



DIVISION OF AGRICULTURE

RESEARCH & EXTENSION

University of Arkansas System

Grant or Gift? What's the Difference?

Grant or Gift? What's the Difference?

Summary: Establishes guidelines for distinguishing between grants and gifts and where such funds should be handled.

Correct classification and handling of external funds (grants or gifts) is essential for the reputation, fiscal, fiduciary and stewardship responsibilities of the University of Arkansas Division of Agriculture Cooperative Extension Service. The determination of whether an award is a gift or grant can be complex and require the exercise of informed judgment. The term may be used differently by individual funding sources which can lead to further confusion.

General Definitions:

“Gifts” are defined as having the following characteristics: voluntary; given irrevocably; a donation of personal property (for example: equipment, books, cash, securities) with no expectation of tangible or economic benefit, with the exception of tax benefits; have no implied responsibility on the part of the University of Arkansas Cooperative Extension Service or the Agricultural Development Council, University of Arkansas Foundation to provide the donor a deliverable in terms of a project, service, technical or scientific report, intellectual property rights or any other exchanges; contain no or only minimal requirements, generally relating to donor pledge payments and Extension’s commitment to stewardship of the donor’s intent; usually require no statement or plan of work; or are given to support unrestricted purposes or such specific areas as endowments, scholarships without a service component or other restrictions or general program or research support in a broad area. There is no commitment of effort by project personnel in connection with the funding nor a requirement to report results to the funding source. Minimal requirements are associated with gifts and normally deal with issues surrounding pledge payments. Gifts may specify a broad purpose or nature, but do not contain any specific deliverables.

“Grants” or Sponsored Programs (grants, contracts, cooperative agreements, etc.) have one or more of the following criteria: a formal proposal; awarded as a result of a

competitive application or bid process; the proposal is a result of a solicitation for proposals or published guidelines; deliverables such as a product, detailed technical report, status report, service, test results, curriculum, educational program, seminar, workshop, financial reports or merchandise; specific required progress, technical, periodic or final reports and/or other exchanges; a specific line of inquiry or statement of work; a specific period of performance and/or completion date, which can be subject to extensions; while not seeking specific research outcomes, usually contains a specific delivery or work or a product; a budget which requires approvals to modify and/or is subject to cost accounting standards; confidentiality; involve testing/evaluating propriety products; separate accounting and reporting of expenditures are involved; may have reimbursement or payment subject to various completion milestones; governmental dollars (federal, state or county); cost-sharing or matching may be required; project may have budgeted Facilities & Administrative (indirect) costs; may, but does not have to, require return of unexpended funds; terms and conditions imposed by the sponsor or negotiated by the Cooperative Extension Service; subject to export controls and/or involves human subjects, vertebrate animals, or other elements subject to institutional review boards. All funds from governmental sources, federal, state, county or local level, or quasi-government sources are considered to be sponsored programs.

The following table can help in determining the proper classification of awards to the University of Arkansas Division of Agriculture Cooperative Extension Service. Not all characteristics of a category have to be met for the award to be classified as a grant or gift. However, if any of the criteria listed under the grant column are present, the award should be considered a grant and treated as such.

Gift vs. Grant		
Characteristic	Grant	Gift
Intent	Public Good	Charitable intent; No quid pro quo
General	Specific line of work that follows a plan, proposal/narrative/work plan submitted	Donor may restrict to a particular School, Department, County or to an endowment or scholarship
Benefit	Fulfill mission or interest areas	Philanthropic
Description	Each party receives commensurate value	An unconditional transfer of cash which is irrevocable, voluntary and non-reciprocal
Reporting	Usually has reporting requirements and/or restrictions on how the money may be spent	No financial, technical or progress reporting required, may be kept informed as an indication of good stewardship No restrictions on use of funds
Time Period	Normally has a period of performance (starting and end dates)	No specific time period
Funding	Unused funds may be required to be returned to the funder;	Normally all money is received at the beginning, but many be

	other times this is not a requirement	paid in installments; any remaining funds do not need to be returned to the funder
Purpose	Transfer money or something of value in order to accomplish a public purpose	No deliverables; Institution decides specific ways money will be used
Proposal	Specific statement of work, work plan, protocol or specific aims	General purpose, no formal work plan or proposal
	Competitive or Non-competitive	Non-competitive
Terms and Conditions	May include specifics on publication, inventions, intellectual property, equipment, etc.	Has no contractual requirements; only conditions are broad as in support of endowments, scholarships, infrastructure or general support
Fiscal Responsibility	Formal financial accounting	No formal fiscal accountability
Fund Treatment	Separately budgeted and accounted for	Can be comingled into one fund for same purpose
Source	Government, Quasi-government entity, matching for a government-funded project, Foundations, Corporations, Associations	Foundations, Corporations, Individuals
Institutional Review Boards	All projects which require Institutional Review Board review	No human subjects, vertebrate animals, infectious agents, radioactive materials, third-party proprietary materials, infectious agents or other materials or subjects requiring institutional approval are involved
Tax Treatment		Qualify as charitable contribution by donor
Employees	Can pay salaries; must comply with Davis Bacon and related Acts	No salary dollars; no commitment of personnel effort on project
Authorized Organizational Representative Signature	Normally requires	None required
Indirect Costs/F&A	Sources allowing indirect costs (F&A) are automatically grants. If the organization does not allow indirect costs, the award is not automatically a gift.	The funding source has no written policies regarding indirect costs.

