

DEFINITIONS

Grant, Contract and Cooperative Agreements

A grant or contract or cooperative agreement is a written agreement representing the voluntary transfer of money or other assets by the sponsor in exchange for research or creative activities, instruction or services. The agreement may include proprietary rights to and provisions of work derived from this performance, and usually including some formal financial and/or technical reporting by the recipient as to the actual use of the money or assets involved. The agreement is enforceable by law, and performance is usually to be accomplished under time and other constraints, with the transfer of support revocable for cause.

In cases where a donor/sponsor uses the terms gift and grant interchangeably, the definitions and procedures in this document will apply. For the purpose of this policy, grants that are gifts can be distinguished from grants that are grants/contracts by examining the nature and purpose of the award.

The funds would appear to be a grant if ANY of the following conditions exist:

- Some or all of the following terms or their equivalents are used in the agreement, request for proposals/applications, program announcement, or other relevant official or discoverable documents: contracts, cost sharing, line item budget restrictions, overhead negotiations, prior approval required on spending, return of unused funds to sponsor, intellectual property, or period of performance.
- Sponsor is entitled to receive some consideration, such as a detailed technical report, test results or merchandise.
- Limitations exist on the use of project data, or details relating to patents or copyrights are involved.

The above definitions apply to Grants, Cooperative Agreements and Contracts associated with Sponsored Activity.

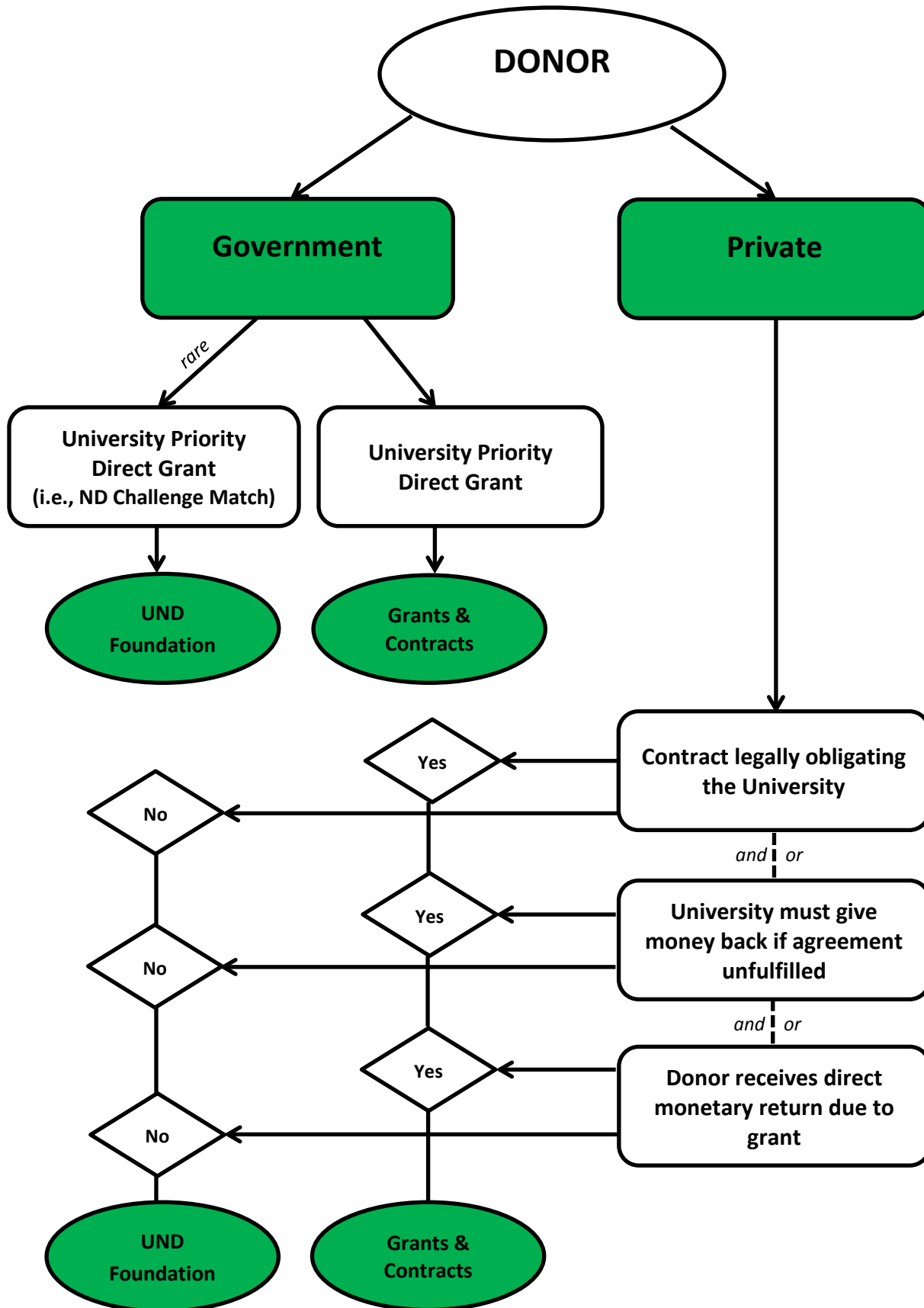
GIFTS

A gift, on the other hand, is defined as a contribution with no reciprocal benefit to the donor. In general, the following characteristics describe a gift.

- a. No contractual requirements are imposed. However the gift may be for a stated purpose, with the use of the funds restricted to that purpose.
- b. The gift is irrevocable, with no specified "period of performance." Pledges are typically irrevocable.
- c. There is no formal fiscal accountability beyond periodic progress reports and reports of expenditures. These reports may be thought of as a requirement of good **stewardship**, rather than as a contractual obligation.

GIFT vs. GRANT: Factors to Consider

FACTOR TO CONSIDER	GIFT	GRANT
Source	<ul style="list-style-type: none"> •☑Individuals •☑Non Profit Organizations •☑Corporations •☑Corporate Foundations •☑Other Organizations such as Donor Advised Funds •☑Family or individual foundations are generally treated as individuals 	<ul style="list-style-type: none"> •☑Government Agencies •☑Non-Profit Organizations •☑Corporate Foundations
Purpose	The donor may specify an area of interest or a goal to be funded by with their gift.	The sponsor specifies how the funds should be used, as outlined in supporting documentation (award letter or grant agreement)
Value Exchange	No implicit or explicit value is exchanged other than recognition	No implicit or explicit value is exchanged other than recognition and/or reporting
Reporting	The institution has little or no obligation to report to the donor on how the gift is used or invested. The institution is not prevented from providing such reports, but rather uses the opportunity for donor stewardship. Required reporting is limited to details of how, when and to whom funds were disbursed as well as statements of earning when applicable.	The sponsor requires performance of specific duties, such as research, financial, budget, reports, progress reports and return of unused funds.
Proposal Process	Initiated by donors, advancement staff or faculty members.	Initiated by sponsored, advancement Corporate and Foundation Relations (CFR) staff or faculty members working together with the Research Development Compliance Office (RDC) and CFR
Document	Letter of Donation/Gift Agreement	Award letter and/or Grant Agreement
Deadline/Terms	Typically no time period is associated with the use of funds.	Requires a specific time period for conducting projects.
Excess Funds	N/A	May be required to be returned to the sponsor.
Penalty for non-performance	No penalties for failing to use the funds	Penalties may exist for failing to use the funds or not to deliver the items on a timely basis.
F&A (Facilities and Administrative) Cost Rates	None	UND negotiated F&A cost rate is charged
Development Fees	<ul style="list-style-type: none"> •10% Gifts (up to \$2 Million) •5% Gifts (\$2 Million and above) 	None



Checklist for Determining Whether Funding is a Gift or a Grant/Contract

Funding Source:				
1	Is the funding provided by any Government entity or agencies? Comments:	If YES, STOP, this is a Grant.		
IF THE ANSWER TO THE QUESTION ABOVE WAS NO, RESPOND TO THE QUESTIONS BELOW		YES	NO	UNCERTAIN
2	Is this contract legally obligating the University? Comments:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Is the University required to give the money back if agreement is not fulfilled? Comments:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Does the donor receive direct monetary return due to the grant? Comments:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- Gift:** if answers to questions 2-4 are “No”, this indicates the funding is a gift.
- Grants & Contracts:** If most of the responses to questions 2-4 are “yes”, this indicates that the funding is for a grant or projects.
- Uncertain:** If most of the responses to questions 2-4 are uncertain, please consult with VP of Research or UND Foundation.