

## 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 herein seek to clarify the differences between "Gifts" and "Grants." Additionally, we have included a Table of Indicators that may be helpful in classifying unclear awards.

In order to make the most accurate decision, all components of information related to the gift/sponsored project should be reviewed by appropriate participants of the decision-making. Internally, this may include administrative leadership, development representatives, such as Corporate and Foundation Relations (CFR), the Faculty or Staff Primary Investigator (PI), department or school administrator, Office of Research Services (ORS), and Office of Sponsored Program Accounting (SPA).

The review should be discussed with ORS, who, in collaboration with CFR, will consult with SPA 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, SPA will determine what procedures should apply in accordance and compliance with Generally Accepted Accounting Principles (GAAP).

It is understood that SPA may seek clarification from ORS and/or CFR; question a decision; or ask for justification. In particularly sensitive cases, SPA may solicit additional documentation to ensure that the donor's/sponsor's intent is honored. Back-up documentation should reside in ORS and/or CFR, with copies provided to SPA for all funds received.

### 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. 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 Advancement Division may accept gifts on behalf of the University.

A grant (and sponsored projects) is a sum of money or property

Any funding provided by U.S. Government agencies, at the federal, state, or local level, in support of University Chicago activities is treated as a grant. Government funds are not treated as gifts.

Funding from voluntary contributions of the American Heart Association, is usually treated as a grant and not a gift.

If the donation's characteristics 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 best 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, SPA will determine what procedures should apply.

## GIFT vs. GRANT: 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 NonProfit Organizations Corporations Corporate Foundations
Purpose	The donor may specify an area of interest or a goal to be funded by 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.	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 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 used funds.
Proposal Process	Initiated by donors, advancement staff or faculty members.	Initiated by sponsor, advancement staff or faculty members (working together with ORS and CFR).
Document	Letter of Donation/ Gift Agreement	Award letter and/or Grant Agreement
Deadline/Terms	Typically no time period is associated with the use of 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 SPA.

\*Formerly known as overhead or indirect costs. F&A cost rates per agreement with and as defined by the Department of Health and Human Services, representing the federal government.