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Got Grants? Are You Tracking Them Properly?

Presented by:
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January 9, 2025

... Overview

Grants

Understanding contracts

- Know your grant terms
- Revenue recognition
 - Various types of grants

Record Keeping

Best Practices

- Tracking funding sources
- Tracking programs

... Understanding Grant Contracts

"Why should I read my contracts?! They're long, boring, and confusing! I don't have time for that!"

- Every accountant everywhere before this presentation



... Why It's Important



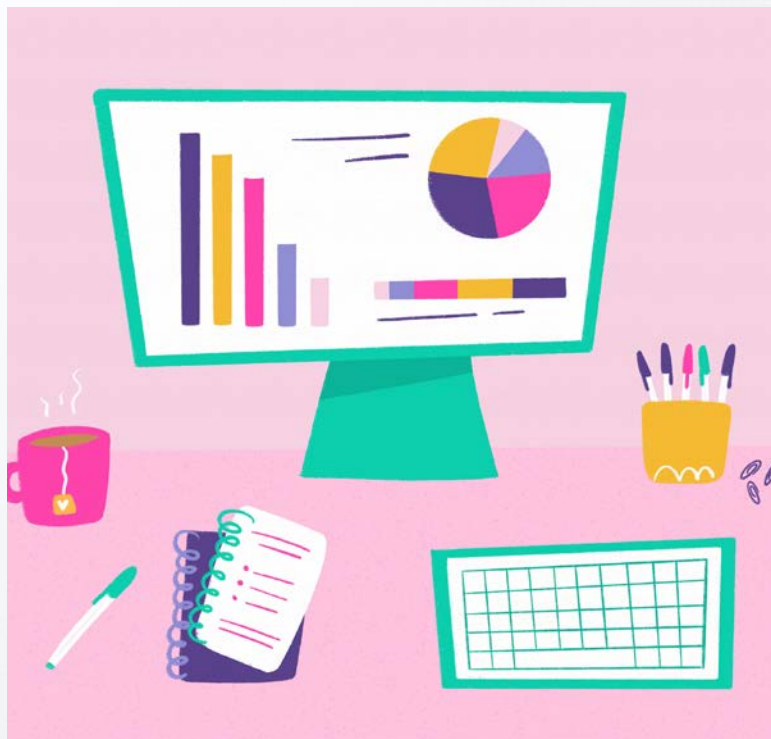
Your Contracts Determine:

- When you recognize revenue

AND

- If, when, and how you get paid (and if you get to keep that money) \$\$\$

... Understanding Contracts



What To Look For:

- Term (time period)
- Total award
- Payment terms
- Conditions and/or donor restrictions
- Reporting requirements
- Budget
- Compliance requirements

Federal Award Information

11. **Award Number**
01AB0123-01-00
12. **Unique Federal Award Identification Number (FAIN)**
01AB0123
13. **Statutory Authority**
6 USC 279 & 8 USC 1232
14. **Federal Award Project Title**
Residential (Shelter and/or Transitional Foster Care) Services for Unaccompanied Children-Licensed and Texas-Exempt and Florida-delicensed only
15. **Assistance Listing Number**
93.676
16. **Assistance Listing Program Title**
Unaccompanied Alien Children Program
17. **Award Action Type**
New
18. **Is the Award R&D?**
No

Summary Federal Award Financial Information

19. **Budget Period Start Date** 04/01/2023 - **End Date** 03/31/2024
20. **Total Amount of Federal Funds Obligated by this Action** \$33,000,000.00
 20a. Direct Cost Amount \$30,000,000.00
 20b. Indirect Cost Amount \$3,000,000.00
21. **Authorized Carryover** \$0.00
22. **Offset** \$0.00
23. **Total Amount of Federal Funds Obligated this budget period** \$0.00
24. **Total Approved Cost Sharing or Matching, where applicable** \$0.00
25. **Total Federal and Non-Federal Approved this Budget Period** \$33,000,000.00
26. **Period of Performance Start Date** 04/01/2023 - **End Date** 03/31/2026
27. **Total Amount of the Federal Award including Approved Cost Sharing or Matching this Period of Performance** \$33,000,000.00

Sample Contract

33. Approved Budget (Excludes Direct Assistance)

I. Financial Assistance from the Federal Awarding Agency Only

II. Total project costs including grant funds and all other financial participation

a. Salaries and Wages	13,300,000.00
b. Fringe Benefits	4,600,000.00
c. Total Personnel Costs	17,900,000.00
d. Equipment	\$0.00
e. Supplies	900,000.00
f. Travel	\$0.00
g. Construction	\$0.00
h. Other	11,000,000.00
i. Contractual	200,000.00
j. TOTAL DIRECT COSTS	30,000,000.00
k. INDIRECT COSTS	3,000,000.00
l. TOTAL APPROVED BUDGET	\$33,000,000.00
m. Federal Share	\$33,000,000.00
n. Non-Federal Share	\$0.00

Sample Contract, cont.

35. Terms And Conditions

STANDARD TERMS

1. Standard Terms and Conditions

Paid by DHHS Payment Management System (PMS), see attached for payment information.

This award is subject to the requirements of the HHS Grants Policy Statement (HHS GPS) that are applicable to you based on your recipient type and the purpose of this award.

This includes requirements in Parts I and II (available at <http://www.hhs.gov/grants/grants/policies-regulations/index.html> of the HHS GPS. Although consistent with the HHS GPS, any applicable statutory or regulatory requirements, including 45 CFR Part 75, directly apply to this award apart from any coverage in the HHS GPS.

This award is subject to requirements or limitations in any applicable Appropriations Act.

This award is subject to the requirements of Section 106 (g) of the trafficking Victims Protection Act of 2000, as amended (22 U.S.C. 7104).

For the full text of the award term, go to <https://www.acf.hhs.gov/discretionary-post-award-requirements>

This award is subject to the Federal Financial Accountability and Transparency Act (FFATA or Transparency) of 2006 subaward and executive compensation reporting requirements.

For the full text of the award term, go to <http://www.acf.hhs.gov/discretionary-post-award-requirements>.

This award is subject to requirements as set forth in 2 CFR 25.110 Central Contractor Registration (CCR) and DATA Universal Number System (DUNS). For full text go to <http://www.acf.hhs.gov/discretionary-post-award-requirements>.

Sample Contract, cont.



ADMINISTRATION FOR **CHILDREN & FAMILIES**

330 C Street, S.W., Washington, DC 20201 www.acf.hhs.gov

Dear ACF Grant Recipient:

Please find attached, the following documents:

- 1) **Schedule for ACF Grant Award Reporting Requirements to ACF**
- 2) **FFR SF 425 Reporting Schedule**
- 3) **Instructions for Requesting Payment of Federal Award from the Payment Management System (PMS)**
- 4) **Audit Requirements**
- 5) **Specific Award Conditions and Remedies for Non-Compliance**
- 6) GrantSolutions Grant Note Naming Conventions
- 7) Standard Form SF 425 Federal Financial Report (FFR) SF 425 & instructions, and SF 428 Tangible Personal Property Report retrieval
- 8) Standard Form Performance Progress Report (SF PPR) and instructions
- 9) Fraud Alert

... Sample Contract, cont.

3) Instructions for Requesting Payment of Federal Award from the Payment Management System (PMS)

This award will be paid through the Department of Health and Human Services (HHS) Program Support Center (PSC), Payment Management System (PMS) site. The PMS is a web-based system whereby available funds requested, are deposited electronically into grant recipients' designated bank account(s) on the next business day.

As noted on the PMS [Welcome page](#), the PMS is a tool to help grant recipients draw down awarded funds and file the Federal Financial Report - FFR SF 425. For detailed PMS information visit [PMS](#).

First Awards:

If this is your first award paid through the PMS, please review the information provided for grant recipients at <https://pms.psc.gov/>. The "Grant Recipients" section provides basic information on both funding and reporting requirements necessary for receiving your awarded funds. All new grant recipients must complete and send to PMS, a Direct Deposit Sign-Up Form (SF 1199A) and a PMS Access Form. These forms are available within the PMS Recipient information here: <https://pms.psc.gov/grant-recipients/banking-add-change.html>.

Timing of Drawdowns:

Funds may be drawn either as a reimbursement, or to accommodate your **immediate** cash needs. Funds drawn from PMS must not be held in excess of three (3) working days. Drawdown payment requests from PMS must be made consistent with [45 CFR 75.305 – Payment](#):

"(b) ...For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means".

While this grant does not explicitly use the term "expense reimbursement", the reading the terms tells us this is what the grant is.

... Understanding Contracts, cont.

When in doubt, reach out!

Questions about your grant requirements?

- Check online: does the granting agency or specific grant program have a website with an FAQ?
- Do you have a direct contact at the granting agency?
- Does the grant application or award have a contact email?

Being proactive in communicating and making good faith efforts to comply with grants goes a long way!

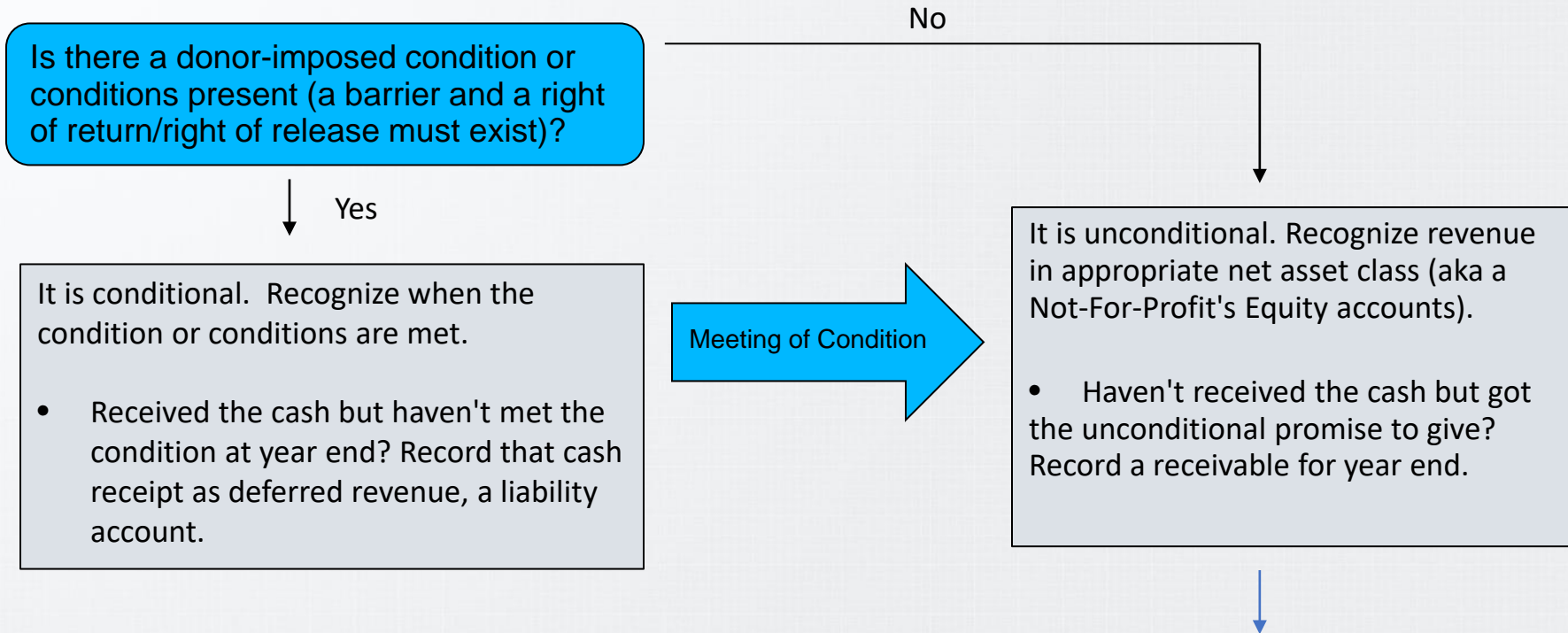


... Conditions for Revenue Recognition

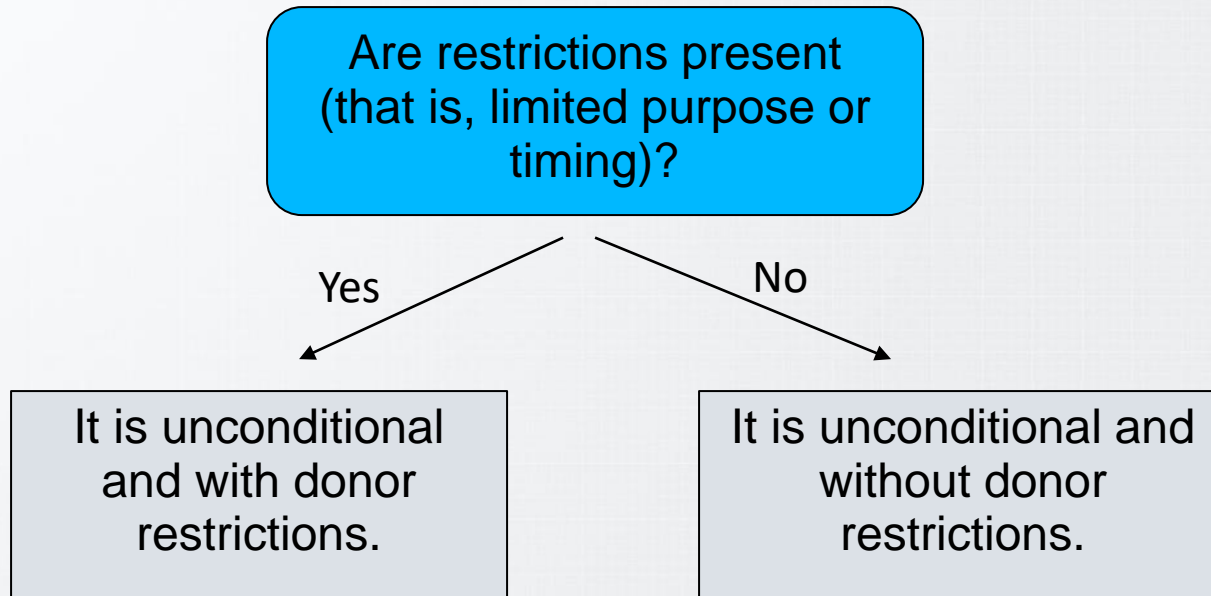
If a transaction is deemed to be a contribution then the following needs to be considered:

- Donor Imposed Condition – new definition
 - a. Is there a barrier the nonprofit must overcome to be entitled to the resources provided and
 - b. Does the contributor retain either a right of return to the resources provided or a right of release of promisor from its obligation to transfer resources.
- Barrier
 - a. The nonprofit is required to achieve a measurable outcome (help a specific number of beneficiaries or produce a certain number of units).
 - b. The nonprofit is required to overcome a barrier related to the primary purpose of the agreement (this excludes trivial or administrative requirements).
 - c. The nonprofit has limited discretion over how the resources are spent (a requirement to follow specific guidelines about incurring qualifying expenses).

Revenue Recognition and Net Asset Classification



Revenue Recognition and Net Asset Classification



... Types of Grants

- Unrestricted Grants
- Cost Reimbursement Grants
- Milestone Grants
- Donor Restricted Grants
 - Time Restricted
 - Purpose Restricted



... Unrestricted Grants

Definition: a financial contribution to an organization that can be used for any purpose that the organization chooses.

Also referred to as "General Operating Grants"

Unrestricted grants are more flexible than grants intended for a specific purpose or project

- General operating expenses
- Fill gaps in program funding



... Unrestricted Grants, cont.

Reporting: unrestricted grants do not typically come with any reporting requirements

- Although unrestricted, it's important to know how you are spending your funding.
 - Contributes to better decision making
 - Ability to budget and forecast more accurately



... Unrestricted Grants, cont.



Revenue Recognition: Recognize revenue when an unconditional promise to give has been received

... Unrestricted Grants, cont.

Helps build trust with donors!

When funders offer unrestricted grants, they expect the organization to demonstrate a high degree of responsibility with record keeping & reporting.



... Unrestricted Grants, cont.

Longevity!

Unrestricted, multi-year funding can help support longevity by allowing the organization to build relationships, refine their practices, and continually re-evaluate their programming.



Cost Reimbursement Grants

Definition: A grant that allows for the billing (or "vouching") of costs as they are incurred. The grantor reimburses the grantee for **actual** costs of the project. The grantee is typically paid monthly or quarterly.

Cost
Reimbursement
Contract



... Cost Reimbursement Grants, cont.

Expenses

- Expenses are incurred upfront and then vouchered to the granting organization for reimbursement.
- Expenses **MUST** be in accordance with the grant budget!



... Cost Reimbursement Grants, cont.

- Voucher Documentation:
- Receipts **MUST** be submitted with the voucher
 - No Receipt?
 - **NO REIMBURSEMENT**



... Cost Reimbursement Grants, cont.

Revenue Recognition

Revenue is recognized as the expenses are incurred, typically monthly even if the vouchering process is on a quarterly basis.

- Invoices are created to reflect the anticipated revenue & receivable for that months' expenses.



... Cost Reimbursement Grants, cont.

- **Timely Submission!**
- It is important to stay on top of timely submissions with accordance to the grant guidelines, whether that be monthly or quarterly.
 - Failure to adhere to timely submissions can cause serious cash flow issues, especially for smaller organizations!



... Cost Reimbursement Grants, cont.

Example:

The organization incurred \$2,565.23 of expense in the month of December:

- An Invoice would be created for \$2,565.23 as of 12/31/2024 to reflect the amount that should be reimbursed by the grant.
- This invoice will remain in Accounts Receivable until the voucher has been prepared, submitted, approved and reimbursement has been received.

... Milestone Grants

- **Definition:** a funding arrangement where the funds are released to a recipient in stages, or "milestones", as they are achieved. Milestones are specific, pre-determined goals that indicate important activities or stages of development in a project.
- Also referred to as "Measurable Performance"



... Milestone Grants, cont.

- There should be enough milestones to measure progress, but not so many that they are difficult to manage!
- Reports on milestones are typically done on a quarterly basis but can be requested as often as monthly



... Milestone Grants, cont.

Failure to meet milestones can result in:

- Renegotiation
- Acceleration of effort
- Termination of the grant



... Milestone Grant Example

A local foundation gives the organization a grant in the amount of \$100,000 to provide specific career training to disabled veterans. The grant requires that the organization provides training to at least 2,000 disabled veterans during the next fiscal year (500 per quarter), with specific minimum targets that must be met each quarter.

The foundation will only give the organization \$25,000 per quarter if it demonstrates that those services have been provided to at least 500 disabled veterans during the quarter.

... Milestone Grant Example, cont.

The organization determines that the grant should be accounted for as conditional.

The agreement contains a right of release from obligation because the resources provider will only transfer assets if the organization provides training to at least 2,000 disabled veterans during the year (with a minimum requirement of 500 disabled veterans per quarter) as specified in the agreement.

... Milestone Grant Example, cont.

The foundation requires the organization to achieve a specific level of service that would be considered a measurable performance-related barrier (in the form of milestones) by specifying 500 disabled veterans per quarter.

In this example, the organizations entitlement to the transferred assets is contingent upon serving at least 500 disabled veterans.

The contribution is recognized as revenue as the milestones are met. If an advance is received, it would be recorded in deferred revenue until the milestone is met.

... Donor Restricted Grants

Definition: a donation that has a time limit or specific purpose, and the funds can only be used for that purpose or within that time frame



Donor Restricted Grants, cont.



Time Restricted: A donation or grant given to the organization that has a set period of time for the organization to fulfill its obligations. The donor may also choose to give the donation in installments over time.

Donor Restricted Grants, cont.

Time Restricted Revenue Recognition

Revenue is either recognized when the cash is received or shown as deferred revenue until the time obligation has been met. At that time, the revenue can be recognized.



... Time Restricted Grant Example

A local foundation gives the organization a grant in the amount of \$144,000 to support the overall mission, however, this grant comes with a time restriction: the funds must be spent within 12 months of the date of receipt.

The foundation disburses the entire \$144,000 within 5 business days of the receiving the signed agreement.

... Time Restricted Grant Example, cont.

The organization determines that the grant should be accounted for as unconditional.

The organization decides to recognize the full \$144,000 in revenue on the day of receipt of the funds.

The agreement specifies that the organization must use the funds to support its overall mission within the next 12-months. Over the next 12 months the organization must keep meticulous records of expenditures related to this grant and may also need to provide periodic reports to the foundation detailing how funds are being used.

.... Donor Restricted Grants, cont.



Purpose Restricted: A donation or grant given to the organization that is for a specific purpose or program. The donor or grantor places restrictions on how the funds can be used.

... Donor Restricted Grants, cont.

Purpose Restricted Revenue Recognition

Revenue is recognized at the time it is received and expenses are allocated against it as they are incurred.



... Purpose Restricted Grant Example

A local foundation gives the organization a grant in the amount of \$85,000 to support the salary of their new Executive Director. The organization has experienced some hardship over the last year and finally found the right Executive Director to help get the center back on track. The foundation supports the centers mission and recognizes the importance of being able to fund this position.

The foundation disburses the entire \$85,000 within 5 business days of the receiving the signed agreement.

... Purpose Restricted Grant Example, cont.

The organization determines that the grant should be accounted for as unconditional.

The organization decides to recognize the full \$85,000 in revenue on the day of receipt of the funds.

The agreement specifies that the organization must use the funds solely for the Executive Director's salary. The organization should keep meticulous records related to the Executive Director's salary and may also be required to provide support to the foundation.

The restriction is released as the salary is expensed.

... Internal Grant Tracking

Importance of Internal Grant Tracking

Allows the organization to:

- Properly track expenses among funding sources
- Evaluate programming
- Ensure there is no "double dipping" on expenses

... Internal Grant Tracking, cont.

Statement of Activities: a financial report that shows a nonprofit organization's revenue, expenses, and net income over a specific period of time.

Also known as a "Profit & Loss"

- It is one of the essential financial statements for nonprofits and is crucial for demonstrating how well the organization manages its resources.
- It can help nonprofits categorize their revenue and expenses and identify the need to adjust programming.

... Internal Grant Tracking, cont.

Statement of Activities by Customer

Also referred to as by "Funding Source"

- Each funding source should be set up as its own "**Customer**"
- Income & Expenses can be allocated to that specific customer



Profit & Loss by Customer or "Funding Source" - Cost Reimb.

	Cost Reimbursement Grants		
	Grant A	Grant B	Grant C
<i>Income</i>			
Grant Income	\$ 228,000.00	\$20,000.00	\$50,000.00
Total Income	\$ 228,000.00	\$20,000.00	\$50,000.00
<i>Expenses</i>			
Salaries	\$ 150,000.00	\$20,000.00	\$25,000.00
Fringe	\$ 28,500.00		\$ 4,750.00
Contracted Services	\$ 12,400.00		\$ 5,250.00
Enrichment			
Program Supplies	\$ 30,000.00		\$15,000.00
Office Supplies	\$ 200.00		
Staff Development	\$ 3,000.00		
Travel	\$ 1,500.00		
Utilities	\$ 1,200.00		
Telephone	\$ 450.00		
Liability Insurance	\$ 750.00		
Total Expenses	\$ 228,000.00	\$20,000.00	\$50,000.00
Net Income	\$ -	\$ -	\$ -

Profit & Loss by Customer or "Funding Source" - Same Funder

	Central New York Community Foundation		
	CNYCF - Youth	CNYCF - Senior Program	CNYCF - COVID
<i>Income</i>			
Grant Income	\$ 20,000.00	\$ 10,000.00	\$ 15,000.00
Total Income	\$ 20,000.00	\$ 10,000.00	\$ 15,000.00
<i>Expenses</i>			
Salaries	\$ 10,000.00		
Fringe	\$ 1,900.00		
Contracted Services			\$ 15,000.00
Enrichment	\$ 5,100.00		
Program Supplies	\$ 3,000.00	\$ 10,000.00	
Office Supplies			
Staff Development			
Travel			
Utilities			
Telephone			
Liability Insurance			
Total Expenses	\$ 20,000.00	\$ 10,000.00	\$ 15,000.00
Net Income	\$ -	\$ -	\$ -

Profit & Loss by Customer or "Funding Source" - Donor Restricted

	Donor Restricted Grant - Purpose Restricted						
	May-24	Jun-24	Jul-24	Aug-24	Sep-24	TOTAL	
<i>Income</i>							
Grant Income	\$10,000.00	\$ -	\$ -	\$ -	\$ -	\$10,000.00	
Total Income	\$10,000.00	\$ -	\$ -	\$ -	\$ -	\$10,000.00	
<i>Expenses</i>							
Salaries	\$ 475.00	\$ 1,675.00	\$ 1,675.00	\$ 1,675.00	\$ 600.00	\$ 6,100.00	
Fringe	\$ 90.25	\$ 318.25	\$ 318.25	\$ 318.25	\$ 114.00	\$ 1,159.00	
Contracted Services						\$ -	
Enrichment							
Program Supplies	\$ 250.00	\$ 575.00	\$ 1,100.00	\$ 500.00	\$ 316.00	\$ 2,741.00	
Office Supplies						\$ -	
Staff Development						\$ -	
Travel						\$ -	
Utilities						\$ -	
Telephone						\$ -	
Liability Insurance						\$ -	
Total Expenses	\$ 815.25	\$ 2,568.25	\$ 3,093.25	\$ 2,493.25	\$ 1,030.00	\$10,000.00	
Net Income	\$ 9,184.75	\$(2,568.25)	\$(3,093.25)	\$ (2,493.25)	\$(1,030.00)	\$ -	

Profit & Loss by Customer or "Funding Source"

	Grant A Cost Reimb.	Grant B Cost Reimb.	General Fund	Grant C Cost Reimb.	Grant D Donor Rest.
<i>Income</i>					
Grant Income	\$ 228,000.00	\$20,000.00	\$ 25,000.00	\$50,000.00	\$10,000.00
Contributions			\$120,000.00		
Total Income	\$ 228,000.00	\$20,000.00	\$ 25,000.00	\$50,000.00	\$10,000.00
<i>Expenses</i>					
Salaries	\$ 150,000.00	\$20,000.00	\$ 4,000.00	\$25,000.00	\$ 5,500.00
Fringe	\$ 28,500.00		\$ 760.00	\$ 4,750.00	\$ 1,045.00
Contracted Services	\$ 12,400.00			\$ 5,250.00	
Enrichment					
Program Supplies	\$ 30,000.00			\$15,000.00	\$ 2,425.00
Office Supplies	\$ 200.00		\$ 300.00		
Staff Development	\$ 3,000.00		\$ 1,200.00		
Travel	\$ 1,500.00				
Utilities	\$ 1,200.00		\$ 12,000.00		
Telephone	\$ 450.00		\$ 4,500.00		
Liability Insurance	\$ 750.00		\$ 16,000.00		
Total Expenses	\$ 228,000.00	\$20,000.00	\$ 22,760.00	\$50,000.00	\$ 8,970.00
Net Income	\$ -	\$ -	\$ 2,240.00	\$ -	\$ 1,030.00

... Internal Grant Tracking, cont.

- Statement of Activities by Class
 - Also referred to as by " Program"
- Each program should be set up as its own "***Class***"
- Income & Expenses can be allocated to that specific class



Profit & Loss by Class or "Program"

	Program A	Program B	Program C	Program D	Program E
<i>Income</i>					
Grant Income	\$ 10,000.00	\$ 2,500.00	\$175,000.00	\$ 15,000.00	\$50,000.00
Total Income	\$ 10,000.00	\$ 2,500.00	\$175,000.00	\$ 15,000.00	\$50,000.00
<i>Expenses</i>					
Salaries	\$ 4,000.00	\$ 1,000.00	\$ 95,000.00	\$ 7,500.00	\$30,000.00
Fringe	\$ 760.00	\$ 190.00	\$ 18,050.00	\$ 1,425.00	\$ 5,700.00
Contracted Services			\$ 15,000.00	\$ 2,500.00	\$ 5,000.00
Enrichment	\$ 4,000.00		\$ 5,000.00		
Program Supplies	\$ 2,500.00	\$ 1,310.00	\$ 35,000.00	\$ 3,500.00	\$ 8,000.00
Office Supplies			\$ 250.00		
Staff Development			\$ 1,000.00		
Travel	\$ 750.00		\$ 150.00	\$ 500.00	
Utilities			\$ 1,700.00		
Telephone			\$ 500.00		
Liability Insurance			\$ 750.00		
Total Expenses	\$ 12,010.00	\$ 2,500.00	\$171,650.00	\$ 15,425.00	\$48,700.00
Net Income	\$ (2,010.00)	\$ -	\$ 3,350.00	\$ (425.00)	\$ 1,300.00

Questions



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