

The NUTS & BOLTS

of Bookkeeping and
Grant Accounting

A Toolkit for Family Violence Centers

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INTRODUCTION

The Nuts & Bolts of Bookkeeping and Grant Accounting: A Toolkit for Family Violence Centers is designed for finance professionals, new Executive Directors, and staff from family violence service providers with a role in financial management.

The Toolkit is separated into seven major function areas of financial management: choosing the best bookkeeping system for your organization; managing your grant accounting; creating and managing your budget; cost allocation methodology; processing financial transactions; maintaining critical internal controls; and financial reporting, audits, and monitoring. Each section will prepare you for a different aspect of successful financial management.

Throughout the Toolkit, you will find definitions, explanations, and helpful tips. In Section VIII you will find a form titled “[My Agency](#).” This gives you the opportunity to collect your agency’s financial information in one location. In the Appendix you will find a [Glossary](#), as well as templates and sample materials. Please review and utilize these items to enhance the financial management of your own organization.

This Toolkit is a practical, useful guide that can help you navigate the often-tricky waters of nonprofit funding and financial management. Remember, TCFV is available to answer your questions, schedule training or consultation for your staff or Board, and to review core concepts covered in the Toolkit. Enjoy, and thank you for dedicating your time to such a significant role keeping our mission present in Texas communities and families statewide!

SECTION I

CHOOSING THE BEST BOOKKEEPING SYSTEM

In this section, you will gain valuable perspective on choosing the best tracking system for your books, as well as the best method of reporting within those systems. Setting up the right system for your organization is a critical first step toward successful financial management.

— *Introductory Bookkeeping Vocabulary*

— *Which Reporting System Is Right for Your Organization?*

- Cash vs. Accrual Basis Accounting
- QuickBooks vs. Fund Accounting Software
- QuickBooks at a Glance
- Accounting Software Comparison
- Bookkeeping Systems: Payroll Considerations
- Bookkeeping Systems: Common Mistakes

Introductory Bookkeeping Vocabulary

Before you jump into the nuts and bolts of bookkeeping, here are some important terms to understand so you can get started:

- **GENERAL LEDGER** – the collection of accounts that all organizations must have. They consist of: assets, liabilities, fund balance, revenues, and expenses.
- **ASSETS** – items owned by your organization. Examples include: bank accounts, accounts receivable, equipment, etc.
- **LIABILITIES** – items owed by your organization. Examples include: payroll taxes, payments to vendors, etc.
- **FUND BALANCE** – the result of subtracting the liabilities from assets. It is somewhat similar to net worth; however, care should be exercised when evaluating the fund balance since it can be affected by several factors.
- **REVENUES** – these are the items that generate funds for the organization. Examples include: donations, special events, grants, interest, etc.
- **EXPENSES** - funds spent, or costs incurred, which the organization uses to function. Most of the items will be paid with cash, but some items by noncash if the accrual method is being used (depreciation). Examples of expenses are salary, fringe benefits, rent, etc.
- **INCOME STATEMENT** – a report that shows the revenues and expenditures for a specific period, e.g., January to December. It is similar to the Statement of Activities.
- **BALANCE SHEET** – a report that shows the assets, liabilities, and fund balance as of a specific date, e.g., August 31, 2025. It is similar to the Statement of Financial Position.

Which Reporting System Is Right for Your Organization?

Cash vs. Accrual Basis Accounting

The type of accounting method your organization uses is critical to determining how budgets should be built, and accounting entries should be entered into your accounting software, whichever version you choose. The following are two principal types of accounting systems:

Cash Basis

- Revenue and expenses are entered when received or paid.
- Income is recorded when money is in hand.
- An expense is recorded when you write a check to the vendor.
- Best method for small nonprofits with no paid employees, no set programs, no government grants or contracts, and no plans for expansion.

Accrual Basis

- Revenue (Income) is recorded when you receive the commitment, not the money.
- An expense is recorded when services are received, not when you pay the invoice.
GAAP (Generally Accepted Accounting Principles) requires this method.
- This is the best method if the nonprofit has paid employees, set programs, and larger amounts of funding.

The accrual method is the most accurate and generally approved method of accounting. Small organizations that do not get audited may be able to report on a cash basis; however, most funders and auditors prefer, if not require, the accrual method to be used. In some instances, an organization will keep the accounting records on a cash basis, and the auditor will convert the records to an accrual basis for the audit and reporting purposes.

QuickBooks vs. Fund Accounting Software

A crucial decision each nonprofit will make is what software system to use for tracking their financial records. So how do you know which software to use?

All accounting systems will have the ability to track by categories known as a *general ledger* account. The types of *general ledger* accounts are:

- Assets
- Liabilities

- Fund Balance – the difference between assets and liabilities.
- Revenues
- Expenses

It is important not to mix the *general ledger* accounts with the other types of tracking items.

Expense codes should be set up by expense category, not by department or program. For example, there should only be one supplies expense account. Many times, an organization makes the mistake of having different supply accounts for distinct areas, such as fundraising, programs, etc. Another common mistake is to create an entirely new *general ledger* account for a specific fundraising event. By doing this, you lose the ability to break down fundraising expenses into their distinct types, such as rent, supplies, printing, postage, etc. The expense account code should be consistently used for types of expenses. The department or program code is a separate part of the accounting code structure and should be used to designate the department or program.

In addition to *general ledger* accounts, your organization may want to track additional categories. The primary difference between the various accounting software packages, in fact, lies in the ability to track these additional categories, such as:

- Departments
- Projects
- Functional Expenses (e.g., program, administrative, and development)
- Funding Restrictions –permanently, temporarily, and unrestricted funds.
- Grants

QuickBooks at a Glance

Many organizations choose QuickBooks due to its popularity and reasonable cost. Overall, QuickBooks can effectively meet financial reporting needs; however, there are some key items to remember when using QuickBooks. QuickBooks has three fields that can be used for reporting:

1. General Ledger, consisting of all revenue and expense accounts.
2. Customer Field, commonly used to track donors, events or programs.*
3. Class Field, custom fit to the revenue source. It is common for nonprofits to track their revenue sources by Class, especially the individual grants from a funder.

Best practice suggests that the Class field be used to capture revenue-tracking data or by grant. For example, an organization may track its budget based on individual

grants. If this is the case, the Class field would contain the grants. Expenses and revenues would be tracked against the grants. This will facilitate easy access to reports to track budgets.

*Some organizations use the Customer Field to track the company or grant while utilizing the Class Field to track donors and events. The Office of the Governor and Texas Health and Human Services Commission encourage utilizing the Class Field to track revenue sources. Whichever way you utilize the fields, your accounting software must be able to extract data based on each grant received for each required funder report.

There are many accounting software options. Nonprofits should carefully review the options and pick the software that best meets the agencies' needs. Accounting software should be easy to use, manage, and share with key staff. Reporting features, and grant tracking with various fiscal years are critical components. Avoid utilizing new accounting or payroll software at the end of a fiscal year. It is recommended your agency test any new software before eliminating the older software until your agency is confident that the new software correctly collects and provides accurate reports on all your key elements. As to the costs of accounting software, see if registering with [TechSoup.org](https://techsoup.org) provides a discount for any of these software.

Accounting Software Comparison

	COSTS	CONSIDER	PROS & CONS
QuickBooks	https://quickbooks.intuit.com/pricing/	Desktop or Online; Premier Nonprofit version (no longer sold after June 2024) Enterprise; Primer nonprofit; QuickBooks Desktop has moved to annual subscription; Customers already on an updated subscription of this version can remain if they do not cancel yearly payment.	Commonly used across Texas Family Violence Service Centers; Requires training but user-friendly; Many consultants know how to use; Easily shared with accountants; Nonprofit editions feature donation tracking, bookkeeping, invoicing, and other accounting functions.
MIP Fund Accounting (formerly Abila)	Need to request a quote.	Cloud based and on premise; Requisition/Purchase Order workflows and automation capabilities; Integrated payroll and HRMS with your accounting; Track unlimited funds and manage financial books in a streamlined, user-friendly system; Advanced security and fraud protection, and FASB- and GASB-compliant reports.	Functionality features include: General Ledger, Fund Accounting, Budgeting, Grant Reporting, AP, and AR; Robust reporting and budgeting capabilities; Integrated and configurable dashboards; Unique, multidimensional Chart of Accounts.
Blackbaud	Does not publish pricing; quote based on your nonprofit's needs.		Cloud-based fund accounting software; Designed specifically for nonprofits; Module based features; Enterprise-level software; Fully compliant fund accounting; Financial planning and analysis; Budgeting and reporting; Compliant with the Financial Accounting Standards Board; Grant accounting and administration; Can be paired with Raiser's Edge NXT, Blackbaud's donor management solution.
Sage Intacct	Does not publish pricing.		Grant accounting and administration; Financial Controls Built In.
AccuFund Accounting Suite	Starting price: \$2,995.00 one time.	Onsite - full onsite nonprofit financial management solution utilizes agency's infrastructure technology and houses the data on agency servers; Online browser nonprofit system, incorporates fund accounting, financial management, grants management, payroll, human resources.	Core system includes: AP, cash receipts, general ledger, bank reconciliation, importing and exporting, document storage, a financial report writer and a forms designer for customized form generation. Additional modules include: accounts receivable, HR and payroll, purchase orders, requisitions, fixed assets, allocations, and grants management; Automate workflow, generate robust reports, customize dashboards.
NetSuite	Annual license fee; must request price.		Cloud based ERP suite, including financials, inventory management, HR, professional services, automation and omnichannel commerce modules; Accounting: Billing Management, Revenue Recognition Management; Financial Planning and Reporting; Global Accounting and Consolidation; Government Risk and Compliance solutions.

Bookkeeping Systems: Payroll Considerations

In addition to basic bookkeeping features, all accounting software packages offer payroll processing as an add-on feature for an additional cost. Payroll requires special consideration because tax tables that change periodically are used to calculate taxes paid and withholding. In addition, the need to track expenditures by revenue source must be considered.

An alternative to using the accounting system to process payroll is to use an outside payroll processing service. Many vendors provide this service, and some banks offer this to customers as well. Generally, the payroll service will also file your quarterly IRS (Internal Revenue Service) payroll tax return, manage annual W2 processing, new hire reporting, any garnishments to wages, and unemployment tax reporting and payments. Considering the implications of not processing these items properly, the most reasonable and cost-effective approach for many nonprofits may be contracting for external payroll processing services. In addition, some nonprofits hire a Professional Employer Organization (PEO) to manage payroll and all elements of their human resources efforts.

If your organization chooses to outsource its payroll system, ensure the company can provide the right type of records to meet your grant requirements. For example, if you cannot match up the exact payroll payment to an employee as required by a grant, you will need to change the company or create a system that allows you to track the payment appropriately.

Bookkeeping Systems: Common Mistakes

The following are some quick tips to avoid costly mistakes when working on bookkeeping.

- When setting up your system or adding codes, thinking long-term makes a substantial difference. It is easy to add codes but difficult to remove them. So, make sure it is something that fits your long-term plans.
- Try to use the same types of titles and categories in your accounting system that you use in your budget. This will make the reports easier to produce and more helpful for the end user.
- Make nightly backups to a cloud-based service. If this is not an option, at a minimum, store a copy off-site in a safety deposit box.

Be consistent. The fastest way to render your accounting data useless is to be inconsistent in how transactions are entered. Develop and use a budget reference and use it when keying the transaction.

SECTION II

MANAGING YOUR GRANT ACCOUNTING

If you are exploring this section, chances are your organization has either received grant funding or is ready to submit your first grant. How should you set up your system to correctly manage and report grant funds and meet the requirements?

This section will help you understand the tracking expectations of many grantors and how to keep from losing funding for critical and lifesaving work.

— How Can You Successfully Manage Your Grant Funds?

- Grant Requirements
- Types of Funders/Grantors
- Federal Grant Regulations
- State Grant Regulations
- Nonprofits and Lobbying
- Grant Accounting: Common Mistakes

How Can You Successfully Manage Your Grant Funds?

Grant Requirements

Many aspects of grant funding may impact your organization's ability to manage a funded project:

Proposal

Grantors have guidelines on how and when to apply for grants. Ensure following the guidelines provided by each individual funder. Carefully review the proposal from a narrative and budget standpoint. This will increase your chances of being awarded funds.

Grant Award

When a grant is awarded, the grantee will often receive a comprehensive packet of materials, including an award letter, information on how funds will be disbursed, restrictions on how funds can be spent, and reporting requirements. The award packet is critical and should be reviewed thoroughly and regularly to ensure you meet each grant's requirements. Failure to do so could result in losing ongoing funding and even having to repay funds spent improperly.

Spending Restrictions

Many government grants have specific rules on how funds can be spent. Some rules apply to all government grants, and there are additional rules based on the type of funding. The grant award should have a reference to the applicable restrictions. Every employee actively working on a grant should review the award and requirements, including special conditions and reporting requirements.

Funding Process

There are several ways a funder disburses funds to a grantee:

- **Up Front**, wherein the entire grant amount will be given to the grantee organization.
- **Requests for Reimbursements (RFRs)**, wherein the organization must first spend money on a grant activity, then request reimbursement for it. Most commonly, the grantee submits requests monthly. The organization needs at least two-three month's cash reserves to cover costs until the reimbursement is processed and paid.
- **Unit Cost Basis**, wherein the grantee has negotiated a cost per service delivered (e.g., number of people fed per week). This is rare.

Matching

Many funders have a match requirement to increase the organization's commitment to the project. Match requirements are expressed as a ratio or percentage of the funds received. How the match is calculated may vary between grants, so check your grant information for specifics. There are two primary kinds of matches:

- **Cash** – The organization must raise and spend the match funds on the proposed project. Match funds can be received from other non-federal grants if the funds were derived from local funds, or state funds, when documented as allowable. Remember you cannot use federal funds to meet the match of another federal grant.
- **In-Kind** – An in-kind donation is goods or services that benefit a grant-supported project and are contributed without charge to the program. These contributions can be made in the form of time, services, expertise, and goods. Because in-kind donations don't come in the form of physical cash, they can be confusing when it comes to recordkeeping. These donations are recorded as monetary values, determined by the fair market price you'd otherwise pay for the goods or service you received.

Reporting

Most grantors will provide specific programmatic and financial reporting formats your organization must follow. The frequency will vary; however, government grants have more frequent reporting requirements than other funding sources (see “Types of Funders/Grantors” below).

Budgeting

Many grantors allow budget differences without prior approval. However, grantors limit how much your agency can deviate from the grantor-approved budgeted amount. Refer to the award documentation on restrictions and required pre-approvals that may apply to avoid any confusion.

Types of Funders/Grantors

Federal Government

- Funds granted by the federal government can be direct or via a “pass-through” from state and local governments.
- Each federal agency varies on its parameters regarding budget adjustments and allowable expenses.
- Reporting and tracking for federal agency grants vary depending on the federal agency.

State Government

- Funds granted by the state will have rules and regulations, and each state agency varies on its parameters regarding the match, budget adjustments, and allowable expenses.
- Reporting and tracking for state agency grants vary but tends to be at least quarterly with a final annual report.

Local Government (County/City/Council of Governments)

- Numerous local municipalities can provide sources of grant dollars.
- Restrictions, regulations, and requirements can be specific to these individual funders.
- Federal funds granted by local governments do not lessen federal restrictions, and the state or local government may add additional requirements.

Foundations

- Funds granted from foundations typically have fewer restrictions than funds from government and other sources.
- Reporting and tracking tend to be required periodically, semi-annually, or annually and are usually less stringent than local, state, and federal grant funds.

Federal Grant Regulations

Office of Management and Budget (OMB) Circulars

OMB Circulars and Bulletins are major tools the Executive Office of the President uses to exercise managerial and policy direction over federal agencies. Circulars and Bulletins are intended to promote government effectiveness by providing uniform guidance to organizations.

OMB Circulars History

In December 2014, the Office of Management and Budget (OMB) published the 2 Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2CFR200). This Uniform Grant Guidance (UGG) consolidated grant guidance and implemented efficient and effective reforms. This UGG supersedes and streamlines OMB circulars A-21, A-87, A-110, A-122, A-102, A-50, and A-133.

The UGG was updated effective November 12, 2020, and effective October 1, 2024, for all

contracts starting on or after these dates. The current UGG can be found on the [Electronic Code of Federal Regulations website](#).

Two of the most important sections in the UGG document are 200.403 Factors affecting allowability of costs and 200.404 Reasonable Costs. The next section would be 200.430 Compensation-personal services, as compensation tends to be the biggest expense in any budget.

General Allowability

A good rule of thumb is that the expense should only be charged to the grant if it meets its objective and the amount of the expense and its nature is reasonable. If the item is not included in the UGG or contract/agreement, it is considered unallowable.

Common Disallowed Costs

- **Alcoholic Beverages** – Not allowed.
- **Entertainment Costs** – Not allowed.
- **Equipment Costs** – These costs are often allowed; however, there are often significant approval and reporting requirements that must be followed. Equipment costs related to accessibility are an allowed cost, i.e.: microphones, large screens, and recording equipment for translation. These items should be detailed in the budget so when approved it is considered an allowable cost. This also applies to copiers that can enlarge print for those with visual impairments.
- **Fundraising and Investment Management Costs** – Not allowed.
- **Interest and Late Fees** – Not allowed except in special circumstances.
- **Lobbying** – Not allowed.
- **Swag & Advertising** – Not allowed generally. However, Swag or certain goods may be allowed if it is considered a safety device related to your mission—i.e., whistle key chain, flashlight or notebook with your logo and contact information on it. There are limits as to what the cost for these items can be, and the items should not be used for advertising. You can market your organization's Request for Proposals (RFP), job posting, non-fundraising events including CEU/CLE or other types of professional credit as educational costs as they are allowable under federal grants.
- **Social media** – May be allowable. However, you cannot boost a post on social media and charge a grant for the cost of the boost, as many grantors consider this an unallowable cost.
- **Food** – The purchase of food is allowed in some situations such as:
 1. when an individual is traveling on organization business;

2. for meetings and conferences when the primary purpose of the event is the “dissemination of technical information;”
3. it will make good use of your time due to restriction on availability of adequate food sources in the area;
4. you are in a remote area;
5. the speaker has requested it; or
6. emergency food for clients.

Many grants strictly interpret the allowability of purchasing food, so be certain to review each of your grants and contracts.

Supplanting Funds

Supplanting means using grant funds to replace state, local or agency funds which otherwise would have been spent on the specific purpose of the grant awards. Many types of government grants prohibit the supplantation of funds. In most cases, the additional funds are intended to grow the specific objective. Please review funder requirements.

Grant Proposal & Award Document

To avoid returning funds to a grantor, be certain to correctly implement your grant proposal and award document/contract. The proposal and the award document outline the agreed-upon programmatic and financial goals. Keep in mind that the success or failure of your agency’s project will be measured against what you committed to do in your proposal and signed contract.

Other Federal Statutes

In addition to the UGG, programmatic or budgetary requirements must be followed based on the individual funding source. Typically for family violence service providers, these are the Family Violence Prevention and Services Act (FVPSA), the Victims of Crime Act (VOCA), and the Violence Against Women Act (VAWA).

State Grant Regulations

Uniform Grant Management Standards (UGMS)

The UGMS were developed to provide restrictions and guidelines for state funds that are granted. The UGMS are nearly identical in structure and format to the UGG. The UGMS can be found at <https://comptroller.texas.gov/purchasing/grant-management/>.

Please note that UGMS only applies to grants **prior to January 1, 2022**, when it was replaced by the Texas Grant Management Standards (TxGMS).

Texas Grant Management Standards (TxGMS)

TxGMS Version 1.1 will apply to grants and contracts **beginning on or after January 1, 2022**, replacing the Uniform Grant Management Standards (UGMS). Grants or contracts **beginning on or after October 1, 2024** and going forward will follow the TxGMS were updated based on updates 2CFR200.

Texas developed the Texas Grant Management Standards (TxGMS) under the authority of Gov't Code Ch. 783 to provide restrictions and guidelines and promote the efficient use of public funds in local government and programs requiring cooperation among local, state, and federal agencies. The TxGMS can be found at <https://comptroller.texas.gov/purchasing/grant-management/>.

Please see the “Common Mistakes” section for more information to help account for your grants successfully.

Nonprofits and Lobbying

If your organization is a nonprofit such as a 501(c)(3), your agency can lobby. However, federal and Texas government funds cannot be used for lobbying activities. Unrestricted funds such as membership dues, donations, and money raised through fundraisers may be used for lobbying.

Advocacy is not lobbying and is not restricted. Advocacy refers more broadly to representing the population your agency is serving and presenting the issues the population faces. For example, advocacy is when you testify at government hearings on broad social issues without mentioning specific legislation. Please be certain to review 2CFR200.450 for guidance on lobbying.

Rules, procedures, and reporting requirements must be followed if your organization engages in lobbying. For example, your organization must do the following:

- Track and report employee's time devoted to lobbying.
- Track costs incurred for lobbying purposes.

The general rule is that a person, including an individual and an organization, is engaged in a lobbying activity **if the person communicates, directly or indirectly, to an elected official to influence that official's position on a question**. If you have questions about lobbying rules,

reporting requirements for nonprofits, or the difference between lobbying and advocacy activities, please contact **Bolder Advocacy**, a program of Alliance for Justice, by phone at 866-NP-LOBBY, or view their website at bolderadvocacy.org.

Grant Accounting: Common Mistakes

Here are some quick tips to avoid costly mistakes when working on grant accounting:

General Allowability

A good rule of thumb is that the expense should only be charged to the grant if it meets its objective and the amount of the expense and its nature is reasonable. If the item is not included in your contract/agreement, it is considered unallowable.

Common Disallowed Costs

- **Alcoholic Beverages** – Not allowed.
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- **Equipment Costs** – These costs are often allowed; however, there are often significant approval and reporting requirements that must be followed. Equipment costs related to accessibility are an allowed cost, i.e.: microphones, large screens, and recording equipment for translation. These items should be detailed in the budget so when approved it is considered an allowable cost. This also applies to copiers that can enlarge print for those with visual impairments.
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Many grants strictly interpret the allowability of purchasing food, so be certain to review each of your grants and contracts.

SECTION III

CREATING AND MANAGING YOUR BUDGET

This section will focus on how and when to budget and offer key tips for creating the best budget to guide your organization's work.

— *When Should I Budget?*

- Budget Cycle
- Stakeholders

— *How Should I Budget?*

- Strategic Budgeting
- Budgeting “Building Blocks”
- Budgeting Tips
- Budget Adjustments

— *Review*

- Budgeting: Common Mistakes

When Should I Budget?

Budget Cycle

The organization's primary budget should align with either the organization's fiscal reporting year or the calendar year. Family Violence Centers commonly have several grants with various budget periods; be sure to track each budget based on the individual grant requirements.

Stakeholders

Executive Director / Chief Executive Officer (CEO)

The Executive Director or CEO will be the primary person responsible for building the budget and ensuring it aligns with the organization's mission and goals. The Executive Director or CEO should enlist the assistance of all key employees in creating and reviewing the budget.

Key Organization Employees

Having key employees involved in budget development is a good practice. In most cases, the funding received is tied to programmatic outcomes. Discussions and reconciliations should be conducted to ensure finances align with programmatic objectives and support the successful accomplishment of those objectives.

Finance Committee

The Finance Committee should play a significant role in guiding and reviewing the budget to a more detailed level than the Board of Directors. For example, the Finance Committee may do an in-depth review of the supporting budget schedules, make recommendations to the Board of Directors, while the Board of Directors typically review and approve the master budget.

Board of Directors

The Board of Directors should review and approve the budget prior to the beginning of the budget year and document the approval of the budget in the Board minutes. Also, the Board should follow the organization's fiscal policies and approve any material changes during the budget year.

Timing

The budget cycle should start with enough time to enable the Board of Directors to review the budget with at least one Board meeting remaining before the budget year begins. This will allow changes to be made if needed and resubmitted for approval at the next Board meeting. It is general practice for organizations to begin the budgeting cycle four to five months before the budget year start date.

How Should I Budget?

Strategic Budgeting

Many organizations have a strategic plan with goals requiring financial resources to be successful. During the budget process, an ongoing question should be how the current budget furthers the organization's progress in concert with the strategic plan. Theoretically, if an expense does not align with the strategic plan, it should not be in the budget.

Where to Start

- **Historical** – Many organizations look at what was spent the prior year by category and then adjust those amounts. This is often the quickest way to complete the budget cycle; however, it does not provide a good process to evaluate revenues and expenses to determine if they meet the organization's strategic plan.
- **Zero Based/Project** – A more time-consuming but usually more productive method to build a budget is to assume that no expense must be incurred unless it is individually needed and approved. This process allows organizations to scrutinize the budget closely and only budget for reasonable costs that meet the organizational objectives. This method can be more intensive but can be a valuable tool to help ensure the long-term viability of an organization.

Budgeting “Building Blocks”

Funding / Revenue Sources

An important first step when building a budget is identifying all the available funding/revenue sources and understanding the parameters of each grant/contract.

Federal Funding Sources

A System for Award Management (SAM) registration is required for any entity to bid on and get paid for federal contracts or to receive federal funds. For more details, visit <https://sam.gov/>.

Revenues

Your organization should identify all types of revenues by funding source. Remember, your organization must evaluate each source to determine if the funding will be one-time or ongoing and if the total amount will change. In addition, it must be reviewed to determine if the objectives meet your organization's mission and vision. Nonprofits can get into significant financial jeopardy by being overly optimistic about revenue projections. It is far better to underestimate revenues and overestimate expenses.

Expenses

Your organization should itemize all the expenses being projected for the budget cycle. It is important to make sure restricted expenses and revenues line up. A common mistake for nonprofits is to balance the budget without doing a funding source analysis and incorrectly assuming the budget is balanced only because unallowable costs are allocated out of grant funds. Nonprofits should be certain that expenses are allocated to allowable funding sources.

Cash Forecast

Depending on the financial reserves of your organization, you may need to forecast revenues and expenses by month to determine and address if there will be cash flow shortages.

Surplus/Loss

In any budget year, there may be a balanced budget meaning your organization's revenues equals the expenses, or there may be a surplus or loss. Many organizations try to budget for a surplus to help build cash reserves. Conversely, your organization could budget for a loss if your agency has significant cash reserves. If your master budget has a loss, it should be noted in the budget where the funds are located to make up the difference.

Circular Budgeting

It is common for the Executive Director/CEO and employees to go through the budget process several times before arriving at one that can be taken to the Finance Committee. In many cases, you will go through the steps above and realize the budget has a loss projected even though you did not plan on it. To rectify this problem, you need to start at the beginning and analyze your revenues and expenses to add or remove items to correct budget problems.

Budgeting Tips

- **Impact** – Most nonprofits spend most of their funds on salary, fringe benefits, and facility costs (rent, utilities, and maintenance). It is critical to ensure these amounts are budgeted correctly since they have such a substantial impact on the budget.
- **Non-Essential Purchases** – Nonprofits may wish to budget for items that will only be purchased if funding becomes available. If this approach is used, the revenues and associated expenses should be clearly indicated and when funds are secured appropriate purchases can be made.
- **Chart of Accounts** – Nonprofits should create a chart of accounts (COA). The COA is an index of all the financial accounts in the general ledger. The finance department should make the COA accessible to employees to assist with quick reference to accounting codes. The COA may be requested by funder monitoring staff. Therefore, the best practice for nonprofits with grant funding is to have a chart of accounts.
- **Crosswalk** – Nonprofits should create a path of allowable items budgeted to the associated codes in the accounting system. It is recommended to access frequently, even daily, so the crosswalk can assist finance employees to correctly enter transactions and easily generate reports.
- **Budget Reference** – Nonprofits should provide their employees with a copy of the budget and associated accounting codes. This budget reference provides employees with the information they need to fill out purchase requisitions with correct coding, monitor expenditures, and create future budgets.
- **Cost Allocation Plan (CAP)** – Include a CAP with the budget. See the [Cost Allocation Methodology](#) section.

Budget Adjustments

To properly expend funds, it is necessary to review budget versus actual expenditures and verify your organization is on track to expend all funds. Ideally, this would be in an agency's financial procedures performed quarterly.

Some funders allow multiple budget adjustments, while others have restrictions. Also, some funders do not allow budget adjustments in the last 30 days (about four and a half weeks). Become familiar with each of your funder's budget adjustment requirements and the process needed for requesting budget adjustments.

Budgeting: Common Mistakes

When budgeting, here are some tips to help avoid making costly mistakes:

- **Develop one budget and commit to doing it right.** In the deadline-oriented world in which we live, it is often tempting to throw a budget together because the Board is asking for it. Keep in mind the success of your organization depends on proper budgeting and tracking. You may want to review the fiscal year your agency utilizes as it may be to your advantage to move from a calendar year to the state fiscal year or the federal fiscal year.
- **Make sure to balance by funder.** If your organization does not balance the budget by funder/revenue source, you will not be able to determine if your organization is over budget on one grant and underspent on another grant or revenue source. It is important to be aware that this may be a finding during a monitoring, and potentially could result in repayment of funds. All entities must be able to show how grant funding was used. Therefore, the separate tracking of funding sources is critical.
- **Be proactive and do not procrastinate.** On at least a quarterly basis your organization should review the budget and actual expenses. If a problem is identified early on, it can often be handled with less disruption to your organization.
- **Double check revenue sources and cash flow.** The revenues from funders, foundations, donations, and thrift stores can be unpredictable. For example, revenue from funders may come to your organization with significant delays in reimbursement, thrift store revenues may not be as profitable as predicted or foundations may require extensive financial reporting prior to releasing funds. Double check your assumptions. For example, will funders reimburse within 30 days or will the community support donation goals, then review your cash flow. Your organization can then determine if it is on track to receive funds in a timely manner to cover expenditures.
- **Be conservative and plan for reserved funds.** If possible, be conservative when estimating revenues. Your organization will want to expend all the grant funds but be conservative with unrestricted funds. This approach avoids a worst-case scenario.

SECTION IV

COST ALLOCATION METHODOLOGY

This section will help you correctly allocate your organization's costs and what common mistakes to avoid. Cost allocation is closely connected to grant management. In this section, you will learn the following:

— *How To Allocate Costs*

- Basis of Cost Allocation
- Methods of Cost Allocation
- Cost Allocation Spreadsheets

— *How To Avoid Allocation Mistakes*

- Common Cost Allocation Mistakes and How to Avoid Them

— *Review*

- Sample Cost Allocation Plan and Spreadsheet can be found in [Appendix 4](#).

How To Allocate Costs

Basis of Cost Allocation

Classification of Costs

The classification of costs is a major component of grant funding, especially for government grants. The way a cost is classified and allocated can determine whether the cost will be considered allowable or not.

- **Direct Costs** – Costs that are clearly attributable to a particular funding source. For example, a caseworker who only works with clients that are clearly the population the grant was intended to benefit. These costs are the easiest to manage because the entire cost is charged to the associated funding source.
- **Shared Direct Costs** – Costs that cannot be easily identified. Shared direct costs benefit more than one program or award and should be distributed reasonably in proportion to the benefits received. For example, rent, copy machine, or administrative/finance employees need to be distributed across the grants that benefit from these costs. These costs are considered direct costs; however, an extra process must be implemented to determine what portion of the cost is directly covered by each funding source. An example of this are administrative/finance employees who fit under more than one funding source. The director of finance or designated employees must create a mechanism/allocation formula to determine what portion of the cost is associated with each of the funding sources. In the Appendix you will find the “Sample Organization Cost Allocation Plan” for allocation method examples.
- **Indirect Costs** – These are costs that benefit all programs and are not clearly attributable to a particular funding source or program. Examples could include costs associated with accounting personnel, administrative costs, and facility costs such as rent, insurance, etc. These costs may be charged to various funding sources; however, they must be charged no more than their proportional share of the cost. Indirect costs can be charged through allocations or through the use of an indirect cost rate.

Methods of Cost Allocation

Shared Direct Costs

- **Time Sheets** – Time sheets are the most common mechanism used to determine how shared costs should be distributed. Each employee is given a timesheet with the specific grants and/or activities for the grants listed. The employee then determines how much of their time each day was spent on each grant. At the end of the period, the finance department calculates the percentages by funding source and charges the associated funding sources based on the actual percentages.
- **Programmatic** – This method is difficult to track accurately and may not pass compliance and scrutiny under an audit.
- **Prorated** – Costs can be allocated based on a prorated calculation of each program's total expenditure budget in proportion to the total expense budget for all the programs sharing the expense.
- **Salary/Full-Time Equivalent (FTE) Allocation** – This methodology utilizes the funding source splits derived from the number of FTE employees combined with the part-time equivalent employees charged to each grant and then divided by the total number of employees. Before utilizing this methodology, the finance department or designated employees need to create an employee's salary grant percentage allocation spreadsheet. This spreadsheet lists all employees with every grant awarded to the organization during the current fiscal year, the total for each employee should add up to 100% and the percentage for each employee should match up to the grant budgets. The finance department or designated employee along with the managers should periodically review the timesheets against the spreadsheet to ensure the percentages are correct. If they do not match, then the finance department must adjust based on the allocation breakdown and develop the new allocation percentages.
- **Other** – There are several other allocation methodologies that can be used. The most common under this category are the square foot or metered. For the square foot methodology, the finance department or designated employees measure all office space to determine the square footage, determine who occupies the space, develop a spreadsheet with the square footage then allocate facility costs to the appropriate funding source. The key to allocating any costs is to do it with the best possible fairest distribution method. For the metered methodology, it is common to utilize logs to track usage on items that can be metered such as copiers and postage.

The Sample Cost Allocation Plan found in [Appendix 4](#), provides a detailed example of allocated cost categories, methods of allocation, and an allocation spreadsheet based on an annual budget.

Cost Allocation Spreadsheets

Once the cost allocation plan has been developed it should be reviewed and approved by the Executive Director or designated employees, then finance department or employees need to create cost allocation spreadsheets. As part of the budget process, the Board should approve the organization's methodology.

Most organizations that receive grant funds use spreadsheets to track their cost allocations. It is critical for the finance department or employees to create understandable cost allocation spreadsheets and to use these spreadsheets to make the journal entries in the accounting system. The finance department or employees should regularly update cost allocation spreadsheets to maintain accurate costs. It is best practice to file the spreadsheets, for example, copier costs, square footage for utilities, time sheets etc. together by the fiscal year for future reference. These steps will provide documentation for the costs when a funder monitors these funds.

The Sample Cost Allocation Plan found in [Appendix 4](#) includes a spreadsheet set up to reflect the annual plan for allocations. Throughout the year, the organization should update the numbers based on actual expenditures and compare to the budget of each grant. Ideally, a Cost Allocation Plan would include a worksheet that designates each funding source and expense allocation numbers.

How To Avoid Allocation Mistakes

Common Cost Allocation Mistakes and How to Avoid Them

When allocating costs, avoid these mistakes.

- **Delayed Allocations** – This mistake involves not adjusting expenditures to actual costs on a regular basis. It is allowable to allocate costs on a budgeted basis, but the costs must be adjusted to actuals for the period in question. It is often better to allocate monthly or at least quarterly. Adjusting to actuals later can be time consuming, costly, and not reimbursed by funders. Regularly determining the allocations based on actual costs allows you to know how the budget projections are impacted and allows you to make timely budget adjustments.
- **Inadequate Processes** – This mistake involves not having adequate documentation to justify expenditures and may jeopardize the entire allocation process and funding sources. Since the primary source of allocations is often salaries, time, and activities reports should be signed by the employee on a timely basis, approved, and reviewed for accuracy by supervisors then submitted, processed, and filed by finance employees.
- **Allocating Based on Budget** – This mistake involves allocating expenditures based on budget projections. Allocating based on budgeted amounts instead of actuals may keep you from going over budget. However, it may create audit findings and potential disallowed costs. It is critical to check the budget against actuals throughout the year to determine if the costs are being allocated significantly different than originally estimated. If this occurs, it will be necessary to evaluate the organization's activities to see what budget adjustments need to be made.
- **Improper Methodology** – This mistake involves creating an improper, incorrect, or unclear Cost Allocation Plan, which may cause your organization to have questionable costs or unallowable expenses.
- **Not Reviewing the CAP** – This mistake involves not reviewing the cost allocation plan every year or when a major change occurs in the organization. This may cause your organization to have questioned costs or unallowable expenses.

SECTION V

PROCESSING FINANCIAL TRANSACTIONS

This section will help you understand best practices for managing and tracking both incoming and outgoing funds. It also provides template forms.

— *What Transaction Processes Should I Be Performing?*

- Accounts Receivable/Accounts Payable
- Monthly Closing
- Yearly Closing
- Tax Reporting and Payment

— *Review*

- Transaction Processing: Common Mistakes and How to Avoid Them

What Transaction Processes Should I Be Performing?

Accounts Receivable/Accounts Payable

Accounts receivables are funds owed to the organization that are classified as donations, grants, payments for services rendered, or other sources of income in various formats, such as checks, electronic transfers, and in-person cash.

Segregation of duties for receiving funds must be developed to be certain there are checks and balances in place. While funds are properly and accurately documented as well as deposited to prevent fraud. A good best practice is to have the receptionist/front desk employee designated to record the receipt of checks and cash received. Then an employee in the finance department should be designated to deposit the funds into the bank and record receipts into the accounting system.

Deposits

After the designated employee in the finance department deposits the funds into the bank, another employee records the receipt into the accounting system. An important part of processing any receivable is identifying and documenting how the item should be classified, including knowing the cost center codes, project codes, general ledger codes, funding source, and revenue category. A good best practice is to do the following:

- Make deposits often.
- Make copies or scan the checks before depositing.
- Enter deposits into the accounting software system immediately after each deposit in the bank.

Paying Bills

Accounts payables is the payment of any item based on supporting documentation and proper approvals. There is not a set of predetermined documentation. However, the following are examples of typical items necessary to support a payable transaction: contract, W-9, invoice, packing slip, or purchase requisition (see sample in Appendix).

- **Documentation** – records being used to support the expense normally referred to as source documentation should be carefully reviewed to ensure coding is correct and approvals are obtained.
- **Paper Checks** – these are often the easiest way to control disbursements; however, it

is more time consuming and costly such as postage, stationery, printing, and employee time. Paper checks may also create a cyber security threat if the check falls to an unintended individual. For example, the best practices for checks are to walk them into the post office and not place them in a mailbox.

- **Electronic Transfers** – this process is common; however, it makes it more difficult to keep track of disbursements and monitor the cash balance. If an organization uses electronic transfers, a policy and procedure should be created to track how often transfers are allowed and the amount allowable for each transfer.

Credit/Debit Card

A best practice is to obtain credit cards under the organization's Employer Identification Number (EIN). Policies and procedures should be developed for distributing and managing credit card expenditures and the limits. When the organization maintains a credit card that is utilized by multiple employees, a log must be kept documenting each charge, and there should be a receipt or invoice to support each expense.

An important part of processing any credit or debit card expense is identifying and documenting how the item should be classified, including knowing the cost center codes, project codes, *general ledger* codes, funding source, and expense category. It is critical that credit card statements are reconciled monthly.

Petty Cash

Petty cash accounts generally contain less than \$200 and are used to pay for small expenses of less than \$25. Petty cash expenses should be tracked via a petty cash log with supporting documentation collected to support each expense. The designated employee should reconcile and replenish petty cash monthly while verifying expenses are coded properly.

Monthly Closing

The monthly closing process is a formal step in the accounting process. It is also a checkpoint for nonprofits before creating their monthly reports. The process of monthly closing seeks to ensure that all the entries for the month have been recorded and properly reconciled. This step will help minimize future adjustments and reporting changes. For an accurate and properly reconciled monthly closing consider the following transaction processes:

- **Bank Reconciliation** – One of the most important steps in the monthly closing process

is performing the bank reconciliation. Optimally, bank reconciliation is done monthly. Bank reconciliation process is critical to internal controls. For example, during this process you are verifying that checks have been cashed and deposits have been made in the bank as per office records. Having accurate bank reconciliations captures a moment in time regarding the amount of funds available to an organization. This will help ensure all the entries are in the accounting system, and your reports will be much more accurate.

- **Non-cash Items Entries** – Non-cash entries do not involve actual cash transactions; they are items such as deferred income, depreciation, and amortization, which vary by organization. One of the most important entries to be made is entering the accounts receivable for the grants that are on a reimbursement basis. These entries will show the revenue for the month as closed on the income statement and an amount due on the balance sheet.
- **Balance Sheet Items** – The balance sheet includes three components: assets, liabilities, and equity/retained earnings. It is divided into two sections: 1) assets and 2) total liabilities and equity/retained earnings. As the name implies, the balance sheet should always balance. Assets, liabilities, and equity/retained earning accounts are considered permanent since they do not close yearly. For example, if an organization has receivable or payable balances, there should be a corresponding list of items that make up those amounts. Such as, if there were accounts receivable of \$10,000 then there would be a list of individuals or organizations that owe \$10,000.

Yearly Closing

The yearly closing process is a formal step in the accounting process. It is also a checkpoint for nonprofits before beginning their fiscal audit. The yearly closing process ensures that all entries for the year have been recorded and properly reconciled.

- **Income Statement Accounts** – The income statement presents revenue, expenses, and net income. The components of the income statement include: revenue; cost of sales; sales, general, and administrative expenses; other operating expenses; non-operating income and expenses; gains and losses; non-recurring items; and net income. These accounts close at the end of each fiscal year and roll into the fund balance so they are considered temporary accounts.

Tax Reporting and Payment

Employee Classification

All employees should be classified as exempt or non-exempt to properly process payroll based on the Fair Labor Standards Act (FLSA). The classification is primarily a human resources function but significantly impacts payroll. Non-exempt employees under the FLSA must be paid overtime for work exceeding 40 hours in a work week. Timesheets should provide a mechanism to track overtime.

Texas Payday Law

One section of the Texas Payday Law dictates the frequency of pay periods. Non-exempt employees may not be paid less frequently than bi-monthly. The Payday Law requires that employees be paid for all time worked. While state law does not specifically address pay for meetings or training, the Department of Labor (DOL) addresses compensable time. Compensable time is normally defined as “all the time during which an employee is necessarily required to be on the employer’s premises, on duty, or at a prescribed workplace.” For further information on Texas Payday Law, visit <https://www.twc.texas.gov/jobseekers/texas-payday-law>.

If your organization is not using an outside provider for payroll processing, you must submit periodic reports and payments for payroll taxes.

- **Federal Payroll Taxes** – IRS tax form 941 must be filed every quarter. This form reconciles the amount of taxes remitted by type and frequency. The frequency that payroll taxes must be paid is based on the organization’s prior payroll size. The basis for 941 and payment deadlines can be found in the 941 form instructions. See the IRS website at: <https://www.irs.gov/forms-pubs/about-form-941>.
- **Unemployment Taxes** – Unemployment taxes must be remitted periodically to the Texas Workforce Commission (TWC). See the TWC website at: <https://www.twc.texas.gov/programs/unemployment-tax> for details. As with federal taxes, the frequency depends on the organization’s size.
- **IRS Form W3/W2** – At the end of the year, the W2s must be created for each employee and the W3 for the employer. The documents must be submitted by January 31 of the following year. *NOTE: The W3/W2 must reconcile to the 941 forms submitted during the year.* A checklist for filing can be found at: <https://www.ssa.gov/>.

Transaction Processing: Common Mistakes and How to Avoid Them

When processing transactions, here are some quick tips to avoid costly mistakes.

- **Inadequate Documentation** – This mistake involves not keeping appropriate supporting documentation for the accounting transactions. This can result in audit findings and disallowed costs.
- **Inadequate Description** – This mistake involves not putting enough detail in the description field of your accounting system. This may result in expenditures being charged to the wrong cost project, category, or grant.
- **Changing Transactions** – This mistake involves changing transactions after they have been entered into the accounting system and reported to the funder. Changing transactions after the fact will create discrepancies in prior reports. This is especially problematic if it affects grants. If adjustments to transactions need to be made or corrected, use the journal entry process because it will provide an audit trail.
- **Inconsistent Application of Operating Procedures** – This mistake involves multiple people working on finances and not following the same procedures for documentation standards, data entry, etc.

SECTION VI

MAINTAINING CRITICAL INTERNAL CONTROLS

This section will help you understand the precautions to take when working with funds your organization receives to ensure accurate legal transactions and provides common abuses to watch out for. It includes a sample policy for your organization.

— *What are the Precautions?*

- Types of Internal Controls

— *What Do I Watch Out For?*

- Common Types of Embezzlement

— *How Do I Implement These Practices for My Organization?*

- Policies and Procedures

— *Review*

- Internal Controls: How to Avoid Common Mistakes

What are the Precautions?

Types of Internal Controls

Deposits

When your organization handles funds such as: cash, checks, or direct deposits, you should pay significant attention to your deposit procedures. There should be at least two people in the process to act as a “check and balance” upon one another, ensuring each person is acting appropriately. As a rule:

- The person(s) opening the mail and making the deposits should not be the same person(s) who makes the entries in the accounting system.
- The person(s) receiving the cash should follow procedures to ensure the finance department receives all funds and documentation allowing the finance department to accurately enter data into the accounting system.

Physical Checks Issued by Your Organization

Your organization should develop authority to sign checks within organizational policies and designate employees that can sign checks with approved amounts. The authority may change as the amounts increase. Some organizations require dual signatures on checks as an added control. The person entering the accounting transactions should never have sole authority to sign checks. It is recommended that your organization’s blank checks are secured under lock and key.

Electronic Fund Transfers (EFTs) / Automatic Clearing House (ACHs)

EFTs/ACHs do not include paper checks nor require a signature. A common internal control is to have a list of approved EFTs/ACHs that will be made and a designated finance person to validate each EFT/ACH. The person validating these items should differ from the person entering them in your accounting system.

Petty Cash

Petty cash should be audited on a periodic and unannounced basis by someone other than the person managing the petty cash.

Payroll

All payroll entries using an internal or external system should be supported with documentation and properly authorized. Employees should sign a payroll change form authorizing deductions. The person entering the payroll should not be the person approving the payroll.

Bank Reconciliation

The bank reconciliation should be done monthly, and ideally, it should be performed by someone other than the person doing the bookkeeping entries in the accounting system. Reconciliation should be utilized to identify potential mistakes and avoid fraudulent misuse.

Inventory

An annual inventory of all equipment valued at \$5,000 or more and a useful life of more than a year should be performed. This is to account for all assets accurately. Any missing equipment should be investigated and resolved.

Procurements

A policy should specify how goods and services are purchased. The goal of the procurement process should be to ensure the organization gets the best value while minimizing the possibility of conflict of interest. Services such as third-party accounting and human resources, information technology, and independent audit should be procured every seven years to ensure competition, fair pricing and eliminate any potential conflicts of interest.

Organization Credit Cards

There should be restrictions on using your organization's credit cards, and all charges should be verified and reconciled monthly to ensure they are business-related.

- Limit the number of agency credit cards and users.
- Set individual account limits with credit card companies.
- Inform employees of the appropriate use of the cards and purchases that are not allowed.
- Establish a policy requiring credit cards for business use only and clearly state the use of cards for personal purposes is prohibited. If used accidentally, have policies and procedures for payment immediately.
- All credit card purchases must be submitted monthly to finance with itemized original receipts, appropriate documentation, and required signatures.

- A designated finance person should independently examine credit card statements and receipts each month to determine whether charges are appropriate and related to agency business.

What Do I Watch Out For?

Common Types of Embezzlement

While most nonprofit organizations never have to deal with the painful situation of embezzlement, it is important to stay alert and be able to recognize potential signs.

- **Petty Cash** – Theft of petty cash is often the first way embezzlement begins. It is an easy cash source, and the individual often rationalizes the theft by telling themselves they will use it until payday.
- **Improper Pay** – Embezzlement with payroll may occur if an individual adjusts the amount paid to themselves or other employees. This type of embezzlement is often implemented in small incremental amounts and may be difficult to detect.
- **Disbursements** – The most common embezzlement of large sums of money typically involves an individual making payments to themselves or third parties on their behalf. The embezzler may document the expense in the accounting system as something ordinary, such as supplies or services. Another common form of embezzlement is to double dip, requesting reimbursement from multiple sources. Another form of embezzlement is to make inappropriate credit card purchases for personal use and disguise it as an organizational expense. Another unfortunate form of embezzlement is for individuals to not make payroll tax payments and divert that amount to their accounts. With proper checks and balances, all these forms of embezzlement can be avoided.
- **Fundraising Event Revenue** – Stealing cash during a fundraiser is a common form of embezzlement. There should be at least two people counting the funds, especially during the collection process. Another form is technology-related embezzlement schemes whereby funds collected at the event are designated to go to an unauthorized account. Organizations should stay informed of and implement the best cybersecurity practices.

How Do I Implement These Practices for My Organization?

Policies and Procedures

All organizations should have a Board-approved set of financial policies and procedures that give high-level details on accounting policies and contain valuable information on the internal controls that will be maintained. Your organization's financial policies should have strong physical controls, separation of duties, and transparency. For a sample statement of financial policies, see [Appendix 5](#).

Internal Controls: How to Avoid Common Mistakes

When setting up and managing internal controls, remember these key points to prevent and detect fraud at your agency.

- Use a system of checks and balances to ensure no one person controls all parts of a financial transaction.
- Prepare all fiscal policies and procedures in writing and obtain the Board of Directors' approval.
- Review the internal control policies regularly to ensure they still meet the organization's needs and they are being followed.
- Perform bank account reconciliations every month.
- Restrict the use of agency credit cards and verify all charges made to credit cards or accounts to ensure they are business-related.
- Maintain adequate supporting documentation for each financial transaction.
- Protect checks against fraudulent use.
- Provide adequate training for all employees.

SECTION VII

FINANCIAL REPORTING, AUDITS, AND MONITORING

This section will help you understand the standard financial reports your agency should create, how the financial reports are used, and the audits and monitoring process.

— *What Reports Are Used and Why?*

- Types of Financial Statements

— *How Can I Best Use These Reports?*

- Reporting Tips

— *Financial Audits*

- Types of Audits
- Single Audit
- Grant Monitoring Visits

What Reports Are Used and Why?

Types of Financial Statements

Statement of Financial Position / Balance Sheet

The balance sheet shows the organization's assets, liabilities, and fund balance at a particular point in time. It is considered a snapshot. It shows the position as of a certain day, not longer. The essential elements of the balance sheet are cash, receivables, and liabilities. This report provides quick indications of the organization's financial health.

Income Statement / Statement of Financial Activities / Profit & Loss Statement

The income statement shows the organization's revenues, expenses, and net income/loss over time. This report gives a good indication of where the funds are coming from and where they are going. Also, it can indicate how the cash balance is being affected. This is the report most readers will spend their time reviewing. In some accounting software, it is called the profit and loss statement.

Budget-to-Actual Performance

The income statement should be compared with the agency's budget to show how the financial activity relates to what was expected. Finance employees should enter the budget into the accounting system to automate this report. In addition, this budget-to-actual comparison should be completed against each grant, foundation, and individual budget for compliance with expenditure requirements.

Cash Flow Statement

Cash flow is the movement of money in and out of a company. This financial document is designed to provide a detailed analysis of what happened to an agency's cash during a specified period. If created, a cash flow report might also be used to determine how actual cash flow is compared to expected cash flow, and it will help identify if action needs to take place.

Sample Reports

Sample reports are included in [Appendix 3](#).

How Can I Best Use These Reports?

Reporting Tips

Frequency

For best practices, financial reports should be produced monthly since many expenses and revenues occur monthly. To produce accurate reports, the finance employees must receive all purchase requisitions, credit card receipts, invoices, etc., as soon as possible after the end of the month. This will ensure that accounts payable can process the expenses and be included in the month they occurred.

Audience

Many of the financial reports generated will be based on the audience. Generally, reports for internal use will be more detailed; for example, when employees review travel expenses, they will need a detailed budget for the actual performance report. In contrast, a Board will prefer to review aggregated financial data. A good rule of thumb is to provide each audience with the information necessary to make the decisions needed. Ensure the reports being created are useful, readable, and appropriate for the audience receiving the reports.

Funders vary regarding the level of detail they require on financial reports. Different audiences will require or need reports to be produced in various frequencies; for example, CEO/leadership employees will prefer monthly reports, whereas the Board may want quarterly, depending on the Board meeting schedule and other factors.

Report Creation

Have the accounting software produce the reports directly to minimize time spent on creating reports and potential errors from rekeying data into an alternate format. Manually creating reports in a spreadsheet is time-consuming and increases the potential for errors.

Report Archive

The finance department must retain a hard copy or unalterable electronic (PDF) file of financial reports for future reference. Be sure your organization follows its retention requirements as set forth by your organization's Bylaws and financial policy handbook. Be sure your organization follows federal and state requirements and funder requirements. Funders have various documentation retention requirements. Following the most restrictive requirement for all agency retention records is recommended.

Financial Audits

Types of Audits

An audit is an accounting process performed by an independent body to examine an organization's financial transactions and statements. An audit may be mandatory depending on the amount of funds received from government sources. Also, potential funders often request the last set of audited financial statements.

There are three main types of audits: external audits, internal audits, and Internal Revenue Service (IRS) audits.

- **External audits** are commonly performed by Certified Public Accounting (CPA) firms and result in an auditor's opinion in the audit report. An unqualified or clean audit opinion means the auditor has not identified any material misstatement due to the financial statement's review. External audits can include reviewing financial statements and a company's internal controls. An auditor is not asserting errors or fraud in the financial statements. They are saying there are no errors or frauds that materially affect financial statements.
- **Internal audits** serve as a managerial tool to improve processes and internal controls.
- An **IRS audit** is a review/examination of an organization's or individual's accounts and financial information to ensure information is reported correctly according to tax laws and to verify the reported amount of tax is correct.

Single Audit

45 Code of Federal Regulations (CFR) Part 75, Subpart F, requires Health and Human Services (HHS) recipients expending \$750,000 or more in federal awards during their fiscal years to complete Single Audits and submit related reports to the Federal Audit Clearinghouse within nine months after their audit periods.

For all other federally funded recipients, the requirement for the Single Audit is contained in the Office of Management and Budget (OMB) Uniform Grant Guidance (UGG) or 2 Code of Federal Regulations 200 (2CFR200). Effective October 1, 2024, Single Audit threshold increased from \$750,000 to \$1,000,000. Please confirm with your awarding agencies regarding when this increase will take effect for your contracts.

In addition, the Single Audit requirements found in the Texas Grant Management Standards (TxGMS) that work to mirror 2CFR200/UGG. Therefore, if it is required, it is allowable to charge the cost of the Single Audit to your grants utilizing a cost allocation plan fairly distributing the expenditure.

Who Conducts the Single Audit and Associated Costs?

A CPA firm or independent auditors, usually certified public accountants, perform the Single Audit. The cost of the Single Audit will be more than a normal audit because there is a substantial amount of additional work which must be completed. The cost of the Single Audit is an allowable expense under most grants. However, if you do not meet the requirement to have a Single Audit performed, the cost is not allowable to your federal grants.

What to Expect During a Single Audit

At the start of an audit, the auditor should have an entrance meeting with the appropriate finance employees. At this meeting, the auditor will give the finance employees a list of items needed to complete the audit. Depending on the size of the audit and organization, the number of records requested will vary.

In addition to the formal audit report, the auditor will provide the organization with a management letter of observations and recommendations to improve organizational fiscal integrity. Auditors also may select employees to fill out a fraud detection survey. While compliance with the recommendations is not mandatory, the recommendations should be implemented.

Best Practices for Single and Regular Audits

Your organization should rotate the audit team provided by your external audit firm after 1 to 2 years. This rotation helps ensure the organization and the auditor have not become too complacent with each other, and it allows for a new perspective.

Your organization should perform a procurement for an independent auditor or CPA firm every 5-7 years. Enlisting a different auditing firm at this time ensures your organization and the auditor or firm do not become too complacent with each other. The auditor or CPA firm should present annual Single Audit and Normal Audit reports directly to the Board of Directors.

If your organization receives a grant from a state agency or non-state or non-federal

organization, verify the type of funds received, as there still may be federal funds involved. Federal funds will be classified with a Catalog of Federal Domestic Assistance (CFDA) number. In 2018, the CFDA system and website were retired after it was consolidated with other government systems programs to streamline the awards process. CFDA numbers were replaced with Assistance Listing Numbers (ALN). All identifications and descriptions will remain the same. A listing of federal assistance programs can now be found at <https://sam.gov/>.

Grant Monitoring Visits

Funders and oversight organizations perform grant monitoring visits. These can be fiscal, programmatic, or both. Monitoring visits are not considered audits. The purpose of grant monitoring visits is to determine whether the grantee carried out all its grant requirements and responsibilities.

This transaction and report review includes an examination of accounts and timesheets to confirm that funding is appropriately separated.

After the monitoring visit, the funder or oversight organization will issue a monitoring report containing the results, concerns, question items, and findings. As the grantee, your organization will be required to provide explanations and corrections as needed to resolve the identified issues.

Normally the monitoring reports are provided to the Board of Directors by the funders or oversight organization. In addition, the Executive director or CEO should present all monitoring reports during a Board meeting.

A grant monitoring by a funder is a **free** comprehensive review documenting your organization's compliance with all contracted and fiscal requirements.

SECTION VIII

MY AGENCY

This section is designed to help your Agency understand and track the main aspects of your Agency's financial structure. Completing this section will help your Board and staff monitor your Agency's financial structure.

To keep this document current, update it as information changes.

My Agency's Financial Information

Agency name: _____

Form completed by: _____ Date: _____

Charter and Bylaws

Do they exist? ☐ Yes ☐ No

Where can they be found? _____

The Annual Agency Budget is approved by the Board by _____ annually.
(date)

Fiscal year

What is the Agency's fiscal year? _____
(Calendar Year: January to December | State Fiscal Year: September to August | Federal Fiscal Year: October to September)

Audit

What is the fiscal year of the most recent financial audit completed by external auditors? _____

Date of last procurement for Audit Services: _____

Who managed the procurement for Audit Services? _____

Did the Agency spend more than \$750,000 in federal funds in a fiscal year prior to October 1, 2024? ☐ Yes ☐ No

Did the Agency spend more than \$1,000,000 in federal funds in any fiscal year after October 1, 2024? ☐ Yes ☐ No

Audit Firms name: _____

Which Auditor staff performed the last audit? _____

Where are copies of audits saved/stored?: _____

Financial Policies and Procedures

Do they exist? ☐ Yes ☐ No

Where can they be found? _____ Last updated: _____

Does your Agency's financial policies address receipt and documentation of funds through payment processing platforms, e.g., PAYPAL/Stripe/Venmo/Square)? ☐ Yes ☐ No

Who documents the payments or donations that are received through this platform? _____

What steps are taken to reconcile these platforms to verify funds received are deposited properly and recorded in the Agency's accounting system? _____

What is the policy for receiving and documenting donations? _____

System for Award Management (SAM) Registration

Is your SAM registration current? ☐ Yes ☐ No

Expiration date: _____ SAM #: _____

Authorized individuals on SAM account: _____

Who has access to and where are the ID and password to access the SAM system stored?

Grants.gov

Is your Grants.gov registration current? ☐ Yes ☐ No

Expiration date: _____ Grants.gov Account #: _____

Authorized individual on Grants.gov account: _____

Who has access to and where are the ID and password to access the Grants.gov system stored?

eGrants.gov.texas.gov

Authorized individual on account: _____

Finance Director on account: _____

Program Director on account: _____

Grant Writer on account: _____

Who has access to and where are the ID and password to access the eGrants.texas.gov system stored? _____

JustGrants

Account #: _____

Authorized individuals on account: _____

Who has access to and where are the ID and password to access the JustGrants system stored?

Accounting Software

Name: _____ Version: _____

Maintenance Agreements location: _____

Accounting System support? ☐ Yes ☐ No

If yes, contact information for accounting software: _____

Accounting Basis

What type of reporting system does your Agency use? ☐ Cash ☐ Accrual

If cash, how do you accrue expenses to close a grant to capture all costs?

Banking

When was the last Request for Proposals
for banking services completed? _____

Who was responsible for the
Request for Proposals for banking services? _____

List all the banks and accounts of the Agency below.

Name of Bank: _____

What types of accounts does your Agency have with this bank?

Bank Contact name: _____ Title: _____

Email: _____ Phone: _____

Who are the approved signers at this bank?

Name of Bank: _____

What types of accounts does your Agency have with this bank?

Bank Contact name: _____ Title: _____

Email: _____ Phone: _____

Who are the approved signers at this bank?

Name of Bank: _____

What types of accounts does your Agency have with this bank?

Bank Contact name: _____ Title: _____

Email: _____ Phone: _____

Who are the approved signers at this bank?

Name of Bank: _____

What types of accounts does your Agency have with this bank?

Bank Contact name: _____ Title: _____

Email: _____ Phone: _____

Who are the approved signers at this bank?

Deposits

How frequently does your Agency make deposits? _____

Describe your Agency's process for documenting deposits, including job titles:

Payments

Are there any automatic electronic payments? ☐ Yes ☐ No

If yes, please describe: _____

Who issues checks? _____

Who can sign checks? _____

Describe how checks are tracked: _____

Bank Reconciliations

How frequently are they completed? _____

Who completes them? _____

Who handles and clears outstanding checks? _____

Who reviews and verifies bank reconciliations
are completed in a timely manner? _____

Does the Board Treasurer and/or finance committee
review bank reconciliations on a regular basis? ☐ Yes ☐ No

Software

Does your agency provide an agency-wide business email address? ☐ Yes ☐ No

If not, what is the plan to secure business emails for staff rather than Gmail, Yahoo, Hotmail, etc.?

If yes, list email addresses used by staff for business: _____

Does your agency provide access to software? ☐ Yes ☐ No

If yes, please list software:

Name of Software	# of Licenses	Yearly/ Monthly Cost	Who receives invoice?	Renewal Date

Name of employee determining Agency's software needs: _____

Name of employee that maintains the Agency's software list: _____

Date the software list was last updated: _____

Does your agency contract with external IT services? ☐ Yes ☐ No

Date of last Request for Proposals for IT services: _____

Information Back-up

How often does your Agency back up its accounting system and data? _____

How often is the entire Agency's data backed up? _____

In case of an information emergency,
where is the backed-up information stored? _____

Who is the IT contact to retrieve backup information? _____

What is your agency's disaster recovery plan for data? _____

Who is responsible for the Agency's
disaster recovery plan for data? _____

Is there a contract with your IT agency? ☐ Yes ☐ No

What are the dates of the IT contract? _____

Where is the IT contract located? _____

When was the last procurement for IT services? _____

Revenue Sources

[illegible]

Reporting to Funders

List all Funders (performance and financial) reports, their due dates, the location of the files, and the person responsible for submitting them.

#	Report	Due Date	Location	Submitted by
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

Credit Cards

Credit Card Company: _____

Number of credit cards issued: _____

List all credit cards and their holders as well as their limits (use an excel spreadsheet, if necessary): _____

Describe the process for documenting credit card payments: _____

Petty Cash

Does the Agency keep petty cash? ☐ Yes ☐ No

If yes, who is responsible for its disbursement? _____

How often is petty cash reconciled? _____

Who reconciles? _____

Gift Cards

Does your Agency use gift cards? ☐ Yes ☐ No

If so, utilized for? _____

How often are gift cards reconciled? _____

Who reconciles? _____

Payroll

Who is responsible for payroll within your Agency? _____

How is payroll processed? ☐ In-house ☐ Third party

If a third party, what is the name of the third-party company? _____

What was the date of the last procurement for payroll services? _____

What is the payroll schedule for disbursement? _____

What is the pay period? _____

Does the payroll process provide required reports and supporting documentation (time and activities reports) needed for grants? ☐ Yes ☐ No

Who is responsible for processing payroll taxes? _____

Employee Leave

How does the agency track employee leave such as sick time, vacation time, etc.?

Where are the employee leave records kept? _____

Does your agency accrue employee leave monthly or annually? ☐ Monthly ☐ Annually

Tax Returns

Tax returns are due on or before the 15th of the fourth month after the close of your fiscal year.

Who completes and submits the tax returns? _____

Where are the filed tax returns saved/stored? _____

Who is responsible for submitting the audit to all required funders: _____

Key Personnel

Who are the key personnel of the agency? _____

Who notifies funders of key personnel changes? _____

What is the Agency's process for removing access to email and other agency software when an employee leaves? _____

Who is responsible for ensuring the process is followed when an employee leaves? _____

Insurance

List all types of insurance, company name and the person responsible for maintaining billing & due dates.

#	Type of Insurance	Company Name/ Contact Name	Cost per year/ Procured Date
1	Health insurance		
2	Dental		
3	Vision		
4	Short Term Disability		
5	Life		
6	General Liability		
7	Volunteers Liability Insurance <i>(possibly covered by Workers' Compensation)</i>		
8	Crime or Dishonesty Bond		
9	Property		
10	Workers' Compensation		
11	Directors and Officers Insurance for Board		
12	Internet/Cyber Security Insurance <i>(protects agency from the high costs of a cyber attack, data breach or malicious software attack)</i>		
13	Event Cancellation Insurance		
14	Liquor Liability Insurance <i>(protects agency during events where liquor is served)</i>		
15	Other:		
16	Other:		

Reporting for the Board

List all Board reports, due dates, and the person responsible for creating each report.

#	Report	Due Date	Created by
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			

Review your Cost Allocation Plan annually and have it approved by your Board of Directors. See the [Cost Allocation Methodology](#) section for details and [Appendix 4](#) for examples.

Other Notes

APPENDIX

The Appendix provides further information to help you utilize the Toolkit.

Appendix 1: Glossary

- 64 Review the glossary for definitions of key terms used throughout the Toolkit

Appendix 2: Sample Forms

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- 67 Monthly Timesheet
- 68 Check Request
- 69 Purchase Order
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- 71 Credit Card Log
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Appendix 3: Sample Financial Reports

- 73 Annual Budget
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- 76 Income Statement with Cash Flow Summary
- 77 Balance Sheet

Appendix 4: Sample Cost Allocation Plan

- 78 Cost Allocation Plan
- 81 Cost Allocation Plan Spreadsheet

Appendix 5: Sample Financial Policies

Appendix 6: Texas Council on Family Violence Grant Guide

Appendix 7: Funding Flow Chart

Appendix 1: Glossary

▪ **ACCOUNTING CODES**

The codes used in the accounting software to classify accounting transactions by type. The type could include the general ledger items, projects, activities, departments, etc.

▪ **ACCOUNTS RECEIVABLES**

These are entered to recognize amounts that are owed to the organization but not yet received.

▪ **ACCRUAL BASIS**

This is a basis of accounting which matches revenues and expenses to the period in which the revenues were earned or the benefit of the expenses was received. Under the accrual method, the date the cash is received or paid may not match when the benefit was received.

▪ **AGGREGATED FINANCIAL DATA**

Reports where the individual accounts are combined and classified under another title. For example, the report may have a line called Personnel, which is the sum of the account codes: salary, health insurance, payroll taxes, etc.

▪ **AUDIT FINDING**

Either an independent or grant auditor finds a significant problem in your audit and formally submits a “write up” or cites the organization for the inconsistency.

▪ **CALENDAR YEAR**

The reporting year for the organization begins on January 1st.

▪ **CAPITALIZED ASSET**

Purchases of equipment or real estate that exceed a dollar amount set by the organization cannot be entered as an expense. The purchase is recorded as an asset and then depreciated over the useful life of the item.

▪ **CASH BASIS**

This is a basis of accounting which records revenues and expenses when the cash is actually received or paid.

▪ **CIRCULAR**

The Office of Management and Budget (OMB) in the White House is charged with providing guidelines on Federal funding. These lines are issued in circulars. The primary circular affecting nonprofits is the 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, commonly known as the Uniform Grant Guidance (UGG). For DHHS grants, the UGG is 45 CFR 75 and mirrors 2 CFR 200.

▪ **CLOSING**

This is a process where the accounting person enters all the known transactions and updates for a prior period.

▪ **DEPRECIATION**

The capitalized assets shown on the balance sheet are reduced each year of their useful life. This is done by recording an expense each year for the appropriate amount.

▪ **EMBEZZLEMENT**

Theft of organizational funds by an individual associated with the organization.

Appendix 1: Glossary continued...

- **FAIR LABOR STANDARDS ACT (FLSA)**

A federal law that governs employees and when overtime must be paid.

- **FISCAL YEAR**

The reporting year for the organization begins on a date other than January 1st.

- **FRINGE EXPENSES**

Employee-related expenses other than salaries. Examples include payroll taxes, health insurance, retirement match, etc.

- **FUNCTIONAL EXPENSES**

Expenses that are based on a function such as a program, administration or fundraising.

- **GENERAL LEDGER**

The general ledger is composed of the asset, liability, fund balance, revenue and expense accounts.

- **IN-KIND DONATIONS**

A donation which benefits the organization but no payment is made for the donation.

- **ITEMIZE**

Breaking down aggregate amounts into a more specific level of detail.

- **JOURNAL ENTRIES**

A transaction that is entered into the accounting records.

- **MODIFIED ACCRUAL BASIS**

A method of accounting that treats some accounts as accrual basis and some accounts as cash basis.

- **OCCUPANCY COSTS**

The costs associated with having workspace-related expenses including rent, utilities, telecom, janitorial, etc.

- **PROCUREMENTS**

The process of buying goods or services for the benefit of the organization.

- **RECONCILIATION**

The process of comparing two amounts to determine if they are different and why. The most common is the bank reconciliation where the bank statement is compared to the accounting records.

- **REPORTING FIELDS**

The accounting codes and associated records that may be needed for reporting.

- **REQUESTS FOR REIMBURSEMENTS**

A process set up by a funder to request funds for expenses incurred for grant related activities. The requests are generally done on a monthly basis.

- **TEXAS PAYDAY LAW**

This is an additional law regulating the payment of employees. An important requirement is that staff subject to overtime must be paid at least twice a month.

- **UNIT COST BASIS**

The cost of an individual item. For example, an office of 1,200 feet that rents for \$2,400 a month has a unit cost basis for \$2 a square foot per month.

- **VENDORS**

The individuals and companies who provide services for payment to your organization.

Appendix 2: Sample Forms | Semi-Monthly Timesheet

Name: _____ Month: _____ From: _____ To: _____ Year: _____

Date	Day	In	Out	In	Out	Total Hrs	FND SRC	FND SRC	FND SRC	FND SRC	FND SRC	+/- Flex Time	Sick Leave	Vac. Leave	Other Leave	Comment
1	SUN															
2	MON															
3	TUES															
4	WED															
5	THU															
6	FRI															
7	SAT															
8	SUN															
9	MON															
10	TUES															
11	WED															
12	THU															
13	FRI															
14	SAT															
15	SUN															
Totals																

		+/- This Period			
<div></div>	Allocations = Total Hrs	Carried Forward			Required hrs this period
		Net Remaining			Timesheet is balanced if -0-

Employee Signature: _____ Date: _____

Supervisor Signature: _____ Date: _____

Appendix 2: Sample Forms | Monthly Timesheet

Agency Name: _____

Employee Name: _____

MM/YY: _____

Grant # _____ % _____

Grant # _____ % _____

Grant # _____ % _____

Grant #	Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Tot
13537-04	Crisis intervention/ counseling	4																															4
14286-04	Crisis intervention/ counseling	4																															4
13537-04	Trained new counselors		4																														4
14286-04	Trained new counselors			4																													4
13537-04	Assisted victims w/comp. claims		4																														4
14286-04	Assisted victims w/comp. claims			4																													4
13537-04	Holiday Leave				4																												4
14286-04	Holiday Leave				4																												4
	Weekend					0	0						0	0						0	0						0	0					0
13537-04	Assisted victims w/ prof. therapy							3																									3
14286-04	Assisted victims w/ prof. therapy							3																									3
13537-04	Answered hotline calls & ref. callers																		3					3		3							9
14286-04	Answered hotline calls & ref. callers														3				3					1		3							10
13537-04	Drove victim to doctor							1																									1
14286-04	Drove victim to doctor														1										1				1				3
13537-04	Transported victims to shelter																												1				1
14286-04	Transported victims to shelter							1																						1			2
14286-04	Attended VAWA conference								8	8																							16
13537-04	Child care while victim receives services										1								1					2		1							5
14286-04	Child care while victim receives services										1								1					2		1							5
		8	8	8	8	0	0	8	8	8	2	0	0	0	4	0	0	0	8	0	0	0	0	8	1	8	0	0	2	0	0	0	90

☐ If the employee is 100% CJD grant-funded, the supervisor should check this box and sign below to also certify that the employee worked solely on the CJD grant for the period covered above.

Employee Signature: _____

Supervisor Signature: _____

Appendix 2: Sample Forms | Check Request

Request Date: _____ Total Amount: \$_____

Payable to: _____

Description: _____

Needed by: ☐ ASAP ☐ Next Week OK ☐ Other: _____

Item/Exp.	G/L Code	Dept Code	Grant Code	Project Code	Dollar Amount

Total: _____

Please check one:

☐ Give check to requesting employee ☐ Mail check to: _____

☐ Give check to: _____

Requested by: _____

Authorized by: _____

Appendix 2: Sample Forms | Purchase Order

Purchase Order/Request

Purchaser Name: _____

Person Completing Form: _____ Date: _____

Purchases		
Vendor	Description	Price
Total:		

Payment and Allocation

☐ Agency Card Department: _____ Department: _____
☐ Store Card Project: _____ Project: _____
☐ Personal Card Funding Source: _____ Funding Source: _____
☐ Other Specify: _____ Amount: _____ Amount: _____
 _____ Purpose: _____

Cardholder's Name

Approval Name: _____

Approval Signature: _____ Date: _____

Check Request

Pay to: _____ ☐ Return Check to: _____

Date Needed: _____ ☐ Mail Check to: _____

Check Amount: _____

For requisition to be processed, some form of documentation must be attached - receipt, invoice, order form, etc.

Appendix 2: Sample Forms | Travel Reimbursement

Travel Reimbursement Request					
Traveler Name		IMPORTANT NOTICE By signing and submitting this form you agree that the requested funds were used for the purposes stated in this form. Receipts must be submitted within 10 business days of your return date.			
Make Check Payable to					
Mailing Address					
City, State ZIP					
Origin City, State		Departure Date			
Destination City, State		Return Date			
Traveler Signature					
Date Signed		Event Name			
Travel Expenses					
Type of Expense		Description of Expense		Total Expenses	
Airfare					
Lodging					
Rental Car					
Other Transport (Taxi/Parking/Gas)					
Miscellaneous					
				Subtotal	
Mileage (Personal Car Only)					
Type of Expense		Description of Expense		Per Mile Rate	Total Expenses
Miles Driven		Attach Google Map route list			
				Subtotal	
Per Diem Meals					
Type of Expense		Description of Expense		TX Daily Rate	# Days
Per Diem Meals		Full Day			
Per Diem Meals		1st/Last Day			
				Subtotal	
Check Request					
Itemized Meals		Description of Expense		Total Expenses	
Meal 1					
Meal 2					
Meal 3					
				Subtotal	
Total Reimbursement Request					
Office Use Only					
Funding Source		Department			
Project Code		Purpose			
Approval Signature		Date Approved			

Appendix 2: Sample Forms | Credit Card Log

Carholder Name: _____ Billing Date: _____

Credit Limit: _____

Date	Signed Out To	Vendor/Purpose (Attach Receipts)	Category Code	Dept. Code	Acct. Code	Grant Code	Cost

Appendix 2: Sample Forms | Petty Cash Log

Date	Employee Name	Vendor/Payee	Purpose	Amt	Rcpt Attchd.
			Total Used:		

Petty Cash Custodian

Date

Approved

Date

Appendix 3: Sample Financial Reports | Annual Budget

Famcare Projected Revenue/Expenses Budget For 2025

Description	Budgeted Amount	VOCA	HHSC	SAPCS	The Foundation	Unrestricted	Thrift Store	Total Allocated	Difference
REVENUE	-							-	-
								-	-
Government Grants	145,000	70,000	50,000	25,000				145,000	-
Foundations	35,000				35,000			35,000	-
Individuals	8,000					8,000		8,000	-
Corporate	30,000					30,000		30,000	-
Fundraisers	18,000					18,000		18,000	-
Thrift Store	15,000						15,000	15,000	-
								-	-
EXPENSES								-	-
Salaries	148,000	49,400	35,800	14,800	15,000	33,000	-	148,000	-
<i>Executive Director</i>	52,000	7,800	7,800	5,200	15,000	16,200		52,000	-
<i>Administrative Assistant</i>	28,000	4,200	4,200	2,800		16,800		28,000	-
<i>Program Specialist A</i>	36,000	19,800	12,600	3,600				36,000	-
<i>Program Specialist B</i>	32,000	17,600	11,200	3,200				32,000	-
Fringe								-	-
Payroll Taxes	11,322	3,779	2,739	1,132	1,148	2,525	-	11,322	-
Health Insurance	19,200	6,409	4,644	1,920	1,946	4,281	-	19,200	-
Unemployment Insurance	1,000	334	242	100	101	223	-	1,000	-
Contractual	-							-	-
Facilities								-	-
Office Rent	12,000	1,362	987	408		1,323	7,920	12,000	0
Janitorial	2,400	272	197	82		265	1,584	2,400	0
Utilities								-	-
Telephone/Internet	4,800	1,602	1,161	480		1,557	-	4,800	0
Electricity	3,600	409	296	122		397	2,376	3,600	0
Supplies	6,000	500	500	500	2,500	2,000		6,000	-
Postage/Printing								-	-
Postage	4,200	200	350	300	2,150	1,200		4,200	-
Printing	4,800	200	600	700	300	3,000		4,800	-
Travel	10,000	5,000	1,000	500	3,500			10,000	-
Insurance	3,500		200	200	3,100			3,500	-
Shelter Food								-	-
Food	2,300					2,300		2,300	-
Miscellaneous	10,826	533	1,283	3,755	5,255			10,826	-
RESERVE ACCOUNT	7,049					3,929	3,120	7,049	-
Total Revenues	251,000	70,000	50,000	25,000	35,000	56,000	15,000	251,000	-
Total Expenses	250,997	69,999	49,999	24,999	35,000	56,000	15,000	250,997	0
Balance	3	-	-	-	-	-	-	2	-

Appendix 3: Sample Financial Reports | Annual Budget Outline

Famcare Estimated Annual Budget:

1. Revenues

a. Government Grants

- i. Victims of Crime Act (VOCA) - \$70,000
- ii. Domestic Violence Svcs: Shelter and Non-Residential (HHSC) - \$50,000
- iii. Sexual Assault Prevention and Crisis Services (SAPCS) - \$25,000

b. Foundation Grant

- i. The XYZ Foundation - \$35,000

c. Corporate - \$30,000

d. Individual Donations - \$8,000

e. Fundraiser- \$18,000

f. Thrift Store - \$15,000

2. Expenses

a. Personnel

i. Salary

- 1. Executive Director - \$52,000
- 2. Administrative Assistant - \$28,000
- 3. Program Specialist - \$36,000
- 4. Program Specialist - \$32,000

ii. Fringe

- 1. Payroll Taxes – 7.65%
- 2. Health Insurance - \$425 per month per person
- 3. Unemployment Insurance - \$250 per quarter, up to Agency UI rate % X \$9,000

b. Facilities

- i. Office Rent - \$1,000 per month
- ii. Janitorial - \$200 per month

c. Utilities

- i. Telephone/Internet - \$400 per month
- ii. Electricity - \$3,600

d. Supplies

- i. Office Supplies - \$4,000
- ii. Fundraising Supplies - \$2,000

e. Printing/Postage

i. Postage

- 1. General - \$3,000
- 2. Fundraising - \$1,200

ii. Printing

- 1. General - \$1,800
- 2. Fundraising - \$3,000

f. Travel - \$10,000

g. Insurance

- i. General Liability - \$2,000
- ii. Directors and Officers - \$1,500

h. Other

- i. Food - \$2,300 (BBQ)
- ii. Miscellaneous - \$5,000

Appendix 3: Sample Financial Reports | Annual Budget Outline continued...

FamCare Grant Proposal/Budget, as approved by funder

A list of how FamCare committed to each funder that they would spend grant money.

1. VOCA

- a. Salary
 - i. 55% of 2 program specialists
 - ii. 15% of Executive Director
 - iii. 15% of Administrative Assistant
- b. Fringe – associated fringe based on salary
- c. Facilities – total costs less thrift store allocation based on percent of staff being paid by this grant
- d. Utilities – total costs less thrift store allocation based on percent of staff being paid by this grant.
- e. Travel - \$5,000 for direct client services. Grant will only pay Internal Revenue per mile.
- f. Supplies - \$500
- g. Other direct operating - \$934

2. HHSC

- a. Salary
 - i. 35% of 2 program specialists
 - ii. 15% of Executive Director
 - iii. 15% of Administrative Assistant
- b. Fringe – associated fringe based on salary
- c. Facilities – total costs less thrift store allocation based on percent of staff being paid by this grant.
- d. Utilities – total costs less thrift store allocation based on percent of staff being paid by this grant.
- e. Travel - \$1,000 for direct client services. Grant will only pay \$0.41 per mile.
- f. Supplies - \$500
- g. Other direct operating - \$2,433

3. SAPCS

- a. Salary
 - i. 10% of 2 program specialists
 - ii. 10% of Executive Director
 - iii. 10% of Administrative Assistant
- b. Fringe – associated fringe based on salary
- c. Facilities – total cost less thrift store allocation based on percent of staff being paid by this grant.
- d. Utilities – total costs less thrift store allocation based on percent of staff being paid by this grant
- e. Travel - \$500 for direct client services
- f. Supplies - \$500
- g. Other direct operating - \$5,455

4. The XYZ Foundation

- a. Salary - \$15,000 – Executive Director
- b. Fringe - \$3,195 – Executive Director
- c. Other direct operating - \$16,805

Appendix 3: Sample Financial Reports | Income Statement with Cash Flow Summary

	JAN Actual	FEB Actual	MAR Actual	APR Actual	MAY Actual	JUN Actual	JUL Actual	JUL Proj	AUG Proj	SEP Proj	OCT Proj	NOV Proj	DEC Proj	PROJ Year-End 2025	2025 Total Budget	Proj Year-End Variance	YTD Actual
Revenues																	
Individual	-	1,500	4,623		252	158	432	675	200	200	200	200	200	8,640	8,000	640	7,640
Corporate	12,000	-	-	-	-	-	5,000	-	1,250	-	-	5,000	6,750	30,000	30,000	0	17,000
Special Events (BBQ)	-	-	-	-	-	20,678	-	-	-	-	-	-	-	20,678	18,000	2,678	20,678
Grants - Government	11,455	12,221	11,789	12,781	13,462	11,357	12,083	12,083	12,083	12,083	12,083	12,083	12,083	145,565	145,000	565	85,148
Grants - Foundation	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	35,000	35,000	0	20,417
Thrift Store	462	513	237	237	225	334	296	1,500	4,000	500	500	2,000	3,000	13,567	15,000	-1,433	3,567
Misc. Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Total Revenues	26,834	17,151	19,566	16,175	37,549	20,002	17,175	17,175	20,450	15,700	15,700	22,200	24,950	253,450	251,000	2,450	154,450
Expenses																	
Salary	12,333	12,333	12,333	12,333	12,333	12,333	12,333	12,675	12,675	12,675		12,675	12,675	150,048	148,000	2,048	86,673
Fringe Benefits	2,544	2,544	2,544	2,544	2,544	2,544	2,544	2,544	2,700	2,700	2,700	700	2,700	29,007	31,522	-2,515	15,508
Contract Services	-	-	-	200	-	-	-	-	-	-	-	-	-	200	-	200	200
Rent/Space Costs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,200	1,200	12,400	12,000	400	7,000
Janitorial	200	200	245	200	200	200	210	210	210	210	210	210	210	2,505	2,400	105	1,455
Telecommunications	380	410	425	365	422	367	372	372	400	400	400	400	400	4,741	4,800	-59	2,741
Electricity	100	100	120	140	300	400	600	600	600	500	300	240	200	3,600	3,600	0	1,760
Supplies	1,121	324	472	414	750	322	400	400	400	400	400	300	300	5,603	6,000	-397	3,803
Postage	953	212	871	371	264	112	200	200	200	200	200	200	200	3,983	4,200	-217	2,983
Printing	2,650	-	350	-	-	2,125	-	-	500		750		280	6,655	4,800	1,855	5,125
Travel	1,271	1,345	1,424	1,396	457	445	833	833	833	833	833	833	833	11,336	10,000	1,336	7,171
Insurance	-	1,000	-	-	-	-	-	-	-	-	2,500	-	-	3,500	3,500	0	1,000
Food	-	-	-	-	-	2,215	-	-	-	-	-	-	250	2,465	2,300	165	2,215
Miscellaneous	24	137	62	119	-	78	-	-	-	-	-	-	-	420	10,826	-10,406	420
Total Expenses	22,576	19,605	19,846	19,082	18,185	19,926	18,834	18,834	19,518	18,918	21,968	18,758	19,248	236,463	243,948	-7,485	138,054
Surplus/(Deficit)	-4,258	-2,454	-280	2,907	-19,364	76	-1,659	-1,659	932	-3,218	-6,288	3,442	5,702	16,987	7,052	9,935	16,396
Projected Cash Balance								33,251	34,183	30,965	24,697	28,139	33,842				

Appendix 3: Sample Financial Reports | Balance Sheet

As of 12/31/25 (Unaudited)

Assets	
<u>Cash Assets</u>	
Operating Account	23,252
Savings Account	10,000
Total Cash Assets	\$33,252
<u>Other Current Assets</u>	
Grants Receivable	6,323
Pledges Receivable	2,758
Total Other Current Assets	\$9,081
<u>Fixed Assets</u>	
Computers & Software	18,003
Furniture & Equipment	25,537
less Accumulated Depreciation	(26,320)
Total Fixed Assets	\$17,220
Liabilities	
Accounts Payable	1,574
Payroll Liabilities	756
Line of Credit	2,000
Employee Withholding	662
Total Liabilities	\$4,992
Net Assets	
Net Assets	36,506
Net Gain/Loss for Current Year	18,055
Total Net Assets	\$54,561
Total Liabilities & Net Assets	\$59,553

Appendix 4: Sample Cost Allocation Plan | Cost Allocation Plan

Family Violence Organization Cost Allocation Plan Effective: September 1, 2025

Purpose/General Statements

This Cost Allocation Plan summarizes, in writing, the methods and procedures that the Family Violence Organization (FVO) will use to allocate costs to various programs, grants, and contracts. The Office of Management and Budget (OMB) published 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, which establishes the principles for determining costs of programs, grants, and contracts with the Federal Government. FVO's Cost Allocation Plan is based on the Direct Allocation Method described in 2 CFR 200 or UGG, as amended. The Direct Allocation Method treats all costs as direct costs except general administration and fundraising expenses. Direct costs are those that can be identified specifically with a particular final cost objective, program, grant, or contract. Indirect costs are those that have been incurred for common objectives and cannot be readily identified with a particular final cost objective, program, grant or contract. Only costs that are allowable, in accordance with the cost principles, will be allocated to the benefiting programs, grants, and contracts.

General Approach

FVO's general approach to allocating costs to programs, grants and contracts is as follows:

1. All allowable costs are charged directly to programs, grants, and contracts.
2. Allowable costs attributed to more than one program, grant or contract are prorated individually using a base most appropriate to the cost being prorated.
3. All other allowable general administrative costs (costs that benefit all programs, grants or contracts that cannot be attributed to a specific program, grant, or contract) are allocated to programs, grants, contracts, etc. using a base that results in an equitable distribution.
4. Fundraising expenses are treated as their own program and are not allocated to other programs.

Allocation of Costs

The following information summarizes the procedures that FVO will utilize:

- A. Salaries - Documented with timesheets showing time distribution for all employees and allocated based on time spent on each program, grant, or contract. Salaries and wages are charged directly to the program, grant or contract for which work was done.
- B. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses. (Example 1 or 2)
1. Fringe benefits (FICA, UC, and Worker's Compensation), Health insurance, dental insurance, life and disability insurance, and other fringe benefits
 2. Vacation, holiday, and sick pay are allocated in the same manner as salaries and wages.
- C. Travel Costs - All travel costs (local and out-of-town) are charged directly to the program, grant, or contract for which the employee works. Travel costs that benefit all or more than one program, grant or contract will be allocated based on the ratio in Example 1 or 2.

Appendix 4: Sample Cost Allocation Plan | Cost Allocation Plan continued...

D. Professional Services Costs (such as consultants, accounting, and auditing services) - Allocated to the program benefiting from the service. All professional service costs are charged directly to the program for which the service was incurred. Costs that benefit all or more than one program, grant or contract will be allocated based on the ratio in Example 1 or 2.

E. Office Expense and Supplies (including office supplies and postage) - Allocated based on usage. Expenses used for a specific program, grant or contract will be charged directly to that program, grant, or contract. Postage expenses are charged directly to the program, grant or contract using the postage to the extent possible. Costs that benefit all or more than one program, grant or contract will be allocated based on the ratio in Example 1 or 2.

F. Equipment - The FVDVO depreciates equipment when the initial acquisition cost exceeds \$500. Items below \$500 are reflected in the supplies and computer equipment category and expensed in the current year. Unless not allowed by the awarding agency, equipment purchases are recovered through depreciation. Depreciation costs for allowable equipment are charged directly to the FVDVO Cost Allocation Plan program, grant or contract using the equipment.

G. Printing/Copies (including supplies, maintenance, and repair) - Expenses are charged directly to program, grant or contract that benefit from the service. Costs that benefit all or more than one program, grant or contract will be allocated based on the ratio in Example 2.

H. Insurance - Insurance needed for a particular program is charged directly to the program requiring the coverage. Other insurance coverage that benefits all or more than one program, grant or contract will be allocated based on the ratio in Example 1.

I. Telephone/Communications - Long distance and local calls are charged to program, grant, or contract if readily identifiable. Other telephone or communications expenses that benefit all or more than one program, grant or contract will be allocated based on the ratio in Example 1 or 2.

J. Facilities Expenses - The ratio of total square footage used by all personnel to total square footage is calculated. Facilities costs related to general and administrative activities are allocated to programs based on the ratio in Example 3.

K. Training/Conferences/Seminars - Allocated to the program, grant or contract benefiting from the training, conferences, or seminars. Costs that benefit all or more than one program, grant or contract will be allocated based on the ratio in Example 1 or 2.

L. Other Costs (including dues, licenses, fees, etc.) - Other joint costs will be allocated on a basis determined to be appropriate to the particular costs.

Examples of Allocation Methodology Example 1

Office Expenses and Supplies Expense Amount \$5,000

Costs that benefit all programs, grants and contract's are allocated based on the ratio of each program, grants, and contract's salaries to the total of such costs, as follows:

<u>Program</u>	<u>Salaries Expense</u>	<u>%</u>	<u>Amount Allocated</u>
A	\$20,000	12%	\$588
B	\$30,000	18%	\$882
C	\$50,000	29%	\$1,471
D	\$20,000	12%	\$588

Appendix 4: Sample Cost Allocation Plan | Cost Allocation Plan continued...

E	\$50,000	29%	\$1,471
Total	\$170,000	100%	\$5,000

Example 2 Printing/Copies Expense Amount \$5,000

Costs that benefit two or more specific programs, grants or contract's are allocated based on the ratio of each program, grants, and contract's number of copies to the total of such, as follows:

<u>Program</u>	<u>Number of Copies</u>	<u>%</u>	<u>Amount Allocated</u>
A	7,456	47%	\$2,372
B	2,375	15%	\$755
C	516	3%	\$164
D	-	0%	\$0
E	5,372	34%	\$1,709
Total	15,719	100%	\$5,000

Example 3

Facilities

Expense Amount \$5,000

Costs that benefit all programs, grants or contract's are allocated based on the ratio of each program, grants, and contract's square footage to the total of such, as follows:

<u>Program</u>	<u>Square Footage</u>	<u>%</u>	<u>Amount Allocated</u>
A	1,065.25	11.97%	\$598.37
B	1,532.25	17.21%	\$860.69
C	2,548.50	28.63%	\$1,431.54
D	1,035.75	11.64%	\$581.80
E	2,719.50	30.55%	\$1,527.59
Total	8,901.25	100%	\$5,000.00

Appendix 4: Sample Cost Allocation Plan | Cost Allocation Plan Spreadsheet

Organization Name												
Cost Allocation Plan	Ann. Amount	Gen. Fund	%	Grant A	%	Grant B	%	Grant C	%	Total	%	Allocation Method
Total Agency Budget												
Fiscal Year: 9/1/2424-8/31/2025												
Payroll-Salaries:												
Executive Director												Time spent
Bookkeeper												Time spent
Advocate1												Time spent
Advocate2												Time spent
Advocate3												Time spent
Total Salaries												
Fringe Benefits:												
Executive Director												Time spent
Bookkeeper												Time spent
Advocate1												Time spent
Advocate2												Time spent
Advocate3												Time spent
Total Fringes												
Outreach Marketing:												
Misc. Advertising												Shared All
Bank:												
Check Printing/Bank fees												Shared All
CPA Service Fee Audit Review												Shared All
Client Expenses:												
Gasoline												Shared Pgms A & B
Medical												Shared Pgms A & B
Personal Items (Hygiene, Linens, Toys)												Shared Pgms A & B
Food												Shared Pgms A & B
Lodging												Shared Pgms A & B
Client Deposits, relocation prescriptions, rent & utilities												Shared Pgms A & B
Project/Program Supplies												Direct
Dues & Subscriptions												Direct
Fundraising Expenses												Unallow. Gen Funds
Gifts: flowers for deaths, weddings, etc.												Unallow. Gen Funds
Insurance:												
Fidelity Bond												Shared All

Appendix 4: Sample Cost Allocation Plan | Cost Allocation Plan Spreadsheet continued...

Office Liability & Property											Shared All
Office & Janitorial Supplies											Shared All
Postage & Delivery											Direct Usage
Vehicle Expense center van Ins gas maintenance											Shared All
Rent											Sq. Footage occupied
Utilities and Maintenance											
Gas & Electricity											Sq. Footage occupied
ADT Security Alarm system fee											Sq. Footage occupied
Lawn & Maint.											Sq. Footage occupied
Office Supplies											Shared All
Cost Allocation Plan											
Contractual Counseling											Direct Prog. usage
Staff Education/Training Registration Fees											Direct
Software maintenance											Shared All
Telephone system											Shared All
Internet											Shared All
Training:											
Law Enforcement, Vol- unteers, Judicial project supplies, etc.											Direct
Travel											
Local Mileage											Direct
Meals/Per Diem											Direct
Travel (Mileage & Airfare)											Direct
Lodging											Direct
TOTAL											
Non Salary Expense Allocation Methods:											
Direct: cost identifiable to a particular program usage or purpose, then it will be directly charged to that program.											
Shared Programs - cost shared by two or more programs; allocation based on % each program expense divided by total of shared programs expense											
Shared All - cost shared by entire organization; allocation based on % each program expense divided by total agency expense											

Appendix 5: Sample Financial Policies

Nonprofit Agency, Inc. strives to have the best possible system of internal controls and financial accounting. These financial policies are set by the Board of Directors to guide the work of staff and outsourced financial management.

I. Finance Committee

The Board of Directors of Nonprofit Agency, Inc. will annually appoint a Finance Committee who will work under the Board Treasurer to ensure the appropriate preparation of an annual budget, appropriate handling and distribution of funds, and the appropriate preparation and presentation of regular financial statements. The Finance Committee directs, reviews, and presents the annual audit to the Board of Directors.

II. Approval of plans and commitments before they are implemented

The Board of Directors will set the annual budget, based on the Nonprofit Agency, Inc. fiscal year (September through August), to direct how funds are spent. Board approval is necessary in order to spend funds or make financial commitments to projects that have not already been incorporated into the approved budget.

III. Accurate, timely financial reports and information returns

The Finance Committee oversees that Nonprofit Agency, Inc. provides accurate, timely financial reports and information returns. The Finance Committee will review regular financial statements, including a balance sheet, a comparison of actual financial activity to the approved budget, and projected cash flow. The Office staff will maintain a calendar of report deadlines and will advise the Board of Directors to ensure that all financial reports and information returns have been filed as required.

IV. Compliance with other government regulations

Nonprofit Agency, Inc. will comply with all government regulations pertaining to grants and contracts. When new funds are awarded from a public entity via a contracting organization, staff will review the documentation to ensure that Nonprofit Agency, Inc. is in compliance with all regulations of the organization.

Appendix 5: Sample Financial Policies continued...

V. Banking institutions and accounts

In order to minimize risk and maximize benefit, Nonprofit Agency, Inc. utilizes only federally insured local banking and savings institutions. The amount on deposit with any one institution may not in the usual course of business exceed the FDIC insured limit of \$100,000.

VI. Deposits

All income intended for Nonprofit Agency, Inc. will be properly received, deposited, recorded, reconciled, and kept under adequate security. Any cash received must be promptly and fully deposited.

VII. Grants, gifts, and pledges

All grants and gifts will be properly received and recorded. Compliance with terms of any related restrictions will be monitored by staff and reported to the Finance Committee. Pledges are recorded at the time they are made.

VIII. Donated goods and services

Donated goods and services are recorded in an “in-kind ledger” with annotations about source, materials and estimated values. Estimates are recorded at fair market value. Services, including but not limited to volunteer hours (direct service, event, board and administrative) and professional services (dentists, doctors, legal, etc.), shall be computed at rates commensurate to the tasks performed. Annually, Nonprofit Agency, Inc. will report to the Board which will review the In-kind ledger. In-kind contributions are factored into the Nonprofit Agency, Inc. annual budget and audit.

IX. Fixed assets

Expenditures for land, building and equipment are recorded at cost. Donated assets and capitalized donated leases are recorded at their estimated fair market values at the date of donation.

Depreciation expenses are calculated using the straight-line method and the following estimated useful duration:

Buildings and improvements 10-35 years

Furniture and equipment 3-10 years

Vehicles 3-5 years

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expenses as incurred. Nonprofit Agency, Inc. capitalizes all fixed assets with a cost greater than or equal to \$5,000 and a useful life greater than one year, unless otherwise stipulated by a grant. When an asset is purchased through a grant, the grant’s capitalization rules apply. Fixed assets may be acquired and disposed of only upon proper authorization by the Board of Directors (including by inclusion in the approved annual budget), will be properly recorded, and will be adequately safeguarded. Nonprofit Agency, Inc. will conduct a regular inventory of fixed assets and maintain a central list of fixed assets which includes registration numbers, warranty information, original cost, and service contract information as appropriate.

Appendix 5: Sample Financial Policies continued...

XII. Line of credit

Nonprofit Agency, Inc. shall maintain an appropriate line of credit to ensure regular cash flow, the use of which may be approved by the Executive Director and shall be reported to the Finance Committee.

XIII. Petty cash

A petty cash fund may be maintained by staff to facilitate efficient operations. Such petty cash funds will be disbursed only for proper purposes, will be properly recorded, and will be adequately safeguarded at all times. Reconciliation of receipts will occur on a monthly basis.

XIV. Credit card

Nonprofit Agency, Inc. may maintain a credit card account to facilitate efficient operations. Credit cards will only be issued in the name of specific employees with specific credit limits as appropriate and will be adequately safeguarded at all times. All credit card transactions will be for proper purposes and will be properly recorded.

XV. Procurement and purchasing

Nonprofit Agency, Inc. will always seek to maximize value and cost-effectiveness in all procurement and purchasing. Purchases exceeding \$1,000 shall require at least three competitive bids.

XVI. Disbursements

The Board of Directors possesses authority to approve payments for services and financial commitments of Nonprofit Agency, Inc. Funds will be disbursed only upon proper authorization of management and only for valid business purposes. All disbursements will be initiated from properly authorized documentation and will be properly recorded. No check may be made out to Cash. The Board shall designate the Board Chair, the Board Treasurer, the Executive Director, and any other Board member or staff member deemed appropriate as authorized signers of checks on behalf of Nonprofit Agency, Inc. Any check for an amount over \$2,500 must carry two signatures unless otherwise specifically authorized in advance by the Board of Directors (such as for payroll or office rent). No check signer may sign a blank check or a check payable to himself/herself.

XVII. Payroll

Payroll disbursements will be made only to bona fide employees and only upon proper authorization. Changes to each payroll will be properly documented. Nonprofit Agency, Inc. will ensure that payroll disbursements are properly recorded and that related legal requirements (such as payroll tax deposits) are met. Payroll checks will not be released prior to payday, and employee advances are not permitted.

XVIII. Reconciliation of banking/security statements

All banking/security statements will be delivered unopened to a designated individual who is not otherwise involved in the preparation of checks, the depositing of funds, or is an authorized signer of checks. This designated individual shall review, reconcile, and initial each statement on a timely basis.

Appendix 5: Sample Financial Policies continued...

XVII. Contracts

A. Procuring Contracts

All procurement transactions will be conducted in a manner to provide practical, inclusive, and free competition. Nonprofit Agency, Inc. shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict competition or restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop grant applications, specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurement. Cost or price analysis will be made and documented in connection with every procurement action before a contract is awarded. Various ways of price analysis include comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the evaluation of each element of cost to determine reasonableness, necessity, allocability, and allowability.

B. Awarding Contracts

Awards shall be made to the bidder whose bid is most advantageous to the recipient after considering all factors. Nonprofit Agency, Inc. will clearly set forth all requirements that the bidder must fulfill in order for the bid to be evaluated by the recipient. Any and all bids may be rejected when it is in Nonprofit Agency, Inc.'s interest to do so. No employee, officer or agent shall participate in the selection, award, or administration of a contract if a conflict of interest would be involved. Such a conflict would arise if the employee, officer or agent, or any member of their immediate family, their partner, or an organization which employees are about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. Officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of greater than nominal monetary value from contractors, parties to sub-agreements, or parties receiving benefits or services from Nonprofit Agency, Inc. Any violations of such standards by officers, employers or agents of Nonprofit Agency, Inc. shall be subject to disciplinary action as outlined in the Personnel Policies. Any gifts of whatever value received at Nonprofit Agency, Inc. will be considered gifts to the organization. Money and gratuities received from public appearances as representatives of Nonprofit Agency, Inc. will be deposited as unrestricted revenue to Nonprofit Agency, Inc.

C. Contract Administration

Nonprofit Agency, Inc. will maintain a system for contract administration to ensure the following: compliance with the terms and conditions of the contract, the adequate and timely payment of all obligations, ensure that contractors have met the terms, conditions and specifications of the contract, and the proper evaluation of contractor performance. Procurement records and files for purchases in excess of \$5,000 will include the following: basis for contractor selection, (b) justification for lack of competition when competitive bids or offers are not obtained and (c) basis for award cost or price.

Appendix 6: Texas Council on Family Violence Grant Guide

For more information on state, federal, and private grant opportunities, look at the Department of State Health Services [Grant Finding Resources](#).

	HHSC	FVP	TDCJ	CJAD	CJD	VOCA	CJD	VAWA	TDHCA	ESG	OAG	OVAG
Categories	Health & Human Services Commission (HHSC) Family Violence Program (FVP) funding		Texas Department of Criminal Justice (TDCJ), Criminal Justice Assistance Division (CJAD)		Governor's Office, Criminal Justice Division (CJD)		Governor's Office Criminal Justice Division (CJD)		Texas Department of Housing & Community Affairs (TDHCA) Emergency Solutions Grants (ESG) Program		Office of the Attorney General (OAG) Other Victim Assistance Grant (OVAG)	
Sub-Categories	Shelter Centers, Nonresidential Centers, and Special Projects		Battering Intervention and Prevention Programs (BIPPs): Services for Abusers		Victims of Crime Act (VOCA) Grant		S.T.O.P. Violence Against Women Act (VAWA)		Street Outreach, Emergency Shelter, Prevention, Rapid Re-Housing, Data Collections (HMIS) and Administration		General Victim Assistance and Community Outreach	
Purpose	<p>Texas HHSC FVP provides funding for shelter and supportive services to victims of family violence by working with three (3) types of local family violence centers and organizations:</p> <p>Shelter Centers details</p> <p>Nonresidential Centers details</p> <p>Special Nonresidential Projects details</p> <p>Texas HHSC Family Violence Program website</p>		<p>Battering Intervention and Prevention Programs (BIPPs) consist of groups for family violence offenders, in which offenders are held accountable for past abusive behavior and taught the fundamentals of leading healthy, nonviolent relationships. BIPPs provide a designated criminal justice response to family violence that is an economical alternative to incarceration and provides an extension of supervision for family violence offenders.</p> <p>Texas Department of Criminal Justice's (TDCJ) Community Justice Assistance Division (CJAD) BIPP at: https://www.tdcj.texas.gov/divisions/cjad/</p>		<p>State: Specific eligibility and budget rules applicable to various funding sources administered by CJD were repealed from the TAC in August 2007. However, state and federal grant guidelines can be found on the Officer of the Governor's eGrants website.</p> <p>Federal: Provide services that: (1) respond to the emotional and physical needs of crime victims; (2) assist victims in stabilizing their lives after victimization; (3) assist victims to understand and participate in the criminal justice system; and (4) provide victims with safety and security. 42 U.S.C. 10603(a) found here.</p>		<p>State: Specific eligibility and budget rules applicable to various funding sources administered by CJD were repealed from the TAC in August 2007. However, state and federal grant guidelines can be found on the Officer of the Governor's eGrants website.</p> <p>Federal: Develop and implement coordinated, multidisciplinary approaches to addressing domestic violence, sexual assault and stalking crimes committed against women. 42 U.S.C. 10603(a) found here.</p>		<p>State: The ESG program, formerly ESGP, is a competitive grant, which provides funds to nonprofit organizations and units of general government for activities relating to shelter and services for homeless persons and the prevention of homelessness. https://www.tdhca.texas.gov/</p> <p>Federal: The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act) amended the McKinney-Vento Homeless Assistance Act, including major revisions to the Emergency Shelter Grants program, now the Emergency Solutions Grants (ESG) program. https://www.hudexchange.info/</p>		<p>State: The purpose of the OVAG Program is to provide funds to programs that address the unmet needs of victims by maintaining or increasing their access to quality services. https://www.texasattorneygeneral.gov/grants/types-grants/other-victim-assistance-grants-ovag</p>	

Appendix 6: Texas Council on Family Violence Grant Guide continued...

	HHSC	FVP	TDCJ	CJAD	CJD	VOCA	CJD	VAWA	TDHCA	ESG	OAG	OVAG
Funding Source	Federal funding is authorized for projects through the Family Violence Prevention and Services Act (FVPSA) and Temporary Assistance to Needy Families (TANF) to Title XX. FVPSA funds are distributed in Texas by the Health and Human Services Commission.		State funds distributed through the Texas Department of Criminal Justice's Community Justice Assistance Division.		Federal funding is authorized for projects under the Victims of Crime Act of 1984 (VOCA) as amended, 42 U.S.C. 10601. VOCA funds are distributed from the Criminal Justice Division of the Governor's Office with local Councils of Government (COG) assisting the Governor's office in prioritization of grants. CFDA 16.575 details found here .		Federal funding is authorized for projects under the Violence Against Women Act of 2005 (VAWA 2005) 42 U.S.C. 3796gg through 3796gg-5 as amended. VAWA funds are distributed from the Criminal Justice Division of the Governor's Office with local Councils of Government (COG) assisting the Governor's office in prioritization of grants. CFDA 16.588 details found here .		Federal funding is authorized by the U.S. Department of Housing and Urban Development (HUD) and distributed through the Texas Department of Housing and Community Affairs Emergency Solutions Grants (ESG).		The Texas Legislature directs the Office of the Attorney General to use a certain amount of funds from the Texas Compensation to Victims of Crime fund for the OVAG program.	
Year	September 1 – August 31		September 1 – August 31		Projects may begin between October 1 and December 31.		Projects may begin between October 1 and December 31.		September 1 – August 31		September 1 – August 31	
Eligibility	The Human Resources Code, Chapter 51 details eligibility criteria for shelter centers, non-residential centers, and special projects.		Battering Intervention and Prevention Project (BIPP) programs are required by CJAD to submit applications for funding on forms, and in a manner, prescribed by CJAD. Prior to each legislative biennium, CJAD will inform current contractors of the funding application process and timeline. Upon request, TCFV will assist qualified applicants, whether currently CJAD funded or not, in preparing their applications. https://www.tdcj.texas.gov/divisions/cjad/		Eligible applicants include: state agencies, units of local government, hospital districts, nonprofit corporations with an active charter number from the Texas Secretary of State, Native American tribes, Universities, Colleges, community supervision and corrections departments, councils of governments that offer direct services to victims of crime, hospital and emergency medical facilities that offer crisis counseling, support groups, and/or other types of victims services, and faith-based organizations, tax-exempt nonprofits, that provide direct services to victims of crime.		Eligible applicants include: state agencies, units of local government, hospital districts, nonprofit corporations with an active charter number from the Texas Secretary of State, Native American tribes, Universities, Colleges, community supervision and corrections departments, councils of governments that offer direct services to victims of crime, hospital and emergency medical facilities that offer crisis counseling, support groups, and/or other types of victims services, and faith-based organizations, tax-exempt nonprofits, that provide direct services to victims of crime.		Eligible applicants include: units of general purpose local governments and private nonprofit organizations with a 501(c)(3) tax-exempt status. All recipients must consult with local Continuums of Care within the jurisdiction in determining how to allocate ESG funds. https://www.tdhca.state.tx.us/tich/coc.htm		Eligible applicants include: local units of government, 501(c)3 nonprofits, or state agencies, including universities. There are also considerations for statewide projects that would provide victim-related services or assistance in six or more Council of Government (COG) regions.	

Appendix 6: Texas Council on Family Violence Grant Guide continued...

		HHSC	FVP	TDCJ	CJAD	CJD	VOCA	CJD	VAWA	TDHCA	ESG	OAG	OVAG
Eligibility continued...				Demonstrate a record of providing effective services to crime victims. If the applicant cannot yet demonstrate a record of providing effective services, the applicant must demonstrate that at least 25 percent of its financial support comes from non-federal sources. There are several additional requirements. Office for Victims of Crime website Office of the Governor - Criminal Justice Division website		Meet at least one of the eligible purpose areas established by the federal Violence Against Women Office and codified at 28 C.F.R. §90 and found here . US Department of Justice - Office on Violence Against Women website Office of the Governor - Criminal Justice Division website							
Grant Amounts	Varies year to year according to state and federal budget.	Varies year to year according to state and federal budget.	Varies year to year according to state and federal budget.	Varies year to year according to state and federal budget.	Varies year to year according to state and federal budget.	Varies year to year according to state and federal budget.	Varies year to year according to state and federal budget.	Varies depending on area.	Awarded on competitive basis and dependent on appropriations to the Texas Office of the Attorney General (OAG). Total amount awarded is determined by the Legislature. The minimum allowable request is \$20,000 per fiscal year, maximum is \$49,500 per fiscal year. Statewide projects can request up to \$150,000 per fiscal year.				

Appendix 6: Texas Council on Family Violence Grant Guide continued...

	HHSC	FVP	TDCJ	CJAD	CJD	VOCA	CJD	VAWA	TDHCA	ESG	OAG	OVAG
How to Apply	Contact HHSC's Family Violence Program at https://www.hhs.texas.gov/services/family-safety-resources/family-violence-program to determine if there are open grant opportunities. If open, they will be posted on the HHSC website at https://resources.hhs.texas.gov/rfa .		Additional information available on the Texas Council on Family Violence website at https://tcfv.org/ .		Contact your area's Regional Council of Government (COG) by visiting https://txregionalcouncil.org/regional-councils/ . CJD conveys its goals and priorities to regional COGs and local service providers during the annual COG training. Each of the COGs holds its own grant development workshops and facilitates application prioritization. Funding Opportunities can be found and submitted through the OOG's eGrants website .		Contact your area's Regional Council of Government (COG) by visiting https://txregionalcouncil.org/regional-councils/ . CJD conveys its goals and priorities to regional COGs and local service providers during the annual COG training. Each of the COGs holds its own grant development workshops and facilitates application prioritization. Funding Opportunities can be found and submitted through the OOG's eGrants website .		TDHCA releases a Notice and Funding Availability (NOFA) every year with guidelines to apply for ESG funds. The NOFA is usually released in January of every year. Interested parties can see current solicitations and join TDHCA's email list to be alerted to announcements at https://www.tdhca.texas.gov/notices-funding-availability-nofas .		The OAG will post the Application Kit at https://www.texasattorneygeneral.gov/grants/solicitations .	
Match	HHSC has a community match percentage requirement. The match percentage depends on how much state and federal money is allocated each year. HHSC can never provide for more than 75% of the cost of the FV center program and after a six-year period not more than 50%. See HRC 51.003 for more information.		No match requirements		Grantees may be required to provide matching funds of at least 20% of total project expenditures through either cash or inkind contributions or a combination of both. Please note: VOCA projects that are awarded with a match above the required amount <i>will be held to the higher amount</i> .		Grantees may be required to provide matching funds of at least 20% of total project expenditures through either cash or inkind contributions or a combination of both.		Metropolitan city and urban county recipients must match grant funds with an equal amount of funds from cash or the following inkind sources: new staff or volunteer time, the donation of materials and buildings, or the value of any lease on a building. States are exempt from matching the first \$100,000 of their awards but must provide the benefits of that exemption to their recipient local governments and nonprofit organizations that are least capable of providing the state with matching amounts.		No match requirements	

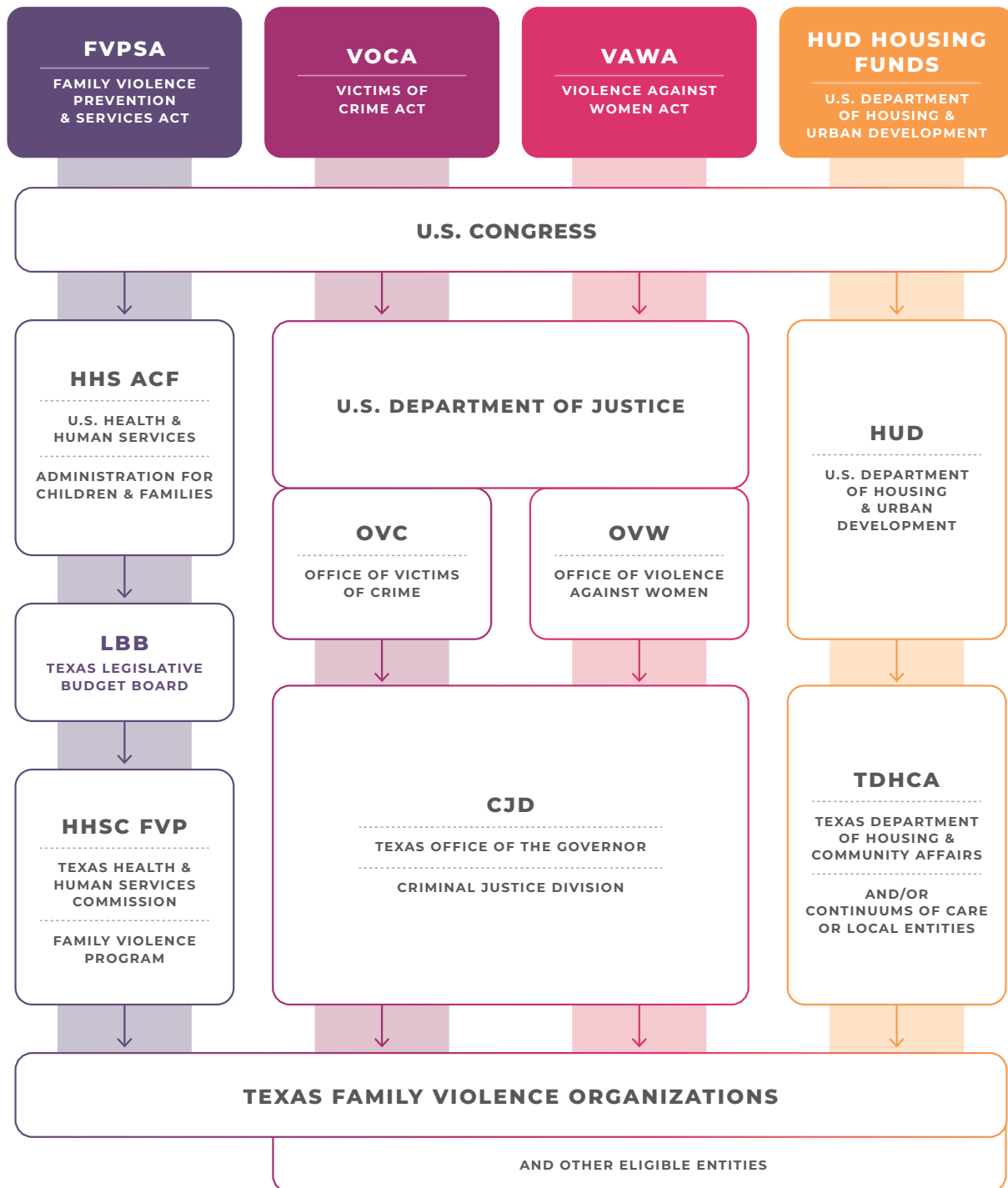
Appendix 6: Texas Council on Family Violence Grant Guide continued...

	HHSC	FVP	TDCJ	CJAD	CJD	VOCA	CJD	VAWA	TDHCA	ESG	OAG	OVAG
Funding Requirements	HHSC Family Violence Program Funds can only be used by organizations that meet state guidelines under the Human Resources Code, Chapter 51 and that meet Texas Administrative Code Chapter 379 until April 1, 2024 when TAC, Title 26, Part 1, Chapter 356 rules apply.	The documentation process for implementing the Guidelines for CJAD funding as described in the Handbook will be made available each biennium. TCFV and CJAD will provide technical assistance to help programs comply with the Battering Intervention and Prevention Project Guidelines. Programs applying for CJAD funds should refer to Texas Code of Criminal Procedure Article 42.141 for the statutory guidelines of the Battering Intervention and Prevention Project.	Projects are required to comply with the requirements of the Victims of Crime Act of 1984 (VOCA), as amended, 42 U.S.C. 10601, et seq. Details found here . Eligible activities include: Crisis Services, Forensic Interviews, Legal Advocacy, Multi-Disciplinary Teams and Case Coordination, Peer Support Groups, Peer Support Groups, Professional Therapy and Counseling, Protective Order Assistance, Shelter, and Victim-Offender Meetings. Office of the Governor, Greg Abbott - Criminal Justice Division website For more information, see the Office of the Governor's Guide to Grants .	Projects are required to comply with 28 C.F.R. §90 . Eligible activities include: Court Service Improvements (Including Specialized Courts Except Drug Courts), Crisis Services, Forensic Interviews, Investigations, Legal Advocacy, Multi-Disciplinary Teams and Case Coordination, Peer Support Groups, Training and Technology, Professional Therapy and Counseling, Prosecution, Protective Order Assistance, Public Presentations, Shelter, and Victim-Offender Meetings. Office of the Governor, Greg Abbott - Criminal Justice Division website For more information, see the Office of the Governor's Guide to Grants .	Eligible activities include: Engage homeless individuals and families living on the street; Improve the number and quality of emergency shelters for homeless individuals and families; Help operate these shelters; Provide essential services to shelter residents; Rapidly re-house homeless individuals and families; and prevent families and individuals from becoming homeless.	Projects are required to comply with Texas Administrative Code Chapter 60 guidelines. Eligible activities include: Direct victim services; Providing outreach or community education; Connecting crime victims to services; Training professionals and volunteers; or Other support for victim-related services or assistance as determined by the OAG.						
Reporting	The Family Violence Program uses the HHSC Portal and FV Net to collect de-identified data from each programs' own database or a HHSC-created excel spreadsheet through CSV files monthly. HHSC also requires quarterly financial reports and year-end reporting.	A monthly report is required to be submitted to TCFV (MAR). All BIPP programs that receive CJAD funding will undergo periodic fiscal and programmatic monitoring by TCFV and/or CJAD.	Quarterly financial and performance reports are required to be submitted using eGrants.	Quarterly financial and performance reports are required to be submitted using eGrants.	Annual performance (CAPER) reports are due 90 days after the close of the recipient's consolidated program year. See details here . Recipients use the Integrated Disbursement and Information System (IDIS) to manage program funds. ESG subrecipients must submit a Monthly Performance Report (MPR) through the Department's electronic Community Affairs Contract System before the system will allow submittal of a Monthly Expenditure Report (MER).	Quarterly reports on cumulative activities are to be submitted electronically.						

Appendix 7: Funding Flow Chart

Federal Funding Sources for Family Violence Centers & Battering Intervention and Prevention Programs

Federal fiscal year is October to September. Your contract will designate time period in which funds are available.



Appendix 7: Funding Flow Chart continued...

Federal Funding Sources for Family Violence Centers & Battering Intervention and Prevention Programs

Federal fiscal year is October to September. Your contract will designate time period in which funds are available.

FVPSA FAMILY VIOLENCE PREVENTION & SERVICES ACT

The U.S. Health and Human Services (HHS) Administration for Children and Family (ACF) administers the Family Violence Prevention and Services Act (FVPSA), the primary federal funding stream dedicated to the support of emergency shelter and related assistance for victims of domestic violence and their children. This is the only dedicated federal funding source for domestic violence shelter services and funds emergency shelters, crisis lines, counseling, victim assistance, and other vital services for domestic violence victims and their children.

<https://www.acf.gov/ofvps/fact-sheet/family-violence-prevention-and-services-program-fact-sheet>

VOCA VICTIMS OF CRIME ACT

A fund for victim services created out of fines, penalties, and restitution dollars collected at the Federal level. These funds become a part of VOCA as well as direct funds to Crime Victims Compensation (CVC). VOCA funds several programs that serve victims of crime, including state-formula victim assistance grants.

<https://ovc.ojp.gov/about-ovc>
<https://ovc.ojp.gov/funding/types-of-funding>

HUD U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT

These funds include Continuum of Care program funds and Emergency Solutions Grants program funds, to support emergency shelters, permanent supportive housing, homelessness prevention and rapid re-housing programs. Dedicated funds, via the DV bonus, are also available for survivor-specific housing resources, including rapid re-housing and joint transitional housing to rapid re-housing, to address the trauma-specific needs of survivors of domestic and sexual violence.

<https://www.hud.gov/grants/>

VAWA VIOLENCE AGAINST WOMEN ACT

The Office on Violence Against Women (OVW) administers 19 grant programs authorized by the Violence Against Women Act (VAWA). Four programs are "formula funding," meaning the enacting legislation specifies how the funds are distributed. The remaining 15 programs are "discretionary," meaning OVW is responsible for creating program parameters, qualifications, eligibility, and deliverables in accordance with authorizing legislation. These grant programs are designed to develop the nation's capacity to reduce domestic violence, dating violence, sexual assault, and stalking by strengthening services to victims and holding offenders accountable.

Specific VAWA Funding Opportunities:

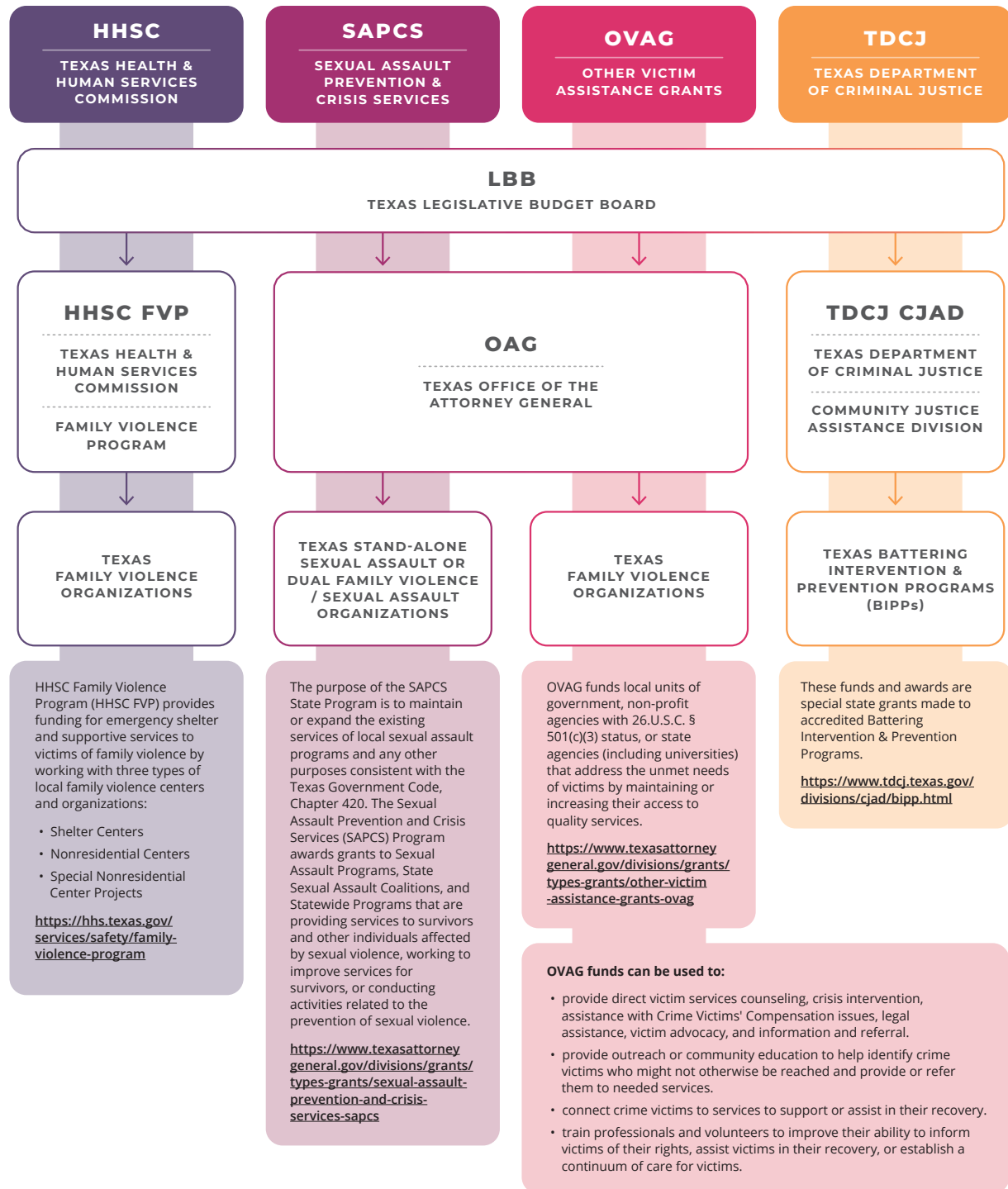
- The Services, Training, Officers, and Prosecutors (STOP) state formula grant program supports coordinated community responses to domestic and sexual violence.
- The Civil Legal Services grant program helps to meet the civil legal needs of victims.
- The Services for Rural Victims grant program enables communities to develop services to meet the unique needs facing victims in rural areas.
- The Transitional Housing grant funds organizations who are running transitional housing and related supportive services.
- The Grants to Encourage Arrest program is designed to increase offender accountability and reduce homicide.
- The Sexual Assault Services Program is a state-formula grant that funds rape crisis centers.

<https://www.justice.gov/ovw>
<https://www.justice.gov/ovw/domestic-violence>
<https://www.justice.gov/ovw/grant-programs>

Appendix 7: Funding Flow Chart continued...

State Funding Sources for Family Violence Centers & Battering Intervention and Prevention Programs

State fiscal year is September to August. Your contract will designate time period in which funds are available.



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This report is written by the Texas Council on Family Violence. TCFV appreciates the support from professionals around the state and nation who responded to our requests to review and thereby ensured the accuracy of this Toolkit.

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TEXAS COUNCIL ON FAMILY VIOLENCE PROMOTES SAFE AND
HEALTHY RELATIONSHIPS BY SUPPORTING SERVICE PROVIDERS,
FACILITATING STRATEGIC PREVENTION EFFORTS, AND CREATING
OPPORTUNITIES FOR FREEDOM FROM DOMESTIC VIOLENCE.