Government Industry Alert
By CalCPA Governmental Accounting & Auditing Committee and
California Committee on Municipal Accounting
August 31, 2021

Coronavirus State and Local Fiscal Recovery Funds

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Highlights

On March 11, 2021, the U.S. Congress passed the American Rescue Plan Act (ARPA) which authorized the U.S. Department of the Treasury to make payments to certain recipients from the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). Below is a summary of the significant requirements:

- CSLFRF is considered to be other federal financial assistance, not a grant award.
- To receive CSLFRF, recipients must agree to certain award terms and conditions, provide assurances of compliance with civil rights requirements, and complete a certification of CSLFRF allocation acceptance (Acceptance Documents).
- The period of performance begins on the date the Acceptance Documents are signed and ends December 31, 2026.
- Recipients may use CSLFRF to cover eligible costs incurred during the period that begins on March 3, 2021 and ends on December 31, 2024. Eligible costs are those spent:
    - To respond to the COVID-19 public health emergency or its negative economic impacts.
    - To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to such eligible workers of the recipient, or by providing grants to eligible employers that have eligible workers who performed essential work.
    - For the provision of government services, to the extent of the reduction in revenue of such recipient due to the COVID–19 public health emergency, relative to revenues collected in the most recent full fiscal year of the recipient prior to the emergency.
    - To make necessary investments in water, sewer, or broadband infrastructure.
- Costs can be incurred or obligated by December 31, 2024, however, they must be expended by December 31, 2026.
- Recipients agree to comply with reporting obligations established by the U.S. Department of the Treasury.
    - Interim Report is due by August 31, 2021 (Not required for Non-Entitlement Units (NEUs)
    - First Project and Expenditure Report is due by October 31, 2021
        - Thereafter, reports for cities and counties with population greater than 250,000 residents, cities and counties with population less than 250,000 residents which received $5,000,000 and more in funding, and tribal governments are due 30 days after the end of each quarter.
        - Thereafter, reports for cities and counties with population less than 250,000 residents which received $5,000,000 or less in funding and NEUs are due annually.

    - First Recovery Plan Performance Report is due by October 31, 2021
        - Only required for cities and counties with population greater than 250,000 residents
        - Thereafter, reports are due annually by July 31
- Recipients may use funds to cover both direct and indirect costs.
- Cost sharing or matching funds are not required.
- Unexpended funds that remain at December 31, 2026 must be returned to the Treasury.

California metropolitan cities and counties with populations exceeding 50,000 residents are able to apply for CSLFRF directly with the U.S Department of the Treasury through the Treasury Submission Portal, while California NEUs (local governments with populations less than 50,000) are required to apply through the California Department of Finance Portal.

Where do we Record Coronavirus State and Local Fiscal Recovery Funding?

Due to the significant number of reporting requirements for the CSLFRF funding, local governments should consider recording the receipt of CSLFRF in a separate general ledger fund to easily segregate the expenditure and revenue activity and facilitate that reporting.

There are a few options as to where that separate general ledger fund should be reported in the local government's financial statements:

- *Special Revenue Fund* - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

  Although the CSLFRF received should be reported as unearned revenue as discussed in the Revenue Recognition section, when revenue is recognized, it is restricted or committed to expenditure for specified purposes that may or may not include capital projects. Therefore, reporting the CSLFRF activity in a Special Revenue Fund is appropriate.

- *Capital Projects Fund* – Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

  If the local government anticipates using the CSLFRF ***only*** for capital projects, then reporting the CSLFRF activity in a Capital Projects Fund may be appropriate.

- *General Fund* - The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

  If the local government decides not to report the CSLFRF activity in a Special Revenue or Capital Projects Fund, the CSLFRF Fund should be combined with the General Fund for reporting in the financial statements.

Unless the fund type selected for reporting is the General Fund, the CSLFRF Fund could be reported as a separate fund in the financial statements, or combined with other appropriate fund(s) for reporting.

Revenue Recognition – When should a California governmental entity recognize CSLFRF as revenue?

The answer will depend on the facts and circumstances of each governmental entity. In general, the date when the Acceptance Documents were submitted and the timing of eligible expenditures will determine when to recognize revenue. For purposes of eligible expenditures under the reduction in revenue criteria, the manner in which the resources can or cannot be spent will also impact the timing of revenue recognition.

Upon receipt of CSLFRF, it is recommended that a governmental entity record the funds as unearned revenue (Caveat: A receivable and offsetting unearned revenue should NOT be recorded if the receipt of CSLFRF occurs after year end). Then, discussions of revenue recognition, such as the ones that follow, can ensue:

- If Acceptance Documents were submitted **before year end** and eligible costs were expended within the stated time period of the award and **before year end**, then CSLFRF revenue should be recognized to the extent of the eligible expended costs for that year.
- If Acceptance Documents were submitted **before year end** and eligible costs were expended within the stated time period of the award, but **after year end**, then no CSLFRF revenue should be recognized in the current year. Revenue will be recognized in subsequent years as eligible costs are expended.
- If Acceptance Documents were submitted **after year end** and eligible costs were expended within the stated time period of the award and **before year end**, then CSLFRF revenue should NOT be recognized as revenue, as it is not considered to be available for the current year. The funds become available upon submission of the Acceptance Documents; therefore, a receivable should not be recorded at year end.
- If Acceptance Documents were submitted **after year end** and eligible costs were expended within the stated time period of the award but **after year end**, then CSLFRF revenue should NOT be recognized in the current year. Revenue will be recognized in subsequent years as eligible costs are expended.

It should be noted that the issue about whether a governmental entity is a NEU or not, is not relevant to the determination of revenue recognition of CSLFRF as it was for federal Coronavirus Aid, Relief and Economic Security (CARES) Act funding. Last year, NEUs received CARES Act funding that was passed through the State of California, the primary subrecipient, that was not considered available since the State had not budgeted those resources until fiscal year 2020-21; therefore, NEUs should not have accrued CARES Act funding as of June 30, 2020 under any circumstance. In relation to CSLFRF, the State of California is acting only in an agent capacity on behalf of the U.S. Department of the Treasury to disburse CSLFRF to NEUs as expeditiously as possible. In addition, the State is not considered to be the primary subrecipient and NEUs are not considered secondary subrecipients of CSLFRF. Also, NEUs will not have any reporting obligations to the State. NEUs will be reporting CSLFRF activity directly to the U.S. Department of the Treasury, just like any other recipient is required.

What you need to know for the FY 2021 Single Audit.

In an effort to combat the impact of COVID-19, many entities have received a substantial increase in the amount of federal funding or have received funding for the very first time. A single audit is required when an entity expends more than $750,000 of federal awards in one fiscal year.

A. New Terminology

The definitions "Catalog of Federal Domestic Assistance (CFDA) number" and "CFDA program title" have been replaced with the terms "Assistance listing (AL) number" and "Assistance listing program title" to reflect the change in terminology.

B. Largest COVID-19 Federal Programs that are subject to Single Audit

1. ***Coronavirus State and Local Fiscal Recovery Fund*** ($350B)
   AL #: 21.027
   Federal Agency: Treasury

2. ***Educational Stabilization Fund*** ($278B)
   AL #: 84.425
   Federal Agency: Education

3. ***Provider Relief Fund*** ($175B)
   AL #: 93.498
   Federal Agency: Treasury

4. ***Coronavirus Relief Fund*** ($150B)
   AL #: 21.019
   Federal Agency: Treasury

C. New SEFA Disclosure Requirements

- The SEFA should include a footnote that notes the fair market value, at the date received, of "Donated" Personal Protective Equipment (PPE) from federal sources, but it can be marked "unaudited" since this has no bearing on the expenditures reported on the SEFA.
- The amount of donated PPE should not be included when calculating whether the entity exceeded the $750,000 threshold for purposes of determining if a single audit is required.
- PPE purchased with federal funds should be shown as federal expenditures in the SEFA.

D. Compliance Supplement

The Office of Management and Budget (OMB) Compliance Supplement serves to identify existing types of compliance requirements the federal government expects to be considered as part of the Single Audit. As such, it is the primary source for identifying the types of compliance requirements an auditor is expected to test for federal programs in a single audit.

On August 12, 2021, the OMB released the 2021 version of the Compliance Supplement. This supplement is critical to the performance of Single Audits for nonprofit organizations and governmental entities, and for the adherence to applicable federal agency compliance requirements. In 2021, the compliance supplement holds additional and significant importance due to the increase of federal funds distributed as a result of the COVID-19 pandemic, as well as the operational changes experienced by virtually all nonprofit organizations and governmental entities.

Full version of the Compliance Supplement can be accessed at https://www.whitehouse.gov/omb/office-federal-financial-management/. Two addenda to the supplement are expected to be released in the fall.

At the time of publication of the Supplement, several federal agencies are working to develop Part 4 program sections for new COVID-19 programs, as well as to revise existing program sections to address implications from ARPA. The complete list of potential programs to be included in a follow-up Addendum to this Supplement are as follows. Final agency determination is pending for programs with an asterisk (*).

- **Treasury**
    - *Capital Projects Fund (Assistance Listing has not been assigned)
    - *Homeownership Assistance Fund (Assistance Listing 21.026)
    - *Local Assistance and Tribal Consistency Fund (Assistance Listing has not been assigned)
    - State and Local Fiscal Recovery Fund (Assistance Listing 21.027)
- **Education**
    - Education Stabilization Fund (ESF) (Assistance Listing 84.425) – Note that while there is a planned release of this existing program in the upcoming Addendum, ESF is also included in the Supplement.

OMB will be posting an Addendum to the Supplement containing all of the above programs on the CFO.gov website (https://www.cfo.gov/financial-assistance/resources/compliance-supplement.html) when they are available. Although it will not be posted to the OMB Web site, the Addendum will still be reviewed by OMB prior to issuance and will be considered an official part of the 2021 OMB Compliance Supplement.

There will be no new other clusters formed by the ARPA or the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) Assistance Listing numbers nor will any ARPA or CRRSAA Assistance Listing numbers be added to existing other clusters. That is, the Addendum will not add any new clusters or revise any existing other clusters.

E. When are expenditures included on the SEFA?

The Governmental Audit Quality Center (GAQC) of the American Institute of Certified Public Accountants (AICPA) has revised its GAQC Nonauthoritative Guidance on the Reporting of Certain COVID-19 Awards on an Accrual Basis SEFA to account for federal rule changes concerning COVID-19 relief aid.

The document specifically addresses when funds should be included on the Schedule of Expenditures of Federal Awards (SEFA) for single audits under CARES Act, but the logic would be applicable to accrual basis SEFAs for funds received under CRRSAA and the ARPA as well, which includes CSLFRF.

The update is in response to confusion caused by the timing of award notifications, availability and receipt of funds, numerous fiscal year ends relative to award dates, and amended use rules in a subsequent fiscal year—such as expanded uses and program end dates for CARES Act Higher Education Emergency Relief Fund (HEERF) program expansion under CRRSAA.

Information and illustrations contained in the practice aid assume that the SEFA is presented on the accrual basis of accounting (when expenditures or lost revenue occurs).

GAQC Nonauthoritative Guidance on the Reporting of Certain COVID-19 Awards on an Accrual Basis SEFA

Issued: February 4, 2021, Updated April 14, 2021 (minimal updates made are shown by underline)

NOTE: This document provides non-authoritative guidance. It has been prepared by the AICPA Governmental Audit Quality Center (GAQC) to assist auditees and auditors as they consider the complexities involved with funding provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the timing of when that funding should be included on the Schedule of Expenditures of Federal Awards for single audit purposes. While this document focuses on CARES Act funding, its guidance may also be considered for funding emerging out of the subsequent Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) and the American Rescue Plan Act (ARPA). Official AICPA positions are determined through certain specific committee procedures, due process, and extensive deliberation. The views expressed in this document are intended to provide member services, but not for the purposes of providing accounting services or practicing public accounting. The AICPA makes no warranties or representations concerning the accuracy of information issued.

Background:

The CARES Act established several new federal programs intended to be responsive to the health and financial crises resulting from the Novel Coronavirus (COVID-19 or pandemic). The most significant of these new programs include: (1) the Coronavirus Relief Fund (CRF); (2) the Provider Relief Fund (PRF); and (3) the Education Stabilization Fund (ESF), which includes, among several sub-programs, the Higher Education Emergency Relief Fund (HEERF) student aid and institutional portions and the Elementary and Secondary School Emergency Relief Fund (ESSER).

Much of the new federal funding is subject to single audit requirements. In many cases the funding was provided to nonfederal entities in a very short timeframe after the passage of the CARES Act, sometimes before official awards or terms and conditions were established between federal agencies (or pass-through entities) and recipients (or subrecipients). Further complicating matters is that many of the new programs provide for a period of performance and allow for application of costs (or lost revenue, as applicable) incurred in periods both before and after the award existed and often spanning more than one fiscal year of the nonfederal entity. This combination of factors has been at a level not encountered before. As a result of these factors, there have been many questions around the timing of when costs incurred (or lost revenue, as applicable) should be reported on the Schedule of Expenditures of Federal Awards (SEFA).

This non-authoritative document provides various illustrative scenarios to assist auditees and auditors in evaluating the facts and circumstances that lead to a determination of which fiscal year to report costs incurred (or lost revenue, as applicable) on an accrual-basis SEFA. Generally, expenditures are reported on the SEFA when costs (or lost revenue, as applicable) are incurred and an award is determined to exist.

IMPORTANT: The nonauthoritative guidance in this document does not apply to single audits of PRF funding because the U.S. Department of Health and Human Services (HHS) has directly addressed the timing of SEFA reporting of PRF expenditures and lost revenue by nonfederal entities in the "Other Information" section of the PRF Part 4 section in the Addendum to the 2020 OMB *Compliance Supplement*. It states that for single audits of fiscal years ending in 2020 on or before December 30, 2020, the entity reports no PRF expenditures on the SEFA (including no lost revenue). For a FYE of December 31, 2020, the entity reports on the SEFA as expenditures (including lost revenue) based upon the PRF report (submitted by the nonfederal entity to HHS) for calendar year ending December 31, 2020, and discloses in the footnotes to the SEFA that the amount included on the SEFA is based upon the December 31, 2020 PRF report. See the Other Information section for further SEFA reporting guidance relating to fiscal years ending in 2021. Additionally, the nonauthoritative guidance in this document does not apply to for-profit healthcare entities that are subject to separate audit requirements for PRF and other HHS funding under rules established by HHS.

Meaning of Terms Used in this Document:

Awarded = The time at which an award is determined to exist. As noted in the "High-Level Assumptions/Guidance" section below (#3), determining when there is an award may involve judgment and be based on facts and circumstances.
Advanced = The time at which funding from the federal government (or pass-through entity) is transferred to a nonfederal entity.
Costs applied to award = The time at which the nonfederal entity makes an internal decision to apply costs incurred to an award and then transfers the costs incurred from nonfederal sources to the award.
Costs incurred = Allowable expenditures made from nonfederal sources.
F/S = Financial statements.
FYE = Fiscal year end (for the purpose of these scenarios it is assumed to be June 30, 2020).
Lost revenue = A concept permitted for purposes of SEFA reporting in several of the new CARES programs (e.g., PRF, select ESF sub-programs); see respective federal agency guidance to determine how it is to be calculated.

Assumptions Used/Other Guidance Relevant to the Remainder of this Document

1. The determination of the reporting of expenditures (or lost revenue, as applicable) on the SEFA is independent of the determination of revenue recognition under generally accepted accounting principles.
2. The scenarios and answers provided below assume the SEFA is presented on the accrual basis of accounting since this is the area the GAQC has been receiving the most questions.

3. For expenditures (or lost revenue, as applicable) to be reported on the SEFA in a particular period, there should be an award. However, as noted above, the awarding process for these new programs has not been typical and, therefore, professional judgment may be needed to determine an exact award date. While an award date may be clear in some cases, in many other cases there may not be a signed and dated award document, particularly when the auditee is a subrecipient. Procedures auditors may consider for determining the appropriateness of the "award date" used by the auditee include: (1) inquiries of management regarding the facts and circumstances surrounding award arrangements; and (2) reviewing client supporting records such as Board minutes, e-mail correspondence, or instructions provided to a subrecipient from a pass-through entity for claiming expenditures. If an existing award is subsequently impacted by a substantial amendment to award terms due to new legislation, the substantial amendment would be the equivalent of a new award for purposes of determining when associated activity is presented on the SEFA. An example of this scenario is the retroactive expansion of allowable uses of unspent HEERF 1 grant funds being impacted by the subsequent allocation of HEERF 2 funding resulting from CRRSAA. But there may also be other similar funding situations that arise.
4. Assuming an award is determined to exist as of fiscal year-end, costs incurred (or lost revenue, as applicable) that a nonfederal entity applies to an award should be reported on the SEFA in the year costs were incurred (or lost revenue, as applicable) even if the nonfederal entity makes the determination to apply those costs incurred (or lost revenue, as applicable) to the award until after fiscal year-end. If the award's period of performance allows a nonfederal entity to apply future year costs incurred (or lost revenue, as applicable) to that award in lieu of current year costs (or lost revenue), and the nonfederal entity decides to do so, future year costs (or lost revenue, as applicable) should be reported on a subsequent year's SEFA when applied by the nonfederal entity.
5. Generally, the timing of cash receipts (whether advances or reimbursements) should have no impact on SEFA recognition.
6. ESF includes two large sub-programs among several sub-programs; the HEERF 1 student portion consisting of emergency grants to students and the HEERF 1 institutional portion covering certain costs of institutions of higher education (IHEs) associated with significant changes to the delivery of instruction. IHEs must use no less than 50 percent of funds received to provide emergency financial aid grants to students and the HEERF 1 institutional portion can only be applied to the award up to the amount of the student portion that has been awarded to students. There is no requirement that IHEs had to make the student distributions before they incurred the institutional costs that would ultimately be applied to the award. However, the IHE must, by the end of the period of performance, expend institutional portion funds equal to or less than the amount of the student portion funds that were used.
7. Certain of the new CARES programs (e.g., PRF and select sub-programs of ESF) allow for the reimbursement of lost revenue. The scenarios below do not address directly the concept of how lost revenue is to be calculated. Auditees and auditors should look to federal agency guidance documents for that information.

Scenario 1: Costs Incurred are Applied to an Award as They are Incurred – Accrual Basis SEFA

Mar-20	Apr-20	Apr-20	May-20	Jun-20	FYE	Jul-20	Aug-20	Dec-20
$1 M	$1 M	$100K	$200K	$400K			$300K	
Awarded	Advanced	Costs incurred Costs applied to award	Costs incurred Costs applied to award	Costs incurred Costs applied to award			Costs incurred Costs applied to award	Release F/S and Single Audit

Scenario 1	
What expenditures should be reported on the SEFA at 6/30/20 FYE?	**$700K** (i.e., sum of costs incurred Apr-Jun 20)).
What impact, if any, would this scenario have on a subrecipient's SEFA if the $1M awarded was in the form of a subaward from a pass-through entity?	**None.** The subrecipient would report $700K in expenditures on its 6/30/20 SEFA when the costs were incurred.
What impact, if any, would there be if this scenario was altered so that the month that the federal funds were advanced to the nonfederal entity changed from Apr-20 (fiscal year 2020) to Jul-20 (fiscal year 2021)?	**None.** As per the guidance in the "Assumptions Used/Other Guidance" section above, if a determination is made that an award exists and there are qualifying costs incurred prior to the 6/30/20 FYE, the timing of cash received would not change the fiscal year for which costs incurred would be reported on the SEFA.

Scenario 2: Decision to Apply Costs to an Award Occurs in a Different Fiscal Year than When Costs Incurred – Accrual Basis SEFA

Mar-20	Apr-20	Apr-20	May-20	Jun-20	FYE	Jul-20	Aug-20	Dec-20
$1 M	$1 M	$100K	$200K	$400K			$300K	
Awarded	Advanced	Costs incurred	Costs incurred	Costs incurred		Costs applied to award from Apr-20, May-20 & Jun-20	Costs incurred	Release F/S and Single Audit

Scenario 2	
What expenditures should be reported on the SEFA at 6/30/20 FYE?	**$700K** (i.e., sum of costs incurred Apr-Jun 20)). The fact that the nonfederal entity did not make the decision to apply costs incurred to the award until after FYE is not relevant to when SEFA reporting occurs in this scenario.
What impact, if any, would this scenario have on a subrecipient's SEFA if the $1M awarded was in the form of a subaward from a pass-through entity?	**None.** The subrecipient would report $700K in expenditures on its 6/30/20 SEFA when the costs were incurred.

Scenario 3: Award is Made in the Subsequent Fiscal Year from When Costs Incurred but the Award Allows Costs Incurred from the Previous Fiscal Year to be Charged to the Award – Accrual Basis SEFA

Apr-20	May-20	Jun-20	FYE	Jul-20	Aug-20	Dec-20
$100K	$200K	$400K		$1M	$300K	
Costs incurred	Costs incurred	Costs incurred		Awarded Costs applied to award from Apr-20, May-20 and Jun-20	Costs incurred	Release F/S and Single Audit

Scenario 3	
What expenditures should be reported on the SEFA at 6/30/20?	**$0** (i.e., because there was no award until Jul-20)
What expenditures should be reported on the SEFA at 6/30/21?	**$1 M** (i.e., sum of costs incurred Apr-Aug 20).

Scenario 4: Award’s Period of Performance Allows the Nonfederal Entity to Select Costs Incurred to Apply to the Award and the Nonfederal Entity Chooses Not to Apply Costs Incurred During the Fiscal Year in Which the Award was Made – Accrual Basis SEFA

Mar-20	Apr-20	May-20	Jun-20	FYE	Jul-20	Aug-20	Dec-20
$1 M	$100K	$200K	$400K		$1M		
Awarded	Costs incurred	Costs incurred	Costs incurred		Costs incurred	Costs applied to award from Jul-20	Release F/S and Single Audit

Scenario 4	
What expenditures should be reported on the SEFA at 6/30/20?	**$0**. The award allowed the nonfederal entity to choose which costs to apply and the nonfederal entity elected not to apply costs incurred from Apr-Jun 20, but instead to apply costs from Jul-20.
What expenditures should be reported on the SEFA at 6/30/21?	**$1 M** (i.e., represents the Jul-2020 costs incurred and thus they are reported on the SEFA in the same period (6/30/21))

HEERF – Accrual Basis SEFA (see "Assumptions Used/Other Guidance" section above for more detail on HEERF)

Scenario 5(a):

- **$1,000,000 of the <u>HEERF 1</u> Institutional Portion and $1,000,000 of the <u>HEERF 1</u> Student Portion is Awarded in March 2020**
- **Institutional Costs Were Incurred and Applied to the Award Before 6/30/20**
- **Student Portion is Awarded to Students by the IHE before June 30, 2020**

Mar-20	Apr-20	May-20	Jun-20	FYE	Jul-20	Aug-20	Dec-20
$2 M	$100K	$200K	$400K			$300K	
$1M institutional portion awarded $1M student portion awarded	Institutional costs incurred	Institutional costs incurred	Institutional costs incurred Institutional costs applied to award from Apr-20 - Jun-20 $1M student portion awarded to students by IHE			Institutional costs incurred	Release F/S and Single Audit

Scenario 5(b):

- **$1,000,000 of the HEERF 1 Institutional Portion and $1,000,000 of the HEERF 1 Student Portion is Awarded in March 2020**
- **Decision Reached in July 2020 to Apply Institutional Costs to June 30, 2020, Year-End**
- **Student Portion of $1,000,000 is Awarded to Students by the IHE in July 2020**

Mar-20	Apr-20	May-20	Jun-20	FYE	Jul-20	Aug-20	Dec-20
$2 M	$100K	$200K	$400K			$300K	
$1M institutional portion awarded $1M student portion awarded	Institutional costs incurred	Institutional costs incurred	Institutional costs incurred		Institutional costs applied to award from Apr-20 - Jun-20 $1M student portion awarded to students by IHE	Institutional costs incurred	Release F/S and Single Audit

	Scenario 5(a)	**Scenario 5(b)**
Are the institutional costs that were incurred before the student portion was incurred and applied allowable for June 30, 2020, year-end?	**Yes.**	**Yes.**
What expenditures relevant to the institutional portion should be reported on the SEFA at 6/30/20?	**$700K** (i.e., sum of institutional costs incurred and applied Apr-Jun 20).	**$700K** (i.e., sum of institutional costs incurred Apr-Jun 20). The fact that the student portion was awarded to students by the IHE and applied after FYE does not change the SEFA reporting as there is no requirement that the student portion be awarded to students by the IHE before the institutional costs could be incurred.