

Grant vs. Gift

Lamar University must manage all funds received in accordance with applicable federal, state, and local laws, University and System policies, and with the specific terms and conditions of any gift, grant or contract. The University’s approval, negotiation and agreement processes and mechanisms, accounting, budget practices, oversight, and compliance practices differ depending on whether funds received are categorized as a gift or as a grant. It is essential that categorization of external funding received be undertaken with utmost care and with a sound understanding to ensure that external funding directed to the University receives the proper compliance review, administrative oversight, and monitoring.

Definitions

A **grant** is typically given by an organization, individual, agency or Foundation for a particular purpose. A specific performance is requested by the grantor and if those conditions are not met, the grant may be terminated. A grant will usually require a reporting mechanism to disseminate the research results or project deliverables. Grants usually have a specific period of performance and unexpended funds shall be returned to the grantor. A grant will be submitted and managed through the Lamar University Office of Research and Sponsored Programs Administration (ORSPA). A grant may be executed through contract, task orders, cooperative agreement,

A **gift** is provided by a donor and no obligations to return the unspent funds is required. A gift does not impose contractual or other obligations and the donor may not require the sharing of data and/or results. The donor relinquishes all right to the gifted funds and is sometimes referred to as “unrestricted cash gift.” Gifts are managed by the Lamar University Advancement office.

There are very clear factors that differentiate a grant and a gift:

Grant vs. Gift

	Grant	Gift
Description	Represents and "exchange transaction in which each party receives commensurate value.	Represents a "contribution", an unconditional transfer of cash which is voluntary and non-reciprocal.
Reporting	Usually has reporting requirements or specific restrictions on how the money can be spent.	No reporting and no restrictions.
Time Period	Usually has a specified time period over which the work will be done (a start date and an end date).	No specific time period.
Funding	Sometimes requests that unused funds must be returned to rewarding agency/foundation/corporation.	Usually all the money is received upfront. Lamar University is given unconditional rights to the funds and funds do not need to be returned to the sponsor.
Costs Types	Includes Personnel Costs.	Does not include Personnel Costs.

RESEARCH AND SPONSORED PROJECTS

The following conditions characterize a research/sponsored project agreement, and help to distinguish such agreements from gifts. Any analysis of these conditions must also take the **intent** of the donor/sponsor into consideration.

1. Specific statement of work

Sponsored and/or research support projects are typically awarded to Lamar University to accomplish a specific statement of work and commitment to a specified project plan. It may be in response to a submitted proposal, concept paper, etc. While gifts may be restricted to a general purpose, e.g., construction of a building, or library support, a sponsored project will usually entail a more detailed project methodology, e.g., a series of experiments to test a particular hypothesis, or support to perform a particular activity. This statement of work is typically supported by a project schedule, activity approval from the University compliance committee (IRB, COI, Patent, etc.) and a line-item budget, both of which are key to financial accountability, described below.

2. Detailed financial accountability

The written agreement typically includes detailed and complex financial accountability, including such conditions as:

- a. a line-item budget related to the project plan, including F&A (indirect) costs (unless capped or waived per 2 CFR 200)
- b. a specified period of time in which project funds may be expended, usually defined with "start" and "stop" dates
- c. funding is conditional, or revocable with a requirement to return any unexpended funds at the end of the period, regular financial reporting and audit.

These kinds of conditions generally define the level of financial accountability associated with a sponsored project. They are collectively indicative of the increased level of financial accountability associated with such projects.

3. Disposition of properties ("deliverables")

Sponsored project agreements also usually include terms and conditions, written sponsor guidelines or policies for the disposition of tangible or intangible properties, including, for example, hardware, data, or intellectual property. The presence of such terms and conditions, policies or written guidelines in the agreement indicate that the activity is a sponsored project.

4. Additional Provisions

Provisions regarding protection of confidential information and sponsor prior approval for changes to the statement of work, budget or performance period also indicate the activity is a sponsored project.

GIFTS

A gift, on the other hand, is defined as a contribution with no reciprocal benefit to the donor. In general, the following characteristics describe a gift.

- a. No contractual requirements are imposed. The voluntary contribution is made to entities having charitable purposes, including institutions of higher education. However the gift may be for a stated purpose, with the use of the funds restricted to that purpose. For example, an endowment, a specific college, school or unit, or for a stated purpose such as construction, professorship, scholarship, event sponsorships, etc.

- b. The award is irrevocable, with no specified "period of performance."
- c. There is no formal fiscal accountability.
- d. The contribution can support research, but the donor or associated University staff must not derive commercial or private benefits from research, have rights to intellectual property that may result or have first rights to any research outcomes.
- e. There is no commitment of direct project personnel effort to accomplish the research.
- e. Funds are designated for scholarly endeavors.
- f. The contribution is not federal or state money.

CHECKLIST

For your convenience, a checklist to determine whether your project involves a grant or a gift may be found [here](#).

PROCESSING CORPORATE, FOUNDATION AND NONPROFIT CONTRACTS

Support from a corporation or foundation that is not a voluntary donation for religious, charitable, educational, or literary purposes may actually be a contract. Contracts are defined as "exchange transactions having potential commercial benefit or profit that does not support a charitable purpose. This category of support is most applicable to corporate or private research contracts. All contracts, MOU's, research agreements, cooperative agreements, testing agreements, service agreements, etc. involving research or sponsored program activity is processed through ORSPA. ORSPA has the legal responsibility for the review and submission of all preliminary and final submissions of external research and sponsored program requests to ensure financial and regulatory compliance, applicable human subject protections, current Financial Conflict of Interest guidelines, consistent time and effort collection, documentation available for internal and external audit, etc. In addition, coordinated research reporting increases Lamar University's State of Texas allocations specific to research.