

## **DEPARTMENT OF FINANCE AND ADMINISTRATION-POLICY 03**

### **Policy 3-Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies (Revised 12/97)**

#### **Introduction to Policy 03**

1. Generally, this Policy Statement 03 establishes uniform reporting requirements for all subrecipients affected as defined below. This policy statement calls for the development of efficient and effective cost allocation plans and methods of cost determination, under the supervision of the cognizant state agency as determined by the Department of Finance and Administration. Uniform reporting requirements are set forth in Schedules A, B, and C, and Exhibits 1 and 2 of this Policy Statement 03. Guidelines for cost allocation plans are set forth in the Policy for Cost Allocation Plans For Subrecipients of Federal and State Grant Monies section of this Policy Statement 03.

#### **Applicability**

2. This Policy Statement 03 is applicable to all subrecipients other than cities, counties (and subdivisions thereof), and state colleges, universities, and technology centers. Subrecipients affected include private not-for-profit entities that are subject to accounting and financial reporting standards promulgated by the Financial Accounting Standards Board (FASB), and governmental not-for-profit entities that are subject to Governmental Accounting Standards Board (GASB) standards. Fee-for-service and performance-based contracts are exempt.

#### **Purpose of Policy 03**

3. The primary purpose of this policy statement is to provide uniformity in the reporting of, and improve controls over, costs associated with the delivery of services by subrecipients of federal and state grant monies.
4. This uniformity and improved control is necessary for state agencies as recipients of federal and state grant monies and is beneficial to the subrecipient. In the past, the Revenue, Expenditure, and Budget Reports required of subrecipients have been individualized and "tailor-made" to the needs of the state agency, causing subrecipients to prepare a variety of reports for each state agency to which it reported.
5. Further, these reports have not been sufficiently detailed to provide the state granting agency with adequate controls over the use of the grant monies.
6. This policy statement streamlines the reporting requirements for subrecipients of federal and state grant monies, and will provide cost savings to both subrecipients and state funding agencies in three ways.

**First**, there will be a reduction in costs related to the processing of the information.

**Second**, there will be a reduction in costs associated with grant matching requirements due to increased accuracy in the credit received for monies expended in the administration of the grant -- i.e., releasing funds otherwise expended in meeting grant matching requirements.

**Third**, there will be a reduction in costs associated with failure to accurately report reimbursable expenditures.

### **Basis for Authority - Federal Requirements**

7. OMB Circulars A-122 and A-87 require the development of a plan for allocation of costs to support the distribution of any joint costs related to the grant program. All costs included in the plan will be supported by formal accounting records, which will substantiate the propriety of eventual charges (Federal Register, Vol. 60, No. 95, *Accounting and Financial Reporting for Not-for-Profit Recipients of Grant Funds in Tennessee*, 1998 Edition<sup>1</sup>).

### **Effective Date**

8. The requirements of this Policy Statement 03 are effective for fiscal years beginning after June 30, 1997, and any budget documents prepared which relate to such fiscal years.

### **Policy for Cost Allocation Plans for Subrecipients Of Federal and State Grant Monies**

9. This Policy Statement 03 sets forth the guidelines to be used in the allocation of costs for recipients of grants from state departments or agencies. Acceptable allocation methods to be used by grantee agencies shall be determined by the cognizant state agency. Methods used for allocating costs may differ between types of entities, and may even be different for the same type of entity. However, once an entity receives approval for its particular method of cost allocation, all other state agencies are to accept its application to their programs. This does not mean that all state agencies are required to fully fund the costs that are charged to a particular program under the methods if such costs are not allowable under their agreement with the entity or exceed the prescribed funding percentage or budgets.

### **Definition of Cost Allocation Plans**

10. A cost allocation plan is a means of distributing to various programs, costs which benefit more than one program and are not directly assigned. Cost allocation is basically a mathematical exercise to distribute costs to programs in a manner that the costs are

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<sup>1</sup> *The Accounting and Financial Reporting for Not-for-profit Recipients of Grant Funds in Tennessee* , 1998 Edition is scheduled to be issued early 1998.

proportional to the benefit received.

11. Unless cost allocation plans are identical in nature and substance, comparing plans only on percentage rates is not valid. The total amount of costs, both direct and indirect, must be carefully reviewed before any comparisons are made. Cost rates alone will not provide meaningful information as to which agency may have the lower cost of administration. Factors such as the types of items in the cost pools, the direct charges, and the overall operation of the agency must also be considered.

### **Definition of Costs**

12. An agency will incur basically three kinds of costs: direct, administrative, and allocable direct. Specific examples of each type of cost follow the definitions.

### **Direct Costs:**

**Direct costs** are those costs that can be identified to benefit a specific program.

- A. Salaries of persons who provide direct services to program beneficiaries and work on only one program (e.g., Aging Director, Transportation Program Director, etc.).
- B. Travel costs that can be specifically identified to benefit a particular program.
- C. Equipment purchased to be used in only one program.
- D. Maintenance and/or insurance for the above equipment.
- E. Supplies which are only used in one program.
- F. A contract for professional services which benefits a single program.
- G. Printing which benefits a single program.

### **Administrative Costs:**

**Administrative costs** are costs that benefit the operations of the entire agency, but cannot be identified to specific programs.

- A. Executive Director's salary and benefits (or administrative portion thereof if the Executive Director spends time on program-related activities).
- B. Fiscal Officer's salary and benefits.
- C. Purchasing staff's salary and benefits.
- D. Secretarial support of administrative employees.
- E. Supplies of administrative employees.

- F. Travel of administrative employees.
- G. Occupancy costs (e.g., rent and utilities) of administrative employees.
- H. Postage and telephone costs of administrative employees.
- I. Liability insurance.

**Allocable Direct Costs:**

**Allocable direct costs** are simply costs which benefit more than one program, but do not fall under the criteria of administrative costs.

- A. Salaries and benefits of program employees whose work benefits more than one program (i.e., nurses, eligibility workers, etc.).
- B. Travel costs of employees whose work benefits more than one program.
- C. Occupancy costs of programs.
- D. Telephone costs of programs.
- E. Supplies used by more than one program.
- F. Contract for professional services that benefit more than one program.
- G. Rental and maintenance for equipment used by more than one program.
- H. Audit costs

**Allocation Methods**

- 13. The periodic allocation of actual expenditures, rather than use of a fixed or provisional indirect cost rate, is the most appropriate and equitable method of cost allocation.

The following are allowable methods to allocate administrative costs and allocable direct costs. Exceptions will be allowed, providing prior approval of the alternative method is granted from the cognizant state agency.

**Administrative Costs**

- 14. Administrative costs allocable to programs should be accumulated in a separate cost pool. After allocating the administrative cost pool its share of the allocable direct costs, the total should be periodically allocated to the programs based on the percentage of direct program salaries vs. total direct salaries, applied to total administrative costs.

Another method of allocation is using total costs to distribute administrative costs. The actual administrative costs are allocated to each program based on its percentage of total actual direct costs for the period after allocation of allocable direct costs.

It is recognized that the above methods of allocation of administrative costs may not be the most appropriate in all situations.

### **Allocable Direct Costs**

15. Most likely, the appropriate time for allocation of allocable direct costs will be when they are recorded on the books. However, cost pools may be used for various categories of allocable direct costs for periodic allocation to programs and the administrative cost pool.

Several different methods may be acceptable for the allocation of allocable direct costs. The following are specific examples:

**Salaries and benefits** -- allocate on the basis of time records, records of the number of clients served, or other approved bases.

**Travel** -- allocate on the same basis as salaries and benefits.

**Occupancy costs for program areas** -- allocate based on the number of square feet occupied by the program area as a percentage of total square feet allocated to all program areas.

**Telephone costs** -- allocate based on the number of personnel, number of lines, or other equitable method for local service.

**Supplies** -- allocate based on the number of personnel per program, number of clients served, or other equitable method.

**Contracts for services, which benefit more than one program** -- allocate based on the number of clients served, or other equitable method.

**Equipment rental and maintenance** -- allocate based on usage logs or other equitable method.

### **Cognizant State Agency**

16. The cognizant state agency shall be responsible for approval of the cost allocation plan of the grantee. Other state funding agencies, which also have funds at the grantee agency, must abide by the methods of cost allocation approved by the cognizant state agency. The cognizant state agency is generally defined to be the state agency whose funds compose the greatest percentage of state grant funds received by a grantee agency. Determination of the cognizant state agency shall be made by the Department of Finance and Administration. Once assigned, the term of responsibility shall be indefinite, although responsibility may be

reassigned upon written request and justification to the Department of Finance and Administration by either the cognizant state agency or the grantee agency.

### **Instructions for Cost Allocation Plans**

17. Each subrecipient must prepare a narrative describing in detail the methods used to allocate costs to the various programs. The plan should include an organizational chart and documents and schedules to support the allocation methods.
18. The following guidelines should be used in the preparation of the plan.
  - A. The nature of the charges to be allocated will depend on the sophistication of the accounting system. The more sophisticated the system, the fewer the types of charges that will be treated as allocable direct expense and included for distribution. For example, if each employee keeps a detailed time report, the payroll expenditures might be charged directly to each program, and cost allocation per se would not be involved.
  - B. The cost allocation plan must include plans for allocation of allocable direct costs as well as administrative costs. Allocable direct costs will be included with other direct costs of the program in reports to the grantor. Allocations that are reported in separate line items on the grantor reports should involve the administrative cost pool only.
  - C. An entity may wish to have more than one cost allocation pool so that certain types of costs are allocated on different bases.
  - D. All proposed cost allocation plans developed by the contractor/grantee must be reviewed and approved by the entity's designated cognizant state agency.
  - E. Once the cost allocation plan has been approved by the cognizant state agency, all other funding state agencies must accept the approved plans. Where a contracting state agency has reason to believe that special factors affecting its awards necessitates special consideration, the contracting state agency should communicate this to the cognizant state agency.
  - F. If a dispute arises between the cognizant state agency and a contracting state agency, the dispute shall be resolved through an appeals process headed by the Commissioner of Finance and Administration or his/her designee.

**Approved:**

**Commissioner of Finance and Administration**

I, John D. Ferguson, hereby approve this revision of Policy Statement 03 of the Department of Finance and Administration, and as such agree with and authorize actions necessary to implement its requirements.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
John D. Ferguson, Commissioner

**Approved:**

**Comptroller of the Treasury**

I, William R. Snodgrass, hereby approve this revision of Policy Statement 03 of the Department of Finance and Administration, and as such agree with and authorize actions necessary to implement its requirements.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
William R. Snodgrass, Comptroller of the Treasury

**POLICY 03 - APPENDIX A**  
**Instructions for Completing Program Expense Reports (PER) and Program Revenue Reports (PRR) State of Tennessee Contracting Agencies**

*Notes:*

1. *Explanations are provided for each line-item in the Program Expense and Program Revenue Reports which correspond to similar line-items in Office of Management and Budget (OMB) Circular A-122, "Cost Principles for Nonprofit Organizations," revised May 14, 1997 and Internal Revenue Service Form 990, "Return of Organization Exempt from Income Tax". IRS Form 990 is also an annual financial reporting requirement of the Division of Charitable Solicitations of the Secretary of State's Office.*
  2. *Use of the term "expense" is inclusive of either expenses or expenditures depending on the accounting method used.*
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Program Expense Report (PER), Schedule A, is used (a) for submitting detailed and total expense budgets and (b) for detailed and total expense reports (see Schedule A, Parts 1 and 2).

Program Revenue Report (PRR), Schedule B, is used (a) for submitting revenue budgets and (b) for revenue reports by source with reconciliation between total expenses and reimbursable expenses (see Schedule B, Parts 1 and 2).

The Schedule B revenue and reconciliation pages are intended to be extensions of the Schedule A expense pages, in that the columns should match up by contract/attachment number and program title. That is, each revenue column should be aligned with its corresponding expense column from the previous page.

**Basis for Reporting Expenses/Expenditures**

Total expenses may be reported on either the cash or accrual basis consistently applied. An expense may be accrued only if the goods or services have been received and billed for by the end of the reporting period. Once elected, the basis of reporting may be changed only with the approval of the cognizant state agency. If the report at the end of the grant period is on the accrual basis, the final report prepared after all accruals have been cleared with cash receipts and disbursements must include a reconciliation to the accruals reported in the end-of-period grant report.

Expense and revenue reports must be submitted in the same format each quarter. The final Program Expense Report must be approved by the contracting state agency.

**Form Headings (for Schedules A and B)**

At the top of each page are spaces for the name of the reporting contractor/grantee agency, the period covered by the report, the name of the contracting state agency, and the reporting agency's federal employer identification number. The period of the report should always be the current quarter. Report programs in the same sequence each quarter.



### **Column Headings**

At the head of each column are spaces for the contract number, grant period, program name, and service name (if the grant or programs are divided into two or more services for reporting purposes). The contract number is the number assigned by the contracting state agency, and should include the amendment number, if any. The grant period field contains the beginning and ending dates for the grant. The program name is the title you use to describe the program in correspondence with the contracting state agency. The service name, if applicable, is the name of the service used when there are two or more services or activities related to a single grant.

### **Program Columns**

Cumulative expenses for several grants, programs, or services may be reported on each Total Expense page.

Do not report programs of two different state departments or agencies on the same page. Total the cumulative year-to-date expenses for all of the department's programs in a total column on the page for each department. If more than one page is used for a department, then the totals must be placed on the last page.

Program expense columns are for reporting direct program expenses. Direct service expenses that apply to more than one program (i.e., allocable-direct costs) may be allocated to those programs within the expense categories and thereby included in program expenses. The cognizant state agency should approve the method used for cost allocations.

**FINAL PROGRAM EXPENSE SUMMARY PAGE**  
**(Schedule C- Final Page)**

The Final Program Expense Summary Page is intended to recap all direct program expenses in one column and separately identify non grant/unallowable expenses and administrative expenses in other columns, as well as to determine a grand total of all expenses. The Summary Page includes the following columns:

**Total Direct Program Expenses**

This is the summary of all the individual program cumulative year-to-date expenses as identified separately under the respective program titles.

**Total Non Grant/Unallowable Expenses**

The non grant/unallowable expense column includes the following expenses:

- I. The cumulative year-to-date total expenses for all other programs not funded by any contracting state agency.
- II. The cumulative year-to-date expenses for fund-raising activities, if any
- III. Other cumulative year-to-date expenses not allowable for reimbursement under the terms of the grants.

**Total Administrative Expenses**

The administrative expenses column is for reporting the cumulative year-to-date expenses to be allocated on the administrative expenses line of the report (PER, Line 22).

**Grand Total**

The Grand Total column of this final page contains the cumulative year-to-date totals for the entire reporting agency. The year-to-date expenses must be traceable to the reporting agency's general ledger.

**PROGRAM EXPENSE REPORT (PER)  
SCHEDULE A  
EXPENSE BY OBJECT LINE-ITEMS**

There are seventeen specific object expense categories; two subtotals (Line 3, Total Personnel Expenses, and Line 19, Total Nonpersonnel Expenses); and Reimbursable Capital Purchases (Line 20), above Line 21, Total Direct Program Expenses. All expenses should be included in one or more of the specific categories, or in an additional expense category entered under Line 18, Other Nonpersonnel Expenses. The contracting state agency may determine these requirements.

With the exception of depreciation, everything reported in Lines 1 through 21 must represent an actual cash disbursement or accrual as defined in the Basis For Reporting Expenses/Expenditures section on page 13.

**Line 1 Salaries And Wages**

On this line, enter compensation, fees, salaries, and wages paid to officers, directors, trustees, and employees. An attached schedule may be required showing client wages or other included in the aggregations.

References:

Related A-122 paragraphs: 6, 28, & 45

Related Form 990 line items: Part II; 25 & 26

**Line 2 Employee Benefits & Payroll Taxes**

Enter (a) the organization's contributions to pension plans and to employee benefit programs such as health, life, and disability insurance; and (b) the organization's portion of payroll taxes such as social security and medicare taxes and unemployment and workers' compensation insurance. An attached schedule may be required showing client benefits and taxes or other included in the aggregations.

References:

Related A-122 paragraphs: 6, 15, & 45

Related Form 990 line items: Part II; 27, 28, & 29

**Line 3 Total Personnel Expenses**

Add lines 1 and 2.

**Line 4 Professional Fees**

Enter the organization's fees to outside professionals, consultants, and personal-service contractors. Include legal, accounting, and auditing fees. An attached schedule may be required

showing the details in the aggregation of professional fees.

References:

Related A-122 paragraphs: 20, 41, & 49

Related Form 990 line items: Part II; 30, 31, 32, & 43

### **Line 5   Supplies**

Enter the organization's expenses for office supplies, housekeeping supplies, food and beverages, and other supplies. An attached schedule may be required showing food expenses or other details included in the aggregations.

References:

Related A-122 paragraph: 24

Related Form 990 line item: Part II; 33

### **Line 6   Telephone**

Enter the organization's expenses for telephone, cellular phones, beepers, telegram, FAX, E-mail, telephone equipment maintenance, and other related expenses.

References:

Related A-122 paragraph: 5 & 22

Related Form 990 line item: Part II; 34

### **Line 7   Postage And Shipping**

Enter the organization's expenses for postage, messenger services, overnight delivery, outside mailing service fees, freight and trucking, and maintenance of delivery and shipping vehicles. Include vehicle insurance here or on line 14.

References:

Related A-122 paragraphs: 5, 23, & 50

Related Form 990 line item: Part II; 35

### **Line 8   Occupancy**

Enter the organization's expenses for use of office space and other facilities, heat, light, power, other utilities, outside janitorial services, mortgage interest, real estate taxes, and similar expenses. Include property insurance here or on line 14.

References:

Related A-122 paragraphs: 19, 23, 43, 46 & 47

Related Form 990 line item: Part II; 36

### **Line 9 Equipment Rental And Maintenance**

Enter the organization's expenses for renting and maintaining computers, copiers, postage meters, other office equipment, and other equipment, except for telephone, truck, and automobile expenses, reportable on lines 6, 7, and 11, respectively.

References:

Related A-122 paragraphs: 23 & 43

Related Form 990 line item: Part II; 37

### **Line 10 Printing And Publications**

Enter the organization's expenses for producing printed materials, purchasing books and publications, and buying subscriptions to publications.

References:

Related A-122 paragraphs: 26 & 38

Related Form 990 line item: Part II; 38

### **Line 11 Travel**

Enter the organization's expenses for travel, including transportation, meals and lodging, and per diem payments. Include gas and oil, repairs, licenses and permits, and leasing costs for company vehicles. Include travel expenses for meetings and conferences. Include vehicle insurance here or on line 14.

References:

Related A-122 paragraphs: 41 & 51

Related Form 990 line item: Part II; 39

### **Line 12 Conferences And Meetings**

Enter the organization's expenses for conducting or attending meetings, conferences, and conventions. Include rental of facilities, speakers' fees and expenses, printed materials, and registration fees (but not travel).

References:

Related A-122 paragraphs: 24, 25, & 49

Related Form 990 line item: Part II; 40

### **Line 13 Interest**

Enter the organization's interest expense for loans and capital leases on equipment, trucks and automobiles, and other notes and loans. Do not include mortgage interest reportable on line 8.

References:

Related A-122 paragraph: 19

Related Form 990 line item: Part II; 41

### **Line 14 Insurance**

Enter the organization's expenses for liability insurance, fidelity bonds, and other insurance. Do not include employee-related insurance reportable on line 2. Do not include property and vehicle insurance if reported on lines 7, 8, or 11.

References:

Related A-122 paragraphs: 4 & 18

Related Form 990 line item: Part II; 43

### **Line 15 Grants And Awards**

Enter the organization's awards, grants, subsidies, and other pass-through expenditures to individuals and to other organizations. Include allocations to affiliated organizations. Include in-kind grants to individuals and organizations. Include scholarships, tuition payments, travel allowances, and equipment allowances to clients and individual beneficiaries.

Pass-through funds are not included when computing administrative expenses reported on Line 22.

References:

Related A-122 paragraph: 30

Related Form 990 line item: Part II; 22

### **Line 16 Specific Assistance to Individuals**

Enter the organization's direct payment of expenses of clients, patients, and individual beneficiaries. Include such expenses as medicines, medical and dental fees, children's board, food and homemaker services, clothing, transportation, insurance coverage, and wage supplements.

References:

Related A-122 paragraph: 30

Related Form 990 line item: Part II; 23

### **Line 17 Depreciation**

Enter the expenses the organization records for depreciation of equipment, buildings, leasehold improvements, and other depreciable fixed assets.

References:

Related A-122 paragraph: 9

Related Form 990 line item: Part II; 42

**Line 18 Other Nonpersonnel Expenses**

NOTE: Expenses reportable on lines 1 through 17 should not be reported in an additional expense category on line 18. A description should be attached for each additional category entered on line 18. The contracting state agency may determine these requirements.

Enter the organization's allowable expenses for advertising (1), bad debts (2), contingency provisions (7), fines and penalties (14), independent research and development (reserved) (17), organization (27), page charges in professional journals (29), rearrangement and alteration (39), recruiting (41), and taxes (47). Include the organization's and employees' membership dues in associations and professional societies (26). Include other fees for the organization's licenses, permits, registrations, etc. (See related A-122 allowable cost principles, the paragraph numbers are in parenthesis above.)

References:

Related A-122 paragraphs: 1, 2, 7, 14, 17, 26, 27, 29, 39, 41, & 47

Related Form 990 line item: Part II; 43

**Line 19 Total Nonpersonnel Expenses**

Add lines 4 through 18.

**Line 20 Reimbursable Capital Purchases**

Enter the organization's purchases of fixed assets. Include land, equipment, buildings, leasehold improvements, and other fixed assets. An attached schedule may be required showing the details for each such purchase.

References:

Related A-122 paragraph: 13

Related Form 990 line item: capitalized on line 55a, not reported as an expense.

**Line 21 Total Direct Program Expenses**

Add lines 3, 19, and 20.

Includes direct and allocated direct program expenses.

Reference:

Related Form 990 line item: Part II, Column B.

**Line 22 Administrative Expenses**

The distribution will be made in accordance with an allocation plan approved by your cognizant state agency.

References:

Related A-122 paragraphs: 11, 12, 16, 19, 20, 21, 32, 33, 36, 40, 41, 43, 45, & 47

Related Form 990 line item: Part II; Column C

**Line 23 Total Direct And Administrative Expenses**

Line 23 is the total of Line 21, Total Direct Program Expenses, and Line 22, Administrative Expenses. Line 23, Total Direct and Administrative Expenses Year-to-Date should agree with the Total of Column B, Year-to-Date Actual Expenditures of the *Invoice for Reimbursement* - (see Exhibit 2).

**Line 24 In-Kind Expenses**

In-kind Expenses (Line 24) is for reporting the value of contributed resources applied to the program. Approval and reporting guidelines for in-kind contributions will be specified by those contracting state agencies who allow their use toward earning grant funds.

References:

Related A-122 paragraph: 10

Related Form 990 line items: Part I; 1a, & Part VI; 82

**Line 25 Total Expenses**

The sum of Line 23, Total Direct and Administrative Expenses, and Line 24, In-kind Expenses, goes on this line.



**PROGRAM REVENUE REPORT (PRR)  
SCHEDULE B  
SOURCES OF REVENUE**

The revenue page is intended to be an extension of the total expenses page, in that the columns should match up by contract/attachment number and program title. There are ten revenue sources (Schedule B, Part 1) and three subtotals (Lines 33, 41, and 43). Additional supplemental schedules for one or more of the line items may be attached, if needed. Each revenue column should be aligned with its corresponding expense column from Schedule A.

**Reimbursable Program Funds**

**Line 31 Reimbursable Federal Program Funds**

Enter the portion of Total Direct & Administrative Expenses reported on Line 23, Schedule A, that is reimbursable from federal program funds. The state funding agency may require an attached detail listing and reconciliation schedule.

Reference:

Related Form 990 line item: Part I; 1c

**Line 32 Reimbursable State Program Funds**

Enter the portion of Total Direct & Administrative Expenses reported on Line 23, Schedule A, that is reimbursable from state program funds. The state funding agency may require an attached detail listing and reconciliation schedule.

Reference:

Related Form 990 line item: Part I; 1c

**Line 33 Total Reimbursable Program Funds**

Add lines 31 and 32.

**Matching Revenue Funds**

**Line 34 Other Federal Funds**

Enter the portion of matching revenues reported on Line 54, Subtract Matching Expenses (Equals Line 41), that is from other federal funds. The state funding agency may require an attached detail listing and reconciliation schedule.

Reference:

Related Form 990 line item: Part I; 1c

**Line 35 Other State Funds**

Enter the portion of matching revenues reported on Line 54, Subtract Matching Expenses (Equals Line 41), that is from other state funds. The state funding agency may require an attached detail listing and reconciliation schedule.

Reference:

Related Form 990 line item: Part I; 1c

**Line 36 Other Government Funds**

Enter the portion of matching revenues reported on Line 54, Subtract Matching Expenses (Equals Line 41), that is from other government funds. The state funding agency may require an attached detail listing and reconciliation schedule.

Reference:

Related Form 990 line items: Part I; 1c

**Line 37 Cash Contributions (Nongovernment)**

Enter the portion of matching revenues reported on Line 54, Subtract Matching Expenses (Equals Line 41), that is from such sources of cash contributions as corporations, foundations, trusts, individuals, United Ways, other not-for-profit organizations, and from affiliated organizations. The state funding agency may require an attached detail listing and reconciliation schedule.

References:

Related Form 990 line items: Part I; 1a and 1b

**Line 38 In-Kind Contributions (Equals Schedule A, Line 24)**

Enter the portion of matching revenues reported on Line 54, Subtract Matching Expenses (Equals Line 41), that is from direct and administrative in-kind contributions. The state funding agency may require an attached detail listing and reconciliation schedule.

Approval and guidelines for valuation and reporting of in-kind contributions will be specified by those grantor agencies who allow their use toward earning grant funds.

References:

Related Form 990 line items: Part I; 1a and Part VI; 82

**Line 39 Program Income**

Enter the portion of matching revenues reported on Line 54, Subtract Matching Expenses (Equals Line 41), that is from program income related to the program funded by the state agency. The

state funding agency may require an attached detail listing.

Reference:

Related Form 990 line item: Part I; 2

**Line 40 Other Matching Revenue**

Enter the portion of matching revenues reported on Line 54, Subtract Matching Expenses (Equals Line 41), that is from other revenues not included in lines 34 through 39. The state funding agency may require an attached detail listing.

References:

Related Form 990 line items: Part I; 3 through 11

**Line 41 Total Matching Revenue Funds**

Add lines 34 through 40

**Line 42 Other Program Funds**

Enter program income related to the program funded by the state agency but not reported as matching revenue funds on Line 54.

References:

Related Form 990 line items: Part I; 1 through 11

**Line 43 Total Revenue**

Add lines 33, 41, and 42

References:

Related Form 990 line items: Part I; 12

**RECONCILIATION BETWEEN TOTAL EXPENSES  
AND  
REIMBURSABLE EXPENSES  
SCHEDULE B - (Lines 51 to 59)**

This section, at the bottom of Schedule B, is for subtracting nonreimbursable amounts included in Total Expenses (Line 25, Schedule A and Line 51, Schedule B). The first line of this section, Line 51, Total Expenses, is brought forward from the last line of the corresponding Schedule A Total Expense Page.

There are three categories of adjustments for which titled lines are provided:

**Line 52 OTHER UNALLOWABLE EXPENSES:**

Some program expenses may not be reimbursable under certain grants. This is a matter between the contracting parties, and will vary according to the state agency involved and the type of grant or contract. Consult your contract or the department that funds the program for guidelines.

**Line 53 EXCESS ADMINISTRATION:**

This adjustment line may be used to deduct allocated Administration and General expenses in excess of an allowable percentage specified in the grant contract. It may also be used to deduct an adjustment resulting from limitations on certain components of Administration and General expenses. Again, the specific guidelines of the department and grant involved are the controlling factor.

**Line 54 MATCHING EXPENSES**

Since the goal is to arrive at a reimbursable amount, the expenses paid out of other sources of funding, local support and program user fees for example, will have to be deducted. The amount left should be only that which is to be paid for by the contracting state agency.

**Line 55 REIMBURSABLE EXPENSES** (Line 51 less Lines 52, 53, and 54)

This is the amount that the contracting state agency will pay for the quarter's operations of the program. The cumulative column is what the grant actually paid to date.

**Line 56 TOTAL REIMBURSEMENT-TO-DATE**

In the quarter-to-date column, this is the total received for this quarter from filing of the Invoice For Reimbursement. The cumulative column's amount is the total received for the grant year-to-date.

**Line 57 DIFFERENCE** (Line 55 less Line 56)

This is the portion of Reimbursable Expenses not yet paid.

**Line 58 ADVANCES**

Any advance payments for a grant should appear on this line.

**Line 59 THIS REIMBURSEMENT** (Line 57 less 58)

The remainder should be the amount due under the grant contract. Actual payments are made through the invoicing process and not through the filing of this report.

**Policy 03 - Appendix B**  
**Instructions for Completing Form State of Tennessee Contracting Agencies**  
**Projection of Agency Personnel And Salary (Exhibit 1)**

This form is to reflect the total salaries of all persons employed, either full or part time, by the agency. This form is typically used on an annual basis only. The form is utilized to reflect budgeted salaries.

The completed form must be submitted as part of the budget proposal, reflecting the estimated total salary by position and by program.

To complete the form, indicate each individual position, position number, if applicable, employee's name, and total salary for the period covered. Full time employees are defined as employees working at least 37.5 hours per week. If an employee is hired on a part time basis for less than 37.5 hours per week, indicate the regular work week hours in parentheses next to the employee's name.

The projected percentage of time spent in each program area must be noted in the spaces provided. The proportionate amount of salary expense should then be calculated and projected for the respective programs. The total salaries projected in each program must equal the corresponding amount budgeted in the salary category of the budget.

If salary increases are to be made at a point in time rather than the beginning date of the contract period, a schedule showing the effective dates of the increases, by position, must be attached to the budget package.

**Policy 03 - Appendix C**  
**Instructions for Completing FormState of Tennessee Contracting Agencies**  
**Invoice For Reimbursement**  
**(Exhibit 2)**

The invoice is used to request advancement or reimbursement prior to submission of the quarterly report. Funds can only be disbursed by contracting state agencies to subrecipients upon receipt of a properly prepared and signed invoice. Funds cannot be disbursed based on the submission of quarterly reports.

1. Complete the heading filling in the contractor/grantee agency's name and address, federal employer identification number, contracting state agency, contract number, invoice number, invoice ending date, contract period, contact person and phone number, and the related program area.
2. The invoice provides flexibility in reporting the information -- in detail by cost categories or by reporting the total by program.
3. The contracting state agency will determine whether the information on the invoice will be reported by cost categories or by program. The contracting state agency will give specific instructions on which cost categories are required to be reported to them on a monthly basis. If information is provided by cost categories, list the various cost categories, the total contract budget for the cost categories, the cumulative year-to-date actual expenditures by the cost categories, and the monthly estimated/actual expenditures by the cost categories. If the information is reported by program, state the name of the program, the total amount of the contract budget for the program, the total year-to-date actual expenditures for the program, and the monthly estimated/actual expenditures by program as approved by the contracting state agency. Also state the monthly actual or estimated revenue for the program and the net amount due. Indicate the allotment code and cost center in the last column.
4. Sign the invoice and mail it to the contracting agency.