

## What's the Difference Between a Gift and a Grant?

- If it comes from the government, it's a grant.
- If it comes from an individual, it's usually a gift.
- If it comes from a foundation or corporation, it could be a gift or a grant.
- Grants have more specific terms, which are laid out in contractual agreements.

Both gifts and grants from donors to 501(c)(3) nonprofits are tax-deductible charitable contributions. The difference between them largely comes down to: Who is the money coming from, and what are the terms?

The government makes grants. Individuals usually make gifts. Foundations or corporations can make either one, though foundations mostly make grants.

A gift is given to the nonprofit with no (or few) strings attached. A donor may make a gift for a specific project or program, and may get their name on a building as thanks for their gift, but beyond that, they don't really have a lot of involvement in what happens to the money after it's been given to the organization. A charitable gift cannot be revoked after it's been given. For all of these reasons, but especially due to their flexibility, gifts are highly prized in the nonprofit world.

A grant, on the other hand, is given under the terms of a grant agreement, or contract, which specifies how funds can be used, on what timeline, and things like expected outcomes. Grants are usually awarded based on a proposal or application, and recipients are typically required to provide narrative and financial [reports](#) on how the grant was spent.

In short, if there are detailed terms and conditions for how the funds are to be spent, it's a grant. If, beyond some general agreement about the purpose of the funding (whether it benefits the organization as a whole or one of its programs), the nonprofit can spend the money as it sees fit without mandatory reporting back to the donor, it's a gift.



**You may also want to check out:**

- GOS vs project support
- What is general operating support?
- What is program (or project) support?
- What is capacity-building support?
- What is multi-year funding?
- What are in-kind contributions?

