

# P&A Board Master Class

## Understanding Your Grants

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NATIONAL  
**DISABILITY RIGHTS**  
NETWORK

Protection & Advocacy for Individuals with Disabilities



# Training Overview

- Financial Literacy
- The P&A Programs
- Defining Terms
- Understanding Financial Documents
- Decoding Budget Terms
- Knowing the Rules

# Financial Literacy

## Becoming Financially Literate Involves:

- Reviewing financial reports and asking questions until you understand them.
- Considering the organization's budget, cash-flow, ordinary expenses, and potential income when deliberating.
- Reading and asking questions about financial policies and procedures until you understand them.
- Knowing your organization's dominant funding sources and the restrictions associated with that funding.
- Being able to notice irregularities in income and expenses.

# The P&A Programs: PADD

## Protection & Advocacy for Individuals with Developmental Disabilities

- **Eligibility:** severe, chronic disability attributed to a mental and/or physical impairment that is likely to continue indefinitely, and results in substantial functional limitations in 3 or more major life activities. [depending on age]
- **Services:** Pursue legal, administrative, and other appropriate remedies, provide information and referral, training, investigate incidents of abuse and neglect, have access to records and individuals, and educate policy makers.

# The P&A Programs: CAP\*

## Client Assistance Program

- **Eligibility:** clients and applicants of services from Vocational Rehabilitation and other Rehabilitation Act funded programs.
- **Services:** Inform and advocate for clients and applicants in their relationships with projects, programs, and services including assistance and advocacy in pursuing legal, administrative, or other appropriate remedies to ensure the protection of rights and facilitation of access through individual and systemic advocacy.

*\*Not all P&A's have this program.*

# The P&A Programs: PAIMI

## Protection & Advocacy for Individuals with Mental Illness

- **Eligibility:** individual with significant mental illness or emotional impairment residing in or being admitted into a mental health facility (jails, shelters, residential treatment centers) or living in the community. [facility preference]
- **Services:** Pursue legal, administrative, and other appropriate remedies, provide information and referral, training, investigate incidents of abuse and neglect, have access to records and individuals, and educate policy makers.

# The P&A Programs: PAIR

## Protection & Advocacy for Individual Rights

- **Eligibility:** individuals that meet the ADA definition of disability and need services that are beyond the scope or eligibility requirements of the PADD, PAIMI, or CAP programs.
- **Services:** As with PADD and PAIMI, pursue legal, administrative, and other appropriate remedies, provide information and referral, training, investigate incidents of abuse and neglect, have access to records and individuals, and educate policy makers.

# The P&A Programs: PAAT

## Protection & Advocacy for Assistive Technology

- **Eligibility:** Individuals with disabilities in need of assistive technology services or devices.
- **Services:** Pursue legal, administrative, and other appropriate remedies, provide information and referral, training, investigate incidents of abuse and neglect, have access to records and individuals, and educate policy makers.



# The P&A Programs: PABSS

## Protection & Advocacy for Beneficiaries of Social Security

- **Eligibility:** Individuals who receive SSI or SSDI benefits and have a barrier to obtaining or retaining employment.
- **Services:** assist and advocate for clients under the Ticket to Work Program, Vocational Rehabilitation, or other employment services as well as on any other legal, administrative or other appropriate remedies so long as it relates to obtaining or retaining employment. [No litigation against SSA except for overpayments representation.]

# The P&A Programs: PATBI

## Protection & Advocacy for Individuals with Traumatic Brain Injury

- **Eligibility:** Individuals with a traumatic brain injury.
- **Services:** Pursue legal, administrative, and other appropriate remedies, provide information and referral, training, investigate incidents of abuse and neglect, have access to records and individuals, and educate policy makers.

# The P&A Programs: PAVA\*

## Protection & Advocacy for Voting Accessibility

- **Eligibility:** individuals with disabilities who desire to participate in the electoral process.
- **Services:** secure election access including advocacy, education and assistance in registering to vote, casting a vote, and making polling places accessible. [No voting related litigation.]

*\*Not all P&A's have this program.*

# Defining Terms

- **Deferred Revenue:** Cash that has come in the door but the services have not been delivered. Deferred revenue is booked as a liability on the statement of financial position (because it would be owed back if the service wasn't provided) and then moved over to the statement of activities once earned. [Ex.: Registration money collected for a future conference.]
- **Prepaid Expenses:** Prepayment for a product or service. Prepaid expenses are recorded as an asset on the statement of financial position until received and then moved to the statement of activities. [Ex.: a down payment for an exhibit hall for next year's conference.]

# Defining Terms — Continued

- **Designated Net Assets:** Net assets that are “restricted” by the Board. Boards cannot truly restrict funds—only donors can. To reserve money for a specific purpose, they need to “designate” it typically through Board action. [Ex.: Setting aside money for a future Executive Transition.]
- **Use of Net Assets:** A reduction of the net assets from current-year activities. [Ex.: Paying for a new server and computers using reserves.]
- **Realized/Unrealized Gains/Losses:** Change in investment value as if it was sold, noted as revenue or expenses. If the investment was sold the gain/loss is realized. [Ex.: Change in value of stock portfolio at sale or time of audit.]

# Defining Terms — Continued

- **Program Income:** Income earned by the recipient that is directly generated by a supported activity or earned as a result of the award. [Ex.: Legal fees awarded for cases performed using federal funds.]
- **Carry Forward:** Unexpired grant dollars awarded that the agency has not used within the first fiscal year of a multi-year award. [Ex.: There is \$10k in PAIMI funds remaining at the end of this fiscal year that will be carried forward to the next.]

# Financial Documents

## Standard Financial Documents

- **Budget:** The financial representation of what the organization plans to do in a given year. It is used as a guideline.
- **Statement of Financial Position:** What a company owns and owes at a fixed point in time.
- **Statement of Activities:** Income and expenses for a specific time period.
- **Statement of Cash Flows:** Shows how changes in balance sheet accounts and income affect cash and cash equivalents, and breaks the analysis down into operating, investing, and financing activities.



# Financial Documents—Continued

## Statement of Financial Position

- Also known as a financial statement.
- A summary of financial stability and profitability.
- Comprised of four main parts:
  - the balance sheet,
  - income statement,
  - statement of shareholder equity, and
  - statement of cash flows.



# Financial Documents—Continued

- **Balance Sheet:** is a summary of an organization's financial stability for a particular point in time. Balance sheets are often reported every quarter and every year to document the financial health of the organization.
- **Income Statement:** measures if the business is profitable and accounts for revenue, expenses, and net profits or losses.
- **Statement of Stockholder Equity:** may include several years of data to show changes in stockholder equity and in the retained earnings account.
- **Statement of Cash Flows:** a summary of all of the income and expenses.

# Financial Documents—Continued

## Statement of Activities

- The nonprofit version of an income statement that includes:
  - Revenues such as contributions, program fees, grants, investment income, and amounts released from restrictions.
  - Expenses reported in categories such as major programs, fundraising, and management and general.
  - The change in net assets resulting from revenues and expenses.
- It will have multiple columns in order to report the amounts unrestricted, temporarily restricted, permanently restricted, and the total assets.

# Financial Documents—Continued

## Statement of Cash Flows

- Report a company's inflows and outflows of cash.
- Shows changes over time rather than absolute dollar amounts at a point in time using and reorganizing information from your organization's balance sheet and income statement.
- Shows the net increase or decrease in cash for the period.
- Generally divided into three main parts. Each part reviews the cash flow from one of three types of activities: (1) operating activities; (2) investing activities; and (3) financing activities.

# Decoding Budget Terms

- **Salaries:** Includes salary for all full-time employees and temporary help.
- **Benefits:** Includes health insurance, pension expense, life insurance, disability insurance, dental insurance, employee relocation expense.
- **Litigation Expenses:** Includes expert witnesses, outside legal counsel, filing fees, transcripts, record requests, and other.
- **Consulting:** Outside consultants who provide professional services.
- **Staff Development:** Costs associated with educating staff including registration, travel, and per diem.
- **Accounting:** Outside accounting services, annual audit, and preparation of tax documents.



# Who is Responsible for What

## Board:

- Audit & Form 990
- Finance Report
- Budget

## Staff:

- Monthly Reports
- Audit Statements
- Federal Reports

# Questions to Consider

- **Big Picture Questions:** How often is the budget monitored and what is the process? How volatile are your funding sources? Are you diversified? Are any trends apparent that could impact projected income or expenses?
- **Focused Questions:** How realistic is the budget? Are there significant variances in the budget? Why are you over or under budget in a particular line item? Are staffing levels consistent? Are there any vacancies?
- **Transparency:** Are your concerns being treated appropriately? Do you get the financial documents you need? Are your questions being answered?

# Federal Funding Requirements

## Federal Regulations Attached to P&A Funding

- **OMB Circular A – 110:** Uniform Administrative Requirements for Grants and Agreements with Universities and Nonprofits.
- **OMB Circular A – 122:** Cost Principles for Nonprofit Organizations.
- **OMB Circular A – 133:** Audits of States, Local Governments, and Nonprofit Organizations. *(supplement updated annually)*

*Special Note:* *The GAO is in the process of updating the A-110 and A-122 (and others) to create a single document possibly due in late 2014.*



# Federal Rules

## Policies Required by the Circulars

- **Timekeeping:** a standard policy for all staff (A-110 & A-122)
- **Merit & Bonus Pay:** merit pay increase or bonus policy (A-122)
- **Use of Funds:** what federal money can be used for (A-122)
- **Reimbursement:** policy on expense reimbursement (A-122)
- **Use of Credit Cards:** policy on credit card use (A-110)
- **Program Income:** documenting program income policy (A-110)
- **Document Retention:** policy on record retention (A-110)



# Thank You!

***We appreciate your attention & participation!***

*-- Cherie & Polly*

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*If you would like to talk about how I can help you govern better, please contact me!*

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