



ENOUGH GRANT PROGRAM BUDGET GUIDANCE

This guidance provides information, requirements and best practices for:

1. [Annual Approved Budget](#)
2. [Modifications: Grant \(Program\) and Budget](#)
3. [Financial Reporting](#)
4. [Monitoring Sub-Grantees/Partners](#)
5. [Unallowable costs](#)
6. [Gift Card Expenditures and Documentation](#)
7. [Equipment Purchase and Guidelines](#)
8. [No-Cost Extension](#)
9. [Grant Closeout/Reconciliation](#)
10. [Indirect Costs](#)

Annual Approved Budget

The annual approved budget represents the funds awarded to the grantee by the Governor's Office for Children (Office) and approved at the start of the grant term. The budget includes categories such as Personnel and Operating Expenses and its corresponding line items, e.g. salaries, fringe, utilities, and rent. A budget narrative column is used to describe how the line item cost was calculated. The annual approved budget is to be used as the basis for all financial reporting.

If a grantee wants to modify the annual approved budget during the fiscal year, a budget modification can be submitted. Once approved, the budget modification then becomes the basis for financial reporting going forward. More information on a budget modification is below.

Modifications: Grant (Program) and Budget

Grantees should contact the Grants and Data Manager and their ENOUGH Coordinator to discuss grant (program) and/or budget changes to determine if a modification is needed.

Grant (Program) Modification: A modification is made when there are non-budgetary changes to a grant that include, but are not limited to: project scope, changes to the performance period and/or designated roles.



Budget Modification: ENOUGH grantees may request a budget modification to the approved budget in order to reallocate dollar amounts among budget categories/line items within the existing award amount. The original award amount may not be increased.

- A budget modification should be submitted if the reallocation amount is 10% of the grant award amount or \$30,000 and greater.
- To begin the process, grantees should submit the modification template noted above along with the budget modification template to the Grants and Data Manager and their ENOUGH Coordinator.

To complete it, the grantee should use the most recent approved budget on file. For line items with revised budget amounts, the budget narrative should be updated to reflect the new funding amount.

Grantees can submit a budget modification at any time during the fiscal year, but the deadline for all modifications is 30 calendar days prior to the end of the grant award period. Please refer to your award letter for the grant award period. The program activity and/or budget changes may not take place until the grantee's authorized official or project director receives documented approval from the Office. Exceptions for modification requests made within 30 calendar days of the end of the grant award period will be considered on a case-by-case basis.

Financial Reporting

Quarterly financial reports are due to the Office on the following schedule:

- April 30 (for the period of January 1-March 31)
- July 30 (for the period of April 1-June 30)
- October 30 (for the period of July 1-September 30)
- January 30 (for the period of October 1-December 31)

The Office will provide the financial reporting template. Grantees are to use the approved annual budget as the basis for completing the financial report, **or**, the most recent approved budget modification if applicable.

To complete the template, the grantee should report on actual expenditures paid for the reporting period.

- The report should not include obligations, accruals, or installment payment amounts to sub-grantees.
 - For example, if a grantee provides advanced payment/funding to a sub-grantee/partner, the grantee should report on the sub-grantee/partner's actual expenditures, not the advanced payment/funding amount.



Please refer to the instructions tab on the template for completing the form. The template includes formulas throughout, so it is important not to use the delete button as you are completing it.

Once the report has been submitted to the Office and reviewed by the Grants and Data Manager, the grantee will be notified of report approval, or, if corrections or further justification of expenditures are needed.

Monitoring Sub-Grantees

For grantees with sub-grantees/partners, on-going monitoring and reporting is required to ensure compliance with MOU requirements. This helps the grantee to:

- Submit accurate and timely reports to the Office
- Determine if a grant or budget modification is needed during the year
- Learn of any changes in their scope of work
- Identify proposed spending not initially approved to ensure it is allowable

A best practice is to schedule sub-grantee/partner reporting to align with Office reporting. For example, a sub-grantee expenditure reporting deadline of April 15 will give the grantee two weeks to incorporate the expenses into the quarterly financial report due April 30.

Unallowable Costs

Funding from the Governor's Office for Children will not be used for unallowable costs including, but not limited to:

1. Alcoholic beverages;
2. Bad debts;
3. Contributions and donations to charitable organizations not in support of a defined activity;
4. Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement;
5. Entertainment costs; Personal use by employees of organization-furnished automobiles (including transportation to and from work) and other assets;
6. Fines and penalties and interest on fines and penalties;
7. Assets, goods or services for personal use;
8. Interest on borrowed capital/lines of credit;
9. Costs of organized fundraising events (galas, auctions, tournaments);
10. Costs of investment counsel/management;
11. Lobbying;
12. Losses on other awards;
13. Renovation/remodeling and capital projects;
14. Gifts for Board members and/or Board employees;



15. Costs of training/technical assistance offered by consultants that the Office and/or the Children's Cabinet or one of its member Agencies makes available at no cost. A list of offerings will be made available by the Office;
16. Any plaque or item presented to a speaker, official, legislator, vendor, or other person in recognition of service provided with a value in excess of \$50;
17. Any expenses relating to the establishment, maintenance or liquidation of foundation or other accounts used for the purpose of maintaining earned reinvestment and other State funds;
18. Investment fees and losses;
19. Flex fund expenditures;
20. For fee-for-service contracts, vendor staff vacation, sick leave and other leave time during which services were not provided.
21. Trinkets/promotional/giveaway items (e.g., pens, notepads, hats, mugs, portfolios, t-shirts, coins, gift bags, etc., whether or not they include the program/vendor name and/or logo) except when materials are program supplies for participants and/or staff participating in a specified program or event.

Gift Cards Expenditures and Documentation

Gift Card expenditures (in any form or format) are allowable for incentives for participants attending meetings/focus groups/forums where:

- Only the necessary number of gift cards are purchased based on the number of participants;
- The organization, or its vendor/consultant, does not establish or maintain an inventory of gift cards; and,
- The participants are families and or children/youth

Additional guidelines include:

1. Gift cards are used only as a temporary response to needs related to program participant incentives only and are not approved for routine program operations.
2. A log of gift card recipients must be maintained that includes: recipient name, address, phone number, gift card name and denomination, date purchased, date disbursed, signature of recipient acknowledging receipt of gift card, and signature of person delivering the gift card. Logs will be reviewed during monitoring site visits.
3. Gift cards purchased shall be used during the fiscal year purchased. If unused at the end of the fiscal year, gift cards shall be considered assets and recovered by the Office from the vendor at the close of the grant term.
4. At the end of the fiscal year, the vendor shall provide to the Office a complete accounting of the gift cards purchased (including type of card, denomination and number of each), utilized, and available.
5. The purchase of gift cards may not be authorized in order to circumvent established GOC policies – including but not limited to e.g., flex funds, accounting, purchasing, payroll or others.
6. At the close of the fiscal year, any gift cards that are unspent by the vendor and/or held by the vendor (including those unused cards recovered from a vendor and those



purchased and used by the vendor) are subject to fiscal recovery as part of the reconciliation process.

Equipment Purchase and Guidelines

Equipment is defined as having a useful life in excess of one year and a procurement cost of \$5,000 or more per unit. Costs may include taxes, delivery, installation and similarly related charges.

Fixed assets purchased, generated or arising from the use of state funds are the sole and exclusive property of the state. The Office has the first right of refusal to reclaim or dispose of the assets, and can also waive its right of recovery. The grantee should not transfer or dispose of any fixed assets purchased with funds from the Office unless prior approval is obtained by the Office. The grantee should first contact the Office prior to any action occurring.

Grantees must maintain internal inventory records for equipment that are procured using ENOUGH funding.

No Cost Extension

Grantees may request a no-cost extension to their grant. A "no-cost extension" allows the grantee to extend the grant award period to spend down funding and execute approved grant program activities without requesting additional funding. Generally, no-cost extensions are granted for up to 90 days. To submit a request for extension:

- Include the reason for the extension request and extension end date on agency letterhead with the grantee's authorized official signature.
- Submit to the Grants and Data Manager, tracey.webb@maryland.gov.
- The Office will inform the grantee of approval or if additional information is required.

When approved, grant funds and program activities must be expended/completed by the end of the no-cost extension period.

NOTE:

- Budget modifications will be due 30 calendar days prior to the end of the no-cost extension period.
- The year-end financial report should be submitted by 30 days after the end of the no-cost extension.

Grant Closeout/Reconciliation

The grant closeout/reconciliation process is a fiscal resolution of the grant award conducted at the end of the grant award period. The Office will use the grantee's final expenditure report for a fiscal year as the basis to determine if funds are due back to the state. Along with the final expenditure report, the Office will request at a minimum:

- Chart of accounts/fund codes and/or transaction codes for ENOUGH funding



- General ledger for the fiscal year that details the grantee and/or sub-grantee expenditures

The Office will approve the report and issue an invoice for funds due back to the state if applicable. If the Office requires supplemental documentation before approval can be made, the Office will notify the grantee. Examples of supplemental documentation are receipts, MOU, purchase orders and invoices.

Indirect Costs

Indirect costs are expenses that cannot be attributed to individual projects or initiatives but are necessary for an organization's overall operation and administration.

Why Use Indirect Costs Line Item?

- Compliance: Ensures alignment with state guidance and federal regulations, preventing potential audit issues.
- Full Cost Recovery: Allows organizations to recover overhead costs fairly without requiring them to itemize each individual overhead expense.
- Organizational Sustainability: Supports maintaining infrastructure and staff essential to managing multiple grants and performing duties as a backbone organization.

Indirect Cost Base and Rate for GOC

- The indirect cost **base** for GOC is modified total direct costs (MDTC).¹
- The indirect cost **rate** is up to 15% of modified total direct costs (MDTC).²
- **Example:** An organization with a \$100,000 allocation could potentially request \$13,043 in indirect costs. This presumes a modified total direct cost of \$86,957 x 15% = \$13,043.

Examples of Indirect Costs

The following are examples of line item expenses that are commonly included in the indirect cost recovery rate if they can't be attributed to individual initiatives or systems change activities.

1. Facilities & Operations
 - Building rent, property taxes, depreciation
 - Utilities (electricity, water, gas, trash removal)
 - Repair and maintenance of shared spaces (e.g., hallways, conference rooms)
 - Landscaping and security services for the entire facility
2. Administrative & Management
 - Salaries and benefits for central staff (finance, payroll, HR)
 - Annual software licenses for accounting, HR, or general management systems
 - Organizational insurance (general liability, directors and officers)

¹ Per [OMB Uniform Guidance](#) the first \$50,000 of each subcontract is included in the modified total direct cost (MTDC) base and any amount exceeding \$50,000 is excluded.

² The current federal de minimus rate is 15% of MTDC per the latest OMB guidelines. The State of Maryland statutes support recovery of indirect costs in compliance with the OMB Uniform Guidance.



3. Professional & Institutional Services
 - External audit, accounting fees, and general legal counsel
 - Bank fees, payroll processing fees, and other institution-wide financial services
4. Office & IT Support
 - Shared office equipment (copiers, printers, scanners) and office supplies that cannot be attributed to either community support or systems change activities
 - Telecommunications (organization-wide phone systems, internet)
 - Centralized IT support, help desk services, network security
5. Other Shared Costs
 - Organization-wide subscriptions or dues
 - Postage and shipping fees for general administrative correspondence

OFFICE CONTACTS

- Grants and Data Manager, Tracey Webb - tracey.webb@maryland.gov

ENOUGH Coordinators

- Joshua Freeman - joshua.freeman@maryland.gov
- Mysiki Valentine - mysiki.valentine@maryland.gov