

Managing Multiple Funding Streams

CAPLAW 2010 National Training Conference

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Savannah, GA

Marjorie Lombard

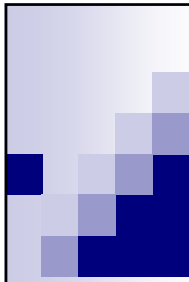
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Handouts

1. PowerPoint Slides
2. Handouts




Managing Multiple Funding Streams

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Multiple Funding Streams - Multiple Issues

- Managing Cash Flow - ARRA Expansion
- Accounts Payable - ARRA Expansion
- Effects of Weatherization Expansion
- Managing Multiple Fiscal Years
- Direct & Indirect Costs
- Time & Effort Reporting
- Budget Considerations



Managing Cash Flow with the new Stimulus (ARRA) dollars

- Borrowing, advances or self-funding
- How much cash will you need?
- A Board report on cash

Accounts Payable Aging Informs Management and the Board

- Are your vendors cash flowing your ARRA expansion?
- Do you inform your vendors about realistic payments?

Weatherization Inventory

- How much inventory does it take to support your program?
- Are you taking physical counts to verify usage?
- Have you considered job costing?
- Do you track inventory in the general ledger?
- Have you added a warehouse and/or inventory personnel?

Weatherization Expansion Effect on Workers' Compensation Costs

- Are you waiting for a Workers' Comp audit to see your true costs?

Managing Multiple Fiscal Years

- 45 CFR Part 74 Sec. 74.28 Period of Availability of Funds. "Where a funding period is specified, a recipient may charge to the award only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the HHS awarding agency pursuant to Sec. 74.25(d)(1)."

Managing Multiple Fiscal Years

- Determining allowable costs, for example, front loading supplies (results of recent Head Start reviews).
- Possible extension of ARRA funding has been complicated by the CSBG regulations which allow for CSBG funds to be spent over two fiscal years, CSBG ARRA fund in fiscal years 2009 and 2010; an extension into 2011 would exceed the two years allowed under the regulation.

Managing Multiple Fiscal Years - staffing

Mary Smith's Annual Salary = \$48,000

Commonwealth of Massachusetts Fiscal Year = July 1 through June 30														
2010 JULY FY-11	2010 AUG FY-11	2009 SEP FY-11	2009 OCT FY-11	2009 NOV FY-11	2009 DEC FY-11	2010 JAN FY-11	2010 FEB FY-11	2010 MAR FY-11	2010 APR FY-11	2010 MAY FY-11	2010 JUN FY-11	2010 JULY FY-12	2010 AUG FY-12	Total
500	500	500	500	500	500	500	500	500	500	500	500	500	500	5,000
XYZ's Fiscal Year = September 1 through August 30 (and Head Start)														
2010 SEP FY-11	2009 OCT FY-11	2009 NOV FY-11	2009 DEC FY-11	2010 JAN FY-11	2010 FEB FY-11	2010 MAR FY-11	2010 APR FY-11	2010 MAY FY-11	2010 JUN FY-11	2010 JULY FY-11	2010 AUG FY-11			Total
1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
U.S. Federal Government Fiscal Year = October 1 through September 30 (CSBG)														
2009 SEP FY-10	2009 OCT FY-11	2009 NOV FY-11	2009 DEC FY-11	2010 JAN FY-11	2010 FEB FY-11	2010 MAR FY-11	2010 APR FY-11	2010 MAY FY-11	2010 JUN FY-11	2010 JULY FY-11	2010 AUG FY-11			Total
2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	3,000	3,000	3,000	48,000
Total														48,000

Direct Costs

- 2 CFR Part 230 (OMB Circular A-122) defines direct costs as those costs that can be directly attributed to a particular cost objective such as an award, project, service or other direct activity of an organization.
- Tracking direct costs is straightforward for most organizations.

Indirect Costs

- 2 CFR Part 230 (OMB Circular A-122) defines indirect costs as those that have been incurred for common or joint objectives and are not easily identified with a particular cost objective and are allocated to all of the benefiting objectives.
- Indirect costs are classified under two broad categories: facilities and administration.

Indirect Costs Allocations

- Facility allocations are normally made based on the square footage occupied by each of the programs (projects).
- Administrative allocations are typically made as a percentage of direct costs.
For example: Total Direct Costs = \$100
Total Indirect Costs = \$11
Indirect Cost Rate = 11%

Indirect Costs Allocations

Program	Direct Costs	% of Total Costs	Indirect Allocation **	
			% of Total Costs x \$11.00	Direct Cost x 11%
Program 1	62.00	62%	6.82	6.82
Program 2	18.00	18%	1.98	1.98
Program 3	10.00	10%	1.10	1.10
Program 4	10.00	10%	1.10	1.10
Total Costs	100.00	100%	11.00	11.00
Administrative or Indirect Costs	11.00	11%		

**Either method produces the same result.

Indirect Costs Allocations

- Federally approved indirect cost rate - allows an organization to apply the rate to each award / contract for indirect costs. It may also be used on non-federal grants unless specifically not allowed (i.e. City of Boston limits rate to 8%).
- Direct allocation method is based on the percentage of direct costs.

Time and Effort Tracking & Reporting

- 2 CFR Part 230 (OMB Circular A-122) requires support for salaries and wages based on:
 1. documented payrolls
 2. activity distribution reports
 - a. reports must reflect after-the-fact determination of actual activities
 - b. must account for total employee activity
 - c. reports must be signed by the employee or supervisor
 - d. prepared at least monthly
 3. documentation for total hours worked and
 4. salaries and wages of employees used in cost sharing or matching requirements must be supported in the same manner.

XYZ Company
Cash Flow Report
For the Quarter ended 3/31/2010

Cash in Bank 1/1/2010 **\$ 155,000.00**

Receipts

Grant Deposits	\$ 2,125,000.00	
Contributions	\$ 8,700.00	
Medicaid reimbursements	\$ 205,000.00	
Housing rents	\$ 167,000.00	
Short-term borrowing	\$ 85,000.00	
Misc	\$ 2,250.00	
Total Receipts		<u>\$ 2,592,950.00</u>

Total available for payments \$ 2,747,950.00

Disbursements

Salary and Wages	\$ 1,385,000.00	
Fringe Benefits	\$ 387,800.00	
Contractual Services	\$ 42,000.00	
Travel	\$ 28,000.00	
Insurance	\$ 16,000.00	
Legal & Professional	\$ 5,500.00	
Supplies	\$ 18,500.00	
Equipment	\$ 45,000.00	
Program Expenses & Materials	\$ 765,000.00	
Short-term repayments	\$ 10,000.00	
Other	\$ 4,400.00	
Total Disbursements		<u>\$ 2,707,200.00</u>

Cash in Bank 3/31/2010 **\$ 40,750.00**

XYZ Company
Accounts Payable Aging
As of 3/31/2010

Vendor Name	Current	30 days	60 days	90 days	Over 90	Total
AAA card services	\$ 950.00	\$ 200.00				\$ 1,150.00
ABC Pest Control	\$ 185.00		\$ 2,000.00			\$ 2,185.00
Barton Solvents	\$ 15,000.00	\$ 18,000.00				\$ 33,000.00
Calloway hardware			\$ 22,500.00	\$ 6,500.00		\$ 29,000.00
Don's plumbing	\$ 4,500.00	\$ 4,500.00	\$ 8,500.00		\$ 8,500.00	\$ 26,000.00
Ellen Palmer	\$ 200.00	\$ 200.00	\$ 200.00			\$ 600.00
Ferris hardware	\$ 22,500.00	\$ 3,000.00	\$ 7,900.00	\$ 9,000.00		\$ 42,400.00
Giant materials	\$ 8,200.00	\$ 215.00	\$ 4,005.00		\$ 1,200.00	\$ 13,620.00
Harris Supplies	\$ 22,500.00	\$ 1,050.00		\$ 1,505.00	\$ 600.00	\$ 25,655.00
Jason Appliances	\$ 2,205.00	\$ 3,850.00	\$ 300.00		\$ 900.00	\$ 7,255.00
Lowes	\$ 36,000.00	\$ 18,000.00	\$ 1,650.00	\$ 1,450.00	\$ 4,100.00	\$ 61,200.00
Mastercard	\$ 5,000.00	\$ 4,600.00	\$ 2,750.00			\$ 12,350.00
Mega mart	\$ 922.00	\$ 430.00				\$ 1,352.00
Pete's heating and airconditioning	\$ 4,950.00	\$ 2,765.00	\$ 325.00			\$ 8,040.00
Ralston Books	\$ 800.00					\$ 800.00
Sears	\$ 9,785.00	\$ 5,400.00	\$ 3,125.00	\$ 495.00		\$ 18,805.00
Walmart	\$ 3,505.00	\$ 495.00	\$ 200.00			\$ 4,200.00
Whirlpool	\$ 19,100.00	\$ 10,050.00		\$ 600.00	\$ 200.00	\$ 29,950.00
Total	\$ 156,302.00	\$ 72,755.00	\$ 53,455.00	\$ 19,550.00	\$ 15,500.00	\$ 317,562.00