



TRAINING & DEVELOPMENT ASSOCIATES, INC.

Fund Accounting Clinic

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ABOUT THE MANUAL

The work that provided a basis for this publication was supported by funding under an award from the U.S. Department of Housing and Urban Development. The substance and findings of the work are dedicated to the public. The author and publisher are solely responsible for the accuracy of the statements and interpretations contained in this publication. Such interpretations do not necessarily reflect the views of the federal government.

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Chapter 1: Overview of the Fund Accounting Clinic

The training course, Fund Accounting Clinic, was developed by Training and Development, Associates, Inc. in collaboration with the U. S. Department of Housing and Urban Development, Community Planning and Development Division, San Francisco Regional Office and SNAPS grantees, to establish the first basic “building block” related to good financial management for grantees.

The Office of Special Needs Assistance Programs, or **SNAPS**, is the office that administers HUD's homeless assistance programs

This training serves as the first of many building block courses that will develop a stronger base for SNAPS grantees to establish and strengthen the financial and programmatic management for their HUD SNAPS grants.

The goal of this training session and this manual is to help SNAPS grantees understand what fund accounting is and how fund accounting applies to SNAPS grants. As federal grantees, SNAPS grantees must comply with federal financial management standards that require that “costs must be reasonable, allowable, and allocable in order to be reimbursed with federal funds.” Fund accounting is a crucial tool to guarantee that a SNAPS grantee does not exceed their approved HUD grant budget.

Fund accounting is a method of recording financial information that groups resources into funds based on their source and the use of those resources.

Goals of the Fund Accounting Clinic

The Fund Accounting Clinic has three primary goals and four additional goals. The primary goals are that after completing the course, participants will understand:

- What is fund accounting and how it applies to SNAPS grants;
- How to prepare a SNAPS budget that uses fund accounting; and
- How to prepare an employee time and activity report that reflects fund accounting

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The additional goals of the Fund Accounting Clinic are that participants will also understand:

- How to insure that SNAPS funded activities are eligible;
- How to insure that eligible costs are charged to the appropriate grant;
- How to prepare accurate reports to be used as management tools; and
- How to avoid recapture of SNAPS funds by HUD

The mission of the Office of Management and Budget, or **OMB**, is to assist the President in overseeing the preparation of the federal budget and to supervise its administration in Executive Branch agencies. In helping to formulate the President's spending plans, OMB evaluates the effectiveness of agency programs, policies, and procedures, assesses competing funding demands among agencies, and sets funding priorities.

Why is Fund Accounting Important to SNAPS Grantees?

Fund accounting strengthens the capacity of SNAPS grantees to better manage their grants. By applying the principles in this course, grantees will be able to prevent issues that could ultimately lead to the loss of funds.

In the past, HUD has recaptured unspent and ineligible SNAPS grants. The recaptured funds were allocated to other agencies through a NOFA. Unspent and ineligible SNAPS funds are a problem for the local

HUD awards funds for many programs by issuing a Notice of Fund Availability (**NOFA**) which combines many program applications into a **SuperNOFA**.

community as recaptured funds are not necessarily returned to the local Continuum of Care, or even the local HUD Field Office. Often, recaptured funds are returned to HUD Headquarters and rolled over into future funding rounds.

Past HUD monitoring of SNAPS grantees shows that while most SNAPS grantees are doing a good job of providing housing assistance and supportive services, the grantees' financial compliance needs to be strengthened. This training is a result of that desire to transform "theory to practice" and make fund accounting a crucial and daily aspect of SNAPS grant administration.

Chapter 2: What is Fund Accounting?

As stated in chapter 1, fund accounting is a method of recording financial information that groups resources into funds based on their source and the use of those resources. This section will look at the benefits derived from following fund accounting principles and some common misconceptions concerning fund accounting.

Benefits of Fund Accounting

Following the principles of fund accounting ultimately provides several benefits to SNAPS grantees. These include the ability to:

- Track sources and uses of each funding source, whether or not they are provided by HUD
- Analyze the revenues and expenses associated with a specific funding source
- Evaluate each project or activity individually to determine if it is effective or not
- Make a proper drawdown of funds from LOCCS by making the necessary information accessible

LOCCS, or the Line of Credit Control System, is the accounting and grantee reimbursement system used by HUD.

Many Not-for-Profits Are Not Familiar With Fund Accounting

Many businesspeople, as well as many not-for-profit grantees, are not familiar with fund accounting. This type of accounting, however, serves to facilitate expenditure control and stewardship reporting in the public sector. The concept of separate record-keeping for separate funds is not exceedingly difficult, but care must be taken that fund accounting based financial reports are presented in a straightforward manner, since separate reporting on a large number of separate "funds" quickly becomes confusing.

An A-133 audit requires all federal funding streams to be identified by their CFDA number, which assumes that federal grantees have been using fund accounting to track the sources and uses of those federal funds.

This principle has been adopted for not-for-profits to segregate expenditures by funding sources. This concept has been codified by the Office of Management and Budget in Circular A-133, Audits of States, Local Governments, and Non-Profit Or-

A CFDA number is the number assigned to a federal program in the Catalog of Federal Domestic Assistance

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ganizations, which states that federal funds must be segregated and identified by the specific Catalogue of Federal Domestic Assistance (CFDA) that relates to that funding source.

Similarly, a local a SHP grantee may have a capital project fund, a special program fund, a scholarship fund, and an office and operations fund. Because specification of nonproprietary resources into large individual funds is still used almost universally, accounting methods for not-for-profit organizations are often identified by accountants as "fund accounting." Within this concept, an individual fund becomes an accounting entity unto itself, and financial records and controls are established with a specific fund focus. In some cases, separate funds and separate accounts for them are required by law, especially in municipalities.

In fund accounting, it is standard practice to distinguish between a general fund and special purpose funds. In the case of a Supportive Housing Program grantee, a sponsor may have to distinguish between the HUD grant and various sources of cash match.

The general fund normally provides the resources required to operate the unit or agency on a day-by-day basis. The wages of employees, building maintenance and general office expenses are items that are then chargeable to a general fund.

By contrast, special funds are established to yield accountability for separately identifiable activities which make individual control procedures necessary or desirable. This distinction means that SHP grantees must keep detailed time and activity records in order to properly charge time to the appropriate funding source.

Fund Accounting Is Different Than Business Accounting

Governmental units, charitable and educational institutions, and other not-for-profit organizations adopt slightly different financial statements from those required for the private sector. For instance, in lieu of equity (the value generated in business from past profits) a not-for-profit's statement of fund condition contains fund balances and retained earnings. Fund balances are the excess of budgeted amounts over expenditures incurred

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or committed. Retained earnings may arise from activities for which services are provided at a fee to the public. Each fund is administered as a specific entity; expenditures can only be committed for amounts budgeted in that particular fund.

Retained earnings is the income earned by an organization, whether for-profit or not-for-profit, that is generated from operations, such as charging a fee.

Fund Accounting Can Take Many Forms in SNAPS Programs

Fund accounting can take many forms; in fact, the form of fund accounting may well follow function. Examples of fund accounting could include:

- Basic fund accounting that delineates individual “funding streams” and all of the expenses associated with that funding stream. For instance, a SNAPS grantee might include HUD, the U.S. Department of Health and Human Services, the United Way, a local foundation and individual donors among its various funding streams.
- Also, when a grantee has all the above funding sources plus more than one HUD SNAPS grant, each SNAPS grant must be clearly identified by a grant number and year so that reviewers can clearly track all expenses associated with each individual SNAPS grant.

SNAPS fund accounting must be modified by specific expense categories—such as the eight eligible activities of Supportive Housing Program—versus traditional expense items in traditional accounting such as labor, overhead, and administration.

Eligible Supportive Housing Program activities include: acquisition; rehabilitation; new construction, leasing; supportive services, Homeless Management Information System (HMIS); operations and administration.

Common Misconceptions about Fund Accounting

Many SNAPS grantees have operated with common misconceptions of what fund accounting is. Common misconceptions of fund accounting include:

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- Taking a straight percentage of costs and applying the percentage against the grant when federal principles require reimbursement for actual expenditures and costs incurred. (While percentages are fine in developing a budget, reimbursement is for what actually occurred once the grant is operational.)
- Drawing budgeted amounts regardless of what actual costs are. Again, federal reimbursement is only for actual expenses.
- Assuming that all SNAPS grants are the same and therefore, charging costs against any available SNAPS funds. Each SNAPS grant is unique, has its own fund, its own account and its own eligible activities associated with its specific activities. Incurred costs are only eligible for federal reimbursement when those costs are allocated to a specific SNAPS grant.
- Assuming that if an item is identified as eligible in the McKinney-Vento Act or in HUD guidance, then funds may be spent on anything eligible item regardless of whether or not it was included in the budget. SNAPS funds are allocated to specific eligible activities in an approved budget. If the approved budget is silent on a specific activity, then the activity is not eligible for federal reimbursement, even though the Act or other guidance might recognize it as an eligible use of funds.
- Using excess funds from a prior year's SNAPS grant to pay costs in a present year's grant. If a SNAPS grantee has excess funds, those funds are liable to be recaptured by HUD and therefore, are not available for any use other than those expressed in the approved budget associated with that prior year's grant.

This chapter has established a definition of fund accounting and looked at the benefits to an organization when they adopt these principles into its financial management system. In addition, common misconceptions about fund accounting have been discussed. The next chapter will take this discussion a step further by looking at the specific ways fund accounting affects financial management.

Chapter 3: How Does Financial Management Relate to Fund Accounting?

The Office of Management and Budget, an agency of the White House, establishes guidelines for all federal grantees, not just HUD grantees. Therefore, when a SNAPS grantee gets both a HUD grant and a grant from the U.S. Department of Health and Human Services (HHS), both of the grants are governed by the same set of guidelines issued by the Office of Management and Budget (OMB). Fund accounting is necessary to guarantee that different funding streams, such as HUD and HHS, are reported in compliance with OMB guidelines.

While operating a program, a SNAPS grantee must always keep the OMB guidelines in mind. Otherwise, when it is time to complete an Annual Progress Report (which is the annual report that SNAPS grantees must submit to HUD to demonstrate compliance with programmatic and financial requirements) or the audit, the agency will find itself out of compliance with all federal funding streams.

Financial Management Standards

In setting up a financial management system, a SNAPS grantee must adopt policies and procedures that will address the following federal financial management standards:

- Internal controls
- Budget controls
- Accounting controls

Outlined below are the applicable regulations that govern federal financial management that have been issued by OMB. While uniform administrative requirements are established by OMB, they are implemented by HUD through regulations as shown in the following table.

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Table 1. Financial Management Standards

Grantee	Cost Principles	Audits	Uniform Administrative Requirements
States and local governments Non-for-profits	OMB Circular A-87 OMB Circular A-122	OMB Circular A-133 OMB Circular A-133	24 CFR Part 85 24 CFR Part 84

The SHP regulations at 24 CFR Subpart 583.330(c) require grantees to comply with HUD's implementation of OMB standards under 24 CFR Part 84 or Part 85, as applicable to governmental or not-for-profit agencies. Both 24 CFR Part 84 and Part 85 require governmental and not-for-profit agencies to have effective control and accountability to assure grant assets are used solely for authorized purposes and to show source and use of funds.

SNAPS grantees should be familiar with the appropriate OMB Circular A-87 or A-122 applicable to its agency. They may be similar, but they are not identical. SNAPS grantees should pay particular attention to salary documentation standards since a substantial amount of SNAPS funds is for direct salaries.

The Code of Federal Regulations (CFR) is the codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the federal government.

In addition, a SNAPS grantee must be familiar with the SHP desk guide for the appropriate program as it outlines eligible clients and activities. OMB Circulars require that costs must be reasonable, allowable, and allocable to be reimbursed by the federal government. The SHP Desk Guide can be downloaded at HUD's website.

Compliance with federal requirements starts with a SNAPS grant agreement. The grant agreement (and any subsequent amendments) that the grantee signs requires compliance with requirements of the applicable NOFA (including the application and technical submission) and the SNAPS regulations.

SNAPS grantees should become familiar with the terms and conditions of the grant agreement. SNAPS grantees should learn what restrictions are placed on its funds based upon the applicable laws, regulations, NOFA, application and technical submission. SNAPS grantees should note that the application and/or technical submission include di-

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rect and indirect performance measurements, such as service level, mix of services, level of FTE effort, etc. Then, SNAPS grantees set up their accounting system to meet those requirements, including those for reporting source and uses of all HUD funds.

Internal Controls Are Basic SNAPS Policies and Procedures

Internal controls help a SHP grantee ensure that resources are used for authorized purposes and in a manner consistent with applicable laws, regulations and policies and that those resources are protected against waste, mismanagement or loss. In addition, they ensure that information on the source, amount and use of funds are reliable and up-to-date, and disclosed in the appropriate reports and records.

HUD standards for internal controls for not-for-profit organizations are found at 24 CFR 84.21(b) (3) and standards for governments are found at 24 CFR 85.20(b) (3). The standards outlined are the same:

Effective control and accountability must be maintained for all grants, cash, real and personal property and any other assets. HUD grantees and subgrantees, such as SNAPS sponsors, must adequately safeguard all property and ensure that it is used solely for authorized purposes.

The basic elements of an internal control system include the following:

- **Organizational chart** showing all titles and lines of authority for all individuals involved in the approving or recording of financial transactions. This is important to show who is authorized to sign financial documents, make draws and seek grant amendments on behalf of a SNAPS grantee.
- **Written job descriptions** that describe the responsibilities of all employees, especially those that will be funded with HUD funds so that time can be traced to an eligible job description.

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- **Written policy manual** specifying approval authority for all financial transactions and guidelines for controlling expenditures.
- **Written procedures** for the recording of financial transactions, as well as an accounting manual and a chart of accounts.
- Adequate **separation of duties** to ensure that no one individual has authority over an entire financial transaction, such as requesting a LOCCS drawdown, receiving the funds, spending the funds and then handling the inventory records for the transaction.
- **Written hiring policies** to ensure that financial staff qualifications are equal to job responsibilities and those individuals hired are competent to do the job.
- **Written policies and procedures** to ensure that access to accounting records, assets and confidential records are adequately controlled and access is limited to authorized persons.
- Written procedures for regular **reconciliation of financial records** to include compare a SNAPS grantee's records with the actual assets and liabilities of the organization.

Budget Controls Help SNAPS Grantees Handle Changes

HUD standards for budget control can be found at 24 CFR 84.21(b)(4) for not-for-profit organizations and at 24 CFR 85.20(b)(4) for governments. OMB and HUD require organizations to put budget controls into place, starting with the application and confirmed in the technical submission. The Office of Management and Budget requires that grantees should be able to compare and control expenditures. This includes keeping records on budgeted amounts; comparing obligations and expenditures to planned budgets and ac-

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accomplishments; reporting deviations from budgets and plan; and requesting grant amendments when the budget deviations trigger such actions.

Accounting Controls Help Chart Financial Performance

HUD grantees and subgrantees, such as SHP sponsors, are required to have accounting records that adequately identify the source and application of HUD funds provided to them. All accounting records must be supported by source documentation

HUD standards for accounting records can be found at 24 CFR 84.21(b)(2) for not-for-profits and 24 CFR 85.20(b)(2) and require that a grantee's accounting system must include the following :

Table 2. Accounting System Components

Component	Description
Chart of Accounts	A book of final entry summarizing all of a company's financial transactions, through offsetting debit and credit accounts.
Cash Receipts journal	Cash receipts accounts for all monies generated through cash sales and the collection of accounts receivable
Cash disbursements journal	A cash disbursements journal is where all cash (or check) paid-out transactions are recorded.
Payroll journal	A journal where all payroll expenses and disbursements are recorded.
General journal	A journal used where no special journal exists or in which transactions not belonging to other journals are entered
General ledger	A book of final entry summarizing all of a company's financial transactions, through offsetting debit and credit accounts.

In addition, the accounting records of a SHP grantee must be supported with source documentation such as cancelled checks, paid bills, payroll statements, time and activity reports, contracts and invoices.

Fund Accounting Starts With an Agency Budget

Fund accounting starts with the development of a budget and tracks the budget all the way through to final reporting. In order to properly fund and operate a SNAPS grant, one must develop a budget with solid assumptions based on source documents. Solid assumptions are based on the following:

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- An analysis of past years' revenues and expenses
- Any anticipated increases in costs (due to inflation or other factors)
- Any changes in clients or services to be provided
- Any change in the physical location or cost in delivering services
- Any possible changes in staffing or the workforce to deliver services

It is critical that all assumptions are documented and shared with funding sources, especially in the HUD SNAPS application and technical submission budget, so that there is a paper trail and thought given to the budget assumptions.

It is important to prepare budget assumptions that are specific to your program and in alignment with the specific terms and conditions of your funding sources. The budget assumptions help agency management and external funders understand your budget forecast and increases one's credibility. For instance, if a SNAPS grantee forgets to include items fringe benefits, such as vacation and sick time, in their salary assumptions, those extra costs would not be eligible for federal reimbursement because they were not included in an approved SNAPS budget and could not be allocated to the grant. Only the direct salary costs would be reimbursed, assuming that they were properly documented.

SNAPS Grantees Must Know Their Budget Cycle

When an agency prepares a budget, it is projecting future activities and the financial implications of those activities. Budgets are prepared by someone who has the financial responsibility for the financial processes of an organization, either wholly or by specific function. Other staff and Board members are involved, as necessary, to complete and document the budget.

Agencies should develop an annual budget that anticipates SNAPS funding as one funding stream within the total budget of the organization. Therefore, annual budget are developed based on the fiscal year of the agency. The annual budget may need to be

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amended once the agency applies for SNAPS funds and budget assumptions might change.

Budgets are guidelines and help an agency—its staff and Board—to make decisions as the agency operates. Budgets help management make bottom-line decisions about allocating resources—such as whether the agency can afford to hire another case manager or expand its services to other HUD homeless-eligible clients—or about when the agency may need to raise extra revenue.

Budgets do not remain static. Once operational, agencies begin to change budgets as they incur actual costs. OMB requires organizations put budget controls into place, starting at the point of the application, being confirmed in the technical submission and modified in grant amendments when budget deviations trigger such actions

SNAP grantees may have questions about what triggers a grant amendment. HUD makes a distinction between “minor” and “major” programmatic changes, with major changes requiring a grant amendment. In addition, it should be stressed that only lead agencies can request grant amendments from HUD.

In evaluating potential applicants, Continua of Care are asked to evaluate the financial management of potential applicants. Once the grants are awarded, HUD will evaluate the financial management of all grantees using Section 13-8, Guide for Review of SHP Financial Management, from the new CPD Monitoring Handbook.

HUD's Office of Community Planning and Development (CPD) oversees federal community development, economic development, affordable housing and special needs programs.

Developing SNAPS Budgets as Part of Overall Agency Budget

The unique nature of HUD's homeless programs means that a SNAPS grantee must pay special attention to the development of a SNAPS budget. Outlined below are best practices for developing a SNAPS budget:

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- Study all SNAPS budget requirements in detail and ask questions of the lead agency and/or HUD before developing the budget. Special attention should be paid to the most recent notice of funding availability that often list new policy and requirements.
- Provide a description of your SNAPS particular project and all HUD-eligible activities to be funded by the Supportive Housing Program grant.
- If necessary, include previous financial statements and budgets to justify the historical assumptions used in your budget, especially if the budget figures will likely raise a red flag to a reviewer due to unusual assumptions.
- Contrast any budget changes from recent history (such as increases in utilities).
- Include all budget assumptions, especially those which might require greater explanation, such as a substantial increase in cost different from historical assumptions.
- Include a description of all funded position that will be allocated to the SNAPS grant along with assumptions about projected hours to be budgeted for each position by various funding sources, including HUD. Remember that the budget assumptions may prove wrong once the project is actually operational.
- Include all funded position descriptions with a “fully loaded” wage and fringe benefits rate that includes a breakdown of all costs to be paid by the Supportive Housing Program grant; otherwise, HUD will not reimburse for any items not included in the actual rate of pay.

A **fully loaded** rate is a compensation rate that includes all wages and fringe benefits. For instance, a case manager may be paid \$40,000 a year in salary but because they receive \$10,000 in fringe benefits, their fully loaded rate is \$50,000 per year

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- Include all sources of match funding that will be allocated to a specific SNAPS eligible activity so that the budget will fully account for all costs associated with operation of the program. Remember that the HUD grant plus cash match must equal 100% of the costs for all activities.
- Determine how non-HUD eligible activities will be funded and show a back-up budget for the agency that accounts for all HUD, cash match, and non-HUD funded activities.
- Have at least one other staff member and at least one Board member analyze the prepared SNAPS budget and ask questions. If they have questions, another external reviewer may also have questions.

Fund accounting has an impact on financial management systems, particularly as it affects an agency's budget. Chapter 6 will discuss additional ways that fund accounting affects financial management by looking at an organization's financial statements. However, the impact of fund accounting does not stop with financial management, but also affects the way programs are operated. In the next chapter, the effect of fund accounting on time and activity reporting, allocating costs, pro-rating costs and drawing funds will be examined.

Chapter 4: How Does Fund Accounting Impact Running a Program?

As noted in earlier chapters, fund accounting helps an organization have a financial management system that complies with federal standards, which specifies that an agency have systems in place to:

- Control and account for funds, property and other assets
- Identify the source and use of all federal funds
- Allow accurate, timely and complete financial reporting
- Minimize time in the transfer of funds between the federal government and the grantee

While these standards apply to all federal grantees, there are some specific requirements triggered by the unique nature of HUD's SNAPS grants. A major consideration for HUD and SNAPS grantees is timeliness. With so many SNAP grantees becoming annual renewals, grantees must demonstrate that they can raise the necessary cash match and expend 100% of their SNAPS grant within one year. If a SNAPS grantee can not expend the funds in a timely manner, HUD may recapture funds.

The Office of Management and Budget requires that SNAPS grantees be able to track the sources and uses of all funds, whether used for personnel or non-personnel. Federal financial management standards must ensure that program costs are incurred for the proper period, actually paid, expended on eligible items, expended from the appropriate grant and approved by appropriate officials.

Each cost must be analyzed for eligibility, appropriateness and authorization, no matter how small, to be eligible for federal reimbursement. A SNAPS grantee must keep up-to-date information on sources and uses of funds that demonstrate:

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- Amount of federal funds received and authorization of funds
- Obligations of funds and un-obligated balances
- Assets and liabilities
- Program income
- Expenses by grant year and program

Time and Activity Reporting

As the largest single expenditure of SNAPS funds, special attention must be paid to the documentation and reporting of staff time associated with SNAPS-eligible clients and activities. Most SNAPS-funded employees work on more than one activity and/or project (as demonstrated in job descriptions that list “other duties as assigned”). When an employee works on more than one activity and/or project, OMB’s standards require:

- Work must be supported with a time and activity tracking system
- System tracks actual time spent on a HUD-eligible activity
- System tracks activity that took place (who was the eligible client, what was the eligible activity)
- Documentation on the activity be maintained that supports the information in the tracking system

Time and Activity Records Are Based On Fund Accounting

Required time and activity records must comply with specific requirements. Time and activity records must be an after-the-fact determination of actual activity (therefore, one can not have a pre-printed timesheet). All time and activity records must be signed by the individual employee who completed the actual work or by a supervisor who can vouch for the actual work.

According to OMB, time and activity records must be prepared at least monthly; although, keeping records on a daily or weekly basis is much more practical and efficient.

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The signed time and activity records are used to determine actual salary expenses by tying eligible SNAPS activities back to the approved budget.

OMB’s requirements for reporting time and activity apply to direct HUD grantees, sponsors and service providers. All SNAPS grantees need to develop forms that comply with OMB’s requirements. HUD’s San Francisco Field Office has developed a template for time and activity reporting that can be customized by a SNAPS grantee, as long as it complies with OMB’s standards.

SNAPS grantees should have supporting documentation that ties the time and activity records to eligible clients and activities. Documentation that supports time and activity records may include such things such as clients’ case notes, calendars, logs, sign-in sheets and dated reports.

Experience shows that many SNAPS grantees make mistakes in justifying time for federal reimbursement. Listed below are some of the most prevalent timekeeping mistakes:

Top 10 Timekeeping Mistakes	
<ol style="list-style-type: none"> 1. Charging 8 straight hours per day to a grant (time reported must be actual and therefore one can not charge 8 straight hours as it is probable that there might be other work assignments that occur during a work day) 2. Charging a fixed percentage of time to a grant (percentages may work to develop a budget but time reporting must be actual and therefore, time must be recorded when it happens) 3. Not using information from the time and activity record to charge the grant 4. Not including sick time and vacation (if these items are not included on the time and activity record, it is not possible to allocate expenses to the proper accounts) 5. Not linking time to an eligible activity (If time is not linked to a HUD-eligible activity, it is not reimbursable with federal funds. It may be charged to a non-federal source, but there must be a nexus between time charged and eligibility.) 	<ol style="list-style-type: none"> 6. Not linking time to an eligible grant (or multiple grants) 7. Not identifying a project and/or client (time that cannot be linked to an eligible project and/or client is not eligible for federal reimbursement because it cannot be allocated to a grant) 8. Not showing time spent on non-SNAPS activities (while HUD only reimburses for SNAPS-eligible activities, the time and activity record must show all work done to determine what time is eligible and what time is not) 9. Not having supporting documentation to substantiate time expenses (without supporting documentation, an employee may have worked but since it cannot be substantiated their time cannot be reimbursed with federal funds) 10. Not getting the timesheet and activity record signed (A time and activity record is not complete until it is signed by the employee.)

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OMB has slightly different requirements for timekeeping systems depending on whether the grantee is a nonprofit organization or a governmental entity. In Circular A-122 (which applies to nonprofit organizations) Attachment B, paragraph 8.m(1) states that “charges to award for salaries and wages...will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages will be supported by personnel activity reports, as prescribed in subparagraph (2), except when a substitute system has been approved in writing by the cognizant agency.” In subparagraph (2)(c) the standards require that personnel activity “reports must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee....”

In Circular A-87 (which applies to governmental entities) Attachment B, paragraph 8.h. states that “charges to Federal awards for salaries and wages...will be based on payrolls...and approved by a responsible official of the governmental unit” and further that “personnel activity reports...must be signed by the employee.”

Allocating Costs

The unique nature of fund accounting has important implications for financial management in the not-for-profit sector. The allocation of funds in profit-oriented organizations reflects management perceptions and interests; as corporate priorities change, budgets can be revised and funds reallocated between projects. This provides great flexibility for the for-profit organization to handle changes. In the public sector, allocations are restricted by laws or contracts and expenditures may only be incurred if authorized for the designated purpose of the funding agency.

The terms and conditions of the SNAPS grant agreement limits the use of HUD funds to eligible costs that are reasonable, allowable and allocable to the grant. Therefore, not all costs are reimbursable even if they are HUD, homeless or SNAPS funds. To be reimbursed in the proper manner, SNAPS funds must be associated with a specific “fund account”.

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In the SNAPS program, a specific fund account needs to be established for each SNAPS award, even if a grant is being renewed. Unless HUD has specifically approved a grant consolidation, each SNAPS grant is independent of each other and cannot be used for any other SNAPS project. This logic follows all the way through to the Annual Progress Report that requires a report for each individual SHP grant.

SNAPS Expenses Must Comply With Federal Cost Principles

Costs are only eligible for federal reimbursement if the costs

- Are associated with an eligible client
- Pay for eligible activities under the funding program
- Are delineated in the application (budget)
- Have adequate source documentation
- Meet OMB standards for being reasonable, allowable and allocable

When SNAPS costs are ineligible, say because of an ineligible client, all costs associated with that client – including match and administration – are ineligible. All SNAPS-eligible activities must be delineated in an approved budget. Just because the program’s desk guide says that something “might” be eligible, the activity actually becomes eligible when it is in an approved budget and meets the cost principles laid out by OMB.

OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments and OMB Circular A-122, Cost Principles for Non-Profit Organizations, set forth guidelines for what constitutes reasonable, allowable and allocable costs. When costs are charged to a federal award they must be necessary, reasonable and directly related to the grant.

Cost Reasonableness

For SNAPS costs to be considered reasonable, a determination must be made as to:

- Whether the cost is ordinary and necessary (for instance, one might need to conduct a cost-benefit analysis to see if the cost is reasonable)

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- Market prices for comparable goods and services (requires that SNAPS grantees follow procurement standards and compare costs to each other)
- What benefit is provided to the individuals to be served by the expenditure

SNAPS grantees should be sensitive to the fact that federal funds, even when given as a grant, must be a good value. In preparing a budget and then in spending the public's money, one must give some thought to usefulness. For instance, how does one know the market price for a case manager? How to determine whether the cost of a van is ordinary and necessary? SNAPS grantees should conduct a cost-benefit analysis to determine whether the "benefit" is worth the expenditure (cost). For instance, how many clients can a full-time case manager serve? When does an agency need a van? SNAPS grantees will need to be familiar with the marketplace and do necessary comparisons to make such determinations.

Cost Allowability

In general, allowable costs must be necessary and reasonable, allocable to the program, authorized or not prohibited, conform to and be consistent with rules and requirements, and not charged to any other program. Under "authorized or not prohibited," SNAPS grantees should not try to be too creative, but rather to follow the activities that are identified as eligible under the funding program.

Cost Allocability

A cost is allocable to a HUD program if it is treated consistently with other similar costs, incurred specifically for the program, benefits program or can be distributed based on a reasonable proportion, and is necessary to operations.

While OMB establishes standards for when costs are allowable and allocable, one should realize that the program's regulations and desk guide will likely be more restrictive. Just because OMB says that an activity might be allowable, the SNAPS program specifically might say the activity is either not allowable or allocable.

Apply Fund Accounting to New or Expanded Projects

The McKinney Act authorizes HUD to award funds to new projects or to fund the expansion of existing projects. When HUD awards funds for a SNAPS expansion project, the grantee's fund accounting system must be sufficient to identify costs applied to the existing project versus the newly funded portion. Some examples of SNAPS expansion projects include:

- Second floor is built onto an existing transitional housing project
- Rooms not previously used for the homeless are converted to bedrooms
- Additional substance counselor is hired to serve the needs of new clients

Only the pro-rated share of these related costs are eligible for SNAPS assistance.

Pro-Rating Costs When HUD Is Only One Funding Source

Pro-rating costs is required by HUD where the full cost of the activity is not the actual cost for HUD's portion. For instance, a building has rooms for 20 clients, of which eight are HUD-funded. In this instance, HUD will only pay for eight of the units since they are the only ones for which it receives a benefit.

To substantiate HUD's pro-rata share, the SNAPS grantee must always have source documentation. The type of cost determines the method for pro-rating costs. Depending on the cost to be pro-rated, a SNAPS grantee will use one of the two following methods:

- **Personnel costs** (salaries) for supportive services, operations and administration staff are pro-rated based on actual—not budgeted—time. Personnel costs should include benefits and be documented with time and activity records.

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- **Non-personnel** costs (such as buildings and equipment) are pro-rated based on an established base, such as square footage of space, amount of time used or actual mileage, and documented with logs, plans, etc.

SNAPS grantees must remember that budget assumptions can be based on percentages but actual expenditures govern costs, even when pro-rated.

Drawing Down Funds Properly

SNAPS Grantees must follow the proper procedures in order to draw down funds through HUD's Line of Credit Control System. Outlined below is a list of questions SNAPS Grantees should ask to ensure properly drawing funds through LOCCS. This is also included as a checklist in the appendix of this manual.

- Is caller an authorized user of LOCCS?
- Has grant agreement been executed by HUD?
- Has grant been issued a voice response number?
- Have costs been recorded in general ledger?
- Have costs been adjusted for existing versus expansion costs?
- Are amounts supported by source documentation?
- Has adequate project progress been made to warrant release of funds?
- Are costs being charged to the correct grant?
- Has program income (such as, resident rents) been applied toward project costs prior to drawing from the U.S. Treasury?
- Is request consistent with approved application, technical submission or amendment budget line item (BLI)?
- Is request consistent with approved application, technical submission or amendment exhibits?
- Is request for correct grant term?
- Is request for correct month?
- Noting that minimum match must be demonstrated annually, what is source and use of match for this draw?

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- Will special authorization be required to release a post 90-day draw?
- Will the annual progress report (APR) need to be revised?
- Has voucher form HUD 27054 been filled out prior to making phone call; signed and dated upon call-in?
- Has an operating start date in LOCCS been established for first drawdown of funds for leasing, supportive services or operating costs?

Because fund accounting affects an agency's budgets and the way it operates its programs, it also necessarily has an impact on the way an agency meets its match obligations, which will be discussed in the next chapter.

Chapter 5: How Does Fund Accounting Impact Match Requirements?

The match requirements for HUD’s SNAPS grantees are regulatory and therefore, must be raised in order to comply with the Congressional intent that a local community or grantee must demonstrate commitment to the proposed SNAPS grant. Match must be committed before a technical submission is approved. The approved budget, that complements the approved technical submission, assumes that the entire match is available so that the projects approved are fully funded.

Match Requirements

The applicable SHP statutes and HUD appropriation Acts require grantees to pay for at least 50% of the eligible acquisition, rehabilitation and new construction costs, at least 25% of the annual eligible operating costs, and at least 20% of the annual supportive services and HMIS costs. Since match is a statutory requirement, it cannot be waived by HUD. Applicable cash match requirements are listed below.

HMIS is a Homeless Management Information System that collects information on homeless people in a community and serves as a process for accounting for those persons. The goal of HMIS is to guarantee a unduplicated count of all homeless persons.

Table 3. Match Obligations

SNAPS Eligible Activity	Match Requirement
Acquisition, rehabilitation and new construction	Dollar for dollar up to the HUD-funded amount (this could also be expressed as a 50/50 match requirement)
Supportive Services	HUD will fund up to 80% of eligible supportive services, cash match is 20%
Homeless Management Information Systems (HMIS)	HUD will fund up to 80% of eligible HMIS costs, cash match is 20%
Operations	HUD will fund up to 75% of eligible operating costs, cash match is 25%
Leasing	No match required
Administration	No match required

For a SHP budget to fully account for all projected activities, “100% must equal 100%.” That is, to provide 100% of the projected HUD-eligible activities to 100% of the HUD-

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eligible clients projected in your technical submission (approved budget), an agency must raise 100% of the total project costs (HUD grant and match). If not, the agency is either not serving 100% of the clients or not providing 100% of the activities.

To assist HUD in determining compliance, the grantee will need to identify total costs and then reduce them by the ineligible SHP costs, such as depreciation, reserves, interest, fines, entertainment, etc. In addition, if the project is an SHP expansion, that pro-rata share needs to be identified as well.

The SHP desk guide specifies depreciation as a non-eligible SHP expense. **Depreciation** is a benefit provided by the federal government to allow investors to offset the purchase of a hard asset, such as a building, by taking the depreciation charge, which is a non-cash expense, against an investor's income.

Simply stated, the total program expenditures less the SHP reimbursement equals the cash match. Utilizing fund accounting, an SHP grantee can segregate HUD-funded activities from cash match-funded activities to show that all activities are being fully funded.

Eligible Program Expenditures
– SHP Reimbursement
= Cash Match

Fund accounting tracks both the sources of cash match and the uses of cash match to show that the match is used on a HUD-eligible activity and that the match commitment has, in fact, be raised and used.

Sources of Match

The McKinney-Vento Act mandates that match for HUD's Supportive Housing Program must be cash. Match needs to be cash contributed for an incurred cost of a SNAPS project. Cash match must be documented as part of the management of your financial system. The SNAPS accounting records must show that match is not being counted as match for another federal program. In addition, the SNAPS grantee must keep source documentation on file for review to substantiate cash match. Source documentation for cash match may include cancelled checks, rent receipts, and irrevocable pledges.

Rent collected from clients may be counted towards your match requirement, if the rent is calculated properly and used for HUD-eligible activities. Many SNAPS grantees charge

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fees for services and encourage clients to develop resources by saving a portion of their income. SNAP grantees should always remember that rent is rent, fees are fees, and savings are savings. Fees for service are pledged against a specific service cost and savings are pledged to the individual client. Neither program fees nor mandatory savings accounts count as cash match as match must be allocated to a specific SNAPS activity.

Note: Two examples where using rent for match does not meet programmatic requirements include: using rent to pay for leasing expenses since that activity does not require matching funds; or trying to use future rent as a match for acquisition, rehabilitation or new construction activities.

Match can be from another HUD source such as the Community Development Block Grant (CDBG) program, the ESG program (if used for transitional housing) and the HOME Investment Partnership (HOME) program (if used for acquisition, rehabilitation, or new construction). Since match is governed by OMB requirements and applicable statutes, grantees should obtain a letter from the awarding agency indicating that its funds are authorized statutorily to be used as match for SNAPS.

The CDBG program is a flexible formula grant program that provides communities with resources to address a wide range of unique community development needs. The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in communities and to create jobs through the expansion and retention of businesses.

The HOME program provides formula grants to States and localities that communities use—often in partnership with local nonprofit groups—to fund a wide range of activities that build, buy and/or rehabilitate affordable housing for rent or homeownership or to provide direct rental assistance to low-income people

When CDBG or HOME is used as match, the grantee should review the respective grant agreements for disposition of program income, grant proceeds and eligible items of costs. CDBG, for example, has a broader range of eligible activities than SNAPS. Whereas CDBG may pay for indirect costs, they might not be eligible under SNAPS and therefore cannot be counted as match for SNAPS.

Ineligible Sources of Match

As noted above, fees are not cash match as they are charged for a specific non-SNAPS use. Savings are not cash match as the savings belong to the client, not to the agency.

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Cash pledged to another grant is not cash match as it is not available for this specific SNAPS grant. Non-cash donations, such as food or clothes, are not cash match for a SNAP grant. Non-cash donations are not cash match but may be counted as leverage by the SNAPS grantee when applying for funding. If funding is not documented, it does not count as cash match.

Fees and Savings Accounts

The SNAPS regulations, found at 24 CFR 583.315(c), allow grantees to charge a program fee for services, which are not paid for with grant funds. Grantees need to show how the fees were applied. The Office of Management and Budget and the U.S. Treasury require proceeds from grant-assisted activities such as resident rents to be used for approved project costs prior to drawing from the line of credit (LOCCS) to reduce the financing costs of the federal government. Therefore, rents collected from program participants must be used before a SNAPS grantee makes a draw against the HUD grant.

The SNAPS regulations also allow grantees to set up a mandatory saving account for program participants and are accountable for their source and use. Savings must be repaid to the client as it is their money, whether they complete program requirements or are terminated from the program.

In addition, the Office of Management and Budget requires grantees to apply receipts that reduce expenses allocable to the federal award prior to draws from the line of credit. Examples are management fees collected from other sources, rebates, discounts, or security deposits repaid by a landlord to a transitional housing grantee who provided the security deposit initially.

Previous chapters have examined the way that fund accounting affects everything from an agencies initial program budget to meeting its match obligations. All of this leads to the ways that agencies report on its activities and how, ultimately, fund accounting shapes that process as well.

Chapter 6: How Does Fund Accounting Affect Grant Reporting?

This chapter will look at various ways that grantees report on their activities—through the Annual Progress Report, financial statements and agency audit—and how fund accounting relates to this process.

Annual Progress Reports

All SHP grantees are required to submit an Annual Progress Report (APR) within 90 days of the end of their particular operating year. The APR is used to track project progress by providing information on clients, services, expenditures and match. All expenditures shown within the APR must be supported with source documentation on file with the sponsor or grantee. The components of the Annual Progress Report are:

- Part I includes information on clients and activities
- Part II provides financial information including expenditures and match for acquisition, rehabilitation, new construction, leasing, supportive services, operations, HMIS and administration.

A common mistake made by SHP grantees is to show a budget in technical submission that does not align with the information reported in the Annual Progress Report.

SNAPS Grantees should complete the APR Checklist

Outlined below is a list of items that a grantee should ensure are followed when completing its Annual Progress Report. These are also included as a checklist that can be found in the appendix.

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- Be sure to use the correct APR (expires 11/30/2009).
- On page 6, ensure you have entered the correct operating year, the grant number and the component.
- On page 7, make sure the number of ‘persons to be served at a given point in time’ equals the number supplied in the most recent CoC application.
- On page 8, project capacity should not exceed 100%.
- On page 10, total number of participants in item 7 should equal the total number of participants in question 2(b), columns 1 and 2.
- On page 10, each participant should be listed in only one category in item 8. If a participant does not fit into category (a) through (i), they should be listed in item (j).
- On page 10, total number of participants in item 8 should equal the total number of participants in question 2(b), columns 1 and 2.
- On page 10, if a program is either S+C or Permanent Housing for Persons with Disabilities, they should have clients with special needs who will be listed in Questions 9(a) and 9(b).
- On pages 11 through 15, note that questions 11 through 15 only apply to participants who have left the program, the numbers entered in question 2(c).
- On page 15, question 15 only asks for the number of participants receiving supportive services, the amount of supportive services provided is captured in Part II of the APR.
- On page 16, objectives in question 16 come from your application, technical submission, or previous APR. If you change your objectives for the upcoming year, you should explain on page 23 why the change is needed.

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- On page 16, objectives should be SMART—that is, they should be specific, measurable, achievable, realistic and time-based.
- On page 16, Supportive Services Only projects do not complete question 17.
- On page 18, dollars for supportive services include Supportive Housing Program funds spent during the operating year.
- On page 19, amount of cash match listed in “sources of cash match” should equal the total of cash match in item (f).
- On page 21, amount of cash match listed in “sources of cash match” should equal the total of cash match in item (d).
- On page 23, don’t forget to explain any problems or changes implemented during the year—remember that changes must comply with the program regulations.
- On page 23, if you identify a problem, you should also offer a solution and/or request technical assistance from HUD to help address the problem.
- On pages 24 through 28, worksheets are for your data gathering and should not be submitted to HUD.

Financial Statements

In chapter 3, the impact of fund accounting in a grantee’s budgeting process was discussed. Now, its impact on a grantee’s overall financial statements will be looked at. While a budget sets out the estimated revenue and expenses for individual programs and the agency as a whole, financial statements are an agency’s symbolic presentation of its actual financial condition at a given point in time. Financial statements should be prepared according to Generally Accepted Accounting Principles (GAAP) and shared with an external community of lenders, grantors, and donors.

What Makes Fund Accounting Unique?

Fund accounting is based on generally accepted accounting principles. The unique nature of governmental and charitable funding gives rise, however, to requirements and procedures unique to that sector of the economy. One example is the absence of capital assets depreciation charges from financial statements. An asset once acquired is no longer listed on a “Statement of Fund Condition” and is therefore not depreciated.

Generally accepted accounting principles or GAAP are the accounting rules used to prepare financial statements for publicly traded companies and many private companies in the United States. Generally accepted accounting principles for local and state governments operates under a different set of assumptions, principles and constraints, as determined by the Governmental Accounting Standards Board (GASB).

One should always consider the quality of the financial statements presented by an organization. Listed below in ascending order is the quality of financial statements:

Table 1.Types of Financial Statements

Type of Financial Statement	How developed?
Internally generated	Generated by staff, used for regular operations
Compiled	Generated by auditor, based on staff compilations
Reviewed	Generated by auditor, who performs key tests
Audited	Generated by auditor, who reviews all assets, liabilities and accounts

One should always read the auditor’s transmittal letter to see what type the audit is and any accompanying notes to check for contingencies. Very often, in a financial statement, the “mystery is in the notes” of the statement.

SNAPS Grantees Must Determine How to Keep Their Books

Another issue for not-for-profit organizations relates to how they keep their books. The most popular methods are cash-basis and accrual-basis accounting. The primary difference relates to cash flow and when an organization recognizes revenue and expenses. Outlined below are the differences between accrual and cash-basis accounting:

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Table 4. Cash versus Accrual Basis Accounting

Accrual-Bases	Cash-Basis
<ul style="list-style-type: none"> • Focus is on timing and matching sources and uses of funds • Revenues, such as grants, are recognized in the period in which they are earned • Expenses are recognized in the period in which they are incurred • Fund balances may not reflect actual cash receipts 	<ul style="list-style-type: none"> • Recognizes only transactions involving actual cash receipts and cash disbursements • Revenue is recognized only when the cash is received • Expenses are recognized when they are paid for by cash • Unpaid bills are not recorded on the books

Each accounting method affects the organization’s financial statements differently. The effects of each method are illustrated below:

Table 5. Effects on Financial Statements

Financial Transaction	Accrual Accounting	Cash-Basis Accounting
Agency awarded \$100 grant from United Way in December	Revenues = \$100	Revenues = \$0
United Way makes \$100 payment on the grant	Cash increases by \$100 Grant receivable decreases by \$100	Revenues = \$100
Agency pays \$50 for December utilities in January	December expenses = \$50 January expenses = \$0	December expenses = \$0 January expenses = \$50

Accrual accounting does the best job of matching actual financial transactions, which is a plus for fund accounting. Most private sector companies use accrual accounting, while many small businesses and not-for-profit organizations use cash-basis accounting.

Statement of Fund Condition Shows Cash Flow to Operate

The Statement of Fund Conditions is a snapshot of what a not-for-profit agency owns and owes at a certain point in time. Some not-for-profits use the term “balance sheet” in lieu of Statement of Fund Conditions. For-profit businesses also use the term “balance sheet”.

The Statement of Fund Conditions indicates how well an agency manages its operations by matching the sources and uses of funds. The Statement of Fund Conditions indicates how well an agency uses its assets to operate the agency while liabilities demonstrate how the agency is financing those operations. An agency’s ability to stay liquid (to generate the cash to pay short-term expenses) while satisfying its investors ensures its long-term viability.

Assets are what SNAPS Grantees Own

Assets are what the agency owns at a given point in time. The most liquid of assets is cash and “only cash pays the bills.” Typical short-term assets are cash in the bank, short-term inventory (such as office supplies and food), and receivables (such as rent payments). Assets threaten an agency’s sustainability as cash is no longer available for other uses. Yet, an agency needs certain assets to operate. So, assets are a necessary evil, for instance, an agency may decide to purchase a van but once they purchase the van, cash is no longer available to cover payroll). The key for an agency is to balance one’s investment in assets.

There are three uses of cash:

- Short-term working capital to operate (such as salaries and payroll taxes)
- Repaying obligations, especially debt service (such as a loan or mortgage)
- Buying fixed assets (like land, buildings and equipment)

The key to understanding a Statement of Fund Conditions is to answer the question, “where’s the cash?” There are several possibilities as described below.

- When revenues are raised (whether grants, pledges, mortgages or rent), it becomes a “receivable” until it is collected. The cash is still in someone else’s account. For instance, a HUD grant is not collected until it is drawn down from a LOCCS account.
- Cash may be invested in short-term inventory, the disposable or short-term supplies that an agency uses to operate. The key is in understanding how much inventory an agency really needs.
- Cash may be used to buy machinery and equipment, whereby, short-term cash is tied up in long-term assets.

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- Cash may be used to purchase land and buildings. Again, short-term cash is tied up in very long-term assets (that can only be recovered when the asset is sold). This is the most dangerous use of cash as the short-term needs of the agency may be neglected because the cash is all tied up in a long-term asset.

The Statement of Fund Conditions is laid out in a specific order for analysis. A Statement of Fund Conditions is laid out from what is most like cash (that is, most liquid) to what is least like cash. Typical accounts on a Statement of Fund Conditions would include those shown below and classified as current or long-term assets.

Current Assets

Current assets are those assets that are used in less than a year by the agency and include the following:

- Cash – the most liquid of assets; it pays the bills.
- Receivables – cash owed to you by another which has not yet be collected (such as rent that has not be collected or a grant that has not been drawn down). Therefore, this can be a primary determinant of cash flow. One should realize that revenues are not cash until the revenue is collected.
- Inventory – the first use of cash as the agency has used cash to buy short-term “stuff (such as office supplies, food to be consumed by program participants, or gasoline to operate the van); and
- Prepaid expenses – expenses that have been paid but for which full benefit has not yet been received (such as an insurance premium).

Long-Term Assets

Long- term assets are those assets that are converted into cash in more than a year and include net fixed assets – or hard assets with a useful life greater than one year (such as land, building, machinery, equipment, leasehold improvements, furniture and fixtures).

Liabilities are the Sources of Funds for SHP Grantees

Liabilities represent an agency's sources of cash. Typical liabilities are payments due to banks, trade suppliers, employees, the Internal Revenue Service, or other investors. If all sources of liabilities (whether lenders, trade creditors, employees, or even the Internal Revenue Service who allows an agency to pay on a quarterly basis) are happy, then they will continue to contribute resources to the organization.

The liabilities are laid out in a specific order for analysis. The liabilities are laid out from those that are the most nervous sources of cash to the least nervous sources of cash. For instance, employees of a not-for-profit may feel nervous if they feel that they want get their paycheck on a regular basis.

Typical liabilities on a Statement of Fund Conditions would include those shown below and classified as current or long-term liabilities and fund balance.

Current Liabilities

Current liabilities are those liabilities that must be repaid within 12 months and include the following:

- Short-term note payable – short-term bank loans to cover the purchase of short-term assets (such as working capital). The Statement of Fund Conditions shows only the principal portion of the debt.
- Accounts payable – a repayment due to a supplier for a short-term purchase (such as office supplies). Trade credit may be provided to make a purchase.
- Accruals – an expense incurred but not yet paid, such as employee wages, unpaid interest or unpaid taxes.

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- Income taxes payable – an accrual that is owed to the state or federal government, such as payroll taxes.
- Current portion of long-term debt – the principal portion of long-term debt due within the next 12 months (should be used for long term assets).

Long-Term Liabilities

Long-term liabilities are those liabilities that must be repaid over a period greater than 12 months and include long-term debt – the principal portion of a long-term loan due in more than one year, therefore, it should be financing long-term assets.

Fund Balance

The fund balance refers to the agency’s reinvestment of revenues in excess of expenses over time. A positive fund balance means an agency has been controlling expenses, showing “profitability” and reinvesting in the agency. A fund balance is not necessarily cash (as past retained earnings may have been used to purchase an asset, such as a van). A negative fund balance means that an agency has had more expenses than revenue.

Revenue and Expense Statements Show Whether SHP Grantees Are Controlling Spending

The revenue and expense statement is a record of an agency’s operations and demonstrates whether an agency is truly profitable or not by controlling expenses. The revenue and expenses statement is laid out in a specific order:

Revenues (whether grants, pledges, rent, or donations)
– Program costs (such as the salary of case managers)

= Net Revenues
– Administrative expenses (such as the Executive Director’s salary)
= Operating revenues
– Discretionary expenses (such as refreshments for participants)

= Revenues in excess of expenses (or expenses in excess of revenues)

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Typical accounts on the revenue and expense statement include:

- Revenues – revenue earned through the agency’s operations. May include grants, pledges, rents, mortgages and charitable donations. Revenues are not cash until they are collected.
- Program delivery costs – variable costs associated with providing a service. Typical program delivery costs include direct delivery staff costs.
- General administrative expenses – overhead costs, usually indirect, that an agency incurs in running an organization.

While financial statements are prepared by a finance person internally or an accountant externally, they should be reviewed by many staff and partners who are concerned with the agency’s financial soundness. Listed below are the various parties that should use an agency’s financial statements:

Table 6. Using Financial Statements

Party Involved	How They Use An Agency's Financial Statement
Agency Financial Staff	Analyze monthly finances, check for deviations and suggest strategies to address variances
Executive Director	Run the agency profitably so that it can achieve its mission
Certified Public Accountant	Review the agency's financial performance and ensure that there is enough cash to operate the agency in the short term and grow in the long term
Lead Agency	Analyze the agency's financial performance against the goals and commitments made in the technical submission and approved budget
HUD	Analyze the agency's financial performance against the goals and commitments made in the technical submission and approved budget
Other Grantors	Determine, through fund accounting, whether the agency's funds are being properly matched against eligible grant-funded activities
Donors	Evaluate the financial performance of the agency as a possible investment of one's funds
Case Managers	Make sure that there is enough cash to provide the housing assistance and supportive services budgeted for the projected activities

Audits

In Circular A-133, the Office of Management and Budget requires all federal grantees expending more than \$500,000 per year to complete a federal audit or what is called a “single audit.” An A-133 audit has certain standards that include looking at all funding programs individually and then, the organization itself. For the purpose of determining the \$500,000 threshold, federal awards include:

- Grants, loans and loan guarantees
- Direct assistance or appropriations
- Property insurance or interest subsidies
- Property, food commodities
- Cooperative agreements or contracts

Federal awards only count if “expended” which means used for the program that year. Particular attention should be paid to pass-through grants as it is important to know their point of origin, which determines whether they are considered federal funds or not.

Federal Audits Must Comply With Applicable Auditing Standards

Federal audits performed using Generally Accepted Government Auditing Standards must demonstrate the following: financial information correctly presented; internal controls exercised regarding cash management, payroll processing, fixed assets and reporting; and all activities in compliance with program requirements. An acceptable A-133 audit report must address each of these three areas.

What are the Compliance Requirements of an A-133 Audit?

A federal audit must satisfy fourteen compliance requirements, including:

- Compliance with all applicable federal laws (for example, Davis Bacon)
- Compliance with all regulations covering match, eligibility, etc.
- Other grant provisions including subgrantee monitoring, such as SHP sponsors

SNAPS Grantees Must Resolve Audit Findings

Audits may include findings and questioned costs in the following areas:

- Material weakness in internal control
- Noncompliance with laws and/or regulations, including match, etc.
- Questioned costs in excess of \$10,000
- Fraud affecting federal award
- Misrepresentation of prior audit finding

In an A-133 audit, SHP grantees must show a correct presentation of financial information, financial management systems in place and activities that are in compliance with program requirements. In addition, an A-133 audit must ensure that all past monitoring findings have been resolved.

Automating Recordkeeping

As a not-for-profit organization grows, its accounting processes often progress along a traditional path. Handwritten records in a file folder evolve into an automated spreadsheet, which eventually gives way to an accounting program picked up from the office supply store.

At a certain point, however, the specific requirements and challenges of not-for-profit accounting outstrip the capabilities of off-the-shelf software packages. A for-profit based accounting program lacks many of the functions that not-for-profit organizations need to properly understand and report on their finances.

Many not-for-profits use automated spreadsheets with manual workarounds that become more and more laborious as the complexity of funding and programs increases. Making a transition to a true not-for-profit (or "fund-based") accounting software can be a great investment for an organization, in terms of both the efficiency and the accuracy of account-

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ing and financial reporting. Not-for-profit grantees should choose accounting software that gives an organization the ability to:

- Track income and expenses appropriately – Agency staff should be able to record and report transactions by fund, program, funder or any combination of the three.
- Minimize errors and ensure efficiency by eliminating manual reporting – The agency should be able to produce financial reports directly from the software. Because funders often specify the format in which expenses are to be reported, the software should allow for easily customized reports.
- Understand the true costs of programs – The software should be able to allocate overhead expenses automatically, based on a consistent application of your cost allocation methodology.
- Ensure internal financial controls – The system should use assigned user IDs to limit access to adding, changing or deleting transactions.
- Help you keep track of your revenue and spending goals throughout the year – The agency should be able to enter its overall and program budgets, and to report budget-to-actual results at the program and funder levels.

On the issue of cost, one should realize that it is important to keep in mind that the price of the software itself is only one component of the total cost of implementing the system. You should also consider yearly maintenance costs and fees for software publishers' version upgrades, as well as any increases in technical or hardware capacity that would be required to operate the system. Finally, your software implementation budget should include appropriate staff training to ensure that the system will be used to its full capacity.

Fund Accounting Promotes Program Compliance

HUD has issued a new Community Planning and Development Monitoring handbook that governs all of HUD’s programs and emphasis activities. The issuance of this monitoring handbook is a direct result of HUD’s desire to comply with Congressional desire for greater accountability for federal grantees.

This new handbook establishes uniform monitoring standards for all of HUD’s programs, including SNAPS grantees. Since this comprehensive, nationally recognized handbook will be used for the monitoring of SNAPS lead agencies, it is assumed that the lead agencies will use the handbook to monitor themselves and their sponsors and service providers. Outlined below are the relevant sections that might be of interest to SNAPS grantees:

Table 7. Selected Monitoring Handbook Chapters

Chapter	Focus of Chapter
Chapter 9	Emergency Shelter Grants
Chapter 10	HOPWA
Chapter 11	Section 8 SRO
Section 12	Shelter Plus Care
Section 13	Supportive Housing Program

Past HUD monitoring of SNAPS grantees shows that while most SNAPS grantees are doing a good job of providing housing assistance and supportive services, the grantees’ financial compliance needs to be strengthened. This training is a result of that desire to transform “theory to practice” and make fund accounting a crucial and daily aspect of SNAPS grant administration. We hope that it will give you the tools you need to better manage your programs and prevent issues from arising.

Resources

SHP Homepage

(www.hud.gov/offices/cpd/homeless/programs/shp/)

SHP Desk Guide

(www.hud.gov/offices/cpd/homeless/library/shp/shpdeskguide/)

Shelter Plus Care Homepage

(www.hud.gov/offices/cpd/homeless/programs/splusc/)

CPD Grantee Monitoring Handbook

(www.hud.gov/offices/cpd/library/monitoring/handbook.cfm)

OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments

(www.whitehouse.gov/omb/circulars/a087/a87_2004.html)

OMB Circular A-122, Cost Principles for Nonprofit Organizations

(www.whitehouse.gov/omb/circulars/a122/a122_2004.html)

OMB Circular A-133, Audits of States, Local Governments and Nonprofit Organizations

(www.whitehouse.gov/omb/circulars/a133/a133.html)

24 CFR Part 84, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations

(www.hud.gov/offices/cpo/grantees/24cfr84.doc)

24 CFR Part 85, Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments

(http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title24/24cfr85_main_02.tpl)

Appendices

Sample Chart of Accounts

Sample SNAPS Budget

Sample Time and Activity Reports

SHP Budget Development Checklist

LOCCS Voucher Review Checklist

Annual Progress Report Checklist

Annual Progress Report

Action Plan Checklist

Appendix 1: Sample Chart of Accounts

Suggested Chart of Accounts

REVENUE

SHP Grant A
Resident Rents A
Program Fees A
SHP Grant B
Resident Rents B
Program Fees B
CDBG - City A
CDBG - City B
CDBG - City C
ESG - City A
ESG - City b
HOME
HOME - CHDO
Federal Grant X
Federal Grant Y
Federal Grant Z

EXPENDITURES

(Project A)

Leasing

Rental Assistance
Security Deposits

Supportive Services

Case Management
Substance Abuse Counseling
Housing Services
Employment Assistance

Housing Operations

Housing Staff
Maintenance and Repair
Utilities
Insurance
Security
Equipment and Furnishings

HMIS

Equipment
Software
Services
Personnel
Operations

Administration

Accounting
LOCCS Management
APR
Audit

EXPENDITURES

(Project B)

Leasing

Rental Assistance
Security Deposits

Supportive Services

Case Management
Substance Abuse Counseling
Housing Services
Employment Assistance

Housing Operations

Housing Staff
Maintenance and Repair
Utilities
Insurance
Security
Equipment and Furnishings

HMIS

Equipment
Software
Services
Personnel
Operations

Administration

Accounting
LOCCS Management
APR
Audit

Appendix 2: Sample SNAPS Budgets

Housing Operations with Supportive Services

Leasing with Supportive Services

Development with Supportive Services

Supportive Services Only

Homeless Management Information System Only

Development Only

Grantee with Sponsors

General Ledger
Fund Account: Housing Operations with Supportive Services

Project: _____

ID Number: _____

Grant Number: _____

Operating Year: _____

Revenues (Sources)	Amount	Date Requested	Date Received	Date Disbursed	Monthly Total	Annual Total
SHP Vouchers						
Itemize						
Resident Rents						
Itemize						
Match Source A						
Itemize						
Program Fees						
Itemize						

Expenditures (Uses)		Total Costs Per General Ledger	Expansion Percentage	Approved Budget Amount*	Date	Amount to be Paid with SHP	Match Paid Amounts		Fees Paid Amount	SHP Amount Drawn	Undisbursed SHP Balance
							Source A	Source B			
Supportive Services											
Direct Costs	Case Management										
	Substance Abuse Counseling										
	Housing Services										
	Employment Assistance										
Allocated Costs											
Housing Operations											
Direct Costs	Housing Staff										
	Maintenance and Repair										
	Utilities										
	Insurance										
	Security										
Allocated Costs	Equipment and Furnishings										
Administration											
	Accounting										
	LOCCS Management										
	APR										
	Audit										
Ineligible Costs											
	Interest										
	Depreciation										
	Debt Service										
	Fines and Penalties										
Totals											

* From application, Technical Submission or amendment.

Appendix 3: Sample Time and Activity Report

Suggested Employee Activity Report

Employee: _____

Department: _____

Period: _____

Tour of Duty: _____

(Report actual time only.)

Site	Project	Activity	Day	MON	TUE	WED	THU	FRI	Weekly Totals	
			Date						(Regular)	(Overtime)
Supportive Services										
		Case Management								
		Substance Abuse Counseling								
		Housing Services								
		Employment Assistance								
		Other:								
Housing Operations										
		Housing Management								
		Other:								
HMIS										
Administration										
		Accounting								
		LOCCS Management								
		APR								
		Audit								
		Other:								
Leave										
Ineligible Costs										
		Staff Meetings								
		Staff Training								
		Agency Duties								
		Other:								
Totals										

Employee: _____
Signature
Date

Supervisor: _____
Signature
Date

Appendix 4: SHP Budget Development Checklist

Fund Accounting Clinic

SHP Budget Development Checklist

- Study all Supportive Housing Program budget requirements in detail and ask questions of the lead agency and/or HUD before developing the SHP budget.
- Provide a description of your particular SHP project and all HUD-eligible activities to be funded by the Supportive Housing Program grant.
- If necessary, include previous financial statements and budgets to justify the historical assumptions used in your budget.
- Contrast any budget changes from recent history (such as increases in utilities or loss of building contractors to Katrina recovery).
- Include all budget assumptions, especially those which might require greater explanation, such as a substantial increase in cost different from historical assumptions.
- Include a description of all funded position that will be allocated to the SHP grant including assumptions about projected hours to be budgeted for each position by various funding sources.
- Ensure the compensation for all funded positions is “fully loaded” (that is, it includes wages and all fringe benefits, indicating all costs to be paid from the SHP grant.
- Include all sources of match that will be allocated to a specific SHP eligible activity so that the budget will fully account for all costs associated with the project.
- Determine how non-HUD eligible activities will be funded and show a back-up budget for the agency that accounts for all HUD, cash match and non-HUD funded activities.
- Have at least one other staff member and at least one Board member analyze the prepared SHP budget and ask questions.

Appendix 5: LOCCS Voucher Review Checklist

Fund Accounting Clinic

LOCCS Voucher Review Checklist

- Is caller an authorized user of LOCCS?
- Has grant agreement been executed by HUD?
- Has grant been issued a voice response number?
- Have costs been recorded in general ledger?
- Have costs been adjusted for existing versus expansion costs?
- Are amounts supported by source documentation?
- Has adequate project progress been made to warrant release of funds?
- Are costs being charged to the correct grant?
- Has program income (such as, resident rents) been applied toward project costs prior to drawing from the U.S. Treasury?
- Is request consistent with approved application, technical submission or amendment budget line item (BLI)?
- Is request consistent with approved application, technical submission or amendment exhibits?
- Is request for correct grant term?
- Is request for correct month?
- Noting that minimum match must be demonstrated annually, what is source and use of match for this draw?
- Will special authorization be required to release a post 90-day draw?
- Will the annual progress report (APR) need to be revised?
- Has voucher form HUD 27054 been filled out prior to making phone call; signed and dated upon call-in?¹
- Has an operating start date in LOCCS been established for first drawdown of funds for leasing, supportive services or operating costs?²

¹ Completed vouchers must be kept on file and submitted to HUD upon request.

² For new projects, the operating start date entered should be the date on which eligible costs for either leasing, supportive services or operating costs were first incurred, and whichever is earliest. For renewals, the grant term begins immediately following the expiration date of the grant for which renewal funding has been awarded.

Appendix 6: Annual Progress Report Checklist

Fund Accounting Clinic

Annual Progress Report Checklist

- Be sure to use the correct APR (expires 11/30/2009).
- On page 6, ensure you have entered the correct operating year, the grant number and the component.
- On page 7, make sure the number of ‘persons to be served at a given point in time’ equals the number supplied in the most recent CoC application.
- On page 8, project capacity should not exceed 100%.
- On page 10, total number of participants in item 7 should equal the total number of participants in question 2(b), columns 1 and 2.
- On page 10, each participant should be listed in only one category in item 8. If a participant does not fit into category (a) through (i), they should be listed in item (j).
- On page 10, total number of participants in item 8 should equal the total number of participants in question 2(b), columns 1 and 2.
- On page 10, if a program is either S+C or Permanent Housing for Persons with Disabilities, they should have clients with special needs who will be listed in Questions 9(a) and 9(b).
- On pages 11 through 15, note that questions 11 through 15 only apply to participants who have left the program, the numbers entered in question 2(c).
- On page 15, question 15 only asks for the number of participants receiving supportive services, the amount of supportive services provided is captured in Part II of the APR.
- On page 16, objectives in question 16 come from your application, technical submission, or previous APR. If you change your objectives for the upcoming year, you should explain on page 23 why the change is needed.
- On page 16, objectives should be SMART—that is, they should be specific, measurable, achievable, realistic and time-based.
- On page 16, Supportive Services Only projects do not complete question 17.
- On page 18, dollars for supportive services include Supportive Housing Program funds spent during the operating year.
- On page 19, amount of cash match listed in “sources of cash match” should equal the total of cash match in item (f).

- On page 21, amount of cash match listed in “sources of cash match” should equal the total of cash match in item (d).
- On page 23, don’t forget to explain any problems or changes implemented during the year—remember that changes must comply with the program regulations.
- On page 23, if you identify a problem, you should also offer a solution and/or request technical assistance from HUD to help address the problem.
- On pages 24 through 28, worksheets are for your data gathering and should not be submitted to HUD.

Appendix 7: Annual Progress Report

**U. S. Department of Housing
and Urban Development**
Office of Community Planning
and Development

Annual Progress Report (APR)

for

Supportive Housing Program

Shelter Plus Care

and

**Section 8 Moderate Rehabilitation
for Single Room Occupancy
Dwellings (SRO) Program**

Public reporting burden for this collection of information is estimated to average 33 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

General Instructions

Purpose. The Annual Progress Report (APR) is a reporting tool that HUD uses to track program progress and accomplishments and inform the Department's competitive process for homeless assistance funding.

Filing Requirements. Recipients of HUD's homeless assistance **grants must submit 2 APR'S to HUD within 90 days after the end of each operating year.** One copy of the report must be submitted to the Community Planning and Development (CPD) Division Director in the local HUD Field Office responsible for managing the grant. The other copy must be submitted to HUD Headquarters, Department of Housing and Urban Development, Attn: APR Data Editor, Room 7262, 451 7th Street, SW, Washington, DC. 20410. Failure to submit an APR will delay receiving grant funds and may result in a determination of lack of capacity for future funding. An APR must be submitted for each operating year in which HUD funding is provided.

Grantees that received SHP funding for new construction, acquisition, or rehabilitation are required to operate their facilities for 20 years. They must submit an APR 90 days after the end of the first operating year and every year throughout the 20 years.

A separate report must be submitted for each HUD grant received. For Shelter Plus Care (S+C), a separate APR must be submitted for each S+C component.

For those grantees receiving an extension, a separate report covering that period must be submitted (see Extension below).

Recordkeeping. Grantees must collect and maintain information on each participant in order to complete an APR. Optional worksheets are attached. The worksheets may be used to record information manually or to design a computerized system to store and tabulate the information. The worksheets should not be submitted to HUD with the APR.

Organization of the Report. The APR is organized in the following manner:

Part I: Project Progress. This portion of the report describes the progress in moving homeless persons to self-sufficiency, documenting services received, listing project goals, and accounting for beds/units.

Part II: Financial Information. This portion of the report is completed by all grantees receiving funding under SHP, S+C, and SRO.

Final Assembly of Report. After the entire report is assembled, number every page sequentially. Mark any questions that do not apply to your program with "N/A" for not applicable. (See Special Instructions for SSO Projects below.)

Definitions of Client/Household Types. Each client/household type is defined below. Note that a client's client/household type should be based on the client's age and/or household composition *at the program entry date closest to the start of the operating year.*

Families – A family is a household composed of two or more related persons, at least one of who is a child accompanied by an adult or a juvenile parent.

Singles not in Families – Persons not accompanied by children, including pregnant women not accompanied by other children and unaccompanied youth, are singles not in families. When two adults or two unaccompanied youth present together for services, each person should be counted in singles not in families.. Clients' household status should be determined based on their household composition at the program entry date closest to the start of the operating year. This means that pregnant women expected to give birth during their program stay should still be counted as singles not in families.

Adults in Families – Within a family, an adult is any person 18 years of age or older. For the purposes of APR reporting, the determination of whether a person is an adult in family should be made based on their age and household composition at the program entry date closest to the start of the operating year.

Children in Families – Children in Families are defined as children under the age of 18 accompanied by one or more adults (parent, relative or guardian). Children in families also include both a juvenile parent and the parent's child(ren). For the purposes of APR reporting, the determination of whether a person is a child in family should be made based on

their age and household composition at the program entry date closest to the start of the operating year. For example, clients who are less than 18 years of age on the first day of the operating year or at program entry (if they entered during the operating year) should be counted as children even if they turn 18 during the course of the operating year.

Persons in Families – Persons in families includes adults in families and children in families.

Other Key Definitions. The following terms are used in the APR. As indicated, in some cases, terms are applied differently depending on whether the funding is from SHP, S+C, or SRO.

Chronically homeless person – HUD defines a chronically homeless person as “an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more **OR** has had at least four (4) episodes of homelessness in the past three (3) years.” To be considered chronically homeless, a person must have been on the streets or in an emergency shelter (i.e., not in transitional housing) during these stays.

HUD’s definition of a chronically homeless person is based on the following components:

- **Unaccompanied homeless individual:** an unaccompanied homeless individual has the same characteristics of a Single not in a Family (described above).
- **Disabling condition:** see the instructions under disabling condition (below) to determine whether a client is disabled.

Did not leave the program – This term refers to clients who were in the program on the last day of the operating year.

Disabling condition - HUD defines a disabling condition as: (1) A disability as defined in Section 223 of the Social Security Act; (2) a physical, mental, or emotional impairment which is (a) expected to be of long-continued and indefinite duration, (b) substantially impedes an individual’s ability to live independently, and (c) of such a nature that such ability could be improved by more suitable housing conditions; (3) a developmental disability as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act; (4) the disease of acquired immunodeficiency syndrome or any conditions arising from the etiological agency for acquired immunodeficiency syndrome; or (5) a diagnosable substance abuse disorder.

Entered the program – Entered the program refers to the first day a client receives services. For a residential program, this date would represent the first day of residence in the program’s housing. For services, this date may represent the day of program enrollment, the day a service was provided, or the first date of a period of continuous participation in a service (e.g., daily, weekly, or monthly).

For S+C and SRO programs, the program entry date is the date that the participant starts to receive rental assistance. For S+C, services provided prior to this point are recognized as necessary for outreach/enrollment and are eligible to count as match.

An **Extension APR** applies to SHP and S+C grantees that requested and received an extension of their grant term from the HUD field office. The only difference between an APR for the extension period and the regular APR (besides the amount of time covered) is the signature page. Grantees should circle “yes” to indicate the APR is for an extension period and circle the operating year for which the report is an extension. For example, if the grantee is extending year 3, the grantee should submit an APR as usual for year 3 and submit another APR for the extension period, indicating the second is an extension and also circling year 3 on the signature page.

Grantee means a direct recipient of the HUD award.

Left the program – Left the program refers to the last day a client receives services. For a residential program, this date would represent the last day of residence in the program’s housing. For services, the exit date may represent the last day a service was provided or the last date of a period of continuous service. If a client leaves the program temporarily (e.g., for a hospitalization) but is expected to return within 30 days, do not count that client as having left the program.

For S+C programs, the program exit date refers to the date the participant stops receiving rental assistance and is not expected to return to S+C assisted housing. If the participant returns to S+C assisted housing within 90 days, the person should not be considered as exiting from the program. If the person returns to S+C assisted housing after 90 days, that person is considered a new participant. The worksheet is designed to capture this information.

Match for S+C is the value of supportive services received by participants in the S+C project which, in the aggregate, must at least equal the value of the S+C rental assistance provided over the life of the project. For SHP, match is cash used to provide the grantee's portion of acquisition, rehabilitation, new construction, operations and supportive services expenses.

Operating year – For SHP programs, the first operating year begins after development activities for acquisition, rehabilitation, and new construction are complete, after a copy of the Certificate of Occupancy is sent to the local HUD office, and when the first participant is accepted into the project. For projects without acquisition, rehabilitation, or new construction, the operating start date begins when the grantee accepts the first participant. For dedicated HMIS projects, the operating year begins when any eligible cost included in the approved project budget is incurred. For S+C (SRA, PRA and TRA components), the first operating year begins on the date HUD signs the grant agreement. For S+C/SRO and for Sec. 8 SRO, the first operating year begins with the effective date of the Housing Assistance Payments (HAP) Contract.

To determine which operating year to circle on the APR cover page, begin counting from the initial grant operating start date and include renewal grants. For example, a project receiving an initial grant for three years and a renewal grant for two years would circle years 1, 2, and 3 respectively on the APR cover sheet for the initial grant and would circle 4 and 5 respectively for the renewal grant. For any future renewal grants, the grantee would begin by circling 6 on the APR cover sheet.

Participants – The term participant refers to Singles not in Families and Adults in Families as defined above. Participant does not include children or caregivers who live with the adults assisted.

Project Sponsor means the organization responsible for carrying out the daily operation of the project, if the organization is an entity other than the grantee.

Special Instructions for Supportive Service Only (SSO) Programs. SSO grantees should complete all questions, unless a written agreement has been reached with the field office concerning which questions can be answered using estimates, or in rare instances, skipped.

Below is an example of how information could be derived in a large, single-service SSO project:

A grantee/sponsor staff member could be assigned to collect information from the organizations housing the participants. The staff person would contact these individual organizations to request information regarding the persons in that facility that use the service. For participants living on the street, the grantee/project sponsor may provide estimates.

Information could be collected for each participant or for participants receiving services at a point-in-time. If estimates or point-in-time counts are used, the method used must be described in the APR and the documentation kept on file.

As with all projects funded under HUD's homelessness assistance grants, grantees operating SSO projects are expected to complete **all** APR questions that are applicable to them. Note that all projects have been awarded funds as a result of responding to the program goals of assisting homeless persons obtain/remain in permanent housing and increase their skills and income. The APR documents their progress in meeting these goals.

In some circumstances field offices and grantees may sign a written agreement concerning questions that can be answered using estimates, or in rare instances, skipped. See the special instructions below for reporting on special types of projects, such as outreach only projects, projects providing services to children only, and transportation, medical, dental, and other single, short-duration service projects.

SSO programs are a third priority for local HMIS implementation, following emergency shelters, transitional housing programs, outreach programs, and permanent supportive housing programs. Once SSO programs are included in the HMIS, SSO grantees will be able to answer all APR questions using their HMIS data. SSO grantees that are not yet participating in HMIS will need to collect data to answer the APR questions using the special instructions provided above.

Outreach Only Projects. Projects which are solely devoted to street outreach and connection to housing and services are not required to track participants beyond their contact with persons on the street. It is sufficient for these projects to enter

information on questions 1-10 (skipping questions 11-13 and 17). Estimates for questions 5-9 are allowed, given that participants may be reluctant to answer personal questions.

Answering the questions will demonstrate that the grantee is serving the appropriate number of people, providing basic demographic information for Congress, demonstrating that homeless persons are being served, demonstrating the types of housing participants are connected to, and the type of services they are receiving.

Hotline Projects. Hotline services are similar to **outreach only projects**, but contact between grantee and participant is often of very short duration - people enter and leave the program nearly simultaneously. It is sufficient for these projects to answer questions 1-5 (skipping 4), 10, and 14-19 (skipping 17).

Projects Providing Services To Children Only. Projects that provide child care, after school care, counseling for children, etc. make an important contribution toward moving a family out of homelessness. While the main focus of the project is providing services to the children, it is the adults who are reported on in questions 6-16 of the APR. Like all other projects, this type is also targeted toward getting the families into housing and increasing the families' incomes. Grantees may skip question 9; all other questions should be answered (except 17).

Transportation, Medical, Dental, and Other Single, Short-Duration Service Projects. Some grantees provide a single service of fairly short duration focused ONLY indirectly on assisting homeless persons to obtain/remain in permanent housing and increase their skills and incomes. It is sufficient for these projects to enter information on questions 1-10 and 14-19 (question 17 may be skipped). However, with transportation services, it is unreasonable to think that someone would have to give their age, race, and ethnicity to a bus driver to get a ride a few blocks.

For these services, provide a narrative, which gives the number of rides given during the operating year, and provides estimates on the above statistics based on the population that utilizes the service.

Special Instructions For Safe Haven (SH) Projects. Grantees should report on all participants served during the operating year. Note: this is a change from prior instructions where grantees were instructed to report on the first 25 participants served.

Special Instructions for Homeless Management Information System (HMIS) Projects. HMIS grantees should fill out the cover sheet of the APR, Part II Financial Information, and the HMIS Activities section.

THIS PAGE - TO BE COMPLETED BY ALL GRANTEES

Grantee: _____ HUD Grant or Project Number: _____

Project Sponsor: _____ Project Name: _____

Operating Year: (Circle the operating year being reported on) Reporting Period: (month/day/year)

1 2 3 4 5 6 7 8 9 10

11 12 13 14 15 16 17 18 19 20

Indicate if extension: Yes No from: _____ to: _____

Indicate if renewal: Yes No

Previous Grant Numbers for this project:

Check the component for the program on which you are reporting.

Supportive Housing Program (SHP) <input type="checkbox"/> Transitional Housing <input type="checkbox"/> Permanent Housing for Homeless Persons with Disabilities <input type="checkbox"/> Safe Haven <input type="checkbox"/> Innovative Supportive Housing <input type="checkbox"/> Supportive Services Only <input type="checkbox"/> HMIS	Shelter Plus Care (S+C) <input type="checkbox"/> Tenant-based Rental Assistance (TRA) <input type="checkbox"/> Sponsor-based Rental Assistance (SRA) <input type="checkbox"/> Project-based Rental Assistance (PRA) <input type="checkbox"/> Single Room Occupancy (SRO)	Section 8 Moderate Rehabilitation <input type="checkbox"/> Single Room Occupancy (Sec. 8 SRO)
--	---	---

Summary of the project: (One or two sentences with a description of population, number served and accomplishments this operating year)

Name & Title of the Person who can answer questions about this report: _____ Phone: (include area code) _____

Address: _____ Fax Number: (include area code) _____

E-mail Address _____

I hereby certify that all the information stated herein is true and accurate.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name & Title of Authorized Grantee Official: _____ Signature & Date: _____
X

Name and Title of Authorized Project Sponsor Official: _____ Signature & Date: _____
X

PART I. TO BE COMPLETED BY ALL GRANTEES (EXCEPT HMIS)

SSO GRANTEES, PLEASE SEE SPECIAL INSTRUCTIONS ON PAGE 3 OF THE APR

Part I: Project Progress

1. Projected Level of Persons to be served at a given point in time. (This information comes from the most recent CoC application.)

	Projected Level	Number of Singles Not in Families	Number of Adults in Families	Number of Children in Families	Number of Families
a.	Persons to be served at a given point in time				

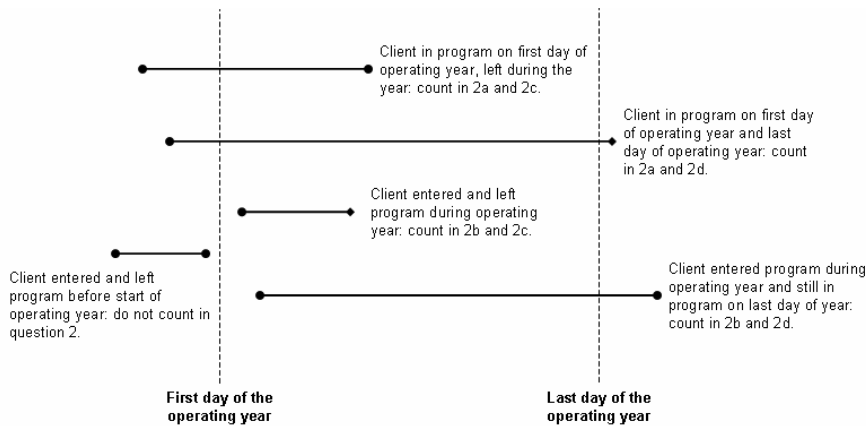
2. Persons Served during the operating year.

		Number of Singles Not in Families	Number of Adults in Families	Number of Children in Families	Number of Families
a.	Number on the first day of the operating year				
b.	Number entering program during the operating year				
c.	Number who left the program during the operating year				
d.	Number in the program on the last day of the operating year (a + b - c) = d				

Explanatory notes:

See Definitions of Client/Household Types in the General Instructions above to determine which clients should be counted as Singles Not in Families, Adults in Families, and Children in Families. Note that this table does not account for changes in client/household type that may occur during the course of the operating year. Instead, each client should be assigned a single client/household type based on the client's age and/or household composition *at the program entry date closest to the start of the operating year*. In this way, each client is counted only once in the table.

Use the following graphic and explanations to determine who should be counted in rows a-d:



- a. **Number on the first day of the operating year:** This row includes all clients who entered the program before the first day of the operating year and did not leave the program until after the first day of the operating year.
- b. **Number entering the program during the operating year:** This row includes all clients who entered the program on or after the first day of the operating year, up to and including the last day of the operating year. For clients with multiple program entry dates, use the entry date closest to the start of the operating year. Do not count the client more than once even if he/she entered the program more than once during the operating year.
- c. **Number who left during the operating year:** This row includes all clients who left the program on or after the first day of the operating year, up to and including the last day of the operating year. For clients with multiple program exit dates, use the exit date

closest to the end of the operating year. Do not count the client more than once even if he/she exited the program more than once during the operating year.

- d. Number in the program on the last day of the operating year:** This row includes all clients who were in the program as of the first day of the operating year or who entered during the operating year *and* who did not leave during the operating year. The number of clients or families in the program on the last day of the operating year is calculated based on the responses to rows 2a through 2c. For each column, add the number of clients or families in row 2a to the number of clients or families in row 2b and subtract the number of clients or families in row 2c. Therefore, $2d = 2a + 2b - 2c$.

3. Project Capacity.

		Number of Singles Not in Families	Number of Adults in Families	Number of Children in Families	Number of Families
a.	Number on the last day (from 2d, columns 1 and 4)				
b.	Number proposed in application (from 1a, columns 1 and 4)				
c.	Capacity Rate (divide a by b) = %	%			%

Explanatory Notes:

Row b refers to the most recent CoC application for which the program is reporting.

- 4. Non-homeless persons.** This question is to be completed for Section 8 SRO projects.

How many income-eligible non-homeless persons were housed by the SRO program during the operating year?	
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- 5. Age and Gender.** Of those who **entered** the project during the operating year, how many people are in the following age and gender categories?

Single Persons (from 2b, column 1)		Age	Male	Female
	a.	62 and over		
	b.	51-61		
	c.	31-50		
	d.	18-30		
	e.	17 and under		
Persons in Families (from 2b, columns 2 & 3)				
	f.	62 and over		
	g.	51 - 61		
	h.	31 - 50		
	i.	18 - 30		
	j.	13-17		
	k.	6-12		
	l.	1-5		
	m.	Under 1		

Explanatory Notes:

This question refers only to Singles not in Families and Persons in Families who entered the program during the operating year. Only clients who meet these criteria can be counted in this table. The total number of clients reported under Single Persons should be equal to the number reported in question 2b, column 1. The total number of clients reported under Persons in Families should be equal to the sum of columns 2 and 3 in question 2b.

Answer questions 6 - 10 only for **participants who entered the project during the operating year** (from 2b, columns 1 & 2). The term **participant** means Singles not in Families and Adults in Families. It does not include children or caregivers. NOTE: The total for questions, 7, 8 and 10 below should be the same; respond to each of those questions for all participants. Some of the questions listed throughout the APR will be asking information for individuals who are **chronically homeless**.

6a. Veterans Status. A veteran is anyone who has ever been on active military duty status.

How many participants were veterans?

6b. Chronically homeless person. An unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more OR has had at least four (4) episodes of homelessness in the past three (3) years. To be considered chronically homeless a person must have been on the streets or in an emergency shelter (i.e. not transitional housing) during these stays. For further discussion of the definition of chronic homelessness, see Other Key Definitions under the General Instructions above.

How many participants were **chronically homeless** individuals?

7. Ethnicity. How many participants are in the following ethnic categories?

a.	Hispanic or Latino	
b.	Non-Hispanic or Non-Latino	

Explanatory Notes:

Each participant should be listed in only one category. The total number of participants in this table should equal the number of participants in question 2b, columns 1 and 2.

8. Race. How many participants are in the following racial categories?

a.	American Indian/Alaskan Native	
b.	Asian	
c.	Black/African American	
d.	Native Hawaiian/Other Pacific Islander	
e.	White	
f.	American Indian/Alaskan Native & White	
g.	Asian & White	
h.	Black/African American & White	
i.	American Indian/Alaskan Native & Black/African American	
j.	Other Multi-Racial	

Explanatory Notes:

Each participant should be listed in only one category. A participant whose race does not correspond to categories a through i should be counted in j, Other Multi Racial. The total number of participants in this table should equal the number of participants in question 2b, columns 1 and 2. If using HMIS data, you may combine HMIS race response categories to generate the APR response categories.

9a. Special Needs. How many participants have the following? Participants may have more than one.

If so, count them in all applicable categories. For each condition, also indicate the number that were **chronically homeless**.

		All	Chronic
a.	Mental illness		
b.	Alcohol abuse		
c.	Drug abuse		
d.	HIV/AIDS and related diseases		
e.	Developmental disability		
f.	Physical disability		
g.	Domestic violence		
h.	Other (please specify)		

9b. How many of the participants are disabled?

Explanatory Notes:

To determine which participants meet HUD’s definition of “disabled,” see “Disabling Condition” under Other Key Definitions in the General Instructions.

10. Prior Living Situation. How many participants slept in the following places in the week prior to entering the project? (For each participant, choose one place. The total number of participants in the “All” column should equal the number of participants in question 2b, columns 1 and 2). Also, indicate how many **chronically homeless** participants slept in the following places. (Choose one)

		All	Chronic
a.	Non-housing (street, park, car, bus station, etc.)		
b.	Emergency shelter		
c.	Transitional housing for homeless persons		
d.	Psychiatric facility*		
e.	Substance abuse treatment facility*		
f.	Hospital*		
g.	Jail/prison*		
h.	Domestic violence situation		
i.	Living with relatives/friends		
j.	Rental housing		
k.	Other (please specify)		

*If a participant came from an institution (psychiatric facility, substance abuse treatment facility, hospital, or jail), but was there less than 30 days and was living on the street or in emergency shelter before entering the treatment facility, he/she should be counted in either the street or shelter category, as appropriate.

Complete questions 11 - 15 for all **participants who left during the operating year** (from 2c, columns 1 and 2). The term participant means single persons and adults in families. It does not include children or caregivers. The term **chronically homeless person** means an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more OR has had at least four (4) episodes of homelessness in the past three (3) years. To be considered chronically homeless a person must have been on the streets or in an emergency shelter (i.e. not transitional housing) during these stays.

11. Amount and Source of Monthly Income at Entry and at Exit. Of those participants who left during the operating year, how many participants were at each monthly income level and with each source of income? Also, please place the monthly income level and each source of income for **chronically homeless persons** in the second column of each chart. The number of participants in Chart A and B should be the same.

		All	Chronic
	A. Monthly Income at Entry		
a.	No income		
b.	\$1-150		
c.	\$151 - \$250		
d.	\$251- \$500		
e.	\$501 - \$1,000		
f.	\$1001- \$1500		
g.	\$1501- \$2000		
h.	\$2001 +		

		All	Chronic
	C. Income Sources At Entry		
a.	Supplemental Security Income (SSI)		
b.	Social Security Disability Income (SSDI)		
c.	Social Security		
d.	General Public Assistance		
e.	Temporary Aid to Needy Families (TANF)		
f.	State Children’s Health Insurance Program (SCHIP)		
g.	Veterans Benefits		
h.	Employment Income		
i.	Unemployment Benefits		
j.	Veterans Health Care		
k.	Medicaid		
l.	Food Stamps		
m..	Other (please specify)		
n.	No Financial Resources		

		All	Chronic
	B. Monthly Income at Exit		
a.	No income		
b.	\$1-150		
c.	\$151 - \$250		
d.	\$251- \$500		
e.	\$501 - \$1,000		
f.	\$1001- \$1500		
g.	\$1501- \$2000		
h.	\$2001 +		

		All	Chronic
	D. Income Sources at Exit		
a.	Supplemental Security Income (SSI)		
b.	Social Security Disability Income (SSDI)		
c.	Social Security		
d.	General Public Assistance		
e.	Temporary Aid to Needy Families (TANF)		
f.	State Children's Health Insurance Program (SCHIP)		
g.	Veterans Benefits		
h.	Employment Income		
i.	Unemployment Benefits		
j.	Veterans Health Care		
k.	Medicaid		
l.	Food Stamps		
m.	Other (please specify)		
n.	No Financial Resources		

Explanatory Notes:

Table A: Monthly income at entry refers to the participant's monthly income on the day he/she entered the program (i.e., on the program entry date or as close as possible to that day). You should not report on income received before entering the program or income received during the program stay.

Table B: Monthly income at exit refers to the participant's monthly income on the day he/she left the program (i.e., on the program exit date or as close as possible to that day). You should not report on income received during the program stay.

Table C: Income sources at entry refers to the participant's sources of income on the day he/she entered the program (i.e., on the program entry date or as close as possible to that day). You should not report on sources of income received before entering the program or income received during the program stay. Participants with no income at the time of program entry should be reported in category n, No Financial Resources.

Table D: Income sources at exit refers to the participant's sources of income on the day he/she left the program (i.e., on the program exit date or as close as possible to that day). You should not report on sources of income received during the program stay. Participants with no income at the time of program exit should be reported in category n, No Financial Resources.

12a. Of those participants who **left** during the operating year (from 2c, columns 1 and 2), how many were in the project for the following lengths of time? Also, please place the length of stay for **chronically homeless** persons who **left** during the operating year in the second column.

		All	Chronic
a.	Less than 1 month		
b.	1 to 2 months		
c.	3 - 6 months		
d.	7 months - 12 months		
e.	13 months - 24 months		
f.	25 months - 3 years		
g.	4 years - 5 years		
h.	6 years - 7 years		
i.	8 years - 10 years		
j.	Over 10 years		

Explanatory Notes:

Compute each participant's length of stay using the participant's program entry date and program exit date. If the participant has only one program exit date during the operating year, calculate length of stay by subtracting the program entry date from the program exit date. If the participant has multiple program exit dates during the operating year, calculate the length of stay for each program stay (by subtracting the program entry date from the program exit date for each program stay) and add them together to produce a cumulative length of stay. Each

participant should be associated with only one length of stay category. The total number of participants in the first column (“All”) should equal the number of participants in question 2c, columns 1 and 2.

12b. Length of Stay in Program. For those participants who did not leave during the operating year (from 2d, columns 1 and 2), how long have they been in the project? Also, please place the length of stay for **chronically homeless persons** who did not leave during the operating year in the second column.

		All	Chronic
a.	Less than 1 month		
b.	1 to 2 months		
c.	3 - 6 months		
d.	7 months - 12 months		
e.	13 months - 24 months		
f.	25 months - 3 years		
g.	4 years - 5 years		
h.	6 years - 7 years		
i.	8 years - 10 years		
j.	Over 10 years		

Explanatory Notes:

Compute each participant’s length of stay using the participant’s program entry date and the last day of the operating year. To calculate length of stay, subtract the program entry date from the last day of the operating year. Each participant should be associated with only one length of stay category. The total number of participants in the first column (“All”) should equal the number of participants in question 2d, columns 1 and 2.

13. Reasons for Leaving. Of those participants who left the project during the operating year (from 2c, columns 1 and 2), how many left for the following reasons? If a participant left for multiple reasons, *include only the primary reason*. The total number of participants in the first column (“All”) should equal the number of participants in question 2c, columns 1 and 2. Also, please place the **primary** reason for **chronically homeless persons** who left the project during the operating year in the second column.

		All	Chronic
a.	Left for a housing opportunity before completing program		
b.	Completed program		
c.	Non-payment of rent/occupancy charge		
d.	Non-compliance with project		
e.	Criminal activity / destruction of property / violence		
f.	Reached maximum time allowed in project		
g.	Needs could not be met by project		
h.	Disagreement with rules/persons		
i.	Death		
j.	Other (please specify)		
k.	Unknown/disappeared		

14. Destination. Of those participants who **left** during the operating year (from 2c, columns 1 and 2), how many left for the following destination? Also, please place the destination of **chronically homeless persons** who **left** during the operating year in the second column.

			All	Chronic
PERMANENT (a-h)	a.	Rental house or apartment (no subsidy)		
	b.	Public Housing		
	c.	Section 8		
	d.	Shelter Plus Care		
	e.	HOME subsidized house or apartment		
	f.	Other subsidized house or apartment		
	g.	Homeownership		
	h.	Moved in with family or friends		
TRANSITIONAL (i-j)	i.	Transitional housing for homeless persons		
	j.	Moved in with family or friends		
INSTITUTION (k-m)	k.	Psychiatric hospital		
	l.	Inpatient alcohol or other drug treatment facility		
	m.	Jail/prison		
EMERGENCY SHELTER (n)	n.	Emergency shelter		
OTHER (o-q)	o.	Other supportive housing		
	p.	Places not meant for human habitation (e.g. street)		
	q.	Other (please specify)		
UNKNOWN	r.	Unknown		

Explanatory Notes:

Identify each participant’s destination upon leaving the program using the categories provided. The response categories combine “destination” (e.g., rental house or apartment, public housing, homeownership, etc.) and “tenure” (e.g., permanent, transitional, etc.). Consider both destination and tenure to determine the most appropriate response, and be sure to look at all of the response categories before making a selection. The table below provides a brief description of each response category.

Enter the number of participants under each destination category in either the first column of the table or in both columns if the participant is chronically homeless. Only one reason for leaving should be recorded per participant. The total number of participants in the first column (“All”) should equal the number of participants in question 2c, columns 1 and 2.

Tenure		Destination	Description
Permanent	a.	Rental house or apartment (no subsidy)	Participant is moving to an apartment or house without any subsidy.
	b.	Public housing	Participant is moving to a public housing unit.
	c.	Section 8	Participant will use a housing choice voucher (formerly known as a Section 8 voucher) to rent a house or apartment.
	d.	Shelter Plus Care	Participant is moving to a unit funded by the Shelter Plus Care program (e.g., TBA, SRA, PRA, Section 8 SRO).
	e.	HOME subsidized house or apartment	Participant is moving to a unit with rental assistance provided by the HOME program (tenant-based or project-based assistance).
	f.	Other subsidized house or apartment	Participant is moving to a unit subsidized by some program other than public housing, housing choice voucher program (formerly Section 8), Shelter Plus Care, or HOME.
	g.	Homeownership	Participant is moving to a unit that he/she has purchased.
	h.	Moved in with family or friends	Participant is moving in with family or friends and expects to live there for 90 days or more.
Transitional	i.	Transitional housing for homeless people	Participant is moving into a unit funded by a transitional housing program for homeless people (e.g., transitional housing funded through the Supportive Housing Program).
	j.	Moved in with family or friends	Participant is moving in with family or friends and expects to live there less than 90 days.
Institution	k.	Psychiatric hospital	Participant is moving to a psychiatric hospital.
	l.	Inpatient alcohol or other drug treatment facility	Participant is moving to an inpatient alcohol or drug treatment facility.

Tenure		Destination	Description
	m.	Jail/Prison	Participant is moving to a jail or prison.
Emergency Shelter	n.	Emergency shelter	Participant is moving to an emergency shelter for homeless people.
Other	o.	Other supportive housing	Participant is moving into supportive housing that does not correspond to any of the permanent housing categories (a-h) and is not transitional housing for homeless people (i), such as Section 811 housing.*
	p.	Places not meant for human habitation	Participant is moving to a place not meant for human habitation, such as a car, park, sidewalk, or abandoned building.
	q.	Other (please specify)	Participant is moving to a place that does not correspond to any of the categories above (a-p).
Unknown	r.	Unknown	This response category should be used if you are unsure about where the participant is moving or if the participant has disappeared and there is no way to find out where he/she is.

*HUD encourages programs to limit the use of the “Other Supportive Housing” APR response category. Programs should report destinations to housing that are permanent or transitional in APR categories (a) through (h) or in categories (i) through (j), respectively. Exits to emergency shelters should be reported in category (n).

15. Supportive Services. Of those participants who **left** during the operating year (from 2, columns 1 and 2), how many received the following supportive services during their time in the project? Also, please place the supportive services received for **chronically homeless** participants who **left** during the operating year in the second column. Participants may have received multiple services and all services should be reported in the table.

		All	Chronic
a.	Outreach		
b.	Case management		
c.	Life skills (outside of case management)		
d.	Alcohol or drug abuse services		
e.	Mental health services		
f.	HIV/AIDS-related services		
g.	Other health care services		
h.	Education		
i.	Housing placement		
j.	Employment assistance		
k.	Child care		
l.	Transportation		
m.	Legal		
n.	Other (please specify)		

16. Overall Program Goals. Under objectives, list your measurable objectives for this operating year (from your application, Technical Submission, or APR) for each of the three goals listed below. Under Progress, describe your progress in meeting the objectives. Under Next Operating Year’s Objectives, specify the measurable objectives for the next operating year.

a. Residential Stability

Objectives:

Progress:

Next Operating Year’s Objectives:

b. Increased Skills or Income

Objectives:

Progress:

Next Operating Year's Objectives:

c. Greater Self-determination

Objectives:

Progress:

Next Operating Year's Objectives:

17. Beds. SHP recipients answer 17a. S+C recipients answer 17b. SRO recipients answer 17c. (*SHP-SSO projects do not complete this question*)

- a. **SHP.** How many beds were included in the application approved for *this* project under 'Current Level' and under 'New Effort'? How many of these New Effort beds were actually in place at the end of the operating year?

	Current Level	New Effort	New Effort in Place
Number of Beds:	_____	_____	_____

- b. **S+C.** How many beds and dwelling units were being assisted with project funds at the end of the operating year? (Include beds for all participants, other family members, and care givers.)

Number of Beds: _____
Number of Dwelling Units: _____

- c. **SRO.** How many dwelling units were being assisted at the end of the operating year? (Include units occupied by "in place" non-homeless persons who qualify for assistance.)

Number of Dwelling Units: _____

Part II: Financial Information

18. Supportive Services.

For Supportive Housing (SHP), this exhibit provides information to HUD on how SHP funding for supportive services was spent **during the operating year**. Enter the amount of SHP funding spent on these supportive services. Include HMIS costs under “Other”.

For Shelter Plus Care (S+C), this exhibit tracks the supportive services match requirement. Specify the value of supportive services from all sources that can be counted as match that all homeless persons received **during the operating year**. (S+C grantees should keep documentation on file, including source, amount, and type of supportive services.)

For Section 8 SRO, this exhibit provides information to HUD on the value of supportive services received by homeless persons **during the operating year**.

	Supportive Services	Dollars
a.	Outreach	
b.	Case management	
c.	Life skills (outside of case management)	
d.	Alcohol and drug abuse services	
e.	Mental health services	
f.	AIDS-related services	
g.	Other health care services	
h.	Education	
i.	Housing placement	
j.	Employment assistance	
k.	Child care	
l.	Transportation	
m.	Legal	
n.	Other (please specify)	
o.	TOTAL (Sum of a through n)	
	Cumulative amount of match provided to date for the Shelter Plus Care Program under this grant	

19. Supportive Housing Program: Leasing, Supportive Services, Operating Costs, HMIS Activities and Administration

All grantees receiving funding under the Supportive Housing Program must complete these charts each operating year. For **expansion projects**: If SHP grant funds are for the expansion of a pre-existing homeless facility, only the people and expenditures for the additional expansion may be included, as in the original application or any grant amendments. Documentation of resources used is not required to be submitted with this report but should be kept on file for possible inspection by HUD and Auditors. Do not include any expenditures made before the SHP grant was executed.

Summary of Expenditures. Enter the amount of SHP grant funds and cash match expended during the operating year for each activity. This table should add up both horizontally and vertically. The SHP supportive services total should be the same as the SHP supportive services in Question 18.

		SHP Funds	Cash Match	Total Expenditures
a.	Leasing			
b.	Supportive Services			
c.	Operating Costs			
d.	HMIS Activities			
e.	Administration			
f.	Total			

Note: Payments of principal and interest on any loan or mortgage may not be shown as an operating expense.

Sources of Cash Match. Enter the sources of cash identified in the Cash Match column, above, in the following categories. Use additional sheets, as necessary.

		Amount
a.	Grantee/project sponsor cash	
b.	Local government (please specify)	
c.	State government (please specify)	
d.	Federal government (please specify)	
	Community Development Block Grant (CDBG)	
e.	Foundations (please specify)	
f.	Private cash resources (please specify)	
g.	Occupancy charge / fees	
h.	Total	

20. Supportive Housing Program: Acquisition, Rehabilitation, and New Construction

All grantees that received SHP funds for acquisition, rehabilitation, or new construction must complete these charts in the year one APR only. This exhibit will demonstrate to HUD that the grantee has contributed enough cash to at least equally match the amount of SHP funds spent for acquisition, rehabilitation, or new construction. Documentation that matching funds were provided is not required to be submitted with this report but should be kept on file for possible inspection by HUD and Auditors.

Summary of Expenditures. Enter the amount of SHP grant funds and cash match expended during the operating year for each activity.

		SHP Funds	Cash Match	Total Expenditures
a.	Acquisition			
b.	Rehabilitation			
c.	New construction			
d.	Total			

Cash Match. Enter the sources of cash identified in the Cash Match column, above, in the following categories. Use additional sheets, as necessary.

		Amount
a.	Grantee/project sponsor cash	
b.	Local government (please specify)	
c.	State government (please specify)	
d.	Federal government (please specify)	
	Community Development Block Grant (CDBG)	
e.	Foundations (please specify)	
f.	Private cash resources (please specify)	
g.	Occupancy charge/ fees	
h.	Total	

FOR HMIS ACTIVITIES ONLY

21. For Supportive Housing (SHP) – HMIS Activities

This exhibit provides information to HUD on how SHP-HMIS funding for supportive services was spent **during the operating year**. Enter the amount of SHP-HMIS funding spent on these activities.

<i>HMIS Activities Only</i>	<i>Dollars</i>
<i>Equipment</i>	
Central Server(s)	
Personal Computers and Printers	
Networking	
Security	
Subtotal	
<i>Software</i>	
Software / User Licensing	
Software Installation	
Support and Maintenance	
Supporting Software Tools	
Subtotal	
<i>Services</i>	
Training by Third Parties	
Hosting / Technical Services	
Programming: Customization	
Programming: System Interface	
Programming: Data Conversion	
Security Assessment and Setup	
On-line Connectivity (Internet Access)	
Facilitation	
Disaster and Recovery	
Subtotal	
<i>Personnel</i>	
Project Management / Coordination	
Data Analysis	
Programming	
Technical Assistance and Training	
Administrative Support Staff	
Subtotal	
<i>HMIS Space and Operations</i>	
Space Costs	
Operational Costs	
Total	

Describe any problems and/or changes implemented during the operating year.

Technical Assistance and Recommendations

Based on your experience during the last year, are there any areas in which you need technical advice or assistance? If so, please describe.

Persons Served Worksheet - HUD Annual Progress Report

Collection of the Protected Personal Information (PPI) on this form is done with the knowledge or consent of the clients. The PPI is only used for the following purpose:

Accurate completion of the Annual Progress Report (APR) for the Continuum of Care (CoC) Homeless Assistance Program in which the client is enrolled.

This worksheet is optional and is intended to help you collect information needed to complete the Annual Progress Report. Instructions and Codes follow. **Do not submit this worksheet to HUD.**

No.	Name	Relationship	Entry Date	Exit Date	Number of Months in Project (calculate) 12a	Number of Months in Project – Participant did not leave (calculate) 12b	New Participant (Y / N)	Non-Homeless (SRO Only) (Y / N) 4	Date of Birth 5a	Age 5b	Gender (M/F) 5c

Persons Served Worksheet (continued)

Collection of the Protected Personal Information (PPI) on this form is done with the knowledge or consent of the clients. The PPI is only used for the following purpose:
 Accurate completion of the Annual Progress Report (APR) for the Continuum of Care (CoC) Homeless Assistance Program in which the client is enrolled.

Do not submit this worksheet to HUD

No.	Veterans Status (Y/N) 6a	Chronically Homeless (Y/N) 6b	Ethnicity (code) 7	Race (code) 8	Special Needs (code) 9a	Special Needs (code) 9b	Prior Living Situation (code) 10	Monthly Income At Project Entry 11a	Monthly Income At Project Exit 11b	<u>Income Sources</u> At Entry (code) 11c	<u>Income Sources</u> At Exit (code) 11d

Name. Names of persons will not be reported to HUD. The use of names is for your record keeping convenience.

Relationship. Enter the appropriate relationship. Examples include: Self, Head of household, Spouse, Child.

Entry Date. Enter date participant entered the project. Usually this will be the date of actual physical move-in for a housing project.

Exit Date. Enter date participant left the project. Usually this will be the date the participant physically moved out for a housing project. Do not include a participant who temporarily left the project and is expected to return in less than 90 days (e.g., hospitalization).

4. **Income-eligible Non-homeless in SRO.** The SRO program allows assistance to units occupied by Section 8 income-eligible persons residing at the SRO prior to rehabilitation. For SRO projects only, indicate whether the participant is an income-eligible, non-homeless person (Y) or not (N). SHP and S+C projects should skip this item.

5a. **Date of Birth.** Enter date of birth including month, day, and year.

5b. **Age.** Enter age at entry.

5c. **Gender.** Enter appropriate letter for gender. M-Male F- Female.

6a. **Veterans Status.** Indicate if the participant is a veteran. *Please note: A veteran is anyone who has ever been on active military duty status for the United States.*

6b. **Chronically homeless person.** Indicate the number of participants that are chronically homeless.

7. **Ethnicity.** Enter appropriate letter for ethnic group.

a. Hispanic or Latino

b. Non-Hispanic or Non-Latino

8. **Race.** Enter appropriate letter for race.

a. American Indian or Alaskan Native

b. Asian

c. Black or African-American

d. Native Hawaiian or Other Pacific Islander

e. White

f. American Indian/Alaskan Native & White

g. Asian & White

h. Black/African American & White

i. American Indian/Alaskan Native & Black/African American

j. Other Multi-Racial

9a. **Special Needs.** Enter the letter(s) for the

category(ies) that describe the participant's disability(ies). (You may double count).

a. Mental illness

b. Alcohol abuse

c. Drug abuse

d. HIV/AIDS and related diseases

e. Developmental disability

f. Physical disabilities

g. Domestic violence

h. Other (please specify)

9b. Enter the number of participants with a disability.

10. **Prior Living Situation.** Enter the letter that best describes where the participant slept in the week prior to entering the project. Do not double count.

a. Non-housing (street, park, car, bus station, etc.)

b. Emergency shelter

c. Transitional housing for homeless persons

d. Psychiatric facility*

e. Substance abuse treatment facility*

f. Hospital*

g. Jail/prison*

h. Domestic violence situation

i. Living with relatives/friends

j. Rental housing

k. Other (please specify)

*If a participant came from an institution but was there less than 30 days and was living on the street or in an emergency shelter before entering the facility, he/she should be counted in either the street or shelter category, as appropriate.

Instruction Codes for Persons Served Worksheet (continued)

11a. **Gross Monthly Income at Project Entry.**

Enter the amount of gross monthly income the participant is receiving at entry into the project.

11b. **Gross Monthly Income at Project Exit.** Enter

the gross monthly income the participant is receiving when exiting the project.

11c. **Income Sources Received at Project Entry.**

Enter all types of assistance the participant is receiving at entry to the project.

a. Supplemental Security Income (SSI)

b. Social Security Disability Insurance (SSDI)

c. Social Security

d. General Public Assistance

e. Temporary Aid Needy Families (TANF)

f. State Children's Health Insurance Program (SCHIP)

g. Veterans benefits

h. Employment income

i. Unemployment benefits

j. Veterans Health Care

k. Medicaid

l. Food Stamps

- m. Other (please specify)
- n. No Financial Resources

11d. **Income Sources Received at Project Exit.** Enter all types of income the participant is receiving at project exit. (Use codes as in 11c.)

12a **Length in Stay in Program.** Calculated item. (See Entry Date and Exit Date above.)

12b. **Length of Stay in Program.** (Participant did not leave during the operating year. How long have they been in the project?)

13. **Reason for Leaving Project.** Enter the primary reason why the participant left the project. (Complete only for participants who left the project and are not expected to return within 90 days.

- a. Left for a housing opportunity before completing the program
- b. Completed program
- c. Non-payment of rent/occupancy charge
- d. Non-compliance with project
- e. Criminal activity/destruction of property/violence
- f. Reached maximum time allowed in project
- g. Needs could not be met by project
- h. Disagreement with rules/persons
- i. Death
- j. Other (please specify)
- k. Unknown/disappeared

14. **Destination.** Enter the destination of those leaving the project.

Permanent:

- a. Rental house or apartment (no subsidy)
- b. Public Housing
- c. Section 8
- d. Shelter Plus Care
- e. HOME subsidized house or apartment
- f. Other subsidized house or apartment
- g. Homeownership
- h. Moved in with family or friends

Transitional:

- i. Transitional housing for homeless persons
- j. Moved in with family or friends

Institution:

- k. Psychiatric hospital.
- l. Inpatient alcohol or drug treatment facility
- m. Jail/prison

Emergency:

- n. Emergency shelter

Other:

- o. Other supportive housing.
- p. Places not meant for human habitation (e.g., street)
- q. Other (please specify)

Unknown:

- r. Unknown

15. **Supportive Services.** Enter all types of supportive services the participant received during the time in the project.

- a. Outreach
- b. Case management
- c. Life skills (outside of case management)
- d. Alcohol or drug abuse services
- e. Mental health services
- f. HIV/AIDS-related services
- g. Other health care services
- h. Education
- i. Housing placement
- j. Employment assistance
- k. Child care
- l. Transportation
- m. Legal
- n. Other (please specify)

Appendix 8: Action Plan Checklist

Fund Accounting Clinic

Action Plan Checklist

- Read the most recent SuperNOFA, your application, the SHP desk guide, your technical submission, program budgets and OMB circulars
- Create a “Chart of Accounts” for all revenues and expenses associated with the SNAPS grant
- Create a budget based on the specific activities undertaken in the SNAPS grant
- Develop a financial management system that complies with all applicable OMB and HUD requirements. In addition, develop internal policies and procedures to operate the financial management system
- Develop a time and activity reporting system that includes source documentation¹
- Develop allocation system for non-personnel costs¹
- Train staff (including sponsors) on financial management requirements as specified in applicable OMB Circulars
- Use both programmatic and financial staff to complete an Annual Progress Reporting
- Hire an auditor who knows A-133 requirements, when you trigger federal audit requirements
- Implement checks and balances in your financial management system so that you ensure long-term compliance

¹ The time and activity reporting system and system for allocating non-personnel costs must ensure eligibility of costs, costs are pro-rated as appropriate, matching funds are identified when required and proper draw down of funds in LOCCS (see the LOCCS Voucher Checklist).