

Determination of Gift vs Grant



I. Policy Statement

The distinction between gifts and grants provides clarity for employees, stakeholders, and potential funders regarding the classification and management of financial contributions. Correct classification and processing of all external funds -- gifts, grants, and contracts -- is essential for positive relationships with external funders, to avoid delays, and for proper fiscal and fiduciary management at UMass Boston. This policy is intended for internal guidance and is applicable to all programs and initiatives supported by these funds.

II. Policy

All financial contributions must be classified as either grants or gifts prior to the establishment of an award. This classification will determine the management, reporting, and compliance obligations of the organization. The correct administration of funds from an extramural source is based upon the terms and conditions that are specified in the funding document, not by the classification indicated by the sponsor/donor.

III. Procedure

The factors below indicate that the funding is a **grant** (sponsored project) and the award to UMass Boston is not a gift. ORSP is responsible for the negotiation and execution of the agreement, the creation of an account used to separately maintain auditable records, providing oversight for compliance with terms and conditions and to facilitate communications with the sponsor as needed.

1. The funding is from a federal, state, municipal, or foreign governmental agency, or from an entity that provides a subcontract containing the so-called "flow down" of federal, state, municipal, or foreign governmental agency award provisions.
2. The funder specifies a desire to gain direct economic benefit or other tangible benefits resulting from the university's activities to be conducted under the award.
 - The award document stipulates the ownership or disposition of tangible or intangible property resulting from the university's activities, including records, data rights, licensing arrangements for patents or copyrights, research-related materials, inventions, and other intellectual property.
 - The award document places restrictions on the publication of data from activities supported by the agreement, including outright restriction of publication or the requirement for prior review or approval by the sponsor.
3. The award document does not allow immediate spending, but rather establishes a particular milestone date or activity that must be attained prior to incurring expenses.
4. The award document stipulates the method of payment as cost

reimbursable.

5. The award document stipulates a cost-sharing commitment for the university's resources (e.g., personnel, facilities, and equipment).
6. The award document specifies adherence to a line-item budget with specific limitations, including prior sponsor approval for such things as pre-award costs incurred by the university or the transfer of funds from one budget category to another and from one budget period to another.
7. The award document requires an authorized institutional signature stipulating research compliance certification (e.g., human subjects, laboratory safety, conflict of interest, level of effort).
8. The pre-approval of a detailed project plan by the sponsor (e.g. choice of student receiving scholarship or faculty receiving professorship)

The factors below indicate that the funding is a **gift** to UMass Boston and is not a grant. University Advancement is responsible for the negotiation and execution of the agreement, the creation of an account used to separately maintain auditable records, providing oversight for compliance with terms and conditions and to facilitate communications with the sponsor as needed.

1. The donor voluntarily transfers funds or other assets to the university with the intent of treating the transfer as a charitable contribution for income tax purposes as reflected by the absence of deliverables (i.e., a quid pro quo).
2. The donor transfers funds or other assets to the university to support a broadly defined set of activities (e.g., fund a scholarship, fellowship, professorship or scholarly activities of a particular faculty member), a specific program (e.g., in a college, department, center/institute), or purpose (e.g., naming a building). Any conditions or stipulations placed on the intended use of the award by the donor are reasonable and serve to direct the award to an area of interest to the donor.
3. The donor makes the funding without any expectation of direct economic benefit or other tangible benefits, although business or personal goodwill and miscellaneous benefits may be derived from the donor's close association with the university. The donor makes no claim on patents, copyrights, or other intellectual property rights that may result from the activities supported by the award, and the award does not restrict or stipulate delays or advance notice or prior donor approval of the publication or dissemination of information derived from activities supported by the award.
4. The donor does not participate in determining how the funding is administered (e.g. selecting scholarship recipients.)

Situations may arise where the indicators cannot readily determine the proper classification as a grant or a gift. In this case, the documentation should be forwarded to the Vice Chancellor for University Advancement and the Director of ORSP for consideration. If a determination still cannot be made, Administration & Finance, via the Controller, will make the final determination.

IV. Related Documents

[Research & Sponsored Programs - UMass Boston \(umb.edu\)](#)

[Give - UMass Boston \(umb.edu\)](#)

[Tax Status Memo](#)

V. Acronyms and Definitions

Award: Umbrella term for all funding, including grants, gifts, and contracts.

Funder: Entity providing funding to UMB.

Grant: A grant is a financial award provided to an organization or individual for a specific purpose or project. Grants are typically governed by contractual agreements outlining the objectives, deliverables, reporting requirements, and performance metrics. They often involve a competitive application process and may require the recipient to adhere to specific regulations or standards.

Sponsored Project: PeopleSoft category for grants. Used interchangeably with Grant.

Gift: A gift is a voluntary transfer of funds or property without expectation of direct return or benefit to the donor. Gifts may be used at the discretion of the recipient organization or designated to an area of interest to the donor. There are no formal agreements beyond acknowledgment and appreciation. Donors may express preferences for how their contributions are utilized.

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