

Additional Federal Award Expenditure Information

There are two types of federal awards—those which involve cash transactions (cash assistance), and those which do not involve cash transactions (non-cash assistance). The State of North Carolina reports both types of Federal awards on the face of the Schedule of Expenditures of Federal Awards.

Federal award does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Federal financial assistance includes the following types of assistance received or administered by non-Federal entities:

- Grants;
- Loans and loan guarantees;
- Property (including donated surplus property);
- Cooperative agreements;
- Interest subsidies;
- Insurance;
- Food commodities;
- Direct appropriations; and
- Other assistance.

Federal cost-reimbursement contracts are contracts with non-Federal entities to provide goods or services to the Federal government.

According to the OMB Uniform guidance, determination of when an award is expended should be based on when the activity related to the award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with laws, regulations, and the provisions of contracts and grant agreements. Such events include the following:

- Expenditure/expense transactions associated with grants, cost-reimbursement contracts, cooperative agreements, and direct appropriations;
- The disbursement of funds passed through to subrecipients;
- The use of loan proceeds under loan and loan-guarantee programs;
- The receipt of property;
- The receipt of surplus property;
- The receipt or use of program income;
- The distribution or consumption of food commodities;
- The disbursement of amounts entitling the auditee to an interest subsidy; and
- The period when insurance is in force.

The State of North Carolina uses the cash basis of accounting to recognize Federal awards involving cash transactions (i.e. expenditure/expense transactions associated with grants, cost-reimbursement contracts, cooperative agreements, and direct appropriations; the disbursement of funds passed through to subrecipients, etc).

The table below provides a summary of each type of non-cash assistance and its prescribed measurement basis:

<u>Type of Non-Cash Assistance</u>	<u>Method for Determining Value of Non-Cash Assistance</u>
Loan and loan guarantees (made by your agency--for which the Federal government is at risk until the loan is repaid)	See Instructions – on the “Notes Disclosure” tab in the SARP worksheet.
Loan and loan guarantees at institutions of higher education (when loans are made to students of an institution of higher education, but the institution does not make the loans)	See Instructions – on the “Notes Disclosure” tab in the SARP worksheet.
Prior loan and loan guarantees (when loan proceeds were received and expended in prior years, and the laws, regulations and compliance requirements related to such loans impose no continuing requirements other than to repay the loans)	Not considered Federal awards expended and should not be included on the Schedule of Expenditures of Federal Awards.

<u>Type of Non-Cash Assistance</u>	<u>Method for Determining Value of Non-Cash Assistance</u>
Insurance	Fair market value of insurance contract at the time of receipt, or the assessed value provided by the Federal agency.
Food stamps	Fair market value at the time of receipt, or the assessed value provided by the Federal agency. In the prior year Schedule of Expenditures of Federal Awards, the State of North Carolina determined the value of food stamp assistance based on the face amount of the food stamps issued.
Commodities	Fair market value at the time of receipt, or the assessed value provided by the Federal agency. In the prior year Schedule of Expenditures of Federal Awards, the State of North Carolina determined the value of assistance for commodities based on prices assigned by the source Federal agency.
Donated property or donated surplus property	Fair market value at the time of receipt, or the assessed value provided by the Federal agency. In the prior year Schedule of Expenditures of Federal Awards, the State of North Carolina used the estimated fair market value at the time of receipt.
Free rent	Fair market value at the time of receipt, or the assessed value provided by the Federal agency. Free rent is not considered an award unless it is

	received as part of an award to carry out a Federal program.
Endowment funds	The cumulative balance of Federal awards for endowment funds which are federally restricted are considered awards expended in each year in which the funds are still restricted.