



Date: August 21, 2012

To: ACOR

From: Henry C. Foley, Vice President for Research and Dean of the Graduate School
Joseph J. Doncsecz, Associate Vice President for Finance and Corporate Controller

Subject: F&A on Funding Awards from Nonprofit Organizations

In recognition of the unique characteristics of charitable awards from foundations and other 501(c)(3) organizations, as well as the significant level of funding they represent to the University and our faculty, the Office of the Vice President for Research (OVPR) and the Corporate Controller's Office have clarified the policies related to indirect cost recovery for awards from nonprofit organizations.

As described in RAG04 *Guidelines for Gifts, Grants, and Contracts (The Funding Matrix)* all awards from nonprofit (non-governmental) sponsors shall be subject to an F&A rate of 15% total direct costs. However, PSU will accept a different rate (either higher or lower) if:

- The sponsor has a published rate other than 15%.
- Absent a published rate, the sponsor provides sufficient justification for a different rate, documenting the rate is applied consistently.
- PSU has a historical precedent for charging a different rate to the sponsor for that program.
- OVPR or the Corporate Controller's Office, in consultation with the Division of Development and Alumni Relations when applicable, determine that acceptance of a different rate is appropriate. This would be an exception and should be approved by the OVPR or the Corporate Controller, as defined in Policy RA06.

In the event that a sponsor has a policy of paying a higher or lower rate than 15%, the University should accept the higher or lower rate.

Exempted from this guidance are gifts (as defined in RAG04) which are not subject to F&A.

cc: Rod Kirsch
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