

Office of Cultural Affairs
Budget Workshop
October , 2008

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Agenda

- I. In-kind
- II. Matching Funds
- III. Invoice Processing
- IV. Budget Information
(Application & Contracts)
Invoice Documentation

In-kind Match

To qualify as in-kind the following conditions apply:

- Must be necessary and reasonable for accomplishment of project objectives.
- Cannot be from a Federal, State or City source.
- Cannot be program income.
- Cannot be used to match another grant or contract.
- Must be an allowable cost; i.e., the costs would be allowable if the contractor were to pay for them.
- Must be applicable to the contract period to which the cost sharing requirement applies.

In-kind

Valuation of services

Volunteers - Unpaid services provided to a agency by an individual are valued at the pay for similar work in the grantee's organization. Request a valuation by your personnel staff of the job or, if the job is foreign to your agency, use minimum wage or seek private market value of the work. A reasonable amount may be included for fringe benefits. Services provided by agency staff, regardless of their duty status, are valued at the actual cost to the agency (these are grantee costs and are not considered in-kind contributions.)

In-kind

- **Allow-ability:**

The criterion for the allow-ability of in-kind contributions is the same as for any other project cost; i.e., the cost is necessary and reasonable for the efficient accomplishment of project objectives. A good test for this is to ask: "Would it be necessary to buy the service or property in order to accomplish the project objectives, and is the cost (value) reasonable for this purpose"?

In-kind

➤ Documentation

- The Application and Contract should establish that the in-kind contribution is necessary and reasonable for the accomplishment of contract objectives and provide specific information on in-kind match.

➤ Application

- In the Organizational Budget Form, describe the in-kind to be used, the source, the valuation method, and an estimate of the dollar amount anticipated over the life of the Application.

➤ Contract

- If the amount or type of in-kind changes or if additional in-kind sources will be used during the contract period, notify COSA in writing. A contract Amendment is required if the city share (city funds obligated) is changed.

In-kind

Monthly Fiscal Report –

Report the exact amount of in-kind match used.

Monthly Performance Report –

Report the in-kind contribution and estimated dollar value.

Exercise as much care in documenting in-kind contributions as you would any other costs. If an in-kind contribution is disallowed it has the same effect as the disallowance of any other cost; i.e., the agency has been overpaid and a cost adjustment is necessary. Maintain documentation that supports the basis for determining the values used such as appraisal reports for land, building, and water rights. Keep time and attendance records for volunteers similar to those maintained for regular State/City employees.

IRS Form 990 and In-Kind Contributions

- **In 2007, the IRS changed the Form 990**
- **Revised Form 990 must be used for reporting year in 2009**
- **NEW Schedule M, Non-Cash Contributions:**
 - Requires organizations to report the aggregate of \$25,000 of 24 specific categories of non-cash property an organization receives
 - May require organizations to implement new recordkeeping practices

See the revised Form 990: www.irs.gov/charities

Matching Funds

- Be able to match requested amount from other sources and as follows:

Organizations with arts and cultural budgets:

City : Non-City Match Ratio

Over \$2 million	=	1:3 (must be cash match only)
\$800,000 to \$2 million	=	1:2 (up to 25% may be in-kind*)
\$100,000 to \$800,000	=	1:1 (up to 50% may be in-kind*)
\$50,000 to \$100,000	=	No Match required

Changes to OMB

Now called:

Code of Federal Regulations

OMB Circulars:

www.whitehouse.gov/omb/grants/grants_circulars.html

CNCS Regulations:

www.nationalservice.gov/about/role_impact/history.asp

Revised Grant Guidelines

Effective May 11, 2004 and August 31, 2005

Federal Grant Guidelines	Universities	States, Local, Indian Tribal Governments	Non-Profits	Hospitals
Administrative Requirements	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)	§ 45 CFR 2541 A-102	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)
Cost Principles	§ 2 CFR 220 (formerly A-21)	§ 2 CFR 225 (formerly A-87)	§ 2 CFR 230 (formerly A-122)	§ 45 CFR 74 (HHS regulations)
Audit Requirements *	A-133	A-133	A-133	A-133

Notes:

CFR = Code of Federal Regulations

* = Organization is subject to A-133 if it expends more than \$250,000 in city funds in its fiscal year

Invoice Processing

See handouts provided

Documentation Examples

Salary

Benefits

Travel

Supplies

Contract &
Consultant

Training

Evaluation

Member Costs

Admin

Identifying Documentation

Salary

- Signed timesheets with supervisory approval
- Quarterly payroll returns (941)
- Payroll register
- Personnel file with salary/wage information
- Employment contract
- Cancelled checks
- Direct deposit schedule



Time & Activity Reporting Summary

All salaries and wages charged must be supported by signed time & attendance records, i.e., timesheets

Exceptions:

- State, Local and Indian Tribal Governments must comply with requirements of § 2 CFR 225 [OMB A-87]
- Educational Institutions must comply with requirements of § 2 CFR 220 [OMB A-21]



Time & Activity Reporting: Non-Profit Organizations

§ 2 CFR 230 (formerly A-122):

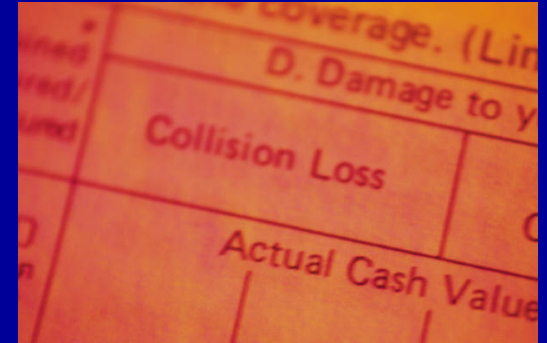
Reports maintained by non-profit organizations:

- ☑ Must reflect an after-the-fact determination of the employee actual activity (not budgeted)
- ☑ Must account for the total activity of each employee
- ☑ Must be signed by the employee or supervisor having first hand knowledge
- ☑ Must be prepared at least monthly and must coincide with one or more pay periods

Identifying Documentation

Benefits

- Insurance policy
- Paid invoices and receipts
- Claims made against the insurance
- Cost allocation plan



Fringe benefits are allowable, provided such costs are absorbed by all organization activities in proportion to the relative amount of time or effort actually devoted

Identifying Documentation

Travel

- Authorization / reimbursement requests
- Paid invoices and receipts
- Per diem rates (applicable for area)
- ?????Mileage calculation
- Reconciliation of advances to payments



Travel costs must not exceed charges normally allowed by the organization in its regular operations based on the organization's written travel policy

Identifying Documentation



Supplies

- Purchase orders
- Packing slips
- Paid receipts and invoices
- Donated Supplies, i.e., in-kind donations



Identifying Documentation

Contract & Consultant

- Purchase orders
- Signed agreements
- Paid invoices and receipts



Maximum Allowed by CNCS for Consultant fee is \$540 per day

CNCS Regulations: www.nationalservice.gov/about/role_impact/history.asp

Identifying Documentation

Training

- Agenda
- Course description, cost
- Sign-in sheet
- Consultant/trainer agreement
- Paid invoices and receipts



Identifying Documentation

Evaluation

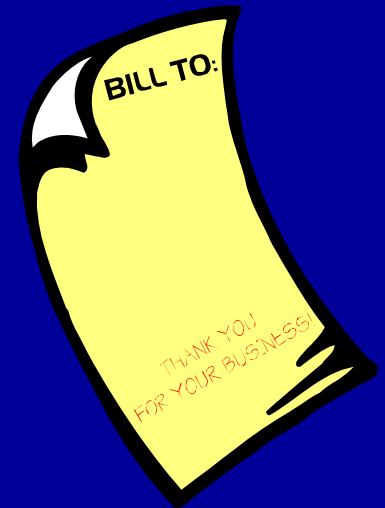
- Purchase orders
- Signed agreement/contract
- Paid invoices and receipts
- Final copy of the evaluation report



Identifying Documentation

Administrative

- Authorized in the budget
 - Cost must be identifiable to the project
- Purchase orders
- Paid invoices and receipts
- Packing slip



Identifying Documentation

General

- Contract with amendments
- General correspondence
- Reimbursement requests
- Financial Status Reports
- Federal Cash Transactions Reports
- Budget vs. actual reports
- Financial statements
- Audits
- General Ledger and supporting ledgers



QUESTIONS



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