

## Section 1602: Quarterly Progress Report for October-December 2010 Addendum for Assessing Return of Grant Funds

### Instructions and Definition of Elements

According to the Terms and Conditions, 12.a, a state agency may not continue to disburse funds to subawardees after December 31, 2010, unless the subawardee has, by the close of 2010, paid or incurred at least 30 percent of the subawardee's total adjusted basis in land and depreciable property that is reasonably expected to be part of the low-income housing project.

This addendum to the QPR is a means of documenting the status of each subaward at the close of business on December 31, 2010. It will only appear on the October-December 2010 quarterly report due in January 2011.

#### **Instructions**

Use the added columns in the QPR spreadsheet to show the dollar amount the subawardee has paid or incurred as of the close of business on December 31, 2010 in relation to the subawardee's expected total adjusted basis in land and depreciable property. Indicate whether the subawardee uses the cash method or the accrual method as its overall method of accounting.

#### **Definitions**

Use the following definitions to fill out the added columns on the QPR. If you have a question, you may send an email to [1602Questions@do.treas.gov](mailto:1602Questions@do.treas.gov).

**1602 disbursement to subawardee by COB 12/31/2010** – means the total amount of 1602 funds the state agency disbursed to the subawardee by the close of business on December 31, 2010.

**Overall method of accounting** – means the method regularly used by the subawardee to determine how income and expenses are reported for federal income tax purposes, either the cash-method or accrual-method. On the QPR, enter C for cash-method and A for accrual-method.

**Total amount subawardee paid/incurred by COB 12/31/2010** – means the sum of costs included in the adjusted basis for which the subawardee has supporting documentation to demonstrate that those costs were paid/incurred (depending on the subawardee's accounting method) by the close of business on December 31, 2010. The subawardee must have certified to the accuracy of the total amount, either using the sample form or another method required by the state agency. The costs may be paid/incurred from any source of project funding, whether 1602 funds, equity, or other sources. The costs may be entirely paid/incurred from sources other than 1602 funds. Enter the dollar amount on the QPR.

**Paid** – applies only to subawardees who use the overall cash-method of accounting. A cost is paid when the subawardee makes a payment to a third party.

**Incurred** – applies only to subawardees who use the overall accrual-method of accounting. A cost is generally incurred when 1) the fact of the liability is fixed, 2) the amount of the liability is determinable with reasonable accuracy, and 3) the

economic performance test (see Treas. Regs. §1.461-4) has been met with respect to the cost.

**Total adjusted basis** – means the total adjusted basis in land and depreciable property that is reasonably expected to be part of the low-income housing project. The subawardee must have certified to the accuracy of the total adjusted basis, either using the sample form or another method required by the state agency. Total adjusted basis is determined by the subawardee in accordance with the Internal Revenue Code and applicable regulations including Treasury regulation 1.42-6(b)(2). Enter the dollar amount on the QPR.

**Percent of total adjusted basis paid/incurred** – is found by dividing the costs the subawardee paid/incurred by COB 12/31/2010 by the total adjusted basis and changing the decimal to a percent. Carry the calculation to four decimal places. Enter the percent on the QPR. For example, 0.3298 would be shown as 32.98% on the QPR.

**At least 30.00%** – means that the full amount of 30.00% has been met or exceeded. Rounding up to 30% is not an option for meeting the requirement. Enter Y to indicate the 30% requirement is met or N to indicate the 30% requirement is not met and disbursements to the subawardee must cease.

**Example of additional columns on QPR for the October – December 2010 report:**

The agency enters information in the remaining six columns for each subawardee after December 31, 2010 for the January 2011 QPR submission.

1602 disbursement to subawardee by COB 12/31/2010	Overall method of accounting -- C for cash or A for accrual	Total amount subawardee paid/incurred by COB 12/31/2010	Total adjusted basis	Percent of total adjusted basis paid/incurred	At least 30.00% -- Y for yes or N for no