

## Gifts Versus Grants

Private funds supporting specific research projects may be categorized as gifts, grants or contracts depending on the conditions of the award. The criteria for classification are not rigid and sometimes overlap, requiring us to evaluate based on a number of characteristics of the particular award. Examples are listed below.

In general, gifts are awarded irrevocably by individuals or organizations external to the University without specific expectations and without contractual obligations imposed upon the University.

Awards of private funds resemble grants or contracts when they include requirements such as a specified period of performance; a scope of work to be followed; reporting of expenses incurred on the project; maintenance of auditable financial records or other terms and conditions imposed on the University in order to receive the funds.

Grants and contracts are awarded through written agreements. The intent of most grants is to provide "financial assistance" to the University to support a specific project on behalf of an investigator. In most cases, only reports of the research and of the expenditures are required; there are no other deliverables. Contracts normally specify performance expectations, and require deliverables, such as achieved milestones, as well as technical and financial reports that must be submitted on a specified timetable.

### **Gifts**

- Do not commit the University to a specific line of scholarly or scientific inquiry as demonstrated by a specific work plan or proposal
- Funding is irrevocable
- Have no formal requirement that research results be reported to the Sponsor
- Generally do not require published results that are award specific
- Donor may be kept informed of research results to demonstrate good faith on the part of the University
- Impose no requirements regarding the dispositions of either tangible property (*e.g.*, equipment, records, technical reports, theses or dissertations) or intangible property (inventions, copyrights or rights in data) which may result from the project
- Do not specify a period during which funds must be used
- Do not impose contractual obligations as a condition of the funding
- Have no formal financial accounting requirements or budgetary restrictions associated with the funding
- Are not awarded by Federal, State or local government agencies
- May be aggregated with similar philanthropic awards
- May require matching funds or other financial commitment from the University, but not cost sharing
- Do not require prior approval of any expenditures
- Require minimum fiscal reporting to the donor, usually in the form of a general statement of how the funds were used
- Usually do not have legal restrictions on the part of the University
- May be used to fund general University activities as well as specific activities (*e.g.*, endowments or capital projects)
- Do not refer to specific protocols that involve the use of human subjects, vertebrate animals, radioisotopes on humans, hazardous waste, recombinant DNA, human body parts or substances or etiologic agents or proprietary materials

- Are not made through a competitive process in response to a request for proposal or other competitive agency solicitation or announcement
- Not governed by explicit or implicit federal, state or other published sponsor regulations
- Would not contain language that would allude to an award type such as cost reimbursable, firm fixed price or “not to exceed” limitations
- Do not include Federal pass-through funding

### **Grants and Contracts**

- Bind the University to a specific set of terms and conditions
- Typically result in a “sponsored project outcome”
- May be revocable by either party due to failure to perform
- Include government sources as well as private companies and foundations
- Made through a competitive process in response to a request for proposal or other competitive agency solicitation or announcement
- Obligate the investigator to a line of scientific, scholarly or public service inquiry that follows a plan, scope of work or protocol
- Designate the investigator as project technical expert
- Establish an understanding of how funds will be used or includes a detailed, itemized budget that identifies expenses by activity, function or project period
- Separately budgeted and accounted for
- May require a cost sharing, matching or other financial commitment from the University
- Require fiscal accountability as evidenced by the submission of financial reports to the sponsor, an audit provision or the return of unexpended funds at the conclusion of the project
- Governed by explicit or implicit sponsor regulations or guidelines that may specify the allowability of certain categories of costs
- Include specific deliverables and obligate the investigator to report project results or convey rights to tangible or intangible properties resulting from the project
- Monitor the publication or other use of the results obtained
- Seek considerations such as indemnification or impose other terms that require legal accountability
- Payments are contingent on programmatic or fiscal reporting
- Refer to specific protocols that involve the use of human subjects, vertebrate animals, radioisotopes on humans, hazardous waste, recombinant DNA, human body parts or substances or etiologic agents or proprietary materials
- Contain language that would allude to an award type such as cost reimbursable, firm fixed price or “not to exceed” limitations
- Can include Federal pass-through funding