



## Distinguishing Research Gifts versus Grants Frequently Asked Questions

This document is meant to serve as a job aid to provide guidance to determine if a fund is a research gift or a grant. For additional information see University Policy (OBFS Policies and Procedures, Section 11) as well as the following documents: Checklist and Table of Indicators.

### 1. What is a gift?

A gift is a voluntary contribution made to the University for which the provider (donor) receives no direct benefit and requires nothing in exchange beyond a general assurance that the intent of the contribution will be honored, which may include general instructions on how the contribution is to be used (for example, by indicating the area of knowledge in which the funds should be spent or by identifying the Principal Investigator responsible for the use of the funds), stewardship reports and acknowledgment in publications. These instructions are allowed so long as the provider (donor) receives no goods or services in exchange. The donor must clearly express an intent that the funds be treated as a gift (donative intent), but this factor alone is not sufficient to determine that the contribution is a gift. Gifts are not subject to overhead.

### 2. What is a grant?

A grant is the transfer of funds to the University from an external sponsor, which includes the government (federal, state or local levels) and private entities, both for-profit, non-profit and international. Unlike gifts, grants are usually subject to specific obligations regarding how the work should be performed and restrictions on how the funding can be used. Grants may be subject to other terms and conditions as well. Grants typically include a statement of work; a budget with detailed personnel and other administrative costs; reporting requirements; milestones; and other metrics for measuring performance. Grants are usually subject to overhead.

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3. What is a contract?

A contract is a procurement mechanism for purchasing a specific product or service, with very specific obligations for both the sponsor and the University. The parties make promises to deliver products or services in exchange for consideration (usually money). Contracts involving federal funds are regulated by the Federal Acquisition Regulations (FAR). Contracts are usually subject to overhead.

4. What is an unrestricted grant?

Grants usually include specific obligations about the work to be performed and restrictions about how funds can be used, and may include terms and conditions. Unrestricted grants typically are not subject to restrictions, terms, or conditions, or only very general ones. However, unrestricted grants are not considered gifts because the sponsor does not express a specific intent for the funds to be treated as a gift, or because some of its characteristics don't allow it to be considered a gift. For example, a contribution may be treated as an unrestricted grant rather than a gift if it is revocable or allows for the assessment of overhead. As in other situations, the recipient of the funds should review all characteristics of the contribution in order to determine if it should be considered a gift or a grant.

5. Does the label provided by the Sponsor/Donor matter?

The sponsor/donor labeling of the funding may show some indication of its intent in providing the funds, but the way the sponsor/donor labels its financial contribution does not exclusively or definitively determine if the funding should be treated as a gift or a grant. This determination should be made based on whether the various elements of the funding indicate that it is a gift or a grant. If the Principal Investigator or business office is unclear about the nature of the funding, they should contact SPA Pre-Award or UIF Gifts Administration (see the contacts below – question 9), either of which will consult the other, as well as other University offices, as appropriate, to make that determination.

6. Is a gift irrevocable?

Yes. Gifts or unused portions of gifts cannot be returned to the donor. However, a sponsor may require the return of any unused grant funds.

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7. Does the inclusion (or exclusion) of overhead determine if the funds received represent a gift or a grant?

Gifts never include overhead; grants and contracts usually include overhead, depending on the sponsor's published policy, which might limit or prohibit it. This means that if the funding coming into the University includes overhead it is not a gift. But if the funding does not include overhead, it could be a grant or a gift – in this situation the determination depends on the various elements of the funding and not only the presence or absence of overhead.

8. What are the main differences in the processing of gifts vs. grants?

There are a number of differences in how grants and gifts are processed. Most importantly, they are processed by two separate offices within the University, each with its respective policies and procedures. Grants are processed by Sponsored Programs Administration (SPA) while gifts are processed through the University of Illinois Foundation (UIF). As relates to grants, once a proposal is approved for funding, an award is issued, and SPA Pre Award reviews the terms and conditions of the award and negotiates out any unacceptable terms. Thereafter the agreement is signed and passed along to SPA Post Award for management which includes invoicing, financial reporting and closeout. Gifts are processed and receipted by the University of Illinois Foundation into a gift fund that matches the intent of the donor. Current use gifts are distributed to a complementary gift fund in Banner each week; Endowment income is distributed to a complementary gift fund in Banner each month.

9. Who should I contact if not sure if the funds received are a gift or a grant?

Sponsored Programs Administration (SPA), Pre-Award Section

(217) 333-2187

spapreaward@illinois.edu

sponsoredprograms.illinois.edu

University of Illinois Foundation (UIF), Gift Administration

(217) 333-0675

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giftadmin@uif.uillinois.edu  
uif.uillinois.edu

10. Am I required to keep the documentation that supports the determination of whether the funds should be treated as a gift or a grant? If yes, in which format and for how long?

There is no requirement to keep documentation, however it is highly recommended that the Department/Unit retain documentation especially in “close cases,” in any format and for at least the lifetime of the gift/grant. It may be helpful to send this documentation to the office that will process either the gift or the grant. All supporting documentation received with gifts is scanned, and is available on the record of the transaction (gift) in the donor system (TED). All relevant supporting documentation for the processing of grants is scanned and uploaded into SPA’s database and accessible through the myResearch Portal.

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