

WORCESTER POLYTECHNIC INSTITUTE

Guidelines for Classifying Gifts, Grants, and Contracts

Purpose

Accurate classification and processing of external funds (gifts, grants, and various types of contracts) are important parts of WPI's fiscal and fiduciary responsibilities in its role as a steward of public assets. Gifts, grants, and contracts are made to the University in a variety of forms, reflecting the diversity of sponsors as well as their purposes. The language used by a donor or sponsor in providing support is generally the source for making a distinction between a gift, grant, and contract; however, sometimes the wording of the governing document is not clear.

These guidelines are designed to clarify the distinctions among Gifts, Grants, and Contracts from private sources.

Definitions

Gifts and Charitable Grants are Financial Assistance donated or otherwise made to support the operations or other activities undertaken by the University where the donor/grantor may direct the general purpose of the funds but the actual expenditure of funds is not controlled by the donor/grantor and where there is no Quid Pro Quo. In other words, the intent of the donor is philanthropic.

- A **Gift** is a Charitable Contribution from an individual, a for-profit organization, or a non-profit organization. To qualify as a Gift, the Financial Assistance must be clearly identified as a Gift or Donation. Gifts can be targeted to a specific area (e.g., Ceramic Science), but there can be no obligation to submit detailed technical or financial reports beyond a Stewardship Report, nor can there be any contractual terms and conditions. The University will assess 0% F&A on Gifts. Donors frequently use the terms "gift" and "grant" interchangeably to describe the donation of funds; however, the terminology used by the donor or sponsor should not determine the University's categorization of the funds.
- A **Charitable Grant** is a Charitable Contribution from an individual, a for-profit organization, or a non-profit organization that may specify limited terms and conditions. For example, if the terms and conditions serve to direct the gift to areas of a particular purpose, such as scholarships, programs, infrastructure, or general research support of interest to the donor, the grant may be classified as a charitable grant. Some indications that the award is not a charitable grant and should be classified as a restricted grant or sponsored research include: studies are to be conducted on substances/products/processes, etc., in which the grantor has a financial interest; the grantor hopes to gain economic benefits as a result of the activity to be conducted; the grantor expects to receive a technical report; or the grantor participates in determining the work to be performed or services to be provided on the project. Establishing the donor's intent will usually answer the question as to the proper classification.

Restricted Grants and Contracts are contractually binding arrangements which establish a Quid Pro Quo relationship or where the grantor controls the expenditure of the funds.

- A **Restricted Grant** is a form of Financial Assistance provided by a for-profit organization or a non-profit organization where the sponsor expects detailed technical reports. In addition to the detailed technical report, the agreement underlying the Restricted Grant may contain other specific terms and conditions, including financial reporting requirements. Restricted Grants are normally assessed full F&A, unless exceptions apply.

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- A **Contract** is a form of Procurement provided by a for-profit organization or a non-profit organization. Contracts can come in many forms (e.g., Sponsored Research Agreements, Service Agreements, Purchase Orders). Contracts supported with federal flow-through funds are assessed full F&A, unless federal funding restrictions apply. Restricted Grants are normally assessed full F&A

Category	GIFT (Individual, Corporate, Foundational)	CHARITABLE GRANT	RESTRICTED GRANT	CONTRACT
Intellectual Property Terms	None (WPI owns)	None (WPI Owns)	WPI Owns with License Option to Sponsor	WPI may assign ownership of IP to sponsor with concurrence of all project personnel
Publication Terms	None (WPI retains full publication rights). Donor may request acknowledgment of support.	None (WPI retains full publication rights). Donor may request acknowledgment of support and advance copies of publications.	WPI retains full publication rights. Sponsor may request acknowledgment of support and advance copies of publications.	WPI retains full publication rights. Sponsor may request acknowledgment of support and advance copies of publications.
Scope of Work	None	Defined by PI in proposal	Defined by PI in proposal	Detailed scope of work defined by the PI and/or the sponsor
Maximum Deliverable	Acknowledgment and Stewardship Report	Formal report to sponsor	Detailed technical report	Detailed technical report and other deliverables (e.g., software, manuals)
Typical Payment Mechanism	Advance payment or payment schedule	Advance payment or payment schedule	Cost-based invoicing or fixed payment schedule	Cost-based invoicing or fixed payment schedule
Documentation	Letter from Donor identifying funding as gift or charitable contribution	Grant agreement stipulating payment, and other terms and conditions	Grant agreement stipulating payment, reporting, and other terms and conditions	Formal contract stipulating payment, reporting, IP rights, confidentiality, and liability terms
Funding Restriction	None	None	None	None
F&A	None	Full F&A unless restricted by sponsor	Full F&A	Full F&A
WPI Contact Office	FCP	FCP & OSP & SPA	OSP & SPA	OSP & SPA

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