

## Illinois Institute of Technology Gift vs. Grant Determination

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### Gift vs. Grant Determination

There are several factors that differentiate a Grant and a Gift, making it important to be able to recognize the differences so that the grant or gift is set-up appropriately. Accurate categorization and processing of external funds is essential to the realization of required fiscal management. The below guidelines have been developed to ensure consistent and proper treatment of external funds.

The below definitions have been provided to assist in clarifying the differences between “Gifts” and “Grants.”

- **Gift** – also called a donation, is a voluntary, irrevocable, and non-reciprocal transfer of money, services or property from a donor to an institution. The donor may be an individual, a corporation or a non-profit organization. In this situation there is no expectation of direct economic benefit or provision of goods and services from the recipient, other than recognition and adherence to any donor imposed restrictions. Beyond a designation of the use, the donor does not impose contractual requirements on the donation. Any subsequent reporting on the use of the funds to the donor is not a condition of the receipt of funds, but rather a function of the donor stewardship process. The absence of quid pro quo language helps define the charitable nature of this type of giving. Only the Office of Institutional Advancement may accept gifts on behalf of the University.
- **Grant (aka notice of award, contract, award letter, agreement, subcontract, consortium, purchase order, or memorandum of understanding, etc.)** – a transfer of 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 addition, facilities and administrative (F&A) costs may apply as defined by the institutes cognizant agency DHHS.

Please note that the presence of any single factor does not confirm the designation of gift or grant.

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The below criteria has been provided to assist in determining the appropriate fund classification.

CRITERIA	GIFT INDICATOR	GRANT INDICATOR
<b>Proposal Process</b>	Initiated by donor or the Office of Institutional Advancement	Initiated by faculty members working together with the Office of Sponsored Research and Programs (OSRP)
<b>Purpose/Intent</b>	A donor may specify a general area of interest or a goal to be funded by their donation.	A sponsor stipulates how the funds should be utilized via supporting documentation (aka notice of award, grant, agreement, subcontract, consortium, etc.).
<b>Documentation</b>	Letter of Donor Intent/Gift Agreement	Grant, contract, notice of award, agreement, subcontract, consortium, etc.
<b>Period of Performance</b>	N/A	Start and end dates are identified within the supporting documentation.
<b>Reporting</b>	Any subsequent reporting on the use of the funds to the donor is not a condition of the receipt of funds, but rather a function of the donor stewardship process.	The award document specifies deliverables such as technical, financial, invention, or procurement reports, milestones, timetables, etc.
<b>Penalties</b>	No penalties for failing to use the funds.	Penalties may apply for failing to comply with the terms and conditions set forth by the sponsor.
<b>Excess Funds</b>	N/A	May be required to return to sponsor
<b>Facilities and Administrative (F&amp;A) Costs</b>	N/A	F&A Cost Rates defined by DHHS
<b>Value Exchange</b>	There is no expectation of direct economic benefit or provision of goods and services from the recipient, other than recognition and adherence to any donor imposed restrictions. Beyond a designation of the use, the donor does not impose contractual requirements on the donation.	A transfer of money or property from a sponsor to an institution in exchange for specified deliverables.