

Vanderbilt University Gift/Grant Determinations

Overview

Vanderbilt University regularly receives funding from a variety of sources including the government, 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 university's financial statements. Furthermore, Vanderbilt has a fiduciary responsibility to sponsors and to donors to accurately classify these awards.

Private funding generally falls into one of two categories:

Philanthropic gifts are the voluntary, non-reciprocal 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.

The principal purpose of **sponsored funds (grants)** is to transfer money, property, services or anything of value to a recipient in order to accomplish a public purpose. Generally, there is not substantial involvement between the sponsor and recipient during the performance of the activity.

Gifts are typically initiated by a member of the Development and Alumni Relations (DAR) team. Grants are typically initiated by individual principal investigators. However, some grants from private sources are the result of collaboration with DAR.

Gift vs. Grant Determination

Funds received by 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 others, 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 visa 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”
Proposal Process	Generally results from a series of interactions between a donor (an individual, corporation, or foundation) and a member of the Development and Alumni Relations team.	Generally, prepared by a Principal Investigator.
Purpose	While the support may be accompanied by an agreement drafted by DAR 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 University to a specific line of scholarly or scientific 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.	Generally, yes
Mission of and benefit to resource provider (i.e. donor of a gift or sponsor of a grant.)	Funding is directly related to the university’s mission while only indirectly related to the resource provider’s business.	Funding is directly related to the recipient’s mission and generally directly related to the resource provider’s mission/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.
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.
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The presence of any single factor does not represent the 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 and Alumni Relations	Office of Sponsored Programs
Debbie Ton Assistant Director – Gift Processing	Clint Brown or Jennifer Taylor Interim Directors – Office of Sponsored Programs
Debbie.ton@vanderbilt.edu	sponsoredprograms@vanderbilt.edu
322-3850	875-6070

DAR and OSP will review the documentation provided and make a determination on classification. Documentation supporting the classification should be maintained in permanent file in DAR 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 university office; gifts should be directed to DAR and grants should be directed to the 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 grantors are timely acknowledged for their and to ensure that awards are timely accounted for.

Once processed, award documentation will be forwarded to the Department of Finance, the Office of Contract and Grant Accounting or the Provost’s Office for Finance and Administration based on the division and gift/grant determination. The responsible office will review the award documentation and set-up the center in the general ledger with the appropriate coding (“G” for grant or “F” for gift.)

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