

## Grant, Contract, or Gift?

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It is the goal of the Office of Development and Office of Sponsored Projects to effectively classify and administer funding from external sources. Complying with sponsor's terms and conditions is the ultimate goal when deciding upon how to classify and process external funding.

The definitions below are meant to give a general perspective as to what defines a grant, contract, or gift. However, it is important that, ultimately, Development and OSP staff be consulted to make the final determination.

1. **Grant** - a legally binding agreement by a corporation, foundation, or government to provide financial support for a specific program, project, or activity. A grant is awarded by an organization to further its mission and objectives. A grant requires a recipient to use its best efforts. Grants are awarded as a form of encouragement, without requiring specific results, sponsor control, or direction. On acceptance of a grant, the Smithsonian and the sponsor are legally obligated to comply with its terms. *(Note: grants require invoicing, financial reports and/or the return of any unspent funds)*

2. **Sponsored Project Contract** - consist of an agreement by a corporation, foundation, government, or other entity, to provide financial support for a specific program, project, or activity. In return, the Smithsonian agrees to provide project results to the sponsor. A sponsored-project contract is not donative in nature, but is a mutually beneficial arrangement by which the sponsor supports a project with the expectation of benefiting from its results. Most often, results are in the form of a research report or copies of publications. In some cases, results are tangible items produced as a consequence of research. *(Note: sponsored project contracts often require invoicing based on deliverables, financial reports and/or the return of any unspent funds)*

3. **Gift** - a donation of materials, services, facilities, property, cash, or cash-convertible assets from individuals, corporations, foundations, and other entities. A gift is given without the expectation of any return to the donor, other than normally appropriate acknowledgment and recognition. *(Note: gifts normally do not require financial reports and/or the return of any unspent funds)*

Please reference Smithsonian Directive 318, "Externally Funded Grants and Sponsored-Project Contracts," for these definitions, and, for more information, contact OSP at:

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