

Gift/Grant Determinations

Vanderbilt University Medical Center

A Gift/Grant Determination Checklist is included at the end of this document.

Overview

Vanderbilt University Medical Center (VUMC) regularly receives funding from a variety of sources including governments, corporations and other private entities. Private entities (individuals, private agencies, professional associations, private foundations, corporate foundations and corporations) may be either donors or sponsors depending on the nature, intent and expectations of the funding they are providing. It is important to accurately classify the funding as either a gift or a grant to ensure that funds are correctly accounted for and properly classified in the Medical Center’s financial statements. Furthermore, the Medical Center has a fiduciary responsibility to sponsors and to donors manage funds in accordance with its intended purpose.

Government funding is never treated as a gift and always includes grant or contract terms and conditions.

Private funding generally falls into one of two categories:

Philanthropic gifts are the voluntary, nonreciprocal transfer of money or property from a donor to an institution. The donor may be an individual, a foundation, a corporation, or another non-profit organization. The donor does not expect anything of “value” in return (except perhaps recognition) and cedes control of the gift, though the donor may restrict the use of the gift to meet their philanthropic goals. A restricted gift is a contribution designated for a specific purpose or program. If the donor does not specify any restrictions, the institution may allocate the funds at its own discretion.

Grants are awarded based on a proposal or for a specific purpose. Grant funds are considered restricted because they are frequently limited to a time period and budget, despite significant flexibility. Grant funds can also be rescinded by the sponsor in the event of non-compliance with the terms and conditions of the award.

Efforts and relationships managed by the VUMC Development office can result in both gifts and grants. While most Development efforts result in gifts, some sponsors or donors include enough restrictions to preclude a gift designation. In such cases, the funds are considered “restricted” by VUMC and treated like a grant regardless of how the sponsor or donor may label the funds.

Gift vs. Grant Determination

Funds received from US or international governmental agencies at the federal, state or local level are never treated as gifts. In cases where funding is provided by individuals, corporations, foundations or other organizations, the gift vs. grant distinction is based on the nature of the proposal, statement of work, and/or other terms of the agreement, taking into consideration the intent of the donor/sponsor. Note that donors sometimes confuse the classification issue by using the word “grant” when the funding actually qualifies as a gift, or vice versa. Therefore, careful consideration of the supporting documentation is critical in determining donor/sponsor intent. Administrators should use the following factors to help determine donor/sponsor intent:

Category of Indicator	Factor Generally Indicates a “Gift”	Factor Generally Indicates a “Grant”
Application/Proposal Process	Generally, results from a series of interactions between a donor (an individual, corporation or foundation) and a member of Development.	Generally, a proposal is prepared by a Principal Investigator. * <i>*May be done in partnership with the Corporate and Foundation Relations team in Development</i>

Purpose	While the support may be accompanied by an agreement drafted by Development that restricts the use of the funds for a specific purpose, there are usually few other terms or conditions associated with the support.	The project commits the Medical Center to a specific line of inquiry, typically documented by a research plan or a statement of work.
Specific Start and End Dates	Typically, no. However, donors may support annually funded scholarships, fellowships, etc. which generally have specific start and end dates.	A start date/effective date and at least a tentative end date is specified. Mention of extensions are also common for grants.
Mission of and Benefit to Resource Provider (i.e. donor of a gift or sponsor of a grant)	Funding is directly related to the Medical Center's mission while only indirectly related to the resource provider's business.	Funding is directly related to the Medical Center's mission and usually also directly related to the resource provider's mission or business activities.
Scope of Work	The donor typically wishes to support the broad goal of an activity rather than delineating a specific course of action.	A specific commitment is made regarding the level of personnel effort or specific milestones.
Cost and Budget Information	Line item budgets are generally not required; however, general budgets which outline categories of support may be included as part of the proposal process and/or the gift agreement.	Budgets are generally required, although substantial flexibility is common.
Award Terms and Conditions	The donor may request information related to the use of funds but places little or no restriction on review of results before they are made publicly available.	Award includes conditions for specific formal fiscal reports/audits and or invoicing.
Progress Reports	Investigators may provide updates on research progress and/or discoveries; these may or may not be a condition of the award.	Programmatic reports are generally required at the award or agency level.
Financial Reports	Financial reports are limited to details of how, when, and to whom funds were disbursed as well as statement of earnings when applicable.	Financial reporting often requires detailed line item expense reporting and is often subject to financial audit.
Unspent Funds	Unspent gift funds generally do not have to be returned to the donor.	The sponsor may require that unspent funds be returned.
Disposition of Rights in Tangible or Intangible Property	Typically, the agreement does not include terms for the disposition of rights in tangible or intangible property.	Can include clear instructions at the agency or award level for disposition of property.

The presence of any single factor does not determine the ultimate condition of a gift or a grant. To best determine if a transaction is a gift or a grant, administrators (central and departmental) should consider these factors simultaneously. If, after reviewing these factors, administrators are unable to classify an award, administrators should forward all relevant documentation to the following contacts:

Development	Office of Sponsored Programs (OSP)
Erin Morrison Executive Director, Corporate and Foundation Relations erin.morrison@vumc.org (615) 936-3088	Clint Brown Assoc. VP, Office of Sponsored Programs sponsoredprograms@vumc.org (615) 875-6070

Development and the Office of Sponsored Programs (OSP), in collaboration with Dept. of Finance, will review the documentation provided and make a determination on classification. Documentation supporting the classification should be maintained in a permanent file in Development for gifts or in the grant file for OSP.

Processing and Reporting

Once a determination is made, administrators should direct all relevant documentation to the responsible Medical Center office; gifts should be directed to Development and grants should be directed to OSP.

Administrators should direct the information to the responsible office as soon as award documentation is received in order to ensure that donors and/or sponsors are timely acknowledged for their contribution and to ensure that awards are timely accounted for.

In order to comply with national standards on fundraising, grants from private entities (non-governmental) are included in Development reporting regardless of where they are administered.

Other Transaction Types

- **Contract revenues** and **clinical trial funds** are not recognized as charitable donations and are excluded from Development's official fundraising totals. Please direct questions to the Office of Contracts Management or the Office of Sponsored Programs as appropriate.
- **Corporate sponsorships of activities or events** should be processed in coordination with Development.
- For questions regarding contracts for gifts of **equipment**, please contact Susan Meyn in the Office of Research.

Gift / Grant Determination Checklist:

1. Is the funding provided by a government (federal, state, local, or international)? Yes ___ No ___
2. Is the investigator committed to a specific scope of work or a percentage of effort? Yes ___ No ___
3. Does VUMC need to obtain sponsor approval prior to redistributing budget amounts? Yes ___ No ___
4. Does VUMC need to return unspent funds at the end of the project period? Yes ___ No ___
5. Does the agreement provide for the sponsor's ability to audit project finances? Yes ___ No ___
6. Is VUMC obligated to provide deliverables (scientific reports, data, prototypes, etc.)? Yes ___ No ___
7. Does the agreement provide for sponsor rights to intellectual or physical property? Yes ___ No ___
8. Is VUMC required to report progress, milestones, or actions beyond a brief summary of how the funds were spent or publicity about the project? Yes ___ No ___

If you answered "Yes" to any of the above questions, the funding should be processed as a grant. If you answered "No" to all of the above questions, the funding can be processed as a gift.