

Guidance for Budgeting Grants and Contributions

Grants and contributions received for one or more years should be budgeted as follows:

Revenue

- Unconditional grants and contributions [ALA can use the funding as it sees fit] – budget in the year(s) commitment is made by grantor/donor.
Indicators of a commitment – Notice of Award, Pledge Agreement, etc., without a barrier or right of return indicated.
- Conditional grants and contributions –These grants include specific barriers that need to be overcome and there is a right of return of funds if the barrier is not met. Do not budget until conditions are met. Once conditions are met, budget in the same way as unconditional grants and contributions.
Indicators of a conditional grant/contribution – agreements will specify results that must be achieved before funding is received
- Cost-reimbursement grants – budget revenue in the same amount as the expense to be incurred.

Expenses

Budget in the year(s) in which the expense will occur i.e., staff will work on the grant, awards will be paid, etc.

Results you should anticipate because of these changes:

You may have a grant/contribution covering two years where the revenue is budgeted entirely in one year and the expenses are budgeted over two or more years [unconditional grants and contributions].

You may have a grant/contribution covering multiple years where no revenue is budgeted in a year, but expenses are budgeted [conditional grants and contributions].

Definitions

Barrier: A barrier is a stipulation in an agreement that must be overcome (either through a recipient's own performance or by other means) in order for the recipient to be entitled to funds received or promised.

Right of return: A right of return is usually a clause written within the grant that says the grantor has the right to request a return of funds from the grantee or to withhold payment to the grantee.