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## **Introduction**

We have created these FAQs to answer some of the recurring questions we receive about budgets and annual financial reports and to help you better understand how to use our templates more effectively. We recognize reporting can be confusing and time-consuming, and we appreciate the time you dedicate to filling our reports. All your submissions, and our conversations with you, together help paint a better, more comprehensive picture of your program. They all help us tell your story to others about your work and the health promotion impacts you are having in your community.

If you have any further questions or suggestions please feel free to reach out to your grant coordinator or email us at [community.investments@vch.ca](mailto:community.investments@vch.ca)

### **1. When are the Budget and Annual Financial Report templates sent out?**

The Budget and Annual Financial Report templates for the same fiscal year are sent together via email usually before the end of the fiscal year's first quarter by a VCH Finance team member. This report is typically sent out to the person listed as the 'finance contact' in the system.

Please note: the Annual Financial Report template is not needed until the following year when the fiscal year ends, but it is important to keep the template on file for later use.

### **2. What are the deadlines for Annual Financial Report and Budget submissions?**

The Annual Financial Report for the fiscal year that is ending is due on May 15<sup>th</sup>. If you reported a surplus and would like to carry it over to the following fiscal year, your request should be submitted by May 15<sup>th</sup> along with your Annual Financial Report (see Question number 11 'What happens if we have a surplus?' for further details.)

The Budget for the following fiscal year is due on June 15<sup>th</sup>, or one month after the template is received if there have been delays in sending out the template.

[Click here](#) to check for any changes to these Deadlines and for other Important Dates for SMART and CFAI grantees

### **3. Can we submit our reports using different templates than what we receive from VCH finance?**

No, sorry, you must use the most recent template that you received from the VCH Finance team. These templates have protected cells, automated formulae, and additional linked information used for office purposes. Please double-check that you are using a file with protected cells. If you encounter any issues or cannot locate the template, please feel free to contact your Grant Coordinator or email us at [community.investments@vch.ca](mailto:community.investments@vch.ca).

#### **4. How does VCH review Annual Budget and Financial Report submissions?**

Annual Financial Reports and new Budget submissions are considered in relation to the previous year's Budget you submitted, and to information provided in your annual Narrative Report.

For example, we will be comparing your 2021/22 Annual Financial Report (in which you report your actual expenses in the past year) with the 2021/22 Budget you submitted (in which you detailed what you planned to spend your grant on). We will also be taking into consideration the information you provide in your 2021/22 Narrative Report when we review the 2021/22 Annual Financial Report and the new Budget that you submit for 2022/23.

We strongly recommend you look over your previous year's submissions and your current Narrative Report. It helps tremendously if you explain any major discrepancies that might be perceived.

#### **5. What is the Notes section for?**

Notes sections should be used any time you feel further explanation would be helpful in the review of your financial report, budget, etc.

Please Note: When making a note about a specific line item, please specify which line item each note is meant to provide further information on.

Things to explain in the Notes section include:

- Any major apparent discrepancy between what you are reporting in your Annual Financial Report or planning for in your new Budget, and what is in your Narrative Report as well as what was outlined in previously submitted budget(s) and annual report. These might include new items/expenses of significant value, important increases/decreases to planned costs (e.g. changes in benefits, supplies or administration costs that are greater than a thousand dollar) and changes in roles or hourly rates of staff members involved in the funded program—especially if the difference is greater than 4-5%.
- Surpluses, especially a surplus that repeats year-after-year (see 'What happens if I have a surplus' question for further details on surpluses)
- How an admin staff is employed as program staff (e.g. providing details on the activities that are not admin-related, explaining their role in the program, etc.)

## **6. Can we change the job titles in the program staffing section?**

The Program Staffing section has been prepopulated with standard job titles; these are protected cells and as such they cannot be changed.

The job titles of the program staff should describe the function or role that a staff person plays in relation to the funded program, rather than their job title in your organization. A title that describes a staff's function or role in the program thus might be different than their actual job title. If a funded staff function/role in your program is not adequately described by the titles already listed, you are welcome to add it as one of the 'Other' fields and specify the function/role. Please note that this pertains to only program staff, not administrative staff.

## **7. How do we use the column 'Percentage related to Program staffing'?**

If an admin staff spends time on program-related activities that are not considered administration, you can use this column to specify a percentage of their time that is allocated to these activities versus their admin work. The dollar amount equivalent to this percentage will be deducted from your overall allowable percentage of funding that can be used for general administration.

Example 1: You are allocating part of your grant budget this fiscal year to cover 500 hours of a program manager, who is spending half of that time fundraising for the funded program and the other half in managing volunteers in the funded program. You will enter 500 hours in the 'Hours' column, then 50% under 'Percentage related to program staffing' in order to have only the fundraising hours (50% of 500 hours) calculated as part of your overall allowable administration cost.

Example 2: You are allocating part of your grant budget this fiscal year to cover 65 hours of your Executive Director's time for supporting your funded program (i.e., a senior management staff who delivers the funded program, evaluating the funded program, etc.). You will enter 65 hours in the 'Hours' column, then 100% under 'Percentage related to program staffing' so that all 65 hours are not included as part of your overall allowable administration cost.

## **8. There are differences in what our program actually spent this past year compared to what was anticipated when we submitted our budget last year. What should we do?**

We expect minor variances from your budget submission. We know that it can be difficult to predict what might happen over a program year, and we understand that things change. For instance, you may have a turnover in staff, unanticipated program needs, changes in the organization benefits plan, etc.

If you anticipate changes in what your program funding will be spent on, at any point of the year, please reach out to your grant coordinator as soon as possible to discuss the anticipated changes.

When it comes time to complete your financial report, please use the Notes Section to highlight and explain the changes. For further details, please see the question number 5 'What is the Notes section for?'

## **9. Can/should we report a deficit in our annual report?**

Your annual report should only include information on the amount you have received from VCH; annual reports showing a deficit cannot be accepted. If you submit a report with a deficit, you will be asked to resubmit. If you would like to share with us your other sources of funding, you can do so in our narrative report. Surpluses, however, can and should be reported. [Refer to the next question ‘What happens if we have a Surplus?’]

## **10. What happens if we have a Surplus?**

If you are anticipating a Surplus, please get in touch with your grant coordinator as soon as possible to discuss. In conversation with the grant coordinator, you may identify acceptable ways to reduce and address the surplus before the end of the fiscal year. Your grant coordinator can also support you in making a plan to carry-over the surplus in the next fiscal year.

When you are completing your Annual Financial Report, please provide an explanation in the Notes section about why the surplus occurred and, if applicable, what line items generated the surplus. You can ask to carry over the total surplus amount or a portion of it to the next fiscal year by providing a surplus spending plan with an itemized budget. Your surplus spending plan and request for carry-over should be submitted along with your Annual Financial Report submission to ensure the grant coordinator has enough time to review and approve it before the budget is due.

### **When requesting a carry-over of a surplus to use in the following Fiscal year, please note the following:**

1. Surpluses must only be allocated to program enhancements that are: (a) within the scope of program goals and agreed upon activities funded by the SMART Grant; and (b) appropriately one-time-only in nature and intent. Examples include small capital expenses, IT improvements, strategic training for organization members, updates to resources and tools such as manuals and curricula, other targeted organizational capacity building activities.
2. You cannot ask to carry over a surplus for more than two consecutive years unless under very special circumstances, and approved by your Grant Coordinator.
3. Your request for surplus should not be based on the overall carry over amount available to you, but rather on your organization’s need in relation to the identified OTO project(s) from a budget and project planning perspective.
4. You can also choose not to request to carry over your surplus, in which case the stated amount will be clawed back from your monthly instalments of the following fiscal year.

In your request to your grant coordinator to carry-over a surplus, please provide answers to the following questions:

1. Why do you have, or anticipate, a surplus? Do you anticipate this to become an ongoing surplus?
2. What do you hope to spend the carried-over surplus on next fiscal?
  - a. How will this expense(s) assist your program achieve its scope and/or goals?
  - b. How is this expense(s) one-time-only in nature and intent?

### **11. What should we do if we need to make major changes in our budget for next year?**

If you expect your budget to be very different from previous budgets, please get in touch with your grant coordinator to discuss the changes you are envisioning and how those might affect your program activities. The grant coordinator will be able to provide appropriate guidance and can connect you with VCH Finance if needed.

### **12. What are Lifts for?**

Lifts are incremental increases to your ongoing funding most commonly earmarked for wage or benefits increases, or to account for inflation within non-labour expenses. The Baseline and Payment Schedules that you receive each year from our VCH Financial Planning and Business Support team will outline lifts that apply to your funding, if any, along with conditions and other relevant information. You may also receive notification of subsequent lifts or other adjustments at other times, throughout the course of a fiscal year. Please carefully review these documents to find out whether there have been funding level adjustments to your Service Contract and, if so, how these should be allocated. For example, you may use a wage lift funding to increase the funding amount associated to your program staff.

### **13. Is there a way to determine the lifts in advance?**

Unfortunately, we have no way of knowing whether your program may receive lifts and, if so, how much they would amount to. While we understand this makes budget forecasting harder, we suggest using your current baseline amount for budgeting purposes so to avoid potential pitfalls.

### **14. We have questions about the reports and some aspects are a bit confusing to me. Who do I reach out to for assistance?**

If you need help in filling out your Annual Financial Report and/or Budget, or have any other questions, please contact your grant coordinator or contact us at [Community.investments@vch.ca](mailto:Community.investments@vch.ca).