**Footnotes for Financial Reporting**

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* **Allocable:** The process of assigning a cost, or a group of costs, to one or more cost objective(s), in reasonable proportion to the benefit provided or other equitable relationship.
* **Allowable:** A cost incurred by a recipient that is: (1) reasonable for the performance of the award; (2) allocable; (3) in conformance with any limitations or exclusions set forth in the Federal cost principles applicable to the organization incurring the cost or in the Notice of Award (NoA) as to the type or amount of cost; (4) consistent with regulations, policies, and procedures of the recipient that are applied uniformly to both federally supported and other activities of the organization; (5) accorded consistent treatment as a direct or indirect cost; (6) determined in accordance with generally accepted accounting principles; and (7) not included as a cost in any other federally supported award (unless specifically authorized by statute).
* **Budget Categories**
	+ **Direct Expenses**: any cost that can be specifically identified with a particular project, program, or activity or that can be directly assigned to such activities relatively easily and with a high degree of accuracy. Direct costs include, but are not limited to, salaries, travel, equipment, and supplies directly benefiting the grant-supported project or activity
	+ **Indirect Expenses:** Also known as overhead or F&A (Facilities and Administrative costs). Necessary common costs that benefit more than 1 grant that can’t readily be directly assigned to a grant. (e.g., payroll function, utility expenses, grant administrators). These generally represent costs already paid by Providence. For purposes of grants, indirect expense is a non-cash expense, which should be considered when looking at cash flow. We negotiate a rate with the federal government and apply that rate to the modified direct costs to calculate the reimbursement.
* **Capital:** “Capital Expenditures” means expenditures for the acquisition cost of capital assets or expenditures to make improvements to capital assets that materially increase their value or useful life. “Equipment” means an article of nonexpendable, tangible property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-profit organization for financial statement purposes, or $5000. Acquisition cost for equipment, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus. Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in, or excluded from the acquisition cost in accordance with the non-profit organization's regular accounting practices.
* [**Carryover**](http://grants.nih.gov/grants/glossary.htm#Carryover)**:** Unobligated Federal funds remaining at the end of any budget period that, with the approval of the GMO or under an automatic authority, may be carried forward to another budget period to cover allowable costs of that budget period (whether as an offset or additional authorization).

* **Categories of research**
	+ **Basic**: With basic research in the biomedical sciences, scientists attempt to understand the interaction between individual molecules, the genetic basis behind diseases, the regulation of different metabolic pathways, etc. Basic research is also commonly known as “wet lab” or “bench” research because most experiments are conducted in a laboratory.
	+ **Clinical**: Research that determines the safety and effectiveness of medications, devices, diagnostic products and treatment regimens intended for human use. These may be used for prevention, treatment, diagnosis or for relieving symptoms of a disease.
	+ **Epidemiological:** Epidemiological studies are aimed, where possible, at revealing unbiased relationships between exposures such as alcohol or smoking, biological agents, stress, or chemicals to mortality or morbidity. The identification of causal relationships between these exposures and outcomes is an important aspect of epidemiology.
	+ **Genomic:** Genomics is a discipline in genetics that applies recombinant DNA, DNA sequencing methods, and bioinformatics to sequence, assemble, and analyze the function and structure of genomes (the complete set of DNA within a single cell of an organism).
	+ **Outcomes**: Public health research, which studies the end results of the structure and processes of health care systems on the health, and well-being of patients and populations
	+ **Qualitative**: Research which seeks and understanding of human behavior and the reasons that govern such behavior.
	+ **Quantitative**: Systematic investigation of properties and phenomena and their relationships. Asking a narrow question and collecting numerical data to analyze utilizing statistical methods.
	+ **Registry:** A registry is an organized system that uses observational study methods to collect uniform data (clinical and other) to evaluate specified outcomes for a population defined by a particular disease, condition, or exposure, and that serves one or more predetermined scientific, clinical, or policy purposes.
	+ **Translational**: Applies findings from basic science to enhance human health and well-being. In a medical research context, it aims to "translate" findings in basic research into medical and nursing practice and meaningful health outcomes. Translational research implements a “bench-to-bedside” approach, from laboratory experiments through clinical trials to point-of-care patient applications
* **Consultant:** An individual who provides professional advice or services for a fee, but normally not as an employee of the engaging party.The contractor provides goods and services ancillary to the operation of the federal grant and is not subject to the compliance requirements of the federal program.
* **Cost sharing:** Cost sharing represents that portion of the total project costs of a sponsored agreement that are not borne by the sponsor or sponsors of the project. These costs are borne by the organization or other non-federal third parties, rather than by the sponsor. Cost sharing can be required by the sponsor or volunteered by a principal investigator (PI); regardless, any commitment of effort referenced in the project proposal or the award document must be honored, reported, and captured in an effort reporting system.
* **Deferred revenue**: Also called unearned revenue. Refers to money received by an organization (Providence) before it provides the services owed. Revenue is recorded as such when it is earned, rather than when it is received.
* **Development Funds:** Represent an investment by Providence in research. These are funded by Providence generally through the return of all or part of the indirect revenue a grant receives. Residual balances from fixed-price agreements can also be used to fund development accounts. Development funds can be used to bridge salary support between sponsored studies, pay for travel, purchase equipment, staff professional development, or to fund initial research.
* **Federal Awards:** Many federal funds are awarded on a cost-reimbursement basis meaning they cannot make a profit on the direct costs. Federal awards reimburse indirect overhead expenses at a negotiated rate generally based on the hospital’s Medicare Cost Report. When indirect revenue is recorded an off-setting non-cash expense is also recorded. Reimbursement is generally requested monthly via a cash draw mechanism.
* **For-Profit:** Most of the “For-Profit” category is industry sponsored clinical trials. Generally these are fixed fee agreements with payments based on achieving agreed upon milestones. The fee for the milestones should include consideration for indirect overhead expenses and is determined during the negotiation process with sponsor. There are a number of methods for receiving payments and an individual trial may have more than one method. Some payments are made automatically such as start-up costs payable upon execution of the contract or payments made on set time intervals. Some payments are made based on invoices we submit. The majority of payments are based upon the sponsor’s review of the Case Report Form, generally we don’t know what we will be paid for until we receive the payment. Some sponsors also have a 10-20% holdback on all payments until the trial is completed to their satisfaction.
* **Fringe Benefits:** Direct charge to federal grants applied as a pre-negotiated percentage against salary provided such costs are incurred under established and consistently applied policies and practices of the organization.
* **GAAP - Generally Accepted Accounting Principles**: A framework of accounting standards, rules, and procedures issued by the Government Accounting Standards Board and the Financial Accounting Standards Board
* [**Grants Management Officer (GMO)**](http://grants.nih.gov/grants/glossary.htm#GrantsManagementOfficer(GMO))**:** An NIH official responsible for the business management aspects of grants and cooperative agreements, including review, negotiation, award, and administration, and for the interpretation of grants administration policies and provisions. GMOs are delegated the authority from the CGMO to obligate NIH to the expenditure of funds and permit changes to approved projects on behalf of NIH. Each NIH IC that awards grants has one or more GMOs with responsibility for particular programs or awards. See also [Chief Grants Management Officer](http://grants.nih.gov/grants/policy/nihgps/HTML5/section_1/1.2_definition_of_terms.htm#Chief_Grants_Management_Officer) definition.
* [**Grants Management Specialist (GMS)**](http://grants.nih.gov/grants/glossary.htm#GrantsManagementSpecialist(GMS))**:** A NIH staff member who oversees the business and other non-programmatic aspects of one or more grants and/or cooperative agreements. These activities include, but are not limited to, evaluating grant applications for administrative content and compliance with statutes, regulations, and guidelines; negotiating grants; providing consultation and technical assistance to grantees; and administering grants after award.
* **Incentive Costs:** Incentive payments to volunteers or patients participating in a grant-supported project or program are allowable. Incentive payments to individuals to motivate them to take advantage of grant-supported health care or other services are allowable if within the scope of an approved project.
* **Indirect Revenue:** Indirect revenue is how we are reimbursed for indirect expenses.
* **Internal Foundations:** Providence Philanthropy (our Foundations) transforms health and wellness care through a system-wide strategic framework carried out by inspired foundation professionals, leaders, physicians, caregivers and board members. Providence Philanthropy’s structure transcends geography, optimizes local relationships, and advances the health of individuals and the community. Foundation funded research is generally funded on a cost reimbursable basis either through a draw down monthly, annually or at the completion of the project. Monies may be either pulled from unrestricted or restricted pools and depending on the restrictions of the donor have F&A applied to their use.
* **Life-to-date (LTD):** Due to irregular start and end dates and award periods greater than 1 year LTD reporting is the preferred method for analyzing grant financial data.
* **Modified Total Direct Costs (MTDC)**: MTDC includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first $25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of $25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.
* [**Multi-Year Funding (MYF)**](http://grants.nih.gov/grants/glossary.htm#Multi-YearFunding(MYF))**:** Multi-year funded (MYF) awards are where the project period and budget period are the same and are longer than one year. A no-cost extension of an existing grant does not constitute Multi-Year Funding.

* [**Multiple Program Director/Principal Investigator**](http://grants.nih.gov/grants/glossary.htm#MultipleProgramDirector/PrincipalInvestigator)**:** Multiple Program Director/Principal Investigator (multiple PD/PI) awards are an opportunity for multidisciplinary efforts and collaboration through a team of scientists under a single grant award. All PD/PIs share equally the authority and responsibility for leading and directing the project, intellectually and logistically. Each PD/PI is responsible and accountable to the applicant organization, or as appropriate to a collaborating organization, for the proper conduct of the project or program, including the submission of all required reports. The presence of more than one PD/PI on an application or award diminishes neither the responsibility nor the accountability of any individual PD/PI. Go to [Multiple Principal Investigators](http://grants.nih.gov/grants/multi_pi/overview.htm).
* [**No-Cost Extension**](http://grants.nih.gov/grants/glossary.htm#No-CostExtension)**:** An extension of time to a project period and/or budget period to complete the work of the grant under that period, without additional Federal funds or competition. See [NIH Standard Terms of Award](http://grants.nih.gov/grants/policy/nihgps/HTML5/section_8/8.1_changes_in_project_and_budget.htm#NIH) and [Prior Approval Requirements](http://grants.nih.gov/grants/policy/nihgps/HTML5/section_8/8.1_changes_in_project_and_budget.htm#Prior).
* [**Notice of Award (NoA)**](http://grants.nih.gov/grants/glossary.htm#NoticeofAward(NoA))**:** The official, legally binding document, signed (or the electronic equivalent of signature) by a Grants Management Officer that:
1. notifies the recipient of the award of a grant;
2. contains or references all the terms and conditions of the grant and federal funding limits and obligations; and,
3. provides the documentary basis for recording the obligation of Federal funds in the NIH accounting system.
* **OMB circulars**: Government-wide guidance issued to Heads of Federal agencies by the Director of OMB. Grant applicant’s budget requests are reviewed for compliance with following OMB standards:
	+ cost principles: costs charged to awards must be allowable, allocable, reasonable, necessary, and consistently applied regardless of the source of funds
	+ uniform administrative requirements
	+ audit requirements for non-profit organizations
* **Other:** Most of the “Other” category is External Foundations and Associations. Generally these are also cost-reimbursement and will break-even. Indirects are not always awarded and when they are there is often a cap of about 10%. Reimbursement is either requested monthly via an invoice or funds are advanced. Often when funds are advanced the first payment is made upon execution of the award document.
* [**Other Support**](http://grants.nih.gov/grants/glossary.htm#OtherSupport)**:** Includes all financial resources, whether Federal, non-Federal, commercial or organizational, available in direct support of an individual's research endeavors, including, but not limited to, research grants, cooperative agreements, contracts, or organizational awards. Other support does not include training awards, prizes, or gifts
* [**Pass-Through Entity:**](http://grants.nih.gov/grants/glossary.htm#Pass-ThroughEntity) A non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.
* **Per capita/firm fixed price contract:**  Some grants provide a lump sum reimbursement based on a predetermined amount per study enrollment regardless of internal cost of service or budget. Reporting requirements for financial use of these funds are less burdensome as budgets do not need to be approved by the granting agency. All funds may only be spent however on the project they are provided for.
* [**Person Months**](http://grants.nih.gov/grants/glossary.htm#PersonMonths)**:** The metric for expressing the effort (amount of time) PD/PI(s), faculty and other senior/key personnel devote to a specific project. The effort is based on the type of appointment of the individual with the organization; e.g., calendar year, academic year, and/or summer term; and the organization's definition of such.
* [**Pre-Award Costs**](http://grants.nih.gov/grants/glossary.htm#Pre-AwardCosts)**:** Any cost incurred prior to the beginning date of the project period or the initial budget period of a competitive segment (under a multi-year award), in anticipation of the award and at the applicant's own risk, for otherwise allowable costs. The NIH has specific guidelines around pre-award spending that can be found [at this website](http://grants.nih.gov/grants/policy/nihgps/HTML5/section_7/7.9_allowability_of_costs_activities.htm) under “Pre-Award (Pre-Agreement) Costs”.
* [**Prior Approval**](http://grants.nih.gov/grants/glossary.htm#PriorApproval)**:** Written approval by an authorized HHS official, e.g., a designated IC GMO, evidencing prior consent before a recipient undertakes certain activities or incurs specific costs (see [Administrative Requirements-Changes in Project and Budget-Prior Approval Requirements](http://grants.nih.gov/grants/policy/nihgps/HTML5/section_8/8.1_changes_in_project_and_budget.htm#Prior)).
* [**Progress Report**](http://grants.nih.gov/grants/glossary.htm#ProgressReport)**:** Periodic, usually annual, report submitted by the grantee and used by NIH to assess progress and, except for the final progress report of a project period, to determine whether to provide funding for the budget period subsequent to that covered by the report. This report may also be called the non-competing continuation progress report.
* [**Project Period**](http://grants.nih.gov/grants/glossary.htm#ProjectPeriod)**:** The total time for which Federal support of a project has been programmatically approved as shown in the NoA; however it does not constitute a commitment by the Federal government to fund the entire period. The total project period comprises the initial competitive segment, any subsequent competitive segment(s) resulting from a renewal award(s), and extensions.
* [**Research Performance Progress Report (RPPR):**](http://grants.nih.gov/grants/glossary.htm#ResearchPerformanceProgressReport(RPPR)) Progress reports are required annually to document grantee accomplishments and compliance with terms of award. They describe scientific progress, identify significant changes, report on personnel, and describe plans for the subsequent budget period or year. See <http://grants.nih.gov/grants/rppr/>
* [**Salary Cap/Limitation**](http://grants.nih.gov/grants/glossary.htm#SalaryCap/Limitation)**:** A legislatively-mandated provision limiting the direct salary (also known as salary or institutional base salary, but excluding any fringe benefits and F&A costs) for individuals working on NIH grants, cooperative agreement awards, and extramural research and development contracts. For current and historical salary cap levels, go to [Salary Cap Summary](http://grants.nih.gov/grants/policy/salcap_summary.htm).
* [**Senior/Key Personnel**](http://grants.nih.gov/grants/glossary.htm#Senior/KeyPersonnel)**:** The PD/PI and other individuals who contribute to the scientific development or execution of a project in a substantive, measurable way, whether or not they receive salaries or compensation under the grant. Senior/key personnel must devote measurable effort to the project whether or not salaries or compensation are requested. "Zero percent" effort or "as needed" are not acceptable levels of involvement for those designated as Senior/Key Personnel.
* [**Significant Rebudgeting**](http://grants.nih.gov/grants/glossary.htm#SignificantRebudgeting)**:** A threshold that is reached when expenditures in a single direct cost budget category deviate (increase or decrease) from the categorical commitment level established for the budget period by more than 25 percent of the total costs awarded.
* **Start and End Dates:** Grants do not align with traditional fiscal year end reports as they start & end throughout the year and may overlap multiple years. For example some foundations make a large initial advance, so it’s possible that the revenue and expenses will not be matched (initial payment received in FY14, majority of expenses in FY15).
* **Subcontract:** The subrecipient has responsibility for adherence to applicable federal program compliance requirements while providing goods and services for the grant or program of the pass through entity.
* **Subrecipient:** A subrecipient relationship exists when funding from a pass-through entity is provided to perform a portion of the scope of work or objectives of the pass-through entity’s award agreement with the Federal awarding agency.  A subrecipient performs part of the project activities.The subrecipient has responsibility for adherence to applicable federal program compliance requirements while providing goods and services for the grant or program of the pass through entity.
* [**Supplies**](http://grants.nih.gov/grants/glossary.htm#Supplies)**:** All tangible personal property other than those described in Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or $5,000, regardless of the length of its useful life.
* **Time & Effort** The amount of time spent on a particular activity. It includes the time spent working on a sponsored project in which salary is directly charged or contributed (cost-shared effort). Effort reporting is the mandated method of certifying to the granting agencies that the effort charged or cost shared to each award has actually been completed. Effort is not just a verification of the salary or payroll distribution. Cost-shared or contributed effort must be included in effort reports.
* **Year-to-date (YTD):** Most grants are awarded for periods greater than 1 year. Reporting year-to-date data for these grants can cause distorted reporting due to timing issues.