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NOT-FOR-PROFIT ORGANIZATIONS

Audit Considerations Related to Government Funding Including Single Audits

Robin Ryan, Megan Troxell & Jason Hardy, GYF Audit Services

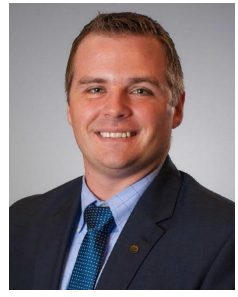
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May 26, 2021



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Today's Presenters



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INTRODUCTION

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2020





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Introduction

2020 – DEALING WITH THE UNEXPECTED

- Pandemic
- Personal, social and economic impact
- Varying responses to ongoing operations and needs

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Introduction

2020 – DEALING WITH THE UNEXPECTED

- Health concerns (paid time off; PPE availability)
- Operational concerns (shutdowns, remote work)
- Financial (decrease in revenue; increase in expenses)
- Funding (fast and furious)

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FUNDING

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FUNDING

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Funding

SOURCES OF MONEY

- Governmental funding
- Foundations
- Individual contributions

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Funding

COVID-RELATED FEDERAL FUNDING

- Coronavirus Preparedness and Response Supplemental Appropriations Act, *March 2020*
- Families First Coronavirus Response Act, *March 2020*
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act), *March 2020*

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Funding



FEDERAL FUNDING

- Paycheck Protection Program and Health Care Enhancement Act, *April 2020*
- Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), *December 2020*
- American Rescue Plan Act of 2021 (ARPA), *March 2021*

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Funding



GENERAL GUIDANCE

- When a non-federal entity expends more than \$750,000 of federal awards in a single year, a single audit is required
- Compliance supplement issued annually by OMB
- December 2020 Compliance Supplement Addendum

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Funding

COMPLIANCE SUPPLEMENT ADDENDUM

- Provides additional guidance for programs with expenditures of COVID-19 awards determined to major programs ([click for link](#))
- Includes 8 new COVID-19 funded programs, 6 existing programs with added COVID-19 funding and a new, non-COVID-19 program
- Matrix details compliance requirements subject to a single audit

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COMPLIANCE SUPPLEMENT ADDENDUM

- Provides for additional extensions for single audit due dates
- Treatment of donated personal protective equipment (PPE) on Schedule of Expenditures of Federal Awards (SEFA) – FMV of PPE listed as a stand alone footnote accompanying the SEFA
- Agency publications to be reviewed are incorporated

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Funding



CHALLENGES TO UNDERSTANDING

- Not all funding is subject to single audit requirements
- Funding appropriated by the federal government to state and local governments may be subject to single audit requirements
- Trickle-down impact

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PROGRAMS



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Programs through the CARES Act

SBA-ADMINISTERED LOANS

- Paycheck Protection Program (PPP)
 - *Funding is not subject to the single audit requirements*
 - *Other considerations relate to forgiveness requirements*
- EIDL Program
 - *Certain EIDL loans are subject to single audit considerations*

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Programs through the CARES Act

OTHER FUNDING

- Employee Retention Credit (ERC)
 - *As of now, this tax credit is not expected to be subject to the single audit requirements*

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CARES Act Programs



PROVIDER RELIEF FUND (PRF)

- Provides relief to hospitals and other healthcare providers
- Covers supporting expenses or lost revenues due to COVID-19 and treatment for the uninsured
- Expenditures reported on SEFA and audited in a fiscal year ending on or after December 31, 2021

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CARES Act Programs



PROVIDER RELIEF FUND (PRF)

- Separate HHS report requirements through the PRF reporting portal
- For-profit entities subject to audit requirements

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CARES Act Programs



EDUCATION STABILIZATION FUND

- Funded through the CARES Act and CRRSAA
- Ten sub-sections, including HEERF and HEERF II funding
- Subject to single audit requirements as per compliance supplement

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American Rescue Plan Programs



CORONAVIRUS RELIEF FUND (CRF)

- Direct payments to state, territorial, tribal and local governments
- Necessary expenditures to cover the public health emergency
- Costs accounted for in the government's most recently approved budget as of 3/27/2020
- Subject to single audit requirements as per compliance supplement

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American Rescue Plan Programs

CORONAVIRUS RELIEF FUND (CRF)

- Costs incurred between March 1, 2020, and December 31, 2021 (extended due date)
- Governments had discretion as to how to disseminate the funding
- NFP may have received a state or local grant that originated from the CRF program

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American Rescue Plan Programs

SHUTTERED VENUE OPERATORS GRANT (SVOG)

- For live venues, live performing arts operators, museums, theaters
- Entity must have been in operation on February 29, 2020
- Grant is reduced by any PPP loan proceeds received after 12/27/20
- Subject to single audit requirements
- For profit entities will have option to provide a single audit or an audited financial statement

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AUDIT CONSIDERATIONS

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Audit Considerations

REVENUE

- Document all funding related to the pandemic
- Accumulate documentation related to all funding
- Assess and document funding requirements and restrictions
- Includes foundation grants and individual contributions

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Audit Considerations



EXPENDITURES

- Restricted grants/contributions – have the restrictions been met?
- Support for expenditures related to government funding
- Other considerations such as application for PPP loan forgiveness
- Other agency or grantor requirements

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Audit Considerations



PLANNING

- Address questions or concerns regarding funding or audit requirements prior to end of year
- Internal control processes related to the funded grants
- Clarify reporting deadlines (example, single audits for years ended June 30, 2021 extended to September 30, 2022)

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RECAP & REMINDERS

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Recap & Reminders

IMPORTANT POINTS

- Document all funding
- Assess reporting requirements (single audit, compliance, forgiveness)
- Accumulate documentation
- Ask questions early

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References

COMPLIANCE SUPPLEMENT & ADDENDUM

- https://www.whitehouse.gov/wp-content/uploads/2020/08/2020-Compliance-Supplement_FINAL_08.06.20.pdf
- https://www.whitehouse.gov/wp-content/uploads/2020/12/2020-Compliance-Supplement-Addendum_Final.pdf

GAQC SUMMARY OF COVID-19 RELATED DEADLINE EXTENSIONS

- <https://www.aicpa.org/content/dam/aicpa/interestareas/governmentauditquality/resources/singleaudit/uniformguidanceforfederalrewards/downloadabledocuments/deadline-extensions-related-to-audits-covid19-20200414.pdf>

(see chart on page 4 – also on next slide)

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GAQC Summary of COVID-19 Related Deadline Extensions of Audited Financial Statements and Other Reports
As of April 28, 2021

ATTACHMENT – SNAPSHOT OF IMPACT OF 6-MONTH EXTENSION PROVIDED BY OMB MEMO 21-20 FOR AUDITS NOT SUBMITTED AT 3/19/21**

Fiscal Year End	Normal Due Date*	Extended Due Date*
June 30, 2020	March 31, 2021	September 30, 2021
July 31, 2020	April 30, 2021	October 31, 2021
August 31, 2020	May 31, 2021	November 30, 2021
September 30, 2020	June 30, 2021	December 31, 2021
October 31, 2020	July 31, 2021	January 31, 2022
November 30, 2020	August 31, 2021	February 28, 2022
December 31, 2020	September 30, 2021	March 31, 2022
January 31, 2021	October 31, 2021	April 30, 2022
February 28, 2021	November 30, 2021	May 31, 2022
March 31, 2021	December 31, 2021	June 30, 2022
April 30, 2021	January 31, 2022	July 31, 2022
May 31, 2021	February 28, 2022	August 31, 2022
June 30, 2021	March 31, 2022	September 30, 2022

* Per section 200.512 of the Uniform Guidance, if the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day. Dates in these columns have NOT been adjusted accordingly for those situations.

**Note that while we are only illustrating year-ends of June 30, 2020 and later, if a single audit for a year-end prior to June 30, 2020, had not been submitted at 3/19/21, the extension could be applied.