

---

Certified Professional in Grant Management in Nonprofit Organizations

## Grant Budget Monitoring and Analysis

---

**\*\*Absorption Costing:\*\*** A cost accounting method that includes all costs (fixed and variable) associated with producing a product or service in the cost of that product or service. This method is used to determine the total cost of manufacturing a product, including overhead costs such as rent, utilities, and salaries.

**\*\*Activity-Based Costing (ABC):\*\*** A cost accounting method that assigns costs to products or services based on the activities required to produce them. This method is used to identify and reduce waste, improve efficiency, and increase profitability.

**\*\*Allocated Costs:\*\*** Costs that are spread or distributed across multiple departments, projects, or products. These costs are indirect and not easily traceable to a specific cost object, so they must be allocated based on a predetermined method.

**\*\*Annual Budget:\*\*** A financial plan that outlines an organization's expected income and expenses for a year. The annual budget is used to guide financial decision-making, allocate resources, and monitor financial performance.

**\*\*Budget Variance:\*\*** The difference between the actual and budgeted amounts for a given period. A positive variance indicates that actual expenses were less than budgeted expenses, while a negative variance indicates that actual expenses were greater than budgeted expenses.

**\*\*Capital Expenditures:\*\*** Expenditures that are made to acquire, improve, or maintain long-term assets, such as property, equipment, or buildings. These expenditures are typically large and infrequent, and they are capitalized and depreciated over time.

**\*\*Cash Flow Statement:\*\*** A financial statement that shows the inflow and outflow of cash during a given period. The cash flow statement is used to assess an organization's liquidity, solvency, and financial flexibility.

**\*\*Cost Allocation:\*\*** The process of assigning costs to cost objects, such as products, services, or departments. Cost allocation is used to determine the true cost of producing a product or delivering a service, and it is essential for accurate financial reporting and decision-making.

**\*\*Cost Center:\*\*** A department or unit within an organization that incurs costs but does not generate revenue. Cost centers are typically support functions, such as accounting, human resources, or information technology.

**\*\*Cost Object:\*\*** A product, service, or department that is the subject of cost allocation. Cost objects are used to determine the cost of producing a product, delivering a service, or operating a department.

**\*\*Cost of Goods Sold (COGS):\*\*** The direct costs associated with producing a product or delivering a service,

including raw materials, direct labor, and overhead. COGS is used to calculate gross profit and is an important metric for financial analysis.

**\*\*Direct Costs:\*\*** Costs that can be directly traced to a product, service, or department. Direct costs include raw materials, direct labor, and other costs that are incurred exclusively for the production of a product or delivery of a service.

**\*\*Fixed Costs:\*\*** Costs that do not change with the level of production or activity. Fixed costs include rent, salaries, and other expenses that remain constant regardless of the volume of production.

**\*\*Fund Accounting:\*\*** A type of accounting that is used by nonprofit organizations to track and report on multiple funds, each with its own set of restrictions and requirements. Fund accounting is used to ensure compliance with donor restrictions, legal requirements, and organizational policies.

**\*\*Grant Budget:\*\*** A detailed financial plan that outlines the costs associated with a grant-funded project or program. The grant budget is used to request funding from a grant maker, track expenses, and report on financial performance.

**\*\*Grant Budget Monitoring and Analysis:\*\*** The process of tracking and analyzing grant expenses to ensure that they are in line with the grant budget. This process includes monitoring actual expenses against the budget, identifying and addressing variances, and making adjustments as needed to ensure that the grant is executed within budget.

**\*\*Indirect Costs:\*\*** Costs that cannot be directly traced to a product, service, or department. Indirect costs include overhead expenses, such as rent, utilities, and salaries, that are incurred for the benefit of multiple departments or activities.

**\*\*Managerial Accounting:\*\*** A branch of accounting that focuses on providing financial information to managers for decision-making purposes. Managerial accounting includes cost accounting, budgeting, and financial analysis.

**\*\*Operating Budget:\*\*** A financial plan that outlines an organization's expected revenues and expenses for ongoing operations. The operating budget excludes capital expenditures and one-time expenses.

**\*\*Overhead Costs:\*\*** Costs that are incurred for the general operation of an organization, but cannot be directly traced to a product, service, or department. Overhead costs include rent, utilities, salaries, and other expenses that are necessary for the organization's operation.

**\*\*Prime Costs:\*\*** Direct costs that include only raw materials and direct labor. Prime costs do not include overhead expenses.

**\*\*Program Budget:\*\*** A financial plan that outlines the costs associated with a specific program or project. The program budget is used to request funding, track expenses, and report on financial performance.

**\*\*Restricted Funds:\*\*** Funds that are received with specific restrictions on their use. Restricted funds can only be used for the purpose specified by the donor, and they must be accounted for separately from

unrestricted funds.

**\*\*Variable Costs:\*\*** Costs that change with the level of production or activity. Variable costs include raw materials, direct labor, and other costs that are directly related to the volume of production.

**\*\*Zero-Based Budgeting (ZBB):\*\*** A budgeting method that starts from zero and requires each department or cost center to justify all expenses for the upcoming period. ZBB is used to eliminate waste, reduce costs, and improve efficiency.