

Explanation of Form

The annual inactive program income report is used to only report *inactive* program income earned during the reporting period by *closed* grants and not any currently projects:

- **Active program income:** It is NOT the same thing as Miscellaneous Income. Active program income is received prior to administrative close out. You use it or you lose it. Miscellaneous program income is income earned after closeout but before it accumulates to \$35,000 at which time it becomes inactive program income.
- **Inactive program income:** All income earned after a grant has been administratively closed out on or after 10/1/2014. You can't use it until you report it.

Therefore, if the grantee only has active grants, you do NOT need to report on how much active program income was earned during the reporting period. You just need to note on the report something like: "The grantee has no grants closed on or after 10/1/2014."

- 1) **Definition of Program Income.** Proceeds received in a 12 month period of \$35,000 or more from a project funded with CDBG monies.
- 2) **Definition of Active Program Income.** Revenue generated as a result of a CDBG investment and received during implementation of a Project before Administrative Closeout.
- 3) **Definition of Inactive Program Income.** Proceeds received in a 12 month period of \$35,000 or more from an Administratively Closed project funded with CDBG monies.
- 4) **Definition of Miscellaneous Revenue.** Proceeds received in a 12 month period of less than \$35,000 from an Administratively Closed project funded with CDBG monies.
- 5) **Policies Applicable to All CDBG Funded Activities from Which Proceeds are Generated.**
 - a) Written Approval of Use of Inactive Program Income and Miscellaneous Revenue. Use of Inactive program income and miscellaneous revenue must be governed by a DHCD approved Program Income Plan or other written agreement.

- b) Eligible Uses of Inactive Program Income. Grantees who are allowed to retain program income at the end of a reporting period may only expend proceeds for the same activities for which the proceeds were generated.
- c) Expenditure of Funds. No amount of the Inactive program income received in the 12 month reporting period (July 1 – June 30) may be expended until after the period has ended and that fiscal year's report has been submitted to and approved by DHCD. Grantees must retain the funds until authorized to expend locally or transmit funds to DHCD.
- d) Reporting Lump Sum Receipts of Program Income. Any lump sum receipt of Inactive Program Income (\$35,000 or more) during a state fiscal year must be reported to DHCD at the time it is received and transmitted to DHCD within 60 days. The state fiscal year is from July 1 through June 30.