

## Calgary Homeless Foundation: Eligible Cost Guidelines 2017-18

The following are the Calgary Homeless Foundation's (CHF's) guidelines that set out which types of expenses program funding can be used for (as per S5 – Negative Covenants – in each Program Funding Agreement). **Please note that these guidelines will be revised periodically.**

### Section 1 – Overview

Total category expenses (i.e. staff, client, administrative, and/or start-up costs) that exceed their respective budgets are – of course – ineligible. Budgets are intended to represent the maximum amount of eligible funds available for an activity, and this is enforced on a per-category basis as per your audit/reporting requirements. Agencies are expected to seek written permission from CHF before using funds from one category in another (e.g. covering a deficit in one category with surplus from a different category).

Portions of specific line items that are found to be unreasonable may be deemed ineligible at CHF's discretion. As costs that exceed their budgets have already been defined as ineligible (as per the previous paragraph) this distinction is intended primarily for costs that are technically within budget but A. the budget line itself is found to be unjustifiably high relative to other similar programming, and/or B. some other situation occurs that causes a previously reasonable budget item to become unreasonable in practice (like spending the entire 10% administrative allocation in a program with excessive staff/client surplus).

Capital items (>\$1k and non-consumable) have two exceptional conditions: first – each item requires evidence that at least two quotes were received before purchase (along with supporting rationale for the selection), and second – agencies must preserve capital assets purchased with program funding until disposal is authorized by CHF or the program ends (including termination of the funding relationship). CHF reserves the right to instruct funded agencies to dispose of capital assets purchased with program funding – which can include selling it at fair market value and applying realized funds to offset CHF's contributions.

CHF recognizes that its cost guidelines are highly structured and encourages recipients to submit requests for alternatives or exceptions when the recipient believes they have a reasonable case to do so. Written approval should be sought before incurring any costs whose eligibility is uncertain. The four areas that CHF will examine in reviewing such requests are: 1. the likelihood of the adjustment to materially benefit the clients served by the program, 2. the potential of the adjustment to increase or improve successful outcomes, 3. the availability and likelihood of any alternate resourcing, and 4. CHF's own fiscal limitations, responsibilities, and priorities.

### Section 2 – Specifically Ineligible Costs

The nine activities that CHF is unable to provide funding for due to donor restrictions are:

- a. Depreciation of any assets
- b. Fundraising, advertising, and/or public relations
- c. Performance incentives
- d. Board meetings (including food/transportation)
- e. Fines or penalties of any kind
- f. Alcoholic beverages
- g. Losses from other programs or contracts
- h. Federal or provincial taxes (except for EI/ CPP/GST as applicable)

- i. The portion of any expense incurred by a program for which it could claim a tax credit/deduction

Programs with any federal component of funding also have the following two restrictions:

1. Staffing expenses for clinicians (or similar roles that are medical in nature) are ineligible for that federal component of funding.
2. Costs related to the development or maintenance of software or hardware are ineligible for that federal component of funding if that system would either: A. perform a function similar to Homeless Individuals and Family Information System (HIFIS), B. or is otherwise incompatible with HIFIS.

## Section 3 – Eligible Cost Guidelines

### 1. Start-Up Costs

Please note that start-up cost category is specifically intended to augment the administrative expenses of programs that are new, or substantially expanding. Consequently:

1. Programs that are not new or expanding are expected to budget these expenses from the administrative portion of their funding (e.g. moving, computers, furniture, etc.).
2. This category does not “expand” the 10% administrative allocation (as the 10% is only calculated from funding that is recurring in nature), so it is to the program’s benefit to:
  - a. Identify and budget all program staff in the usual Program Staff category.
  - b. Keep any initial costs associated with individual clients (beds, sheets, etc.) within the usual move-in and setup line item (under Client costs).

Line Item	Additional Information
<i>Moving Costs</i>	Costs incurred for moving to another location to accommodate some significant change in programming. Eligible items include moving personnel, services, vehicles, and moving supplies.
<i>Computers and Telephones</i>	Expenses associated with the initial acquisition of computers, telephones, and other IT infrastructure required for programming.
<i>Desks, Furniture, and Appliances</i>	Costs incurred in the initial acquisition of desks/chairs, furniture, and appliances either for program staff or for shared common areas (such as for new place-based buildings).

### 2. Program Staff Costs

Costs for staff directly involved in programming.

Line Item	Additional Information
<i>Salaries and Wages</i>	<p>Gross salaries for program staff including vacation, sick leave, compassionate leave, overtime pay, and severance. Expenses will only be funded to the extent that they are aligned to sector averages for the credentials and experience of the staff. Severance is to be capped at 12 weeks.</p> <ol style="list-style-type: none"> <li>1. <i>Direct Service Staff:</i> involved in providing direct services to and with clients. The most common examples of direct service staff include:           <ul style="list-style-type: none"> <li>• Case Managers – whose primary role is direct service delivery and client engagement (e.g. support workers, case workers, youth workers, etc.) Case managers are typically an entry level position functioning under regular</li> </ul> </li> </ol>

Line Item	Additional Information
	<p>supervision. Credentials typically include college diploma or undergraduate degree. As per the guidelines outlined in the CHF Standards of Practice case managers are eligible for funding at a maximum ratio of:</p> <ul style="list-style-type: none"> <li>• 1:10 for high acuity clients;</li> <li>• 1:20 for moderate acuity clients;</li> <li>• 1:25 for low acuity clients.</li> </ul> <ul style="list-style-type: none"> <li>• Clinicians may include nursing and/or mental health staff. Credentials typically include high levels of education and current registration with the appropriate college (e.g. College of Psychologists).</li> </ul> <p>** Please note (as per Section 2) that clinicians are not eligible for federal funding.</p> <p>2. <i>Indirect Service Staff:</i> work that may or may not require consistent interaction with clients but is still directly involved in achieving program outcomes.</p> <ul style="list-style-type: none"> <li>• Housing Locators are responsible for a wide range of activity around finding and managing programs' housing portfolios frequently including: assessing clients' housing needs, matching clients to appropriate rental units, and/or supporting ongoing landlord/tenant relationships.</li> </ul> <p>3. <i>Team Lead:</i> a senior direct service staff who provides informal supervision and support to a team of four or more other direct service staff. A team lead is still expected to hold a case load, but it may be smaller to offset their leadership responsibilities. Team leads are eligible for CHF funding at up to 0.25 FTE per other direct service staff.</p> <p>4. <i>Program Manager:</i> a supervisory role that reports to the Director of Programs or Executive Director, and is accountable for the effective development, delivery, and evaluation of the program. A Program Manager may have one or more programs to manage – depending on the size/complexity of the programs and is eligible for CHF funding at a maximum of 0.1 FTE per service staff.</p>
<i>Mandatory Employment Related Costs (MERCs)</i>	<p>MERCs are limited to the following rates as mandated to employers:</p> <ul style="list-style-type: none"> <li>• Canada Pension Plan (CPP): up to 4.95%</li> <li>• Employment Insurance (EI): 2.63%</li> <li>• Workers Compensation premiums (WCB): up to 1.3%</li> </ul>
<i>Program Staff Benefits</i>	<p>Benefits for program staff not already covered in the Salaries/Wages or MERCs line item. Primarily intended for medical and dental benefits.</p> <p>As of 2016-17 other kinds of program-staff-specific benefits (e.g. RRSP contributions) can also be captured in this line (as opposed to the administrative category).</p> <p>Direct payment of health insurance premiums is eligible up to a maximum of 12% of personnel costs. Whole-of-organization health policies are only eligible in this context if they are paid directly to employees (i.e. not including direct payment to third parties) and only up to the same 12% limit.</p>
<i>Staff Communications</i>	<p>Cell phones are eligible for program staff if the position requires them to be out of the office or on-call. Phone costs are ineligible where the device is not used for program purposes at least 80% of the time.</p>
<i>Staff Development</i>	<p>Includes professional fees, training, conferences, and staff learning media for program staff. Professional development should be aligned with the employee's role in the program, and attempts should be made to attend training locally whenever possible.</p> <p>Where travel and/or hospitality is required: expenses are only eligible up to the maximum levels set out in the National Joint Council of Canada's (NJCC) Directive on Travel, Hospitality, Conference and Event Expenditures.</p>

### 3. Client Costs

Client costs are incurred by directly supporting clients. Programs should demonstrate reasonable effort to leverage public resources and donations (such as Alberta Works, food banks, thrift shops, etc.) before using program funds.

Line Item	Additional Information
<i>Damage Deposits</i>	Damage deposits are eligible to a maximum of one month's rent (as per the Residential Tenancies Act). It is expected that all damage deposits be collected by the program from the relevant landlords as they are retrievable and that all funds collected under this line are ultimately committed to the maintenance and repair of client units.
<i>Move-in and Setup</i>	Eligible items include: beds and bedding (linens, blankets, pillows, etc.), toiletries, cookware, dishes, utensils, and phones (landline or cell). The recipient is encouraged to purchase these goods lightly used when possible.
<i>Rent Subsidies</i>	<p>This includes only rental subsidies paid by the program directly to the landlords on the client's behalf. Any rent collected from the clients by the program must be included in the rental revenue line.</p> <p>Eligible rent subsidies are to be calculated based on the difference between 30% of a household's income and the average market rent for the unit type</p> <p>CHF's minimum requirements are that all housing placements meet both the Government of Alberta Modesty Assurance Guidelines and Alberta Health's Minimum Housing and Health Standards.</p>
<i>Utility Subsidies</i>	This includes the cost of providing basic utilities to the client to ensure safe and comfortable housing when such costs aren't already included under rent subsidies. Payments should be made directly to utility companies. Heat, water, electricity, and basic phone coverage are all eligible as utility subsidies.
<i>Property Maintenance and Repairs</i>	<p>Intended to cover both A. deductions made against the damage deposit line and B. any additional costs associated with restoring a market unit to the condition in which it was first acquired (less regular wear and tear)</p> <p>Recognizing that large variances can quickly occur in this line the recipient is strongly encouraged to maintain close contact with their system planner to ensure that the program is sufficiently resourced without drawing excessive amounts of surplus.</p> <p>Please note that regular cleaning and general maintenance cannot be covered as eligible costs at this time.</p>
<i>Client Public Transit</i>	<p>Such as bus tickets and other public transportation costs for clients.</p> <p>Taxis and other non-public transportation costs for clients are eligible in exceptional circumstances (e.g. client has a health issue) or where public transportation is not practical (such as if no public transportation is available).</p>
<i>Food/Meals/Gift Cards</i>	<p>This is any purchases for food items for the direct benefit of the client. Hospitality expenses for non-client purposes should be captured with other administrative costs.</p> <p>The following expenses are eligible:</p> <ul style="list-style-type: none"> <li>• Prepared meals for clients in a shelter or group home setting</li> <li>• Grocery purchases for clients as either direct food donations or indirect (i.e. reimbursement of grocery expenses/gift cards)</li> </ul>

Line Item	Additional Information
	<ul style="list-style-type: none"> <li>Light meals or drinks during client meetings</li> </ul> <p>Please note that due to donor restrictions alcohol is always an ineligible expense.</p>
<i>Rent Subsidies - Fixed</i>	<p>Intended to capture fixed rent subsidy expenses where the cost to the agency does not vary at all with the number of clients housed within the program (such as place-based and master-leased settings).</p> <p>For budgeting purposes: please capture any expected rental revenue collected from clients in the expected rental revenue line (earlier in client costs). Only the net cost (of the living space less rental revenue) is eligible for CHF funding.</p>
<i>Programming Space</i>	<p>For any building space to be used for client-oriented activities not already included in rent (e.g. setting aside a unit in a place-based building as a common area).</p> <p>Space associated with the agency's office space is to be costed to the administrative category as rent. Client costs are not to be used to offset the agency's office expenses.</p>
<i>Staff Travel for Client Purposes</i>	<p>This includes staff travel costs for the direct delivery of client service or for activities directly related to the program such as:</p> <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Servicing and maintaining a company vehicle used solely for direct client service delivery. This includes lease expenses, insurance, maintenance, and gas.</li> </ul> </li> <li>Use of a staff member's personal vehicle for program-related uses.</li> </ul> <p>Staff travel that is not for direct client service should be included either under staff development (e.g. conferences or training) or administrative costs (for staff meetings).</p> <p>Travel costs are only eligible up to the levels set out in the National Joint Council of Canada's (NJCC) Travel Directive.</p> <p>Both travel for board meetings and depreciation on capital assets are ineligible expenses.</p>
<i>Other Programming Expenses</i>	<p>Small allowances that fall outside of other line items may be eligible if they are directly aligned with the program and better client outcomes. Some examples include costs associated with better program-community integration or for health-related items.</p> <p>The recipient is asked to show strong judgment in allocating to this line and to maintain detailed records for all expenses captured here.</p>

#### 4. Administrative Costs

All of the activities listed below can be spent from the one administrative line (organizational infrastructure) so long as the expense claimed doesn't exceed 10% of staff and client costs. Please note this intentionally excludes start-up expenses.

Line Item	Additional Information
<i>Organizational Infrastructure</i>	<p>Administrative/overhead costs have been consolidated under this single line in an attempt to simplify reporting and improve organizational flexibility. Historically the following line items all existed under the Administrative category, and existing expectations around those lines (with the exception of Other Staff Benefits) has not changed :</p> <ul style="list-style-type: none"> <li>Administrative Staff Salaries/Wages, MERCs, and Benefits <ul style="list-style-type: none"> <li>Any costs attributed to any employee not clearly identified in the Program Staff lines are to be included here (e.g. EDs/VPs/directors, accounting/payroll, volunteer coordinators, etc.)</li> </ul> </li> </ul>

Line Item	Additional Information
	<ul style="list-style-type: none"> <li>• Other Staff Benefits               <ul style="list-style-type: none"> <li>○ <i>Non-medical/dental benefits (e.g. RRSP contributions) for program staff can now be included in the program staff benefits line item.</i></li> <li>○ Benefits for administrative staff are still to be captured here.</li> </ul> </li> <li>• Rent/Mortgage and Utilities</li> <li>• IT, Internet, and Communications</li> <li>• Insurance               <ul style="list-style-type: none"> <li>○ It is recommended to capture costs related to insurance for program staff (e.g. disability) in the program staff benefits line, and to capture costs related to insurance for vehicles that are used for programming in the Staff Travel for Client Purposes line.</li> </ul> </li> <li>• Licenses, Permits, and Fees               <ul style="list-style-type: none"> <li>○ Please note that due to funder restrictions CHF is unable to provide funding for expenses that are generally avoidable or punitive in nature even when they are incurred in the course of ordinary programming (e.g. parking tickets, late fees, interest on credit cards, etc.)</li> </ul> </li> <li>• Office Supplies, Equipment, and Furniture               <ul style="list-style-type: none"> <li>○ As per Section 2: depreciation is specifically ineligible.</li> </ul> </li> <li>• Contractors               <ul style="list-style-type: none"> <li>○ Retainer fees are ineligible unless supported by evidence of bona fide services rendered.</li> <li>○ It is recommended to capture costs associated with training for program staff in the staff development line (in the program staff category). Please refer closely to Section 2 “Specifically Ineligible Costs” when attempting to capture costs that don’t appear to fit in other categories.</li> </ul> </li> </ul>

## Section 4 – General Requirements of CHF Funding

*Proof of Expense:* The recipient is responsible for ensuring collection of all relevant documentation to support all eligible costs funded by CHF, and may be called upon to produce evidence supporting those costs during the course of CHF’s usual financial monitoring procedures. Such documentation needs to be externally verifiable such as an invoice, bank statement, itemized receipt, or active legal agreement.

*Allocated Expenses:* The recipient may be asked to explain the allocation method and provide supporting documentation for any shared expenses attributable to CHF funding (e.g. square footage for rent).

*Interest Earned:* The recipient is asked to report on any interest earned on CHF funds when it exceeds \$100 over a 12-month period. This interest will be treated as revenue for the year in which it is earned – and can be spent within the same year on relevant programming expenses – but will also be used when determining surplus deductions in subsequent years if unspent.

*Priority of Spending:* CHF assumes that where a program has multiple funders any unspent dollars will be distributed – after giving consideration for spending restrictions – between all funding sources based upon their original contributions (i.e. if a donor requires that the entirety of their donation of \$50.00 is spent on staff and staff expenses are more than \$50.00 over budget, but the program is \$200.00 under budget, the donor will not receive a share of the surplus).