



NATIONAL
ENDOWMENT
FOR THE
HUMANITIES

OFFICE OF INSPECTOR GENERAL
1100 PENNSYLVANIA AVE., NW
ROOM 419
WASHINGTON, D.C. 20506
OFFICE NUMBER (202) 606-8350
FAX NUMBER (202) 606-8329
WWW.NEH.GOV
NEH HOTLINE 1-877-786-7598

ACCOUNTING SYSTEM

MANUAL

STATE HUMANITIES COUNCILS

January 2009

ACCOUNTING SYSTEM MANUAL

STATE HUMANITIES COUNCILS

PREFACE

This manual has been updated to align model journal entries with generally accepted accounting principles and supersedes the revised version dated January 1994.

Specifically:

- The model journal entries that account for transactions involving the receipt of an NEH award and subsequent expensing of the award have been revised.
- The sample Chart of Accounts has been revised to incorporate accounts affected by revised model journal entries.
- The list of pronouncements issued by NEH and OMB that affect state humanities councils have been updated to the most current.

In this manual, we describe a generic accounting system specifically designed for the needs of state humanities councils. Although not mandatory, the adoption of this system would be beneficial to council fiscal personnel by enabling the data needed for the Federal Cash Transactions Report and the Financial Status Report to be readily abstracted from the general ledger and the books of original entry. This manual also contains a sample Gifts and Matching Journal, sample worksheets, and memorandum accounts that can serve as an audit trail for gift certification letters to the NEH.

The system prescribed by this manual not only complies with federal requirements but also can be used as a management tool. It follows generally accepted accounting principles, and from its records, financial reports such as the Statement of Financial Position and the Statement of Activities can be prepared according to the needs of council boards and other users. We highly recommend that all councils include the Statement of Functional Expenses as a supplemental schedule to the basic financial statements.


Because the system complies with a maze of federal requirements and is based on the accrual method of accounting, fiscal personnel responsible for maintaining the books and records must be knowledgeable concerning generally accepted accounting principles and internal control procedures. In addition, the personnel must be familiar with the following:

1. National Foundation on the Arts and Humanities Act of 1965, as amended through November 5, 1990;
2. National Endowment for the Humanities General Terms and Conditions for General Support Grants to State Humanities Councils, revised November 2005;

3. National Endowment for the Humanities General Terms and Conditions for Awards to Organizations, revised March 2005;
4. National Endowment for the Humanities Matching Guidelines for General Support Grants to State Humanities Councils, revised May 1998;
5. Office of Management and Budget Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, revised 11/19/93, Further Amended 9/30/99;
6. Office of Management and Budget Circular A-122, Cost Principles for Nonprofit Organizations, revised May 10, 2004; and
7. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, June 30, 1997 and revised June 27, 2003.

Since the system covers multiple concepts, we are prepared to answer any questions raised by staff of state councils. Please call Laura Davis or Charles Garfinkel, the authors of the revised manual, at the NEH Office of Inspector General at 202/606-8350.

Sincerely,


Sheldon L. Bernstein
Inspector General

ACCOUNTING SYSTEM MANUAL

STATE HUMANITIES COUNCILS

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ACCOUNTING SYSTEM MANUAL
STATE HUMANITIES COUNCILS

SECTION A - GENERAL

The NEH Office of Inspector General has updated this manual to provide guidance to councils on maintaining their records in accordance with generally accepted accounting principles.

This manual describes a double-entry accounting and reporting system designed to meet the needs of state humanities councils. Emphasis is given to generally accepted accounting principles and accounting concepts concerning classification of assets, liabilities, net assets, revenues, and expenses that are specific to state humanities councils. The system provides for accounting on a full accrual basis and requires councils to recognize income when earned. Under this system, councils should record NEH grant awards as Temporarily Restricted Income [Undesignated and/or Regrants] and record the receivable. Once a regrant award is made, a liability is incurred and the council should recognize revenue equal to the amount of the regrant award. For operating or project expenses, revenue should be recognized as allowable expenses are incurred.

This manual assumes that the council's fiscal year coincides with the NEH grant funding year. The NEH Office of Inspector General considers this system appropriate for use by councils in meeting their accounting requirements and financial reporting responsibilities and it can be readily adapted in either a manual or automated environment.

Following are some of the items in the manual designed specifically for assisting state councils in meeting their accounting and reporting requirements:

- 1) A Chart of Accounts which is flexible in that it provides for more than one grant, other sources of revenue, and the recording of fundraising and lobbying costs (see Section D).
- 2) Special accounts and entries that make the task of preparing the Federal Cash Transactions Report easier by segregating federal funds from nonfederal funds (see Section E 4a, 4b).
- 3) Workpapers and a special journal for maintaining coherent records of third-party donations awaiting certification to NEH and donations matched by NEH (see Section M).
- 4) Journals for recording cost-sharing details to support amounts claimed in the Financial Status Report (see Sections N and O).
- 5) A control account in the General Ledger for allowable operating costs that eliminates the need to allocate each line item of such costs to a specific general support grant (see Section E 4a).

6) Regrant subsidiary ledgers that contain pertinent information in addition to award amounts and balances owed to grantees (see Section L).

In addition to the above items, Section U of the manual illustrates how journal entries are to be made. The entries represent a complete fiscal year ~ from award of a general support grant to first year closing. This section also includes general ledger postings, a trial balance, a Federal Cash Transactions Report, Financial Status Reports for a general support grant and a project grant, and financial statements that include a Schedule of Budgeted and Actual Costs. Illustrations of the latter three are intended to help councils prepare these reports expeditiously.

This manual focuses heavily on the uniqueness of council operations. It includes information on internal controls such as audit trails, control accounts, and other related matters that would enable councils to properly record transactions and prepare reliable financial reports. Procedures required for all organizations, such as safeguarding assets, separating staff duties, and approving expense vouchers are not addressed in this manual since they are not peculiar to council organizations and related information can be obtained from other sources.

Also noted are accounting procedures to address the following scenarios which are commonly experienced by state councils:

1. Federal funding through general support grants is classified into two categories: regrants and undesignated. Undesignated funds may be used for any allowable activity, (e.g., administration, council-conducted projects). Councils are required to submit a Summary Budget for the funding period once they have been informed of their funding levels for the year. Councils have the authority to establish funding levels for the budget line items. NEH specifically approves funding allocations for regrants. In this manual, the term “operating” is used to refer to the various uses of the undesignated federal funds and all nonfederal funds collectively.

2. Third-party donations (gifts) to regrant projects that are received and retained by grantees are eligible for certification by state councils. Councils should maintain records (worksheets) and memorandum accounts for monitoring these gifts and the use of the gifts (see Sections E 3b and M 1). Donor transmittal letters must be kept on file in council offices for three years following submission of the final Financial Status Report for the respective general support grant. A council should also keep documentation demonstrating that the project actually received the gift.

3. Unless a donor states otherwise, federal matching funds do not have to be allocated for the same purpose specified for the corresponding gift. For example, if a donor specifies that his/her gift of \$100 be used for a certain regrant and is silent about the use of the related \$100 of federal matching funds, the related matching funds may be used for costs of the related regrant or for another council activity.

SECTION B - ACCRUAL METHOD

This system is based on the accrual method of accounting whereby all entries are recorded on the books and income is restricted until it is earned by the council. To comply with generally accepted accounting principles, councils should record all awards from NEH as Temporarily Restricted Income. As allowable expenditures are incurred, the Temporarily Restricted funds are released from restriction and income is recognized.

There are three categories of accruals that are essential for state councils to meet their management and reporting requirements during the fiscal year:

1. Awards by NEH to the council are represented by various asset accounts - Accounts Receivable from NEH, and various Temporarily Restricted (Federal) income accounts [see Section U ~ J.Es. 1, 2, 3, 5, 7, 8, 11, 15, 18, 22, 23 for examples of how the accounts are used].
2. Regrant awards and gifts to regrantees received by the council are represented by various Regrant expense accounts, Regrant Payable accounts, Net Assets Released from Restriction accounts, and Released Income accounts [see Section U ~ J.Es. 3, 8, 9, 17 for examples of how these accounts are used].
3. Operating expenses and/or expenses associated with grant funded projects performed by the council, (e.g., “We the People” projects), are represented by general ledger expense accounts, Net Assets Released from Restriction accounts, and Released Income accounts [see Section U ~ J.Es. 18 and 23].

These three categories of accruals enable a council to determine if funds are available from NEH and if regrant funds are available for obligation at any time during the fiscal year.

SECTION C - OVERVIEW OF THE ACCOUNTING AND REPORTING SYSTEMS

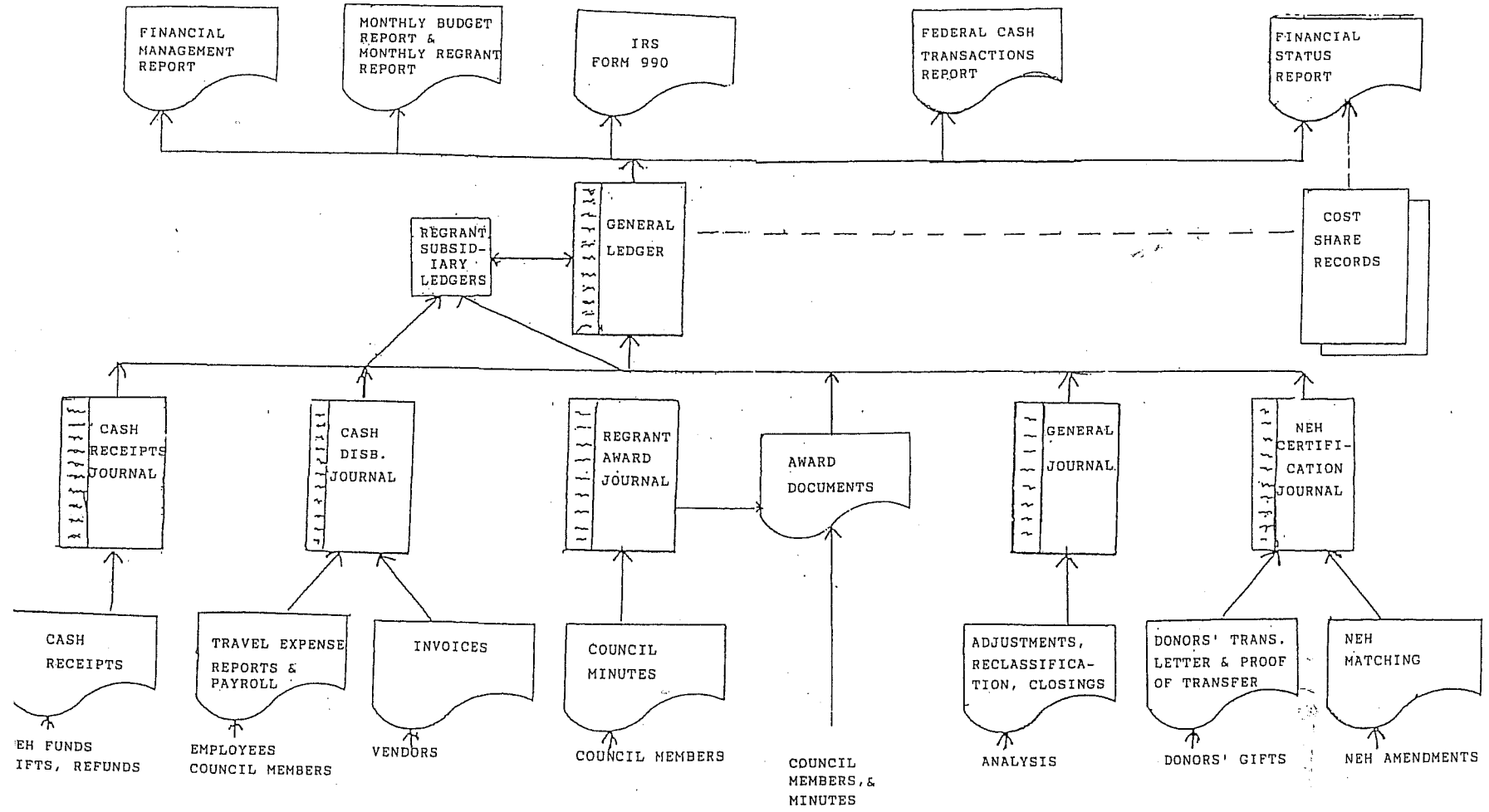
This overview includes two flow charts. Exhibit I shows the accounting and reporting system and Exhibit II shows the flow of information for the preparation of the Federal Cash Transactions Report (FCTR) and Financial Status Report (FSR).

As shown in Exhibit I, the model accounting system includes five journals which serve as the sources for postings to the general ledger. The system also includes cost-sharing records and a regrant subsidiary ledger. Depending on the policy of the individual councils, the cost-sharing journals may be used to post in-kind and cash contributions to the general ledger or they may serve only as memorandum records (see Sections N and O). The regrant subsidiary ledgers are discussed in Section L. The reports produced by the accounting system are the financial statements, budget management reports (based on approved grant budget amounts), and tax returns.

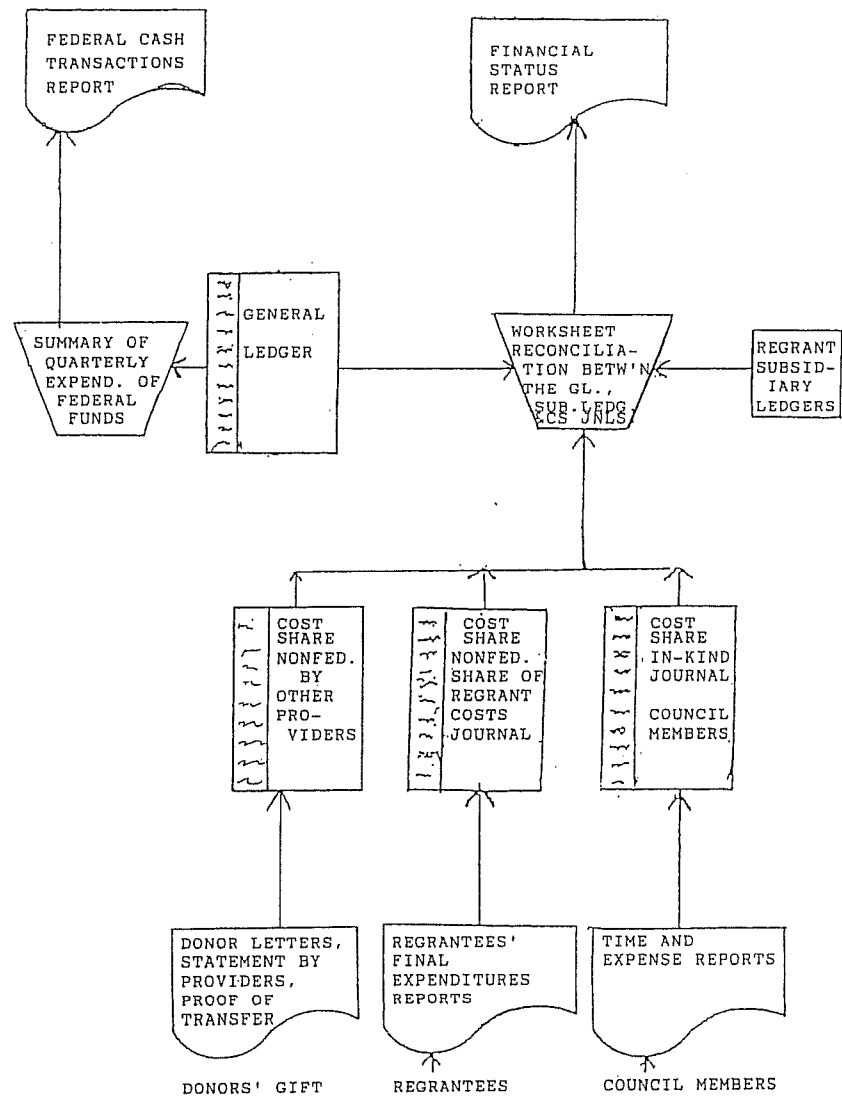
Exhibit II shows how the information needed for federal financial reports is derived from the general ledger and cost-sharing journals. The FCTR and the FSR should be supported by workpapers. The workpaper for the FCTR summarizes disbursements of federal funds using the information recorded in reserve accounts 5825 and 5826 and the re grants payable accounts. These accounts are discussed later in Sections D and U. If the council does not use reserve accounts, then the workpapers should also summarize the nonfederal funds deposited in the checking account to cover the allowable costs for current operations. We emphasize that the FCTR only covers federal cash received and disbursed.

The FSR includes federal funds and all cash and in-kind cost sharing for the grant. The FSR also requires reporting on obligations. The workpapers for the FSR summarize financial information on federal and nonfederal obligations and disbursements by the council, cost sharing reported by re grantees on closed re grants, and any in-kind contributions made by board members or third parties. Refer to Section U ~ Schedules 2 and 7 for illustrations of worksheets and forms. All workpapers and records should be maintained for a three-year period following submission of the final FSR.

OVERVIEW OF THE ACCOUNTING & REPORTING SYSTEMS



OVERVIEW
FOR
PREPARING FEDERAL
REPORTS



SECTION D - CHART OF ACCOUNTS

1. General

The chart of accounts should be organized to facilitate double-entry bookkeeping and compliance with reporting requirements. Each account in the general ledger should be listed and defined in the chart of accounts. The chart of accounts should provide for identification of funding sources and how they are used by the council.

2. The Account Coding Systems

The chart of accounts presented in Exhibit III of this manual is an example of how a state council might organize a chart of accounts. The illustrative chart of accounts uses a basic four-digit code that allows for expansion. The first digit identifies the basic financial statement classification of the account (e.g., 1=assets, 2=liabilities, 3=net assets, 4=revenues, 5-8=expense categories). Councils should work with their independent accountants in establishing accounts for their individual accounting systems.

Although not used in the chart of accounts in this manual, greater expansion of the accounts could be achieved by the addition of prefix or suffix codes to identify funding sources and cost centers or departments. The basic four-digit code would always remain the same for specific expense line items (e.g., 5080 postage). This type of coding would allow the councils to track their revenues and expenses by activity. A three-part expense code, XX-X-XXXX, would represent the following:

(1) Funding sources -- Councils that receive funding from more than one source or through more than one grant may choose to add one or two digits to the account numbers to identify funding sources. For example:

- 01 - NEH general support grant #1
- 02 - NEH general support grant #2
- 03 - NEH We The People award #1
- 04 - NEH We The People award #2
- 05 - Nonfederal funds
- 06 - Foundation X grant
- 09 - Council funds

(2) Cost center or departments -- A single digit code to identify a cost center or department could precede the four digit expense code and follow the funding designation if one was used. For example:

- 1- Allowable Administrative Expenses
- 2- Fundraising
- 3- Resource Center
- 4- "We The People" project
- 5- Foundation X project
- 6- Unallowable Costs

(3) Basic four-digit code -- As previously stated, this code corresponds to each expense line item regardless of the funding source or the cost center or department. For example, to record postage charges for more than one activity, the basic four-digit code for postage would remain constant.

EXHIBIT III

CHART OF ACCOUNTS

<u>Account No.</u>	<u>Account Name</u>	<u>Explanation</u>
<u>ASSETS</u>		
1010	Cash-Checking Account Operations	A
1011-1099	(Reserved for other Checking Accounts).	
1100	Cash-Savings Account	B
1110	Petty Cash	C
1150	Bank Transfers	D
1200	Money Market Account	E
1300	Accounts Receivable - NEH/Summary	F
1311	Accounts Receivable - Undesignated Fed. Funds	
1312	Accounts Receivable - Re grants	
1320	Accounts Receivable - Due Other Projects	
1330	Accounts Receivable – NEH “We The People”(WTP)	
1350	Receivable Due from Re grantees	G
1400	Travel Advances	H
1500	Prepaid Expenses	I
1600	Equipment, Furniture & Fixtures	J
1605	Accumulated Depreciation - Equipment, Furniture, and Fixtures	J
1610	Building or Leasehold Improvements	J
1615	Accumulated Depreciation-Building or Leasehold Improvements	J
1620	Land	J
1700	Memorandum - Restricted Gifts Recorded and Retained by Re grantees	K
<u>LIABILITIES</u>		
2010	Accounts Payable-Trade	L
2110	FICA Taxes Withheld	M
2120	Federal Income Taxes Withheld	
2130	State Income Taxes Withheld	
2140	Accrued Vacations	
2150-2199	(Reserved for other salary withholdings or fringe benefits payable).	
2210	Re grants Payable-Federal Funds (Grant #1)	N
2211	Re grants Payable-Federal Funds-Year 1	
2212	Re grants Payable-Federal Funds-Year 2	
2213	Re grants Payable-Federal Funds-Year 3	
2220	Re grants Payable-Nonfederal Funds-Gifts (Grant #1)	O
2221	Re grants Payable-Nonfederal Funds-Year 1	

CHART OF ACCOUNTS

<u>Account No.</u>	<u>Account Name</u>	<u>Explanation</u>
<u>LIABILITIES</u>		
2222	Regrants Payable-Nonfederal Funds-Year 2	
2223	Regrants Payable - Nonfederal Funds-Year 3	
2230	Regrants Payable - Federal Funds (Grant #2)	N
2240	Regrants Payable - Nonfederal Funds - Gifts (Grant #2)	O
2300	Restricted Gifts Awaiting NEH Matching (Holding Account)	P
2310	Memorandum - Recantee Retained Gifts Awaiting NEH Matching (Holding Account)	Q
<u>NET ASSETS</u>		
3010	Unrestricted	S
3020	Restricted	S
3030	Temporarily Restricted (Federal)/Summary	
3031	Temporarily Restricted (Federal) Undesignated	
3032	Temporarily Restricted (Federal) Outright Regrants	
3033	Temporarily Restricted (Federal) Match Regrants	
3034	Temporarily Restricted (Federal) Undesignated	
3035	Temporarily Restricted (Federal) Outright Regrants	
3036	Temporarily Restricted (Federal) Match Regrants	
3040	Temporarily Restricted (Federal) (WTP)/Summary	
3041	Temporarily Restricted (Federal) (WTP) grant #1	
3042	Temporarily Restricted (Federal) (WTP) grant #2	
3050	Temporarily Restricted (Federal) Program Grant	
3060	Temporarily Restricted (Non-Federal) Summary	
3061	Temporarily Restricted (Non-Federal) Grant #1	
3062	Temporarily Restricted (Non-Federal) Grant #2	
<u>REVENUE</u>		
4010	Income - NEH Outright Regrants Funds Grant #1 Summary	
4011	Income - NEH-Outright Regrant Funds-Year 1	
4012	Income - NEH-Outright Regrant Funds-Year 2	
4013	Income - NEH-Outright Regrant Funds-Year 3	
4015	Temporarily Restricted Income - NEH Outright - Regrant Funds	R

CHART OF ACCOUNTS

<u>Account No.</u>	<u>Account Name</u>	<u>Explanation</u>
<u>REVENUE</u>		
4016	Net Assets Released from Restriction - NEH Outright - Regrant Funds	R
4017	Released Income - NEH Outright - Regrant Funds	R
4020	Income - NEH Outright - Undesignated Funds (Grant #1)	
4025	Temporarily Restricted Income - NEH Outright – Undesignated Funds	R
4026	Net Assets Released from Restriction - NEH Outright – Undesignated Funds	R
4027	Released Income - NEH Outright - Undesignated Funds	R
4030	Income - NEH Match - Regrant Funds (Grant #1)	
4031	Income - NEH Match - Regrant Funds-Year 1	
4032	Income - NEH Match - Regrant Funds-Year 2	
4033	Income - NEH Match - Regrant Funds-Year 3	
4035	Temporarily Restricted Income - NEH Match – Regrant Funds	R
4036	Net Assets Released from Restriction - NEH Match – Regrant Funds	R
4037	Released Income - NEH Match - Regrant Funds	R
4040	Income - NEH Match - Undesignated Funds	
4045	Temporarily Restricted Income - NEH Match – Undesignated Funds	R
4046	Net Assets Released from Restriction - NEH Match – Undesignated Funds	R
4047	Released Income - NEH Match - Undesignated Funds	R
4050	Income - NEH Fundraising (Grant #1)	
4051	Income - NEH Resource Center (Grant #1)	
4052-4059	Set aside for other projects under Grant #1	
4060	Income – Gifts to Regrants (used if gifts are submitted by regrantees)	
4065	Temporarily Restricted Income – Gifts to Regrants	R
4066	Net Assets Released from Restriction – Gifts to Regrants	R
4067	Released Income – Gifts to Regrants	R
4070	Income - Gifts for Operations	
4075	Temporarily Restricted Income – Gifts for Operations	R
4076	Net Assets Released from Restriction – Gifts for Operations	R
4077	Released Income – Gifts for Operations	R
4080	Memorandum - Income-Cost Share - Regrantees (Grant #1)	T

CHART OF ACCOUNTS

<u>Account No.</u>	<u>Account Name</u>	<u>Explanation</u>
<u>REVENUE</u>		
4081	Memorandum – Income - Re grantee Retained Matched Gifts (Grant #1)	U
4090	Memorandum - Income-Cost Share - Other than Regrantees (Grant #1)	V
4100	Income - NEH “We The People” (WTP) Grant	
4115	Temporarily Restricted Income - NEH “We The People” (WTP) Grant	R
4116	Net Assets Released from Restriction - NEH “We The People” (WTP) Grant	R
4117	Released Income - NEH “We The People” (WTP) Grant	R
4120-4190	Set aside for other WTP grant awards.	
4200-4499	Set aside for other projects. The first two digits identifies the specific grant. The last two digits identifies the specific line item within the grant. The coding of the last two digits should be identical to Grant No. 1. Example: Account No. 4240 Income - NEH Federal Match Opera. (Grant #2)	
4500	Income - Unrestricted Gifts	
4600	Income - Interest	
4710	Royalties	
4720	Registration Fees	
4730	Income - Friends	
4800-4999	(Set aside for other non-grant income).	

ALLOWABLE OPERATING COSTS

5010	Salary-Executive Director	W
5011-5019	Salaries (Reserved for other categories)	W
5020	Fringe Benefits- (Health Ins., Life Ins., Retirement)	
5031	Travel-Staff	
5032	Travel-Council Members	
5033	Travel - Consultants	
5040	Consultants	
5050	Office Rent, Maintenance, and Utilities	
5060	Office Supplies	
5070	Telephone-Local	
5071	Telephone-Toll	

CHART OF ACCOUNTS

<u>Account No.</u>	<u>Account Name</u>	<u>Explanation</u>
<u>ALLOWABLE OPERATING COSTS</u>		
5080	Postage/Handling	
5111	Printing-Annual Report	
5112-5119	Printing-(Reserve for other categories)	
5120	Duplicating	
5130	Equipment (Purchases, Rentals, and maintenance)	
5140	Computer Services (maintenance)	
5190	Federation Dues	
5191	Federation Dues (nonfederal)	
5210	Council Members Meetings	
5211-5219	(Reserved for other special meetings)	
5220	Audit	
5221	Audit - Re grants	
5230	Legal	
5240	Fiscal Services	
5260	Property Tax	
5270	Bank Charges	
5280-5399	(Any other allowable costs.)	
5400	Fund raising	
5410	Salaries	
5420	Benefits	
5430	Travel	
5440	Consultants	
5450	Equipment/maintenance	
5480	Printing/ mailing, etc.	
5500	Friends	
5513	Printing	
5571	Misc.	
5580	Mailing	
5600	Resource Center	
5610	Salary	
5620	Benefits	
5630	Printing	
5660	Supplies	
5680	Postage	
5810	Depreciation Expense	
5820	Administrative Cost Control Account - All NEH Grants	X
5825	Reserve for Adm. Costs - NEH Outright Funds (Grant #1)	Y
5826	Reserve for Adm. Costs - Federal Match (Grant #1)	Y

CHART OF ACCOUNTS

<u>Account No.</u>	<u>Account Name</u>	<u>Explanation</u>
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ALLOWABLE OPERATING COSTS

5827	Reserve for Adm. Costs - Gifts (Grant #1)	Y
5830-5899	Administrative reserve accounts set aside for other grants.	
5910	Unallowable Costs - Lobbying	
5920	Unallowable Costs - Penalties	
5930	Unallowable Costs - Interest	

REGRANT COSTS

6010	Regrant Awards Expense - NEH Outright (Grant #1)	
6011	Regrant Awards - NEH Outright Year 1	
6012	Regrant Awards - NEH Outright Year 2	
6013	Regrant Awards - NEH Outright Year 3	
6014	Regrant Awards - NEH Outright Year 4	
6020	Regrant Awards Expense - NEH Federal Match (Grant #1)	
6021	Regrant Awards - NEH Fed. Match Year 1	
6022	Regrant Awards - NEH Fed. Match Year 2	
6023	Regrant Awards - NEH Fed. Match Year 3	
6030	Regrant Awards - Gifts (Grant #1)	
6031	Regrant Awards - Gifts Year 1	
6032	Regrant Awards - Gifts Year 2	
6033	Regrant Awards - Gifts Year 3	
6040	Memorandum - Cost Share - Recipients (Grant #1)	T
6041	Memorandum - Cost Share - Recipient Retained Matched Gifts (Grant #1)	U
6050	Memorandum - Cost Share - Other than Recipients (Grant #1)	V
6100-6999	Set aside for regrant costs of other NEH grants	Z

"WE THE PEOPLE" GRANT AWARD

7XXX	Account series should be set up in accordance with categories and line items in the project budget approved by NEH.
7900	Indirect Costs WTP
	This account should be used for recording indirect costs allocated to WTP or other project grants awarded by NEH. The IDC amount

EXHIBIT III (cont'd)

is determined by applying the IDC rate disclosed in the project budget to the direct costs incurred for the project. Amounts recorded should be computed monthly and debited to this account and a credit to the account established under the allowable administrative expense category, *Indirect Costs Allocated to WTP Project*, [see Section U ~ J.Es. 23 and 24].

COUNCIL GRANT PROJECTS

8000 Set aside for other projects or grants that a council may have.

EXPLANATION TO CHART OF ACCOUNTS

- A-1010 A checking account for daily operations.
- B-1100 A savings account for funds not currently needed.
- C-1110 A small petty cash fund for minor purchases of goods and services. It is advisable to maintain this account on an imprest fund basis.
- D-1150 An account that consists of a complete record of transfers between cash accounts (e.g., savings to checking).
- E-1200 A money market account for funds not currently needed. (Optional)
- F-1300 The balance owed on all amounts awarded by NEH, both outright and federal matching funds. Account 1312 is provided to segregate the balance of NEH funds owed a council for regrants from the undesignated funds.
- G-1350 An account used to record refund amounts owed by grantees as indicated by their final expenditure reports.
- H-1400 The balance of amounts owed by employees or others for travel advances received. As soon as the travel expense report supporting an advance is approved, the advance can be closed out to the travel expense account.
- I-1500 An account (prepaid expenses) that includes significant unexpired expenditures of various cost elements such as insurance and advanced rents.

EXPLANATION TO CHART OF ACCOUNTS

- J-1600 to 1620 Accounts used to record the costs of capitalized items not charged to NEH projects. Accounts 1600, 1610, and 1620 segregate capitalized assets by category (e.g, 1600 Office Furniture and Equipment). Accumulated Depreciation Accounts 1605 and 1615 are used to record annual write down for the assets that have been capitalized.
- K-1700 A memorandum account used to record restricted gifts received by regrantees that are determined to be eligible for certification to NEH for release of federal matching funds. The gifts were retained by regrantees instead of being sent to the council. A memorandum entry is made instead of being entered into the books of the council because the council did not receive the cash. The entry is made when an acceptable donor letter and proof of transfer of the gift from the donor to the grantee is received by the council. (See discussion at Section E and Section U for examples of entries.)
- L-2010 The amounts owed to vendors for goods and services. Entries to this account are made through the general journal at the end of the fiscal year for accrual purposes. The entries are reversed at the beginning of the next fiscal year.
- M-2110 The amounts withheld for FICA (social security). The employer's portion is charged to fringe benefit expenses when FICA and federal income taxes withheld are paid to the depository or to the Internal Revenue Service.
- N-2210 and 2230 The balance owed to regrantees (outright and federal matching funds) based on awards by the council, (see Exhibit XIII). Accounts 2211, 2212, and 2213 are used to segregate the amounts owed to regrantees by funding year.
- O-2220 and 2240 Accounts used when regrantees forward third-party gifts to the council. The accounts represent the balance owed to regrantees for the gift portion of a grant award (see Exhibit XIII). Accounts 2221, 2222, and 2223 are used to segregate the gifts owed to regrantees by funding year.
- P-2300 Restricted gifts to be certified by the council or awaiting NEH matching.
- Q-2310 A memorandum account for restricted gifts retained by regrantees that are eligible for certification to NEH for release of federal matching funds, or awaiting NEH matching. See explanation for account 1700.

EXHIBIT III (cont'd)

EXPLANATION TO CHART OF ACCOUNTS

<u>R-4XXX</u>	Temporarily Restricted Income and related accounts which are used to record (1) the receipt of NEH awards and other contributions with donor-imposed temporary restrictions; and (2) the release of income upon satisfaction of the purpose or time restriction related to the awards. [See Section E, Paragraph 3(c) for further guidance.]
<u>S-3010 and 3020</u>	Represents the net worth (asset) of the organization. Segregated into two accounts 1) restricted - restrictions placed on the use of the funds by the donor; and 2) unrestricted - no restrictions placed on use of the funds.
<u>T-4080 and 6040</u>	Memorandum accounts to record the aggregate total of regrantee expenditures of nonfederal funds and in-kind contributions towards regrant projects as reported to the council via regrantee final expenditures reports, (excluding restricted gifts matched by NEH). These accounts are optional (see Exhibit XXI).
<u>U-4081 and 6041</u>	Memorandum accounts to record total third-party gifts matched by NEH that were retained by regrantees. These accounts are required and are charged when the gifts have been matched.
<u>V-4090 and 6050</u>	Memorandum accounts to record the aggregate total of in-kind contributions by individuals or organizations. These accounts are optional (see Exhibit XXV).
<u>W-5010 to 5019</u>	These accounts are for allocated salaries. Staff members working on a special project, lobbying, fundraising and administrative tasks should keep a time sheet to support the salary allocations.
<u>X-5820</u>	A control account used to track allowable administrative expenses allocable to an NEH general support grant, (Accounts 5010 through 5399). The debit entry made at the end-of-month represents a summary of the allowable expenses recorded in the cash disbursements journal for general administration but not for fundraising, resource center or council projects.
<u>Y-5825, 5826 and 5827</u>	Administrative reserve accounts which are contra accounts to the Administrative Cost Control Account (No. 5820). Entries are made at end of month beginning with outright funds until the debit in control account 5820 is used up. (See discussion at Section E and example of journal entry at Section U.)
<u>Z-6100 6999</u>	To record regrant costs of other NEH grants. The first two digits identify the specific NEH grant; the last two digits identify the specific regrant costs. Example: Account No. 6110 - Regrant Awards NEH Outright (Grant #2).

SECTION E - GENERAL LEDGER

1. General

The general ledger is the summary record to which the balance of each account in the chart of accounts is recorded. The general ledger receives data monthly from various books of original entry (e.g., Cash Receipts Journal and Cash Disbursements Journal). The following points should be noted:

- A separate general ledger page (Exhibit IV) is maintained for each active account listed in the chart of accounts. The ledger page indicates the account titles and numbers as shown in the chart of accounts.
- No entry can be made in a general ledger account until an entry has been made in a journal. The journal is the book of original entry; the ledger is a book of permanent entry.

2. Control Accounts

In some accounting systems, control accounts function as summarized versions of more detailed back-up accounts which appear in either an adjacent section of the general ledger or in another permanent record called the subsidiary ledger. The system described in this manual includes both types of control accounts:

- a) **Adjacent** A control account for the administrative portion of a council's operating costs (Account No. 5820) which is supported in the general ledger by individual accounts corresponding to administrative costs line items.

- b) **Subsidiary Ledger** A *Regrants Payable* control account (Series 2200) which is supported by subsidiary ledgers containing a separate account for each active grantee.

GENERAL LEDGER									
ACCOUNT: 5031 - TRAVEL STAFF 1/					BUDGET AMOUNT: \$5,000 2/				
DATE 199X		DESCRIPTION	FOLIO	DEBITS		CREDITS		BALANCE	
May	8	Charles Knight	CD108	84	50			84	50
June	4	David Simmons	CD111	62	30			146	80
July	18	Linda Green	CD112	102	65			249	45
	3/		4/	5/				6/	
1/ Account Number and Name from Chart of Accounts 2/ The amount provided in the approved budget 3/ The date of the check 4/ The journal reference: CD Cash Disbursement Journal 5/ The amount of the check charged to travel 6/ Trial balance amount									

GENERAL LEDGER									
ACCOUNT: 5825 Reserve Administrative Costs Outright Funds 1/					FUND LIMIT: \$186,300 2/				
DATE 199X		DESCRIPTION	FOLIO	DEBITS		CREDITS		BALANCE	
June	30	Summary Total	CD102			6,280	31	6,280	31
July	31	Summary Total	CD105			5,540	01	11,820	32
	3/		4/			5/		6/	
1/ Account Number and Name from Chart of Accounts 2/ The amount provided in award for outright adm. funds 3/ The date at month end 4/ The journal reference: CD Cash Disbursement Journal 5/ The portion of administrative expenses allocated to outright funds 6/ Trial balance amount									

GENERAL LEDGER

ACCT NO.	DATE	DESCRIPTION	DOCUMENT	J 3/	ACTIVITY
5120 1/	10/1/XX	Duplicating 1/			13,361.00 4/
	10/10/XX	Center Copy	1764 5/	CD	20.75
	10/10/XX	Center Copy	1765 5/	CD	151.07
	10/10/XX	Center Copy	1765 5/	CD	46.05
	10/31/XX	Center Copy	1791 5/	CD	392.00
	10/31/XX				13,970.87 6/

- 1/ Account number and name from chart of accounts
- 2/ Transaction or month end date
- 3/ Journal reference (CD= cash disbursements)
- 4/ Beginning balance
- 5/ Check number
- 6/ Month end balance

3. Other Special General Ledger Accounts

The ensuing paragraphs describe other special accounts in the general ledger.

a) Receivables from Regrantees

If a grantee's final expenditures report indicates that a refund is due to a council because amounts disbursed to the grantee exceed actual costs of a project, the amount owed is recorded in the subsidiary grant ledger listing the name of the grantee in the description column, and in the general ledger (Account No. 1350). When the grantee refunds the amount owed, this account is credited (see Section U ~ J.Es. 21 and 26).

b) Gifts Awaiting NEH Matching

1) Received by Council

When the council receives a restricted gift from a donor and determines that it is eligible and needed for federal matching purposes, a liability account entitled *Restricted Gifts Awaiting NEH Matching* (Account No. 2300) should be credited. When the council receives an amendment matching the gift, the account is debited and an identical amount is credited to Temporarily Restricted Income. The latter entry originates in the NEH Gift Certification Journal (see Section M, Exhibit XIV and Section U ~ J.Es. 4 and 6).

2) Received and Retained by Regrantees

When a council receives acceptable documentation of a gift that was received and retained by a grantee, (i.e., donor transmittal letter and proof of transfer), the receipt is recorded in the general journal. The entries are made to two memorandum accounts. An account entitled ***Memorandum - Restricted Gifts Recorded and Retained by Regrantees*** (Account No. 1700) should be debited with a corresponding credit made to an account entitled ***Memorandum - Grantee Retained Gifts Awaiting NEH Matching*** (Account No. 2310). When the council receives the NEH amendment matching the gifts, Account No. 2310 should be debited and Account No. 1700 should be credited. When the council receives the grantee's final expenditures report indicating the use of the gift, the council should debit the expense account, ***Memorandum - Cost Share (Grantee Retained Matched Gifts)***, (Account No. 6041) and credit the income account, ***Memorandum - Income (Grantee Retained Matched Gifts)***, (Account No. 4081) [see Section U ~ J.Es. 14 and 16]. Entries to the memorandum income and expense accounts are necessary to document the receipt of the certified gifts in the council's records. The awarding of federal matching funds is based on the receipt of eligible gifts by a council.

c) Temporarily Restricted Funds

When NEH awards a grant to the council, or nonfederal restricted funds are donated to the council, the amounts are credited to the appropriate Temporarily Restricted income accounts (e.g., *Temporarily Restricted Income - NEH Outright - Undesignated* [Account No. 4025]). Once NEH issues the letter approving the council's allocation for regrants, an adjustment should be made to reclassify funds from *Undesignated* to *Regrants* consistent with the approved budget (see Section U ~ J.E. 2). As allowable expenses are incurred, amounts equal to the expenses should be released from restriction and income is recognized, (Released Income). For example, an expense in the form of a regrant award of \$7,000 using outright funds will result in released income (see Section U ~ J.E. 3).

4. Operating Costs

The undesignated funds awarded by NEH should be used for the council's operating costs as identified in the summary budgets approved by NEH. The term "operating costs" used in this manual includes all allowable expenditures for administration (general management and program services), council-conducted projects (that are not supported by project grants), fundraising and resource centers. NEH regrant funds are not included in operating costs.

a) Administrative Control Account and Related Reserves

In either a manual or an automated environment, the *Administrative Cost Control Account* described in paragraph 2(a) of this section enables councils to readily determine the total costs allocable to a general support grant in any given fiscal year. However, the control account is not intended to alert a council when the limit from a particular funding source (e.g., NEH Outright - Undesignated) has been reached. The fund limits, or the amount of federal (outright and match) and nonfederal funds that will be used for operating costs, should be determined by the council and board before the summary budget is submitted to NEH. These limits can be adjusted to compensate for changes in funding but the change should be approved by the board.

The system described in this manual provides for three types of reserve accounts for each grant to represent, respectively, outright, federal matching, and nonfederal/gift funds. These reserves are interrelated to the *Administrative Cost Control Account* as each posting to the control account requires a contra posting of equal amount to the reserve account(s).

The fund limit should be noted for each reserve account. The actual reserve balance is continuously compared to this fund limit. Once a

reserve balance reaches this limit, the next reserve account in a predetermined sequence is activated. The advisable sequential order is: (1) outright, (2) federal matching, and (3) gifts. The total of the three reserves at any given point during the fiscal year represents the total operating costs allocable to the respective grant during that year. (See Section H, for costs of prior fiscal years.)

No particular operating expense need to relate to a specific grant. If two NEH general support grants are active at the same time, councils are advised to deplete the reserves of the older grant first.

An alternative to using the reserve accounts would be to maintain worksheets recording nonfederal funds transferred or deposited in the checking account and used for operating costs.

b) Source of Operating Costs

The source for the *Administrative Cost Control Account* and related reserves is mainly the Cash Disbursement Journal. After each line item of operating cost from the Cash Disbursement Journal is posted to the applicable account in the general ledger, the total of these line items is posted as a debit to the *Administrative Cost Control Account*. An equal amount is credited to the applicable reserve accounts.

In addition to the cost of administration, NEH undesignated funds can be used for resource center expenses, fundraising, and council-conducted projects. Since the cost categories for these functions are not as detailed as administration, summarizing these costs for reporting to NEH can be done by using the information from the monthly budget reports (see Exhibit XIX). This cost information would then be compared to the NEH revenue received for these functions and the amount of nonfederal funds transferred or deposited to the checking account. Another method would be for a council to set up control and reserve accounts similar to that illustrated for administrative costs and use the Cash Disbursements Journal as the source for the entries (see Exhibit VI).

Other sources for the *Administrative Cost Control Account* are the Cash Receipts Journal and the general journal. To avoid omissions or errors from any source, councils are advised, on a monthly basis, to total all the line items of operating costs in the general ledger and compare the result with the balances in the control account(s) and/or the monthly budget report.

Councils using funding or department codes (see Section D 2) can readily summarize their disbursement activities by code and prepare quarterly and annual federal reports without the need for control and reserve accounts.

c) Fundraising Expenses

Fundraising expenses should be identified in the financial statements. Therefore, councils should segregate in the general ledger the account(s) necessary to report on these activities. The types of costs could include staff salaries, consultants, printing, and postage.

d) Fixed Assets and Purchases

The council should establish a policy that sets a capitalization threshold for outlays for assets such as furniture and equipment below which the outlay should be recorded as an expenditure of the period in which the outlay was made. By recording a capital asset with a contra-account for accumulated depreciation and recording depreciation expense allocable to the period, either on an on-going basis or by adjusting entry whenever financial statements are prepared, the council recognizes the cost of using up long-lived assets. Councils should work with their CPA(s) in determining the amounts to be capitalized. Councils should maintain records that include a description of assets, source and costs, acquisition date and disposition date. Physical inventories should be taken at least every two years with the results reconciled to the records.

e) Unallowable Costs

Unallowable costs such as lobbying, interest, penalties, and alcoholic beverages should be segregated in the general ledger. Account Nos. 5900 thru 5999 are set aside to record separately any unallowable expenses. These accounts should not be used when summarizing costs for reporting to NEH.

Lobbying costs, whether paid as a direct activity of the council or included as a part of the membership dues paid to the Federation of State Humanities Councils, are unallowable charges. Lobbying costs should not be supported by federal funds or gifts certified for the release of federal matching funds. Lobbying costs should not be included in the mandated cost sharing. OMB Circular A-122, Attachment B-21 designates the following as unallowable lobbying charges (lobbying), financial support for political parties, attempts to influence federal or state legislation either directly or through grass-roots lobbying, or some legislative liaison activities.

f) Indirect Costs

Indirect costs (IDC) or administrative overhead costs are costs incurred by an organization that cannot be readily and specifically identified to an individual project. Expenses related to maintaining an office, general record keeping, board activities, office operation (e.g., supplies and local telephone costs) are examples of indirect costs.

A council must request indirect costs in its *We The People* (WTP) or project budget in order to receive indirect costs. NEH allows organizations that have not negotiated an IDC rate with the Federal government to use a rate up to 10 percent of the total direct costs of the project, less any distorting items, up to a maximum charge of \$5,000.

Indirect costs applicable to WTP projects or other project grants awarded by NEH should be computed monthly and recorded separately for each project. To avoid duplication in the reporting of administrative costs, IDC charged to individual projects should be used as an off-set to the council's overall administrative costs. IDC charged to a WTP or project grant must be reported on the final Financial Status Report.

SECTION F - POSTINGS

If the accounting system does not provide for automatic posting to the general ledger, the books of original entry must be summarized at the end of each month and the end-of-month totals for each general ledger account must be posted to the general ledger.

When postings are made from the journals to the general ledger, these basic points should be noted:

- The date of the journal entry being posted is written in the column on the far side of the ledger page/account. (However, the date used in posting is often the last day of the month rather than the date of the entry in the journal.)
- The description column is also for reference. The folio column is used to indicate the journal and page number on which the posted entry appears. By indicating the account numbers in the journal and the journal page numbers in the ledger, a cross-index is created for use in resolving any errors.
- The amount of the debit or credit recorded in the journal is written in the debit or credit column of the general ledger page.

SECTION G - TRIAL BALANCE

The trial balance, which is prepared from the general ledger, is a list of all accounts and account balances. It is used to ensure that the general ledger is in balance, to indicate corrections or adjustments that may be needed, and to prepare financial statements and other reports.

After all month-end entries have been posted to the general ledger, the new month-end balances are calculated. For manual systems, the account balances are transcribed to the "Book Balance" debit or credit columns on the trial balance worksheet. The debit and credit columns should be totaled and should be equal in amounts. For automated accounting systems, the processing of the trial balance is a system function that can be done monthly or biweekly.

If the columns are equal, the books are "balanced", and financial statements and reports can be prepared. If the columns are not equal, a mistake in transcription or some other posting error may have occurred since the previous month's trial balance was prepared. This will require some investigation.

Once the necessary adjustments have been made and the trial balance is in balance, the account balances shown in the debit and credit columns will be used to prepare the appropriate financial statements and management reports (see Section U ~ Schedule 2).

SECTION H - CLOSING OF THE BOOKS

When financial statements are prepared, the balances of the income and expense accounts must be cleared from the general ledger. This is known as closing the books. It is done so that the excess or deficiency of income over expenses for the period can be posted to net assets.

The annual closing is accomplished by posting closing journal entries. In other words, entries are made in the general journal which, after posting, will eliminate the income and expense account balances in the general ledger. The procedure is:

- Debit all *Income* accounts and *Released Income* accounts individually, in the amount of their balances. Credit the *Unrestricted Net Assets* account for the same amount. (The income accounts are debited because they have credit balances.)
- Credit all expense accounts individually, in the amount of their balances. Debit the *Unrestricted Net Assets* account for the same amount. (The expense accounts are credited because they have debit balances.)
- Credit the *Administrative Cost Control Account* and debit the related reserve accounts. (Since the debits and credits are equal, no balance is available for the *Unrestricted Net Assets* account - see Section E 3c.)

- Debit each *Temporarily Restricted Income* account and credit the corresponding *Net Assets Released from Restriction* account in the amount of their respective balances. Credit the related *Temporarily Restricted Net Assets* account for the difference between the two entries. (If the two entries are equal, then there are no funds to carry-forward for future use.)

Closing entries are illustrated in Section U ~ Schedule 3.

When the entries have been posted, the general ledger will contain only the end-of-period balance sheet accounts. These balances are carried over to the next fiscal period. A new accounting cycle begins when closing is done at year-end.

Councils must maintain grant-to-date records. The data necessary to prepare the Financial Status Reports are included in the expense accounts. Since the NEH general support grants are open for a period up to five years, some expenses claimed will pertain to prior closed years. Without the grant-to-date records, councils would have to collect the costs from the closed-out accounts to arrive at the full amount that can be claimed. If not provided by the accounting system, the council can keep grant-to-date records on a supplemental worksheet or spreadsheet.

SECTION I - GENERAL JOURNAL

The general journal is used for all entries that are not made in other journals. Journal entries are generally made to correct errors in posting, to reclassify transactions, and to close the books at the end of the fiscal year. All entries should include a brief explanation and a copy of the backup to support each entry. The general journal is used to record regrant awards and amendments when the system does not provide for a regrant award journal and for other memorandum entries.

SECTION J - CASH RECEIPTS JOURNAL

For control purposes, all receipts of cash, regardless of the source (federal funds - electronic transfer, nonfederal funds, etc.) should be entered in the cash receipts journal. These recordings can affect a number of general ledger accounts (e.g., accounts receivable, income, and cash).

The cash receipts journal in Exhibit V includes two cash columns -- one for the checking account and the other for the savings account. The checking account is used for all funds that are needed for current operations, such as Vendor Express payments. The savings account is used for funds that will not be accessed for immediate needs so that interest can be earned. Councils may prefer a money market fund to a savings account if it offers a higher interest rate.

The remaining columns are credits -- two have been specifically incorporated for the councils. One refers to gifts awaiting NEH matching for which a special general ledger account (Acct. No. 2300) is credited with the total of this column (see Section E 3b). The other column refers to credits to administrative cost line items. All administrative cost line items should be kept under one column so that the *Administrative Cost Control Account* (Acct. No. 5820) and related reserves can be easily summarized (see Section E 4a).

**CASH RECEIPTS JOURNAL
MAY 20XX**

20XX	RECEIVED FROM	DESCRIPTION	CASH RECEIPTS		GIFTS AWAIT.	UNRESTRICTED	ADMIN	OTHER	
			CHECKING	SAVINGS	NEH MATCHING GRANT #1	GIFTS	COSTS (CREDITS)	TRANSACTIONS	
			DR	DR	CR	CR	CR	CR	CR
May	6	NEH Vendor Expr. Payment	25,000					1010	25,000
	6	Charles Knight	325					1400	325
	12	Seabrook Public Library	1,400					1350	1,400
	14	Charles Rothman		2,500		2,500			
	15	Acme Supply Co.	86				5060	86	
	26	Merriweather Museum	3,600		3,600				
	26	NEH Vendor Expr. Payment	10,000					1010	10,000
	28	Zeal Historical Society	8,100		8,100				
	28	Metropolitan Library	1,620		1,620				
	28	Council	1,200					1150	1,200
			<u>51,331</u>	<u>2,500</u>	<u>13,320</u>	<u>2,500</u>	<u>86</u>		<u>37,925</u>
			<u>1010</u>	<u>1100</u>	<u>2300</u>	<u>4500</u>	<u>5825</u> (DR) Res. Acct.	<u>5820</u> (CR) Ctrl. Acct.	

SECTION K - CASH DISBURSEMENTS JOURNAL

The cash disbursements journal in Exhibit VI is specifically designed to accommodate accounting data needed by the councils. Re grants payable is divided into federal and nonfederal columns. This division is made to determine the total amount of federal funds used for re grants which is necessary to prepare the Federal Cash Transactions Report accurately (see Section U ~ Schedule 2). Likewise, two administrative columns are kept separately from other costs to identify federal funds used for administrative purposes. These columns are also needed to arrive at amounts for the *Administrative Cost Control Account* in the general ledger (see Section E 4).

The cash disbursements journal (Exhibit VI) also accounts for payments of salaries and related withholdings such as payroll taxes. Some councils may wish to maintain a payroll journal which establishes an earnings register and the cash disbursements journal would not be cluttered with payroll data.

CASH DISBURSEMENT JOURNAL
MAY 20XX

DATE 20XX	PAYABLE TO	CHECK NO	DESCRIPTION	CASH DISBURSEMENTS		FICA WITHHELD	FEDERAL	STATE	ADMINISTRATIVE COSTS	EXEMPLARY PROJECT	REGRANTS PAYABLE		OTHER TRANSACTIONS	1/ RESOURCE CENTER
				CHECKING	SAVINGS		INCOME TAXES WITHHELD	INCOME TAXES WITHHELD			SALARY	OTHER		
May 6	Desoto Museum	4562	Regrant 6014- 20XX	2,400.00								1,840.00	560.00	
6	AFD Educ. Films	4563	Regrant 6015- 20XX	3,210.00								3,210.00		
8	Charles Knight	4564	Staff Travel	84.50					5031	84.50				
9	Blue Cross	4565	Medical	324.00					5020	243.00	7020	81.00		
12	Albert Nash	4566	Consultant	150.00							7040	150.00		
12	National Bank	4567	Fed. With Tax	2,068.00					5020	384.00	7020	130.00		
13	Water Dew Forum	4568	Regrant 6019- 20XX	4,670.00								3,140.00	1,530.00	
13	Zeal Hist. Soc.	4569	Regrant 6003- 20XX	1,800.00								1,800.00		
14	Mercury Press	4570	Print. Annual Rep.	865.20					5111	865.20				
15	Holiday Inn	4571	Council Meeting	355.00					5210	355.00				
15	Koppers	4572	Rent	400.00					5050	400.00				
16	Morton Namrow	4573	Salary	780.00		70.00	140.00	30.00	5014	1,000.00				
16	Lidia Green	4574	Salary	1,221.67		120.00	240.00	85.00	5011	1,666.67				
16	David Simmonds	4575	Salary	2,036.00		194.00	400.00	145.00	5010	2,775.00				
16	Robert Cashton	4576	Salary	1,355.00		130.00	260.00	105.00			7011	1,850.00		
22	Telex	4577	Telephone	180.00					5071	110				
									5070	70				
23	Pamela Joyce	4578	Council Travel	55.00										
24	Mid-East College	4579	Ineligible Gift	140.00					5032	55				2300 140.00
25	Lida Green	4580	Entertainment	132.00										5900 132.00
26	Council	4581	Bank Tran.		1,200.00									1150 1,200.00
				22,206.37	1,200.00	514.00	1,040.00	365.00	5,441.67	2,566.70	2,211.00	9,990.00	2,090.00	3,026.00
				1010	1100	2110	2120	2130				2210	2220	

ADM. COST SUMMARY

ADM. SAL.	5,441.67
OTHER ADMIN COSTS	2,566.70
CONTROL ACCT/ RESERVE ACCT	8,008.37
DR	CR
5820	5825

1/ For recording resource center disbursement. If needed, additional columns can be provided for fundraising and projects.

SECTION L - REGRANTS

1. Commitment and Obligation of Regrant Funds

The commitment of funds to specific regrants occurs when the board of directors or person(s) authorized by the board awards funds to a regrant project. The commitment does not obligate the funds. Funds are obligated on the date the award documents are mailed to the grantee. Occasionally, award documents are delivered in person to a grantee. In that case, funds would be obligated on the date when the award documents are personally delivered to the grantee. The council does not have a binding agreement with the grantee until the grantee accepts the agreement by signing and returning it to the council. If the grantee chooses not to accept the award, the funds are deobligated.

The commitment of funds to a regrant project is not entered into the books of account. An entry is made in the regrant award journal, worksheet, or section of the regrant subsidiary ledger reserved for this purpose.

The date of obligation is the first time a transaction is recognized on the books of account. On that date, two transactions are recorded, 1) the obligation is recorded as a debit to regrant expense with a corresponding credit to regrant payable, and 2) income is recognized by a debit to temporarily restricted income and a credit to released income (see Section U ~ J.Es. 3, 8 and 17). The sources for the entry are the minutes of the board of directors, board committee, gift records and matching documents as applicable.

2. Regrant Award Journal

The regrant award journal, illustrated in Exhibit VII, is comprised of the regrant number, date funds committed, and seven amount columns. The first two columns represent the board's decision to fund regrants by either a commitment of outright funds or by offers to match gifts raised by the grantees. For the next five columns, two columns represent credits to regrants payable and three represent debits to expenses in accordance with the types of funds awarded - outright, matching, and gifts. Board members award outright funds based on their responsibility to approve or disapprove applications. These decisions are recorded in the board minutes. Matching and gift awards must also be approved by board members; however, the amount to be funded should not be entered in the journal until the council has received notice from the NEH that the gifts have been matched and federal matching funds are available.

REGRANT AWARD JOURNAL
APRIL 30, 20XX

FYE 10/31/XX

DATE	REGRANT NUMBER	AMOUNT COMMITTED		REGRANTS PAYABLE		OUTRIGHT	MATCH	GIFT	
		Outright	Matching Offer	FEDERAL	NON-FEDERAL	AWARDS	AWARDS	AWARD	
				CR	CR	DR	DR	DR	
Apr. 20XX	City Council of Foreign Relations	Regrant 5932- XX	\$12,000		\$12,000		\$12,000		
Apr. 20XX	Westeyn College	Regrant 5933- XX	\$1,975		\$1,975		\$1,975		
Apr. 20XX	Upper State Valley Association	Regrant 5934- XX	\$14,370		\$14,370		\$14,370		
Apr. 20XX	Remarkable Films	Regrant 5915- XX		\$2,400	\$2,400	\$3,200		\$3,200	
Apr. 20XX	Park College	Regrant 5935- XX	\$12,500		\$12,500		\$12,500		
Apr. 20XX	Theatre Residency	Regrant 5411- XX		\$300	\$300	\$400		\$400	
Apr. 20XX	Far East Studies	Regrant 5913- XX		\$480	\$480	\$640		\$640	
Apr. 20XX	Lake Front Maritime Society	Regrant 5936- XX	\$8,665		\$8,665		\$8,665		
Apr. 20XX	Great American Spectacle	Regrant 5937- XX	\$15,604		\$15,604		\$15,604		
Apr. 20XX	Merrweather Museum	Regrant 5917- XX		\$3,750	\$3,750	\$5,000		\$5,000	
Apr. 20XX	Foster Memorial Library	Regrant 5921- XX		\$1,125	\$1,125	\$1,500		\$1,500	
Apr. 20XX	Institute of Related Issues	Regrant 5938- XX	\$17,527		\$17,527		\$17,527		
Apr. 20XX	Dale County Historical Society	Regrant 5934- XX	\$3,250		\$3,250		\$3,250		
Apr. 20XX	State Community College	Regrant 5940- XX	\$4,500		\$4,500		\$4,500		
TOTALS			\$90,391	\$8,055	\$98,446	\$10,740	\$90,391	\$8,055	\$10,740
					<u>2210</u>	<u>2230</u>	<u>6010</u>	<u>6020</u>	<u>6030</u>

3. Regrant Subsidiary Ledger

The regrant subsidiary ledger is used to record the details of transactions relating to regrants. If there are open regrants that are funded under more than one NEH grant, separate subsidiary ledgers must be maintained for each grant. The regrant subsidiary ledger provides a complete history of each regrant's transactions including dates and sources utilized to fund the regrant.

A separate record or worksheet(s) should be maintained for each regrant during the NEH grant period. See Exhibit VIII for an example of a subsidiary ledger sheet that might be used in a manual system and Exhibit IX for an example that might be used in an automated system.

The subsidiary ledger worksheet separates federal funding sources from nonfederal and each fund should correspond to an account in the general ledger, (see the Chart of Accounts in Exhibit III). Each month, the total for each funding source shown in the subsidiary worksheets should be reconciled to the general ledger. The separation of funding sources facilitates the tracking of disbursements of federal funds which is needed to complete the Federal Cash Transactions Report.

REGRANT SUBSIDIARY LEDGER

ACCOUNT <u>State Library</u>		GRANT NO. <u>5958-9X</u>					
REGRANT AWARD FUNDING SOURCE 1/				FINANCIAL REPORTS 2/			
		(NON-FED) GIFT		(NON-FED) OTHER			
DATE	OUTRIGHT	FED. MATCH			TOTAL		
10/04/9X	9,665 00				10,000 00	19,665 00	
11/21/9X		3,000 00	4,000 00			7,000 00	
12/20/9X		1,500 00	2,000 00			3,500 00	
	9,665 00	4,500 00	6,000 00	10,000 00		30,165 00	

DATE	FEDERAL FUNDS	NON-FED FUNDS	TOTAL
03/31/9X	6,241 85	1,400 00	7,641 85
09/30/9X	7,923 15	21,083 20	29,006 35
FINAL TOTAL	14,165 00	22,483 20	36,648 20

FEDERAL FUNDS						NON-FEDERAL FUNDING SOURCE					
DATE	DESCRIPTION	FOLIO	DEBITS	CREDITS	BALANCE	DATE	DESCRIPTION	FOLIO	DEBITS	CREDITS	BALANCE
Nov 04	Outright SO-9X	AJ20		9,665 00	9,665 00	Nov 21	Gift	AJ24		4,000 00	4,000 00
Nov 11	Payment	CO71	2,416 25		7,248 75	Dec 20	Gift	AJ25		2,000 00	6,000 00
Dec 21	Fed. Match SO-9X	AJ24		3,000 00	10,248 75	19- Mar 03	Payment	CD65	4,000 00		2,000 00
Dec 20	Fed. Match SO-9X	AJ25		1,500 00	11,748 75	Jun 02	Payment	CD102	2,000 00		-0- 5/
19- Mar 03	Payment	CD65	3,000 00		8,748 75						
Jun 02	Payment	CD102	1,500 00		7,248 75						
Sept 02	Payment	CD114	2,416 25		4,832 50						
Oct 03	Payment	CD116	3,367 50		1,465 00						
Nov 04	Payment	CD120	1,465 00		-0- 5/						
Nov 3/		4/									

1/ Regrant Award and Amendment
 2/ Regrantees Expenditures Report
 3/ Date of transaction
 4/ Journal reference
 5/ To be also reported in the subsidiary (ref balance)

EXHIBIT IX

REGRANT SUBSIDIARY LEDGER
 SO-XXXX-XX
 FYE October 31, 20XX

FEDERAL FUNDS

Project Name	PROJECT NO.	REGRANT PERIODS	AWARDED			DISBURSED	BALANCE	GIFTS A/	STATUS
			OUTRIGHT	MATCHING	TOTAL				
XXX	50/XX	12/88 to 3/89	\$640		\$640	\$640	\$0	\$0	C
XXX	01/XX	12/88 to 6/89	\$20,000	\$1,500	\$21,500	\$14,982	\$6,519	\$3,000	O
XXX	37/XX	3/89 to 10/89	\$1,500	\$1,500	\$3,000	\$750	\$2,250	\$3,000	O
XXX	38/XX	3/89 to 12/89	\$1,500	\$450	\$1,950	\$750	\$1,200	\$900	O
XXX	39/XX	3/89 to 9/89	\$1,325	\$300	\$1,625	\$662	\$963	\$600	O
XXX	40/XX	4/89 to 9/89	\$1,500		\$1,500		\$1,500		
Sub-Total			\$157,748 1/	\$18,900 2/	\$176,648	\$89,560 3/	\$87,087 4/	\$37,800	

Monthly reconciliation to:

- 1/ account No. 6011
- 2/ account No. 6021
- 3/ account No. 2211
- 4/ account No. 6081

A/ Gift funds are retained by grantees

4. Regrant Status Reports

The regrant status report (Exhibit X) can be used to monitor and control a council's regrant program. The two reports in Exhibit X provide information on the status of awards funded by NEH grants, cost-sharing reported by grantees, and information needed for determining overdue financial reports from grantees. In addition to the above information, Example A provides the award dates, certified gifts retained by grantees, credits, and a summary of information on availability of federal funds for awards. Example B includes information on the award of nonfederal funds received and certified by the council, and cost-sharing that has been assigned to regrant projects. These reports can be produced with an accounting software program or a database regrant management system.

A. REGRANT STATUS REPORT

NMBR.	AWARD DATE	GRANT PERIOD	DEFINITE FUNDS AWARDED	DEFINITE FUNDS PAID	OBLIGATED REMAINING	CREDITS	MATCHING 1/ OFFERED	MATCHING AWARD	MATCHING PAID	COST SHARE 1/ MATCH GIFTS	COST SHARE IN-KIND
90001	11/14/89	12/01/89 to 10/31/90	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
90002	11/14/89	12/01/89 to 09/15/90	1,000.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00
90003	11/14/89	12/01/89 to 11/30/90	2,000.00	0.00	2,000.00	0.00	485.00	242.50	0.00	485.00	0.00
90004	11/14/89	12/01/89 to 04/30/90	2,591.00	0.00	2,591.00	0.00	0.00	0.00	0.00	0.00	0.00
90005	11/14/89	12/01/89 to 11/30/90	10,000.00	0.00	10,000.00	0.00	17,268.00	0.00	0.00	0.00	0.00
90006	11/14/89	12/01/89 to 11/30/90	14,000.00	5,000.00	9,000.00	0.00	3,100.00	2,062.50	0.00	4,125.00	0.00
90007	11/14/89	12/01/89 to 05/30/90	2,500.00	0.00	2,500.00	0.00	1,650.00	1,650.00	0.00	3,300.00	0.00
			2	2	2	2	2	2	2	2	2
			\$102,035.00	\$23,042.42	\$78,951.76	\$40.82	\$55,965.00	\$13,436.00	\$0.00	\$26,872.00	\$1,289.00
DEFINITE REGRANT FUNDS AVAILABLE FOR NEH AWARD					TOTAL REGRANT FUNDS PAID AND OBLIGATED						
\$177,240.00					\$101,994.18						
MATCHING AUTHORIZATION AVAILABLE PER NEH AWARD					REMAINING FUNDS AVAILABLE FOR REGRANTS			MATCHING FUNDS UNPAID			
\$134,100.00					\$75,245.82			\$13,436.00			

1/ Matched gifts are retained by the grantee.

B. REGRANT STATUS REPORT

REGRANT # DATES	FEDERAL OUTRIGHT	NON-FED MATCH	NON-FED GIFT 2/	TOTAL GRANT	PAYMENTS PRIOR	PAYMENTS CURRENT	TOTAL PAYMENTS	PAYABLE FED.FUNDS	PAYABLE NON-FED	COST SHARING IN-KIND	COST SHARING OTHER	TOTAL	STATUS
90-010	\$5,717	\$1,500	\$3,000	\$10,217	\$4,500	\$5,717	\$10,217	\$0	\$0	\$6,460	\$1,642	\$8,102	C
2/10/91-11/19/91	\$7,244	\$1,700	\$3,400	\$12,344	\$11,450	\$894	\$12,344	\$0	\$0	\$14,364	\$0	\$14,364	C
12/15/90-11/20/91	\$16,000	\$0	\$0	\$16,000	\$6,400	\$8,000	\$14,400	\$1,600	\$0	\$0	\$0	\$0	O
3/1/91-6/30/92	\$10,000	\$0	\$0	\$10,000	\$0	\$5,000	\$5,000	\$5,000	\$0	\$0	\$0	\$0	O
12/15/90-9/30/92	\$705	\$0	\$0	\$705	\$283	\$353	\$636	\$69	\$0	\$0	\$0	\$0	O
90-073													
10/4/91-7/12/92													
SUBTOTAL													
SUBTOTAL	\$216,473	\$52,400	\$104,800	\$373,673	\$194,624	\$30,702	\$225,326	\$136,747	\$11,600	\$579,808	\$50,642	\$630,450	
In-Kind Assigned to Other Grants:													
Exemplary Award SO-90										\$44,294	\$0	\$44,294	
Exemplary Award SO-92										\$14,122	\$0	\$14,122	
TOTAL	\$216,473	\$52,400	\$104,800	\$373,673	\$194,624	\$30,702	\$225,326	\$136,747	\$11,600	\$579,808	\$50,642	\$630,450	

2/ Gifts are forwarded to the council

SECTION M - GIFT RECORDS

Councils are responsible for maintaining documentation supporting the eligibility of all gifts certified for release of federal matching funds. The NEH *Matching Guidelines for General Support Grants to State Humanities Councils* prescribes the procedures that must be followed when a council certifies restricted and unrestricted gifts, contracts, pledges, and gifts that are received by the council and gifts retained by grantees.

1. Restricted Gifts

Eligible gifts received by a council in support of regrant projects or a council project, such as a resource center, should be credited to a holding account, *Gifts Awaiting NEH Matching*. This holding account is supported by a detailed listing of the donors of all restricted funds awaiting certification or matching, (Exhibit XI). The listing includes receipt date, donor name and NEH reporting category, project number, gift amount and date of certification, amount certified and the balance not certified. When NEH amends the grant, the holding account is debited and the listing is amended to exclude the gifts matched (see Section U ~ J.Es. 4 and 6). Only restricted gifts that are eligible for matching would be posted to the holding account and the donor listing.

Councils that allow their grantees to retain gifts raised for matching should maintain similar control in order to know what eligible gifts can be certified. To do this, the councils can maintain a separate record (Exhibit XII) or amend the donor listing as shown in Exhibit XI to segregate the gifts retained by grantees from the restricted gifts received by the councils. For gifts retained by grantees, councils should make memorandum entries in the general journal when documentation supporting the eligibility of the gift for certification is received by the council (see Section U ~ J.Es. 14 and 16).

AS OF JANUARY 31, 20XX

RESTRICTED GIFTS AWAITING NEH MATCHING

RECEIPT DATE	DONOR	DONOR REPORTING CATEGORY	PROJECT NUMBER	AMOUNT COUNCIL 1/ A/	RECEIVED REGRANTEE 2/	CERTIFICATION B/ AMOUNT DATE	C/ BALANCED	DATE MATCHED
20XX				\$	\$	\$		
9/30	XYZ Corp.	#2	0100- 20XX	10,000		8,000 6/16/XX	2,000	12/10/XX
10/5	ABC Fdn.	#3	0150- 20XX		3,000	3,000 6/16/XX		
			0125- 20XX		1,000	1,000 6/16/XX		
10/7	}	#	0109- 20XX	3,600		3,600 6/16/XX		
10/30		#	0215- 20XX		250		250	
10/30		#	0110- 20XX	100			100	
10/31/XX Totals				13,700 D/	4,250 E/	15,600	2,350	
12/2	}	#1	0101- 20XX		25			
12/15		#6	0130- 20XX		1,500			
12/16		#1	0130- 20XX	100				
		#2	0130- 20XX		5,000			
		#3	0130- 20XX	5,000				
		XX	XXX	100				
12/31/XX Totals				7,200 D/	6,775 E/		16,325	

- 1/ restricted gifts received by the council
- 2/ gifts received and retained by grantees
- A/ detail list of restricted gifts in the liability account
- B/ amount and date certified
- C/ portion of donation not certified
- D/ reconciled monthly to Acct. No. 2300
- E/ reconciled monthly to Acct. No. 2310

GIFTS RETAINED BY REGRANTEES
AWAITING NEH MATCHING

AS OF JANUARY 31, 20XX

NEH Grant # SO-

REGRANT #	DONOR'S NAME	DATE REC'D 00/00/00	AMOUNT	DATE CERT. 00/00/00	AMOUNT CERT.	ALLOCATION OF MATCH BALANCE REGRANT OTHER
TOTAL						

2. Unrestricted Gifts

Councils should establish a minimum dollar threshold (e.g., \$100, \$250) for tracking unrestricted gifts for possible certification and determine how long (e.g., two to three years) a donation will be tracked. Councils should maintain a list of unrestricted gifts received that are eligible for matching, (Exhibit XIII). The list should provide for the donor's name, amount donated, date received, NEH donor category, amount and date certified. It is probably not cost effective to track small dollar donations for possible certification one or two years after receipt.

UNRESTRICTED GIFTS
ELIGIBLE FOR MATCHING

AS OF: JANUARY 31, 20XX

DONOR'S NAME	DATE	AMOUNT	DATE	AMOUNT	BALANCE	ALLOCATION	
	REC'D		CERT.	CERT.		OF MATCH	REGRANT
	00/00/00		00/00/00				
TOTAL							

3. Gift Certification Journal (Exhibit XIV)

The certification journal is no more than a detailed record supporting the certification letters submitted to NEH to obtain federal matching funds. The details of each certification letter represents a posting cycle. The frequency of certifications to NEH depends on the volume of gifts received, the regrantees' needs, and the overall judgment of the council.

Each column in the journal is headed by the name of a regrantee who submitted one or more gifts to the council or by the name of a donor whose unrestricted gift will be used to obtain federal matching funds. In either case, each column contains the dollar amount of the gift(s) and the federal matching funds requested. These amounts are further divided into ultimate use -- regrants and operations (resource center, administration, etc.).

When NEH amends the grant for matching, the information is recorded in the general ledger and supporting journals. The postings accomplish the following:

- a) transfer the restricted gifts from a liability account to a temporarily restricted income account;
- b) record accounts receivable for federal matching funds awarded; and
- c) classify the matching funds as temporarily restricted income consistent with the anticipated use, (i.e., regrants, operations).

The matching funds from NEH may also trigger gift and matching awards to the applicable regrantees. When these awards are made, they are recorded in the regrant award journal and subsidiary regrant ledgers (see Section L).

The journal also provides for a summary of gifts by NEH donor category which is required to be submitted to NEH as part of the certification letter. The listing of individual donors who have made contributions to a regrant project is not required as part of the certification letter to NEH. Instead, the category of each donor type and the number of donors in each category (which is shown in parenthesis) is included in the certification letter. Each donor's letter of intent supporting contributions should be kept on file.

NEH CERTIFICATION JOURNAL
GRANT NO.

PROJECT NO.		TOTAL	MERRIMEATHER MUSEUM 0100-XX	FOSTER MEMORIAL LIBRARY 0109-XX	METROPOLITAN LIBRARY 0110-XX	DALE COUNTY HISTORICAL SOCIETY 0150-XX	INSTITUTE OF RELATED ISSUES 0125-XX	ASSOCIATION OF SENIOR CITIZENS 0130-XX	RVH INSTRUCTION CENTER 0101-910	
GIFTS										
For Re grants (Income) 1/	CR	9,130	3,600	400	1,620	400	1,500	640	970	
For Oper. Costs (Income)	DR	250							250	
Total (Gifts Awaiting Cert)	DR	<u>9,380</u>	<u>3,600</u>	<u>400</u>	<u>1,620</u>	<u>400</u>	<u>1,500</u>	<u>640</u>	<u>1,220</u>	
FED. MATCH										
NEH Re grant Funds	CR	7,135	2,700	300	1,215	400	1,215	480	915	
NEH Oper. Funds	CR	2,245	900	100	405		375	160	305	
		<u>9,380</u>	<u>3,600</u>	<u>400</u>	<u>1,620</u>	<u>400</u>	<u>1,500</u>	<u>640</u>	<u>1,220</u>	
GIFTS BY DONOR CATEGORY										
	#		#	#	#	#	#	#	#	
1. Individuals	(54)	920		(9)	250	(40)	400		(4)	220
2. Corporations or Businesses	(4)	5,650	(1)	3,600	(1)	150			(1)	1,000
3. Private & Public Fdn.	(1)	1,620			(1)	1,620				
4. Labor Union Prof. Assoc.	(1)	550					(1)	550		
5. Non Fed. Government Units	(1)	640						(1)	640	
6. Affiliated Groups										
7. Special events and benefits										
8. Other:										
		<u>9,380</u>	<u>3,600</u>	<u>400</u>	<u>1,620</u>	<u>400</u>	<u>1,500</u>	<u>640</u>	<u>1,220</u>	

Date Submitted to NEH: 06/11/XX
Date Matched by NEH: 06/16/XX
Date Posted: 06/17/XX

1/ The original credit to Gift Awaiting NEH matching, Account NO. 2300, stems from the Cash Receipts Journal (See Exhibit VI and VII).

4. Summary of Amounts Certified by NEH Grant

Exhibit XV is a summary of the grant-to-date certifications by NEH grant. The information concerning total gifts certified is taken from the certification journals.

EXHIBIT XV

GRANT TO DATE CERTIFICATION UNDER SO-XXXX-XX

<u>Date</u>	<u>Amount Certified</u>
November 27, 20XX	\$20,000
January 8, 20XX	35,410
June 11, 20XX	9,380
September 10, 20XX	<u>26,850</u>
Total Certified Year 1	\$ <u>91,640</u>
December 18, 20XX	\$15,000
February 5, 20XX	45,500
May 10, 20XX	<u>29,550</u>
Total Certified Year 2	\$ <u>90,000</u>
November 10, 20XX	\$ XXXXX
January 5, 20XX	XXXXX
March 30, 20XX	XXXXX
June 25, 20XX	XXXXX
September 8, 20XX	<u>XXXXX</u>
Total Certified Year 3	\$ <u>98,500</u>
Total Amount Certified Under SO-XXXXX-XX	\$<u>280,140</u>

SECTION N - NONFEDERAL SHARE OF REGRANT COSTS

In accordance with NEH authorizing legislation, councils must match NEH general support grant funding dollar for dollar. Major sources of such matching usually stem from regrant projects. These sources are:

- 1) Third-party gifts
- 2) Other federal and nonfederal funds
- 3) In-kind contributions

A separate journal (Exhibit XVI) should be maintained for each NEH grant to record regrant cost-share (in-kind and gifts not certified to NEH). Councils can use an accounting software package (see Exhibit X) or a database regrant management system to monitor and control cost-share reported by regrantees. The source for cost-share data should be the final expenditures reports submitted by regrantees.

The journal can be subtotaled whenever data is required for an interim Financial Status Report (FSR). When preparing the final FSR, councils should make certain that all regrant final expenditures reports are included in the journal. The final totals in the journal, plus nonfederal cash and in-kind cost-share generated by a council (see Section O), and matched gifts represent total nonfederal costs reported in the final FSR.

As an option, councils may record cash cost-share and in-kind contributions as memorandum entries in the general journal and post these entries to the general ledger as memorandum postings. An example of the memorandum entry and how the cost-sharing is reported on the FSR is provided in the model transactions section of this manual (see Section U ~ J.E. 26; Schedules 2 and 7).

NONFEDERAL SHARE OF REGRANT COSTS
NEH GRANT NO.

DATE OF REPORT	NAME OF REGRANTEE	REGRANT NUMBER	NONFEDERAL SHARE OF COST
1/5/XX	State Library	PL-026-20XX	\$ 22,483.00
1/6/XX	Marlow Community College	H-041-20XX	14,321.00
1/21/XX	County Historical Society	H-039-20XX	6,854.00
			77
			<u>\$489,034.00</u>

(DR) 6040/
(CR) 4080

SECTION O - IN-KIND JOURNAL – COUNCIL BOARD MEMBERS

In many instances, cost-sharing included in regrantee final expenditures reports are not sufficient to match the NEH grant funding. Therefore, councils must seek other sources. One particular source stems from council board members, such as their time spent reading applications, attending board meetings or other sponsored projects, and their travel expenses for which no reimbursement is received.

These expenses, which must be supported by vouchers signed by the members (Exhibit XVII), are to be recorded in a special journal (Exhibit XVIII). Board members should value their donated services (time) at a standard rate per day. A rate of **\$520** per day or **\$65** per hour is considered reasonable as of the issuance of this manual. Any greater rate should be approved by NEH's Federal/State Partnership, except in those situations where a board member performs the services of his or her profession, such as a lawyer, accountant, etc. In these situations, the "...services shall be valued at the employee's regular rate of pay (exclusive of fringe benefits and overhead costs)...."

Cost-sharing derived from this source should be included as part of the cost-sharing claimed on the FSR. Depending on a council's policy, it can also be posted to the general ledger and reported in the financial statements.

SAMPLE VOUCHER

In-Kind Contributions Report for Board Members

Name _____

Service Donated:

Attendance at regular board meeting @ 520/day _____
Consultation on council business _____ hrs.@ \$65/hr.
Fundraising/Promotion _____ hrs.@ \$65/hr.
Monitoring funded program _____ hrs.@ \$65/hr.

Review of applications \$_____ per application
Other: (may include travel time, meals, lodging, etc.)_____

TOTAL _____

Location of Activity _____

Date of Activity _____

Board Member's Signature _____

IN-KIND JOURNAL
COUNCIL BOARD MEMBERS
Year 200X
Grant No.

Table with 3 columns: Date of Voucher, Name of Council Member, Amount. Includes entries for Russell Jones, Gordon Miner, James Silver, Beverly Irwin, Margaret Davis, and Frederick Chisholm, with a total amount of \$36,008.42.

DR 6050/
CR 4090

SECTION P - FEDERAL CASH TRANSACTIONS REPORT (FCTR)

The Federal Cash Transactions Report [Form 272 and 272A], is used to report the status of federal funds received to the sponsoring agency. These reports must be submitted to NEH within thirty days following the end of each calendar quarter. Report due dates are shown in the NEH award documents. The form requires a grantee to fill in certain data concerning the status of federal funds during the quarter: Federal cash on hand at the beginning of the quarter; Federal cash received and disbursed during the quarter; and Federal cash on hand at the end of the quarter. An example is provided in this manual to illustrate how the FCTR can be completed based on the general ledger trial balance (see Section U ~ Schedule 2). Also, the accounting system has been designed to specifically isolate cash disbursements of federal funds. The accounting system provides for a regrants payable account (Account No. 2210) and operating reserve accounts (Accounts Nos. 5825 and 5826), through which only federal funds pass.

Councils should maintain either the control and reserve accounts for federal funds and nonfederal funds; or workpapers to track the amount of nonfederal funds transferred to the checking account; or budget management reports showing how the federal and nonfederal funds are used (Section E 4a).

SECTION Q - FINANCIAL STATUS REPORTS (FSR)

1. Financial Status Report - General Support Grant

The Financial Status Report [Form 269A], is used by a council to report costs incurred and allocable to its general support grant (federal and nonfederal). The report includes outlays of funds and unliquidated obligations for which no outlay of funds has been made. Councils should include applicable cost-sharing (cash and in-kind) on the interim and final FSRs. An interim FSR is due within 90 days of the anniversary date of the grant and a final FSR is due within 90 days after the completion of the grant period. All financial information (federal and nonfederal) reported on the FSR should be supported by worksheets that are reconcilable to the accounting records. Once the FSR is prepared, all supporting worksheets (budget reports, regrant listings, and nonfederal outlays [cash and in-kind]) should be retained for 1) review by the independent CPA during the annual audit (compliance testing); 2) resolving any differences found at a later date; and 3) obtaining grant-to-date information used for the preparation of subsequent FSR(s). An example of a completed interim FSR reconciled to the general ledger is illustrated in Section U ~ Schedule 2. Schedules 6 and 7 provide examples of FSRs for a five-year period and a supporting worksheet.

2. Final Financial Status Report – *We The People* Grant

The final Financial Status Report for a *We The People* grant is the council's report to NEH claiming actual costs for the project. The report is due within 90 days after the completion of the grant period. Annual FSR(s) are not required for *We The People* or other NEH project grants. An example of a completed final Financial Status Report and the supporting workpaper are shown in Section U ~ Schedule 5.

SECTION R - FINANCIAL STATEMENTS

The accounting system is designed to produce financial statements which could be helpful to staff and council board members. These reports usually consist of a Statement of Financial Position, Statement of Activities, Notes to the Financial Statements, Schedule of Administrative Costs, and a Schedule of Expenditures of Federal Awards (Section U ~ Schedules 4A, 4B, 4C, 4D and 4E).

SECTION S - MONTHLY BUDGET REPORT (Exhibit XIX)

The monthly budget report is an extremely important and effective tool for managing the affairs of an organization. Each council therefore must prepare meaningful budgets based on the organization's goals and objectives.

Using financial information included in the summary budget approved by NEH for the general support grant, councils should develop detailed budgets that reflect all aspects of their organization. The budget should include income and expenses, and it should be developed by major functions (e.g., general management, program support, resource centers, fundraising, and regrants), as well as by expense categories (i.e., salaries, travel, etc.). If prior-year undesignated funds are available, they should be identified in the budget under revenues. NEH does not require that prior-year funds be allocated to any particular object category, but they do require that the funds be expended before current-year NEH funds. Budgeted financial data should routinely be compared to actual data. Monthly budget reports should be generated in a timely manner so that management can implement any corrective action necessary.

MONTHLY BUDGET REPORT

	CURRENT MONTH	ACTUAL EXPENSE YEAR TO DATE	BUDGET	DIFF	%
REVENUE					

INCOME					

NEH SO-20XX Outright-Regants					
NEH SO-20XX-Match-Regants					
NEH SO-20XX Outright Undesig.					
NEH SO-20XX Outright Res. Cent.					
NEH SO-20XX Outright Speaker					
NEH SO-20XX Outright Fundraising					
NEH SO-20XX Match Undesig.					
Rollover NEH SO-20XX Regants					
Rollover NEH SO-20XX Undesig.					
NEH BC- 20XX WTP					
Other Sources					
XXX					
XXX					
TOTAL REVENUE					
ADMIN EXPENSES					

SALARIES					
Executive Director					
Program Officer					
Financial Officer					
Administrative Officer					
Administrative Assistant					
Fringe					
Total Salaries and benefits					
Consultants					
Travel staff					
Travel members					
Meetings					
Insurance					
Equip. Rental/Purchase					
Maintenance/Cleaning					
Audits/Legal					
Printing					
Federation dues					
Dues/subscriptions/conferences					
telephones					
Rent - office space					
Miscellaneous - other					
SUBTOTAL					
ADMIN EXPENSES SUBTOTAL					
PROGRAM SUPPORT EXPENSES					

SALARIES					
Executive Director					
Program Officer					
Program Officer (P/T)					
Fringe					
Total Salaries and benefits					
SUPPORT EXPENSES					

Consultants/Scholars					
Travel staff					
Printing					
Rent - Office Space					
Telephone					
Postage/Mailing					
Supplies					
Messengers					
SUBTOTAL					
TOTAL SUPPORT EXPENSE					

	CURRENT MONTH	ACTUAL EXPENSE YEAR TO DATE	BUDGET	DIFF	%
PROJECTS					
SPEAKERS					
Program Officer					
Administrative Assistant					
Fringe					
Total Salaries and benefits					
REGRANTS					
NEH SO-20XX					
Rollover NEH SO-20XX					
SUBTOTAL					
FUNDRAISING					
Development officer					
Travel					
Consultant					
Printing					
Mailing					
TOTAL FUNDRAISING					
RESOURCE CENTER					
Administrative Assistant					
Consultants/Scholars					
Travel/Council Meetings					
Printing					
Films					
Postage					
TOTAL RES. CENTER					
NONFEDERAL EXPENSES					
Lobbying					
Interest expense					
Penalties					
Total Nonfederal Expenses					
TOTAL EXPENSES					

SECTION T - FORM 990, RETURN OF ORGANIZATIONS EXEMPT FROM INCOME TAX

As organizations exempt under Section 501(c)(3) of the Internal Revenue Code, councils are responsible for filing IRS Form 990 on an annual basis. The return basically requires information concerning revenues, expenses, assets, liabilities, and changes in net assets for the fiscal year. The data is similar to that presented in the organization's financial statements. If councils close their books at the end of each fiscal year as illustrated in the model transactions, there should be no problem abstracting the data necessary to complete the Form 990.

SECTION U - MODEL TRANSACTIONS AND REPORTS

This section illustrates journal entries for recording model transactions that are unique to state councils. The transactions account for NEH awards of a general support grant and a project grant; council awards to grantees; and the gift and matching program. The entries cover the first year of the general support grant and assume that the council's fiscal year end is October 31, coinciding with the end of a general support grant funding year.

Schedules 1 and 3 in this section illustrate pre- and post-closing general ledger T-Accounts, which are keyed to the model transactions. Schedule 2 illustrates a Federal Cash Transactions Report (FCTR) and an interim Financial Status Report (FSR) prepared using general ledger trial balance data related to the model journal entries. Financial statements are illustrated in Schedule 4. Schedule 5 illustrates preparation of a final FSR for the *We The People* grant utilizing data in the model transactions. Schedules 6 and 7 illustrate the preparation of a final FSR for the five-year general support grant incorporating first-year data taken from the model transactions.

The model journal entries for Year I are based on the following NEH grant funding information:

NEH GRANT AWARDS

	Total	(A) Regrant Allocation	(B) Undesignated
<u>Year I</u>			
Operating Grant Award			
Outright	\$546,300 (1)	\$360,000 (2)	\$186,300 (2)
Fed. Matching	<u>50,000</u>	<u>30,000</u> (3)	<u>20,000</u> (3)
Subtotal	\$596,300	\$390,000	\$206,300
 We the People Grant			
Outright	\$ <u>36,300</u> (4)		

The following NEH funding information concerning the operating grant is used to prepare the interim FSRs for years two through four and final FSR illustrated at Schedule 7.

<u>Year II</u>			
Amendment			
Outright	\$ 560,000	\$ 320,000	\$240,000
Fed. Matching	<u>80,000</u>	<u>60,000</u>	<u>20,000</u>
Subtotal	\$ 640,000	\$ 380,000	\$260,000

<u>Year III</u>			
Amendment			
Outright	\$ 550,000	\$ 310,000	\$240,000
Fed. Matching	<u>70,000</u>	<u>52,500</u>	<u>17,500</u>
Subtotal	\$ 620,000	\$ 362,500	\$257,500

TOTALS FOR YEARS			
I, II, III	\$ <u>1,856,300</u>	\$ <u>1,132,500</u>	\$ <u>723,800</u>

NOTES:

- (A) Regrant allocations are the amounts in council budgets approved by NEH.
- (B) NEH funding is not identified to any specific council activity, but the funds are to be used in accordance with the budget approved by NEH.

The Journal entries to record the NEH awards and amendments for federal matching for Year I:

- | | |
|------------|---------------------|
| (1) J.E. 1 | (3) J.E. 5, J.E. 15 |
| (2) J.E. 2 | (4) J.E. 11 |

MODEL TRANSACTIONS
(JOURNAL ENTRIES #1 through #28)

-1-

<u>1311</u>	Accounts Receivable - Undesignated	546,300	
<u>4025</u>	Temp. Restricted Income - Undesignated		546,300
	- To record the receipt of NEH award documents for outright funds.		

SOURCE: General Journal

-2-

<u>1312</u>	Accounts Receivable - Re grants	360,000	
<u>4025</u>	Temp. Restricted Income - Undesignated	360,000	
<u>1311</u>	Accounts Receivable - Undesignated		360,000
<u>4015</u>	Temp. Restricted Income - Re grants		360,000
	- To record receipt of NEH approval letter for the allocation of outright funds: \$360,000 for re grants (The balance of \$186,000 remains as undesignated.)		

SOURCE: General Journal

-3-

<u>4016</u>	Net Assets Released from Restriction - Re grants	265,000	
<u>6011</u>	Re grant Awards - NEH Outright - Yr. 1	265,000	
<u>4017</u>	Released Income - NEH Outright - Re grants		265,000
<u>2211</u>	Re grants Payable (Federal Funds) Yr. 1		265,000
	- To recognize income earned resulting from the obligation for re grant awards as approved by the board of directors or person(s) delegated by the board. (The obligation is effective the date the award documents are mailed to the re grantees.)		

SOURCE: General Journal and Re grant Award Journal

-4-

<u>1010</u>	Cash - Checking Account Operations	25,960	
<u>2300</u>	Gifts Awaiting NEH Matching		25,960
	- To record receipt of eligible gifts from donors to re grant projects. The donor letters specify: Gifts - 100% re grants; Fed. Match - 75% re grants.		

NOTE: When the council subsequently prepares a certification letter to NEH, the gifts to be certified in that letter are entered in the Gift Certification Journal.

SOURCE: Cash Receipts Journal

-5-

<u>1311</u>	Accounts Receivable - Undesignated	6,490
<u>1312</u>	Accounts Receivable - Re grants	19,470
<u>4045</u>	Temp. Restricted Income NEH Match - Undesignated	6,490
<u>4035</u>	Temp. Restricted Income NEH Match - Re grant	19,470

-- To record receipt of the NEH amendment for federal matching funds released based on the gifts certified. The allocation is consistent with donor restrictions, [Gifts 100% re grants; Match 75% re grants.] (See entry #4) {Note: If the donor does not specify use of the matching funds, the percentage allocated to re grants would be based on the council's policy.}

SOURCE: General Journal and NEH Certification Journal

-6-

<u>2300</u>	Gifts Awaiting NEH Matching	25,960
<u>4065</u>	Temp. Restricted Income - Gifts for Re grants	25,960

-- To record the NEH amendment for gifts matched by NEH for the general support grant.

SOURCE: NEH Certification Journal

-7-

<u>1010</u>	Cash - Checking Account-Operations	372,600
<u>1311</u>	Accounts Receivable-Undesignated	196,600
<u>1312</u>	Accounts Receivable - Re grants	176,000

-- To record Vendor Express payment advance when notified by bank that funds have been deposited.

Re grant-outright	160,000
Re grant-Fed. Match	16,000
Operating Expense	<u>196,600</u>
	<u>372,600</u>

NOTE: The \$372,600 is used for illustrative purposes. Cash requests should be based on a three week written cash requirements projections.

SOURCE: Cash Receipts Journal

-8-

<u>6021</u>	Regrant Awards - NEH Fed. Match	19,470	
<u>6031</u>	Regrant Awards - Gifts	25,960	
<u>4036</u>	Net Assets Released from Restriction - NEH Match - Regrant Funds	19,470	
<u>4066</u>	Net Assets Released from Restriction - Gifts for Regrants	25,960	
<u>2211</u>	Regrants Payable - Federal		19,470
<u>2221</u>	Regrants Payable - Nonfederal		25,960
<u>4037</u>	Released Income - NEH Match - Regrant Funds		19,470
<u>4067</u>	Released Income - Gifts for Regrants		25,960

-- To recognize income earned resulting from the obligations of regrant gifts using gift funds received by the council and matching funds as approved by the board of directors or person(s) delegated by the board, (See entry #5).

SOURCE: Regrant Award Journal and General Journal

-9-

<u>2211</u>	Regrants Payable - Federal Funds - Year 1	176,800	
<u>2221</u>	Regrants Payable - Nonfederal Funds - Year 1	22,400	
<u>1010</u>	Cash - Checking Account Operations		199,200

-- To record payments to grantees.

SOURCE: Cash Disbursement Journal

-10-

<u>1010</u>	Cash - Checking Account - Operation	8,650	
<u>1100</u>	Cash - Savings Account	21,350	
<u>4500</u>	Income - Unrestricted Gifts		30,000

-- To record receipt of unrestricted gifts (eligible for matching) that may be matched in the future: (\$8,650 used for equipment purchases, \$21,350 deposited in savings).

SOURCE: Cash Receipts Journal

-11-

<u>1330</u>	Accounts Receiv. - NEH "We The People" (WTP)	36,300	
<u>4115</u>	Temp. Restricted Income - NEH "WTP" Grant		36,300

-- To record receipt of NEH award document(s) "We the People" or another project grant.

SOURCE: General Journal

-12-

<u>1600</u>	Equipment, Furniture and Fixtures	8,650	
<u>1010</u>	Cash - Checking Account - Operations		8,650

-- To record the purchase of furniture and fixtures.

SOURCE: Cash Disbursement Journal

-13-

<u>1010</u>	Cash - Checking Account Operations	1,600	
<u>1100</u>	Cash - Savings Account	10,000	
<u>4075</u>	Temp. Restricted Income - Gifts for Operations		10,000
<u>4070</u>	Income - Gifts for Operations		1,600

-- To record unrestricted income and gifts received: \$10,000 will be certified, \$1,600 will be used for unallowable costs.

SOURCE: Cash Receipts Journal

-14-

Memorandum entry made when documents are received.

<u>1700</u>	Restricted Gifts Recorded by Regrantees	14,040	
<u>2310</u>	Regrantee Retained Gifts Awaiting NEH Matching		14,040

-- To recognize the receipt of documentation (i.e., donor transmittal letters and proof of transfer) supporting \$14,040 in eligible gifts raised and retained by regrantees. Donor letter specifies: Fed. Match 75% regrants.

NOTE: When the council subsequently decides to prepare a certification letter to NEH, the gifts to be certified in that letter are entered in the Gift Certification Journal.

SOURCE: General Journal

-15-

<u>1311</u>	Accounts Receivable - Undesignated	13,510	
<u>1312</u>	Accounts Receivable -- Reqrants	10,530	
<u>4045</u>	Temp. Restricted - NEH Matching - Undesignated		13,510
<u>4035</u>	Temp. Restricted - NEH Matching - Reqrants		10,530

-- To record NEH matching amendment for \$24,040 certified: regrants 75% X \$14,040 (See entry #14), and \$10,000 in unrestricted gifts received (See entry #13).

SOURCE: NEH Certification Journal and General Journal

Memorandum entry made after NEH matches the certified gifts.

<u>2310</u>	Regrantee Retained Gifts Awaiting		
	NEH Matching	14,040	
<u>6041</u>	Cost Share (Regrantee Retained Matched Gifts)	14,040	
<u>4081</u>	Income (Regrantee Retained Matched Gifts)		14,040
<u>1700</u>	Restricted Gifts Recorded by Regrantees		14,040

-- To record NEH matching of gifts retained by regrantees. To record the expenditure of gifts retained by regrantees and related income based on regrantee final expenditures reports.

SOURCE: General Journal

<u>6021</u>	Regrant Awards - NEH Fed. Match	10,530	
<u>4036</u>	Net Assets Released from Restriction -		
	NEH Match - Reqrants	10,530	
<u>2211</u>	Regrant Payable - Federal Funds Yr. 1		10,530
<u>4037</u>	Released Income - NEH Match - Reqrants		10,530

-- To recognize income earned resulting from the obligations of regrant awards using federal matching funds as approved by the board of directors or person(s) delegated by the board, (see entry #15).

SOURCE: General Journal and Regrant Award Journal

<u>5XXX</u>	Operating Expenses - (Charged to sundry accounts)	194,400	
<u>4026</u>	Net Assets Released from Restriction -		
	NEH Outright - Undesignated	188,100	
<u>4046</u>	Net Assets Released from Restriction -		
	NEH Match - Undesignated	6,300	
<u>1010</u>	Cash Checking Account Operations		194,400
<u>4027</u>	Released Income - NEH Outright - Undesignated		188,100
<u>4047</u>	Released Income - NEH Match - Undesignated		6,300

-- To record operating expenses and recognize income accordingly.

SOURCE: Cash Disbursements Journal and General Journal

<u>5820</u>	Operating Expenses - Control Account all NEH		
	Operating Support Grants	194,400	
<u>5825</u>	Reserve for Operating Expenses - NEH		
	Outright Funds SO-20XX		194,400

-- To record in the control account operating expenses. This is an end-of-month entry.

SOURCE: Cash Disbursement Journal

-20-

<u>5900</u>	Unallowable Expenses	1,600	
<u>1010</u>	Cash-Checking Account-Operations		1,600

- To record payment of unallowable expenses (Federation lobbying \$1,000, interest \$400, and Alcohol \$200).

SOURCE: Cash Disbursement Journal

-21-

<u>1350</u>	Receivable from Regrantees	750	
<u>6011</u>	Regrant Awards - NEH Outright-Yr. 1		750

- To record refund due to the Council based on a final expenditures report. (Regrant No. XXX-92)

SOURCE: General Journal

-22-

<u>1010</u>	Cash - Checking Account Operations	20,000	
<u>1330</u>	Accounts Receivable -- NEH "We The People"		20,000

- To record Vendor Express payment advance for the "We The People" project grant.

SOURCE: Cash Receipts Journal

-23-

<u>7XXX</u>	"We the People" Expenses (Charged to Sundry Direct Cost Accounts)	18,200	
<u>7900</u>	Indirect Costs NEH WTP Grant	1,800	
<u>4116</u>	Net Assets Released from Restriction - NEH WTP Grant	20,000	
<u>4117</u>	Released Income - "We the People" Grant		20,000
<u>1010</u>	Cash - Checking Account Operations		18,200
<u>5XXX</u>	Indirect Costs Allocated to WTP Project		1,800

- To record monthly expenses for a "We the People" project.

SOURCE: General Journal and Cash Disbursement Journal

-24-

<u>5825</u>	Reserve for Operating Costs - NEH Outright Funds SO-20XX	1,800	
<u>4027</u>	Released Income - NEH Outright - Undesignated	1,800	
<u>4026</u>	Net Assets Released from Restriction - NEH Outright - Undesignated		1,800
<u>5820</u>	Administrative Cost Control Acct		1,800

- Transfer from the general support grant, IDC charged to the WTP grant. IDC charged to the WTP grant is based on the IDC rate identified in the project budget approved by NEH.

SOURCE: General Journal

-25-

<u>1100</u>	Cash-Savings Account	137	
<u>4600</u>	Interest Income		137

-- To record interest earned in savings account.

SOURCE: Cash Receipts Journal

-26-

Memorandum Entry - made at end of period.

<u>6040</u>	Cost Share-Regrantees	240,000	
<u>6050</u>	Cost Share-Other than Regrantees	18,004	
<u>4080</u>	Income - Cost Share-Regrantees		240,000
<u>4090</u>	Income - Cost Share-Other than Regrantees		18,004

-- To record cost sharing based on regrantee final expenditures reports. To record donated services rendered by council board members.

SOURCE: a) Journal of Nonfederal Share of Regrantee Costs
b) Journal of Board Member In-Kind Contributions

-27-

<u>1010</u>	Cash - Checking Account Operations	750	
<u>4017</u>	Released Income - NEH Outright - Regrants	750	
<u>1350</u>	Receivable Due from Regrantee		750
<u>4016</u>	Net Assets Released from Restriction - NEH Outright - Regrants		750

-- To record receipt of refund due to the council based on a regrantee final expenditures report, (see entry #21).

SOURCE: Cash Receipts Journal and General Journal

-28-

<u>5810</u>	Depreciation Expense	865	
<u>1605</u>	Accumulated Depreciation		865

-- Year-end adjusting entry to record depreciation expense for capitalized items.

SOURCE: General Journal

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1010 Cash - Checking Account

(4)	\$25,960	(9)	\$199,200
(7)	372,600	(18)	194,400
(10)	8,650	(12)	8,650
(13)	1,600	(20)	1,600
(22)	20,000	(23)	18,200
(27)	750		
	\$429,560		\$422,050
Bal.	\$7,510		

1100 Cash - Savings Account

(10)	\$21,350		
(13)	10,000		
(25)	137		
Bal.	\$31,487		

1311 A/R - Undesignated

(1)	\$546,300	(2)	\$360,000
(5)	6,490	(7)	196,600
(15)	13,510		
	\$566,300		\$556,600
Bal.	\$9,700		

1312 A/R - Re grants

(2)	\$360,000	(7)	\$176,000
(5)	19,470		
(15)	10,530		
	\$390,000		\$176,000
Bal.	\$214,000		

1330 A/R - WTP Grant

(11)	\$36,300	(22)	\$20,000
Bal.	\$16,300		

1350 A/R - Due from Re grantee

(21)	\$750	(27)	\$750
------	-------	------	-------

1600 Equipment/Furniture

(12)	\$8,650		
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1605 Accum. Depreciation

(28)	\$865		
------	-------	--	--

Memo - Restricted Gifts

1700 Retained by Re grantees

(14)	\$14,040	(16)	\$14,040
------	----------	------	----------

Re grant Payable

2211 Federal Funds

(9)	\$176,800	(3)	\$265,000
		(8)	19,470
		(17)	10,530
	\$176,800		\$295,000
		Bal.	\$118,200

Re grant Payable

2221 Non- Federal Funds

(9)	\$22,400	(8)	\$25,960
		Bal.	\$ 3,560

Gifts Awaiting

2300 NEH Matching

(6)	\$25,960	(4)	\$25,960
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Memo - Re gr. Ret. Gifts

2310 Awaiting NEH Matching

(16)	\$14,040	(14)	\$14,040
------	----------	------	----------

4015 T/R - NEH Outright - Re grants

(2)	\$360,000		
-----	-----------	--	--

4016 N/A Rel. - NEH O/R - Re grants

(3)	\$ 265,000	(27)	\$750
Bal.	\$264,250		

Released Income -

4017 NEH Outright - Re grants

(27)	\$750	(3)	\$265,000
		Bal.	\$264,250

4025 T/R - NEH Outright - Undesig.

(2)	\$360,000	(1)	\$546,300
		Bal.	\$186,300

N/A Rel. from Restriction -

4026 NEH Outright - Undesig.

(18)	\$188,100	(24)	\$1,800
Bal.	\$186,300		

Released Income -

4027 NEH Outright - Undesig.

(24)	\$1,800	(18)	\$188,100
		Bal.	\$186,300

4035 T/R - NEH Match - Re grants

(5)	\$19,470		
(15)	10,530		
Bal.	\$30,000		

N/A Rel. from Restriction -

4036 NEH Match - Re grants

(8)	\$19,470		
(17)	10,530		
Bal.	\$30,000		

Released Income -

4037 NEH Match - Re grants

(8)	\$19,470		
(17)	10,530		
Bal.	\$30,000		

4045 T/R - NEH Match - Undesig.

(5)	\$6,490		
(15)	13,510		
Bal.	\$20,000		

General Ledger - T Accounts for Year 1 As of the 28th Journal Entry

Schedule 1 (Page 2 of 2)

National Endowment for the Humanities

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January 2009

N/A Rel. from Restriction -	
4046 NEH Match - Undesig.	
(18)	\$6,300
Released Income -	
4047 NEH Match - Undesig.	
(18)	\$6,300
4065 T/R - Gifts for Re grants	
(6)	\$25,960
N/A Rel. from Restriction -	
4066 Gifts for Re grants	
(8)	\$25,960
Released Income -	
4067 Gifts for Re grants	
(8)	\$25,960
4070 Income - Gifts for Operations	
(13)	\$1,600
Bal.	\$1,600
4075 T/R - Gifts for Operations	
(13)	\$10,000
Memo - Income	
4080 Cost Share Re grantee	
(26)	\$240,000
Memo - Income	
Cost Share Re grantee	
4081 Retained Matched Gift	
(16)	\$14,040
Memo - Income	
Cost Share	
4090 Other Than Re grantee	
(26)	\$18,004

4115 T/R - NEH "WTP" Grant	
(11)	\$36,300
4116 N/A Rel. - NEH "WTP" Grant	
(23)	\$20,000
Released Income -	
4117 NEH "WTP" Grant	
(23)	\$20,000
4500 Income - Unrestricted Gifts	
(10)	\$30,000
4600 Interest Income	
(25)	\$137
Sundry Accounts	
5XXX Operating Expense	
(18)	\$194,400
(23)	\$1,800
Bal	\$192,600
5810 Depreciation Expense	
(28)	\$865
Operating Exp Adm. Costs	
5820 Control Account	
(19)	\$194,400
(24)	\$1,800
Bal	\$192,600
Res. for Opera. Exp	
5825 Cost NEH Outright	
(24)	\$1,800
(19)	\$194,400
Bal	\$192,600
5900 Unallowable Cost	
(20)	\$1,600

Re grant Awards	
6011 NEH Outright	
(3)	\$265,000
(21)	\$750
Bal.	\$264,250
Re grant Awards	
6021 NEH Match	
(8)	\$19,470
(17)	10,530
Bal.	\$30,000
6031 Re grant Awards - Gifts	
(8)	\$25,960
Memo - Cost Share	
6040 Re grantees	
(26)	\$240,000
Memo - Cost Share	
Re grantee Retained	
6041 Matched Gift	
(16)	\$14,040
Memo - Cost Share	
6050 Other Than Re grants	
(26)	\$18,004
7XXX WTP Grant Sundry Accts	
(23)	\$18,200
7900 WTP Allocated IDC	
(23)	\$1,800

GENERAL LEDGER TRIAL BALANCE
 Reconciliation: Interim Financial Status Report
 Federal Cash Transactions Report
 As of the 28th Journal Entry

GENERAL LEDGER TRIAL BALANCE	DR	CR
1010 Cash Checking Account Operations	\$ 7,510	
1100 Cash Savings Account	\$ 31,487	
1311 Accts. Rec. - Undesi.	\$ 9,700	
1312 Accts. Rec. - Regrants	\$ 214,000	
1330 Acct. Receivable WTP	\$ 16,300	
1600 Equipment, furniture & Fixture	\$ 6,650	
1605 Accumulated Depreciation		\$ 865
2211 Regrants Payable Federal Funds	\$ 118,200 (A)	
2221 Regrant Payable Nonfederal Funds	\$ 3,560 (B)	
4016 N/A Released from Restriction - NEH Outright - Regrants	\$ 264,250	
4026 N/A Released from Restriction - NEH O/R - Undesignated	\$ 186,300	
4036 N/A Released from Restriction - NEH Match - Regrants	\$ 30,000	
4046 N/A Released from Restriction - NEH Match - Undesignated	\$ 6,300	
4066 N/A Released from Restriction - Gifts for Regrants	\$ 25,960	
4116 N/A Released from Restriction - NEH WTP Grant	\$ 20,000	
4015 Temp. Restricted Income - NEH Outright - Regrants		\$ 360,000
4025 Temp. Restricted Income - NEH Outright - Undesignated		\$ 186,300
4035 Temp. Restricted Income - NEH Match - Regrants		\$ 30,000
4045 Temp. Restricted Income - NEH Match - Undesignated		\$ 20,000
4065 Temp. Restricted Income - Gifts for Regrants		\$ 25,960
4075 Temp. Restricted Income - Gifts for Operations		\$ 10,000
4115 Temp. Restricted Income - NEH WTP Grant		\$ 36,300
4070 Income - Gifts for Operations		\$ 1,600
4500 Income - Unrestricted Gifts		\$ 30,000
4600 Income - Interest		\$ 137
4017 Released Income - NEH Outright - Regrants		\$ 264,250
4027 Released Income - NEH Outright - Undesignated		\$ 186,300
4037 Released Income - NEH Match - Regrants		\$ 30,000
4047 Released Income - NEH Match - Undesignated		\$ 6,300
4067 Released Income - Gifts for Regrants		\$ 25,960
4117 Released Income - NEH "We The People" Grant		\$ 20,000
4080 Memorandum - Income - Cost Share - Regrantees		\$ 240,000
4081 Memorandum - Income - Cost Share - Regrantee Retained Matched Gift		\$ 14,040
4090 Memorandum - Income - Cost Share - Other than Regrants		\$ 18,004
5XXX - Operating Expense	\$ 192,600	
5810 Depreciation Expense	\$ 865	
5820 Administrative Costs Control Account	\$ 192,600	
5825 Reserve for Oper. Costs - Outright Funds		\$ 192,600 (C)
5900 - Unallowable Expenses	\$ 1,600	
6011 Regrant Awards - NEH Outright	\$ 264,250 (D)	
6021 - Fed. Match Regrants	\$ 30,000 (E)	
6031 - Gifts Awards Regrants	\$ 25,960 (F)	
6040 Cost Share Regrants in-kind	\$ 240,000 (H)	
6041 Cost Share Regrantee Retained Match Gifts	\$ 14,040 (G)	
6050 Cost Share Other Than Regrants	\$ 18,004 (I)	
7XXX WTP Grant Sundry Direct Cost Accounts	\$ 18,200	
7900 IDC WTP	\$ 1,800	
	<u>\$ 1,820,376</u>	<u>\$ 1,820,376</u>

NOTE: Letters A, B, C, D, E, F, G, H and I are keyed to the Financial Status Report

Line b. of the FSR = (F+G+H+I)-B
 Line c. of the FSR = (C+D+E)-A
 Line d. of the FSR = A+B
 Line e. of the FSR = B
 Line f. of the FSR = A

FINANCIAL STATUS REPORT
 (Short Form)

SCHEDULE 2

1. Federal Agency and Organizational Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number Assigned By Federal Agency		DMB Approval No. 0348-0038	Page of 1 pages
3. Recipient Organization (Name and complete address, including ZIP code)					
4. Employer Identification Number		5. Recipient Account Number or Identifying Number		6. Final Report <input type="checkbox"/> Yes <input type="checkbox"/> No	7. Basis <input type="checkbox"/> Cash <input type="checkbox"/> Accrual
8. Funding/Grant Period (See Instructions) From: (Month, Day, Year) 11/1/2006		To: (Month, Day, Year) 10/31/2007	9. Period Covered by this Report From: (Month, Day, Year) 11/1/2006		To: (Month, Day, Year) 10/31/2007
10. Transactions:					
		I Previously Reported	II This Period	III Cumulative	
a. Total outlays		0.00	663,094.00	663,094.00	
b. Recipient share of outlays			294,444.00	294,444.00	
c. Federal share of outlays			368,650.00	368,650.00	
d. Total unliquidated obligations				121,760.00	
e. Recipient share of unliquidated obligations				3,560.00	
f. Federal share of unliquidated obligations				118,200.00	
g. Total Federal share (Sum of lines c and f)				486,850.00	
h. Total Federal funds authorized for this funding period				596,300.00	
i. Unobligated balance of Federal funds (Line h minus line g)				109,450.00	

FEDERAL CASH TRANSACTIONS REPORT

NOTE: This report is provided at the point to illustrate its preparation using accounting information from the model transactions. Normally the FCTR is prepared on the calendar quarters.

11. STATUS OF		a. Cash on hand beginning of reporting period	\$ 0.00
FEDERAL		b. Letter of credit withdrawals	392,600.00
CASH		c. Treasury check payments	0.00
		d. Total receipts (Sum of lines b and c)	392,600.00
		e. Total cash available (Sum of lines a and d)	392,600.00
		f. Gross disbursements	388,650.00
(See specific instructions on the back)		g. Federal share of program income	0.00
		h. Net disbursements (Line f minus line g)	388,650.00
		i. Adjustments of prior periods	0.00
		j. Cash on hand end of period	\$ 3,950.00
12. THE AMOUNT SHOWN ON LINE 11j, ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING		13. OTHER INFORMATION	
		a. Interest income	\$
		b. Advances to subgrantees or subcontractors	\$ 176,050.00
		Days	

COMPUTATION OF GROSS DISBURSEMENTS

Advances to grantee's - Federal Funds, (J.E.9)	\$176,800
Less: Refund from grantee (J.E. 27)	750
Net advances to grantee's (line 13b)	176,050
Operating Costs (J.Es. 18 and 23)	192,600
WTP Award Cost	20,000
Gross Disbursements	\$388,650

MODEL TRANSACTIONS
CLOSING OF FISCAL YEAR
JOURNAL ENTRIES

- CE 1 -

<u>4015</u>	Temp. Restricted Income - NEH Outright - Regrant Funds	360,000	
<u>4016</u>	Net Assets Released from Restriction – NEH Outright - Regrant Funds		264,250
<u>3032</u>	Temporarily Restricted Net Assets – NEH Outright - Regrants		95,750

-- To close out temporarily restricted income accounts for the fiscal year.

SOURCE: General Journal

- CE 2 -

<u>4025</u>	Temp. Restricted Income - NEH Outright - Undesignated Funds	186,300	
<u>4026</u>	Net Assets Released from Restriction – NEH Outright - Undesignated Funds		186,300

-- To close out temporarily restricted income accounts for the fiscal year.

SOURCE: General Journal

- CE 3 -

<u>4035</u>	Temp. Restricted Income - NEH Match - Regrant Funds	30,000	
<u>4036</u>	Net Assets Released from Restriction – NEH Match - Regrant Funds		30,000

-- To close out temporarily restricted income accounts for the fiscal year.

SOURCE: General Journal

- CE 4 -

<u>4045</u>	Temp. Restricted Income - NEH Match – Undesig. Funds	20,000	
<u>4046</u>	Net Assets Released from Restriction - NEH Match - Undesignated Funds		6,300
<u>3034</u>	Temporarily Restricted Net Assets – NEH Match - Undesignated Funds		13,700

-- To close out temporarily restricted income accounts for the fiscal year.

SOURCE: General Journal

- CE 5 -

<u>4065</u>	Temp. Restricted Income – Gifts for Re-grants	25,960	
<u>4066</u>	Net Assets Released from Restriction – Gifts for Re-grants		25,960

-- To close out temporarily restricted income accounts for the fiscal year.

SOURCE: General Journal

- CE 6 -

<u>4075</u>	Temp. Restricted Income – Gifts for Operations	10,000	
<u>3061</u>	Temporarily Restricted Net Assets – Non-Federal (Grant #1)		10,000

-- To close out temporarily restricted income accounts for the fiscal year.

SOURCE: General Journal

- CE 7 -

<u>4115</u>	Temp. Restricted Income – NEH “We The People” Grant	36,300	
<u>4116</u>	Net Assets Released from Restriction – NEH “WTP” Grant		20,000
<u>3041</u>	Temporarily Restricted Net Assets – NEH “WTP” Grant		16,300

-- To close out temporarily restricted income accounts for the fiscal year.

SOURCE: General Journal

- CE 8 -

<u>4017</u>	Released Income - NEH Outright - Regrant Funds	264,250	
<u>4027</u>	Released Income - NEH Outright – Undesignated Funds	186,300	
<u>4037</u>	Released Income - NEH Match - Regrant Funds	30,000	
<u>4047</u>	Released Income - NEH Match – Undesignated Funds	6,300	
<u>4067</u>	Released Income – Gifts for Regrants	25,960	
<u>4117</u>	Released Income – NEH WTP Grant	20,000	
<u>4070</u>	Income - Gift Operations	1,600	
<u>4500</u>	Income - Unrestricted Gifts	30,000	
<u>4600</u>	Income - Interest	137	
<u>3010</u>	Unrestricted Net Assets		564,547

-- To close out income accounts for the fiscal year.

SOURCE: General Journal

- CE 9 -

<u>3010</u>	Unrestricted Net Assets	535,275	
<u>5xxx</u>	Operating Expenses - Sundry Accounts		192,600
<u>6011</u>	Regrant Awards - NEH Outright		264,250
<u>6021</u>	Regrant Awards - NEH Match		30,000
<u>6031</u>	Regrant Awards - Gifts		25,960
<u>7xxx</u>	WTP Grant Direct Cost-Sundry Accounts		18,200
<u>5900</u>	Unallowable Cost		1,600
<u>5810</u>	Depreciation Expense		865
<u>7900</u>	Indirect Costs WTP		1,800

-- To close out expense accounts for the fiscal year.

SOURCE: General Journal

- CE 10 -

<u>5825</u>	Reserve for Administrative Costs - NEH Outright Funds	192,600	
<u>5820</u>	Administrative Cost Control Account		192,600

-- To close out the Administrative Cost Control Account
and related reserve account for the fiscal year.

SOURCE: General Journal

General Ledger - T Accounts for Year 1
End of Fiscal Year

Schedule 3 (Page 4 of 5)

1010 Cash - Checking Account	
(4) \$25,960	(9) \$199,200
(7) 372,600	(18) 194,400
(10) 8,650	(12) 8,650
(13) 1,600	(20) 1,600
(22) 20,000	(23) 18,200
(27) 750	
<hr/>	
\$429,560	\$422,050
<hr/>	
Bal. \$7,510	

1100 Cash - Savings Account	
(10) \$21,350	
(13) 10,000	
(25) 137	
<hr/>	
Bal. 31,487	

1311 A/R - Undesignated	
(1) \$546,300	(2) \$360,000
(5) 6,490	(7) 196,600
(15) 13,510	
<hr/>	
\$566,300	\$556,600
<hr/>	
Bal. \$9,700	

1312 A/R - Re grants	
(2) \$360,000	(7) \$176,000
(5) 19,470	
(15) 10,530	
<hr/>	
\$390,000	\$176,000
<hr/>	
Bal. \$214,000	

1330 A/R - WTP Grant	
(11) \$36,300	(22) \$20,000
<hr/>	
Bal. \$16,300	

1350 A/R - Due from Regrantee	
(21) \$750	(27) \$750
<hr/>	

1600 Equipment/Furniture	
(12) \$8,650	

1605 Accum. Depreciation	
	(28) \$865

Memo - Restricted Gifts 1700 Retained by Re grantees	
(14) \$14,040	(16) \$14,040
<hr/>	

Re grant Payable	
2211 Federal Funds	
(9) \$176,800	(3) \$265,000
	(8) 19,470
	(17) 10,530
<hr/>	
\$176,800	\$295,000
<hr/>	
Bal. \$118,200	

Re grant Payable	
2221 Non- Federal Funds	
(9) \$22,400	(8) \$25,960
<hr/>	
Bal. \$3,560	

Gifts Awaiting	
2300 NEH Matching	
(6) \$25,960	(4) \$25,960
<hr/>	

Memo - Re gr. Ret. Gifts 2310 Awaiting NEH Matching	
(16) \$14,040	(14) \$14,040
<hr/>	

3010 Unrestricted	
(CE9) \$535,275	(CE8) \$564,547
<hr/>	
Bal. \$29,272	

Temporarily Restricted - 3031 Outright - Undesignated	
(CE2) \$6,300	

Temporarily Restricted - 3032 Outright - Re grants	
	(CE1) \$95,750

Temporarily Restricted - 3034 NEH Match - Undesignated	
	(CE4) \$13,700

Temporarily Restricted - 3041 NEH "WTP" Grant	
	(CE7) \$16,300

Temporarily Restricted - 3061 Non-Federal (Grant #1)	
	(CE6) \$10,000

4015 T/R - NEH Outright - Re grants	
(CE1) \$360,000	(2) \$360,000
<hr/>	

4016 N/A Rel. - NEH O/R - Re grants	
(3) \$265,000	(27) \$750
Bal. \$264,250	(CE1) \$264,250
<hr/>	

Released Income - 4017 NEH Outright - Re grants	
(27) \$750	(3) \$265,000
(CE8) \$264,250	Bal. \$264,250
<hr/>	

4025 T/R - NEH Outright - Undesig.	
(2) \$360,000	(1) \$546,300
(CE2) \$186,300	Bal. \$186,300
<hr/>	

N/A Rel. from Restriction -
4026 NEH Outright - Undesig.

(18)	\$188,100	(24)	\$1,800
Bal.	\$186,300	(CE2)	\$186,300

Released Income -
4027 NEH Outright - Undesig.

(24)	\$1,800	(18)	\$188,100
(CE8)	\$186,300	Bal.	\$186,300

4035 T/R - NEH Match - Re grants

	(5)	\$19,470	
	(15)	10,530	
(CE3)	\$30,000	Bal.	\$30,000

N/A Rel. from Restriction -
4036 NEH Match - Re grants

(8)	\$19,470		
(17)	10,530		
Bal.	\$30,000	(CE3)	\$30,000

Released Income -
4037 NEH Match - Re grants

	(8)	\$19,470	
	(17)	10,530	
(CE8)	\$30,000	Bal.	\$30,000

4045 T/R - NEH Match - Undesig.

	(5)	\$6,490	
	(15)	13,510	
(CE4)	\$20,000	Bal.	\$20,000

N/A Rel. from Restriction -
4046 NEH Match - Undesig.

(18)	\$6,300	(CE4)	\$6,300
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Released Income -
4047 NEH Match - Undesig.

(CE8)	\$6,300	(18)	\$6,300
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4065 T/R - Gifts for Re grants

(CE5)	\$25,960	(6)	\$25,960
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N/A Rel. from Restriction -
4066 Gifts for Re grants

(8)	\$25,960	(CE5)	\$25,960
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Released Income -
4067 Gifts for Re grants

(CE8)	\$25,960	(8)	\$25,960
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4070 Income - Gifts for Operations

	(13)	\$1,600	
(CE8)	\$1,600	Bal.	\$1,600

4075 T/R - Gifts for Operations

(CE6)	\$10,000	(13)	\$10,000
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Memo - Income
4080 Cost Share Re grantee

	(26)	\$240,000	
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Memo - Income
Cost Share Re grantee
4081 Retained Matched Gift

	(16)	\$14,040	
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Memo - Income
Cost Share
4090 Other Than Re grantee

	(26)	\$18,004	
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4115 T/R - NEH "WTP" Grant

(CE7)	\$36,300	(11)	\$36,300
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4116 N/A Rel. - NEH "WTP" Grant

(23)	\$20,000	(CE7)	\$20,000
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Released Income -
4117 NEH "WTP" Grant

(CE8)	\$20,000	(23)	\$20,000
-------	----------	------	----------

4500 Income - Unrestricted Gifts

(CE8)	\$30,000	(10)	\$30,000
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4600 Interest Income

(CE8)	\$137	(25)	\$137
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Sundry Accounts
5XXX Operating Expense

(18)	\$194,400	(23)	\$1,800
Bal.	\$192,600	(CE9)	\$192,600

5810 Depreciation Expense

(28)	\$865	(CE9)	\$865
------	-------	-------	-------

Operating Exp Adm. Costs
5820 Control Account

(19)	\$194,400	(24)	\$1,800
Bal.	\$192,600	(CE10)	\$192,600

Res. for Opera. Exp
5825 Cost NEH Outright

(24)	\$18,000	(19)	\$194,400
(CE10)	\$192,600	Bal.	\$192,600

5900 Unallowable Cost

(20)	\$1,600	(CE9)	\$1,600
------	---------	-------	---------

Re grant Awards
6011 NEH Outright

(3)	\$265,000	(21)	\$750
Bal.	\$264,250	(CE9)	\$264,250

Re grant Awards
6021 NEH Match

(8)	\$19,470		
(17)	10,530		
Bal.	\$30,000	(CE9)	\$30,000

6031 Re grant Awards - Gifts

(8)	\$25,960	(CE9)	\$25,960
-----	----------	-------	----------

Memo - Cost Share
6040 Re grantees

(26)	\$240,000		
------	-----------	--	--

Memo - Cost Share
Re grantee Retained
6041 Matched Gift

(16)	\$14,040		
------	----------	--	--

Memo - Cost Share
6050 Other Than Re grants

(26)	\$18,004		
------	----------	--	--

7XXX WTP Grant Sundry Accts

(23)	\$18,200	(CE9)	\$18,200
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7900 WTP Allocated IDC

(23)	\$1,800	(CE9)	\$1,800
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**STATE HUMANITIES COUNCIL
STATEMENT OF FINANCIAL POSITION
OCTOBER 31, 20XX**

ASSETS

Cash in bank	\$38,997
Grants receivable from the National Endowment for the Humanities (Note 1)	<u>240,000</u>
Equipment (Note 2)	
Office furniture and equipment	\$ 8,650
Accumulated depreciation	<u>(865)</u>
Total Assets	<u><u>\$ 286,782</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Regrants payable	\$ 121,760
 Net Assets	
Unrestricted	29,272
Temporarily Restricted (Note 3)	<u>135,750</u>
Total Net Assets	<u><u>165,022</u></u>
 Total Liabilities and Net Assets	 <u><u>\$ 286,782</u></u>

See Schedule 4C for notes to financial statements.

^{1/} The Financial Accounting Standards Board (FASB) of the Financial Accounting Foundation, the entity that sets rules for certified public accountants, issued Statement of Financial Accounting Standards No. 117, entitled "Financial Statements of Not-for-Profit Organizations," in June 1993. FASB No. 117, calls for a "Statement of Cash Flows." We are not providing a model in this section. An example of a Statement of Cash Flows is provided in the Model Audited Financial Statements issued by the OIG in September 1992.

SCHEDULE 4B

STATE HUMANITIES COUNCIL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED OCTOBER 31, 20XX

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
Grants from Government Agencies:				
NEH Grant SO-XXXXX-XX	-	\$ 596,300		\$ 596,300
NEH WTP Grant		36,300		36,300
Contributions	\$ 31,600	35,960	\$ XXX	67,560
Program income	XXXX			XXXX
Fundraiser Income	XXXX			XXXX
Miscellaneous Income	137			137
Total Revenue	<u>\$ 31,737</u>	<u>668,560</u>	<u>\$ XXX</u>	<u>\$ 700,297</u>
Net assets released from restrictions:	532,810	(\$532,810)		-
Cost Sharing (Note 4)	<u>272,044</u>			<u>272,044</u>
Total Revenues and Other Support	<u>\$ 836,591</u>	<u>\$ 135,750</u>	<u>\$XXX</u>	<u>\$972,341</u>
Expenses:				
Program Services:				
Regrants Federal	\$ 294,250			\$ 294,250
Regrants Gift	25,960			25,960
We The People Project	20,000			20,000
Management and General	194,200			194,200
Depreciation	865			865
Cost Sharing (Note 4)	<u>272,044</u>		<u>\$ XXX</u>	<u>272,044</u>
Total Expenses	<u>\$ 807,319</u>		<u>\$ XXX</u>	<u>\$ 807,319</u>
Change in net assets	\$ 29,272	\$ 135,750	\$ XXX	\$ 165,022
Net Assets:				
End of Year	<u>\$ 29,272</u>	<u>\$ 135,750</u>	<u>\$ XXX</u>	<u>\$ 165,022</u>

STATE HUMANITIES COUNCIL
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 20XX

Note 1 **Grants Receivable** - At October 31, 20XX the Council had undrawn grant award balances receivable as follows:

	<u>10/31/20XX</u>
General support grant no. SO-2XXXX-XX	\$223,700
We The People grant no. BC-2XXXX-XX	<u>16,300</u>
	<u>\$240,000</u>

Note 2 **Equipment**

Equipment and furniture owned by the Council are carried at cost. Depreciation expense is computed on a straight-line basis. Depreciation expense for the year amounted to \$865.

Note 3 **Temporarily Restricted Net Assets**

Grants receivable and private gift funds not yet earned are reported as temporarily restricted net assets. Temporarily restricted net assets are available for subsequent years' program activities.

Net assets released from restrictions by incurring expenses satisfying the restricted purposes were:

Program expenditures SO-20XX	\$486,850
Program gifts expense	\$ 25,960
We the People Project	<u>\$ 20,000</u>
	<u>\$532,810</u>

Note 4 **Cost Sharing** - Represents amounts reported by grantees (cash and in-kind) on their final expenditures reports, and donated services rendered by the Council's board of directors. The NEH authorizing legislation requires councils to match the NEH general support grant funding dollar for dollar.

Grantee in-kind	\$240,000
Grantee gifts	\$ 14,040
Other than grant	<u>\$ 18,004</u>
Total	<u>\$272,044</u>

SCHEDULE 4D

STATE HUMANITIES COUNCIL
SCHEDULE OF ADMINISTRATIVE COSTS
FOR THE YEAR ENDED OCTOBER 31, 20XX

	<u>Budget</u>	<u>Actual</u>
Salaries	\$ 140,200	\$130,000
Fringe Benefits	30,844	28,600
Travel	4,500	4,800
Rent	2,000	2,000
Consultants	2,000	1,000
Office Supplies	700	800
Staff Development	3,000	1,600
Telephone	3,900	3,600
Postage	3,200	2,800
Printing	14,200	12,200
Equipment Repair	3,000	1,200
Evaluations	4,000	3,100
Board Meetings	700	700
Federation Dues	3,000	3,000
Miscellaneous	<u>600</u>	<u>600</u>
Total Expenses	\$215,844	\$196,000
Less: IDC Transferred To The WTP Grant	<u>0</u>	<u>1,800</u>
Totals	<u>\$215,844</u>	<u>\$194,200</u>

STATE HUMANITIES COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 1/
FOR THE YEAR ENDED OCTOBER 31, 20XX

<u>Federal Grantor Program Title Pass-through Grantor</u>	<u>Federal CFDA Number 2/</u>	<u>Revenue Recognized</u>	<u>Current Year Expenditures</u>
National Endowment f/t Humanities			
Direct Funding:			
Promotion of the Humanities -- Federal/State Partnership	45.129	\$486,850	\$486,850
Promotion of the Humanities -- We The People	45.168	\$20,000	\$20,000
Promotion of the Humanities - Challenge Grants	45.130	\$XXXXX	\$XXXXX

1/ This schedule is part of the OMB Circular A-133 reporting package. Preparation of this schedule is the responsibility of the councils.

2/ Grants received from the different NEH programs or other Federal agencies have their own CFDA #s that are identified in the award documents.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

This note is prepared by the independent public accountant and indicates the method of accounting used to prepare the schedule (accrual basis).

Note 2. Re grants (Subrecipients)

This note is required by OMB Circular A-133. It identifies Federal funds awarded to subrecipients/re-grantees by CFDA#.

The Council provided federal awards to subrecipients as follows:

National Endowment for the Humanities CFDA # 45.129	\$294,250
National Endowment for the Humanities CFDA # 45.168	\$XXXXX

SCHEDULE 5

WORKSHEET SUMMARIZING WE THE PEOPLE EXPENDITURES -BC-502XX-XX

This workpaper is a summary of the financial information reported in the general ledger

Category	Budget	Actual Costs		
		Year I	Year II	Total
Salaries and Wages	\$17,900	\$6,900	\$11,000	\$17,900
Fringe Benefits (22%)	3,940			
Consultants	\$6,800			
Travel	\$3,500			
Supplies and Materials	\$1,860			
Services	\$14,000			
Other Costs	\$3,350	1,300	\$2,050	\$3,350
Total Direct Costs	\$51,350	\$18,200	\$33,150	\$51,350
IDC (10% not to exceed \$5,000)	\$5,000	\$1,800	\$3,200	\$5,000
Total Project Costs	\$56,350	\$20,000	\$36,350	\$56,350

NEH Award	\$36,300
Nonfederal Funds	\$20,050
	<u>\$56,350</u>



NATIONAL ENDOWMENT FOR THE HUMANITIES

OMB No. 3136-0134 EXPIRES 6/30/2009

FINAL FINANCIAL STATUS REPORT

This form is an abbreviated version of the standard financial status report prescribed by the Office of Management and Budget (Standard Form 269 or 269A) and may, at your discretion, be used instead of the OMB forms. Questions concerning this form or its completion should be sent to the NEH Office of Grant Management at the address below, or you may call (202) 606-8494.

Within 90 days after the completion date of the grant, the original and two copies of this report should be forwarded to the OFFICE OF GRANT MANAGEMENT, Room 311, National Endowment for the Humanities, 1100 Pennsylvania Avenue, N.W., Washington, D.C. 20506

GRANTEE ORGANIZATION (Name and complete address, including zip code)	NEH GRANT ID NUMBER BC-502XX-XX (Format as XX-####-##)
	GRANT PERIOD/PERIOD COVERED BY REPORT (this report should be cumulative for the entire grant period) FROM 4/20XX THRU 8/20XX (month/year) (month/year)

STATUS OF FUNDS

1. TOTAL PROJECT EXPENDITURES	1. \$	56,350
2. LESS: COST SHARING OR NONFEDERAL SHARE OF OUTLAYS (Include expenditures covered by cash and noncash (in-kind) contributions from your organization and/or third parties and any gifts certified to obtain NEH matching funds)	2. \$	20,050
3. TOTAL EXPENDITURES CHARGED TO NEH (Item 1 minus Item 2)	3. \$	36,300
4. TOTAL AMOUNT OF NEH AWARD	4. \$	36,300
5. AMOUNT OF NEH AWARD UNEXPENDED (Item 4 minus Item 3)	5. \$	-0-

REMINDER: Any unexpended grant payments must be returned to NEH. A refund check referencing the NEH grant number and made payable to "National Endowment for the Humanities" should be attached to this form.

INDIRECT COST INFORMATION

The amount charged for indirect costs should be included in the total expenditure amounts above. Please itemize the charges for indirect costs in the space below. Use an additional sheet of paper if necessary.

PERIOD RATE IN EFFECT (from/to)	RATE(%)	BASE(\$)	TOTAL AMOUNT(\$)	FEDERAL SHARE (\$)
4/200X through 8/20XX	10		\$5,000	\$5,000
TOTALS			\$	\$

WORKSHEET FOR FINANCIAL STATUS REPORT

Acct.No.		Year I	Year II	Year III	Year IV	Year V	Total
<u>Federal Award Re grants</u>							
4011	NEH Outright Re grants	\$360,000	\$320,000	\$310,000			\$990,000
4030	NEH Fed. Match Re gts.	\$30,000	\$60,000	\$52,500			\$142,500
	Total NEH Award Re grants	\$390,000	\$380,000	\$362,500			\$1,132,500
<u>Federal Award Undesignated</u>							
4020	NEH Outright Undesignated	\$186,300	\$240,000	\$240,000			\$666,300
4040	NEH Fed. Match Undesignated	\$20,000	\$20,000	\$17,500			\$57,500
	Total NEH Award-Undesign.	\$206,300	\$260,000	\$257,500			\$723,800
	Total NEH Award	\$596,300	\$640,000	\$620,000			\$1,856,300
<u>Determine Federal Share of Outlays for Re grants</u>							
2210	Prior Year Payable Balance	\$0	\$118,200	\$206,598	\$242,848		
6011	Re grant Expense Outright	\$264,250	\$385,000	\$290,000	\$50,750		
6021	Re grant Expense Match	\$30,000	\$60,000	\$52,500	\$0		
	Total Fed. Re grant Expense	\$294,250	\$445,000	\$342,500	\$50,750		\$1,132,500
	Total Payable	\$294,250	\$445,000	\$342,500	\$50,750	\$0	\$0
2211	Less:						
	Re grant Pay. Fed. Unliquidated	\$118,200	\$206,598	\$242,848	\$67,100	\$0	\$0
	Fed. Share of Re grant Outlays	\$176,050	\$356,602	\$306,250	\$226,498	\$67,100	\$1,132,500
	Total NEH Award Re grants	\$390,000	\$380,000	\$362,500	\$0	\$0	\$1,132,500
	Prior Year Unobligated Balance	\$0	\$95,750	\$30,750	\$50,750	\$0	\$0
6010	Less: Fed. Re grant Expense	\$294,250	\$445,000	\$342,500	\$50,750	\$0	\$1,132,500
	Total Unobligated	\$95,750	\$30,750	\$50,750	\$0	\$0	\$0
<u>Federal Share of Outlays for Operations</u>							
5825	Federal Outright Funds Disb.	\$186,300	\$240,000	\$240,000	\$0	\$0	\$666,300
5826	Federal Match Funds Disb.	\$6,300	\$10,000	\$31,200	\$10,000	\$0	\$57,500
	Federal Funds Disbursed Oper.	\$192,600	\$250,000	\$271,200	\$10,000	0	\$723,800
	Total Federal Outlays	\$368,650	\$606,602	\$577,450	\$236,498	\$67,100	\$1,856,300
<u>Cost Sharing</u>							
6041	Re grantee Retained Gifts	\$14,040	\$55,000	\$50,000	\$0	\$0	\$119,040
6040	In-Kind/Re grantee Funds	\$240,000	\$500,000	\$450,000	\$300,000	\$150,000	\$1,640,000
2220	Re grant Gifts Disbursed	\$22,400	\$28,560	\$20,000	\$0	\$0	\$70,960
6050	Board Member In-Kind	\$18,004	\$20,000	\$19,500	\$0	\$0	\$57,504
5827	Nonfederal Cash Disb. Oper.	\$0	\$0	\$0	\$10,000	\$0	\$10,000
	Total Nonfederal Outlays	\$294,444	\$603,560	\$539,500	\$310,000	\$150,000	\$1,897,504
	Total Outlays	\$663,094	\$1,210,162	\$1,116,950	\$546,498	\$217,100	\$3,753,804

FINANCIAL STATUS REPORTS -- FIVE YEAR PERIOD

Schedule 7

10. Transactions:	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5	
	Cumulative	This Period	Cumulative	This Period	Cumulative	This Period	Cumulative	This Period	Cumulative	
a. Total outlays	\$663,094	\$1,210,162	\$1,873,256	\$1,116,950	\$2,990,206	\$546,498	\$3,536,704	\$217,100	\$3,753,804	
b. Recipient share of outlays	\$294,444	\$603,560	\$898,004	\$539,500	\$1,437,504	\$310,000	\$1,747,504	\$150,000	\$1,897,504	
c. Federal share of outlays	\$368,650	\$606,602	\$975,252	\$577,450	\$1,552,702	\$236,498	\$1,789,200	\$67,100	\$1,856,300	
d. Total unliquidated obligations	\$121,760		\$206,598		\$242,848		\$67,100		\$0	
e. Recipient share of unliquidated obligations	\$3,560		\$0		\$0		\$0		\$0	
f. Federal share of unliquidated obligations	\$118,200		\$206,598		\$242,848		\$67,100		\$0	
g. Total Federal share (Sum of lines c and f)	\$486,850		\$1,181,850		\$1,795,550		\$1,856,300		\$1,856,300	
h. Total Federal funds authorized for this funding period	\$596,300		\$1,236,300		\$1,856,300		\$1,856,300		\$1,856,300	
i. Unobligated balance of Federal funds (Line h minus line g)	\$109,450		\$54,450		\$60,750		\$0		\$0	