

State Coastal Conservancy General Budget Guidelines for Nonprofits

Nonprofit organizations receiving grant funds from the Coastal Conservancy are required (in the grant agreement) to meet strict accounting standards. **Organizations that fail to do so may be liable for repayment of funds.** It is the responsibility of the grantee to ensure that their accounting practices are adequate, in accordance with the guidelines of “Generally Accepted Accounting Principles” (“GAAP”) published by the American Institute of Certified Public Accountants. All Conservancy grantees should expect to be audited by the State.

The purpose of this document is to provide general guidance for nonprofit grantees on how to develop a budget for a Coastal Conservancy grant. As part of its grant making process, the Coastal Conservancy requires a detailed budget and workplan. It is the responsibility of the nonprofit grantee to be sure that the budget and all subsequent billings are justified and documented appropriately. Each grantee is encouraged to solicit its own accounting advice and conduct an audit to ensure that its practices are correct.

Labor Costs

Project Implementation – The grantee’s employee labor implementing a project will be reimbursed at rates equal to compensation actually provided to the employee (salary plus benefits, including fringe benefits). The project budget should break out all labor costs to show the number of hours and rate per employee category (for example, project manager or scientist). The cost of a grantee’s labor/staff time to implement specific project tasks (for example, prepare a management plan, determine trail alignments) should be included in and billed to specific tasks in the budget.

Project Management - A work program may include a task called “Project Management” (please use this term). This task should cover labor costs, not otherwise billed, that are associated with administering a specific Conservancy grant (for example, managing contracts, paying consultants, billing SCC, maintaining accounting records, and other time spent on managing the project).

“Overhead” or “Indirect Costs”

Overhead or indirect costs are the non-project specific costs of doing business (for example, rent, computers, telephones, office supplies, internet access, copy machines, electricity). Certain types of indirect costs may NOT be charged to the Conservancy, including fundraising, lobbying and entertainment. Any cost that is billed as a direct cost may NOT be included in overhead.

“Overhead” and “indirect costs” are both acceptable terms that represent the same category of costs. If a grantee seeks to recover overhead costs from a Conservancy grant, overhead should be included as a line item in the approved project budget.

The Conservancy limits overhead recovery to a maximum of 15% of a grant.

Grantees that wish to charge overhead to a Conservancy grant must be able to document the appropriateness of these charges. One typical method for documentation is to have a Cost Allocation Plan for their organization. Other methods may be adequate, but it is the grantee’s

responsibility to determine this based on the guidelines of GAAP. It is recommended that grantees work with a CPA to develop an appropriate method for calculating their overhead rate and determining what overhead costs may be allocated to a grant. It is the responsibility of the grantee to maintain appropriate records for all overhead costs.

Other Direct Costs

Direct costs should be billed at cost.

Project Supplies and Services - Project-specific supplies and services (for example, printing, copying, long-distance calls, publications, maps, technical surveys, pre-fabricated bridge structures, bicycle racks, benches) may be billed to the grant if these costs appear in the approved work plan and budget. Receipts or other documentation will be required.

Travel – Essential project-related travel expenses will be reimbursed at cost up to the limits allowed by the State’s [Travel Guidelines](#). The budget should describe the necessary trips and travel costs within this category. The State’s Travel Guidelines have strict limits on reimbursement for mileage, hotels, and meals among other costs. Grantees must review these guidelines and use the state’s travel reimbursement form when billing for travel costs. Receipts will be required.

Grantees (and their contractors) may be reimbursed for use/rental of special equipment (trucks, boats, etc.) if it is needed for the project, included in the approved budget, and documented.

Contractors and Subcontractors - Contractors to a nonprofit (and their subs) must be approved as part of the workplan and budget. Invoices from contractors should be included as backup documentation in grantee invoices. For-profit contractors working for a nonprofit organization may include mark-ups in their billing as long as their rates and overall budget has been approved.

REFERENCES

Natural Resource Agency’s Bond Accountability and Audit Guide:

http://www.resources.ca.gov/bond/Bond_Accountability_and_Audits.pdf

DEFINITIONS

Fringe Benefits are all employer paid benefits and include things like healthcare benefits, cafeteria plans, gym subsidies, transit reimbursement, and educational subsidies. The IRS definition of fringe benefits is here:

http://www.irs.gov/publications/p15b/ar02.html#en_US_2013_publink1000193623.

Overhead or indirect costs are costs that cannot be readily and specifically identified with or attributed to a specific project and include costs of doing business (for example, rent, computers, telephones, office supplies, internet access, copy machines, electricity).

Cost Allocation Plan is a formal accounting plan used to calculate and document the method for recovering overhead costs.