

Welcome to the Jones & Associates LLC, CPAs October 2014 newsletter! Feel free to pass it along...

Federal Funds: the NEW Uniform Grant Guidance

Is your organization a recipient of federal funding, whether through direct or pass-through federal funding from a state or local agency or another nonprofit? Does your organization pass-through federal funds to another nonprofit or agency? If so, then the new Uniform Grant Guidance applies to you!

If you receive funding that contains ANY Federal dollars, this new guidance applies to you!

The Office of Management and Budget (OMB) issued *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Guidance) in late December 2013. The new Guidance supersedes and streamlines requirements from eight different grant circulars into one set of guidance, contained in *Title 2 of the CFR, Subtitle A, Chapter II, Part 200*. These superseded grant circulars include these most commonly relevant to nonprofits: *A-110 Administrative Requirements*, *A-122 Cost Principles*, and *A-133 Single Audit Requirements*.

Non-federal entities will need to implement any new or revised administrative requirements and cost principles for all new federal awards, and for any additional funding to existing awards, awarded after December 26, 2014. New audit requirements take effect for fiscal years beginning January 2015.

Here are SIX key takeaways from the new Guidance:

1. Audit threshold increases to \$750,000 from \$500,000. That is, your organization will only be subject to an A-133 compliance audit when the total of federal awards (direct, pass-through or loans) expended is \$750,000 or more in a fiscal year.
2. New guidelines for the documentation of payroll expenses, with a greater emphasis on process and internal controls rather than strict requirements. The four new documentation standards are:
 - a. Charges based on records that accurately reflect work performed;
 - b. Supported by a system of internal controls that provide reasonable assurance that amounts charged are accurate, allowable, and properly allocated;
 - c. Incorporated into official records;
 - d. Reasonably reflect total activity for which employee is compensated, not to exceed 100%.
3. An organization's financial management system must include identification, in all its accounts, of all federal awards received and expended, as well as written procedures for determining the allowability of costs in accordance with cost principles.
4. Pass-through entities are required to provide an indirect cost rate to subrecipients, with an optional allowed de minimis indirect cost rate of 10%.
5. Clarification on sub-recipient monitoring and management. This section is important, not only if your organization passes through funds to other entities, but also to help determine if your organization is a subrecipient of federal funds (and subject to the Guidance) or a contractor (and not subject to the Guidance).
6. Pass-through entities must provide a best guess of the breakdown of the source of funds at the time of the contract. If an estimate is provided, each payment needs to provide the actual breakdown.

Remember – even if your organization is not subject to an A-133 audit, if federal funds are received (as a direct recipient or as a sub-recipient), then your organization is still subject to the administrative and cost principle requirements contained in the Guidance. For additional information, the Council on Financial Assistance Reform (COFAR) has issued several web-links related to these future changes, including frequently asked questions and archived training webcasts, found at: <https://cfo.gov/cofar/>.

Miscellaneous...

Storytelling Through Data Visualization – On October 23rd, Seattle Tech4Good will present **Storytelling Through Data Visualization**. All organizations know that to create an emotional pull or a call for action, telling a story that resonates with the audience is key. Images and words are okay, yet leveraging your data (small and big) into visual explanations of what the organization does and the measured effects they are having is even better! Come to an evening of conversation with three speakers that excel in the data visualization arena. Learn how organizations can tell their story by leveraging maps, graphs and charts and more! For more information: <http://www.meetup.com/SeaTech4Good/events/210073132/>

Budgets and Cash Flow Management – Don't miss our next seminar on November 18th on Budgeting and Cash Flow Management. The class is intended for anyone who is involved in the budgeting process and/or managing cash flow for their organization. The class is limited to 40 folks, so sign up early. Contact: debbie@judyjonescpa.com or call (206) 525-5170.



Need Dashboard Indicator Inspiration? – Dashboards can be very valuable to your organization in tracking what is important to your Board, your managers and your constituents. But sometimes it's difficult to come up with the right indicators. Compass Point has developed a good list of indicators that might inspire you. Check it out: http://www.compasspoint.org/sites/default/files/docs/560_libraryofindicatorsjune09.pdf

To better stay connected on the social media front, "follow" us on LinkedIn and "like" us on Facebook to get regular updates on important topics and events in the area. Also, let us know if you have a job posting, program or other event you would like us to add to our website at www.judyjonescpa.com.

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Should you have any questions about the content of anything in this newsletter, please contact us.

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