



# Missouri Humanities Council

FINANCIAL GUIDE FOR GRANTEES

# Financial Guide for Grantees of the Missouri Humanities Council

MHC awards grants from Federal funds allocated by the National Endowment for the Humanities (NEH). The reporting and record-keeping rules outlined in this booklet reflect our accountability to the U.S. Congress.

The Project Director and Fiscal Officer of a grant should review this Financial Guide at the beginning of the grant period. Please do not hesitate to contact MHC for further information about financial matters. (Telephone: 314.781.9660 or 1.800.357.0909).

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## **ACCEPTING THE MHC GRANT**

- A.** MHC formally confirms the offer of a grant in an Award Letter that includes:
1. The amount of money awarded.
  2. The amount of cost-sharing contributions (cash and in-kind) pledged by the sponsors or donors to the project.
  3. Any conditions that need to be met before grant funds can be released.
  4. The period during which grant funds may be spent.
  5. Deadlines for progress and final reports.
  6. A form indicating the grantees formal acceptance of the grant and the amount of grant funds needed in the next three months.
  7. A form that promises compliance with several overall Federal laws.
- B.** Upon receipt of the award letter, the project director and fiscal agent should discuss individual and joint responsibilities during the grant period:
1. Review the approved project budget (the budget you included with the grant application) to see if any changes need to be made in the line items. The approved budget is your guide to allowable expenses.  
  
Call the MHC office, 314.781.9660 or 1.800.357.0909, to discuss any changes in your approved budget or if you need clarification regarding any conditions that have been placed on the award.
  2. Ask the appropriate individuals to sign the acceptance page and federal certifications page. The individual with the authority to legally commit the organization to the grant agreement must sign (examples: Chairman of the Board, President, Secretary of the Corporation). There are also places for the Project Director and Fiscal Officer to sign.
  3. Return the acceptance page and federal certifications form to the MHC office by the deadline indicated on the award letter.
  4. Review the Financial Expenditures Report Form (see sample). You will find an additional copy in your packet for use with the final evaluation report instructions.  
  
It is the responsibility of the fiscal agent to prepare this Final Expenditures Report at the conclusion of the project. Keep adequate records throughout the project so that this financial information will be accessible and identifiable.
  5. Initiate a system of accounting for grant funds.  
The MHC does not recommend any single method of financial record keeping, but does require that records be kept in accordance with generally accepted accounting principles. See below for more information.
  6. Establish a system for recording cost-sharing contributions. If the grant is audited, you will be required to produce records of cost-sharing contributions. See the section on "Documenting Cost-Sharing Contributions."

## THE GRANTEE'S FINANCIAL OBLIGATIONS

The grantee's primary financial obligation is to maintain accounts, records, and supporting documentation for each transaction and for cost-sharing contributions. Although your system of accounting need not be elaborate or complicated, you are required to do the following:

**A. Open a separate checking account or use a separate account number.**

Small organizations may wish to open a checking account to be used only for the grant. If the account earns interest totaling more than \$250 in a fiscal year, the excess interest must be returned to MHC. Institutions with a more sophisticated accounting system must establish separate account numbers.

Regardless of which accounting system is selected, all income received and all expenditures for the MHC grant must be readily identifiable in case the grant is audited.

**B. Keep a separate ledger account for this project.**

The ledger account for this grant must be separate from your organization's general ledger.

By providing descriptive and fiscal information for each check issued (check recipient, date written, amount, check number, purpose of check), you will be able to identify expenditures according to the line items of the approved project budget.

**C. Keep all supporting documentation for expenditures and receipts.**

All disbursements must be supported by an original invoice, sales receipt, or time sheet, as well as by canceled checks and vouchers. Income must be supported by deposit records.

**D. Keep signed in-kind contribution slips and cash cost-sharing records.**

Supporting evidence must document whether cost-sharing contributions are cash or in-kind. Cash contributions must be supported by written documentation such as an invoice, a sales slip, or a receipt. In-kind contributions must be supported by a signed record from each person who contributed time or services. Asking donors to sign a slip at the time of the contribution will help you keep up with these records.

**E. Correspond with MHC about major changes in the line items of your budget.**

In the course of a project, money may have to be shifted from one line to another. In the final accounting, you will be asked to note any changes you had to make. You have the discretion to manage the project's money, within the intent of the approved grant application and these financial guidelines.

If a large change is necessary, it is best to send an e-mail or written request to MHC for a formal budget change. To avoid conflicts of interest, any changes to the planned compensation to the Project Director or Fiscal Officer require prior approval by MHC.

**F. Don't overspend the grant**

There is no authority in the MHC staff to increase the size of a grant once the board has approved the amount. Therefore, keep an eye on your budget. If your project should expand or have a golden opportunity, it is possible to formally request a "supplemental grant" in consultation with the Executive Director of MHC.

**G. Follow generally accepted accounting principles.**

**H. Keep all accounting journals, ledgers, invoices, and other documentation for three years after the project's termination date.**

**I. The DATES in the award letter determine whether expenses are allowable.**

You may not write checks for expenses incurred *before* the grant period or *after* the grant period ends. If you need to extend the ending date, please confirm this change in writing with the MHC Executive Director.

## RESTRICTIONS ON MHC FUNDS

### A. Travel and Per Diem

MHC allows reimbursement of mileage at the State of Missouri's rate. In 2007, that rate is 41.5 cents per mile. The sponsoring organization may choose to reimburse at a higher rate with its own funds.

Travel by air or train will be reimbursed at the economy class fare.

If foreign air travel is involved, the grantee must use U. S. rather than foreign carriers.

Per diem expenses are meal and lodging costs for speakers or resource people who must travel to the program as specified in the approved budget. Grant funds can pay for the actual meal and lodging expenses. Reimbursement for alcoholic beverages is not an allowable grant expense.

### B. Food and Refreshments

No grant funds may be spent for food and drink costs other than the per diem allowance that has been approved for project participants who must travel. Group meals or refreshments for audience members may not be paid from grant funds except for "in-residence" projects such as a teachers' institute.

### C. Flowers or other amenities may not be charged to grants

### D. Disposition of materials and equipment

The Council retains the right to determine the disposition of materials and equipment paid for with grant funds unless the approved grant application stipulates otherwise.

### F. Indirect Costs may not be charged to the grant

## RECEIVING GRANT PAYMENTS

Payments are scheduled so that the project's immediate cash needs in a three-month period will be met. The final 10% of the grant is paid on acceptance of the final financial and project report.

### A. Initial payment is released when the grantee returns the signed Acceptance Page and the Federal Certifications Form, and meets any special conditions listed in the award letter.

The acceptance page includes a place for the grantee to indicate how much cash is needed in the next three months. *The Council will pay up to 90% of the grant if that much will be needed in the next three months.*

### B. Subsequent payments will be made at the grantee's request, based on a three-month estimate of cash needs.

MHC provides downloadable forms on its web site.

### C. Final payment of 10% will be released when requested in connection with a final financial report and project evaluation.

### D. Occasionally, under special circumstances, a different payment schedule may be developed for a grant and defined in the Award Letter.

## DOCUMENTING COST-SHARING CONTRIBUTIONS

The project director is responsible for collecting the documentation of cost-sharing contributions. The fiscal agent should be responsible for maintaining these records.

The cost-sharing requirement for the project appears on page one of the award letter. Often, the actual amount committed for a project will far exceed this amount. Please document and report all contributions even if the total exceeds the amount originally pledged. A high level of cost-sharing shows federal and state decision-makers that there is ample local support for public humanities projects.

Funds from the federal government may be used as cost-sharing provided the funds did not originate with the National Endowment for the Humanities.

Cash and in-kind contributions cannot count towards satisfying a cost-sharing requirement of an MHC grant if they have been or will be counted towards satisfying a cost-sharing or matching requirement on another federal grant, a federal procurement contract, or any other award of federal funds. In-kind cost-sharing might include donations of services, space, or materials, and should be recorded at fair market value.

### A. How to calculate in-kind cost-sharing --

1. If your organization plans on donating space, but has never established a rental price, find out the rental charge of a similarly equipped room and use that rate.
2. To determine the dollar value of a person's in-kind cost-sharing, multiply the number of hours spent by the usual rate for such work. Remember that rates will vary. For example, minimum wage might be appropriate when individuals are addressing and stuffing envelopes, whereas a professional consultant's fee would be used by planning committee members attending a planning session.
3. The value of free publicity, such as a Public Service Announcement or a news article cannot be calculated as in-kind because it is always free. However, if commercial advertising time or space is donated, you may rightfully claim the market value as a contribution.
4. If reductions in anticipated cost-sharing threaten to lower your total cost-share, please call MHC for suggestions of contributions that may have escaped your attention.

### B. Necessary Documentation

1. Cash cost-sharing must be recorded and documented by canceled checks, and deposit receipts.
2. In-kind cost-sharing must be supported by a written statement that attests to the value of the goods or services donated, and is signed by the contributor or representative of the organization making the donation.
  - a. In-Kind Contribution Form  
Exhibit #1 on page 9 is a sample In-Kind Contribution Form suitable for reproduction. Each volunteer should complete and sign such a form each time he or she works on the project. The project director will find this procedure easier than waiting until the end of the project – a point at which most people will have a difficult time recollecting their exact contribution.
  - b. Cost-Sharing Log  
Exhibit #2 on page 10 is a sample log which may be used in lieu of the In-Kind Contribution Form. This might be the most convenient way to maintain a detailed record of the key workers (project director, fiscal agent) who contribute services on a daily basis.

*All cost-sharing records are subject to audit and must be held on file for a period of three years after the project's termination date.*

## TERMINATING A GRANT

On rare occasions, the Council may conclude that the terms of the grant award are not being fulfilled and will communicate this to the project director and fiscal agent in writing. The Council will make no further payments on the grant until the problem is corrected. If compliance or correction is impossible, the grantee must repay or arrange for repayment of the federal funds which have been improperly diverted or expended. Within thirty (30) days after the date of termination, unexpended funds must be returned to the MHC with an itemized accounting of funds expended, obligated, and remaining under the grant.

## RETAINING RECORDS

All grants awarded by the MHC are subject to audit. Consequently, the federal government requires grantees to retain the financial records and supporting documentation for a minimum of three years after the submission of your final reports to MHC.

Generally, the MHC will not require a financial audit at the conclusion of the grant *unless* the grantee has received more than \$25,000 from the MHC in one fiscal year. In such a case, the MHC will increase the grant award to pay for the audit. If the grantee is regularly audited (for example, a college or university), the NEH will accept the audit of the entire institution and, therefore, no additional MHC funds will be awarded.

Records that relate to audits, appeals, litigation, or the settlement of claims arising out of the performance of the project shall be retained until such audit proceedings have been initiated. The grantee may substitute microfilm copies of original records.

The chairman of NEH, MHC, its staff and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any pertinent books, documents, papers, and records of the grantee to make audits, examinations, excerpts, and transcripts.

All communications regarding the administration of an MHC grant should be directed to:

**Michael Bouman**  
Executive Director  
Missouri Humanities Council  
543 Hanley Industrial Court  
Suite 201  
St. Louis, Missouri 63144-1905

Telephone: 314.781.9660 or 1.800.357.0909  
Fax: 314.781-9681  
e-mail: [Michael@mohumanities.org](mailto:Michael@mohumanities.org)

**SAMPLE**

**EXHIBIT # 1**  
**IN-KIND CONTRIBUTION FORM**

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Description of Goods/Services Donated:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Value: \$ \_\_\_\_\_

\_\_\_\_\_  
Signature of Donor

\_\_\_\_\_  
Signature of Project Director

SAMPLE

**EXHIBIT # 2**  
**COST-SHARING LOG**

Date Submitted: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Signature of Donor

\_\_\_\_\_  
Signature of Project Director

To be used by Project Director, Fiscal Agent and key persons contributing numerous services and goods on a daily basis.

DATE	CONTRIBUTION	CALCULATION OF VALUE	TOTAL
1/13/91	Personal Time Phone calls for project planning	2 hours @ \$10.00/hr.= ..... \$ 20.00	
1/27/91 2	Long distance calls, St. Louis - Kansas City to program scholars	\$5.05 .....	5.05
1/31/91	Personal time-meet with planning committee	4 hours X \$10.00= .....	40.00
1/31/91	Mileage to planning	45 miles @ 20 cents/mile=	9.00
1/91-3/91	Office Space	\$100/day X 12 days=	1200.00
<b>TOTAL</b>			<b>1274.05</b>

**EXHIBIT # 3**

**MISSOURI HUMANITIES COUNCIL  
543 Hanley Industrial Court  
Suite 201  
Saint Louis, MO 63144-1905  
314.981.9660 or 1.800.357.0909**

**GRANT PAYMENT REQUEST**

This form requests up to three month's cash needs for a project that has already received an initial payment. MHC pays in three-month increments until 90% of the grant is expended. The final 10%, if needed, is paid after the financial report and final evaluation are received and approved.

Grant Number: \_\_\_\_\_ Grant Period: \_\_\_\_\_

Project Title: \_\_\_\_\_

Grantee: \_\_\_\_\_

We anticipate needing \$ \_\_\_\_\_ of the available balance of the grant in the next three months.

\_\_\_\_\_  
Project Director's Signature Date

\_\_\_\_\_  
Fiscal Agent's Signature Date

Be sure to mail printed promotional materials to the MHC office, members of the MHC board of directors, and your U.S. and State representatives. Call the office if you need another copy of these names and addresses.