D. Is it a Gift or a Grant?
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Development Policy and Administration Manual
Chapter III. Gift Administration Policy

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IS IT A GIFT OR A PRIVATE GRANT?

In the past, the State Auditor General concluded that in many cases monies awarded to the University that should have been classified as private grants were classified as gifts.

To clarify this situation and to insure greater consistency among campuses, the guidelines provided below were promulgated by President Saxon in July 1980. Since in many situations all of the following characteristics will not be present, judgment must be exercised in order to classify the support. The decision as to whether a particular award should be considered a gift cannot be made based upon the presence or absence of a single characteristic or criterion. Rather, one must look at the award in toto in order to make a judgment as to its proper classification.

Gifts. In general, classify funds as gifts when the following characteristics exist:
- the intention is to make a charitable contribution;
- the donor does not impose contractual requirements;
- funds are awarded irrevocably.

Private grants. In general, classify funds as grants when the following characteristics exist:
- there is provision for audits by or on behalf of the grantor;
- the grantor is entitled to receive some consideration such as a detailed technical report of research results or a report of expenditures;
- testing or evaluating of proprietary products is involved;
- the research is directed to satisfying specific grantor requirements (e.g., terms and conditions stating a precise scope of work to be done rather than a general area of research);
- a specified period of performance is prescribed or termination is at the discretion of the grantor;
- funds that are unexpended at end of period shall be returned to the grantor;
- patent or licensing rights are requested by the grantor.

Regardless of the designation of an award for research as a gift or as a private grant, it will be subject to the research review process as well as to the administrative rules and procedures that apply to all University Funds. The processing of gifts will not include the application of indirect costs, although some campuses do assess a minimal fee on gifts. Processing of private grants will include the application of indirect costs in accordance with University policy.*

Gifts are accepted under the Delegation of Authority--To Solicit and Accept Gifts, March 24, 1986. Private grants are accepted under the Delegation of Authority--To Solicit and Accept or Execute Certain Extramural Grants and Contracts, March 29, 1988. Organization of the processing, acceptance, and administration of gift and grant funds is a campus matter -- these guidelines are not intended to indicate whether processing of private support occurs in the Contract and Grants Office or the Development Office. All gifts and private grants, however, are to be
reported to Development Policy and Administration, Office of the President. Private grants should also be reported to Research Administration (formerly known as Contracts and Grants), Senior Vice President -- Administration; i.e., private grants should be reported to both offices.


* Research Administration, Senior Vice President -- Administration should be contacted for advice on indirect cost charges.