

Match Raising, Fundraising and Grant Writing

PURPOSE

This document provides guidance on distinguishing between activities related to raising match (Match Raising), fundraising and grant writing. The areas discussed within this document may serve as a resource to identify when it is appropriate to charge specific costs to the School Readiness (SR) program.

BACKGROUND

The SR program is administered locally by the Early Learning Coalitions (ELCs) and the Redlands Christian Migrant Association (RCMA). The ELCs and RCMA are required to collect and report local match for the SR Program.

GUIDANCE

Match Raising

Costs associated with securing match are allowable program expenditures. Administration for Children and Families Region IV confirms per the Child Care and Development Fund (CCDF) regulations, 45 CFR § 98.52(a)(1), 45 CFR § 98.53(b), and 45 CFR § 98.11, the **time and resources utilized by the State and local Coalitions in securing, compiling and reporting the State's Share for the CCDF Matching grant are allowable program expenditures. Below are excerpts from the CCDF regulations.**

45 CFR § 98.52(a)(1) specifically states, "Not more than five percent of the aggregate funds expended by the Lead Agency from each fiscal year's allotment, including the amounts expended in the State pursuant to § 98.53(b), shall be expended for administrative activities. These activities may include but are not limited to: (1) Salaries and related costs of the staff of the Lead Agency or other agencies engaged in the administration and implementation of the program pursuant to §98.11." See the entire section 45 CFR § 98.52 for more details regarding administrative activities.

45 CFR § 98.53(b) states, "Expenditures in a State under paragraph (a) of this section will be matched at the Federal medical assistance rate for the applicable fiscal year for allowable activities, as described in the approved State Plan, that meet the goals and purposes of the Act."

45 CFR § 98.11(a) states, "The Lead Agency has broad authority to administer the program through other governmental or nongovernmental agencies. In addition, the Lead Agency can use other public or private local agencies to implement the program."

45 § CFR 98.11(b)(4) specifically states, "In retaining overall responsibility for the administration of the program, the Lead Agency shall ensure that the program complies with the approved Plan and all Federal requirements."

In addition, **45 CFR § 75.442(a)** states that "Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Fund raising costs for the purposes of meeting the

Federal program objectives are allowable with prior written approval from the Federal awarding agency.

Match raised must be used and reported within 12 months of being obtained if the intent of the activity was to raise match to support the program during that period. After the 12 month cycle, any remaining funds must be considered program income and reported as such with the next invoice processed for reimbursement after the 12 month period.

Fund Raising

Expenditures associated with non-match fund raising cannot be charged to a federal or state source. Below is text from 2 CFR § 200.442 related to fund raising and investment management costs.

- a. Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Fund raising costs for the purposes of meeting the Federal program objectives are allowable with prior approval from the Federal awarding agency.
- b. Costs of investment counsel and staff and similar expenses incurred to enhance income from investments are unallowable except when associated with investments covering pension, self-insurance, or other funds which include Federal participation allowed by this part.
- c. Costs related to the physical custody and control of monies and securities are allowable.
- d. Both allowable and unallowable fund raising and investment activities must be allocated as an appropriate share of indirect costs under the conditions described in § 200.413 – Direct costs.

Coalitions are not prohibited from engaging in fundraising for purposes other than raising match. However, costs (including a portion of salaries and benefits) incurred by the coalition for non-match fundraising activities cannot be charged to the School Readiness or Voluntary Pre-Kindergarten (VPK) programs for reimbursement. Instead, these administrative costs must be paid from unrestricted sources of revenue available to the coalition. Coalitions will need to review their cost allocation plan procedures to ensure these activities are allocated the appropriate indirect/shared costs. For specific questions on the cost allocation plan revisions which may be necessary, please contact the Office of Early Learning (OEL).

In addition, it is important to keep in mind that, if a coalition elects to participate in fundraising activities to obtain funds which are not used for match, the coalition must annually register with the Florida Department of Agriculture and Consumer Services as an organization soliciting contributions. Section 496.405, Florida Statutes, provides instruction regarding the requirements and registration process. See section on Coalition Responsibilities for more information on Chapter 496 and registering as organizations soliciting funds.

It is recommended that coalitions wanting to engage in fundraising activities that may ultimately generate dollars for purposes other than match consider setting aside a portion of the unrestricted proceeds from each fundraiser, to be used as a revenue source for paying the coalition's administrative costs for subsequent non-match-fundraising events.

Grant Writing

Grant writing activities related to funds which will be deemed “contributions” are to be considered fundraising activities and have the same restrictions and criteria as described above. Grant writing activities related to funds which will be deemed “exchange services” are allowable costs under the following conditions:

- Allowable for School Readiness if the new grant funds will be used as match.
- Allowable as administrative cost to the specific grant being applied for, if the new grant terms expressly allow.¹
- Allowable as a cost to unrestricted funds of the ELC.

Therefore, if the grant being applied for is for a program or service which is not governed by the requirements of the School Readiness or VPK programs, the costs should be allocated only to the services which are related to that grant.

“**Contributions**” include grants from foundations or other sources where the grantor may only provide general guidelines for how the dollars will be spent. Contributions include activities undertaken to raise the ELCs fund balance, whether restricted or unrestricted.

“**Exchange Services**” include grants from foundations, federal sources, state sources, etc., where the grantor specifies who will receive the benefit of the funds (specific clients served by the ELC) and how the funds will be utilized by the ELC. They are also grants where the grantor requires specific services to be performed by the ELC, rather than general benefit being given to those served by the ELC.

See the table on page 5 for more information on exchange services versus contributions.

Separate cost pools should be established to segregate the costs associated with grant writing activities so that they may be allocated to the appropriate funding sources, as described above. Staff should charge their time spent and other direct costs and an equitable amount of the shared costs of the ELC should be allocated to the grant writing activities. Careful consideration should be used if those costs are not eligible to be included as match or where the costs are not allowed to be recovered through the grant for which the ELC has applied. The ELC should work with OEL to ensure proper cost allocation plan amendment and cost treatment are in place.

¹ 2 CFR § 200.458. *Pre-award* costs. Pre-award costs are those incurred prior to the effective date of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

How to Determine Contribution vs. Exchange Transactions

The American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Not-for-Profit Organizations provides guidance on making these determinations. The guide indicates that an exchange transaction is a reciprocal transfer in which each party receives and sacrifices something of approximately equal value. The guide provides the following indicators useful in distinguishing contributions from exchange transactions.

Indicators Useful to Distinguishing Contributions From Exchange Transactions		
Indicator	Contribution	Exchange Transaction
Recipient not-for-profit organizations (NFP) intent in soliciting the asset	Recipient NFP asserts that it is soliciting the asset as a contribution.	Recipient NFP asserts that it is seeking resources in exchange for specified benefits.
Resource provider's expressed intent about the purpose of the asset to be provided by recipient NFP	Resource provider asserts that it is making a donation to support the NFP's programs.	Resource provider asserts that it is transferring resources in exchange for specified benefits.
Method of delivery	The time or place of delivery of the asset to be provided by the recipient NFP to third-party recipients is at the discretion of the NFP.	The method of delivery of the asset to be provided by the recipient NFP to third-party recipients is specified by the resource provider.
Method of determining amount of payment	The resource provider determines the amount of the payment.	Payment by the resource provider equals the value of the assets to be provided by the recipient NFP, or the assets' cost plus markup; the total payment is based on the quantity of assets to be provided.
Penalties assessed if NFP fails to make timely delivery of assets	Penalties are limited to the delivery of assets already produced and the return of the unspent amount. (The NFP is not penalized for nonperformance.)	Provisions for economic penalties exist beyond the amount of payment. (The NFP is penalized for nonperformance.)
Delivery of assets to be provided by the recipient NFP	Assets are to be delivered to individuals or organizations other than the resource provider.	Assets are to be delivered to the resource provider or to individuals or organizations closely connected to the resource provider.

Frequently Asked Questions and Examples

Where should costs associated with the following activities be charged?	
Match Raising (SR only)	97BBA (administrative cost)
Fundraising	Not an allowable reimbursable SR or VPK expenditure
Grant Writing	97BBA (administrative cost) for proportional share of costs related to grant received and used for match. Under limited circumstances it may be appropriate to allocate a portion of these costs to quality OCA's. The coalition should seek guidance from OEL.Questions@oel.myflorida.com prior to charging these costs to an OCA other than 97BBA. Grant writing used for fundraising is not an allowable reimbursable SR or VPK expenditure.

Can Coalition staff attend planning meetings for events?	
Match Raising	Yes. Note: If the funds raised are subsequently not used for match, the resulting expenditure is unallowable and should be reclassified.
Fundraising	Yes; however, any time spent in attendance that relates to or results in funds other than that used for matching <u>would not be an allowable grant expenditure</u> .
Combination of Match and Fundraising	Yes. Detailed records of the time spent, the results of the activities and the allocation of any salary, <u>as well as shared costs</u> related to these activities and other related direct expenses such as travel would have to be properly allocated.

Can Coalition staff volunteer their time to work the events (after hours and on the evening or weekend day/evening of the event)?	
Match Raising	Time would not be considered volunteer time, please note the Fair Labor Standards Act of 1938 (FLSA) establishes limitations related to minimum wage and maximum hour requirements imposed by employers.
Fundraising	<p>In certain circumstances, coalition staff may volunteer to work the fundraising events or to provide other volunteer services to the coalition. The Fair Labor Standards Act of 1938 (FLSA) establishes limitations related to minimum wage and maximum hour requirements imposed by employers. The FLSA prohibits certain employees from performing certain types of volunteer activities for its employer. One example of these restrictions is that an employee paid by the hour may not volunteer to perform tasks for his or her employer if the tasks are similar to those the individual is paid to complete even if those tasks are performed outside of regular business hours.</p> <p>The coalition is encouraged to seek legal advice in conducting a case-by-case analysis to determine if a staff member may volunteer to work the fundraising events in light of the requirements of the FLSA. If a staff member is permitted to volunteer to perform tasks related to fundraising, <u>qualifying</u> volunteer staff hours may be treated as match revenues and valued based on the services provided and in accordance with following federal guidelines. 2 C F R § 200.306(e) states the following:</p> <p><i>(e) Volunteer services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching <u>if the service is an integral and necessary part of an approved project or program</u>. Rates for volunteer services must be consistent with those paid for similar work by the non-Federal entity. In those instances in which the required skills are not found in the non-Federal entity, rates must be consistent with those paid for similar work in the labor market in which the non-Federal entity competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, necessary, allocable, and otherwise allowable may be included in the valuation.</i></p>
Combination of Match and Fundraising	See response above

Can staff write grants that would provide match AND program related initiatives?	
	Yes, however the same restrictions described above regarding the cost distribution of staff time would apply.

Specific Examples for Charging Staff Time for “Events”

The percentage of match revenue versus non-match revenue a fundraising event generates is the driver of the percentage of the actual costs that can be charged to SR. It is not necessary to recover or book match revenues equal to match expenditures. However, it is important to charge the appropriate funding stream based on the relative benefits received, i.e., revenues generated.

For all fundraising activities, OEL recommends a separate cost pool for each event be established to allow time charges and associated direct and shared costs to be accumulated. Segregating the costs allows for proper accumulation of costs (direct and shared) and allocation of costs, if the revenues are not utilized 100% for match.

The initial allocation method used for the cost pool would be the projected percentage of match vs. non-match revenue split. For example, if it was anticipated that 50% would qualify in meeting the match requirements and 50% would be retained as non-match (other sources of revenue), then that ratio could be used for the initial cost pool/expenditure allocation. When the final percentage is determined, the costs should be trued up and the final percentages applied. This should occur on at least a quarterly basis, with all necessary adjustments for actual activities completed within the grant period.

Match raising costs that are expended to meet the match requirement are to be included in the administrative cost totals and therefore, subject to the established limits (5% SR administration cap).

CHARGING STAFF TIME AND OTHER COSTS

Example 1 – ELC Staff Time, No Volunteers

Facts:

- One staff member worked 20 hours during one week on an event/activity. That staff member’s total hours for the week, as reflected on their timesheet, was 40 hours. That staff member’s total pay was \$500 for the week; therefore, \$250 ($\$500 \times (20/40) = \250) was associated with the event/activity.
- The proportionate administrative overhead (indirect/shared costs) of \$150 was allocated to the event/activity through the administrative/shared cost pools.
- Therefore, total cost associated with this event/activity is \$400 ($\$250 + \$150 = \400).

Scenario A

The ELC determines that 100% of the revenue generated from the event/activity will be used to meet the match requirement; therefore, 100% of the costs associated with this match raising event (\$400) are allowable as SR.

Scenario B

The ELC determines that 25% of the revenue generated from the event/activity will be used to meet the match requirement and the remaining revenue qualifies as unrestricted net assets; therefore, 25% ($\$400 \times 25\% = \100) of the total costs associated with the event/activity are allowable for SR and are considered match raising. The remaining 75% of costs ($\$400 - \$100 = \$300$) should be charged to unrestricted funds.

Example 2 – ELC Staff and Volunteer Time**Facts:**

- One non-salaried staff member works 32 hours over 4 weeks on one event/activity. Total work hours over that period, as reflected on the staff member's timesheet, are 175 (160 regular hours plus 15 extra hours), resulting in 18% ($32/175$) of their time spent on that event. Total salary cost for this staff member for the period was \$2,000 so the total cost of staff time is \$360 ($\$2,000 \times 18\% = \360).
- Costs of \$1,500 for staff benefits, marketing, travel, allocated administrative overhead, and other indirect expenditures were incurred related to the event/activity.
- Volunteers contributed 100 hours towards the event/activity. The hours are valued at \$1,000.

Scenario A

100% of the revenue generated from the event/activity is used to meet the match requirement. 100% of the staff time and costs dedicated to match raising is allowable for SR ($\$360$ of staff time + $\$1,500$ of related costs = $\$1,860$).

The appropriate value of the other volunteer hours should be recorded as match revenues for reporting to OEL. Since 100% of the resulting match raising revenues qualify in meeting match requirements 100% should be attributed to match, and 100% of the volunteer hours should be recorded as match ($\$1,000 \times 100\% = \$1,000$).

Scenario B

75% of the revenue generated from the event/activity is used to meet the match requirements and the remaining is booked as either restricted or unrestricted net assets. 75% ($\$1,860 \times 75\% = \$1,395$) of the total costs associated with the event/activity are allowable for SR and are considered match raising. The remaining 25% ($\$1,860 - \$1,395 = \$465$) of the total costs should be charged to unrestricted funds.

The appropriate value of the volunteer hours should be booked as match revenues for reporting to OEL. Since 75% of the resulting event/activity revenues are attributed to match, 75% of the volunteer hours should be booked as match ($\$1,000 \times 75\% = \750).

COALITION RESPONSIBILITIES

Early learning coalitions are not required to register as organizations soliciting funds under section 496.405, Florida Statutes, in order to obtain matching funds for SR program funds because they act on behalf of OEL when collecting matching funds.

If a coalition solicits funds other than those required by OEL, the coalition is no longer soliciting funds

exclusively on behalf of OEL. As a result, a coalition soliciting funds on its own behalf would be obligated to register in accordance with section 496.405, Florida Statutes.

Each coalition is encouraged to seek advice from its legal counsel regarding the applicability of section 496.405, Florida Statutes, in light of facts specific to the coalition’s operation.

BOARD MEMBER RESPONSIBILITIES

- 1. Can two or more board members meet as part of service on fundraising committees without having to advertise their meetings? Does this violate the Sunshine Law?**

The purpose of the Sunshine Law is to expose decision-making, deliberation, and discussion to public review. Although the committee would only be responsible for making “minor” decisions, such as which organizations to approach with respect to fundraising efforts, the board members would still be subject to the requirements of the Sunshine Law when they meet or engage in discussions relating to the details of planning and implementation of activities related to fundraising.

- 2. Can a Board member serve as a “point person” on a grant with the Coalition and act as a partner receiving benefits from the grant?**

In this circumstance, the restrictions of chapter 112, Florida Statutes, would apply to allow certain individuals to conduct business with the coalition in certain circumstances. Without additional information regarding whether the member is acting in a private capacity or the nature of the benefits to be derived by the board member, a conclusive answer cannot be provided regarding the allowability of the collaboration between the member and the coalition. **The ELC should seek legal counsel with regard to specific scenarios.**

Note: **Effective July 1, 2014**, additional limitations and reporting requirements involving related parties were enacted by state statute. For more information, [please refer to § 1002.84\(20\), F.S.](#)

Please direct questions and comments to the Office of Early Learning at (850) 717-8569 or email oel.questions@oel.myflorida.com.