



Gift vs. Grant Determination Process and Indicator Checklist

Funding, particularly when received from a non-profit entity (i.e., foundation, corporate foundation, private organization, or corporation), is sometimes difficult to classify as a gift or grant.

The definitions provided below are intended to clarify the differences between “Gifts” and “Grants.” Additionally, the Table of Indicators below may be helpful in classifying unclear awards.

In order to make the most accurate decision between what is a grant and what is a gift, all components of information related to the gift/sponsored project should be reviewed by the PI and any other participant that may be appropriate to be a part of the decision-making process. Internally, this may include administrative leadership, Development representatives, the Faculty or Staff Primary Investigator (PI), department or college administrator, and staff from the Office of Research and Sponsored Projects (ORSP).

The review should be discussed with ORSP, which, in collaboration with the Development Office, will consult to make final determinations. In cases where there is a question as to whether an activity for which external funding is sought constitutes a grant or a gift, a determination will be made that will be in accordance and compliance with Generally Accepted Accounting Principles (GAAP).

ORSP and the Development Office, when making the determination, may seek clarification, question a decision, ask for justification, or solicit additional documentation to ensure that the donor’s/sponsor’s intent is honored. Back-up documentation should reside in ORSP and/or the Development Office.

Definitions:

A **gift** is the voluntary, non-reciprocal transfer of money or property from a donor to an institution. The donor may be an individual, a corporation or a non-profit organization. The donor does not expect anything of value in return other than recognition and does not have control over expenditure of the funds. A gift may meet the interests of the donor and can be restricted or unrestricted. A restricted gift is a contribution designated for a specific purpose, program, or project. If the donor does not specify any restrictions, the gift is unrestricted and the institution allocates the funds at its own discretion. Only the Development Office may accept gifts on behalf of the University.

A **grant** (aka, sponsored program funding, award) is the transfer of money or property from a sponsor to an institution that may require performance of specific duties such as research, budget reports, progress reports, and return of unused funds.

Any funding provided by U.S. Government agencies, at the federal, state, or local level, in support of UWG activities is treated as a grant. Government funds are not treated as gifts. Funding from voluntary health organizations or associations, such as the American Cancer Society or American Heart Association, is usually treated as a grant and not a gift.

If the characteristics of the funding fall within both categories, the following factors should be taken into consideration for determining whether it is a gift or a grant. The presence of any single factor does not represent the condition of gift or grant. To determine if a transaction is a gift or a grant, all of these factors should be considered simultaneously. In cases where there is a question as to whether an activity for which external funding is sought constitutes a grant or a gift, ORSP will work with the Development Office to determine what procedures should apply.

Checklist for Determining Whether Funding is a Gift or a Grant

To aid in the determination of whether the funding under consideration is a gift or a grant, the checklist below is provided. Provide an answer all eight questions and include comments whenever necessary. To help in the decision, review all of the documentation associated with the funding for indications that will help you to determine whether the funding should be considered support for a grant or a gift.

Documentation that will aid in the decision includes some or all of the items listed below.

- 1. Statement of Work or Project Description
- 2. Proposal or Letter of Intent, or request for funding including budget
- 3. Award Letter
- 4. All correspondence

CHECKLIST

FUNDING SOURCE:

- 1. Is the funding provided by the U.S. Government, at the federal, state, or local level?

_____ Yes

_____ No

Comments:

If YES, this is a SPONSORED PROJECT (GRANT).

2. Is the funding provided by an individual (not an organization)?

_____Yes

_____No

Comments:

If YES, this is a GIFT.

IF NEITHER OF THE ABOVE IS TRUE, DOES THE DONOR/SPONSOR REQUIRE:

3. Statement of Work (a commitment to a specific project plan, as opposed to a general field of study or research area; the commitment describes a specific line of scholarly inquiry such as testing of a hypothesis, experiments, a model project or a defined set of deliverables)?

_____Yes

_____No

Comments:

4. Detailed line item budget for work (i.e., commitment of percentage of effort)?

_____Yes

_____No

Comments:

5. Return of any unexpended funds at the end of a designated period (i.e., "Start" and "Stop" dates)?

_____Yes

_____No

Comments:

6. Detailed financial reporting beyond a summary report of expenditures (e.g., line item detail, percentages of effort)?

_____Yes

_____No

Comments:

7. Terms and conditions for the disposition of tangible property (e.g., equipment, records, technical reports, theses, dissertations or other deliverables)?

_____ Yes

_____ No

Comments:

8. Terms and conditions for the disposition of intangible property (e.g., intellectual property, rights in data, copyrights)?

_____ Yes

_____ No

Comments:

Circle one choice below, and process accordingly.

Sponsored Project (Grant): If you answer “Yes” to Question 1, or to any of questions 3 – 8, the funding should be considered support for a ***sponsored project (grant)***.

Gift: If you answer “Yes” to Question 2, or “No” to all questions 3 – 8, the funding should be considered a ***gift***.

Determination: Gift Sponsored Project (Grant)

Uncertain: If you cannot answer any one question with certainty, review it with the Office of Research and Sponsored Projects or with the Development Office.

To submit help with the determination of the funding class, please submit the following information to the ORSP or to the Development Office.

PI/Recipient: _____ Dept: _____

Date: _____ Sponsor/Donor: _____

Project Title: _____ Amount _____

Final Determination: Gift Sponsored Project (Grant)

Initial Department Determination Made by: _____ **Date:** _____

Research and Sponsored Projects: _____ **Date:** _____

Development Office: _____ **Date:** _____

TABLE OF INDICATORS

FACTOR	GIFT INDICATOR	GRANT INDICATOR
Source	Individuals Non-Profit Organizations Corporations Corporate Foundations Other Organizations (such as Donor-Advised Funds) Family or Individual Foundations are generally treated as individuals.	Government Agencies Non-Profit Organizations Corporations Corporate Foundations
Purpose	The donor may specify an area of interest or a goal to be funded with their gift.	The sponsor specifies how the funds should be used, as outlined in supporting documentation (award letter or grant agreement)
Value Exchange	No implicit or explicit value is exchanged other than recognition.	No implicit or explicit value is exchanged other than recognition and/or reporting.
Reporting	The institution has little or no obligation to report to the donor on how the gift is used or invested. The institution is not prevented from providing such reports, but rather uses the opportunity for donor stewardship. Required reporting is limited to details of how, when, and to whom funds were disbursed as well as statements of earning when applicable.	The sponsor requires performance of specific duties such as research, budget reports, progress reports, and return of unused funds.
Proposal Process	Initiated by donors, advancement staff, or faculty members.	Initiated by sponsor, advancement CFR staff, or faculty members (working together with ORSP).
Document	Letter of Donation/ Gift Agreement	Award Letter and/or Grant Agreement
Deadline/Terms	Typically no time period is associated with the use of these funds.	Typically requires a specific time period for conducting projects.
Excess Funds	N/A	May be required to return to sponsor.
Penalty for Non-Performance	No penalties for failing to use the funds.	Penalties may exist for failing to use the funds or to deliver the items on a timely basis.
F&A (Facilities and Administrative) Cost Rates*	None	F & A Cost Rates* as defined by DHHS and administered by ORSP.

Grant vs Gift

	Grant	Gift
Description	Represents an "exchange transaction" in which each party receives commensurate value	Represents a "contribution," an unconditional transfer of cash which is voluntary and non-reciprocal.
Reporting	Usually has reporting requirements or specific restrictions on how the money can be spent	No reporting, no restrictions
Time Period	Usually has a specified time period over which the work will be done (a start date and an end date)	No specific time period
Funding	Sometimes requests that unused funds must be returned to the awarding agency/foundation/corporation	Usually all the money is received upfront. UWG is given unconditional rights to the funds and funds do not need to be returned to the sponsor