IS IT A GIFT, GRANT, OR CONTRACT?

Introduction
The private gifts and grants the Office of Development develops and accepts for the University is different than dollars that flow through the University’s Office of Sponsored Programs. The Office of Development does not negotiate research grants and contracts; it accepts gifts which may require reporting, but not receivables. All gift checks should be made payable to UAH Foundation. The UAH Foundation only accepts gifts, it does not accept non-gift funds generated by University-sponsored, revenue-producing activities, including fee for service or use of University facilities, revenues from ticket sales, registration fees or funds generated by the sale of research by-products or payment of contracts or services provided by the faculty or staff in their roles as University employees.

Sponsored projects fall within several general functional categories. Examples of those categories are: research, training, clinical trials, public service, fellowships, and equipment and travel awards. In general, sponsors of those activities include agencies of the Federal government, state, and local government, foundations, international organizations, research institutes, professional societies, and corporations. These organizations fund sponsored projects through a variety of mechanisms such as contracts, grants, letter agreements, purchase orders, and/or cooperative agreements. The Office of Sponsored Programs (OSP) is solely responsible for the proposing, negotiation, acceptance, and establishing of accounts for all sponsored research grants and contracts issued to the University.

Sponsors Expectations
The sponsor has a right to expect that the University will use the grant/contract funds only for authorized sponsored project purposes and only in accordance with the terms and conditions of the award.

Furthermore, the right of a sponsoring agency to oversee the expenditures of funds by the University to ensure that the money is used for authorized purposes, and the University correspondence duty to account to the sponsoring agency for its use of the funds are implicit in the sponsor relationship and are not dependent upon specific language in the authorizing legislation.
Note: A Grant is a Contract, but a Contract is not a Grant!

What are the Differences?

A. Mission of and Benefit to Funding Agency
   - **Gift**: Funds are in support of items that are directly related to the recipient’s mission, while only indirectly related to the funding agency’s business.
   - **Grant/Contract**: Funds are in support of items that are directly related to the funding agency’s business activities, and may or may not be directly related to the University’s mission.

B. Value Exchange
   - **Gift**: Funder receives little or no value in exchange for the funding provided.
   - **Grant/Contract**: Item provided are of particular value to the funder, and the funder is entitled to receive value (i.e., IP, publication rights, data, etc.)

C. Scope of Work
   - **Gift**: Funder expresses the goal of an activity rather than the “how to’s.”
   - **Grant/Contract**: Funder determines the “how to’s,” such as a protocol for testing or specific method of program delivery.

D. Penalty for Non-Performance
   - **Gift**: The only penalty for failing to deliver items on a timely basis is returning unspent funds; there is no penalty for failing to use all the funds.
   - **Grant/Contract**: (e.g. punitive damages) may exist for failing to deliver items on a timely basis. Funder may include audit and compliance terms.

E. Publication and Data Review
   - **Gift**: Funder places little or no restriction on review of items before they are made available.
   - **Grant/Contract**: Funder may place restrictions on how the items are reviewed before being made available to a wider audience.

F. Cost Determination
   - **Gift**: Proceeds are used to support in whole or in part a particular item or service.
   - **Grant/Contract**: Proceeds are the cost of providing the item plus facilities and administrative (F&A) cost.

Note: There are certain exceptional awards which may be counted by both the Office of Sponsored Programs and the Office of Development.
**What Characterizes a Gift?**
- Given in the spirit of “Disinterested Generosity” (IRS Term).
- Gift is eligible for federal income tax deductions.
- No deliverable, but possible contractual obligations.
- No intellectual property rights.
- Typical gifts are irrevocable, but revocable “gifts” are sometimes booked.
- Reporting may be required, but not typically the detail required of grant reporting.
- May be given in response to a solicitation to support a specifically defined research project.

**What Characterizes a Contract or Grant?**
- Specified performance period;
- Generally have to return unobligated balance;
- Specific scope of work;
- Required financial reports;
- Detailed technical/progress report or other work product;
- The right to audit;
- Other contractual obligations (e.g. patent rights)

**Grants and Contracts**

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<tr>
<th>Requirement</th>
<th>Grant</th>
<th>Contract</th>
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<tr>
<td>Require a detail budget be followed, with any deviations requiring sponsor approval</td>
<td>X</td>
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<td>Require financial and/or programmatic reporting</td>
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<td>X</td>
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<td>Define a period of performance during which the funds can be used</td>
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<td>Impose restrictions with respect to allowable cost, patents, rights in data, etc.</td>
<td>X</td>
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<td>Award requires UAH’s involvement in the testing or evaluation of proprietary products/data</td>
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<td>Require an audit of the award expenditures</td>
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<td>Requires that the work performed is directed by a specific Scope of Work (SOW)</td>
<td>X</td>
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<td>Title to equipment purchased vest with UAH</td>
<td>X</td>
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<td>*Allow UAH to re-budget without prior approval</td>
<td>X</td>
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<td>Allow UAH to grant no cost extensions (up to 12 months)</td>
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Grants: Are those received in accordance with the terms of approved grant proposals for specific programs and projects. Commitments of University's resources or services are made as a condition of the grant, and an accounting of the use of the funds is required by the grantor.

Contract: Restricted payments received by the University from various sponsors, made in accordance with the terms of contracts entered into by the University to conduct specific programs. Payments made pursuant to contracts are not gifts.
Governing Regulations:

Grants:
- Conducted under OMB Circulars A-21 Cost Principles for Educational Institutions,
- A-122 Cost Principles for Non-Profits, and
- A-110 Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations

Contracts: Conducted under the Federal Acquisition Regulations (FAR)

If still unsure, contact Bob Lyon, VP for Advancement (6501) at Robert.lyon@uah.edu; or Gloria Greene, Director, Office of Sponsored Programs (2657) at greeneg@uah.edu.

Gift: An irrevocable charitable contribution to the Foundation for the benefit of the University of Alabama in Huntsville, which is intended as a donation, bestowed voluntarily and without expectation of tangible compensation. Gifts usually take the form of cash, checks, securities, real property, or personal property and may be current or deferred.

Forms/Instructions
All forms and instructions related to cost sharing is located on the Office of Sponsored Programs website under the link “Research Forms and Documents.”

Related Information
NSB-09-20, Investing in the Future: NSF Cost Sharing Policies for a Robust Federal Research Enterprise

OMB Circular A-110 (Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations)

OMB Circular A-21 (Cost Principles for Educational Institutions)

UAH Effort Certification Policy

Office of Sponsored Programs – Cost Share

Dates
Original Policy Date: 1997
1st Updated: August 2013
Current Policy: January 2014