



Effective Date: July 1, 2021



- A.** Any funding provided by U. S. Government agencies at the federal, state, or local level in support of Tennessee Tech activities is treated as sponsored grant or contract funding. Government funds are not treated as gifts.
- B.** In remaining cases where funding is not provided by the U.S. Government but by corporations, foundations, or others, the distinction between gifts and sponsored grants and contracts will be made based on the application, statement of work, and terms of the agreement. The intent of the Donor/Sponsor/Funder should be considered. It is important to note that terminology is often used in different ways by different parties. Some Donors/Sponsors/Funders might refer to what  
vice versa.
- C.** A written agreement may or may not be entered into by Tennessee Tech and the Donor for a gift. When the gift is in the form of funding, it can either be used freely without restrictions, or it can be restricted to a specific field or purpose. In general, a gift has no deliverables to provide to the donor, a gift is irrevocable; and there is no formal fiscal accountability to the donor. This includes gift reporting that is not required beyond a general periodic progress report and report of expenditures. Gift reports, whether narrative or financial, are rather a result of good stewardship.
- D.** A written agreement is entered into by Tennessee Tech and the Sponsor/Funder for a sponsored grant or contract. In general, a sponsored grant or contract has one or more of the following characteristics: restrictions on date use imposed by the sponsor; the right of the sponsor to audit the project, program or financial records; and a penalty for non-performance. Financial accountability for sponsored projects typically involves detailed line-item expense reporting, effort reports, etc., and the projects are often subject to financial audit.
- E.** In certain situations, Donors/Sponsors/Funders have clear intent as to how they would like to classify an award to Tennessee Tech. In these cases, the terms of the agreement may have to be adjusted in consultation with the Donors/Sponsors/Funders to clearly document the intent and avoid unintended classification.
- F.** The distinction between gift and sponsored grant or , 28h.1( )-34287.87.8 (g TD-.0029(t)-3a)6.8(d

- G.** A gift must follow TTU Policy 536 (Solicitation and Acceptance of Gifts). A sponsored grant and contract must follow TTU Policy 516 (Grants, Contracts, and Cooperative Agreements) as well as Tennessee Tech Research policies and all applicable procedures.

## **V. Interpretation**

The Vice President for Planning and Finance or his/her designee has the final authority to interpret the terms of this policy.

## **VI. Citation of Authority**

T.C.A. § 49-8-203(a)(1)(C)

GASB Statement 33

IRS Regulations 501(c)3

IRS Publication 526-Charitable Contributions

IRS Publication 1771-Charitable Contributions Substantiation & Disclosure Requirements

IRS Publication 535-Business Expenses

### **Approved by:**

Administrative Council: April 7, 2021

University Assembly: April 21, 2021