Gift vs. Grant/Sponsored Projects Determinations

UAF regularly receives funding from a variety of sources including the government, corporations and other private entities. Private entities (individuals, private agencies, professional associations, private foundations, corporate foundations and corporations) may be either donors or sponsors depending on the nature, intent and expectations of the funding they are providing. It is important to accurately classify the funding as either a gift or a grant/sponsored projects to ensure that funds are correctly accounted for and properly classified in the university's financial statements. Furthermore, UAF has a fiduciary responsibility to sponsors and to donors to accurately classify these awards.

Philanthropic gifts are the voluntary, non-reciprocal transfer of money or property from a donor to an institution. The donor may be an individual, a foundation, a corporation, or another nonprofit organization. The donor does not expect anything of "value" in return (except perhaps recognition) and cedes control of the gift, though the donor may restrict the use of the gift to meet their philanthropic goals. A restricted gift is a contribution

designated for a specific purpose or program. If the donor does not specify any restrictions, the institution may allocate the funds at its own discretion.

The principal purpose of **sponsored projects (grant, contracts, cooperative agreement etc.…)** is to transfer money or property from a sponsor to an institution in exchange for specified deliverables (i.e., technical, progress reports, financial reports, etc.) to be provided within a designated period of performance. Excess funds may be required to be returned to the funder. Penalties may exist for failure to comply with funder requirements (aka terms and conditions). In additional, facilities and administrative (F&A) costs may apply.

Gift vs. Grant Determination

Funds received by US or international governmental agencies at the federal, state or local level are never treated as gifts. In cases where funding is provided by individuals, corporations, foundations or others, the gift vs. grant distinction is based on the nature of the proposal, statement of work, and/or other terms of the agreement, taking into consideration the intent of the donor/sponsor.

Note that donors sometimes confuse the classification issue by using the word "grant" when the funding actually qualifies as a gift, or vice versa. Therefore, careful consideration of the supporting documentation is critical in determining donor/sponsor intent. Administrators should use the following factors to help determine donor/sponsor intent:

Category or indicator	Factor generally indicates a "**gift**"	Factor generally indicates a "**grant/sponsored project**"
Proposal Process	Generally, results from a series of interactions between a donor (an individual, corporation, or foundation) and a member of the Development and Alumni Relations team.	Initiated by faculty members working together with the Office of Grants and Contracts Administration (OGCA)
Purpose/Intent	While the support may be accompanied by an agreement that	The project commits the University to a specific line of

	restricts the use of the funds for a specific purpose, there are usually few other terms or conditions associated with the support.	scholarly or scientific inquiry, typically documented by a research plan or a statement of work. A sponsor stipulates how the funds should be utilized via supporting documentation (aka notice of award, grant, agreement, subcontract, consortium, etc.).
Documentation	Letter of Donor Intent/Gift Agreement	Grant, contract, cooperative agreement, notice of award, agreement, subcontract, consortium, etc.
Specific Start & End Dates/Period of Performance	Typically, no. However, donors may support annually funded scholarships, fellowships, etc. which generally have specific start and end dates. A period of performance is not normally included, but one may be stated as a general expectation.	Terms include a period of performance that is specific for defining allowability of expenditures or other purposes.
Mission of and benefit to resource provider (i.e. donor of a gift or sponsor of a grant/sponsored project)	Funding is directly related to the university's mission while only indirectly related to the resource provider's business.	Funding is directly related to the recipient's mission and generally directly related to the resource provider's mission/business activities.

Scope of Work	The donor typically wishes to support the broad goal of an activity rather than delineating a specific course of action.	A specific commitment is made regarding the level of personnel effort or specific milestones.
Project Direction or Mentoring	Sponsor may identify an individual in the university as a point of contact, particularly if that person works in university relations or philanthropic functions of the corporation.	Sponsor identifies a technical monitor/ principal investigator/program director who is responsible for monitoring performance, arranging research visits and providing liaison between the University and corporate research teams.
Cost and Budget Information	Line item budgets are generally not required; however, general budgets which outline categories of support may be included as part of the proposal process and/or the gift agreement.	Budgets are generally required.
Facilities and Administrative (F&A) Costs	N/A	F&A Cost Rates defined cognizant agency
Award terms and conditions	The donor may request information related to the use of funds but places little or no restriction on review of results before they are made publicly available.	Award includes conditions for specific formal fiscal reports/audits and or invoicing.
Progress Reports	Investigators may provide updates on	Programmatic reports are generally required

	research progress and/or discoveries; these may or may not be a condition of the award.	at the award or agency level.
Accounting & Financial Reports	Financial reports are limited to details of how, when, and to whom funds were disbursed as well as statement of earnings when applicable.	Financial reporting often requires detailed line item expense reporting, and is often subject to financial audit. Proposal and resulting award often include a line item budget that identifies expenses by activity, function, or project period and includes indirect costs.
Unspent Funds	Unspent gift funds generally do not have to be returned to the donor.	The sponsor may require that unspent funds be returned.
Disposition of Rights in Tangible or Intangible Property	Typically, the agreement does not include terms for the disposition of rights in tangible or intangible property	Can include clear instructions at the agency or award level for disposition of property.
Publication and Reporting	Donor may request copies of publications that result from activity supported with donated funds and ask to be acknowledged in such publications. Donor may also request annual progress reports or a summary of the types of activities supported.	Terms of the award require publications or technical reports dealing with substantive aspects of the work. Principal Investigator is obligated to report project results.

	Smaller gifts do not usually require reports.	
Renewal	Normally no formal renewal. Additional funding may be provided at the discretion of the donor.	May be continued or renewed contingent on such things as technical review or satisfactory progress. (This implies that the sponsor is monitoring performance to determine if some set of expectations is fulfilled).
Compliance	While activity may involve compliance issues, enforcement is not a sponsor concern.	Sponsor requires University policy and/or certification regarding compliance issues, e.g., animal and human subject treatment, biohazardous materials oversight, export controls, etc.

The presence of any single factor does not represent the condition of a gift or a grant. To best determine if a transaction is a gift or a grant, administrators (central and departmental/unit) should consider these factors simultaneously.

Examples
Types of awards accepted and administered by OGCA

The presence of any one of the following conditions shall designate the award as a grant, and its administration shall be the responsibility of OGCA.

- The award is made by a governmental or quasi-governmental agency, or is from a private-sector sponsor that provides a subaward containing federal "flow through" provisions, i.e., federal, state, or other governmental fiscal/administrative compliance policy governs the project.
- The award is from a private-sector entity (including individuals) for the work of a specific faculty member(s), and requires the completion

of programmatic objectives within a specific budget and time framework.

- The sponsor places restrictions on publication of data resulting from the work. This could include requirements that the sponsor review manuscripts, talks, etc., prior to submission for publication or presentation, and possible delays in publication or presentation until project intellectual property can be protected.
- The sponsor requests proprietary rights in data or inventions resulting from activities conducted under the agreement. This would include any reference to licensing options or arrangements for patents and/or copyrights developed during the work.
- Studies are to be conducted on substances/processes/products, etc. owned by the sponsor.
- The sponsor places restrictions on the use of funds and retains the right to revoke the award or to withhold payment for non-compliance. Examples of restrictions include the requirement for prior sponsor approval of deviation from originally approved budget items and disallowance of certain costs.
- The sponsor requires regular financial reports on the use of the funds, and/or status reports or detailed invoices.
- The sponsor requires that any unused funds be returned.
- The sponsor refuses payment, imposes penalties, and/or revokes the award for failure to meet the terms of the award.
- The sponsor participates in determining the work to be performed or services to be provided on the project.
- The sponsor hopes to gain economic benefit as a result of the work to be performed.
- The award comes from a corporation's research and development budget and is perceived by the company as a "cost of doing business" rather than a charitable gift, and the agreement terms and conditions reflect this intent.
- The sponsor includes a provision for audits by or on behalf of the funding source. Solicitations for grants must be approved by OGCA prior to proposal submission.

Types of Awards Accepted and Administered by UA Foundation

The following are characteristics that usually designate funds as gifts or donations, and they are to be managed by UA Foundation:

- The award is made by a private individual, private foundation, corporate foundation, corporation, private agency, or professional association and does not include required programmatic or technical reporting, but may include general financial reporting.
- The award is from a non-government source and the donor specifically intends the award to be a charitable gift as reflected by the absence of any delivery of goods or services or direct economic benefit to the sponsor. Indirect benefits such as tax advantages or goodwill derived from the contribution are not sufficient to affect the gift intent.
- The donor intends the gift to be irrevocable, relinquishing any right to reclaim the gift in its entirety or any unused portion or to invoke any penalties. Solicitations for gifts should be coordinated through the UA Foundation prior to submission.

For additional information visit OGCA website
https://www.uaf.edu/ogca/lifecycle/6-management/managing_general/