budget categories, e.g. salary only
• Restrictions on the activity within the category, e.g. travel allowed but only domestic.
• Limitation on indirect costs charged.
• Prior approval of work for payment, publication, use of work for other purposes by the principal investigator.
• Restriction on other funding sources.
Why does it take so long to get agreements signed?
Problematic Terms and Conditions

- **Publication**
  - Can we publish freely?
  - Dissemination of information and acknowledgements.
  - Restrictions in timeframe, outlets, and content

- **Intellectual property**
  - Who owns it?
  - How can it be used? Who can use it?
  - Commercialization

- **Indemnification**

- **Export control**

- **Anti-terrorism**

- **International/foreign governing law**

- **Confidentiality**

- **Reperformance**
Conclusion

• Read and understand your agreement
  • Understand what the foundation or non-profit wants out of these agreement and how these external goals align with those of your department and principal investigator

• Work with your OSR institutional representative and proposal development groups
  • Research Management Group (RMG)
  • Engineering Research Administration (ERA)
It's QUESTION TIME!!
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