



Financial Guidance: Family Home Visiting

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Contents

Introduction	1
Key expectations	1
Grantee fiscal responsibilities	1
Allowable, allocable, and reasonable	2
Other considerations for following cost requirements	4
Supplanting of funds	4
Braiding versus blending.....	4
Additional resources on braiding versus blending of funds	5
Cost distribution and proration	5
How to prorate.....	5
Developing a budget	6
Budget line item: Salaries and fringe	6
Budget line item: Contractual services	8
Budget line item: Travel.....	8
Budget line item: Supplies and expenses	9
Budget line item: Other	13
Indirect costs.....	14
Cost per family	15
Incentives	16
Handling of incentives.....	16
Separation of duties.....	16
Distribution of incentives.....	16
Incentive tracking documentation.....	17
Incentive reconciliation.....	17
Subcontracting/subgranting	17
Lost or stolen incentives	17
Invoicing	18
Failure to comply	18
Invoicing	18
Guidance for completing invoices	19
Budget modification	19

FINANCIAL GUIDANCE: FAMILY HOME VISITING

Third-party reimbursement	20
Unallowable uses of MDH family home visiting funds	20
TANF-specific financial guidance	21
Appendix A: Financial guidance key definitions	22

Introduction

This document provides financial guidance for recipients of the Minnesota Department of Health (MDH) family home visiting grants, including Strong Foundations Evidence-based Home Visiting and Temporary Assistance for Needy Families (TANF). It contains general information about allowable and unallowable costs, developing a budget, and detailed invoicing and budget modification procedures. This guidance is informed by state and federal statutes as well as generally accepted accounting principles.

See Appendix A on page 22 for a list of definitions of key terms used throughout this document.

Key expectations

- Abide by the terms of the grant agreement. Key programmatic and finance personnel supporting the grant should have a copy of the grant agreement and be familiar with the terms, conditions, budget, and scope of work outlined in the grant agreement.
- Follow standard accounting procedures, such as Generally Accepted Accounting Principles (GAAP) or Generally Accepted Government Auditing Standards (GAGAS).
- Comply with all applicable state and federal regulations, such as the [Minnesota Office of Grants Management \(OGM\) policies](#) and the federal [Uniform Guidance \(2 CFR § 200\)](#).
- Charge grants for only those activities stated in the grant agreement/amendment and on the approved grant budget (if applicable).
- Meet applicable audit requirements.
- Maintain updated information in SWIFT.
- Inform MDH of any changes in local grants administration.

Grantee fiscal responsibilities

MDH family home visiting expects grantees to be good stewards of awarded funds. Grantees must:

1. Charge the grant on a reimbursement basis only.
 - a. Agencies are expected to follow their local policies to determine which accounting approach to use and apply it consistently to this award.
 - i. Cash basis – seek reimbursement after the expense is paid.
 - ii. Accrual basis - seek reimbursement after the expense is incurred.
2. Spend grant funds responsibly on allowable items.
 - a. Determine costs are reasonable and allowable in accordance with program requirements and terms of the grant agreement and charge the grant for only the activities that were in the approved work plan and budget.
3. Ensure grant funds are used exclusively for their intended purpose.
 - a. Sustain family home visiting programs funded by MDH.
4. Expand family home visiting services without supplanting other funding sources.
5. Maintain financial records to support expenditures billed to the grant.

6. Follow federal and state guidelines so that all funds are traceable to their original source. Grantees can braid funding but may not blend funding.
 - a. Prepare required reports and trace funds to a level of expenditure adequate to establish that funds have not been used in violation of program restrictions.
 - b. Provide source documentation when requested.
7. Follow the MDH budget modification process.
 - a. Invoices may only include reimbursement requests up to the available balance of each line item.
8. All line-item adjustments require a Budget Modification Form. Adjustments greater than 10% of any line-item require prior approval from an MDH grant manager.
9. Follow invoicing guidance.
10. Submit invoices according to the schedule in the grant agreement, at least quarterly.
11. Invoice for expenses on grant related activities incurred during the appropriate budget period.
 - a. Invoice for expenses that align with the actual number of families being served by the grant.
12. Determine accurate cost allocation for each expense and limit reimbursement requests to the correct calculated share of expense.
13. Seek third-party reimbursement whenever eligible.
14. Ensure that indirect costs are explained and justifiable, and do not duplicate direct itemized charges or conflict with the agency Indirect Cost Agreement on file with MDH.

Allowable, allocable, and reasonable

MDH follows federal and state guidelines to determine allowable and unallowable expenses for grants. Expenses should be “specific and necessary” to the purpose of the home visiting program. There are three main guiding principles MDH follows when evaluating budget requests: allowability, allocability, and reasonableness. (*Per federal regulations: [45 CFR Part 75 Subpart E](https://www.ecfr.gov/current/title-45 subtitle-A/subchapter-A/part-75/subpart-E/subject-group-ECFRffa2eaa9f93be60?toc=1) (<https://www.ecfr.gov/current/title-45 subtitle-A/subchapter-A/part-75/subpart-E/subject-group-ECFRffa2eaa9f93be60?toc=1>).*

Allowable: Allowable costs include all costs outlined by state or federal regulations or the terms of a specific grant award. Source: [45 CFR 75.403](https://www.ecfr.gov/current/title-45 subtitle-A/subchapter-A/part-75/subpart-E/subject-group-ECFRffa2eaa9f93be60/section-75.403) (<https://www.ecfr.gov/current/title-45 subtitle-A/subchapter-A/part-75/subpart-E/subject-group-ECFRffa2eaa9f93be60/section-75.403>).

Key questions to determine allowability:

- Is the expense defined as allowable per the terms of the RFP, grant agreement, legislation, or federal grant guidelines?
 - Allowable: Salaries and fringe for time spent on grant related activities.

- Allowable: Sippy cups or outlet covers (developmental/safety supplies).
- Is the expense expressly prohibited?
 - Unallowable: Direct patient medical or dental services.
 - Unallowable: Capital improvements.

Find additional examples of allowable and unallowable expenses in the Developing a Budget section of this document (pages 6-15) and on page 21.

Allocable: Costs are allocable if the specific expense is chargeable or assignable to a specific grant. Allocability is a core way to ensure grant funds are being properly braided with other funding sources used to support your family home visiting program and that costs are following the proper cost proration guidance. Source: [45 CFR 75.405](https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-A/part-75/subpart-E/subject-group-ECFRffa2eaa9f93be60/section-75.405) (<https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-A/part-75/subpart-E/subject-group-ECFRffa2eaa9f93be60/section-75.405>).

Key questions to determine allocability:

- Does the cost advance the work plan in the grant agreement?
 - Allocable: Stipends to encourage family participation in an advisory council.
 - Not allocable: WIC Supervision is invoiced to Strong Foundations, not supporting the supervisor's role in the Strong Foundations work plan.
- Can the expense be allocated proportionally to the grant if it benefits multiple projects?
 - Allocable: Space rental costs are fairly and consistently allocated across all grant projects that share the space and are not assigned only to one grant.
 - Allocable: A nurse funded by Strong Foundations, TANF, and MCH dollars, invoices miles driven to visit a family to the funding source to which that family is assigned, not only to one funding source.
 - Not allocable: Ninety percent of rent costs are charged to Strong Foundations and only 10% to TANF, when the proportion of cost allocation for rental space under each of these funding sources is split equally.
 - Not allocable: A nurse tracks total time worked but does not delineate specific activities by funding source.
- Not allocable: To pay family home visiting staff or purchase associated supplies, a grantee pulls from a pot of combined funding sources, without being able to document which specific funding source was used for the purchase or time spent on grant activities (blending of funds).

Reasonable: A cost is reasonable if a prudent person would pay a given amount for an item to further the goals of a specific project and if the cost is consistent with market prices for a comparable good or service. Source: [45 CFR 75.404](https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-A/part-75/subpart-E/subject-group-ECFRffa2eaa9f93be60/section-75.404) (<https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-A/part-75/subpart-E/subject-group-ECFRffa2eaa9f93be60/section-75.404>).

Key questions to determine reasonableness:

- Is the cost generally recognized as necessary to carry out an approved work plan?
 - Reasonable: Model curriculum costs.
 - Not reasonable: Promotional items for home visiting staff such as jackets or shirts.
- Is the cost reasonable given the size and scope of the award?
 - Reasonable: A grantee has a target caseload of 50 and spends \$150 on safety/developmental supplies for each of these 50 families over the course of the budget period.
 - Not reasonable: A \$50,000 annual grant to provide family home visiting services charges \$25,000 for marketing/outreach.

Other considerations for following cost requirements

- Does the expense align with the organization's internal policies?
- Are similar expenses treated consistently across federal and non-federal funding sources?
- Was the expense incurred/paid during the approved budget period?
- Has prior approval for the expense been obtained, when necessary, as defined by the grant terms?
- Have expenses been properly documented?
- Can justification be provided for the expense to relevant external parties (i.e., funder)?

Contact your grant manager about determining if a cost is allowable, allocable, and reasonable if the potential item being considered is not clear.

Supplanting of funds

State statute prohibits supplanting. Supplant means to “substitute for another” or “take the place of.” Federal, state, and local funds may not be decreased or diverted for other uses due to the availability of MDH awarded funding. Existing and expected funding intended for the same projects and activities must be maintained.

MDH grant funds received may be used to:

- Sustain family home visiting programs funded by MDH.
- Expand current family home visiting services without supplanting other funding sources.
- Develop new family home visiting services.

Braiding versus blending

Grantees are required to braid MDH family home visiting funding with their other funding sources. **Due to financial and regulatory requirements, blending of funds is not allowed.** Braiding funds helps maximize your grant dollars to cover program costs that serve families.

Braiding: Funds from multiple funding streams are used to support the total costs of a common goal (for example, to expand access to family home visiting services). Each individual funding source must be tracked separately. This requires that shared costs of services are allocated to specific funding streams in a way that ensures that there is no duplicate funding and that the appropriate amount of program and administrative costs are charged to each funding stream.

Blending: Multiple funding streams are combined to support the total costs of a common goal. Funding sources lose their program-specific identities, meaning that costs do not have to be allocated or tracked separately by funding source. This approach is less burdensome from an administrative perspective than braiding, however, because of financial and regulatory requirements, blending of funds is not allowed.

Programs must independently track and account for all expenses by the individual funding sources supporting the program. To accomplish this, accounting systems must distinguish expenditures by fund sources and maintain documentation. This braiding filters down into documentation of **time and effort**, meaning that staff timecards must clearly show time spent on the work funded by each funding source.

Additional resources on braiding versus blending of funds

- [45 CFR Part 75: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HSS Awards](https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-A/part-75?toc=1) (<https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-A/part-75?toc=1>)
- [Managing Multiple Funding Sources to Support Home Visiting Programs](https://mchb.hrsa.gov/sites/default/files/mchb/programs-impact/managing-multiple-funding.pdf) (<https://mchb.hrsa.gov/sites/default/files/mchb/programs-impact/managing-multiple-funding.pdf>)

Cost distribution and proration

We recognize that home visiting programs are often funded by many different funding sources. If a grantee's EBHV program is funded by other sources in addition to their Strong Foundations award, they must use appropriate cost distribution methods to ensure equitable distribution of program cost. Expense allocations to the Strong Foundations and TANF grants should represent only the 'fair share' calculation and align with approved work plan activities and services provided to Strong Foundations and/or TANF-funded families.

MDH family home visiting grantees that charge costs to another program (e.g., Child and Teen Checkups, WIC) are not allowed to request reimbursement for the same costs.

How to prorate

1. Define the fiscal period for the calculation.
2. Identify which program areas and funding sources will benefit from the expense.
3. Determine the percentage distribution across program areas and funding sources identified in step 2.

4. Apply the calculated percentage to expense total.
5. Request reimbursement for the specific prorated portion of the eligible expense.

Developing a budget

Before writing your agency's budget, consider the specific activities planned and the resources needed.

- Does your agency currently have the staff capacity to carry out grant activities and comply with all federal and/or state grant requirements, or will you need to hire additional staff?
- What resources does your agency already have and what needs to be purchased?
- Which items will need to be replaced during the grant period?
- What other funding sources, if any, will be used to support your home visiting program?

Grantees must account for all grant program costs under the line items listed below. These are considered **direct costs**. Grantees are required to show detailed calculations to support estimated costs in both their initial application and annual budget proposal.

Direct costs: Costs for activities, goods or services that benefit and trace back to a specific project (often included in budget and invoice line items such as "salary/fringe," "supplies," "contractual," etc.). As much as possible, grant funds should support direct costs that correspond with program activities.

As of 2025, MDH family home visiting grantees may have developed several different home visiting budgets, such as core home visiting, collaboration, MECSH trainer, professional development, TANF, or Promising Practices. Connect with your grant manager if you need help adhering to the requirements of each specific budget.

Budget line item: Salaries and fringe

Grant funds can reimburse salary and fringe benefits for staff members *directly* involved in approved work plan activities. This includes home visitors directly serving families, outreach workers, supervisory staff, community health workers, data specialists, financial staff, etc. However, if financial staff are indicated in the organization's indirect cost questionnaire, those expenses could not also be budgeted as direct costs. Costs must be consistently treated as direct or indirect.

All salary costs included in the salary and fringe line item must be supported by proper time reporting documentation. Salary and fringe expenses not approved by MDH family home visiting, not included on the indirect cost questionnaire, and not directly related to the work and deliverables of the grant are unallowable and may not be charged to the grant.

When developing the salary/fringe portion of your budget, estimate how much time each staff will spend on grant activities. When it comes time to invoice, your invoice should reflect actual time spent, backed up by time and effort documentation.

If a vacant position needs to be filled, grantees must prorate the budgeted salary and fringe to account for hiring delays based on their typical agency hiring practices and history.

Approved salaries and fringe costs include (but are not limited to) staff time spent:

- Serving families.
- Participating in meetings and professional development.
- Providing community education and outreach.
- Participating in reflective supervision.
- Preparing data and reporting.
- Monitoring financials and invoicing.
- Supervision.
- Paid time off (PTO): Fringe benefits (like PTO) are allowable. Grantees must decide which way to represent it on invoices and apply it consistently over the life of the grant:
 - Include it in the fringe benefit rate while it is being accrued, OR
 - Code PTO to the invoice when that benefit expense is incurred (when the staff takes PTO).

For each proposed funded position, include the full name, job title, annual salary including fringe, number of months, fringe rate, and the **Full Time Equivalent (FTE)**: the percentage of time a person will work on the evidence-based home visiting grant. Each position that will work on the grant should show the following information. Strong Foundations grantees' staffing plan will automatically calculate the total to be charged to the grant.

EXAMPLE:

Home visitor: \$45.40/hourly rate

X 2,080/annual hours (or whatever your agency annual standard is)
\$94,432 annual salary

Multiply annual salary by the staff member's fringe rate:

\$94,432 annual salary
* 23% fringe rate (or whatever the staff member's fringe rate is)
\$21,719 fringe amount

Now add the annual salary and the fringe amount together:

\$94,432 annual salary
+ \$21,719 fringe \$116,151 annual salary and fringe total

Multiply the annual salary and fringe total by the FTE being charged to this grant:

\$116,151 annual salary and fringe total
x .50 FTE assigned to grant
\$58,075 total to be charged to grant for this position

Budget line item: Contractual services

Grantees should include any grant activities that will be carried out by a subcontractor in the Contractual Services budget line item. MDH family home visiting may request a copy of the contract for documentation purposes.

When MDH enters into a grant project agreement with a grantee, MDH considers it the responsibility of the grantee to assure that they appropriately select and monitor the performance of any subcontractor receiving funding. The funding rules (state or federal) received from MDH family home visiting follow the money to the grantee and subsequently to its subcontractors.

Grantee selection and monitoring of subcontracts must include:

- Reviewing the Master Grant Agreement (Community Health Boards) to assure contracting and bidding requirements outlined in that document are being met.
- Using your agency's approved procurement policy to select subcontractors.
- Monitoring performance of subcontracts before authorizing payment of funds to a subcontractor.
- Reviewing the subcontractors financial and programmatic reports.
- Evaluating the subcontractor's milestones and deliverables.
- If subcontracting/sub-granting federal dollars, grantees should assure these entities are provided the appropriate federal information.

Grant funds can be used for hourly contracts or for ongoing contracts if another organization will be providing some of the services included in your grant proposal. All costs included in the contract should be included in the Contractual Services line.

Examples of allowable hourly contractual services include:

- Infant mental health consultants to provide group and individual reflective supervision.
- Interpreters/translators for home visiting services.
- Facilitators for community advisory boards, group connections, or other group-based activities.
- CQI consultants.

Examples of allowable large contractual services include:

- Contracting with another agency to deliver services on the grantee's behalf.

Budget line item: Travel

The grantee will be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current [Commissioner's Plan](https://mn.gov/mmb/employee-relations/labor-relations/labor/commissioners-plan.jsp) (<https://mn.gov/mmb/employee-relations/labor-relations/labor/commissioners-plan.jsp>), released by the Commissioner of Minnesota Management and Budget (for community health boards and non-profits) and the [General Services Administration's per diem rates](#)

(<https://www.gsa.gov/travel/plan-book/per-diem-rates>) for Tribal Nations. Grantees may seek reimbursement for travel costs for staff fully or partially funded by the grant. Items that may be reimbursed include mileage or airline travel, parking, hotel, and meals to conduct activities approved in the work plan. Costs need to be itemized for travel for work or educational events.

Allowable uses of travel expenses may include:

- Mileage for home visitors (fully or partially funded by the grant) to travel to and from families' homes or visit locations to provide home visiting services, meet with community partners and referral sources, and participate in advisory committee meetings. Mileage will be reimbursed at the current IRS rate. Source: [IRS increases the standard mileage rate for business use in 2025; key rate increases 3 cents to 70 cents per mile](https://www.irs.gov/newsroom/irs-increases-the-standard-mileage-rate-for-business-use-in-2025-key-rate-increases-3-cents-to-70-cents-per-mile) (<https://www.irs.gov/newsroom/irs-increases-the-standard-mileage-rate-for-business-use-in-2025-key-rate-increases-3-cents-to-70-cents-per-mile>).
- In-state and **approved** out-of-state travel to attend trainings and conferences.
- MDH family home visiting required events including conferences, CQI learning collaboratives, and community of practice events.
- Hotel/motel expenses should be reasonable and consistent with the facilities available. Grantees are expected to exercise good judgement when incurring lodging expenses.

Grant funds cannot be used for out-of-state travel without prior written approval from your grant manager. Travel and subsistence expenses incurred outside Minnesota **will not** be reimbursed without prior written approval. Minnesota is considered the home state for determining whether travel is out of state.

Budget line item: Supplies and expenses

Supplies and expenses are the expected costs for items and services your agency will purchase to run your evidence-based home visiting program. **Supplies** are different than **incentives**, even if the item being distributed is the same. Incentives are used to encourage participation and engagement in the program, and/or celebrate program/family milestones. Note: gift cards can only be used as incentives.

The quantity and overall cost of supplies should be proportional to your caseload and reasonable given the overall grant budget. A list of estimated expenses with associated costs must be included in the budget justifications and any subsequent budget modification. MDH family home visiting will reimburse the cost of supplies in the following categories:

Staff supplies

Reasonable supply costs for staff to run program activities are allowable. Examples include telephone equipment, computers (per your agency's technology policy), desks and chairs, postage, printing, photocopying, office supplies, training materials, equipment, and rent. Staff supplies should be used within the budget period they are purchased. Please contact your grant manager if you anticipate having any supplies remaining at the end of a budget year.

For staff who are funded by multiple grant programs, equipment such as computers, telephones, and other equipment should be prorated to the FTE on the MDH family home

visiting grant. For example, a staff funded 0.5 FTE by MDH may only allocate 50% of the cost of their computer to the MDH grant.

Grantees should budget approximately \$25 per month per 1.0 FTE on the grant for office supplies. MDH may request justification as to how staff supplies costs meet the reasonable definition.

Grant funds may not be used to purchase any individual piece of equipment that costs more than \$5,000, or for major capital improvements to property.

Gift cards cannot be used to purchase staff or program supplies. All supplies must be purchased directly.

Outreach and marketing supplies

Supplies and expenses to promote and connect with those served by your program are allowable. These outreach expenses may include, but are not limited to, print ads in newspapers, directories and broadcast ads like internet, radio, social media and/or theater ads. Flyers and brochures, tabling supplies, and small promotional items (inexpensive water bottle, pen, etc.) can also be included in the supplies line item. Outreach costs should be reasonable given caseload size and total budget. MDH may request justification as to how outreach and marketing supplies costs meet the reasonable definition.

Agencies are expected to evaluate the results of outreach activities and adjust their strategies, if necessary, to maximize recruitment and community engagement outcomes.

Core curriculum/teaching supplies

Supplies and materials directly supporting core concepts, curricula, and information covered during a family home visit are allowable. If your model requires that a specific curriculum be used and distributed to each family, this is an allowable cost. Supplemental trainings and curriculum must be limited to those approved by the model.

Teaching supplies could include:

- Fetal development model
- Oral health model
- Baby models for teaching bathing and holding
- Breastfeeding demonstration items

Grantees implementing a nurse home visiting model may purchase nursing supplies with grant funds, such as a stethoscope, baby scale, baby measuring board, and head circumference measuring tape.

Developmental/safety supplies for families

Supplies for participating families including developmental, safety, and other related home visiting supplies must be related to content covered by the home visiting model and must not exceed \$150 per family slot per year. For example, if your Strong Foundations target caseload is 20 families, you could budget up to $\$150*20 = \$3,000$ per year. To know if an item would be

considered a developmental or safety supply, please consult the list below or contact your grant manager.

Development/safety supplies may include items such as:

- Safety supplies (e.g., outlet covers, pack-n-play for safe sleep, etc.)
- Age-appropriate feeding supplies (e.g., sippy cups or age-appropriate silverware)
- Developmental games and toys (e.g., board puzzles)
- Books

EXAMPLE:

\$150 safety and other critical supplies for 33 families used to provide a safe and nurturing home for baby: Pack-n-Play for safe sleep (\$85); outlet covers and other safety supplies (\$15); welcome baby basket for new enrollees (\$35); developmental toys/books for baby (\$15).

The cost of the following items below is allowable to assist participants to take advantage of grant-supported services and if within the scope of home visiting model or program:

- Educational items to give to families per the model being used (e.g., toys and books for Parents as Teachers). This would be justified and based on the model fidelity or approved enhancement.
- Pack-n-Play, crib kits, onesies with the message “this side up” on the chest/tummy, and other such supplies would be allowable if the model addresses safe sleeping for newborns and infants.
- Car seats, breast pumps, thermometers, medicine droppers, etc. would also be allowable if they are in keeping with the educational goals of the model.
 - Medical insurance coverage for needed items must be utilized if available. Home visiting programs should refer families to community resources for baby or child supplies whenever possible. If all insurance benefits and community resources are exhausted, programs can purchase these items for those families who have no other means of obtaining them.
 - Diaper bags are allowable in keeping with goals of the model to facilitate education on hygiene, diapering, transport and mixing of formula, use and storage of breastfeeding supplies, house a safety plan, and provide the parent a sense of ownership and recognition of parenthood. Diapers cannot be provided to families on an ongoing basis.
- “Amenity/Welcome Baby bags” – provided in the context of the model’s teachable moments, perinatal milestones, gender-specific education, etc.

Cultural supplies

Tribal grantees can purchase culturally specific supplies, including traditional tobacco and smudge kits, as part of this grant. Commercial tobacco is not allowed. Costs should be reasonable to number of families being served.

Events

Expenses for events such as meetings, gatherings, community events, and parent groups must be included in your approved "Supplies" budget line item.

Expenses related to events should be prorated:

- Among all funding sources supporting the home visiting program.
- Among other benefiting/participating programs (e.g., WIC, etc.).

EXAMPLE:

An agency wishes to partner with other agencies within the community to host a community baby shower event. The overall event costs should be prorated across each agency hosting the event. For example, the program wishes to rent a venue for the event, the venue rental cost is \$800 and there are 10 programs collaborating to host the event. The grant would be charged $\$800/10=\80 .

Expenses would not need to be prorated if the event is only for families funded by this grant.

MDH may request documentation of itemized event expenses. We highly recommend having events approved by your grant manager before purchasing items for events with grant funding.

Allowable event expenses include, but are not limited to:

- Guest speakers who present on model curriculum priority topics.
- Learning materials related to priority concepts.
- Room and equipment rental.
- Transportation services for at-risk families to participate in project activities.
- Childcare costs for non-subject children to enable parents and enrolled children to participate in programming. For example, short term child-care provided during a training session or parent group meeting.

Federal and state guidelines heavily restrict the purchase of food for grant-funded activities.

Food expenses per person may not exceed the defined [Commissioner's Plan](#)

[\(https://mn.gov/mmb/employee-relations/labor-relations/labor/commissioners-plan.jsp\)](https://mn.gov/mmb/employee-relations/labor-relations/labor/commissioners-plan.jsp)

released by the Commissioner of Minnesota Management and Budget (for community health boards and non-profits) and the U.S. General Services Administration [per diem rates](#)

[\(https://www.gsa.gov/travel/plan-book/per-diem-rates\)](https://www.gsa.gov/travel/plan-book/per-diem-rates) for Tribal Nations limit unless your agency has a federally negotiated meal rate.

- Food can be provided for community advisory board and group activities where most participants are community members and not staff at the grant-funded organization.
- Food can be provided at trainings or other events that are required to conduct grant activities, such as model-required trainings. You cannot use grant funds to provide refreshments at staff meetings or other internal staff events.
- Food is allowed for parent groups if convening the group is required to meet fidelity of your approved home visiting model and if it occurs over a mealtime.

Unallowable supplies costs

- Continuous or ongoing essential or emergency supplies are not allowed:
 - Items such as diapers, wipes, or other consumable products should not be purchased and provided to families on an ongoing basis.
 - Food such as formula, baby food or groceries should not be purchased and provided to families on an ongoing basis.
- Home-delivered or takeout meals during virtual group parent sessions cannot be provided to families in the home setting. Exceptions are given to specific group sessions where meal preparation is the core focus of the session. The frequency of such offerings must be reasonable, follow model and curriculum guidelines, and be pre-approved in writing by MDH. In general, grantees are encouraged to use other non-state or federal funding sources for food/meal expenses.
- Medical supplies for families.
- Gifts for staff, families, or speakers.
- Supplies distributed outside of grant period (i.e., incentives).
- Microphone, speaker and sound equipment purchases.
- Supplies that do not support the safety or development of a child, are not families' resources, are not educational, marketing and outreach.
- Candy.

Inventory of MDH grant-funded program supplies should be distributed within the budget period in which the expense was incurred. If inventory cannot be reasonably distributed during the grant budget period, the grantee must reduce their invoice by the value of any non-distributed goods.

EXAMPLE:

A grantee hosted several events throughout the grant period. The number of event participants was less than anticipated, so there were books left over (used as promotional items). The team tried to give away these promotional items during home visits; however, not all books could be distributed by the end of the year. The last invoice for the grant period would need to be reduced by the value of the books that were not distributed. Event planning estimation: \$7 per book, estimated 90 grant-funded families attend the event: $90 \times \$7 = \630 . Event actual numbers: \$7 per book for 75 grant-funded families who attended the event; $75 \times \$7 = \525 . The difference of $\$630 - \$525 = \$105$. The invoice would need to be reduced by \$105.

Budget line item: Other

This line item includes items that do not fit in any other budget category. Examples include, but are not limited to:

- Model approved curricula*.

- Evidence-based model training registration*.
- Staff training registration fees.
- Technology costs, such as PH-Doc or CHAMP, license fees, or electronic health record license fees.
- Home visiting model affiliation/license fees*.
- Incentives (see page 16), up to \$150 per family slot in your target caseload.
- Performance-based bonuses for home visiting program staff (must align with grantee agency's policy on staff bonuses).

Grant funds cannot be used for capital expenditures, permanent improvements, cash assistance paid directly to participants, or any cost not directly related to the grant. Expenses in the Other line should represent the appropriate fair share to the grant. All expenses in this category must be pre-approved by your grant manager and documented as to why they are needed and how they will support the program.

Unallowable costs related to professional development:

- Expenses not related to the approved work plan.
- Membership dues for state or national affiliated organizations.
- Professional licensures, accreditations, certificates, CEUs, etc.
- Credits towards a degree.

**Grant funds budgeted for model-approved curricula, evidence-based model training registration, and home visiting model affiliation/license fees may not be moved in a budget modification as this may increase the overall cost per family.*

Indirect costs

Indirect costs are the expenses of doing business that cannot be directly attributed to a specific grant program or budget line item. To comply with [Minnesota Statutes, chapter 16B, section 98, subdivision 1](https://www.revisor.mn.gov/statutes/cite/16B.98) (<https://www.revisor.mn.gov/statutes/cite/16B.98>), MDH limits these costs so that the state derives the optimum benefit of the grant funding. Federal and state regulations require that grantees keep indirect costs to a minimum.

Indirect costs are often allocated across an entire agency and may include executive and/or supervisory salaries and fringe, rent, facilities maintenance, insurance premiums, etc. If items are indicated as indirect costs they **may not** also be listed as direct grant costs.

Annually, the MDH community health division will contact community health boards, and the Office of American Indian Health will contact Tribal Nations to request the grantee's indirect rate. See [Indirect Cost Guidance for Community Health Boards \(PDF\)](https://www.health.state.mn.us/communities/practice/lphact/lphgrant/docs/indirect-guidance.pdf) (<https://www.health.state.mn.us/communities/practice/lphact/lphgrant/docs/indirect-guidance.pdf>). Indirect expenses reported on the grantee's invoice must align with the Indirect Cost form submitted annually. **Grantees may not claim indirect costs higher than their rate on file with MDH. The chosen rate should remain constant throughout the budget year and**

indirect costs cannot be claimed retroactively. The indirect rate may be adjusted at the change of the budget year.

- Grantees that do not have a federally negotiated indirect rate may use an indirect rate of up to 15% as of June 30, 2025.
- Grantees with a federally negotiated indirect rate (NICRA), such as Tribal Nations and Community Action Partnership (CAP) agencies, are required to complete an indirect questionnaire administered annually and provide updated Indirect Cost Negotiation Agreements in a timely manner. There is a grace period of 12 months for any grantee whose NICRA has expired.
- Indirect costs are determined by multiplying your agency's approved indirect rate by the total direct costs claimed on the invoice. These calculated costs are eligible for reimbursement provided they are allowable and have been incurred during the invoicing period.
- An approved indirect rate does not increase a local agency's grant award.
- Salaries of administrative staff, accounting, human resources, or IT support **must** be supported by time reporting documentation to be included as a direct line expense in the Salary/Fringe category. If they are not supported by time reporting documentation, they must be included in the Indirect Costs line item.

Administrative costs: Direct or indirect costs. Administrative costs that are for activities, goods or services that can be traced to a specific project are categorized as direct costs. Administrative costs that benefit more than one project and cannot be traced to a specific program are categorized as indirect costs. Grantees should minimize administrative costs so that grant funds support direct costs related to program activities.

The following are examples of administrative costs that should be included in **direct** lines of the budget and/or invoice:

- The CHS administrator's time that can be tracked through time studies to a specific grant (include in the Salary/Fringe line).
- A portion of secretarial/administrative support, accounting, human resources, or IT support staff expenses that can be tracked through time studies to a specific grant (include in the Salary/Fringe line).
- Printing and supplies that your accounting system can track (for example through copy codes) to a specific grant (include in the Supplies and Expenses line).
- Location rent must be prorated to the use of the grant program.

Cost per family

The cost per family is the maximum amount MDH will reimburse a grantee per year for each family slot in their Strong Foundations core home visiting budget's target caseload. As of January 1, 2025, the maximum cost per family for core home visiting services is \$7,500 per 12-

month period. For the Strong Foundations grant the following items are not included in the cost per family calculation:

- Evidence-based model affiliation/license fees.
- Evidence-based home visiting model approved curriculum.
- Evidence-based home visiting model training and registration fees.

The cost per family limit only applies to the Strong Foundations core home visiting budget.

Incentives

Incentives are items purchased with grant funds used to encourage participation and goal achievement in the family home visiting program.

Key information on use of incentives:

- The use of incentives is optional.
- Expenses for incentives must be included in your approved "Other" budget line item.
- Incentives may not exceed a combined value of \$150 per family slot per year.
- Incentives are intended to be distributed throughout the year and not in a lump sum.
- Incentives may not be provided as payment for participation.
- MDH will not reimburse grantees for the purchase of unallowable items.
- MDH family home visiting will not reimburse grantees for incentives distributed to participants who are not funded by MDH family home visiting grants.
- Grantees must submit a written incentive plan to MDH before incentives are purchased.

Handling of incentives

The grantee is required to have policies and procedures in place addressing the purchasing, security, distribution, and asset tracking of incentives. All grantee staff involved in the purchase, distribution, security, and reconciling of incentives must be trained on the grantee's policies and procedures prior to the grantee placing any order for incentives. Those policies and procedures must, at a minimum, include the provisions outlined in this section.

Separation of duties

More than one grantee staff person must be involved in the management and handling of the incentives. The grantee staff who authorizes the purchase of incentives must not have sole physical access to the incentives. The grantee staff who will have physical access to the incentives cannot have sole access to modify the incentives records. Handoff of incentives from one person to another must be documented.

Distribution of incentives

Incentives may only be used for approved purposes:

- Only one incentive can be given to an individual per occurrence/event.

- Undistributed incentives must always be kept in a secure location. Incentive instruments must never be stored in any personal homes; they must always be securely stored in the grantee's business space.
- Grantees will purchase and have on hand no more than three months' worth of incentives at any given time. The three months' worth must be based off the most currently approved work plan. All incentives must be distributed prior to purchasing additional incentives.
- Grantees will be responsible for the costs of any incentives that remain undistributed at the end of the grant agreement.

Incentive tracking documentation

The tracking documentation the grantee is required to maintain must not contain any private data. The tracking system must record the following:

- Number of incentives on hand, including starting balance and any additional incentives purchased.
- Description of the incentives.
- Quantity of incentive(s) distributed to each participant.
- The last four digits of any pre-paid card number.
- Value/amount.
- A unique non-identifiable data point for each participant (e.g., case number, file number).
- Date participant received incentive(s).
- Signature of grantee staff member providing incentive(s) to participant(s).

Incentive reconciliation

At least two different grantee staff must reconcile the incentives at least quarterly. The grantee staff conducting the reconciliation must not also be the handlers of the incentives. The reconciliation must include the dates and signature of the two people who perform the reconciliation. Grantee must submit the reconciliation documentation to MDH family home visiting no less than two weeks after each reconciliation.

Subcontracting/subgranting

The grantee must communicate and verify that their subcontracts/subgrants will only use incentives for MDH family home visiting approved purposes. The grantee will be responsible for monitoring, oversight, and reconciliation of any incentives that its subcontractors or subgrantees purchase and distribute and will include this same language in any of its subgrants or subcontracts that it enters as part of its work for MDH family home visiting.

Lost or stolen incentives

The grantee bears all financial responsibility for any unaccounted for, lost, or stolen incentives.

Invoicing

Grantee must only invoice MDH for the incentives after they've been distributed to a MDH family home visiting grant-funded family.

Failure to comply

For grantees who do not have effective written policies and procedures in place before purchasing incentives, MDH reserves the right to withhold payment and or request reimbursement in the amount equal to the unallowable costs. Withheld payments will be released when the grantee provides documentation to MDH that it has written effective policies and procedures in place. Grantees who do not comply may be subject to increased monitoring and will be offered technical assistance. MDH also reserves the right to terminate a grant agreement for failure to comply with these requirements.

Invoicing

Per [Minnesota policy on grant payments \(\[https://mn.gov/admin/assets/08-08%20Policy%20on%20Grant%20Payments%20FY21%20_tcm36-438962.pdf\]\(https://mn.gov/admin/assets/08-08%20Policy%20on%20Grant%20Payments%20FY21%20_tcm36-438962.pdf\)\)](https://mn.gov/admin/assets/08-08%20Policy%20on%20Grant%20Payments%20FY21%20_tcm36-438962.pdf), reimbursement is the method for making grant payments. All grantee requests for reimbursement must correspond to the approved grant budget. MDH shall review each request for reimbursement against the approved grant budget, grant expenditures to date and the latest grant progress report before approving payment. Grant payments shall not be made on grants with past due progress reports unless MDH has given the grantee a written extension.

Invoices must be submitted quarterly unless otherwise negotiated in writing. For this purpose, an email approval from the assigned grant manager is considered necessary documentation.

Invoices are due on the 20 of the months, unless the 20 falls on a weekend or holiday. In that case, invoices are due the business day following the 20 according to the schedule in Table 1.

Table 1. Family Home Visiting Quarterly Invoice Due Dates

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Quarter 1 (Jan. 1-March 31) Due April 20				○									
Quarter 2 (April 1-June 30) Due July 20							○						
Quarter 3 (July 1-Sept. 30) Due Oct. 20									○				
Quarter 4 (Oct. 1-Dec.31) Due Jan 20 (next year)													○

Invoices must be emailed to Health.fhvgrants@state.mn.us by the due date. Invoices should be signed and submitted in PDF format. The invoice file name and email subject line should follow this naming convention: Site GrantName Time Invoice (Example: Anoka SF Q1 2025 Invoice).

Guidance for completing invoices

- Invoices must be on the most current template provided to you by your grant manager (Strong Foundations) or as available on the MDH family home visiting [funding and grants management](https://www.health.state.mn.us/communities/fhv/grant.html#resources) (<https://www.health.state.mn.us/communities/fhv/grant.html#resources>) webpage (TANF). Ensure that the invoice period dates, agency contact information, and vendor ID number are correct before submitting. If you need updates to your invoice template, please contact your grant manager.
- Grantees must include all grant expenses incurred during the invoicing period on the invoice. Expenses incurred during previous invoicing periods will be reimbursed by exception, with prior approval from the grant manager.
- Indirect costs may not exceed the grantee's indirect cost rate on file with MDH. The rate can only be applied to the direct costs included on that invoice.
- In the case where an expense is incurred in December (or end of budget year) but not paid or the associated event does not occur until January (or the new budget year), grantees should include the expense on their Quarter 4 invoice but must get approval from their grant manager prior to doing so.
 - Grantees cannot prepay annual expenses, such that an annual expense is billed twice in a single budget year.
- If a grantee has not paid any grant expenses during the invoicing period, submit an invoice for \$0 rather than no invoice.
 - If corrections to an invoice are needed, these should be made in the subsequent invoice. If the error occurs at the end of a grant cycle or fiscal year, grantees should work with their grant manager to address the correction.

This invoice guidance applies to all MDH family home visiting invoices, inclusive of Strong Foundations additional funding opportunities such as Professional Development or MECSH Trainer. Invoices are processed and paid within 30 days of receipt. Errors in originally submitted invoices may cause a delay in processing.

Budget modification

Grantees must maintain an accurate budget that supports their approved work plan. To that end, grantees must notify MDH of any modifications to their approved budget. Email budget modification requests to health.fhvgrants@state.mn.us using the most current form downloaded from the [funding and grants management](https://www.health.state.mn.us/communities/fhv/grant.html#resources) (<https://www.health.state.mn.us/communities/fhv/grant.html#resources>) webpage. The document titled "Budget Modification Template" can be used for all MDH family home visiting grants except TANF. TANF has its own template.

To accurately reflect the grant budget, grantees are required to submit budget modifications for all budget changes. For modifications greater than 10 percent of any budget line item you must gain prior approval from your grant manager. In cases where prior approval is needed, submitting the budget modification prior to the invoice due date will assist in preventing delays in processing the invoice.

Updated budgets are available upon request by contacting your grant manager. Funding may not be reallocated from but can be added to the evidence-based model affiliation fee/license, approved curriculum model, and evidence-based model training registration fees line items (green cells in the budget).

Budget modifications cannot result in a cost per family greater than \$7,500 per family.

No more than one budget modification per quarter per grant should be submitted. Indirect costs may only be modified once per budget period. Grant managers will process additional modifications by exception.

Third-party reimbursement

If grantees meet the Centers for Medicare and Medicaid Services eligibility criteria to bill for screening or home visiting services, they are required to bill for third-party reimbursement with their participant's insurance provider. Ineligible grantees are not required to bill for third-party reimbursement.

Third-party revenue generated by MDH family home visiting grant-supported activities may be used in two ways:

1. Supplement current family home visiting funding streams to grow the total financial investment in family home visiting programming:
 - a. Expand the program size.
 - b. Enhance program quality.
2. Reduce reliance on MDH family home visiting grant funding:
 - a. Pay for grant related expenses to decrease reimbursement requests to the grant.

Third-party reimbursement must be used for allowable costs only. To promote long-term sustainability for home visiting programs, we ask all eligible grantees to regularly report third-party reimbursement in the format and schedule determined by your grant manager.

While MDH family home visiting requires reporting of this information, Department of Human Services (DHS) is the oversight agency for billing Medical Assistance. If you have questions about billable services, contact DHS for more information:

- [Minnesota Health Care Programs \(MHCP\) provider manual
\(https://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=id_000094\)](https://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=id_000094)
- [MHCP provider news and updates \(https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/minnesota-health-care-programs/provider-news/\)](https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/minnesota-health-care-programs/provider-news/)

Unallowable uses of MDH family home visiting funds

The following is a list of unallowable costs. MDH cannot reimburse expenses related to these items. Costs associated with these items cannot be included in your indirect calculation.

Please note, **this is not a complete list**. If you are unsure about the allowability of an expense, contact your grant manager before incurring the cost.

- Alcohol or illegal substances
- Firearms
- Commercial tobacco
- Any cost not related to your grant
- Bad debts
- Capital improvements
- Cash assistance paid directly to individuals to meet their personal or family needs
- Donations
- Costs incurred prior to fully signing your grant agreement
- Direct patient medical or dental services
- Fines or penalties
- Gifts for staff
- Interest
- Lobbying
- Political campaigns
- Staff meals (except approved travel)
- Supplanting of funds from other sources
- Equipment and services from federally banned manufacturers/providers
 - [List of equipment and services covered by section 2 of The Secure Networks Act](https://www.fcc.gov/supplychain/coveredlist)
[\(https://www.fcc.gov/supplychain/coveredlist\)](https://www.fcc.gov/supplychain/coveredlist)

TANF-specific financial guidance

TANF is a formula grant awarded to community health boards and Tribal Nations. These federal funds come to Minnesota through the federal TANF block grant and are passed through to local agencies by formula.

TANF grant agreements are four-year agreements, made up of two biennia. Funds can carry forward from year 1 to year 2 of the first biennium, and from year 3 to year 4 of the second biennium, but cannot be carried forward from year 2 to year 3. In addition, funds allocated for year 2 and year 4 cannot be used in year 1 and year 3, respectively.

See the [TANF Grant Guidelines](https://www.health.state.mn.us/docs/communities/fhv/tanfgrantguide.pdf)
[\(https://www.health.state.mn.us/docs/communities/fhv/tanfgrantguide.pdf\)](https://www.health.state.mn.us/docs/communities/fhv/tanfgrantguide.pdf) for more details on allowable costs.

Appendix A: Financial guidance key definitions

Appendix A includes definitions of key terminology found throughout this Financial Guidance document. Definitions appear in alphabetical order.

Accrual basis of accounting: Seek reimbursement for an expense after the expense is incurred.

Administrative costs: Direct or indirect costs. Administrative costs that are for activities, goods or services that can be traced to a specific project are categorized as direct costs.

Administrative costs that benefit more than one project and cannot be traced to a specific program are categorized as indirect costs. Grantees should minimize administrative costs so that grant funds support direct costs related to program activities.

Allocable: The process of assigning a cost, or a group of costs, to one or more cost objective(s), in reasonable proportion to the benefit provided or other equitable relationship.

Allowable: Allowable costs include all costs outlined by state or federal regulations or the terms of a specific grant award.

Blending of funds: Multiple funding streams are combined to support the total costs of a common goal. Funding sources lose their program-specific identities, meaning that costs do not have to be allocated or tracked separately by funding source. This approach is less burdensome from an administrative perspective than braiding, however, because of financial and regulatory requirements, blending of funds is not allowed.

Braiding of funds: Funds from multiple funding streams are used to support the total costs of a common goal (for example, to expand access to family home visiting services). Each individual funding source must be tracked separately. This requires that shared costs of services are allocated to specific funding streams in a way that ensures that there is no duplicate funding and that the appropriate amount of program and administrative costs are charged to each funding stream.

Cash basis of accounting: Seek reimbursement for an expense after the expense is paid.

Direct costs: Costs for activities, goods or services that benefit and trace back to a specific project (often included in budget and invoice line items such as “Salary/Fringe”, “Supplies”, “Contractual”, etc.). As much as possible, grant funds should support direct costs that correspond with program activities.

Financial reconciliation: A verification of a grantee's request for payment (invoice) for a given period using supporting documentation such as purchase orders, receipts, and payroll records.

Incentive: Items purchased with grant funds used to encourage participation and goal achievement in the family home visiting program.

Incurred expense: Cost that is owed when receiving goods or services and which has not yet been paid.

Indirect costs: Costs for activities, goods or services that benefit more than one project and are not traced back to a specific program. These costs are often allocated across an entire agency and multiple programs.

Indirect cost agreement: A document that formalizes the indirect cost rate.

Indirect cost rate: A percentage used to distribute indirect costs to all an organization's programs that benefit from them. Regardless of funding source, MDH allow grantees to use federally negotiated indirect cost rates for their budgeting and invoicing of indirect costs or, if they do not have one, up to the currently allowable indirect cost rate.

NICRA: Negotiated Indirect Cost Rate Agreements (NICRA), a document published to reflect an estimate of indirect cost rate negotiated between the Federal Government and a Grantee/Contractor's organization which reflects the indirect costs (facilities and administrative costs), and fringe benefit expenses incurred by the organization that will be the same across all the agencies of the U.S. Source: What is NICRA? (<https://usgcontractsguru.com/what-is-nicra/>).

Office of Grants Management Policies: The Minnesota Department of Administration's Office of Grants Management (OGM) standardizes, streamlines and improves the state grant-making practices across state agencies. One tool used by OGM to improve the state's grant-making is the comprehensive grants management policies outlined in Minn. Stat. § 16B.97, subd. 4 (a)(1); online at [Grants Management Policies, Statutes and Forms](https://mn.gov/admin/government/grants/policies-statutes-forms/) (<https://mn.gov/admin/government/grants/policies-statutes-forms/>). The following grants management policies are applicable to all Executive Branch agencies, boards, commissions, councils, authorities and task forces.

- Policy 08-01: Grants Conflict of Interest
- Policy 08-02: Rating Criteria for Competitive Grant Review
- Policy 08-03: Writing and Publicizing Grants Notices and RFPs
- Policy 08-04: Grant Contract Agreement and Grant Award Notification
- Policy 08-05: Public Comments Concerning Fraud and Waste in State Grants
- Policy 08-06: Pre-Award Risk Assessment
- Policy 08-07: Single and Sole Source Grants
- Policy 08-08: Grant Payments
- Policy 08-09: Grant Progress Reports
- Policy 08-10: Grant Monitoring
- Policy 08-11: Legislatively Mandated Grants
- Policy 08-12: Grant Amendments
- Policy 08-13: Evaluating Grantee Performance

Paid expense: Incurred expenses that have been paid for.

Reasonable: A cost is reasonable if a prudent person would pay a given amount for an item to further the goals of a specific project and if the cost is consistent with market prices for a comparable good or service.

Stipend: Payment given to an individual who provides work or service for the program itself, which benefits others. For example, a stipend given to advisory board members who spend two hours/month per year helping develop and/or guide the program. Another example would be a peer mentor who goes out into the community to teach others about HIV/AIDS transmission and protection.

Subcontractor: Contractors typically are in the business of providing goods and services to others. Contractors offer their goods and services to a variety of customers and generally compete for the grant recipient's business. Finally, the goods and services they offer to the grant recipient supplement the program work as opposed to being integral to the program

objectives. Source: [What's in a name? 5 tips to spot subrecipients](https://blog.myfedtrainer.com/whats-in-a-name-5-tips-to-spot-subrecipients/) (<https://blog.myfedtrainer.com/whats-in-a-name-5-tips-to-spot-subrecipients/>).

Standard accounting procedures: Or Generally Accepted Accounting Principles (GAAP) are a set of rules and procedures organizations follow when preparing financial statements. It includes guidelines on balance sheet classification, revenue recognition, and materiality.

Supplanting: To “substitute for another” or “take the place of.” Federal, state, and local funds may not be decreased or diverted for other uses due to the availability of MDH family home visiting awarded funding.

Supply: Allowable grant costs for staff, outreach, core curriculum/teaching, developmental/safety items, cultural, and event supplies. Supplies are given as part of program delivery as opposed to solely encouraging program participation as an incentive does (although the receipt of supplies may have the effect of encouraging participation).

Time and effort: Staff timecards must clearly show time spent on the work funded by each funding source.