

## **Procedures for Philanthropic Fundraising**

### **1. Eligible sources of philanthropic funds<sup>1</sup>**

1.1 These include:

- a. Gifts from personal donors, in the UK and overseas, of cash and other instruments of wealth, including shares, appreciated securities and bonds etc.
- b. Gifts in Kind of physical items – property, art and equipment etc.
- c. Actual legacy income received in-year from deceased individuals (legacy pledges from living donors are excluded from any part of the survey)
- d. Donations from charitable trusts and foundations in the UK and overseas. This includes donations from independent charities associated with NHS Trusts (but not direct from the NHS Trusts)<sup>2</sup>
- e. Grants made by affiliated and support foundations such as North American 501(c)(3) organisations and similar organisations in other countries
- f. Gifts from Companies in the UK and overseas
- g. Gifts from overseas Governments or their agencies and foundations
- h. Income from the National Lottery and similar sources (e.g., Heritage Lottery Fund, Sport England etc)
- i. Funding through the Land Fill Scheme

1.2 Note that **qualifying as an eligible source as above is not enough to determine the eligibility of funds as philanthropic, as the gift must also be made with philanthropic intent.**

1.3 The sources listed in 1.1, above, are the **only sources of funds deemed ‘eligible’ to be philanthropic and therefore accountable by King’s** as a gift or donation and are subject to qualification in line with King’s [Policy on Acceptance of Donations](#).

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<sup>1</sup> [Supporting Document \(section A.2.1\)](#)

<sup>2</sup> The validity of a charity or foundation can be checked here; <https://www.gov.uk/find-charity-information>. and more information about exempt charities, (being institutions established in England and Wales for charitable purposes which are exempt from registration with, and oversight by, the Charity Commission for England and Wales) but that could still be considered a charity under common law, can be found here; [www.gov.uk/government/publications/exempt-charities-cc23/exempt-charities](http://www.gov.uk/government/publications/exempt-charities-cc23/exempt-charities)

## 2. Ineligible sources of philanthropic funds<sup>3</sup>

### 2.1 These include:

- a. All funding from HM Government (and its agencies) of the country where King's primary base of operations is located. Government funds received as part of a matched-funding scheme are also not philanthropic. Full lists of Government departments, agencies and public bodies for the UK and Ireland are available here:
  - UK - <https://www.gov.uk/government/organisations>
  - Ireland - <https://www.gov.ie/en/help/departments>
- b. Funding from NHS Trusts
- c. All funding from the EU or its agencies
- d. Royalties and other funds generated by the exploitation of the university's intellectual property rights
- e. Internal transfers within the university

## 3. Exclusions from philanthropic intent

The CASE-Ross Survey states that if any of the following **seven** exclusions apply, the income does **not** constitute a philanthropic gift and must not be counted such:

Exclusion Criteria	Description
<p>If any one of the following <b>seven exclusion</b> criteria apply, the whole of the funding associated with an agreement becomes <b>ineligible for the survey</b>. Institutions may not deduct the known or estimated value of any such exclusions from the overall value of the funding associated with an agreement and report the net remaining balance.</p>	
1 Contractual or Transactional Relationship	<p>A contract exists between the two parties which commits the recipient institution to provide an economic benefit for compensation, where the agreement is binding and creates a quid pro quo relationship between the recipient institution and the funder. <i>Research contracts or service/consultancy work, including income for clinical trials, is ineligible<sup>4</sup>.</i></p>
2 Exclusive Information	<p>The funder is entitled to receive any information, or other privileged access to findings, data, reports or results emerging from the programme of activity.</p>
3 Exclusive Publication	<p>The funder is entitled to any rights to publication of research or other results through their own branded communication channels (website, report, etc.).</p>
4 Consultancy included	<p>Consultancy for the funder or a linked organisation is included as part of the</p>

<sup>3</sup> [Supporting Document \(section A.2.1.1\)](#)

<sup>4</sup> Clinical trial(s) income should be defined by the donor at the onset and effectively is always research income and therefore should always be managed within the Research Management and Innovation Directorate (RMID)

		agreement.
5	IP rights	The agreement assigns to the funder any full or partial rights to intellectual property which may result from the programme of activity, unless this relates to findings that have been published in the public domain and where the provision of access is not available before this is the case. This exclusion extends to the provision of royalty-free licenses (whether exclusive or non-exclusive) to the funder, and also to granting the funder first option or similar exclusive rights to purchase the rights to any subsequent commercial opportunities. If the written agreement includes any actual or potential future benefit of this kind, it must be excluded.
6	Other forms of financial benefit	Any other direct financial benefits are required by the funder as a condition of the funding (e.g., discounted courses, training etc.).
7	Funder control	The funder retains control over operational decisions relating to the use of funds once the gift has been made. This includes control over appointment and selection procedures to academic posts and student scholarships. (For detailed rules and examples on funder control of gifts see Appendix Z of the survey <sup>5</sup> ). Note that this clause has nothing to do with a donor's right to know that a gift will be used for a designated purpose, where applicable, which is entirely consistent with a philanthropic gift.
<i>This list is not comprehensive. There may also be other circumstances where service provision with a commercial value means that funding cannot be regarded as having philanthropic intent.</i>		

Source CASE-Ross Survey<sup>6</sup>

#### 4. Research Funding

- 4.1 The exclusion criteria above mean that most of the research funding for institutions, whether in the form of contracts with business/industry or from grant-awarding bodies (even if they are charities) should not be counted as a philanthropic gift. However, in some cases, unrestricted grants for research programmes from Trusts and Foundations and some companies may be eligible to be counted as philanthropic. These will need to be assessed closely against the exclusion criteria on a case-by-case basis, given the differences in conditions by grant making bodies or other contractual arrangements. Funding for research

<sup>5</sup> [Supporting Document \(Appendix Z\) Rules and examples relating to donor/ funder control of funds](#)

<sup>6</sup> [Supporting Document \(section A.2.2\) Definition of Philanthropic Intent](#)

given by an ‘individual’ cannot be counted as research income in line with HESA (Higher Education Statistics Agency) requirements. More detailed examples of research programme and position funding that are **eligible or ineligible** as **philanthropic funds** can be found in [section 5](#) below and in [Appendix Y](#) of the [CASE-Ross Group Support of Education Survey, UK and Ireland, 2021](#).

- 4.2 Should someone consider their donation to be a ‘research donation’, they should contact the relevant [Pre-Award](#) or [Contracts](#) Team, depending on the type of funder. For example, Pre-Award would handle funding from charities, NGOs (non-governmental organisations), NIHR (National Institute of Health Research) and the UKRI (UK Research and Innovation) etc and Contracts would manage funding from a company or government ministries.

**5. Examples of Philanthropic Funding (eligible) vs Non-Philanthropic (non-eligible) Funding including specific examples of research programme/position funding:**

	Description of Project/Gift	Is the funding eligible to be Philanthropic ‘YES’ or ‘NO’?	If ‘NO’ what are the ‘applicable exclusions’ from <a href="#">Section 3</a> that apply?
<b>1</b>	A Trust or Foundation agrees to support a five-year Research Programme. The funder agrees the business case and receives annual reports on progress. The university promotes the receipt of the gift and the outcomes as the research progresses and at the end of the research programme.	<b>YES</b>	<b>None</b>
<b>2</b>	A major trust (e.g., The Wellcome Trust) funds both research contracts through their funding programmes as well as making philanthropic donations to the university for buildings and equipment.	Research contract funding – <b>NO</b>  Donations for buildings and equipment – <b>YES</b> - if the university ‘owns’ the facility e.g., the building or laboratory	<b>Research Contract Funding Exclusion 1: Contractual relationship</b>
<b>3</b>	An individual agrees to fund a research fellowship and a PhD Studentship for five years in palliative medicine, and the university offers to name the positions in memory of the funder’s wife. The gift agreement is clear that all resulting research outputs, including any intellectual property rights which emanate from the research of the funded positions or their team, will remain the property of the university.	<b>YES</b>	<b>None</b>

4	A company endows a Professorship in history and literature. The Chair is named after the company, but the company does not expect private access to privileged or commercially valuable data or information, or private consultancy or training, or other form of direct financial benefit.	YES	None
5	The same scenario as 4 above but with 10 days consultancy built into the agreement.	NO	<b>Exclusion 4 – Consultancy</b> None of the funding is eligible
6	A charitable trust funds a Professorship and a Research Associate for ten years to work in a specific field of cancer research. The agreement states that all findings will be in the public domain. The agreement includes a clause stating that if intellectual property with commercial value emanates from the research programme, the rights to this will be split 50/50 between the university and the charity. All other clauses in the gift agreement are entirely compatible with the definitions of philanthropic intent in the Policy on Philanthropic Funding.	NO	<b>Exclusion 5 – IP rights</b> - Even though no specific IP split is agreed, inclusion of this potential financial benefit to the charity makes it <b>ineligible</b> .
7	A professional institute provides funding for a Principal Researcher exploring a niche area of research. The results of this research are relevant to the interests of the members of the funding institute. The funded person is required to provide the funder with a quarterly report on the progress of the research. The funder has the exclusive rights to publicise the results on their website thereby putting them in the public domain. The university grants the funder a non-exclusive license to use the results and copyright materials generated in the course of the project.	NO	<b>Two exclusions:</b>  <b>Exclusion 3 – exclusive publication</b>  <b>Exclusion 5 – IP rights</b>

<b>8</b>	A funder funds both a piece of research and a research post for a three-year period. The agreement states that the post holder will work both across the research as well as on other projects. The agreement for the research funding includes the requirement for a share in any resulting intellectual property (IP) rights, but there is no specific provision for a share of IPR on the funding of the post.	<b>NO</b>	<b>Research funding:</b>  <b>Exclusion 5 – IP rights.</b>  <b>Research Post funding – Excluded</b> as part of the agreement relates to <b>non-philanthropic activity</b>
<b>9</b>	A fellowship is jointly funded by the Medical Research Council (MRC) and a charity. The overall agreement meets all of the criteria for a philanthropic gift in line with the definition in the policy on philanthropic funding.	Charity funded Element - <b>YES</b>  MRC element - <b>NO</b>	<b>None</b>  The source is <b>ineligible</b> as it is <b>Government funding</b>
<b>10</b>	An individual agrees to set up a Restricted Expendable Endowment Fund to support undergraduate and post graduate scholarships.	<b>YES</b>	<b>None</b>
<b>11</b>	A company agrees to donate the profits from its commercial activities to a university appeal.	<b>YES</b>	<b>None</b>
<b>12</b>	A major donation from an individual or foundation is made to a university appeal and this gift is recognised through the naming of a facility or building.	<b>YES</b>	<b>None</b>
<b>13</b>	An individual or group chooses to take part in a sponsored walk or run and donates the proceeds to a university appeal	<b>YES</b>	<b>None</b>
<b>14</b>	A charitable organisation provides money for research funding. They specify in the agreement that “the grant receiving organisation hereby grants a perpetual, royalty-free non-exclusive licence” to the organisation.	<b>NO</b>	<b>Exclusion No.5 – IP rights</b>  If no IPR is anticipated, contacts should be made with the donor to seek removal of the clause.

**NOTE:** The list of examples above is not exhaustive and there may be other terms, contractual or otherwise that will exclude certain types of research programme or position funding from being considered as philanthropic

## 6. Corporate Sponsorship<sup>7</sup>

6.1 Exclusion criteria 1 in section 5, dictates that in the vast majority of cases corporate sponsorship must be excluded from the survey, as sponsorship is based on a quid pro quo relationship.

6.1.1 As the definition of ‘sponsorship’ can vary greatly between institutions, for the purposes of the CASE-Ross Group Support of Education Survey, UK and Ireland; any corporate sponsorship which is subject to VAT as a chargeable supply according to HMRC definitions **must be excluded** from the survey. HMRC considers an agreement to take the form of sponsorship liable for VAT “if, in return, you are obliged to provide the sponsor with a significant benefit”. Some examples of significant benefit include<sup>8</sup>;

- Large prominent displays of the sponsor’s logo or corporate colours
- A description of the sponsor’s products or services
- Giving free or reduced-price tickets
- Allowing access to special events such a Premieres or Gala evenings

The examples above are not exhaustive. What is important is whether the agreement with the sponsor states that they will receive something in return. Full guidance can be found under [annex iv of HMRC’s Charities guidance](#)

6.1.2 The only circumstances where HMRC consider corporate support not to be liable for VAT (and which as a result could be included within the CASE-Ross Group Support of Education Survey, UK and Ireland, (as long as none of the general exclusions apply)) is where acknowledgement is restricted to<sup>9</sup>:

- Giving a flag or sticker
- Acknowledging the donor in a list of supporters in a programme or on a notice
- Naming a building, a wing of a building, an area of a facility, a role or post in the charity (such as first violin of an orchestra), or university chair after the donor
- Putting the donor’s name on the back of a seat in a theatre or on any part of the fabric for which they have paid or part paid for
- Giving a certificate which acknowledges a person’s donation
- Payments for ‘buy-a-brick’ campaigns or for buying clothing that supports a campaign, but cannot realistically benefit the donor
- A charity sponsoring another charity in order to merely show shared endeavour or support in a mutually charitable and collaborative area

6.1.3 For the purposes of the survey, these HMRC guidelines should be applied in assessing the eligibility of all sponsorship agreements, including those with international companies not subject to HMRC regulations.

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<sup>7</sup> [Supporting Document \(section A.2.3\) Corporate Sponsorship](#)

<sup>8</sup> [HMRC Sponsorship and VAT Notice 70141](#)

<sup>9</sup> [HMRC Sponsorship and VAT Notice 70141](#)

## 7. Recording of Philanthropic gifts

- 7.1 Philanthropic gifts should be recorded as 'new funds secured' and 'cash income received' and reported in two ways:
- 7.1.1 **New funds secured** in a year includes the value of new gifts/donations received and new pledges confirmed in the year at their value for up to five years; it excludes legacy payments and cash payments made against pledges secured in previous years. New funds secured reflect the success of current fundraising activity.
- 7.1.2 **Cash income** received includes all cash income received during the year and includes new single cash gifts, cash payments received against pledges secured in the current or previous years (including instalment payments received against old and new pledges) and cash from legacies; it excludes new pledges where payment has not been received. Cash income reflects the success of the current and past years' fundraising activity.
- 7.1.3 **Appendix Y of the [CASE-Ross Group Support of Education Survey, UK and Ireland, 2021](#)** illustrates the principles for reporting philanthropic support as set out in the rules above.
- 7.2 The university's statutory reporting fully complies with the national Financial Reporting Standard, FRS102, as required by the Office for Students (OfS). This means that the figure reported for donations is adjusted in the year end reporting to recognise the strict conditions of this reporting standard.
- 7.2.1 Where the donor has specified measurable conditions, subject to which the gift is returnable if not met, income cannot be recognised until the conditions have been met.
- 7.2.2 Cash pledged for future years will be recognised in the year of the pledge, if the donor has not specified any measurable conditions specifying when income can be recognised.
- 7.2.3 The figure reported for gifts by Fundraising and Supporter Development will be different to what is reported in the statutory accounts.
8. If you have any questions related to philanthropic fundraising, please contact [FSDFundraisingSupport@kcl.ac.uk](mailto:FSDFundraisingSupport@kcl.ac.uk).