

A Reference Guide For Community Development Corporations (CDCs) Administering Section IV awards and other Federal Funds v.2

February 2015



Developed by LISC's Grants and Contracts Management Department



TABLE OF CONTENTS

Introduction	4
About the Local Initiatives Support Corporation	4
About the HUD Section 4 Capacity Building Program.....	4
Role and Responsibilities of LISC and CDCs	5
About this Guide.....	6
Strategic Uses of Section 4 Funds	8
Strengthening CDC Capacity	8
Pre-Development Assistance	8
Development Assistance/Project Related Funding	8
Staff Salaries and Consultant Services	9
The Grant Agreement.....	10
Elements of the Grant Agreement.....	10
List of Attachments.	11
Grant Requirements.....	14
Submission of Financial Statements and A-133 Audits	14
Corrective Action Plans	14
Disbursements to CDCs	15
Government funded grants can be disbursed in two ways:	15
Monthly Disbursement with Initial Advance	15
Quarterly Disbursement with No Initial Advance	15
The HUD Financial Report	16
Completing the HUD Financial Report.....	16
Supporting Documentation	17
Submission of reports	17
Delinquent Reports.....	17
Financial Management and Reporting.....	18
Internal Controls	18
Sample List of Appropriate Backup Documentation for Grant Expenses.....	19
Documentation to Support Compensation –Personnel Expenses.....	21
Program Reporting.....	22
LISC Monitoring Reviews to CDCs	23
Section 4 Program Match Requirements.....	24
What funds qualify as Match?.....	24
Instructions for CDCs for Documenting Match Contributions	24
Applicable Federal Regulations and the Uniform Guidance	26

Uniform Administrative Requirements (2 CFR Part 215, OR 2 CFR 200 Subpart A through 2 CFR Subpart D)	26
Financial and Program Management	27
Cost Sharing or Matching Funds	28
Property Standards and Equipment Purchases	28
Procurement Standards	29
Intangible Property	30
Records Management	31
Debarment and Suspension	32
Cost Principles (2 CFR Part 230 OR 2 CFR 200 Subpart E)	33
Reasonableness of Costs	33
Allocable Costs	34
Allowable and Unallowable Costs	34
Allowable and Unallowable Costs Under 2 CFR 230 and 2 CFR 200	36
Indirect (F&A) Costs (2 CFR 230 (C) OR Section 200.414 and Appendices III – IX)	37
Audit Requirements (OMB Circular A-133 OR 2 CFR 200.500 through 200.507)	37
CCR Registration and SAM (System for Award Management)	38
Patriot Act Compliance	38

Additional Resources..... 40

Appendices.....42

Sample Grant Agreement.....	42
HUD Section 4 Certification of Match Form.....	68
IRS Publication 1779.....	70
LISC Monitoring Checklist.....	72

Introduction

About the Local Initiatives Support Corporation

Since its creation by the Ford Foundation in 1979, LISC has built the capacity of neighborhood organizations across the country. We have stayed true to our vision that local neighborhood organizations are the right delivery mechanism for community-driven revitalization. We continue to provide financial resources and management assistance to build CDC capacity and business discipline; to encourage partnerships among CDCs and other community organizations, foundations, private industry and state and local governments; and to strengthen national support for community development by attracting national resources for local programs to build and implement best practices in community development. At the same time, we have in the past decade seen and responded to an expanding range of projects CDCs need capacity growth to complete—beyond small affordable housing projects to initiatives that are larger in both scale and scope, including truly comprehensive community planning and revitalization.

LISC is the nation's largest community development intermediary, serving 30 urban markets and 62 rural communities across 32 states. Because of our unique structure that places staff on the ground in each of the cities we serve, LISC is a trusted partner of nonprofits, local governments and funding entities across the country. We are able to capitalize on in-depth knowledge of resident priorities, local leadership, and partnership opportunities to bring together a diverse, yet complementary, array of public and private financial resources to drive comprehensive neighborhood revitalization strategies forward in the nation's poorest communities. Over the course of its history, LISC has invested \$13.8 billion in CDCs and the communities they serve, which has leveraged \$41.2 billion in total development to change people's lives. This investment has created 313,400 affordable homes and apartments, 51 million square feet of retail and community space, 193 schools serving 77,200 students, 190 child care facilities serving 20,720 kids, 74 healthy food projects and 273 playing fields for 480,000 kids.

About the HUD Section 4 Capacity Building Program

The HUD Section 4 Capacity Building for Community Development and Affordable Housing program was created in 1993 as a catalyst for neighborhood economic success, giving rural and urban communities nationwide the tools to become more desirable and productive places to call home. Section 4 provides grants and loan investment to local nonprofit development organizations and community development corporations (CDCs). Section 4 supports capacity building through a set of activities designed to increase the human, financial, and technical resources of community-based organizations—enabling them to increase the scale and complexity of their housing production, to expand into new areas of business, and to form effective local partnerships to ensure that the diverse priorities identified by neighborhood residents are met. The inclusive nature of this capacity building differs from a technical assistance approach that focuses one-on-one use of experts to train staff on specific topics or perform a singular technical service.

For every one dollar that LISC receives of HUD Section 4 funds, it is required to raise three private dollars in matching funds. With the help of the CDCs and CHDOs we support, LISC has done this successfully throughout the history of the program – and further, been able to award these funds in a way that leverages other investment. In fact, LISC (together with the two other national intermediaries administering the program) have leveraged private capital at nearly a 27:1 ratio to federal HUD Section 4 dollars. Thus we have shown that the Section 4 program has provided both impact on the ground and value to the taxpayer in an effective and efficient manner throughout the seventeen-year history of the program. Multiple independent evaluations conducted by the White House Office of Management and Budget, the Government Accountability Office, the Urban Institute, Metis and Associates, Social Compact and HUD have examined both the program and the intermediary delivery structure and found it to be highly successful and effective.

LISC awards Section 4 grant funds through its local programs in major urban centers throughout the United States; and its Rural LISC program that supports CDC partners. To be eligible, CDCs must be located in a city/region where LISC operates, or be located in a rural area.

Role and Responsibilities of LISC and CDCs

When LISC enters into a federally funded contract, such as a HUD Section 4 contract, recipients must agree to the requirements that accompany the funding source, and the regulations that apply across all federal programs. Likewise, when LISC (as a “pass through entity¹”) awards funds to CDCs (“subrecipients”), we are required to pass along these requirements and regulations, as well as ensure that subrecipients are meeting them. Thus, LISC is responsible for monitoring the activities of subrecipients to ensure that federal awards are used for authorized purposes in compliance with the federal program laws, regulations and grant agreements and that performance goals are achieved. LISC has created this Reference Guide to share information about these requirements and provide available resources to manage these funds wisely and well.

Core Responsibilities of LISC as a Pass-through Entity: Below is a list of some core responsibilities for which LISC is responsible as a pass through entity; the federal government monitors LISC’s compliance in these areas:

- Notifying subrecipients of the name and type of government funds that are being awarded (this usually happens through the provision of a Catalog of Federal Domestic Assistance – CFDA – number which is unique to each federally funded program); also alerting subrecipients of compliance requirements; LISC’s grant letters note both the source of funds being awarded and outline federal compliance requirements;
- Monitoring to ensure that the subrecipient has a) internal systems in place to manage federal funds; b) has used the federal funds for the federally allowed purposes outlined in the grant letter between LISC and the CDC; and c) has achieved the program

¹ The federal government may provide federal assistance to “recipients”. Recipients that award those funds to other organizations are “Pass through entities”. The organizations which receive funds from the pass through entity are “subrecipients”.

objectives.

- Ensuring that the subrecipient has recently had an independent audit and, if the CDC is subject to an A-133 audit and that the audit package is submitted to the Federal Audit Clearinghouse.
- Ensuring the CDC has a DUNS Number, is not debarred from doing business with the government, and maintains an active System for Award Management grants registration (www.SAM.gov);;
- (As appropriate) Ensuring that subrecipients have developed a Corrective Action Plan (CAP) addressing any audit findings or recommendations of the independent auditors.
- Providing technical assistance and training (as necessary) to ensure program objectives are met; and
- Ensuring that recipients allow the funder (such as the Department of Housing and Urban Development) access to records, if and when requested.

Core responsibilities of CDCs as Subrecipients: When a CDC executes a grant agreement with LISC, they agree to comply with LISC Program and federal compliance requirements. Some of the core requirements for subrecipients include:

- Developing/maintaining internal policies and systems (including financial and administrative systems) to ensure strong program delivery, effective management of federal funds and compliance with applicable regulations;
- Utilizing funding for the purposes for which it was provided and achieving capacity building and community development program goals;
- Obtaining a DUNS number and maintaining current grant registration in www.SAM.gov;
- Submitting required documents to LISC (such as a current audit and W-9 and for new CDCs, an IRS determination letter) and to the federal government (such as the [A-133 Audit](#), if required, to the Federal Audit Clearinghouse);
- Establishing a budget of the costs required to perform the program and tracking actual costs against the budget;
- Requesting prior approvals or amendments from LISC, when necessary;
- Preparing/submitting required program and financial reports documenting program progress as well as any delays/problems in the administration of the grant;
- Providing requested documents to LISC, especially those that may be required during desk audits and on-site monitoring visits which demonstrate compliance with grant requirements; and
- Keeping LISC aware of any major changes in the organizational structure, location, program staff, and program.

About this Guide

The Grants & Contracts Management Department at LISC compiled this Reference Guide to help community development corporations (CDCs) and community housing development organizations (CHDOs) to understand some of the core regulations that apply when accepting federal funds. One of the significant sources of federal funds that LISC awards is from the Department of Housing and Community Development's Section 4 Capacity Building Program for CDCs and CHDOs. Therefore, this Reference Guide is targeted to that

audience; however, we hope this guide can be a helpful resource for management of any federal program.

This Reference Guide is comprised of seven sections:

[Introduction](#). This section provides an overview of LISC and discusses the fundamentals of how LISC's HUD Section 4 capacity-building program works.

[Strategic Uses of Section 4 Funds](#). HUD provides Section 4 funds to LISC exclusively to build the capacity of CDCs. This chapter explains the CDC activities that fall under "capacity-building" and allowable uses of HUD funds for predevelopment activities.

[The HUD Section 4 Grant Agreement](#). When LISC gives a grant to a CDC, certain steps need to be taken to ensure that the grant agreement is properly executed and used for the intended purposes. This chapter explains how LISC enters into grant agreements with CDCs. It also contains a description of the attachments included on the grant letter and that constitute a binding agreement between LISC and a CDC.

[Grant Reporting Requirements](#). This section includes information on grant disbursements, annual certifications and audits. It lists the types of supporting documentation that CDCs need to keep on file for expenses to be reimbursement by LISC. In addition, it provides information on monitoring and reporting requirements, duties and responsibilities of CDCs and LISC field offices.

[Match Requirements](#). LISC has a 3:1 match obligation for every Section 4 award it receives. This means that for every one dollar granted by HUD, LISC must document that three dollars from other sources are committed to support similar CDC capacity building efforts. This section explains how CDCs may help LISC fulfill this requirement by documenting match.

[Federal Regulations](#). HUD funding is governed by federal rules and regulations that articulate: 1) What the funding can and cannot be used for; and 2) How HUD expects LISC to monitor and report on the funding. Both CDC and LISC staff members should be familiar with these regulations. Topics addressed in the regulations include financial and program management, allowable costs, audit and procurement standards, and environmental regulations.

[Additional Resources](#). The final section lists resources to assist CDCs in finding information pertaining to federal regulations and government grants on the web.

[Appendices](#). Various Sample documents are in the Appendices, including a Grant Agreement, Sample HUD Financial Report and instructions; and a Certification of Match form. As these materials are discussed throughout the guide, it is suggested that these documents be used as a reference.

Strategic Uses of Section 4 Funds

The purpose of HUD Section 4 funds is to build the organizational capacity of CDCs. The following section describes some appropriate ways that CDCs can use Section 4 funds to this end, and the regulations that govern each activity.

Strengthening CDC Capacity

Organizational capacity refers to the internal operations of the CDC. Capacity building activities include hiring new staff and/or paying existing staff and consultants for training, planning, or administration services (i.e. contracting for accounting services). Paying the salary of internal staff is one of the most common uses of Section 4 funding.

Programmatic capacity refers to increasing the scope and/or range of the programs that the CDC operates, in accordance with neighborhood and CDC desires and needs.

The most common examples of capacity-building activities that can be funded with HUD Dollars include:

- CDC Staff Salaries – for existing staff members or new staff members;
- Bookkeeping Services – a consultant to provide bookkeeping services to a CDC that may not need to carry this staff position;
- Organizational Development or Program Consultants – to teach the CDC a new program area, such as commercial redevelopment, or to provide another service that will build the long-term capacity of the CDC; (the following page provides advice on how to distinguish between employees and consultants);
- CDC Staff or Board Training – housing development, financial management, economic development, asset management, board development, technology, or other such training, delivered through seminars/workshops or by a consultant;
- Neighborhood Plans – to hire consultants to work with the CDC and the community to institute a neighborhood planning process;
- Computer Software/Hardware – or other essential office equipment; and
- Other CDC Operating Expenses – such as rent, utilities or other expenses.

Pre-Development Assistance

LISC also provides HUD funds to CDCs for predevelopment grants (prior to site control) to cover specific activities that occur in the early stages of development, such as:

- Architectural or engineering services
- Feasibility studies
- Environmental reviews
- Other professional services required to plan a project.

Development Assistance/Project Related Funding

LISC typically does not use HUD funds for development or project-related expenses except predevelopment expenses. Check with your local LISC office for other available funds for these activities.

Staff Salaries and Consultant Services

As mentioned before HUD Section 4 funds may be used to pay staff salaries and fringes and for the services of a consultant to perform specific allowable activities. One must look at the context to determine its allowability. For example, per the Federal regulation salaries are allowable as long as the activities carried out by the employee do not involve other unallowable costs such as lobbying, fundraising or marketing of the organization or homes for sale. For this reason, LISC tries not to fund the entire cost of salary with government funds. More information in the time and effort reporting, and the cost principles sections.

Also, it is important to distinguish the differences between employees and consultants. Who should be considered an employee? An individual who performs services that are subject to the will and control of an employer—including, what must be done and how it must be done. The employer can allow the employee considerable discretion and freedom of action, so long as the employer has the legal right to control both the method and the result of the services.

Who should be considered an independent contractor or consultant? An individual over whom the employer has the right to control only the result of the work and not the means and methods of accomplishing the result should be considered an independent contractor or a consultant.

It does not matter how an organization and the consultant label the relationship in a consultant contract. Per the IRS, the nature of the relationship governs. Several factors determine whether a person is an independent contractor or employee, but the IRS ultimately looks at the level of control an organization has over an individual providing services. An appendix of this guide is the IRS Publication 1799, which explains the distinction in further detail.

It is important for CDCs to keep in mind the following:

- A staff person cannot be an employee and a consultant at the same time for the same organization;
- Employees cannot be charged to the HUD grant as a consultant;
- Someone cannot be paid as a consultant to avoid paying payroll taxes; and
- An executive director of a CDC cannot be a consultant for the same organization.

Furthermore, all consultants must be selected through the organization's Procurement Policy. LISC will not be able to reimburse for expenses associated with consultants that have not been procured. CDCs must provide LISC with a copy of the agreement with the consultant when requesting reimbursement. CDCs must also provide procurement records to LISC upon request.

The Grant Agreement

When LISC gives a HUD Section 4 capacity building grant to a CDC, the CDC will receive a written grant agreement from the National LISC office in New York that describes the term, use of the grant, the rules, federal regulations and conditions that apply; and the reporting schedule. The grant agreement will include specific information, data elements and other provisions as required by HUD.

LISC sends all grant agreements by email. The organization's authorized official may sign it electronically OR print, sign and scan it, and email back to LISC's Grants and Contracts Management Department at grants_contracts@lisc.org.

The CDC's official must sign all relevant pages, and fill in all required information and email back the entire, completed agreement, copying the LISC employee specified in the letter. If the organization cannot, for some reason, send it to LISC electronically, the organization may mail it to the Grants and Contracts Management Department via postal service. Once LISC receives the agreement, a LISC authorized official will countersign it and email it back to the CDC for its records.

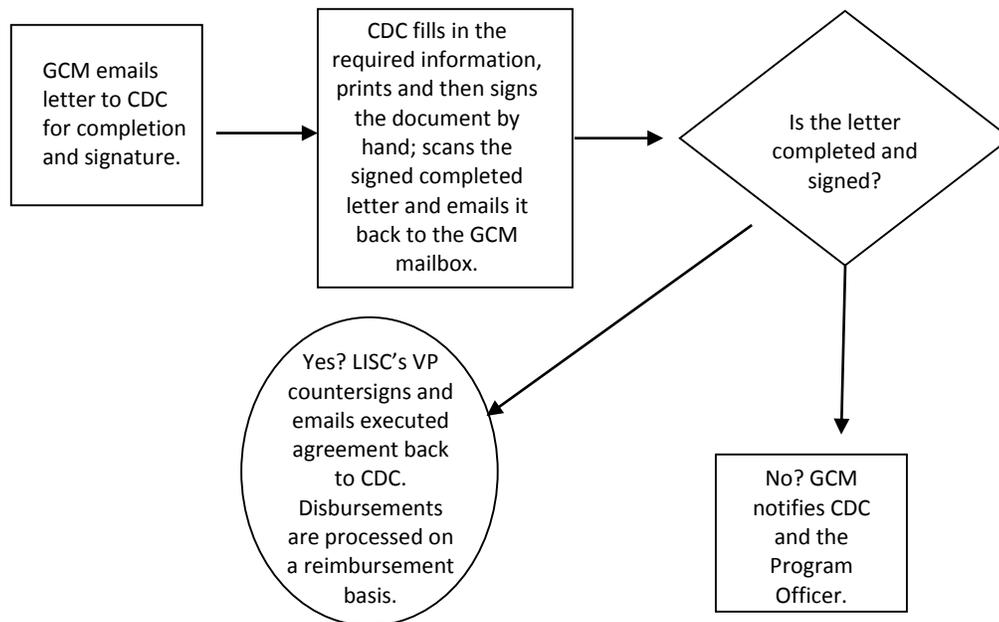
If the CDC has any questions regarding the status of an agreement, they should contact the LISC Employee copied when the agreement is emailed to the CDC's authorized official. No correspondence is reviewed at grants_contracts@lisc.org. Note that all recoverable grants are still mailed and received via postal service.

Elements of the Grant Agreement

The grant agreement is a legal document binding the CDC and LISC to the conditions of the Section 4 award. The document establishes what will be done; who will do it; when it will be done; what expenses are approved; and any special terms and conditions that apply to the grant. It lays out the terms of compliance and notifies the grantee of the requirements imposed on it by the federal government and LISC.

Grantees must fill in all the required information and follow all the steps outlined in the agreement before sending it to LISC's Grants and Contract Management Department. Accepting these funds constitutes consent to fulfill and comply with all conditions.

Executing the Grant Agreement



List of Attachments.

The grant letter will include specific information, data elements and other provisions as required by HUD. In general, the attachments and certifications include, but are not be limited to the following:

Attachment A. Grant Terms and Conditions

A. General Conditions and Requirements

1. Funds not disbursed by the expiration date
2. No disbursement if non-compliance
3. No disbursement if default exists, or material adverse change has occurred
4. Reimbursement for costs in accordance with OMB-A122 (relocated to 2 CFR Part 230 et. seq.
5. Interest and Program Income
6. Suspension and Termination
7. Independent Contractor
8. Additional Restrictions of the Use of the Grant
9. Report and Accounting Records
10. Oversight and Monitoring
11. Tax-Exempt Status
12. Publicity
13. Indemnification
14. Data Universal Numbering System (DUNS) Number and System for Award Management (SAM)
15. Certification regarding compliance with the United States Patriot Act
16. Applicable Laws

17. Assignment, delegation and subcontracting

B. Regulatory Requirements

Attachment B

By completing and signing the agreement the CDC certifies the following:

1. Initial Certification Regarding Internal Control.

Certifies that the CDC has a system of internal control that includes a process to provide accounting control over assets, liabilities, revenues and expenses; and personnel qualified to perform their responsibilities. Through this certifications CDCs subject to an A133 audit, attest that they have submitted the package to the Federal Audit Clearinghouse (FAC), as required by OMB.

2. Certification Regarding Debarment, Suspension and other responsibility matters

Certifies that the CDC is not debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from doing business with the Federal government.

3. Certification Regarding Lobbying

Certifies that Federal funds will not be used for lobbying purposes, or to pay an outside individual to attempt to influence a government or elected official.

4. Certification Regarding Drug-Free Workplace Requirements

Certifies that the CDC is providing employees with a drug-free workplace.

5. Certification Regarding Fair Housing and Equal Opportunity.

Certifies that the CDC will comply with the requirements of the Fair Housing Act, Title VII of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act, and the Age Discrimination Act of 1975, and will further fair housing.

6. Environmental Review Assurance Form

In general, if activities to be funded with HUD Section 4 funds are limited to capacity building, operating support, and not project-related, then those activities are exempt or excluded from environmental review. All other activities are subject to a more comprehensive environmental review. This form certifies your acceptance of this requirement.

7. Certification Regarding Uniform Relocation Act (URA).

The URA applies to federally-funded projects that involve the acquisition or donation of real estate, or projects that cause the relocation of people and businesses. Funding provided by LISC is not authorized to be used in any manner that results in the displacement of persons or businesses. However, the government requires the CDC to complete and sign this certification.

8. Property Statement.

If the LISC grant funds are not to be used to acquire real or personal property (such as land or equipment), please check 'NO' in response to questions 1.A, 2.A, and 3.A, and sign and return the completed form to LISC; otherwise, please complete the entire form.

9. Certification Regarding Section 3

Certifies that grantee will comply with Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) and HUD's implementing regulations at 24 CFR Part 135 (Section 3)

10. Certification regarding Data Universal Numbering System (DUNS) Number and Registration in the System for Award Management (SAM)

The Federal Funding Accountability and Transparency Act of 2006 requires that all recipients and sub-recipients of federal financial assistance have DUNS numbers, maintain a current SAM registration and report sub-ward data. Through this attachment, the CDC certifies to LISC that they are in compliance with this requirement. Please note that if a CDC does not have a current registration LISC will not be able to make grant disbursements and or award additional funds.

11. Certification regarding the United States Patriot Act

Certifies that the CDC is not now, nor it has ever been, named in the list of Specifically Designated national and Blocked Persons established pursuant to Executive Order 13224 and maintained by the US Department of the Treasury's Office of Foreign Assets Control or any other list of terrorist or terrorists organizations.

12. HUD Grant Financial Report

This report must be completed and returned quarterly or monthly, depending on the disbursement schedule in your grant agreement. This report is described at length in a later section of this guide, under reporting requirements.

13. List of Records to keep

This attachment contains a list of documents related to the grant that need to be kept on file by the CDCs. This document is indented to be reference and does not need to be returned to LISC.

Grant Requirements

Submission of Financial Statements and [A-133 Audits](#)

National LISC must have copies of the CDC's most recent audited financial statements. At the time a grant is requested, LISC program staff will request copies of audited financials to assess CDCs financial condition. If a CDC does not have audited financial statements, they must submit their compiled financial statements and most recent IRS 990 Form. Please note that unaudited financial statements may only be accepted for the first year in which the CDC receives a grant from LISC. Future funding may be contingent upon the completion of a financial review or an audit. In these cases, funding decisions will be made on a case by case basis.

Once a grant is subawarded by LISC, CDCs must email a copy of its most recent audited financial statements along with the executed grant agreement, as indicated in the award letter. For each additional year within the grant term, the CDC must submit the latest audited financial statements within nine months after the end of the fiscal year.

Organizations subject to an A-133 audit² must consider additional compliance requirements, as established by OMB. These organizations MUST submit a copy of the audits to the Federal Audit Clearinghouse at <http://harvester.census.gov/sac/>. LISC will conduct searches to verify that the information has been submitted by the CDCs to the FAC. CDCs that have not complied with this requirement will not be eligible to receive payments for current grants and or additional funding.

Note that, for organizations subject to one, A-133 audits may be paid for with HUD Section 4 funds, as long as funds have been allocated for this purpose in the CDC grant budget.

Corrective Action Plans

Due to its responsibility as a pass-through entity, LISC must ensure that CDCs have developed a Corrective Action Plan (CAP) addressing any findings or recommendations of the independent auditors.

When creating a CAP, the CDC should make the expectations and targets very clear. All goals in the CAP should be SMART (specific, measurable, attainable, relevant and timely) and each goal or expectation must also be tied to an expected resolution date. When applicable, LISC will request a copy of the CAP and/or management response. Moreover, LISC will follow-up on the progress of the CAP and could fill in an Audit Review to document its efforts to bring the organization back to compliance. Keep in mind that as

² CDCs that expend more than \$500,000 of federal funds during the fiscal year are subject to an A133 audit. The [Uniform Guidance](#) will raise the single audit threshold to \$750,000 for organizations with fiscal years beginning on (or after) January 1, 2015.

per grant terms and conditions, records shall be retained while any audit requested by LISC and/or HUD is being conducted and any question arising there from is unresolved, or until five (5) years after the termination date of this Grant Agreement, whichever is later.

Disbursements to CDCs

All government funded grants operate on a reimbursement basis, unless an initial advance has been approved by LISC. Disbursement conditions and schedules are explicitly stated in the grant agreement. After National LISC receives the executed grant letter with all the attachments, the local LISC Program Officer is notified and the sub-grantee (CDC) will be able to request disbursement for approved expenses already incurred.

Government funded grants can be disbursed in two ways:

Monthly Disbursement with Initial Advance

LISC may advance funds to CDCs under special circumstances to cover expenses for a period of up to two (2) months at the beginning of the grant term. Advances are only recommended when a CDC is facing short term cash flow issues and does not have sufficient resources to prevent funding shortages while their monthly financial reports and reimbursements are being processed. The exact amount of the advance is stated in the grant letter and is disbursed in a one-time payment.

The initial advance can be disbursed once the executed grant agreement and all attachments have been received, and other conditions included on the grant letter have been satisfied. Advances MUST be approved and included on the grant letter in order for the CDC to request an initial payment for such advance.

The balance of the grant is disbursed on a reimbursement basis. CDCs are required to complete the Government Financial Report each month, starting with the first month of the grant period, and send it to their local LISC Program Officer by the 15th of the following month. CDCs report on actual expenditures as the expenses are incurred.

CDCs that have received an initial advance MUST apply the advance received on the first Government Financial Report and as necessary to their subsequent report(s). The advance will be deducted from the current month's expenses to show whether or not any disbursement is necessary.

LISC may not be able to continue allowing initial advances to organizations which are not able to submit the financial reports consistently and in a timely manner.

Quarterly Disbursement with No Initial Advance

Government grants with no initial advance have a quarterly disbursement frequency, unless otherwise indicated on the grant letter. In this case, the CDC will receive their first disbursement only after they have satisfied the disbursement conditions outlined on the grant letter, including the submission of a Government Financial Report, following the same process as above.

The HUD Financial Report

As mentioned above, all CDCs are required to submit the Government Financial Report attached to the grant letters to request reimbursement for expenses incurred under a government funded contract.

Completing the HUD Financial Report

Please refer to the HUD Financial Report in the Appendices when reading these instructions. The numbers in these instructions correspond to this report. Also, when completing the HUD Financial Report, it is helpful to have a copy of the CDC Grant Agreement in front of you. Many questions on the report refer to information in the Grant Agreement.

- 1. CDC Name:** The CDC should fill in its name, as it appears on the grant agreement.
- 2. Address:** The CDC should fill in its current mailing address.
- 3. Grant PA Number:** This number is also known as the LISC Program Action (PA) number, and is indicated on page one of the Grant Agreement. (Example, 40000-0001).
- 4. Grant Period:** This is the term of the grant, and should indicate specific start and end dates, not the words “one year” or “six months”; for example 01/01/12-12/31/12
- 5. Period Reporting On:** This is the month or quarter that the expenses were incurred. Use specific start and end dates, for example, 01/01/12-03/31/12.
- 6. Budget Description:** List all of the line items that appear in the grant budget (Exhibit A of the grant agreement).

Example:

Executive Director Salary and Fringe
Equipment (Laptop computer and workstation)
Local Staff Travel

- 7. Total Approved Budget:** List all the approved budget numbers exactly as shown in Exhibit A of the grant agreement.

Example:

Executive Director Salary and Fringe	\$36,000
Equipment (Laptop computer and workstation)	\$3,000
Local Staff Travel	\$1,000

- 8. Prior Month's Expenses:** Report the amount of expenses incurred prior to the period that is being reported on. This amount should equal the “Cumulative Total Expenses” from the past period’s report. If this is the first report, this should be zero.

9. Current Month's Expenses: Report the amount of expenses incurred during the period that is being reported on.

10. Cumulative Total Expenses: Add the prior month expenses column (8) and the current month expenses column (9). This is the total cumulative expenses.

11. Budget Balance: Subtract cumulative total expenses (10) from the total approved budget column (7). The remaining amount is the budget balance.

In most instances, LISC does not require CDCs to submit full supporting documentation. This may be done on a sampling basis or at the discretion of LISC's Program Officers or National office. In any event, the CDC must keep the supporting documentation on file to be reviewed during LISC monitoring reviews.

Required Certifications

CDCs must sign the financial report which includes Federal required certifications. The official that signs the financial report legally binds the entity. This certification requires the CDC to acknowledge that the costs associated with the grant are allowable, accurate and in accordance with federal regulations and the terms and conditions of the grant. This is a new federal requirement (contained in 2 CFR 200.415) for recipients of Federal funds.

Supporting Documentation

Supporting documentation refers to the financial records that are needed to verify expenses that have been reported by the CDC. Consistent with 2 CFR 200.403, an element of allowability is that costs must be "adequately" documented. As a result, CDCs must have such documentation on file, and may be required to submit it along with the financial report. For example, in the case of office supplies, the documentation should include invoices, proof of payment and document receipt of the items. This guide contains a list of supporting documentation that could be used as reference. Expenses that are not properly documented will be disallowed. Local LISC program staff may ask selected CDCs to submit back-up along with the completed report if they believe is needed.

Submission of reports

CDCs must submit the HUD Financial Reports to the local LISC program staff within 15 days after the end of the month or quarter in which the expenses were incurred. The report must cover the full month or quarter; do not submit partial periods. Reports must be submitted throughout the entire term of the grant unless the grant has been fully reported on before the end of the grant term.

Delinquent Reports

If reports are more than 90 days overdue, the CDC is considered delinquent in its reporting requirements. For CDCs that are seriously delinquent, appropriate sanctions include changing the CDC from advance payment to reimbursement, or suspending additional

disbursements of HUD and non-HUD funded grants.

Financial Management and Reporting

Consistent with OMB regulations, organizations receiving federal funds must maintain records that identify the source and application of grant funds for federally-sponsored activities. These records must segregate the revenues and expenses related to each individual award (project).

An accounting system that allows the CDC to separate identification of Federal and non-Federal transactions and allocations is known as project-cost accounting. One of its key components is a well-designed chart of accounts to accurately and comprehensively describe the types of transactions which should be in particular accounts and consequently help prevent the misclassification of transactions. Generally, the chart of accounts should classify revenues by fund and source and classify expenditures by fund, function (or program), organizational unit, activity (specific type of expenditure), character (operating, capital, transfer), and object class (type of item or service).

Additionally, an organization managing government funds should have a set of accounting books that includes: 1) a General Ledger, 2) an Operating ledger, and 3) a Project Cost Ledger that contains data by cost element for each project.

Likewise, some aspects of the organization's accounting procedures must be in written form to comply with the federal regulations, and all costs attributed to a grant should be supported by adequate documentation such as canceled checks, paid invoices, payroll records, time and effort reports, etc.; as mentioned previously, these should indicate the grant to which they are allocated. For a list of appropriate backup by budget category see the table in a later section.

Internal Controls

Internal Controls are an integral part of grants management. To reduce the potential of fraud, waste and abuse, organizations are required to establish, develop and implement effective internal control procedures to mitigate the risk of misuse of federal funds.

Internal controls are any processes designed to provide reasonable assurance regarding the achievement of objectives and efficiency of operations, reliability of reporting for internal and external use; and compliance with applicable laws and regulations. The Uniform Guidance proposes the internal control systems align with the [“Standards of Internal Control in the Federal Government”](#) (aka as “The Green Book”) and with the [“Internal Control –Integrated Framework”](#) (aka “COSO Framework”).

A key component of internal controls are the presence of clear and up-to-date, written accounting procedures that provide for the following to happen:

- no one person is responsible for initiating, approving, and recording transactions; reconciling balances, handling assets and reviewing reports; at least, two sets of

- eyes are required for any given transaction;
- good and services obtained are approved by employees with the appropriate authority; and
- timely reviews of financial activity are performed.

Unsurprisingly, strong and suitable segregation of duties and internal controls go hand in hand. Segregation of duties will act as a deterrent to fraud because it would then require collusion with another person to engage in a fraudulent act. Sometimes, in small organizations, it can appear difficult to segregate functions; however, it is not impossible. Even in a small organization, duties can be divided up or rotated between paid staff, board members and volunteers to reduce the opportunity for error and wrongdoing. For example, the director could approve payments and sign checks prepared by the bookkeeper or office manager. The board treasurer could then review disbursements with accompanying documentation each month, prepare the bank reconciliation, and review canceled checks.

For more guidance, in its Sample Policies and Procedures Manual, LISC has examples of acceptable segregation of duties for organizations with two, three and four individuals. Ask your Program Officer for these samples should you need them.

Sample List of Appropriate Backup Documentation for Grant Expenses

HUD FINANCIAL REPORT AND LISC COMPLIANCE SITE VISIT

Back-up documentation is required to support transactions entered into the CDC’s accounting system. Back-up documents include the following:

- contracts, purchase orders or other documents that establish a legal obligation;
- invoices or receipts that represent liabilities for goods or services;
- check requests or other payment documents that authorize the disbursement of grant funds;
- cancelled checks or other proof of payment.

To provide all the documentation that support all grant-related transactions, the CDC’s accounting system should be able to trace financial statement balances through the organization’s general ledger, cash books and other summary journals to the origin of the detailed accounting transaction and their supporting documentation.

Below is a table with sample appropriate documentation that may be used a starting point:

GRANT BUDGET CATEGORY	GRANT BUDGET LINE ITEM	SAMPLE APPROPRIATE DOCUMENTATION
Salary & Benefits	Salary	<ul style="list-style-type: none"> ▪ Signed timesheets including number of hours allocated to specific grants or projects. ▪ Payroll register highlighting the name(s) of each employee(s) charged to the grant ▪ Payroll tax deposits. Proof that the CDC has deposited tax dollars withheld from employees ▪ Copies of canceled checks or direct deposit transmittals
	Fringe	<ul style="list-style-type: none"> ▪ All invoices for fringe benefits charged to the grant and paid to the provider of services, e.g. medical, dental, workers compensation etc.
Consultants	Consultant Expenses	<ul style="list-style-type: none"> ▪ Consultant agreement contract ▪ Invoices ▪ Copies of canceled checks ▪ Documentation showing competitive selection process.
Travel	Meals	<ul style="list-style-type: none"> ▪ All receipts/invoices, canceled checks, or any other method of payment including credit cards.
	Staff Travel Expenses	<ul style="list-style-type: none"> ▪ All invoices for travel including mileage logs (automobile), gas receipts, used airline or train ticket(s), and any other documents pertaining to the purpose of the trip. ▪ All detailed receipts/invoices for per diem expenses, canceled checks, or any other method of payment including credit cards.
	Staff Training Expenses	<ul style="list-style-type: none"> ▪ Copy of training registration form stating cost, date and attendees ▪ Hotel bill, and receipts for local travel: taxis, car rental, mileage logs.
Non-Expendable Equipment (Unit cost > \$5,000 and a useful life > 1 year)	Equipment (Unit cost > \$5,000 and a useful life > 1 year)	<ul style="list-style-type: none"> ▪ All invoices, purchase orders, canceled checks, or any other method of payment; ▪ Evidence that the goods were received ▪ If equipment is leased - lease agreement and monthly invoices, service/maintenance contracts, price quotations ▪ Documentation showing procurement process.
Supplies & Materials (Unit Cost < \$4,999)	Supplies	<ul style="list-style-type: none"> ▪ All invoices, canceled checks, or any other method of payment including credit cards and petty cash vouchers.

GRANT BUDGET CATEGORY	GRANT BUDGET LINE ITEM	SAMPLE APPROPRIATE DOCUMENTATION
Program Costs/Training	Participant Support Costs	<ul style="list-style-type: none"> ▪ All invoices, purchase orders and canceled checks or any other method of payment for the purchase of the incentive. ▪ Register of receipt signed by client indicating that they received the incentive. Log should include clients name, signature, type of incentive and date it was received.
Other Direct Costs	A133 Audit Fees (Section 4 ONLY covers A133 Audits)	<ul style="list-style-type: none"> ▪ All invoices, purchase orders and canceled checks or any other method of payment for the purchase of the incentive. ▪ Description of basis of allocation to the grant.
	Insurance	<ul style="list-style-type: none"> ▪ All invoices, purchase orders and canceled checks or any other method of payment for the purchase of the incentive. ▪ Description of basis of allocation to the grant.
	Printing	<ul style="list-style-type: none"> ▪ All invoices, purchase orders and canceled checks or any other method of payment.
	Rent	<ul style="list-style-type: none"> ▪ Lease agreement, invoices and canceled checks or evidence of any other method of payment.
	Utilities	<ul style="list-style-type: none"> ▪ All invoices, purchase orders and canceled checks or any other method of payment for the purchase of the incentive. ▪ Description of basis of allocation to the grant.
	Interns	<ul style="list-style-type: none"> ▪ Stipend/Internship Agreement ▪ Copies of cancelled checks or proof of payment
Indirect Cost	Indirect Cost/Overhead	<ul style="list-style-type: none"> ▪ A copy of the federally approved Indirect Cost Rate Agreement. See section on indirect for more details.

Documentation to Support Compensation –Personnel Expenses

Federal regulations³ require that all salaries and wages charged to a federal award be documented to accurately reflect the work performed for the award. When the federal government supports the total or partial costs of a staff person’s salary and/or fringe, it requires assurance that the expenses represent actual time spent on the project and that the activities have in fact been completed by the recipient.

Employee time tracking is heavily scrutinized by auditors and funders, and should be an area that CDCs focus on before starting any new federally-funded program. The vast majority of CDCs receiving federal funds use them to cover staff salary and fringe expenses; hence, the importance of having appropriate systems to track and report time spent on activities covered under federal programs.

³ Compensation for Personal Services requirements are contained in 2 CFR 230 App. B. (8)(m) or Section 200.430(a) through 200.430(h)

Under the [Uniform Guidance](#), nonprofits are required to establish and maintain internal controls that provide “reasonable assurance” that salaries and wages are accurate, allowable, and properly allocated; and reasonably document the total activity, federally funded and non-federally funded, for which the employee is compensated, not exceeding 100% of compensated activities. A time and effort reporting system meets these requirements. In general, time and effort reporting is the method for an employee to certify how they spend compensated time.

By definition, time is the actual number of hours or percentage of time spent on a particular activity and effort is the distribution of that time by funding stream. Timesheets are a mechanism to document time and effort reporting. They reflect which funding source or project has benefitted from an employee’s effort; as they are intended to show the actual distribution of both time and effort according to funding sources or programs. In sum, effective time and effort reporting captures two components: 1) actual time and 2) the funding source that benefits from the activity.

It is important to note that timesheets are considered formal documents used to attest to the accuracy of actual time and effort spent on government supported projects. Therefore, absence of appropriate documentation may be the basis for questioning and disallowing costs. In the absence of appropriate documentation, auditors and awarding agencies may consider expenses unallowable, not approved, unreasonable or unsupported. In addition, erroneous certifications of time and effort could be considered fraud.

The federal government does not prescribe a specific format for time and effort reporting; however for it to provide “reasonable assurance” that salaries are accurate, allowable, and properly allocated, aim for the following main components:

- Time allocations must be based on actual effort spent, not based on budget
- Reporting must be prepared after the work is complete
- Reflect total activity of the employee, both federal sponsored portion and non-federal sponsored portion
- Completed by someone who has firsthand knowledge of the work
- Certified by the employee or approved by their supervisor
- Coincide with the organization’s pay period

Although there is no one-size-fit-all timesheet template, LISC has samples that can be shared upon request. Contact your Program Officer to receive a copy these samples.

Program Reporting

CDCs receiving HUD Section 4 grant funding are required to provide LISC with regular (monthly or quarterly) narrative program reports, detailing progress against outcome and project goals.

Narrative program reports serve as a measure of progress achieved on a project and help to identify programmatic and administrative problems that may need to be resolved. Final program reports become a permanent record of project accomplishments. These reports provide information that LISC and HUD staff use to evaluate the significance and impact of Section 4 funding.

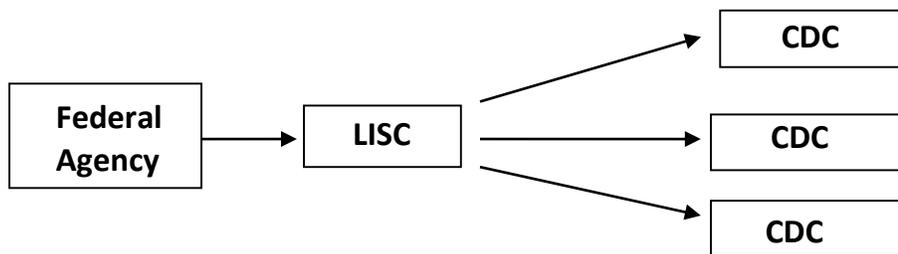
While each LISC program office may have different/unique reporting requirements, generally, narrative program reports should include the following information:

- A summary of work accomplished during the period, including a comparison of planned goals, outcomes, and objectives, versus actual accomplishments.
- A discussion of costs/expenses incurred and how those costs relate to the overall program/project goal.
- Reasons why established goals or timelines were not met, if appropriate.
- Plans to meet these goals in the future, if appropriate
- Discussion of current or future challenges.

LISC Monitoring Reviews to CDCs

When a CDC signs a contract with a federal funder through LISC, the CDC is agreeing to have infrastructure/systems in place to comply with federal regulations. Thus, it is LISC’s responsibility to monitor the CDC.

The Federal Government holds LISC responsible for ensuring that CDCs comply with federal requirements and has the ability to penalize LISC for the CDCs’ non-compliance. Therefore, LISC takes our monitoring responsibility articulated under federal regulations fairly seriously.



As part of LISC’s compliance and monitoring requirements mandated by HUD, a LISC staff member will perform regular examinations of your program and financial reports, and at least one annual review to all CDCs that receive government funds to accomplish the following:

- Verify the expenditures reported in the Financial Reports by reviewing the supporting documentation
- Review the organization’s written policies and procedures;
- Determine whether the CDC is in compliance with the terms and conditions of the grant;

- Monitor the CDC's progress and programmatic accomplishments;
Provide technical assistance and advice to the CDC to effectively manage a federally-funded grant.

For the Section 4 program, HUD performs an annual on-site monitoring visit to LISC's national headquarters to review grant files in detail as well as to interview LISC programs about performance and local conditions affecting the community development industry. Likewise, HUD may opt to visit any CDC receiving Section 4 funds at any time. LISC Monitoring Checklist is included in the appendices section of this guide.

Section 4 Program Match Requirements

One of the main reasons that HUD awards Section 4 funds to LISC is because of its ability to match the public funds with a significant amount of private funds. Matching funds can be in the form of grants, loans or equity and provide operating support, program support or project financing.

LISC has a 3:1 match obligation for each HUD Section 4 contract. This means that for every one dollar granted by HUD, LISC must document that three dollars from other sources are committed to support similar CDC capacity building efforts. CDCs may decide to work with LISC to contribute and document match for the Section 4 program.

In general, funds counted as match under HUD Section 4 must meet the following requirements:

- Raised for the program or project to which LISC is providing Section 4 funding
- Verifiable from donor's or recipient's records
- Reasonable to accomplish the project or program objectives, and
- Allowable under the applicable cost principles (OMB Circular A-122 for most of our grantees)

What funds qualify as Match?

LISC expects partners CDCs to match their Section 4 capacity building grants. Please note that match funds must be private in nature and used for the same activity (capacity building) as the Section 4 funded grant or technical assistance received from LISC. In addition, the private funds must be committed and received by the CDC before the end of the section 4 grant to your CDC.

Instructions for CDCs for Documenting Match Contributions

CDCs providing match funds for the Section 4 program should complete a **Certification of Match** form. The form should list the sources (i.e. names of foundations, banks or donors) of the private funds, the amount of the commitment from each source, and the total amount disbursed from each source. The certification of match is sent along with the award letter. It is also included on the Appendix of this guide

CDCs may submit a wide range of private match sources to fulfill the requirements of the Section 4 contract including.

- Operational support in the form of grants from banks, insurance companies, housing finance corporations, and private foundations.
- Donations from individuals, charities, faith based organizations and businesses.
- CDCs proceeds including housing development fees, development services fees, TA income from subsidiaries, revenue from rental properties, interest revenue, building and seller referral fees, management fees.
- Consulting expenses related to the provision of integral capacity building services to the organization.

Private awards reported as match must have been committed and disbursed to CDCs within one calendar year prior to the beginning of the Section 4 grant, and prior to the end of its term. For example, if your grant term is 01/01/15-12/31/15, then, the matching funds could have been committed and/or disbursed any time during the period from 1/01/14 to 12/31/15.

Match contributions reported by CDCs must be accompanied by copies of commitment letters. When contributing match CDCs must report on both commitments and the amount of the award that has been received. The forms and letters should be submitted to the LISC local office. In addition to commitment letters, acceptable back-up documentation also includes copies of the checks or wire transfer statements, loan agreements, and promissory notes.

If the CDC has questions about these reports or needs help assessing the validity of some of the CDC match source data, please contact your LISC Program Officer.

Applicable Federal Regulations and the Uniform Guidance

In addition to program specific requirements, there are other requirements that apply to all federal programs. Organizations should review their grant agreement carefully, as it indicates the applicable regulations.

Effective December 26, 2014, the Uniform Guidance consolidated eight Office of Management and Budget (OMB) circulars into a single document that creates uniform requirements, with minor exceptions, for all recipient entities. The Uniform Guidance now contains the Uniform Administrative Requirements, the Cost Principles, and the Audit Requirements for Federal Awards.

CDCs must follow the terms, conditions and regulations as indicated in the grant agreement. Organizations must refer to the applicable guidance found in 2 CFR 215, 2 CFR 230 and OMB Circular A-133; unless the grant agreement explicitly states that the Uniform Guidance applies⁴.

The Uniform Guidance will not apply retroactively. The provisions in the uniform Guidance will only apply to new awards funded under Section 4 FY14 and onward.

Grants funded under	Guidance for Administrative Requirements and Cost Principles
Section 4 FY11, FY12 and FY13	2 CFR 215; 2 CFR 230
Section 4 FY14	Uniform Guidance

The audit requirements will apply to audits of fiscal years beginning on or after December 26, 2014.

Fiscal Year Dates	Guidance for Audit Requirements
July 1, 2014 – June 30, 2015	OMB Circular A-133
October 1, 2014 – September 30, 2015	OMB Circular A-133
January 1, 2015 – December 31, 2015	Uniform Guidance
July 1, 2015 – June 30, 2016	Uniform Guidance

Uniform Administrative Requirements (2 CFR Part 215, OR 2 CFR 200 Subpart A through 2 CFR Subpart D)

The purpose the Uniform Administrative Requirements is to establish uniform administrative requirements for Federal grants and agreements with institutions of higher education, hospitals and nonprofit organizations. The following section contains some of

⁴ 2 CFR 200 can be viewed at the [Electronic Code of Federal Regulations](#).

the main components of the Uniform Administrative Requirements. Organizations receiving Section 4 grants must adhere to these.

Financial and Program Management

Non-profit organizations that receive any source of Federal funds must have financial and program management systems in place. Below are some key considerations:

- CDCs must maintain records that adequately identify the source and application of funds for federally sponsored activities. These records must contain information pertaining to Federal awards, authorizations, obligations, assets, outlays, income and interest. Examples of records that should be maintained include: copies of contracts, invoices, proof of payments and allocation tracking when costs are distributed among several funding sources – such as timesheets showing how much time the employee spent working on each funding source, which are signed by the employee and the supervisor⁵.
- CDCs must have a formal manual that lists its accounting policies and procedures. These policies and procedures must set forth operational protocol that the non-profit organization will have in place, which will result in the effective control over and accountability for all funds, property and other assets. For example, non-profit organizations should have a system where one person approves/requests a check, a second individual generates the check, and a third individual signs the check. Additionally, one individual should be responsible for receiving checks and payments, a second individual should be responsible for booking receipts, and a third individual should be responsible for making deposits. **Please note that LISC has developed a sample policy/procedure manual for CDCs which is available upon request.**
- Non-profit organizations must have written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable federal cost principles and the terms and conditions of the program action. The concepts and requirements of reasonableness, allocability, and allowability are discussed in further detail in this manual.
- Non-profit organizations must maintain records that allow for a comparison of financial outlays with budget amounts for each award (such as budget to actual reports). Whenever appropriate, financial information should be related to performance and unit cost data.
- Non-profit organizations must keep any Federal funds in a federally insured bank. The Federal funds may be kept in a bank account with other funds; however, the Federal funds must be tracked independently in the CDC's accounting system.

⁵ Note the Executive Directors whose time is charged to federal grants should also keep timesheets and, for internal control purposes, those timesheets should be signed by a Board Member.

New on the Uniform Guidance

The requirements contained in 2 CFR 215 and the Uniform Guidance are, for the most part, similar. However, there are some updates and differences depending on the predominate source language used on each section. For example, the interest-bearing account threshold will increase from \$250 to \$500. CDCs should review the sections that use language from the circular previously not applicable to them. For more guidance, refer to [COFAR's Administrative Requirements Comparison Chart](#).

Cost Sharing or [Matching Funds](#)

CDCs must have good documentation of the source of match funds; the matching funds must be costs that are necessary and reasonable to carry out the program, and the costs must be allowable. The source of match funds cannot include federal funds from other programs. So, if the CDC has CDBG funds, they cannot be used as match for our Section 4 program

Property Standards and Equipment Purchases

When purchasing property (equipment⁶ and supplies) with Federal funds, CDCs receiving pass-through federally funded grants through LISC should adhere to the following:

- Title to property purchased with Federal funds must vest with the CDC, subject to the conditions set forth in this section.
- Property records (such as an inventory) must be kept showing the general name/description of the property, identification/serial number, original cost, acquisition date, location and condition of the property, whether title vests with the CDC or the Federal government, information regarding the Federal share in the acquisition of such equipment, depreciated value, and disposition data. These records should be updated regularly- **at least once every two (2) years**. Differences between quantities determined by physical inspection and those shown in the accounting records need to be investigated.
- A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented by the non-profit organization.
- CDCs must provide the equivalent insurance coverage for property (equipment and supplies) acquired with Federal funds as provided for property owned by the organization that is acquired with non-Federal funds.

⁶ The Federal government defines **equipment** as “tangible, non-expendable personal property charged directly to the award and having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.”

- When the CDC no longer needs the equipment, the equipment may be used for other activities. For equipment with a current per unit fair market value of \$5,000 or more, the CDC may retain the equipment for other uses provided that compensation is made to the original Federal awarding agency or its successor agency. The amount of compensation shall be computed by applying the percentage of Federal share in the cost of the original project or program to the current fair market value of the equipment. If LISC has no need for the equipment, the organization shall request disposition instructions from the Federal awarding agency. The Federal awarding agency shall determine whether the equipment can be used to meet the agency’s requirements.

- If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other federally-sponsored project or program, CDC shall retain the supplies for use on non-Federal sponsored activities or sell them, but shall, in either case compensate the Federal Government for its share. The amount of compensation shall be computed by applying the percentage of Federal share in the cost of the original project or program to the current fair market value of the supplies.

- If CDCs plan to dispose of equipment purchased with Section 4 or other federally-funded program, please contact the LISC local office for guidance on the appropriate process.

New on the Uniform Guidance

The \$5,000 threshold to classify property as equipment remains. The Uniform guidance requires nonprofits to develop adequate internal controls to protect personally identifiable information contained on computers. CDCs should ensure records and documents are password protected and only authorized staff can access grant-related documents.

Procurement Standards

The goal of procurement, particularly with federal funds, is to promote “free and open competition” – specifically, when procuring the services of a consultant, supplies, equipment and other expendable property with federal funds organizations should make opportunities available to a wide array of vendors; should set forth the requirements by which they are going to evaluate them; and should make awards that are most advantageous to their organization based on price, quality and any other factors that prove beneficial. It is important to keep in mind that the regulations pertaining to procurement standards apply to CDCs receiving federal funds from LISC.

Procurement policies should include cost-price analysis. Some form of cost or price analysis must be conducted and documented in the procurement files in connection with every procurement action. **Cost analysis** is the review and evaluation of each element of cost to

determine reasonableness, ease of allocation and allowability. For example, if you are purchasing a box of pens, \$5.99 may be a reasonable cost to pay whereas \$59.99 may not be. Likewise, as discussed further in [2 CFR 230](#), some items cannot be purchased with federal funds, such as alcoholic beverages. **Price analysis** is the comparison of price quotations submitted, taking market prices and discounts into account. Organization should also delineate general procedures for procurement of contracts including responsibility and authority for purchasing, conflict of interest disclosure⁷ and the process for solicitation of quotations from vendors. All nonprofits must document and maintain records for all awarded contracts.

New on the Uniform Guidance

Nonprofits, previously following 2 CFR 215 will have until December 26, 2015 to comply with the procurement standards in the Uniform Guidance.

For the organization's first full fiscal year that begins on or after December 26, 2014, the organization must document whether it is in compliance with the old or new standard, and must meet the documented standard.

The Uniform Guidance requires entities to develop and implement an entity policy for organizational conflict of interest. This policy must be incorporated into the entity's procurement manual. Furthermore, there is a new list of prohibited practices found at 200.319(a), and nonprofits are prohibited from providing geographical preference in awarding a contract with federal funds.

Also, the Uniform Guidance clarified/updated the procurement methods. There is a new **micro-purchase threshold** set at \$3,000 (2 CFR 200.67) that can be used to expedite the completion of small purchase transactions and minimize administrative burden and cost. It will allow CDCs to purchase supplies without following formal procurement procedures. CDCs will no longer have to request quotes for these types of purchases. However, receipts will still need to be kept for accounting purposes.

Lastly, the **Simplified Acquisition Threshold** increased to \$150,000 (2 CFR 200.88).

Intangible Property

CDCs are able to copyright any work that is subject to copyright and was developed, or for which ownership was purchased, under a Federal award. However, the Federal awarding agency reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so. In the case of Section 4, CDCs are required to submit publications to the LISC and HUD for PRIOR approval of their publication electronically or in print form. HUD also requires that CDCs include standard language indicating that while the publication was federally supported, the government may not espouse all opinions reflected therein.

⁷ LISC's Sample CDC Policy and Procedure Manual includes a procedure on Conflict of Interest disclosures.

“The work that provided the basis for this publication was supported by funding under an award with the US Department of Housing and Urban Development. The substance and findings of the work are dedicated to the public. The author and publisher are solely responsible for the accuracy of the statements and interpretations contained in this publication. Such interpretations do not necessarily reflect the views of the Government.”

Likewise, unless waived by the Federal awarding agency, the Federal Government has the right to: (1) obtain, reproduce, publish or otherwise use the data first produced under an award; and (2) authorize others to receive, reproduce, publish or otherwise use such data for Federal purposes.

There are additional regulations governing patents and inventions of which CDCs should be aware if applicable. Some government-wide regulations on this matter were issued by the Department of Commerce and can be found in 37 CFR part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms under Government Grants, Contracts and Cooperative Agreements.”

New on the Uniform Guidance

The language for this section comes from 2 CFR 215 and contains no policy changes. Intangible property means property having no physical existence, such as trademarks, copyrights, patents, and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock, and other instruments of property ownership (Section 200.59).

Records Management

The CDC should have a schedule, as part of the Policy and Procedure Manual, which outlines the period of time it must retain records (see LISC’s Sample CDC Policy and Procedure Manual as a guide). The record retention requirements vary from contract to contract. The following requirements apply to the HUD Section 4 program:

Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three (3) years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Federal awarding agency. This date can be calculated as follows: the contract (not your grant) end date + 90 days (which is the standard period for submitting the final expenditure report) + 3 years. So, if LISC’s Section 4 contract ends on December 31, 2012, the retention period would be until April 1, 2016. The exceptions are as follows:

- (1) If any litigation, claim, or audit is started before the expiration of the three (3)-year period, the records must be retained until all litigation, claims, or audit findings have been resolved and final action has been taken.

- (2) Records for real property and equipment acquired with Federal funds must be retained for three (3) years after final disposition of the property or equipment.
- (3) When records are transferred to or maintained by the Federal awarding agency, the three year record retention requirement is not applicable to the recipient.
- (4) Indirect cost rate proposals, cost allocation plans, etc. See 2 CFR Part 215.52 for the specific guidelines on record retention and access pertaining to indirect cost rate proposals, cost allocation plans, etc.
- (5) Copies of original records may be substituted for the original records if authorized by the Federal awarding agency.

HUD, the Inspector General, Comptroller of the United States, or any of their duty authorized representatives, have the right of timely and unrestricted access to any books, documents, papers, or other records of recipients that are pertinent to the awards, to make audits, examinations, excerpts, transcripts and copies of such documents. This right also includes timely and reasonable access to personnel for the purpose of interview and discussion related to such documents. The rights of access in this paragraph are not limited to the required retention period, but shall last as long as records are retained. Therefore, after the retention period has passed, it is important to dispose of records accordingly – particularly as there is often a cost for physically storing documents. If you have questions about the record retention dates for your HUD Section 4 contract, contact your LISC Program Officer.

New on the Uniform Guidance

The three-year record retention policy remains. 2 CFR 200.333 explains that nonprofits must retain all documents “for a period of three years from the date of submission of the final expenditure report”.

Debarment and Suspension

2 CFR 215 also requires LISC and its partner CDCs to ensure that any vendors or contractors (e.g. consultants) that are being paid with government funds have not been debarred or suspended from doing work with the federal government. This information on the Excluded Parties List is now kept by the federal government in the System for Award Management website at www.sam.gov.

New on the Uniform Guidance

No news here. Appendix II to Part 200 states that a contract award must not be made to parties listed on the government-wide Excluded Parties List System in the System for Award Management (SAM), in accordance with the guidelines at 2 CFR 180.

Cost Principles (2 CFR Part 230 OR 2 CFR 200 Subpart E)

The purpose of 2 CFR Part 230 (formerly OMB Circular A-122) is to address the cost principles applicable to non-profit organizations when using Federal funds. 2 CFR 230 helps us to be aware of three primary issues related to cost when using Federal funds discussed below: reasonableness, allocability and allowability.

Reasonableness of Costs

Federal regulations require that when a CDC is using federal funds to pay the cost of an activity, the CDC makes the determination that the cost is reasonable. Certainly one person's definition of reasonable may be different than others, but in general, we are evaluating how a "prudent person" would determine reasonability, evaluating the factors below:

- Whether the cost is a type generally recognized as ordinary and necessary for the organization or the performance of the award.
- Whether the cost is incurred through an "arm's-length transaction", and do not deviate from established practices of the organization.
- Whether the cost does not exceed, in nature or amount that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.
- Whether the cost is consistently charged to both government and non-governmental (private) programs.

New on the Uniform Guidance

Even though the source language for the factors affecting reasonable costs is a combination from all the Cost Principles, the Uniform Guidance does not fundamentally change the elements reasonability. It adds factors affecting reasonable costs: market prices for comparable good or services for the geographic area, and whether the individuals concerned acted with prudence in the circumstances considering their responsibilities. For more guidance, refer to [COFAR's Cost Principles Comparison Chart](#).

Allocable Costs

For a CDC to be reimbursed for costs incurred under a Federal award, the costs must be allocable. A cost is allocable to a Federal award if it is treated consistently with other costs and if:

- The cost is incurred specifically for the award; or
- The cost benefits both the award and other work and can be distributed in reasonable proportion to the benefits received; or
- The cost is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.

For example, if 40% of Mary's time is spent working on a grant, then 40% of her salary and fringe benefits should likewise be charged to this grant. If an auditor looks at your books and records and sees that Mary is spending 40% of her time on this grant, but your organization is charging her 100% to the grant, there would be a mismatch.

Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

New on the Uniform Guidance

The source language for the factors affecting allocability is a combination from all Cost Principles. The basics remain the same; however, the Uniform Guidance offers more direction for direct cost allocation principles. (2 CFR 200.405).

Allowable and Unallowable Costs

The federal government has defined a list of costs which can be supported with federal funds – which are “allowable” – as well as “unallowable” costs, which are important and necessary, but which the CDC must support with private funds.

Examples of unallowable costs are fundraising, lobbying, and marketing for the organization. For example, in the context of a government-funded grant, while it is important and necessary for Executive Directors and Directors of Development to engage in fundraising, the federal grant would not be able to cover the portion of their time working on fundraising activities. CDCs receiving Section 4 should carefully document how much time such staff are spending working on allowable activities related to Section 4, and how much time staff are spending on other projects or unallowable activities, and not charge the latter to federal awards.

Another activity that cannot be supported with Section 4 (or any other federal award) is “lobbying”. 2 CFR Part 200 defines a lobbying activity as “influencing activities –either direct or indirect - associated with obtaining grants, contracts, cooperative agreements, or

loans; attempt to influence the outcome of any Federal, state, or local election, referendum, initiative or similar procedure.” The federal government has very specific requirements on how to register and report on individuals performing lobbying work; any time spent on lobbying activities should not be charged to the federal award.

Moreover, federal funds generally cannot support marketing activities. For example, federal funds cannot be used to pay for the actual marketing or selling of a CDC’s goods or services. A CDC cannot use the HUD Section 4 capacity building funds to pay for the marketing of specific homes or rental units to potential buyers or renters. However, HUD Section 4 funds may be used by the CDC to produce brochures or other materials that educate the public about the CDC’s neighborhood and its work in that neighborhood. The brochures, though, cannot market specific homes, services or other products. Federal funds may not be used for materials that are designed solely to promote the organization.

Advertising and Public Relations (Section 200.421)

Costs associated with advertising for program outreach are allowable; however, they need to be well documented, show a direct relationship to the project’s goals, provide information about the program, identify who is eligible to receive services, and the CDC’s contact information.

In addition to the Cost Principles, one should also consider the Program Regulations and what costs are allowable under specific contracts. Some contracts limit the expenses that can be covered. For example, Section 4 funds cannot be used for food, coffee, or other refreshments at training, conference, or workshop events; and attendees at funded events shall not be required to pay a registration fee.

New on the Uniform Guidance

The Uniform Guidance identifies 56 selected items of costs and uses language from the three previous cost principles circulars. The majority of costs were retained without changes; however, some contain policy changes or have modified language used to clarify existing provisions. Also, two items of costs were added.

CDCs should review the cost principles in their entirety before managing and administering a federal grant awarded after December 26, 2014. Refer to [COFAR’s Cost Principles Comparison Chart](#) for more guidance.

Below is an example of allowable and unallowable costs. New selected items of costs or items of costs that have policy changes due to the addition or elimination of certain provisions are in italics.

Allowable and Unallowable Costs Under 2 CFR 230 and 2 CFR 200

Item of Cost	Unallowable	Generally Allowable	PREVIOUS 2 CFR 230	NEW 2 CFR 200
Advertising		✓		200.431 (Conditionally allowable)
Alcoholic Beverages	✓		App. B ¶12	200.423
Bad Debt	✓		App. B ¶15	200.426
<i>Collections of Improper Payments</i>		✓	N/A	200.428
<i>Compensation (Personnel Salaries and Fringe Benefits)</i>		✓	App. B ¶18	200.430, 431
Consultant (Professional Service) Costs		✓	App. B ¶137	200.459
Contingency Provisions/Reserves	✓		App. B ¶19	200.433
Contribution and Donations	✓		App. B ¶112	200.434
<i>Employee Health and Welfare costs</i>		✓	App. B. 13(a)	200.437
Entertainment Costs	✓		App. B ¶114	200.438
Equipment		✓	App. B ¶115	200.439
Fundraising	✓		App. B ¶117	200.442
Goods or Services for personal use	✓		App. B ¶119	200.445
Insurance		✓	App. B ¶122	200.447
Investment Counsel/Management	✓		App. B ¶117	200.442
Lobbying Activities	✓		App. B ¶125	200.45
Losses on other awards	✓		App. B ¶126	200.451
Maintenance and Repair Costs		✓	App. B ¶127	200.452
Materials and supplies, including computers		✓	App. B ¶128	200.453
Memberships, subscriptions, and professional Activity Costs		✓	App. B ¶130	200.454
Participant support costs		✓	App. B ¶133	200.456 (Conditionally allowable)
<i>Printing & Publication Costs</i>		✓	App. B ¶¶32, 38	200.461
Proposal Costs		✓	N/A	200.460 (conditionally allowable, as indirect)
Recruiting Costs		✓	App. B ¶141	200.463
Rent Costs		✓	App. B ¶143	200.465
<i>Selling and Marketing</i>	✓		App. B ¶145	200.467
Taxes		✓	App. B ¶147	200.47
Training Costs		✓	App. B ¶149	200.472
Transportation		✓	App. B ¶150	200.473
<i>Travel</i>		✓	App. B ¶151	200.474

While the list above is not comprehensive, it provides a sense of what types of costs are allowable and unallowable. Moreover, as the purpose of the Section 4 program is to build the capacity of CDCs, all items of costs should be analyzed based on this principle. For the full list of items of costs, please consult the Cost Principles or contact your Program Officer/Director.

Indirect (F&A) Costs (2 CFR 230 (C) OR Section 200.414 and Appendices III – IX)

Indirect costs are those costs not tied to a project but rather incurred by the CDC for the joint benefit of two or multiple programs in the organization. These costs are usually grouped into common pools and charged to benefiting objectives through an allocation process.

Reimbursement of indirect costs under federal awards is determined by the CDC's indirect cost rate, which nonprofits negotiate with their cognizant agency, based upon an indirect cost rate proposal submitted by the organization. In any case, organizations which claim indirect costs can only do so when they are appropriately supported by a current effective indirect cost rate. CDCs that do not have a negotiated indirect cost rate agreement (NICRA) can consistently treat all charges as direct costs and properly account for them as such.

If your CDC has a NICRA and would like to receive reimbursement for indirect costs, please discuss it with your Program Officer when negotiating the grant. LISC will need a copy of your NICRA to properly support the costs or it will not be able to reimburse the expenses.

New on the Uniform Guidance

2 CFR 200 includes a ***de minimis* rate at 10% of modified total direct costs**. The *de minimis* rate is designed to assist new and small CDCs in developing the capacity to negotiate an indirect cost rate. Nevertheless, organizations may use this rate indefinitely if the rate is acceptable to meet their needs. CDCs that have, or previously have had, an established indirect cost rate cannot use this option.

Additionally, the Uniform Guidance allows organizations with negotiated cost rates to request a one-time extension of their negotiated cost rate. The rate may be extended for up to four years. Once the cognizant agency has approved an extension, the CDC must abide by the rate for the agreed-upon time period. No further negotiations may occur until the extension has expired. Pass-through entities will accept the negotiated indirect cost rate or negotiate a rate with the organization.

Audit Requirements (OMB Circular A-133 OR 2 CFR 200.500 through 200.507)

The purpose of the Audit Requirements is to set forth standards for consistency and uniformity among federal agencies for the audit of state governments, local governments, and non-profit organizations that expend federal funds. Under OMB A-133, any organization **expending**⁸ \$500,000 or more in federal funds during the CDC's fiscal year must obtain an audit that meets OMB A-133 requirements. Also, federal stimulus monies funded under the American Recovery and Reinvestment Act ("ARRA") are deemed "high risk" and must receive an A-133 audit. OMB A-133 audits must address and render opinions on both financial management and programmatic compliance.

⁸ Organizations that receive federal funding but do not spend federal funds in excess of \$500,000 are not subject to an A-133 audit unless they have federal ARRA or other high-risk funds.

As mandated by OMB, organizations subject to an A-133 MUST submit a copy of the audits to the Federal Audit Clearinghouse at <http://harvester.census.gov/sac/>. The audit shall be completed and the data collection form and reporting package shall be submitted by the earlier date of either 30 days after receipt of the auditor's report(s), or nine months after the end of the fiscal year end date, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. See OMB Circular A-133 for more information.

New on the Uniform Guidance

The Uniform guidance does not fundamentally change the basic requirements or procedures for audits. However, CDCs that expend less than \$750,000 in federal awards will not be required to conduct a single audit. The new threshold will apply to fiscal years that begin on or after December 26, 2014.

CCR Registration and SAM (System for Award Management)

The CCR (Central Contractor Registration) is the official, free on-line registrant database for the U.S. Federal Government. The CCR is the federal repository into which an entity must provide standard information for Transparency Act reporting and other purposes. CDCs receiving federal funds are required to maintain the organizational information associated with their DUNS number regularly in the CCR.

Since July 2012, CCR information migrated to the System for Award Management (SAM). This system is a free government website that consolidates data about CCR, the Excluded Parties List System (EPLS) and the Online Representations and Certifications Application (ORCA). All CDCs receiving funds from LISC must register for grants in SAM. Please refer the Quick User Guides available at www.sam.gov for help.

SAM Upcoming Changes

The System for Award Management www.sam.gov will eventually centralize eight federal procurement systems and the Catalog of Federal Domestic Assistance (CFDA). CDCs will only need one SAM user ID to access the system and register for grants before applying for Federal funds through www.grants.gov. Prior to awarding Federal funds, LISC will ask or review your SAM grants registration and other requirements, as per each Federal grant.

Patriot Act Compliance

The U.S Patriot Act, signed into law on October 26, 2001, introduced a number of measures as an attempt to prevent and penalize activities that are deemed to support terrorism. As a funder LISC requests sub-recipients to certify compliance with the Patriot Act. CDCs are required to certify that the organization is currently not, nor it has ever been, named in the

list of Specifically Designated national and Blocked Persons established and maintained by the US Department of the Treasury's Office of Foreign Assets Control or any other list of terrorist or terrorists organizations. (See section on Grant Certifications).

In order to ensure compliance with the U.S. Patriot Act, CDCs receiving Section 4 funds should check the U.S. Government's terrorist related lists outlined below to ensure that potential vendors and or consultants are not on any of those lists. LISC also recommends that CDCs develop and implement internal policies and procedures to comply with this requirement.

For your reference, the website links for such lists are as follows:

- 1) Executive Order 13224: <http://www.fas.org/irp/offdocs/eo/eo-13224.htm> ;
- (2) Treasury Department's list of Specially Designated Nationals and Blocked Persons: <http://www.ustreas.gov/offices/enforcement/ofac/sdn/t11sdn.pdf> ; and
- (3) The Department of State's list of Foreign Terrorist Organizations: <http://www.state.gov/s/ct/rls/other/des/123085.htm>

Additional Resources

Several of the federal, state and local governmental agencies that LISC partners with have Web sites where CDCs can find further information. Here are a few of the best:

U.S. Department of Housing and Urban Development (HUD). www.hud.gov The HUD Web site offers information about HOME, CDBG, tax credits and other federal programs. Also includes the latest HUD news and links to many other sites.

U.S. Office of Management and Budget (OMB). www.whitehouse.gov/omb The OMB Web site posts federal budget and grants information. In addition, all of the relevant Codes of Federal Regulations pertaining to the use of federal funds can be downloaded in their entirety.

System for Award Management (SAM). www.sam.gov combines federal procurement systems and the Catalog of Federal Domestic Assistance into one new system. Currently, SAM includes the functionality from the following systems: Central Contractor Registry (CCR), Federal Agency Registration (Fedreg), Online Representations and Certifications Application, and the Excluded Parties List System (EPLS).

The Catalog of Federal Domestic Assistance (CFDA). www.cfda.gov This web site provides access to a database of all Federal programs available to nonprofit organizations. It contains a searchable database to find assistance programs meeting your requirements and for which you are eligible. Also available on this site are several aids to guide in the writing of a proposal to apply for assistance.

Council on Financial Assistance Reform (COFAR). <https://cfo.gov/cofar/> is the formal coordination body that oversees Federal grants and cooperative agreements flowing from the establishment of the Government Accountability and Transparency Board in June 2011. In their website you will find resources about the new Uniform Guidance.

The Federal Register. <https://www.federalregister.gov/> The Federal Register is the official daily publication for Rules, Proposed Rules, and Notices of Federal agencies and organizations, as well as Executive Orders and other Presidential Documents.

States and Cities on the Web. <http://www.statelocalgov.net/> This Web site includes a search engine that allows you to search for any state, federal or municipal government site. The site also includes links to multi-state commissions, federal resources, and national organizations.

U.S. Department of Agriculture (USDA). www.usda.gov The USDA Web site offers information about rural community development and housing programs.

U.S. Department of Justice's "Weed and Seed"

Program. www.justice.gov/usao/nys/weednseed.html "Weed and Seed" is a strategy - accompanied by grant money - to prevent, control and reduce violent crime, drug abuse, and gang activity in targeted high crime neighborhoods across the country. The strategy's two pronged approach involves an element of "weeding out" criminals and "seeding" human services and preventative programs in the area. Funding and grant opportunities are described online.

Community Development Financial Institutions Fund <https://www.cdfifund.gov> The Community Development Financial Institutions (CDFI) Fund was created to expand the availability of credit, investment capital, and financial services in distressed urban and rural communities. By stimulating the creation and expansion of diverse community development financial institutions (CDFIs) and by providing incentives to traditional banks and thrifts, the Fund's investments work toward building private markets, creating healthy local tax revenues, and empowering residents.

Grants.gov www.grants.gov established as a governmental resource named E-Grants Initiative, grants.gov is a source to find and apply for Federal Grants. To find programs, you can search by keyword or program number.

USA.gov www.usa.gov is the government's official web portal. USA.gov makes it easy to get US government information and services on the web.

Local Initiatives Support Corporation Resources www.lisc.org/section/resources contains downloadable documents such as case studies, trade articles, policy briefs, in-depth papers, and best practices for CDCs. It also offers links to other community development resources, as well as access to past Experts Online webcasts.



December 13, 2013

Joe Smith, Executive Director
 Anywhere CDC
 123 Broadway
 Anywhere, NY 23456
jsmith@anywherecdc.org

Dear Mr. Smith:

Congratulations. Local Initiatives Support Corporation (“LISC”) has approved a grant in the amount set forth in the table below, to Anywhere CDC (the “Grantee”) as follows:

Program Action Number: 55555-0001
Source of Funds: HUD SEC 4 FY’12
Type of Funds: Federal
Catalog of Federal Domestic Assistance: 14.252

Grant Funding and Budget

Uses:	
Salary & Fringe Benefits for the Community Development Manager	\$11,000
Consultant: Internal Capacity Building and Strategic Planning	\$9,000
Total:	\$20,000

Any change in the budget of 10% of the total budget or more shall be subject to LISC’s prior written approval. LISC reserves the right to approve any professionals or consultants hired with the funds provided under this Grant. In order to be reimbursed for approved consultant fees, a copy of the consulting agreement must be sent to LISC.

Term of the Grant

The Grant term begins on October 1, 2013, and ends on **September 30, 2014**.

Purpose of the Grant:

The Grant is being provided to the Grantee to support the staffing capacity to undertake community building activities related to support their Solar Affordable Homes Program. Specifically, the Grantee will:

- Implement the San Diego Solar Affordable Homes Program, which helps install energy efficient features (solar) to low income families earning less than 80% of the area media income.
- Provide green-jobs hands-on experience/training through solar installation to a diverse group of volunteers: the un- and under-employed, at-risk youth, returning veterans, students and others.

Quantitative Outcomes include:

- Number of buildings monitored for energy efficiency: 100 (approximately 2 projects per week);
- Number of hours volunteers served: 9,600 (100 projects x 8 volunteers per project x 12 hours per project); and
- Number of volunteers recruited for community building activities: 250 (unique volunteers).

Grant funds will cover a portion of the salary and fringe benefits of the Community Development Manager. Funds will also be used to hire a consultant to provide internal capacity building support, carry out an organizational infrastructure evaluation and deliver strategy recommendation to the Grantee.

In accordance with the Grant Budget, the Grantee in furtherance of its charitable purposes, hereby agrees to use the Grant to cover a portion of its capacity building expenses. Funds provided under this grant for staff and consultant costs must not be used to carry out federally unallowable activities as per OMB A122. Unallowable activities include, but are not limited to, lobbying, fundraising, public relations and organizational marketing.

Disbursement Conditions:

LISC shall have received from the Grantee:

1. A Grant Agreement signed by both the Grantee and LISC;
2. Financial statements and/or A-133 audit;
3. Expense backup documentation, Government Financial Report, and disbursement request;
4. Responses to questions 2-5 in the Next Steps section below; and
5. A copy of the Consultant Agreement.

Disbursement Frequency:

Monthly

Reporting Requirements:

1. Government Financial Report (Certification 12. Attachment B), due no later than 15 days after the end of each calendar month; and
2. Narrative report describing accomplishments during the reporting period (i.e. the immediately preceding calendar quarter) toward achieving the goals of the Grant by the expenditure of Grant funds, due no later than 15 days after the end of each calendar quarter.

**LISC may not be able to reimburse for expenses unless and until the above information is received.*

Other Grant Conditions and Requirements

The attached Grant Terms and Conditions and Certifications (**Attachments A and B**) shall be incorporated into, and made a part of, the Grant Agreement between LISC and the Grantee.

NEXT STEPS: PLEASE FOLLOW ALL OF THE STEPS OUTLINED BELOW.

1. Please carefully review the terms and conditions (outlined in this Grant Agreement) detailing requirements for the use of this Grant.

2. The following Property Statement questions **MUST** be answered:

a) Will real property (e.g. land or building) be acquired with the proceeds of the LISC grant?

___ YES ___ NO

b) Will non-expendable personal property (e.g. furniture, IT equipment) be acquired?

___ YES ___ NO

c) Will expendable personal property (e.g. office supplies, machine parts) with an aggregate value of over \$5,000 be acquired?

___ YES ___ NO

If the answer is YES to questions any of the questions above (2a, 2b or 2c) Certification 8 of Attachment B **MUST be completed and submitted with your last request for financial reimbursement.*

3. The following questions **MUST** be answered:

a) Data Universal Numbering System (DUNS) number: _____

b) Please indicate the expiration date of the registration in the Federal System for Award Management SAM (www.sam.gov). _____

**Please note that your organization must maintain an active registration during the term of this LISC Grant Agreement. An expired registration will affect the Grantee's ability to receive other federal awards or payments (including disbursements of the LISC Grant).*

4. The following information **MUST** be completed about the site(s) for the performance of work to be done in connection with this LISC Grant proceeds:

Street Address: _____

City and County: _____

State and Zip Code: _____

5. The following question must be answered, and the financials **MUST** be included:

a) The latest audited financial statements OR A-133 Audit for its fiscal year ending _____, _____ is being submitted to LISC along with this executed award.

b) Is the organization subject to an A-133 Single Audit? ___ YES ___ NO

i. If subject to an A133 audit, the undersigned certifies that a copy of its A-133 audit has been submitted to the Federal Audit Clearinghouse on _____, _____.
<http://harvester.census.gov/sac/>].

6. An authorized officer of the Grantee **MUST** sign the Grant Agreement and email it to grants_contracts@lisc.org and copying Vicky Rodriguez, Program Officer for San Diego LISC.
7. LISC will then sign/fully execute the Grant and email it to the authorized contact person at your organization.
8. Please consult Vicky Rodriguez, at vrodriquez@lisc.org with questions about this Grant, to request disbursement of funds, and to report on progress.

The undersigned hereby acknowledges that it has received and read all the attached certifications that are part of this LISC Grant Agreement, and agrees to comply with all of the requirements in connection with this award, and is in compliance with all applicable laws and regulations.

TERMS OF GRANT ACCEPTED AND AGREED TO:

Anywhere CDC

Authorized Officer Signature: _____

Name: _____

Title: _____

Date: _____

LISC OFFICER COUNTER-SIGNATURE:

Date: _____

GRANT TERMS AND CONDITIONS

ATTACHMENT A

The following additional Grant Terms and Conditions shall apply to all recipients (each, a “Grantee”) of Section 4 funding awarded by Local Initiatives Support Corporation (“LISC”), which awards are being made pursuant to a contract between the United States Department of Housing and Urban Development (“HUD”) and LISC for use to develop the capacity of nonprofit community development corporations, too enhance the technical and administrative capabilities of such organizations to carry out community development and affordable housing activities (the “HUD Contract”). The Grant Terms and Conditions shall be incorporated into, and made a part of, the Grant Agreement between LISC and each recipient, as if fully set forth therein. References in these Grant Terms and Conditions to the “Grant Agreement” shall mean the grant agreement between LISC and the Grantee, and references to the “Grant” shall mean the grant funds awarded to the Grantee by LISC under such Grant Agreement.

A. General Conditions and Requirements

1. Funds Not Disbursed By the Expiration Date: All requests for reimbursement of expended funds pursuant to the Grant Agreement (in furtherance of the Purpose(s) of the Grant) must be received by LISC no later than 60 days after the Grant end date. The Grant term may be extended, at LISC’s sole discretion, upon a duly executed amendment to the Grant Agreement, provided that a written request is submitted by the Grantee to the LISC Program Officer at least 60 days prior to the expiration of the Grant term. Any Grant funds not expended by the Grantee by the end of the Grant term, as such term may have been extended, shall be automatically reprogrammed by LISC and shall no longer be available to the Grantee.

2. No Disbursement if Non-Compliance. LISC shall not make any disbursement of the Grant unless on the proposed date of disbursement the Grantee is in full compliance with all of these Grant Terms and Conditions as well as all other terms and conditions set forth in the Grant Agreement. In addition, LISC shall not make any disbursement of the Grant if it will (i) violate any provision of law, regulation or administrative ruling to which LISC is subject, (ii) subject LISC to any tax, penalty, or fine, or (iii) not further the charitable purposes of LISC.

3. No Disbursement if Default Exists, or Material Adverse Change Has Occurred: LISC shall not make any disbursement of the Grant if, at the time of the proposed disbursement, the Grantee, or any subsidiary of the Grantee, or any partnership affiliated with the Grantee, is in default under the terms of any LISC financing, whether for the Project or provided by LISC for any other project or purpose. In addition, LISC shall not make any disbursement of the Grant if there has been a material adverse change in the financial or other condition of the Grantee or the Project, including, but not limited to, any adverse change in the Grantee’s key personnel working on the Project (with LISC determining, in its reasonable discretion, what constitutes a material adverse change in key personnel).

4. Reimbursement for Costs in Accordance with OMB A-122 (Relocated to 2 CFR Part 230, et. seq.):

LISC shall reimburse the Grantee for costs incurred in the performance of the Grant Agreement that are determined by LISC to be allowable, allocable, and reasonable with the cost principles of Office of Management and Budget Circular (“OMB”) A-122 (relocated to 2 CFR Part 230, et. seq.). The Grantee will not be reimbursed for more than the amount of funds obligated under the Grant Agreement. In the event the Grantee exceeds such amount, the cost shall be borne entirely by the Grantee. All costs must be reasonable. A cost is reasonable if, in nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. Salary and fringe benefits shall not exceed the average as prevailing in the area for comparable work. LISC reserves the right to seek recovery of any expenditure found unallowable under the cost principles found in OMB Circular A-122 or the provisions of this Grant award, based upon the final audit or any other special audits undertaken. Where exceptions are found, LISC has the right to order a special audit, even if the Grantee’s auditor or a cognizant agency has already conducted one. This provision survives any termination of the Grant Agreement.

In addition, LISC shall not make any disbursement of the Grant unless, at the time of such disbursement, Grantee is in compliance with all of the terms and conditions applicable to the Grant, including these Grant Terms and Conditions, and the disbursement of the Grant (i) will not violate any provision of law, regulation or administrative ruling to which LISC is subject (ii) will not subject LISC to any tax, penalty, or fine, and (iii) will further the charitable purposes of LISC.

5. Interest and Program Income: The Grantee hereby agrees to use any interest accruing, or program income earned, on Grant funds until they have been expended by the Grantee in furtherance of the purposes, and the types of activities, specified in the Grant Agreement. The requirements and standards for program income are contained in 24 CFR Part 84.24. If not specifically addressed in the Grant Agreement, the use of program income shall be subject to approval by LISC, which may be withheld in its sole discretion; any approved utilization of program income by the Grantee shall be memorialized in a written amendment to the Grant Agreement, executed by both the Grantee and LISC prior to any such utilization.

6. Suspension and Termination: If for any reason the Grantee shall fail to fulfill in a timely and proper manner its obligations under the Grant Agreement, or if the Grantee shall violate any of the terms and conditions contained in the Grant Agreement, LISC shall provide the Grantee with written notice specifying the exact nature of such failure or violation. Thereafter, the Grantee has thirty (30) calendar days to remedy the failure or violation. In the event the Grantee does not remedy the failure or violation within the thirty (30) day calendar period, LISC then has the right to terminate the Grant Agreement or suspend any disbursements in whole or in part by giving written notice to the Grantee of such termination or suspension of any disbursements and specify the date thereof, at least five (5) business days before the effective date of termination or suspension. In addition, at any time during the Grant Agreement, LISC may at its option and for any reason, terminate the Grant Agreement upon ten (10) business days written notice to the Grantee.

Upon termination for either cause or convenience, the Grantee may be entitled to reimbursement for any expenses incurred in connection with the use of funds described in the Grant Agreement up to the time of such termination, provided such expenses are allowable under the requirements of the Grant Agreement and the Grantee provides LISC with the appropriate documentation as described therein.

In the event the applicable HUD Contract is suspended or terminated, the Grant Agreement shall be suspended or terminated effective on the date any notification from HUD specifies as the suspension or termination date.

7. Independent Contractor: In performing the services and/or utilizing the Grant funds described in the Grant Agreement, the Grantee shall be deemed to be an independent contractor and not an employee of LISC. Any and all employees of the Grantee or other persons (including any subgrantees, subcontractors or subconsultants engaged by the Grantee), while engaged in the performance of any work or services required by LISC under the Grant Agreement, shall not be considered employees of LISC. The Grantee will be solely responsible for payment of all compensation owed to its own personnel and any subcontractors or subconsultants engaged by the Grantee, as well as of all employment-related and other similar taxes and liabilities incurred by the Grantee.

8. Additional Restrictions on the Use of the Grant: Under the provisions of Section 501 and 4945 of the Internal Revenue Code (the "Code"), the Grant may not be used to carry on propaganda, to attempt to influence legislation, or to participate in, or intervene in or attempt to influence the outcome of, political campaigns or elections. Additionally, under the applicable provisions of the Code, LISC funds may only be used in furtherance of LISC's charitable purposes.

For that reason, and in reliance on the Grantee's representations to LISC regarding the proposed use of the Grant, by the Grantee countersigning the Grant Agreement and returning it to LISC, the Grantee agrees not to use the Grant for purposes prohibited by the preceding paragraph, to use the Grant in furtherance of the Grantee's charitable purposes (as those purposes are set forth in the Grantee's Articles of Incorporation and Application for Tax-Exempt Status), and the Grantee further agrees to promptly reimburse LISC for any Grant funds not used in accordance with the terms of the Grant Agreement. In addition, the Grantee will refund to LISC any Grant funds not expended by the Grantee at or before the end of the Grant period unless a formal extension has been approved in writing by LISC.

In its use of the Grant funds provided by LISC, and in its development, marketing (and operation) of the program or project for which the Grant funds were provided, as described in the Grant Agreement, the Grantee shall fully comply with all applicable federal, state, local (and any other governmental), anti-discrimination laws, executive orders, rules and regulations.

9. Report and Accounting Records: The Grantee shall maintain a copy of the Government Financial Report (**Attachment 12** of the Certification Statement) in its files, along with copies of all payroll records (for staff costs paid for with Grant funds), consultant contracts and invoices (for consulting costs paid out of Grant funds), purchase receipts (for equipment and other material purchased with Grant funds) and such other receipts and records evidencing the expenditure of Grant funds. If the Grantee is three

or more months delinquent in its reporting, LISC reserves the right to undertake any actions deemed appropriate, which may include termination of this Grant Agreement.

10. Oversight and Monitoring: LISC has a monitoring procedure through which the Grantee's local Program Officer will visit the Grantee's office to review documentation which evidences the proper expenditure of the Grant funds, and the satisfaction of such reporting, regulatory, record-keeping and other requirements as may be specified by LISC in order for the Grantee to fulfill all applicable requirements of the HUD Contract, statutes, OMB circulars, regulations, etc. If LISC determines that such documentation, recordkeeping and other requirements are not adequate for reimbursement from HUD, LISC reserves the right to perform any actions as it deems reasonably appropriate.

The Grantee hereby agrees to provide LISC with such other financial and narrative reports as LISC may request in order to meet its reporting requirements to HUD, and obtain reimbursement from HUD under the HUD Contract, which may include, but is not limited to, quarterly financial reports, and semi-annual narrative reports.

11. Tax-Exempt Status: The Grantee represents and warrants that its determination letter from the Internal Revenue Service ("IRS") which states that Grantee's tax-exempt status under Section 501(c)(3) of the IRS code is still in effect as of the date of execution and delivery of the executed Grant Agreement, has not been revoked or modified, and that Grantee has delivered a copy of said letter to LISC. If such determination is revoked or modified, Grantee shall so notify LISC as soon thereafter as possible.

12. Publicity: LISC and/or HUD may include information regarding the Grant and the Grantee in their periodic public reports. LISC and/or HUD may also refer to the Grant in press releases, in which case a copy of each such release will be sent to the Grantee. Prior to the issuance of any major press release, announcements, or any other planned, written issuances concerning work funded by the Grant under the Grant Agreement, the Grantee must provide the LISC Program Officer, for immediate forwarding to HUD with copies of all such proposed major press releases, major formal announcements, and any other planned, written issuances containing major news or information concerning work funded by the Grant. HUD is to receive all major press releases, etc., two weeks prior to the planned release. In order to meet that time-frame, the Grantee is to transmit to the LISC contact person any proposed press release three weeks prior to its proposed release date. **In addition, the Grantee agrees to acknowledge receipt of this Grant from LISC in relevant and appropriate publications.**

13. Indemnification: The Grantee agrees to defend, indemnify and hold harmless LISC, its affiliates, subsidiaries, directors, officers, employees, agents and representatives, and any other party acting on behalf of LISC from and against and with respect to any and all claims, demands, suits, causes of action, judgments, obligations, damages, settlements, liabilities, penalties, costs and expenses of any kind or nature, including, without limitation, reasonable attorneys' fees or disbursements, arising out of, or relating to the Grantee's performance or breach of this Grant Agreement or negligent or wrongful act or omission (or alleged act or omission) in connection with the Grant Agreement. The Grantee agrees to

provide LISC with prompt notice of any event or assertion of which it has knowledge concerning any matter as to which a request for indemnification under the Grant Agreement may be made.

14. Data Universal Numbering System (DUNS) Number and System for Award Management (SAM): By countersigning the Grant Agreement and **Attachment 10** of the Certification Statement, the Grantee is certifying that the Grantee has obtained and continues to maintain, as of the date of execution and delivery of the Grant Agreement, and shall continue to maintain thereafter a current registration in the System for Award Management (SAM), the federal repository into which an entity must provide information required for the conduct of business as the recipient of an award of federal funds, and that the Grantee has obtained and continues to maintain a current Data Universal Numbering System (DUNS) number issued by Dun and Bradstreet, Inc. (D&B) to uniquely identify business entities.

The Grantee further certifies that neither it, nor any employee whose salary is funded from, nor any contractor whose fees are to be paid from the proceeds of the Grant are excluded from doing business with the federal government and included on the federal government's "Excluded Parties List System" ("EPLS"). The Grantee agrees to notify LISC if any change in this status occurs during the term of the Grant Agreement. Information on the EPLS can be obtained from www.sam.gov.

In addition, if Grantee subcontracts or subgrants \$25,000 or more in Grant funds to another entity (not including procurement of property and services needed to carry out the project or program), the Grantee agrees to cause the recipient of Grant funds to comply with the obligations imposed by this Section 17. Further, the Grantee must report any such action within thirty (30) days of the date of the obligation to <http://www.frs.gov>, providing the information about the action that the system specifies, and provide a true and accurate copy of such report to LISC.

15. Certification Regarding Compliance with the United States Patriot Act: The Grantee certifies that it will comply with the requirements outlined in **Attachment 11** of the Certification Statement regarding Executive Order 13224 and the United States Patriot Act.

16. Applicable Laws: The Grantee agrees that in connection with its performance of the Grant Agreement, the Grantee will fully comply with all applicable Federal, state, local (and any other governmental) laws, executive orders, rules and regulations, including without limitation, all rules, regulations and policies governing the HUD Section 4 funds. Breach of any of the covenants herein or in the Grant Agreement, may be regarded as a material breach of the Grant Agreement, and LISC shall take whatever necessary actions provided by law that it deems appropriate.

17. Assignment, Delegation and Subcontracting: The Grant Agreement and the rights and duties under the Grant Agreement must not be assigned, delegated or subcontracted by the Grantee without the prior written consent of LISC, and any purported assignment, delegation or subcontracting of the Grant Agreement without said consent of LISC shall be void. In addition, LISC reserves the right to approve any professionals or consultants hired with funds under this Grant.

B. Regulatory Requirements

The funding provided through the Grant Agreement is subject to the following federal regulations. Failure to follow the mandatory regulations may result in the Grant Agreement being suspended terminated or other appropriate actions being taken.

1. OMB A-110-Uniform Administrative Requirements, now incorporated into 2 CFR Part 215, as codified by HUD at 24 CFR Part 84.
2. OMB A-122-Cost Principles for Non-Profit Organizations.
3. OMB A-133-Audits of States, Local Governments, and Non-Profit Organizations (as implemented at 24 CFR Part 45).
4. **Audit Requirements and Records Retention**

The Grantee shall maintain all relevant financial data according to generally accepted accounting principles, including records of each expenditure. If the Grantee expends \$500,000 or more in federal funding during any fiscal year, the Grantee will get an audit, which meets OMB A-133 standards and guidelines. An annual audit will be conducted in accordance with OMB circular A-110, attachment F, "Standards for Financial Management System." This will include a general financial audit and compliance audit specific to the Grant Agreement. The audit must be submitted to the Program Officer and the National Government Contracts Division no later than six months from the end of the Grantee's fiscal year.

The Grantee shall maintain its records in a manner which enables the Grantee and LISC to identify all services being or having been provided by the Grantee, any recipient of those services, any person or persons, whether subcontractor or not, assisting the Grantee, and the time and resources spent in providing each such service. If LISC has probable cause to believe the Grantee is not providing or has not provided services as required by or in accordance with the Grant Agreement, LISC may so inform the Grantee, in writing, whereupon the Grantee shall document to LISC the services provided and any of the other above information requested by LISC. LISC shall have the right to require further documentation, if necessary, to ensure compliance with the Grant Agreement.

All records shall be accessible to LISC at reasonable times and under reasonable conditions for the purpose of reviewing compliance with the Grant Agreement. If LISC desires to audit the Grantee's books, it may do so and may, at its discretion, retain an independent certified public accountant (CPA) to audit the Grantee's books to determine whether there is compliance with the Grant Agreement and with federal, state and local laws and regulations.

Records shall be retained while any audit requested by LISC and/or HUD is being conducted and any question arising there from is unresolved, or until five (5) years after the termination date of the Grant Agreement, whichever is later.

5. Environmental Review

- a. Any activities undertaken with funding made available through the Grant Agreement are subject to review under the National Environmental Protection Act as implemented by HUD through 24 CFR Part 50. Before any activity is undertaken, the appropriate level of environmental review and subsequent clearance must be obtained.
- b. This project shall not involve changes in land use from residential to nonresidential, or from nonresidential to residential use, or from one class of residential use to another class of residential use [24 CFR Part 58.35(a)(5)]. Homes or properties, which are located in the floodplain, are not eligible for purchase or rehabilitation under the Grant Agreement.

6. Uniform Relocation Act

The Uniform Relocation Act applies to anyone who is displaced as a result of acquisition, rehabilitation, or demolition for a HUD assisted activity.

The Uniform Relocation Act (“URA”) applies to projects funded in whole or part with HUD funding, which involve the acquisition or donation of real estate, or projects that which cause the relocation of people and businesses.

Funding provided by LISC is not authorized to be used in any manner that results in the displacement of persons or businesses. If the Grantee inappropriately uses LISC funding in a manner that results in the displacement of persons or businesses, any displacement and relocation expenses associated with the action will be the sole responsibility of the Grantee.

Prior to the purchase/acquisition or acceptance of a donation of all property, the Grantee shall notify the seller in writing that the Grantee does not have the power of eminent domain. Just compensation shall be calculated and provided in writing to the seller or person who intends to donate the property. Before a project is purchased or rehabilitated with federal funding provided by LISC, the Grantee agrees to send any current tenants notification that they will not be displaced or forced to relocate as a result of that project. All support documents shall be maintained in the Grantee file. The Uniform Relocation and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601-4655) applies to this activity.

7. Prohibition against Lobbying Activities

The Grantee is subject to the provisions of section 319 of the Department of Interior and Related Agencies Appropriation Act for Fiscal Year 1991, 31 U.S.C. 1352 (the Byrd Amendment) and to the provisions of the Lobbying Disclosure Act of 1995.

8. Public Law 88352 which is title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) and implementing regulation in 24 CFR part 1.
9. Public Law 90-284 which is the Fair Housing Act (42 U.S.C. 3601-3620). All programs and activities related to housing and community development will be administered in a manner to affirmatively further the policies of the Fair Housing Act.
10. Environmental Standards – 24 CFR Part 50 and 58 which furthers the purposes of the National Environmental Policy Act of 1969. National Flood Insurance Program the National Flood Insurance Reform Act of 1994 (Pub.L. 103-325, 108 Stat. 2160), the Flood Disaster Protection Act of 1973 U.S.C. 4106). The National Historic Preservation Act of 1966 as amended (16 U.S.C. 470 et seq.), except as provided in Sec. 58.17 for Section 17 projects and 36 CFR part 800. The Reservoir Salvage Act of 1960 as amended by the Archeological and Historic Preservation Act of 1974. Executive Order 11593, Protection and Enhancement of the Cultural Environment, May 13 1971 (36 CFR 8921 and the regulations of 24 CFR parts 59 through 79). Procedures for the Protection of Historic and Cultural Properties (Advisory Council on Historic Preservation – 36 CFR part 800). Executive Order 12898, Federal Actions to address Environmental Justice in Minority Populations and low income Populations, February 11, 1994 (59 CFR 7629). Floodplain Management, Executive Order 11988, (3CFR, 1977 Comp., p. 117) – 24 CFR Part 55. Protection of Wetlands, Executive Order 11990, (3 CFR, 1977 Comp., p. 121). The Coastal Barrier Resources Act, as amended by the Coastal Barrier Improvement Act of 1990 (16 U.S.C. 3501 et. seq.). Coastal Zone Management Act of 1972. The Safe Drinking Water Act of 1974. The Endangered Species Act of 1973. The Wild and Scenic Rivers Act of 1968. The Federal Water Pollution Control Act. The Clean Air Act. The Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976. Farmland Protection Policy Act of 1981. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et. seq.), as amended. Applicable criteria and standards specified in HUD environmental regulations (24 CFR part 51).
11. Employment and Contracting Opportunities – Executive Order 11246 as amended by Executive Orders 11375, 11478, 12086 and 12107 (3 CFR 1964-1965 Comp., p. 339; 3 CFR 1966-1970 Comp., p. 684; 3 CFR 1966-1970 Comp., p. 803; 3 CFR 1978 Comp., p. 264)(Equal Employment Opportunity) and the implementing regulations at 41 CFR chapter 60 and section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and the implementing regulations at 24 CFR part 135.
12. Conflict of Interest (24 CFR 570.611)– 24 CFR 85.36 and 24 CFR 84.42. The Grantee shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts utilizing Section 4 Funds. No employee, officer or

agent of the Grantee shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated here, has a financial or other interest in the firm selected for an award. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the Grantee.

- 13.** Architectural Barrier Act and the Americans with Disabilities Act. The Architectural Barrier Act of 1968 (42 U.S.C. 4151-4157) requires that certain federal and federally funded buildings and other facilities to be designed, constructed, or altered in accordance with standards that insure accessibility to, and use by physically handicapped people. A building or facility designed, constructed, or altered with funds allocated or reallocated under this part after December 11, 1995 and that meets the definition of “residential structure” as defined in 24 CFR 40.2, or the definition of “building” as defined in 41 CFR 101-19.602(a) is subject to the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) and shall comply with the Uniform Federal Accessibility Standards (Appendix A to 24).
- 14.** The Americans with Disabilities Act (42 U.S.C. 155, 201, 218 and 225) (the “ADA”) provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, State and local government services, and telecommunications. It further provides that discrimination includes a failure to design and construct facilities for first occupancy no later than January 26, 1993 that are readily accessible to and usable by individuals with disabilities. Further, the ADA requires the removal architectural barriers and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable, that is, easily accomplishable and able to be carried out without much difficulty or expense.
- 15.** The Grantee will give LISC, HUD and the Comptroller General or any authorized representative access to and the right to examine all records, books, papers, or documents related to the Grant.
- 16.** The Grantee will carry out each activity in compliance with the Grant Agreement and all applicable federal, state and city local, ordinances, rules and regulations as they are now or may be enacted or amended in the future.
- 17. Non-discrimination Clause**

In connection with the utilization of the Section 4 funds provided under the Grant Agreement, the Grantee agrees as follows:

- a. The Grantee will not discriminate against any employee or applicant for employment because of race, color, creed, religion, ancestry, national origin, sex, disability or other

handicap, age, marital/familial status, or status with regard to public assistance. The Grantee shall take affirmative action to insure that all employment practices are free from such discrimination. Such employment practices include, but are not limited to, the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship. Grantee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Grantee setting forth the provisions of this nondiscrimination clause.

- b. Breach of any of the covenants herein, may be regarded as a material breach of the Grant Agreement, and LISC shall take whatever necessary actions provided by law that it deems appropriate.

18. Fair Housing

The Grantee shall comply with Title VIII of the Civil Rights Act of 1968 (P.L. 90-284, 42 U.S.C. 3601-20) as amended and will administer all funded projects related to housing and community development in a manner to affirmatively further fair housing.

19. Conflict of Interest

In the procurement of labor, supplies, equipment, construction and services by the Grantee or any consultant or contractor hereunder, the conflict of interest provisions in 24 Code of Federal Regulations ("CFR") Part 84.42 shall be adhered to, as applicable.

ATTACHMENT B

1. Certification Regarding Internal Control (Pursuant to 2 CFR Part 215)

The undersigned hereby certifies that the Grantee has a system of internal control that is effective for the environment in which it operates. The system of internal control includes the following:

1. A plan of organization that segregates duties appropriate for safeguarding resources.
2. A system of authorization and recording procedures adequate to provide accounting control over assets, liabilities, revenues and expenses.
3. Established practices to be followed by each organizational component in performing its duties and functions.
4. Personnel qualified to perform their responsibilities.
5. An effective system of internal review.
6. Board and staff accountability whereby the management and governance roles and responsibilities regarding financial management is clearly understood.

The undersigned hereby also certifies that it has conducted all required audits, if any, pursuant to the principals of Office of Management and Budget (“OMB”) Circular A-133.

The undersigned hereby certifies that it is in compliance with all laws and regulations that could have a material effect on its financial statements.

2. Certification Regarding Debarment, Suspension and Other Responsibility Matters Primarily Covered Transactions

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 2 Code of Federal Regulations (“CFR”) Part 2867, Section 2867.20(a), Participants’ responsibilities.

1. The Grantee certifies to the best of its knowledge and belief, that the Grantee and any of its principals:
 - (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency.
 - (b) Have not within a three (3) year period preceding the closing date for this LISC grant, been convicted of or had a civil judgment rendered against it for commission of fraud or

a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state or local) or private agreement or transaction; violation of Federal or state antitrust statutes or commission or embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion or receiving stolen property, making false claims, or obstruction of justice, or commission of any offense indicating a lack of business integrity or business honesty that seriously directly affects your present responsibility.

- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, state or local) with commission of any of the offenses enumerated in paragraph 1(b) of this certification.
 - (d) Have not within a three (3) year period preceding the LISC grant had one or more public transactions (Federal, state or local) terminated for cause or default.
2. Where the Grantee is unable to certify to any of the statements in this certification, the Grantee shall attach an explanation to this certification form.
 3. The undersigned shall require that the language of this certification be included in all subcontract awards pursuant to the Grant Agreement and agrees to require any such subcontractors to sign a Debarment Certification form.

3. Certification Regarding Lobbying

The undersigned hereby certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid, or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or an employee of Congress, or an employee of a member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under

grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each failure.

4. Certification Regarding Drug-Free Workplace Requirements

1. As part of the Grant Agreement, the Grantee is providing the certification set forth below.
2. The certification set forth below is a material representation of fact upon which reliance was placed in LISC's decision to provide the LISC Grant to the Grantee. If it is later determined that the Grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, LISC and/or HUD, in addition to any other remedies available to LISC and/or the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. The Grantee certifies that it will provide a drug-free workplace by:
 - (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the Grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition.
 - (b) Establishing a drug-free awareness program to inform employees about:
 - (1) the dangers of drug abuse in the workplace;
 - (2) the Grantee's policy of maintaining a drug-free workplace;
 - (3) any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) the penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
 - (c) Making it a requirement that each employee engaged in the performance of any services rendered in connection with the Grantee's use of the LISC Grant proceeds as stated in the Grant Agreement, be given a copy of the statement required by paragraph 3(a), above.
 - (d) Notifying the employee in the statement required by paragraph 3(a), above, that as a condition of employment in connection with Grantee's use of the LISC Grant proceeds, the employee will:
 - (1) abide by the terms of the statement; and

- (2) notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five (5) days after such conviction.
- (e) Notifying LISC within ten (10) days after receiving notice under sub-paragraph 3(d)(2) from an employee or otherwise receiving actual notice of such conviction.
- (f) Taking one of the following actions within thirty (30) days of receiving notice under sub-paragraph 3(d)(2) for any employee who is so convicted:
 - (1) taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or,
 - (2) requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, state, or local health, law enforcement, or other appropriate agency.
- (g) Making a good faith effort to continue to maintain a drug-free workplace through the implementation of paragraphs 3(a) through 3(f), above.

The Grantee further certifies that it will maintain its drug-free workplace policies and conform to the requirements of the Drug-Free Workplace Act.

5. Certification Regarding Fair Housing and Equal Opportunity

The Grantee certifies that it will comply with the requirements of the Fair Housing Act, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and will affirmatively further fair housing.

6. Environmental Review Assurance Form

The LISC grant is subject to the environmental requirements of 24 Code of Federal Regulations (“CFR”) Part 50. In general, if the activities to be funded, in whole or in part, with the LISC grant funds are limited to activities described in 24 CFR Part 50.19 (generally, capacity building or operating support, and not project-related activities), and 50.20 those activities would be either exempt or categorically excluded from further environmental review. **All other activities are subject to a more comprehensive environmental review.**

The undersigned certifies that the activities undertaken in this Grant Agreement are either exempt or categorically excluded from further environmental review (pursuant to 24 CFR Part 50.19 and/or 50.20).

The undersigned hereby agrees to:

- (1) Advise LISC, which will advise HUD (or other appropriate governmental agency), of all projects and activities that are not exempt under 24 CFR Part 50 prior to their approval and supply LISC,

for forwarding to HUD, with all available and relevant information for each project so that the environmental review can be completed.

- (2) Take no action to approve, acquire, rehabilitate, convert, lease, repair or construct a property, nor commit or expend HUD funds, or private matching funds to a HUD-assisted project until HUD has: (i) completed an environmental review to the extent required under applicable regulations, and (ii) notified the Grantee and/or LISC of its approval in writing.
- (3) Carry out mitigating measures required by HUD or select an alternate property or project.
- (4) Inform LISC if the scope of the project changes to determine if the project must be re-reviewed for possible environmental impact.

7. Certification Regarding the Uniform Relocation Act and Anti-Displacement Certification

The Uniform Relocation Act (“URA”) applies to projects that are funded in whole or part with federal funds and involve the acquisition or donation of real estate, or projects that cause the relocation of people and businesses.

Funding provided by LISC is not authorized to be used in any manner that results in the displacement of persons or businesses. If the Grantee inappropriately uses LISC funds in a manner that results in the displacement of persons or businesses, any displacement and relocation expenses associated with such action will be the sole responsibility of the Grantee.

The undersigned hereby agrees to:

1. Prior to the purchase/acquisition or acceptance of a donation of real property, the Grantee shall notify the seller in writing that the Grantee does not have the power of eminent domain. If the purchaser does have the power of eminent domain, it must inform the seller/donor that it will not use eminent domain to obtain the property. Proof of this action must be maintained in the Grantee’s project file.
2. When acquiring property with federal funds, the Grantee agrees to use a qualified appraiser to establish the value of the property. Just compensation shall be calculated and provided in writing to the person who intends to sell/donate the property. Proof of this action must be maintained in the Grantee’s project file.
3. Prior to the commencement of a project, the Grantee must send any tenants a project notification, which indicates that the tenants will not be forced to relocate as a result of such project.

If the funding provided by LISC in whole or part, either intentionally or unintentionally results in the forced displacement of persons or businesses, the Grantee agrees to the following:

1. If relocation were to happen to residents of a property or an existing business, all persons must receive timely and adequate notice of the project and information about their rights.
2. If forced to move, the tenant/resident will receive moving expenses, re-connection expenses to services, and be provided assistance in finding and securing a new residence/location that is comparable in both quality (size and location) and price to their existing residence/location based on standards established in the Uniform Relocation Act. If a comparable residence/location cannot be found for the same cost, the purchaser may be liable for increased rent expenses for tenants for up to a five (5) year period.

8. Property Statement

If acquiring real property, non-expendable personal property or expendable personal property, please provide the following information **upon submission of the disbursement request**, as indicated in Attachment 12 HUD Grant Financial Report.

A. List the property to be acquired. This information may be provided in the following format:

Date of Purchase	Item	Serial #	Unit Cost	HUD Funds
% HUD Funds	Location Address	Condition	Service Contracts	Inventory Reconciled

B. Will the property as listed continue to be used for the purposes authorized in the Grant Agreement? _____ YES _____ NO

B-1. If the answer to question B is YES, please specify the projects:

B-2. If the answer to question B is NO, is approval being requested from HUD to use the property in other projects? _____ YES _____ NO

If the answer to question B-2 is NO, what is the proposed disposition of the property? (Check one or both)

_____ Approval is requested to retain the property in whole or in part.

_____ Disposition instructions from HUD have been requested.

C. If acquiring expendable personal property with an aggregate value of over **\$5,000**, please ask your LISC Program Director/Program Officer to request disposition forms.

9. Certification Regarding Section 3

1. As a requirement of the Grant Agreement, the Grantee is providing the certification set forth below.
2. The certification set forth below is a material representation of fact upon which reliance was placed in LISC's decision to provide the LISC Grant to the Grantee. If it is later determined that the Grantee knowingly rendered a false certification, LISC may take any action and exercise all remedies available to LISC.
3. The Grantee certifies that it will comply with Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) and HUD's implementing regulations at 24 CFR Part 135 ("Section 3"), which require that, to the greatest extent feasible, opportunities for training and employment be given to low-income persons residing within the unit of local government for the metropolitan area (or nonmetropolitan county) in which the project is located, by undertaking the following:
 - (a) The Grantee agrees to send to each labor organization or representative of workers with which the Grantee has a collective bargaining agreement or other understanding; if any, a notice advising the labor organization or workers' representative of the Grantee's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
 - (b) The Grantee agrees to include a Section 3 clause in every subcontract subject to compliance with the regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Grantee will not subcontract with any subcontractor where the Grantee has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
 - (c) The Grantee will certify that any vacant employment positions, including training positions, that are filled (1) after the subcontractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the Grantee's obligations under 24 CFR Part 135.

- (d) As evidenced by its execution of this certification, the Grantee certifies also that it is under no contractual or other impediment that would prevent it from complying with the regulations at 24 CFR Part 135.
4. Noncompliance with HUD's regulations at 24 CFR Part 135, if applicable, may result in sanctions, termination of the Grant Agreement for default, and debarment or suspension from future HUD-assisted contracts.

10. Certification Regarding Data Universal Numbering System (DUNS) Number and Registration In The System For Award Management (SAM)

The LISC Grant is subject to the requirements of the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282, hereafter referred to as the "Transparency Act" or the "Act") and subsequent guidance issued by the Office of Management and Budget ("OMB"), which require that certain recipients and subrecipients of federal financial assistance have DUNS numbers, maintain current registration in the System for Award Management ("SAM") (which includes the Central Contractor Registration ("CCR")), and report certain subaward data. The federal government has transferred the information previously entered and contained in the CCR to the SAM.

The undersigned certifies to the Local Initiatives Support Corporation ("LISC") that:

1. The undersigned has obtained and continues to maintain a current registration in the SAM, the federal repository into which an entity must provide certain information required for the conduct of business as the recipient of an award of federal funds.
2. The undersigned has obtained and continues to maintain the current DUNS number issued by Dun and Bradstreet, Inc. (D&B) to uniquely identify business entities, identified below.
3. The undersigned agrees, if the undersigned anticipates making a subcontract or subgrant of \$25,000 or more in LISC Grant funds to another entity (not including procurement of property and services needed to carry out the project or program), that prior to the making of such subcontract or subgrant, the undersigned shall advise LISC of the terms thereof, and that under the terms of any such agreement, the undersigned shall cause the recipient of LISC Grant funds to comply with the DUNS number requirement and the registration obligations in the SAM imposed by this Grant Agreement. Further, the undersigned agrees to report any such action within thirty (30) days of the date of the obligation to <http://www.fsrs.gov>, providing the information about the action that the system specifies, and provide a true and accurate copy of such report to LISC.
4. The undersigned shall provide LISC with evidence of its compliance with Sections 1, 2 and 3, above, prior to any disbursement of LISC Grant funds under the Grant Agreement and upon request by LISC.

5. This certification is a material representation of fact upon which reliance was placed when this Grant Agreement was made and entered into.

Please note that your organization must maintain an active registration during the term of this LISC Grant Agreement. **An expired registration will affect the Grantee's ability to receive other federal awards or payments (including disbursements of the LISC Grant).**

11. Certification Regarding the United States Patriot Act

As a requirement of the Grant Agreement, the Grantee is providing the certification set forth below.

1. The certification set forth below is a material representation of fact upon which reliance was placed in LISC's decision to provide the LISC Grant to the Grantee. If it is later determined that the Grantee knowingly rendered a false certification, or otherwise violates the requirements set forth in this certification, LISC, the Federal Government and/or state or local governmental agency may take any action and exercise all remedies available to LISC, the Federal Government and/or state or local governmental agency.
2. The Grantee is not now, nor has it ever been, named on (i) the list of Specifically Designated Nationals and Blocked Persons established pursuant to Executive Order 13224 and maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control or any successor agency or other entity, or (ii) any other list of terrorists or terrorist organizations maintained by any agency of the United States or any other governmental authority. Grantee shall submit such information as LISC may reasonably request to enable LISC to confirm that Grantee is not named on any such list
Grantee further certifies that it will comply with the requirements outlined in this certification and/or any other applicable Federal, state or local rules or regulations.

13. KEEP FOR YOUR RECORDS

Financial Records

Financial Status Reports
Final Financial Status Report
Requests for Advance or Reimbursements
Copies of All Audits (federal and private)
Copies of Audit Responses
All Checkbooks
Copies of all tax reports filed with the IRS, state and local governments

Deposits and Receipts

All Monthly Bank Statements and Reconciliation's
Written Procedures for Spending Funds
All Contracts:

- Subcontracts With Other Groups
- Consultant Contracts
- Insurance Policies
- Service/Maintenance Contracts
- Sole Source Contract(s) Justifications
- Construction Contracts (not normally applicable to technical assistance awards)
- Bid Documents
- Performance Bonds
- Special Contractual Provisions, etc.
- Indirect Cost Documentation

Chart of Accounts

Ledgers

Cash Disbursement Journals

Payroll Register for Each Employee

Supporting Documentation for All Expenditures:

- Purchase Orders
- Vouchers
- Receipts
- Petty Cash Vouchers
- Deposit Receipt for Petty Cash Reconciliation
 - Travel Reimbursement (with receipts where applicable)
 - Time and Attendance Records

Price Quotations

Equipment Inventory Listing

Non-Profit Parent or Sponsoring Organization Records (When Applicable)

Articles of Incorporation
Corporate Charter with a Not-For Profit Status
Constitution and By-laws
Federal Charitable Organization Designation (501(c)(3))
FICA Waiver of Exemption
List(s) of Board Members
Monthly/Quarterly/Annual Reports (whichever is applicable)
Minutes of Board Meetings
All Pertinent Correspondence Related to Work Under Award
Copy of Written Personnel Policies

Project Records

Approved Program Narrative
Approved Budget Narratives
Grant Award Notice
Special Conditions
Program Modification Requests
Award Adjustment Notices
Copies of Required Reports (Narrative and Financial)
Copy of Final Program Report (Narrative and Financial)
All Pertinent Correspondence Related To This Award (incoming and outgoing)
Revised Work Plans
Lists(s) of Task Force/Advisory/Community Organization
Meetings Related to the Performance of Work under this Award
Evaluations Conducted As Required By the Award
Personnel Folders: Resumes
Letter of Employment (new Hires) Documentation of Pay Raise

13. KEEP FOR YOUR RECORDS (Continued)

Reimbursement for Costs in Accordance with OMB A-122 (Relocated to 2 CFR Part 230, et. seq.)

The following list is for information purposes, and contains allowable and unallowable costs as per 2CFR 230. For a detailed list consult [2 CFR Part 230 Cost Principles for Nonprofit Organizations](#).

Allowable and Unallowable Costs Under 2 CFR 230

Item of Cost	Generally Unallowabl	Generally Allowable	Under
Alcoholic Beverages	x		2CFR230, App. B ¶12
Bad Debt	x		2CFR230, App. B ¶15
Bonding Costs		x	2CFR230, App. B ¶16
Consultant Fees		x	2CFR230, App. B ¶17
Contingency Provisions/Reserves	x		2CFR230, App. B ¶19
Contribution and Donations	x		2CFR230, App. B ¶12
Entertainment Costs	x		2CFR230, App. B ¶14
Equipment		x	2CFR230, App. B ¶15
Fringe Benefits		x	2CFR230, App. B ¶18 (g)
Fundraising	x		2CFR230, App. B ¶17
Insurance		x	2CFR230, App. B ¶22
Goods or Services for personal	x		2CFR230, App. B ¶19
Housing and personal living	x		2CFR230, App. B ¶20
Investment	x		2CFR230, App. B ¶17
Lobbying Activities	x		2CFR230, App. B ¶25
Losses on other awards	x		2CFR230, App. B ¶26
Maintenance and Repair Costs		x	2CFR230, App. B ¶27
Office Supplies		x	2CFR230, App. B ¶28
Printing & Publication Costs		x	2CFR230, App. B ¶¶32, 38
Professional Dues		x	2CFR230, App. B ¶30
Recruiting Costs		x	2CFR230, App. B ¶41
Rent Costs		x	2CFR230, App. B ¶43
Salaries		x	2CFR230, App. B ¶18
Taxes		x	2CFR230, App. B ¶47
Training Costs		x	2CFR230, App. B ¶49
Transportation		x	2CFR230, App. B ¶50
Travel		x	2CFR230, App. B ¶51



HUD Section 4 Certification of Match Form

Each CDC that receives a Section 4 grant from LISC should complete this form. **Please submit the completed form to the LISC Program Officer/Director administering this award.**

Name of Grantee (CDC Name):

LISC Site/Program (i.e.: Rural, Toledo LISC):

HUD Section 4 Grant Amount:

Grant Number:

Grant Term:

HUD Section 4 Contract (FY07, FY08):

Match Information:

Please list your **private** sources of match (other than LISC support) below*, **Please attach copies of commitment letters for all listed match contributions.**

Type of Contribution*	Name of Private Funder/Donor	Funding Term**	Total Amount of Award	Amount of Award Received to date
Capacity Building Grants				
Operational support in the form of grants from Banks, Insurance Companies, and Private Foundations.				
Consulting Expenses related to integral capacity building services				
CDCs proceeds such as: -Housing Development Fees -Development Services Fees - TA income from subsidiaries - Revenue from Rental Properties - Management Fees				
Donations from individuals, Charities or Faith Based Organizations.				
Others. Please explain.				
Total Amount				

* Public sector funds, including HOME and CDBG allocations, Construction Loans, and funding from State housing finance agencies cannot be counted as match. Matching funds counted towards the Section 4 program should not be counted as match for any other federally-assisted award or program.

** The private awards reported as match must have been committed and disbursed to your CDC within one calendar year prior to the beginning of the LISC Grant, and prior to the grant term end. i.e.: LISC PA term 6/01/09-5/31/10. Private contributions committed and disbursed any time during: 6/01/08 to 5/31/10

LISC must meet a 3: 1 match requirement for every Section 4 Award. LISC expects partners CDCs to match the capacity building grants at the same 3:1 ratio, and at a minimum of 1:1.

Additional Contributions (Please list additional sources in this section if necessary)

Type of Contribution*	Name of Private Funder/Donor	Funding Term**	Total Amount of Award	Amount of Award Received to date
Total Amount				

It is hereby certified that the above information is true and accurate as of this date. Accounting records have been kept on the above information. I understand that LISC may request documentation that will verify the above information as part of the routinely compliance site visits.

Signature:
Printed Name and Title:
Email:

Date:
Phone Number:



IRS Tax Publications

If you are not sure whether you are an employee or an independent contractor, get Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding. Publication 15-A, Employer's Supplemental Tax Guide, provides additional information on independent contractor status.

IRS Electronic Services

You can download and print IRS publications, forms, and other tax information materials on the Internet at www.irs.gov. You can also call the IRS at 1-800-829-3676 (1-800-TAX-FORM) to order free tax publications and forms.

Publication 1796, 2007 IRS Tax Products CD (Final Release), containing current and prior year tax publications and forms, can be purchased from the National Technical Information Service (NTIS). You can order Publication 1796 toll-free by calling 1-877-233-6767 or via the Internet at www.irs.gov/odorders.

Call 1-800-829-4933, the Business and Speciality Tax Line, if you have questions related to employment tax issues.



OR



Independent Contractor *or* Employee

Which are you?

For federal tax purposes, this is an important distinction. Worker classification affects how you pay your federal income tax, social security and Medicare taxes, and how you file your tax return. Classification affects your eligibility for social security and Medicare benefits, employer provided benefits and your tax responsibilities. If you aren't sure of your work status, you should find out now. This brochure can help you.

The courts have considered many facts in deciding whether a worker is an independent contractor or an employee. These relevant facts fall into three main categories: behavioral control; financial control; and relationship of the parties. In each case, it is very important to consider all the facts – no single fact provides the answer. Carefully review the following definitions.

Behavioral Control

These facts show whether there is a right to direct or control how the worker does the work. A worker is an employee when the business has the right to direct and control the worker. The business does not have to actually direct or control the way the work is done – as long as the employer has the right to direct and control the work. For example:

Instructions – if you receive extensive instructions on how work is to be done, this suggests that you are an employee. Instructions can cover a wide range of topics, for example:

- how, when, or where to do the work
- what tools or equipment to use
- what assistants to hire to help with the work
- where to purchase supplies and services

If you receive less extensive instructions about what should be done, but not how it should be done, you may be an independent contractor. For instance, instructions about time and place may be less important than directions on how the work is performed.

Training – if the business provides you with training about required procedures and methods, this indicates that the business wants the work done in a certain way, and this suggests that you may be an employee.

Financial Control

These facts show whether there is a right to direct or control the business part of the work. For example:

Significant Investment – if you have a significant investment in your work, you may be an independent contractor. While there is no precise dollar test, the investment must have substance. However, a significant investment is not necessary to be an independent contractor.

Expenses – if you are not reimbursed for some or all business expenses, then you may be an independent contractor, especially if your unreimbursed business expenses are high.

Opportunity for Profit or Loss – if you can realize a profit or incur a loss, this suggests that you are in business for yourself and that you may be an independent contractor.

Relationship of the Parties

These are facts that illustrate how the business and the worker perceive their relationship. For example:

Employee Benefits – if you receive benefits, such as insurance, pension, or paid leave, this is an indication that you may be an employee. If you do not receive benefits, however, you could be either an employee or an independent contractor.

Written Contracts – a written contract may show what both you and the business intend. This may be very significant if it is difficult, if not impossible, to determine status based on other facts.

When You Are an Employee...

- Your employer must withhold income tax and your portion of social security and Medicare taxes. Also, your employer is responsible for paying social security, Medicare, and unemployment (FUTA) taxes on your wages. Your employer must give you a Form W-2, Wage and Tax Statement, showing the amount of taxes withheld from your pay.
- You may deduct unreimbursed employee business expenses on Schedule A of your income tax return, but only if you itemize deductions and they total more than two percent of your adjusted gross income.

When You Are an Independent Contractor...

- The business may be required to give you Form 1099-MISC, Miscellaneous Income, to report what it has paid to you.
- You are responsible for paying your own income tax and self-employment tax (Self-Employment Contributions Act – SECA). The business does not withhold taxes from your pay. You may need to make estimated tax payments during the year to cover your tax liabilities.
- You may deduct business expenses on Schedule C of your income tax return.





MONITORING CHECKLIST

Instructions: Complete the Organization and Grant Information (Section I) prior to your review. When doing site visits, you may print the document; however, we recommend taking a laptop and filling this out in Microsoft Excel in order to take advantage of the conditional formatting as a guiding tool.

I. ORGANIZATION AND GRANT INFORMATION

Monitoring Type:	Site Visit	Desk Audit
LISC Staff conducting monitoring:		
CDC Staff participating:		
Review Date:		

INFORMATION:			
CDC Name:			
ED Name:			
Address:			
Name & Title of Contact Person:			
PA Number(s):		Grant Term(s):	
Grant Amount(s):		Funding Source(s):	
Date of last organization's review:		Date of last grant expense review:	
What is the expiration date of the CDC's registration for grants in the federal system for awards management (www.SAM.gov)		Are you performing a grant expense review at this time?	

	EXPENSES REVIEWED	Yes/ Date	NO	N/A	For your convenience, you may describe the budget(s) here
1	Does the budget for the grants reviewed include line items for staff SALARY and FRINGE?				
2	Does the budget for the grants reviewed include a line item(s) for CONSULTANT(S)?				
3	Does the budget for the grants reviewed include line items for SUPPLIES?				
4	Does the budget for the grants reviewed include line items for TRAVEL?				
5	Does the budget for the grants reviewed include line items for RENT?				
6	Does the budget for the grants reviewed include line items for STAFF TRAINING?				
7	Does the budget for the grants reviewed include line items for EQUIPMENT?				
8	Does the budget for the grants reviewed include line items for INDIRECT COSTS?				
9	Are OTHER TYPES of expenses included in the budget of the grants reviewed (e.g. intern stipends, utilities, etc.)? If so, please list them in the comments box to the right				

FINANCIAL AUDITS		Yes/ Date	NO	N/A	Comments
1	Have the financials for the last fiscal year been Audited? <i>For organizations with Fiscal Agents refer to the fiscal agents' audit</i>				
2	What is the fiscal year end date of this organization's most recent audit?				
3	Is the CDC subject to an A-133 audit? (does it expend more than \$500,000 in Federal Funds in its fiscal year?)				
4	When was the A-133 audit package submitted to the Federal Audit Clearinghouse (FAC)? (website: http://harvester.census.gov/sac/)				
SF-SAC Data Collection Form for Reporting on Audits		Continue on to this section only if the CDC's audit is an A-133 Single Audit Report . Go to http://harvester.census.gov/sac/ and review the organization's most recent SF-SAC and answer the questions below from Part II & III of the SF-SAC Form. Alternatively you can obtain the information by analyzing the CDC audit package submitted to LISC.			
5	What is the type of audit report? (unqualified, qualified, adverse or disclaimer of opinion)				
6	Is a going-concern explanatory paragraph included in the audit report?				
7	Is a significant deficiency disclosed? (on either Financial Statements or Federal Programs)				
8	Is a material weakness disclosed? (on either Financial Statements or Federal Programs)				
9	Did the organization qualify as a low-risk auditee?				
10	Are there any questioned costs reported?				
Corrective Action Plan to Audit Findings		Continue on to this section by reviewing the organization's Corrective Action Plan (CAP) only if the CDC's audit or management letter discloses any findings, material weaknesses or reportable condition.			
11	Does the organization's CAP properly respond to the audit findings?				
12	Have you completed an AUDIT FINDING FOLLOW UP checklist to document the CDC's progress addressing the findings?				

Please continue with the organization review

II. ORGANIZATION REVIEW					
A	ORGANIZATIONAL STRUCTURE	Yes/ Date	NO	N/A	Comments
3	Is the organization going through transitions in their key personnel?				

B	FINANCIAL MANAGEMENT SYSTEMS	Yes/ Date	NO	N/A	Comments
Financial & Accounting Procedures					
1	Does the CDC have written Financial & Accounting Procedures?				

2	When were the procedures last updated or reviewed (date)?				
3	Did the CDC Board approve the most recent updates?				
5	Does the organization have written procedures on how to allocate costs to federal awards?				
6	Does the CDC have an accountant (or consultant) to handle financial and business data?				
7	What Accounting System does the organization use to produce and record accounting and financial information?				
8	Does the CDC maintain detailed accounting of grant revenues and expenditures? This involves creating "sub accounts" or "sub funds" to record transactions by grant program or PA#. <i>Please note the terminology may vary depending on the CDC's accounting system</i>				
10	Does the organization have an approved indirect rate agreement (NICRA)?				
Internal Controls					
1	Does the CDC have written segregation of duties or functional responsibilities?				
2	Does the CDC have an authorization system and record keeping procedures?				
3	Does the CDC have a written Records Management Policy including a business record retention schedule?				
5	Does the CDC have written computer and internet security policies?				
C PERSONNEL SYSTEMS					
		Yes/ Date	NO	N/A	Comments
1	Does the CDC have written Personnel Policies and Procedures and/or Employee Manual?				
2	When were the procedures last updated or reviewed (date)?				
3	Did the CDC Board approve the most recent updates?				
6	Do the personnel procedures include the following components?				
a	Fringe Benefits				
b	Recruiting and Hiring				
c	Termination				

d	Supervision and Evaluation				
e	Drug free work environment				
f	Conflict of Interest				
Time and Effort Reporting					
7	Does the CDC have policies and procedures in place to ensure that employees complete time and effort reports?				
9	Does the CDC have procedures in place to ensure employees sign timesheets or that supervisors approve all timesheets (including Board Member approval of CDC ED's timesheet)?				

D	PROCUREMENT AND PROPERTY STANDARDS PROCEDURES	Yes/ Date	NO	N/A	
1	Does the CDC have written procurement policies and procedures?				
2	When were the procedures last updated or reviewed (date)?				
3	Do the procedures include the following components:				
a	Code of Conduct/Conflict of Interest				
b	Solicitation or Methods of Competition				
d	Documentation of cost or price analysis				
e	Maintenance of Procurement Records				
g	Equal Opportunity Outreach				
h	Federal Debarment Standards. Vendors exclusion checks in SAM.gov				
4	Does the organization have written property management policies for equipment purchased with federal funds?				
E	TRAVEL PROCEDURES	Yes/ Date	NO	N/A	
1	Does the CDC have written procedures regarding staff travel?				

III. GRANT EXPENSE REVIEW

A. BACK-UP DOCUMENTATION REVIEW

a	SALARY AND FRINGE BENEFITS	Yes/ Date	NO	N/A	Comments
1	Did the employees keep time records that detail the distribution of activities/projects expended by employee, including LISC's projects?				
2	Were the timesheets prepared after the work was performed and based on ACTUAL hours worked?				
3	Are the timesheets prepared at least monthly and coincide with at least one pay period?				
4	Were the timesheets consistently signed by the employee or supervisor?				
5	Is LISC being charged expenses exclusively for the titles listed in the approved grant budget?				
6	Does the amount charged to LISC (per financial report) agree with the organization's payroll and timesheet records?				
7	Have you verified the types of fringe benefits that the employees pays its employees? Are they consistent with those listed in the personnel manual?				
8	Is the CDC up to date on the payment of fringe? (e.g. FICA, workers comp, health insurance, etc.)				
9	Does the CDC have documentation to prove that their federal payroll taxes are up to date? (e.g. Form 941)				
10	Are these regular employees?				

b	CONSULTANT EXPENSES	Yes/ Date	NO	N/A	Comments
1	Does the CDC have documentation of the procurement process, including cost or price analysis, for selecting the consultant?				
2	Does the CDC have an adequate written agreement with the consultant ?				
3	Does the CDC have consultant invoices that are consistent with the agreement?				
4	If the consultant agreement included expenses, does the CDC have receipts from the consultant for those expenses?				
5	Did the organization verify that the consultant was not suspended nor debarred (SAM.gov)?				
6	Did the organization ensure there was no potential conflict of interest prior to engaging this consultant?				

c	SUPPLY EXPENSES	Yes/ Date	NO	N/A	Comments
1	Did the CDC follow its own policies in obtaining the supplies?				
2	Were there proof of payments for the supply expenses (i.e. receipts, cancelled checks, purchase order, or some other document that verifies the costs were incurred)?				

d	TRAVEL EXPENSES	Yes/ Date	NO	N/A	Comments
1	Was travel conducted in the manner prescribed in the CDCs policies and procedures OR the Federal Travel Regulations?				
2	Were there proof of payments for all the travel expenses charged to LISC (i.e. receipts, travel logs, cancelled checks, tickets, or some other document that verifies the costs were incurred), and were these costs reasonable?				

e	RENT EXPENSES	Yes/ Date	NO	N/A	Comments
2	Does the CDC own the property?				
3	Is there a lease agreement signed by the CDC and the landlord?				

f	STAFF TRAINING EXPENSES	Yes/ Date	NO	N/A	Comments
1	Is there a copy of the registration form stating the cost and date of the training?				
2	If there was travel associated with the training, did you complete the travel section?				
3	If there was a consultant engaged to do the training, did complete the consultant section?				

g	EQUIPMENT EXPENSES	Yes/ Date	NO	N/A	Comments
1	Does the organization have written procedures for equipment purchased with federal funds?				
2	When were the procedures last updated or reviewed (date)?	/ /			
3	Do the procedures include the following components:				
	Disposition of property acquired with federal funds				
	Equipment records and inventory				
	Maintenance Procedures				
4	Did the CDC follow procurement procedures in obtaining this equipment?				
5	Is there evidence these goods were received?				
6	Are there equipment records?				
7	When was the last time a physical inventory was conducted?	/ /			
8	Is the equipment included on the CDC's inventory?				

h		INDIRECT COSTS	Yes/ Date	NO	N/A	Comments
1	Does the organization have an effective indirect cost rate ?					
2	Did the organization applied their approved indirect cost rate (as per NICRA) to the approved grant expenses?					

i		OTHER EXPENSES	Yes/ Date	NO	N/A	Comments
1	Please list other types of expenses and the back up documentation reviewed in the comment box to the right.					Answer here:
2	Is there documentation on file to show that the activity associated with the expense occurred within the term and budget of the grant?					

B. FINANCIAL MANAGEMENT						
a		FINANCIAL MANAGEMENT	Yes/ Date	NO	N/A	Comments
2	How often does the organization reconcile its cost records with its general ledger and other books of account?					Answer here:
3	Did ALL grant expenses charged to LISC agree with the organization's general ledger?					
4	Did ALL expenses charged to LISC's grant(s) occurred within the approved grant term(s)?					
6	Were there proof of payments for ALL expenses (i.e. cancelled checks, deposit logs, bank statements, purchase order, requisition or some other document that verifies the costs were incurred)?					
7	Were the amounts expended on each budget line items consistent with the approved amount in the grant budget?					
8	Did the CDC comply with special disbursement requirements or other special terms requested by the local/national LISC program?					

C. PROGRAM EVALUATION AND IMPACT						
a		Grant Letter Terms	Yes/ Date	NO	N/A	Comments
1	Did the organization submit timely financial and program reports detailing accomplishments?					
2	Is the organization making progress in acheiving planned outputs/outcomes associated with this grant?					
3	Will the grant require an amendment (term extension and/or budget modification, etc.)?					

IV. CONCLUSION AND NEXT STEPS

A	Findings/Next Steps	Yes/ Date	NO	N/A	Comments
---	---------------------	-----------	----	-----	----------

1	Did you discuss any problems or findings identified during the review with the organization's management?				
4	Who at the CDC will be responsible for correcting the issues?(e.g. reviewing financial reports, producing additional backup documentation , implementing an Improvement Plan, etc.)?			N/A	
5	If applicable, when does the organization anticipate implementing the recommendations identified during the monitoring review?	/ /		N/A	
5	If applicable, what's the deadline for the organization to correct any issues requiring <u>Immediate resolution</u> ?	/ /		N/A	
7	Next review might be performed earlier, but no later than:	12/30/1900			

Detailed Comments/ Follow-up	
Comment:	
Comment:	
Comment:	
Comment:	