

**ILLINOIS DEPARTMENT OF HUMAN SERVICES
INSTRUCTIONS FOR GRANT REPORT**

Page 1 of 2: Grant Report for the period July 1ST through June 30TH

Enter the agency name and FEIN (Federal Employment Identification Number) at the top of the form. Note that this form may be reproduced by the agency using any convenient spreadsheet software. Rows and columns should be labeled exactly per the form and the form should reflect the agency's total operation.

The Grant Report must be completed for the time period July 1ST through June 30TH, which is the State's fiscal year regardless of the agency's fiscal year.

Program identification should link each grant-funded program to the DHS contract by program name. The Grant Report should include all programs listed on the enclosed report: Grant Programs Subject To Reporting.

Programs which have funding carried forward from a prior contracting period must be reported in a separate column and identified using the program name and original contract number.

Rows A through C - Direct Expenses and Allocated Management and General Costs

For each grant-funded program, identify the amount of direct program expenses and enter the amount in Row A. Expenses must be recorded by DHS-funded program either in the General Ledger or in a subsidiary expense ledger reconcilable with the General Ledger.

Management and General costs (including any additional cost of accounting for interest earned on grant funds), if claimed, may be distributed to DHS-funded and all other programs on the basis of the organization's Board-approved cost allocation plan. Allocation on the basis of available revenue, budget or based on the restrictions of contracts is not allowable, and costs should be distributed equitably to all programs. Indicate in Note 1 of the form whether your plan uses a simple method based on direct salaries or total direct costs or attach an explanation. Enter the total Management and General cost in Row A, then allocate the cost among each of the programs. Row B will contain the allocations among programs and a subtraction of the allocations from the Management and General column, which will result in a zero total in Row B.

Add Rows A and B and put the totals in line C, resulting in totals representing Program Services Including Management and General. The agency total across Row C should equal the total expenses of the agency in Row A.

Three general types of agencies are funded by DHS: governments, non-profit organizations, and others:

\$ For governments, the reported total amount may represent any Primary or Component Unit of the Government, or may be one or more funds if an explanation is attached and all DHS-grant-funded programs are reported. Allocation of Government central administration is allowable per a Federally-approved allocation plan if an explanation (or documented approved indirect rate) is attached.

- \$ For most non-profit agencies, the Statement of Functional Expenses will have direct program costs and Management and General costs identified at the level of detail needed for Row A. Form should reflect the agency's total operation.
- \$ Note that if the agency has any fund-raising costs, these should be included in the ~~All other programs~~ column or must be detailed on the unallowable costs report. For larger agencies, internal cost center information will be needed to detail program expenses. Total agency expenses must be reported.
- \$ For other types of organizations, the amount of direct program expenses must be reported from internal accounting records specific to the funded program. Management and general costs may be allocated to DHS funded services if internal records specifically segregate Management and General costs from other operations. Total agency expenses must be reported.

If your agency fiscal year does not end on June 30TH, use the most recent completed fiscal year (audited if available), subtract months (using your General Ledger) that are not in the current State fiscal year, and add additional months (audited if available, using your General Ledger).

Example for a December 31ST fiscal year end:

Audited expenses for the year ended December 31 ST	\$150,000
Less July - December this year	(76,000)
Plus July - December prior year	<u>74,000</u>
Equals State Fiscal Year reported (July 1 ST - June 30 TH)	\$148,000

Row D - Unallowable Costs

The Unallowable Costs Report (page 2) identifies the specific items not reimbursable with Department grant funds and provides a summary total by program which is brought forward to the Grant Report. The unallowable costs for Grant-funded programs are different from the CFR criteria for non-reimbursable costs, so the Unallowable Costs Report must be completed for each grant-funded program.

Row E - Other Approved Uses of Department funds

Some organizations may have received approvals for specific equipment purchases or award transfers among program services, or for expenditures that would be otherwise unallowable per Row D. To be allowable, such approvals must be in writing and a copy of the documentation must be attached to your report.

Row F - Total Allowable Costs

Row C, less Row D, plus Row E should be entered on Row F.

Row G - Special Provisions

Enter NONE or specify any special provisions. Some examples of special provisions are 1) the contract ends on a date other than June 30TH of the reporting year, 2) the DHS contract began in a prior state fiscal year and funds were carried into the current year, 3) DHS grant funds were approved for carry-over from a prior year (attach documentation), 4) funds are deposited to a revolving fund and are held at the agency in a segregated account, and 5) adjustments from a prior year were recorded in the current year. Use a cross-reference to explanations on another sheet if additional space is needed.

Row H - Interest Earned

Indicate the amount of interest earned on DHS funds for each program. The Provider may request an exception to this requirement when the cost of accounting for interest is significant in terms of the amount of interest received.

(Note: Contract paragraph 3G reads: **A**Grant funds disbursed under this Agreement and held thirty days (30) days by the Provider will be placed in an interest-bearing account. Any exceptions to this requirement must be approved, in writing, by the Department. The provisions of the Illinois Grant Funds Recovery Act shall apply.®)

Page 2 of 2: Unallowable Costs Report

Unallowable cost items which were included as either direct or allocated Management and General costs must be detailed for each DHS grant funded program listed on the Grant Report. Descriptions of the DHS unallowable costs follow.

Federal cost principles can be found in U.S. Office of Management and Budget Circulars. A-122 applies to non-profit organizations, A-87 applies to governments, and A-21 applies to educational institutions.

Additional non-allowable items may be specified in contract documents.

All identified unallowable costs should be totaled and the total forwarded to Row D of the Grant Report. Enter zero or **Anone**® for each program if applicable. If no unallowable costs are reported, the form must be signed and dated by the Chief Financial Officer (or person most familiar with expense detail) who completes the Grant and Unallowable= Reports.

Expanded Descriptions of Unallowable Costs

1. Compensation for members of the agency= governing body. This does not include reimbursement for travel or other agency related business expenses incurred by these members;
2. Expenses related to entertainment of persons other than individuals who receive services through a Department program;

3. Individual staff or agency association dues are not reimbursable except for the following situations:
 - a) Dues for group purchasing relationships for the exclusive purpose of cost saving on purchases.
 - b) Dues for membership that provide agency staff with professional training and resources necessary to provide services funded by the Department;
4. Costs of attending professional meetings; e.g., association meetings and conventions are not allowable except for the portion of costs related to activities to enhance or improve services funded by the Department. (Costs for staff attendance at in-service training seminars and workshops can be reimbursed.);
5. Fund-raising expenses;
6. Bad debts;
7. Charity and grants (The cost of employee educational assistance can be reimbursed.);
8. The following types of interest expenses:
 - a) Interest on funds borrowed for investment purpose;
 - b) Interest on funds borrowed to create more than two months of working capital;
 - c) Interest on funds borrowed for the personal benefit of any person;
 - d) Interest on funds borrowed without a prior time-limited written agreement with the Department for the purchase of land, buildings and/or equipment for future expansion, until such assets are actively used in support of program services;
 - e) Interest in excess of the current market rate paid to individuals or organizations in less than ~~180~~ 90 days length transactions;
 - f) Interest charges on intra-agency fund loans, e.g., interest recorded in the capital fund on cash loaned to the operating fund;
 - g) Interest expense to the extent that interest income was realized by investment of excess operating funds, i.e., interest expense must first be offset against interest income, and any remaining interest expense is eligible for reimbursement from Department grant funds;
9. The use of Department funds to develop commodity or equipment inventories. The usage of commodity inventories and the depreciation on fixed assets are expenses that are eligible for reimbursement from Department funds;
10. Depreciation on fixed assets acquired with Department funds;
(Note: Any depreciation in excess of straight-line must also be reflected here.)

11. Cost of production of a work program. When the product of a Department-funded work program is saleable, the expenses of individuals= wages and fringe benefits and of material costs are not reimbursable from Department funds;
12. In-kind contributions;
13. Alcoholic beverages;
14. The portion of the cost of automobiles furnished by the organization related to personal use by employees, including transportation to and from work, is unallowable as a fringe benefit or indirect cost;
15. Costs of fines, penalties, legal services, resulting from or in relation to the failure of the provider to comply with federal, state, and local laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of a Department award or program or instructions in writing from the Department;
16. Goods or services for personal use or purchased at less than an Arms length@transaction for an amount greater than the fair market value;
17. The cost associated with lobbying any elected official of local, state or federal government is unallowable, including:
 - a) Expenses incurred in attempts to influence the outcome of any federal, state, or local election, referendum or initiative;
 - b) Expenses incurred in attempts to influence the introduction, enactment, or modification of federal or state legislation; and
 - c) Expenses incurred in connection with legislative liaison activities when such activities are carried on in support of, or in preparation for, unallowable lobbying. Costs associated with providing technical and factual information on a topic directly related to the performance of a program funded by the Department, through hearing testimony, statement or letters to the elected official or representative body, are not considered lobbying costs and are allowable.
18. Relocation cost of provider employees, except in the following situations:
 - a) The move is for the benefit of the employer;
 - b) Reimbursement to the employee is in accordance with an established written policy consistently followed by the employer; and
 - c) The reimbursement does not exceed the employee's actual (or reasonably estimated) expenses.
19. Gratuities;

20. Political contributions;
21. Related party transactions except for the following situations:
 - a) When the items for which expenses incurred are consistent with fair market value; and
 - b) There is evidence of approval in the minutes of the governing body;
(**Note:** Federal guidelines are more restrictive for related party transactions and must be used if Federal Funds are awarded to the program.)
22. Costs associated with goods or services paid in a ~~A~~conflict of interest@ situation.