



OPERATIONAL SERVICES DIVISION

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**NOTICE OF POLICY CHANGES TO
FY2020 UFR Audit and Preparation Manual**

**CORONAVIRUS AID RELIEF, AND ECONOMIC SECURITY ACT (the CARES Act)
INFORMATION :**

The Commonwealth of Massachusetts and its Departments are recipients of federal funds as a result of the Coronavirus Aid Relief, and Economic Security Act (CARES ACT). Some of the CARES Act funding the Commonwealth has received will be utilized to support subrecipient awards and grants in the delivery of human and social services by contractors subject to the auditing and reporting requirements of 808 CMR 1.00: Compliance, Reporting and Auditing for Human and Social Services and Office of Management and Budget (OMB) Uniform Guidance Audit Standards.

To address unprecedented levels of reporting and transparency requirements of the Coronavirus Aid Relief, and Economic Security Act, the (Commonwealth's) Secretary for Administration and Finance and the State Purchasing Agent have establish stringent procurement, grant/contract awarding guidelines to Executive and Non-Executive (state) departments, municipalities, counties to ensure compliance with CARES act transparency and reporting requirements. The measures taken will ensure all subrecipients are fully aware of CARES federal funding that has been passed-through Commonwealth purchasing departments as awards/grants or contracts.

As of the date of this manual, CARES funding provided to Massachusetts subrecipients will be coded "COVID19" for all related expenditures.

Additional guidance providing further details related to implementation of COVID-19 relief and response efforts will be forthcoming, as needed. Questions related to this guidance can be directed to coronaresponse@omb.eop.gov.

- [Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019](#)



- [FAQs related to the requirements found in Memorandum M-20-21](#)

OSD Q&A regarding reporting of PAYCHECK PROTECTION PROGRAM (PPP) loans

Question

1. How should any amount of a PPP loan amount recorded as revenue be reported on the UFR?

Answer

1. If an organization is following the guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 470 - *Debt* and FASB ASC 405 - 20 - *Liabilities - Extinguishments of Liabilities*, or FASB - 450 - 30 – *Gain Contingencies* to account for its PPP loan, then any amount of a PPP loan recorded as revenue should be reported on Line 48R -Other Revenue of Schedule B for the program in which the related expenses were incurred. If an organization is following the guidance regarding *Accounting for Contributions Received and Contributions Made* found in FASB ASC 958-605 – *Not-for-Profit Entities- Revenue Recognition* to account for its PPP loan, then any amount of a PPP loan recorded as revenue should be reported on Line 1R - Contributions, Gifts, Legacies, Bequests or Line 48R – Other Revenue of Schedule B for the program in which the related expenses were incurred.

In addition, if any amount of a PPP loan recorded as revenue has been used for Administrative (M&G) or Fund Raising expenses, it should be reported on either Line 1R - Contributions, Gifts, Legacies or Line 48R-Other Revenue of Schedule A in accordance with the above instructions. Any PPP loan amount that has been reported on either Line 1R or Line 48R of the Administrative (M&G) column of Schedule A in accordance with these instructions should be allocated from Schedule A to the programs on the respective Schedule Bs in the same manner the Administrative (M&G) expenses funded with the PPP loan amount were allocated to the programs on the respective Schedule Bs.

Question

2. Would the answer to Question # 1 be different for any of the Program Type Codes (21-27) listed on Schedule B?

Answer

2. No, the answer to Question #1 is the same for all Program Type Codes (21-27).