

## MTSU POLICIES AND PROCEDURES GIFT VS GRANT

The words “gift” and “grant” are sometimes used interchangeably by donors, grantors and faculty/staff. However, the nature of the transaction drives MTSU accounting procedures (not the words). These procedures reflect IRS regulations, Government Accounting Standards Board (GASB) standards, MTSU policies and other related internal and external requirements. The information below covers the vast majority of distinguishing characteristics of gift and grant transactions.

### GRANTS and CONTRACTS

If **any** of the following conditions are part of the transaction, then it is a grant and must be processed through the Office of Research Services.

- **Sponsor is the federal, state, or local government or an agency** that has been established simply as a flow-through of federal, state, or local government funds for accounting purposes.
- Proposal or award requires a signature from an authorized official binding the university to the terms and conditions of the proposed project.
- Sponsor has written policies requiring indirect cost recoveries. **Note:** the absence of a policy does not preclude the award from being a grant.
- Award contains provisions regarding ownership of intellectual properties, i.e. patents or copyrights and /or the sharing or royalties.
- Sponsor **requires the formal delivery of specific goods and/or services, or a commitment of institutional resources** by the University
- Sponsor retains the right to terminate the award at their discretion.
- Award requires testing or evaluation of proprietary product(s).
- Award requires a detailed technical report.
- Award payments are contingent upon programmatic or fiscal reporting (e.g., milestones and invoices).
- Award includes budget restrictions (e.g., prior approval for re-budgeting and restrictions on certain budget categories, equipment, or fringe benefits).
- Award includes a provision for audit by the sponsor.
- Award requires the return of any unspent funds to the sponsor.
- Award restricts or monitors publications or use of results.
- Award requires protection of proprietary or confidential information.
- Project requires institutional approval for the use of human and animal subjects and involves the use of human subjects, vertebrate animals, radioisotopes on humans, radioactive materials, recombinant DNA, human body substances, etiologic agents, or proprietary materials.

## GIFTS

Activities supported by a donor that are **generally not** considered grants and that can be processed as **gifts** through the Development Office may include the following characteristics:

- Award provides support for broadly defined activities, such as professorships, endowments, building projects, instructional programs, and unrestricted research. *The donor may restrict the use of funds to a specific program area or purpose.*
- Award contains only minimal requirements, generally relating to required donor pledges or payments and the University's commitment to effectuate the donor's intent.
- Award requires only minimal reporting to the sponsor donor in the form of a general statement of how funds were used. The unit or faculty member involved may provide the donor with a brief summary of the results of supported activities and/or a statement that expenditures were made in accord with the intent to the gift.
- **Award is irrevocable.** Unspent funds are retained by the institution to be used at its discretion, mindful of the donor's original intent.
- Funds may be returned or reallocated only in the event the University discontinues or chooses to abandon the supported activity.
- Awards that require the use of 501(c)(3) organization (MTSU Foundation) or that require a charitable gift receipt **must** go through the Development Office.
- Award requires no formal or specific deliverable.
- Funds are provided to the institution with true philanthropic intent.

## DETERMINATION

These policies will provide the context by which all external funds will be evaluated, processed and managed. However, situations may arise that do not clearly meet the above criteria or that may contain elements of both a charitable gift and a grant award. In those cases the Office of Research and Sponsored Programs and the Development Office will work together to assess the intent and obligation of the award and determine the correct processing actions. In some rare cases, awards may be considered both a gift and a sponsored award and will be processed accordingly. In those cases institutional records will reflect the dual nature of the award and this will be reflected in institutional reports and financial statements.