

REVERSION TO DONOR PROHIBITION

I. LEGAL AUTHORITY:

Code of Federal Regulations: 34 CFR 361.60(b)(3)(iii).

II. POLICY STATEMENT AND PURPOSE:

In order to safeguard against funds being channeled back to the original donor with the added benefit of matching funds, the DHS Financial Management Unit shall not accept a private donation from a donor that has placed conditions or restrictions, expressed or implied, on the expenditure of the donation, requiring that the funds be used in a manner that would benefit the donor, an individual with whom the donor has a close personal relationship, or shares a financial interest. Federal financial participation is not available in expenditures that revert to the donor's use or facility.

A reversion to donor occurs if it can be established that the donor of a private donation placed conditions or restrictions, expressed or implied, on the expenditure of the donation, requiring that the funds can be used in a manner that would benefit the donor, an individual with whom the donor has a close personal relationship, or shares a financial interest.

The purpose of this prohibition is to prevent funds from simply being channeled back to the original donor with the added benefit of federal matching funds.

In order for a reversion to donor problem to exist, there must be evidence, that such a return was intended.

Accordingly, if a donor is subsequently awarded a contract or subgrant by the State vocational rehabilitation agency under a fair and competitive process, with no evidence that the award was influenced by the donor's donation, a reversion to donor problem will not exist.