



STRATEGIC
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CFO Call Series

Grant Accounting

May 14, 2021

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Charles River CFO

Part-time and interim CFO,
accounting, bookkeeping,
HR, and tax services.

We are smart, nimble, and flexible.



GRANT ACCOUNTING

WHO

Who needs to understand grant accounting?

WHAT

What is grant accounting?

WHY

Why is it different?

WHO: GRANT ACCOUNTING

- Leadership
- Business Development
- Finance Team
- Program Team



WHAT: GRANT ACCOUNTING

- Grant awarded to fund initiative
- Monies need to be tracked and reported
- How and when are revenues/expenses recorded



WHY: GRANT ACCOUNTING

- Different requirements for different types
- Two major types of grant awards
 1. Contributions
 2. Exchange Transactions
- Track revenue and expense by “natural” account, but also by grant award
- Can be direct costs or allocated

CONTRIBUTION OR EXCHANGE

A **contribution** is a gift provided with **no expectation of benefits** received in return.

Unconditional contribution: revenue recognized when received.

Conditional contribution: revenue recognized when conditions are met.

Contributions are subject to Accounting Standards Codification (ASC) 958

An **exchange** transaction is a transfer of funds for goods or services provided; **the funder receives a benefit**.

Revenues would be recognized as allowable expenditures are incurred.

Accounted for under other topics such as ASC 606, Revenue from Contracts with Customers. Accounting Standards Update (ASU) 2018-08

INITIAL STEPS

1. Review award letter
2. Determine if a contribution or an exchange transaction
3. Is the money restricted or unrestricted
4. Review the budget
5. Understand the reporting requirements
6. Are matching funds required, if so, what's the plan
7. Are your systems adequate?

DOCUMENTATION

- Many sources of funding: contributions, exchange, restricted, unrestricted
- Synchronize efforts with business development
- Documentation organized for appropriate access
- Need copies of award letter, correspondence and budgets
- Audits may require award letters and budgets
- Being organized is key

REPORTING

- Many constituents for reporting
- What does the donor require and when?
- Is a separate bank account required?
- Is reporting both a narrative and financial?
- Are roles and responsibilities clear?

WHAT IS NEEDED AND WHEN

- Is it cost reimbursable?
- Are copies of receipts or payroll ledgers required as evidence?
- Is there a specific format for the report?
- Is the report filed online?
- Are there differences in format or information required by the funder and maintained in the organization's system?
- Does the grant agreement require a copy of the annual audit report?

IDENTIFY SYSTEM REQUIREMENTS

- What changes are needed to track direct expenses
- Are you able to track via timesheets payroll allocations?
- Are you able to track other direct costs through AP?
- Does system have the ability to track costs by award?
- Does the accounting manual indicate how to track and allocate costs?
- Do you have a cost allocation policy?
- Is the award tracked as a temporary restricted net asset?

OVERHEAD RATE

- Will the award pay overhead (indirect costs)?
- Is there a maximum limit on overhead costs, for example 15%?
- Do you have an established overhead rate?
- Implications of Federal awards and overhead
- Are there benefits to multiple “pools”?
- Keep it simple when you can
- Hire an expert if needed

DISCUSSION





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Charles River CFO welcomes the opportunity to provide you grant accounting services.

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