**EXPLANATION OF GRANTS AND CONTRACTS**

**Grant**

· **Purpose:**

To transfer:

• Money

•Property

•Services

· Or anything of value... to recipient in order to accomplish a public purpose

**· Involvement:**

• No substantial involvement is anticipated between government and recipient during the performance of activity.

**Cooperative Agreement**

**· Purpose:**

To transfer funds to recipient to accomplish a public purpose.

**· Involvement:**

• Substantial amounts anticipated between government and recipient during performance of activity.

**CONTRACT**

**Purpose:**

To acquire property or services for direct benefit or use of the federal government.

**· Involvement:**

• Government determines that procurement contract is appropriate. Based on this, the involvement is usually substantial.

**GIFTS AND ENDOWMENTS**

* Both gifts and endowments can be made for a specific purpose.
* The University makes no commitment of resources or services in return for these gifts other than a promise to use the gift as the donor wishes.
* **GIFT**
  + A gift is a voluntary transfer of cash, securities or property from a donor to the University.
  + Gifts are accounted for in "6" ledgers and can be either in the form of restricted or unrestricted.
* **ENDOWMENT** 
  + An endowment is a "permanent fund of property or money bestowed upon an institution or a person, the income of which is used to serve the specific purpose for which it was intended."
  + Endowments are accounted for in "4" ledgers and can be in the form of a "true" endowment which is set up in a permanently restricted fund or in the form of a “term” endowment which is set up in a temporarily restricted fund.
* For more detailed information on what constitutes gifts and endowments, click [HERE](http://www.finance.upenn.edu/forms/Gifts_Endowments.ppt) to view a PowerPoint presentation.
* To visit Central Gifts Administration in the Treasurer's Office for further documentation and the accounting management of gifts and endowments, click [HERE](http://www.finance.upenn.edu/treasurer/centralgifts/).