

PI Article – Grants vs. Gifts

When funds come into the institution from external sources, it is very important to categorize them correctly. The operational, fiscal, and compliance requirements are very different depending on the categorization of the funds. Of particular importance is the distinction between grants and gifts.

Grants are established when funds are awarded to the University by external sources in support of research, instruction, training, or services under an agreement that incorporates any one of the following:

- The award instrument is an agreement that binds the University to a set of terms and conditions and requires endorsement.
- The agreement obligates the investigator to a line of scholarly or scientific inquiry that typically follows a plan, provides for orderly testing or evaluation, or seeks to meet stated performance goals.
- The agreement establishes an understanding of how funds will be used or includes a line budget that identifies expenses by activity, function, or project period.
- The agreement requires fiscal accountability as evidenced by the submission of financial reports to the sponsor, an audit provision, or the return of unexpended funds at the conclusion of the project.
- The agreement creates an obligation to report the project's results or dispose of tangible or intangible properties resulting from the project. Examples of tangible properties include equipment, records, technical reports, theses, or dissertations. Intangible properties include rights in data, copyrights, or inventions.
- The agreements seek considerations such as indemnification or impose other terms that require legal accountability. NOTE: Investigators who expect to solicit funding from sponsors should consult with our Office of Sponsored Programs (OSP) especially when non-standard agreements, such as those offered by industrial firms, are anticipated.

Gifts represent contributions made for which the provider receives no direct benefit and require nothing in exchange beyond a general assurance that the intent of the contribution be honored. Contributions which are considered "Gifts" should be made to Georgia Tech Foundation, Inc. Key indicators of whether incoming funds should be categorized as a gift include:

- No contractual requirements are imposed.
- The award is irrevocable.
- No period of performance is specified.
- No formal financial reporting to donors is required.
- No requirement to return unexpended funds.
- Funds are donative in nature and bestowed voluntarily without expectation.

Research gifts represent corporate and foundation monetary gifts that are specifically designated for the support of research in a designated subject matter area and are issued to a specific faculty member, lab, or center. More information can be found here: [Research Gifts at Georgia Tech | Research](#).

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