

**Tennessee Technological University**  
**Policy No. 538**



**Gift vs. Sponsored  
Grants and  
Contracts**

Effective Date: July 1, 2021

**Policy No:** 538

**Policy Name:** Gift vs. Sponsored Grants and Contracts

## **I. Purpose**

The purpose of this policy is to provide definitions and specific process steps for determining if an award is a gift or a sponsored grant or contract. Correctly classifying gifts and sponsored grants and contracts is important for several reasons. Not only does the distinction between gifts and sponsored grants and contracts determine which office handles the award, there are usually differences in how gifts and sponsored grants and contracts should be budgeted, and how and by whom the resulting funds should be monitored.

## **II. Review**

This policy will be reviewed every four years or whenever circumstances require review, whichever is earlier, by the Vice President for Planning and Finance, Vice President of Research and the Vice President for University Advancement, with recommendations for revision submitted to the Administrative Council and University Assembly.

## **III. Definitions**

- A. Gift.** A gift is a charitable contribution (donative intent) that is given to Tennessee Tech by a donor who expects nothing of value in return, other than recognition of the gift and its disposition in accordance with the donor's wishes. Generally, gifts are accepted by Tennessee Tech Foundation on behalf of Tennessee Tech.
- B. Sponsored Grants and Contracts.** Sponsored grants and contracts have a statement of work to be implemented in exchange for something of value, such as data, results, intellectual property, and/or a mandatory report.
- C. Donor/Sponsor/Funder.** A donor/sponsor/funder is any one or any entity, who provides funding to Tennessee Tech. This includes, but is not limited to, U.S. Government agencies at the federal, state, or local level; corporations; foundations; universities; non-profit entities; and individuals.

## **IV. Policy**

- A. Any funding provided by U. S. Government agencies at the federal, state, or local level in support of Tennessee Tech activities is treated as sponsored grant or contract funding. Government funds are not treated as gifts.
  
- B. In remaining cases where funding is not provided by the U.S. Government but by corporations, foundations, or others, the distinction between gifts and sponsored grants and contracts will be made based on the application, statement of work, and terms of the agreement. The intent of the Donor/Sponsor/Funder should be considered. It is important to note that terminology is often used in different ways by different parties. Some Donors/Sponsors/Funders might refer to what Tennessee Tech would consider a gift by the term “grant” and vice versa.
  
- C. A written agreement may or may not be entered into by Tennessee Tech and the Donor for a gift. When the gift is in the form of funding, it can either be used freely without restrictions, or it can be restricted to a specific field or purpose. In general, a gift has no deliverables to provide to the donor, a gift is irrevocable; and there is no formal fiscal accountability to the donor. This includes gift reporting that is not required beyond a general periodic progress report and report of expenditures. Gift reports, whether narrative or financial, are rather a result of good stewardship.
  
- D. A written agreement is entered into by Tennessee Tech and the Sponsor/Funder for a sponsored grant or contract. In general, a sponsored grant or contract has one or more of the following characteristics: restrictions on date use imposed by the sponsor; the right of the sponsor to audit the project, program or financial records; and a penalty for non-performance. Financial accountability for sponsored projects typically involves detailed line-item expense reporting, effort reports, etc., and the projects are often subject to financial audit.
  
- E. In certain situations, Donors/Sponsors/Funders have clear intent as to how they would like to classify an award to Tennessee Tech. In these cases, the terms of the agreement may have to be adjusted in consultation with the Donors/Sponsors/Funders to clearly document the intent and avoid unintended classification.
  
- F. The distinction between gift and sponsored grant or contract can be difficult to determine. When an individual is in doubt about the proper classification and handling of an award to Tennessee Tech, the Office of Research and Economic Development, the Office of Planning & Finance, and University Advancement will confer and resolve the question.

- G. A gift must follow TTU Policy 536 (Solicitation and Acceptance of Gifts). A sponsored grant and contract must follow TTU Policy 516 (Grants, Contracts, and Cooperative Agreements) as well as Tennessee Tech Research policies and all applicable procedures.

## V. Interpretation

The Vice President for Planning and Finance or his/her designee has the final authority to interpret the terms of this policy.

## VI. Citation of Authority

T.C.A. § 49-8-203(a)(1)(C)

GASB Statement 33

IRS Regulations 501(c)3

IRS Publication 526-Charitable Contributions

IRS Publication 1771-Charitable Contributions Substantiation & Disclosure Requirements

IRS Publication 535-Business Expenses

### Approved by:

Administrative Council: April 7, 2021

University Assembly: April 21, 2021