Gift vs. Grant Determination Procedure

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Funding, particularly when received from a non-profit entity (i.e., foundation, corporate foundation, private organization, or corporation), is sometimes difficult to classify as either a gift or a grant.

All components of information related to the gift/sponsored project should be reviewed by appropriate decision-makers to best classify the funding.

Definitions

Gift: 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 either restricted or unrestricted. Only the Advancement Division may accept gifts on behalf of the University.

- **Restricted gift:** a contribution designated for a specific purpose, program or project.
- **Unrestricted gift:** the donor does not specify any restrictions and the institution allocates the funds at its own discretion.

Grant (sponsored program funding, award): the transfer of money or property from a sponsor to an institution that may require performance of specific duties such as: meeting specific program goals, program evaluation, performing research, require deliverables such as budget (expense, financial) reports and progress (programmatic) reports, and may require a return of unused funds.

Procedure

A review of information and materials related to the funding should be performed with ORS, who, in collaboration with CFR, will consult with SPA to make final determinations. The following table of indicators should be taken into consideration during the review. Presence of any single factor does not represent the condition of a gift or grant, rather, all factors should be considered together. In cases where there is a question as to whether external funding 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 periodically seek clarification from ORS and/or CFR, question a decision, or ask for additional justification/support 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.

***Note*:** Any funding provided by U.S. Government agencies, at the federal, state, or local level, is treated as a grant. Government funds are not treated as gifts. Funding from voluntary health organizations or associations, such as the American Cancer Society or American Heart Association, is usually treated as a grant.

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 (generally treated as individuals)	-Government Agencies -Non-Profit Organizations -Foundations -Corporations -Corporate Foundations -Industry
Purpose	The donor may specify an area of interest or a goal to be funded 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.	No 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. Loyola is not prevented from providing such reports, but rather uses 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 (expense, financial) reports, progress (programmatic) reports, and return of unused funds.
Proposal Process	Initiated by donors, advancement staff or faculty members.	Initiated by sponsor, advancement CFR 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 items on a timely basis.
F&A (Facilities & Administrative) Rates*	None	F&A Cost Rates as defined by DHHS and administered by SPA.

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