

Policy on Distinguishing Between Gifts and Grants

POLICY STATEMENT

This policy explains the process and criteria for determining whether incoming funds should be classified as a gift or a grant.

REASON FOR THE POLICY

The proper classification of a gift or a grant affects how the University accounts for the funds and enables the University to comply with the terms and conditions, if any, specified by the donor or sponsor as well as University policies and legal requirements.

POLICY

I. Definitions

A **gift** is a voluntary transfer of cash, future interests, or items of value from individuals, industry, foundations, and other sources to the University for which the donor receives no more than an insubstantial, token benefit or recognition. A tax-deductible gift must be freely given from assets controlled by the donor for a qualified purpose. The donor may designate that the gift be used for restricted or unrestricted purposes. Gifts take the form of cash, checks, real and personal property, or securities.

As defined by the [Office of Research](#), a **grant** is “a financial assistance award to Chapman either as a prime award or as a subcontract through another party. Awards provide funds, property, or both to carry out a proposed scope of work, typically defined by the Principal Investigator (PI). The sponsor retains the right to revoke an award with unused funds reverting to the sponsor. Technical and financial reporting are required.”

II. Factors to Consider

The correct classification of a gift or a grant is important to enable the University to comply with the terms and conditions, if any, specified by the donor or sponsor as well as applicable University policies and legal requirements. In some cases, the distinction between a gift and a grant can be ambiguous. The factors below are important considerations in determining whether incoming support is a gift or grant. No single factor by itself distinguishes a gift versus a grant. All factors and all associated information should be considered simultaneously.

Factors to Consider	Gift	Grant
Purpose	<p>Support is motivated by charitable intent.</p> <p>The gift may be unrestricted (the donor does not specify any restrictions on the use of funds) or restricted (the contribution is limited to use for a specific purpose, program, or project).</p> <p>Support for an endowment or capital project is indicative of a gift.</p>	<p>The funded activity is undertaken to satisfy specific sponsor requirements.</p> <p>While money directed to a general area of research may qualify as a restricted gift, other factors, such as having investigators define and outline the exact project scope in supporting documentation (e.g., award letter or grant agreement) is indicative of a grant.</p>

Budget	A line-item budget is not required for a gift.	A budget is required based on sponsors' guidelines.
Deliverables	No expectation of any deliverables or receiving any substantial return benefit to the donor or donor's family, (other than recognition, narrative use of proceeds descriptions, and/or financial reporting to ensure proper gift stewardship, or benefit to the general public or University.)	The sponsor normally requires specific deliverables such as progress, milestones, scientific, or technical reports.
Technical or Scientific Data	The donor does not require technical or scientific data to be given to them as a condition of the donation.	The sponsor may require technical or scientific reports to be given to them as a condition of the award.
Intellectual Property	The donor makes no claim on the patents, copyrights, or other intellectual property rights resulting from the supported activities.	Intellectual property is generally retained by the University, though a sponsor (i) may make a claim on or be provided IP rights (patents, license) resulting from the supported activities, and/or (ii) may be entitled to direct the sharing/management of University results/IP.
Reporting	The University has limited or no obligation to report to the donor on how the gift is used or invested.	The sponsor requires financial (budget) reports, progress reports at certain intervals during the project period, and a final report.
Performance Objective and Deadline	The donor does not specify a set of performance objectives. Note: A gift may be restricted in nature, but it does not dictate how the work will be accomplished or permit the donor to have excessive continuing involvement in the administration, or use, of the gift after it is received.	The sponsor establishes a set of performance objectives – a detailed scope of work and an established start and end point for conducting the project and using the funds.
Excess/Unspent Funds	Support is awarded irrevocably. The donor does not require that the remaining funds at the termination of the project be returned to the donor.	The sponsor requires the return of unspent funds if not used within the project timeline.

III. Determination and Recording:

University Advancement staff are encouraged to consult with the Office of Financial Services and the Office of Research and Graduate Education with questions about the determination and recording of a grant or a gift. In cases where a determination must be made whether the funds may be recorded as a gift, the Executive Vice President and Chief Advancement Officer or their designee will make such a determination after consultation with the Vice President of Financial Services and the Vice President of Research and Graduate Education.

OFFICE RESPONSIBLE FOR THE POLICY

Name of Office: University Advancement, Gift Administration

Contact for questions about this policy: DonorRelations@chapman.edu

WEBSITE ADDRESS FOR THIS POLICY

WHO APPROVED THIS POLICY

Senior Staff member submitting the policy:
Amy Rogan-Mehta, Senior Vice President of University Advancement

Date Approved:

[signature]

Daniele Struppa
President, Chapman University

PUBLICATION DATES

Effective:

RELATED MATERIALS

- [Gift Acceptance Policy](#)