

**Gift v. Grant Determination Guidelines**  
**University of San Francisco**  
**July 1, 2016**

This document establishes the standards for determining whether resources received by the University should be treated as gifts or grants. Although there are clear factors that distinguish gifts and grants, some judgment may be required in the classification of certain transactions. This determination is crucial, however, in order to ensure that gifts and grants are correctly recorded by the Office of Accounting and Business Services (ABS) for accounting, reporting, audit, and tax purposes.

**Definitions**

**Gift** - A voluntary transfer of money, property, or a property interest from one individual to another, made gratuitously to the recipient. Such transfers are characterized by donative intent, i.e., the individual who makes the gift receives nothing in return, with the exception of tax benefits. If the donor receives any return benefits, they must be less than the fair market value of the gift. Gifts may be unrestricted or restricted. If restricted, the restrictions must be consistent with the mission and values of the University.

**Grant** – An agreement formalizing the transfer of money or property in exchange for specific services such as research, training, outreach, development, and program-delivery services. Grants normally require specific deliverables, documentation of itemized expenditures, detailed status reports, and audit verification. In general, any award received from a Federal, state, or local governmental entity will be treated as a grant (or contract) and not a gift.

**Administration**

Funds received by the University are assigned an appropriate fund number by ABS, depending on the classification of an award as a gift or grant. Awards treated as gifts are administered by the Office of Development in accordance with the Internal Revenue Code, applicable Treasury Regulations, and requirements prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Grants are administered by the Office of Contracts and Grants (OCG) in compliance with the Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards published by the Office of Management and Budget.

Questions regarding the correct classification of an award may be referred to:

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## Classification Factors/Characteristics

The following table summarizes the factors that should be considered in determining whether a proposed transaction should be treated as a gift or grant. Not all of the factors have to be met for an award to be classified as a gift or grant. However, if any of the grant factors are present, it is likely that a discussion is needed between Development, OCG, and ABS to determine the appropriate classification.

Factor/Characteristic	Gift	Grant
Description	Represents a contribution, a transfer of cash or property which is voluntary and not reciprocal.	Represents an exchange transaction in which each party receives something of commensurate value.
Terms and Conditions	Virtually no terms or conditions. Gifts may be restricted but restrictions must be consistent with the University's mission and values.	Numerous terms and conditions stipulated in agreement, including allowable costs, use of human subjects, patent rights, publication of results, audit, etc.
Deliverables	No specific scope of work with milestones and deliverables.	Specific expectations and goals documenting progress of work.
Period of Performance	Typically, no time period for use of funds.	Specific period of performance set forth in agreement, which may be terminated at the discretion of sponsor.
Reporting	Limited to how, when, and to whom funds were disbursed and statement of earnings. Tax reporting may be required for certain noncash contributions.	Regular financial and technical status reports documenting spending and program results. Closeout procedures must be completed when grant ends.
Fund Treatment	Contributions may be comingled in one fund for same purpose.	Funds must be separately budgeted and accounted for.
Excess Funds	No expectation that any funds would be returned.	Grantee may be required to return unexpended funds and certain equipment to sponsor.
Penalties for Non-Performance	No penalties for not using funds.	Penalties may exist for failing to expend funds or meet milestones. In addition, grantees can be disbarred or suspended from receiving future funds (e.g., for scientific misconduct).
F&A (Facilities and Administrative) Cost Rates	N/A	Grant funds are typically subject to the University's federally-approved F&A cost rate.