COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
FINANCE COMMITTEE

Monday, January 11, 2016
12:00 noon

CAPMC Conference Room #2
(in Head Start Area)
1225 Gill Avenue
Madera, CA 93637

AGENDA

CALL TO ORDER

A. ROLL CALL – Melisa DaSilva

B. ADOPTION OF THE AGENDA

C. CONSENT CALENDAR
   All items listed below will be enacted in one motion unless removed from the consent calendar for discussion.

   C-1. Approve Minutes of Finance Committee Meeting – October 5, 2015

D. DISCUSSION ITEMS/ACTION ITEMS


   D-3. Review and Approve Revised Accounting and Financial Policies and Procedures (Item tabled from Board Meeting on December 10, 2015)

E. FINANCIAL REPORTS

F. FUTURE MEETINGS

   Next Finance Committee Meeting – Monday, April 11, 2016

ADJOURN
The meeting was called to order by Donna Tooley at 5:10 p.m.

A. **Members Present**
   - Rick Farinelli
   - Emlen Miles-Mattingly
   - Ruth Carral

   **Absent**
   - None

   **Staff Present**
   - Donna Tooley, *Chief Financial Officer*
   - Melisa DaSilva, *Assistant to the Executive Director*

B. **ADOPTION OF THE AGENDA**
   A motion was made by Ruth Carral to adopt the agenda, seconded by Emlen Miles Mattingly.
   Vote: Carried unanimously.

C. **CONSENT CALENDAR**
   No consent items to present. There was no quorum at the May meeting.

D. **DISCUSSION ITEMS/ACTION ITEMS**
   D-1 Review and approve the agency-wide budget required by the new CSBG Organizational Standards adopted by the State of California Community Services Division

   Donna Tooley shared that the new CSBG Organizational Standards have now been adopted by the State of California Community Services Division. One of the standards requires an agency-wide budget for review by the board. In order to determine the budget, Donna looked at the 2014 final audit numbers, the 2014-2015 spending, and determined if the funding source was ongoing for the 2015-2016 year. The Finance Committee reviewed the agency-wide budget and Donna indicated that the budget was prepared without the use of any reserves. This report is in addition to the program reports that are prepared for the board review on a monthly basis. Rick Farinelli asked if we know how many people we serve under each category and if this information could be added to this report.

   There are no requirements to provide updates to the budget and will only be presented on an annual basis.

   Motion: Approve the agency-wide budget required by the new CSBG Organizational Standards adopted by the State of California Community Services Division
   Moved by Emlen Miles Mattingly, seconded by Ruth Carral
   Vote: Carried unanimously
D-2 Review and accept the authorization for the Chief Financial Officer to file the 2014 Form 5500 tax return for the 403(b) retirement plan of Community Action Partnership of Madera County, Inc.

The 2014 Form 5500 has been prepared by our third party administrator, All Valley Administrators and a limited scope audit by CAPMC accountant, Randolph Scott & Company has been completed. The cost of the audit was $5,000. There are currently 7.1 million in assets for the participants in the plan. CAPMC staff is automatically enrolled in the 403B program after meeting the one year employment requirements.

Motion: Accept the authorization for the Chief Financial Officer to file the 2014 Form 5500 tax return for the 403(b) retirement plan of Community Action Partnership of Madera County, Inc.
Moved by Emlen Miles-Mattingly, seconded by Ruth Carral
Vote: Carried unanimously

D-3 Review and approve the discretionary employer contribution in the amount of $306,243.06 for the plan year ended December 31, 2014.

The 4% employee contribution was approved by the Board of Directors in December 2014. The actual contribution is $306,243.06.

Emlen Miles-Mattingly asked how many of our employees are contributing to the retirement plan and what we can do to make them aware of the importance of saving money towards retirement. Donna shared that a VOYA representative comes to the agency several times per year to talk with employees regarding their retirement plan. Emlen suggested that we have educational presentations to employees about how to implement a retirement plan.

Motion: Approve the discretionary employer contribution in the amount of $306,243.06 for the plan year ended December 31, 2014.
Moved by Rick Farinelli, seconded by Ruth Carral
Vote: Carried unanimously

E. FINANCIAL REPORTS
Ms. Tooley reviewed the Fiscal Expenditure Report for the period ending September 30, 2015.

- CSBG at 60.36%.
- Regional Head Start started in September, 2015. New Early Head Start program has secured a location and are recruiting for personnel. On target.
- Child and Adult Food Care Program on target. Program will be spent in full. Auditors from the program have been at CAPMC for the past two weeks. Audit going well.
- Madera Migrant is serving 692 children. Program year progressing well.
- Fresno Migrant program just beginning the program year for 15/16 on September 1, 2015.
- California State Preschool Program – Waiting to hear from specialist
regarding moving slots from Fresno to Madera.
• Resource and Referral programs progressing.
• Alternative Payment Program received an additional $500,000 from the State of California to serve more program participants.
• Victim Services programs on target. Donation over budget a little and may need to use reserves for the overage.
• Community Services programs on target.

F. **FUTURE MEETINGS**
   To be determined

**ADJOURN**
Motion to adjourn by Emlen Miles-Mattingly, seconded by Rick Farinelli. The meeting was adjourned at 5:30 PM.
DATE: January 5, 2016
TO: Finance Committee
FROM: Donna Tooley, Chief Financial Officer

I. RECOMMENDATION:
   Review and accept the audit report and the audited financial statements for the year ended
   June 30, 2015

II. SUMMARY:
   The agency is required to have an independent, single-wide agency audit every year. Randolph
   Scott & Company, CPAs prepared the audit report on the financial statements for the fiscal year
   ended June 30, 2015. The Finance Committee recommends that the Board of Directors accept
   the audit report and the related financial statements for the period ended June 30, 2015.

III. DISCUSSION:
   A. Community Action Partnership of Madera County is required to have an independent, single-
      wide agency audit because of the federal funding that the agency receives. Randolph Scott &
      Company, CPAs performed the audit work and prepared the audit report.
   B. The agency audit report was unmodified.
   C. There were no questioned costs and no findings for the current year.
   D. Once the CAPMC Board accepts the audit report, it will be forwarded to the Madera
      County Board of Supervisors for its acceptance.
   E. There was no separate management letter issued by Randolph Scott & Company for
      the fiscal year ended June 30, 2015. This is where comments and recommendations
      for strengthening internal controls and improving operations would have been noted.
   F. Giulie Camden, partner at Randolph Scott & Company, will hold a telephone
      conference call with the Finance Committee during its meeting on January 11, 2016.

IV. FINANCING:
   The audit cost of $29,500 was budgeted in the Indirect Cost Pool.
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

REPORT ON EXAMINATION
OF FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2015
(With Comparative Totals for 2014)
SUPPLEMENTAL REPORTING REQUIREMENTS OF THE
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES & DEVELOPMENT

COMMUNITY SERVICES BLOCK GRANT-
  Statements of Revenue and Expenses ........................................42

ENERGY PROGRAMS-
  Statements of Revenue and Expenses ........................................46

SUPPLEMENTAL REPORTING REQUIREMENTS OF THE
CALIFORNIA OFFICE OF EMERGENCY SERVICES

  Statement of Revenue and Expenses ........................................53

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CALIFORNIA DEPARTMENT OF EDUCATION

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  Schedule of Equipment Expenditures and Schedule
  Of Building and Improvement Costs .........................................63
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  Relating to California Department of Education Programs ................64
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  Commingled Programs .......................................................66
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  Schedule of Findings and Questioned Costs ..............................84
Board of Directors  
Community Action Partnership of Madera County, Inc.  
Madera, California  

INDEPENDENT AUDITORS' REPORT  

Report on the Financial Statements  

We have audited the accompanying financial statements of Community Action Partnership of Madera County, Inc., which comprise the statement of financial position as of June 30, 2015, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements  

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility  

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
Board of Directors
Community Action Partnership of Madera County, Inc.
December 8, 2015

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action Partnership of Madera County, Inc., as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of Federal and State awards, the combining statement of activities, and the supplemental reporting requirements found on pages xx through xx are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2015 on our consideration of Community Action Partnership of Madera County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the Government Auditing Standards in considering Community Action Partnership of Madera County, Inc.'s internal control over financial reporting and compliance.
Board of Directors
Community Action Partnership of Madera County, Inc.
December 8, 2015

Report on Summarized Comparative Information
We have previously audited Community Action Partnership of Madera County, Inc.'s June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Randolph Scott & Co.
Certified Public Accountants, Inc.
Novato, California
# Community Action Partnership of Madera County, Inc.
## Statement of Financial Position
### June 30, 2015
(With Comparative Totals For 2014)

### Assets

<table>
<thead>
<tr>
<th>Assets</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total June 30, 2015</th>
<th>Total June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents (Note A)</td>
<td>$ 2,303,855</td>
<td>$ 1,466</td>
<td>$ 2,305,321</td>
<td>$ 1,517,082</td>
</tr>
<tr>
<td>Cash Held for Fiscal Sponsorship</td>
<td>409</td>
<td></td>
<td>409</td>
<td>46,653</td>
</tr>
<tr>
<td>Grants Receivable</td>
<td>1,138,888</td>
<td></td>
<td>1,138,888</td>
<td>1,298,547</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>109,954</td>
<td></td>
<td>109,954</td>
<td>9,249</td>
</tr>
<tr>
<td>Food &amp; Custodial Supply Inventory</td>
<td>31,456</td>
<td></td>
<td>31,456</td>
<td>25,392</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>37,899</td>
<td></td>
<td>37,899</td>
<td>26,581</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>3,622,461</td>
<td>1,466</td>
<td>3,623,927</td>
<td>2,923,504</td>
</tr>
<tr>
<td><strong>Property and Equipment (Note D)</strong></td>
<td>2,382,413</td>
<td></td>
<td>2,382,413</td>
<td>2,763,495</td>
</tr>
<tr>
<td><strong>Deposits</strong></td>
<td>124,480</td>
<td></td>
<td>124,480</td>
<td>199,659</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$ 6,129,354</strong></td>
<td><strong>$ 1,466</strong></td>
<td><strong>$ 6,130,820</strong></td>
<td><strong>$ 5,886,658</strong></td>
</tr>
</tbody>
</table>

### Liabilities and Net Assets

**Current Liabilities:**

- Current Portion of Capital Leases (Note G) $ 10,689
- Current Portion of Note Payable (Note H) $ 7,417
- Line of Credit (Note E) $ -
- Accounts Payables and Accrued Expenses $ 2,689,181
- Funds Held for Others $ 409
- Due to Funder $ 29,695
- CDE Reserve (Note F) $ 14,009
- Deferred Revenue $ 370,685
- **Total Current Liabilities** $ 3,122,085

**Obligations Under Capital Leases (Note G)** $ 16,161

**Note Payable (Note H)** $ 26,221

**Commitments and Contingency (Note P)** $ -

**Net Assets:**

- Unrestricted / Undesignated, as restated $ 739,294
- Property and Equipment $ 2,225,593
- Temporarily Restricted $ -
- **Total Liabilities and Net Assets** $ 6,129,354

See Notes to Financial Statements
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015
(With Comparative Totals For 2014)

REVENUES, GAINS, AND OTHER SUPPORT:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total Year Ended June 30, 2015</th>
<th>Total Year Ended June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Income - Federal</td>
<td>$16,399,358</td>
<td>$</td>
<td>$16,399,358</td>
<td>$15,631,280</td>
</tr>
<tr>
<td>Grant Income - State</td>
<td>3,997,113</td>
<td>3,997,113</td>
<td>3,763,719</td>
<td>240,016</td>
</tr>
<tr>
<td>Grant Income - Local Govt.</td>
<td>277,586</td>
<td>277,586</td>
<td>222,915</td>
<td>11,860</td>
</tr>
<tr>
<td>Grant &amp; Contract Income - Other</td>
<td>60,199</td>
<td>60,199</td>
<td>142,852</td>
<td></td>
</tr>
<tr>
<td>Inkind Donations (Note J)</td>
<td>2,377,230</td>
<td>2,377,230</td>
<td>2,226,915</td>
<td>77,649</td>
</tr>
<tr>
<td>Donations</td>
<td>90,447</td>
<td>90,447</td>
<td>102,087</td>
<td>11,786</td>
</tr>
<tr>
<td>Rental Income</td>
<td>18,361</td>
<td>18,361</td>
<td>11,860</td>
<td>11,860</td>
</tr>
<tr>
<td>Parent Fees</td>
<td>92,565</td>
<td>92,565</td>
<td>102,087</td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>1,352</td>
<td>1,352</td>
<td>1,549</td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>12,179</td>
<td>12,179</td>
<td>6,186</td>
<td></td>
</tr>
<tr>
<td>Net Assets Released From Restrictions (Note C):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of Program Restrictions</td>
<td>4,555</td>
<td>(4,555)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Expiration of Time Restrictions</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenues, Gains, and Other Support</strong></td>
<td><strong>23,330,945</strong></td>
<td><strong>(4,555)</strong></td>
<td><strong>23,326,390</strong></td>
<td><strong>22,204,845</strong></td>
</tr>
</tbody>
</table>

EXPENSES AND LOSSES:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total Year Ended</th>
<th>Total Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>1,547,570</td>
<td>1,547,570</td>
<td>1,476,642</td>
<td>237,925</td>
</tr>
<tr>
<td>CSBG</td>
<td>413,386</td>
<td>413,386</td>
<td>4,004,649</td>
<td>196,886</td>
</tr>
<tr>
<td>Regional Head Start</td>
<td>4,322,118</td>
<td>4,322,118</td>
<td>10,155,144</td>
<td>5,723,701</td>
</tr>
<tr>
<td>Migrant Programs</td>
<td>10,512,653</td>
<td>10,512,653</td>
<td>10,155,144</td>
<td>5,723,701</td>
</tr>
<tr>
<td>Child Care Programs</td>
<td>5,791,590</td>
<td>5,791,590</td>
<td>196,886</td>
<td>5,723,701</td>
</tr>
<tr>
<td>Emergency Food &amp; Shelter</td>
<td>221,060</td>
<td>221,060</td>
<td>196,886</td>
<td>5,723,701</td>
</tr>
<tr>
<td>Energy Program</td>
<td>760,173</td>
<td>760,173</td>
<td>672,900</td>
<td>672,900</td>
</tr>
<tr>
<td>Senior Services</td>
<td>237,963</td>
<td>237,963</td>
<td>169,790</td>
<td>169,790</td>
</tr>
<tr>
<td>Other Programs</td>
<td>1,043,216</td>
<td>1,043,216</td>
<td>1,169,368</td>
<td>1,169,368</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(1,545,737)</td>
<td>(1,545,737)</td>
<td>(1,472,634)</td>
<td>(1,472,634)</td>
</tr>
<tr>
<td><strong>Total Expenses and Losses</strong></td>
<td><strong>23,303,992</strong></td>
<td><strong>(4,555)</strong></td>
<td><strong>23,303,992</strong></td>
<td><strong>22,334,371</strong></td>
</tr>
</tbody>
</table>

CHANGE IN NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total Year Ended</th>
<th>Total Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26,953</td>
<td>(4,555)</td>
<td>22,398</td>
<td>(129,526)</td>
</tr>
</tbody>
</table>

ADJUSTMENTS TO NET ASSETS:

Net Additions to Restricted Net Assets | 50,372 | 50,372 | 237,769 |
Net Adjustments for Financing | 6,963 | 6,963 | 6,528 |

**NET ASSETS, Beginning of Year** | 3,295,017 | 6,021 | 3,301,036 | 3,633,552 |

**NET ASSETS, End of Year** | $2,964,887 | $1,466 | $2,966,353 | $3,301,038 |

See Notes to Financial Statements
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015
(With Comparative Totals For 2014)

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th>Total June 30, 2015</th>
<th>Total June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Net Assets</td>
<td>$22,398</td>
<td>($129,526)</td>
</tr>
<tr>
<td>Adjustments to Reconcile Net Revenue and Support to Cash Provided by Operating Activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation, net of amount charged to Net Assets (Note D)</td>
<td>24,352</td>
<td>35,621</td>
</tr>
<tr>
<td>(Gain)/Loss on Disposal of Assets, net of amount to Net Assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(Increase) Decrease in Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants Receivable</td>
<td>159,659</td>
<td>(190,563)</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>(100,705)</td>
<td>3,414</td>
</tr>
<tr>
<td>Food &amp; Custodial Supply Inventory</td>
<td>(6,064)</td>
<td>503</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>(11,318)</td>
<td>3,977</td>
</tr>
<tr>
<td>Deposits</td>
<td>75,179</td>
<td>(32,102)</td>
</tr>
<tr>
<td>Increase (Decrease) in Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable and Accrued Expenses</td>
<td>313,650</td>
<td>272,141</td>
</tr>
<tr>
<td>Funds Held for Others</td>
<td>(46,244)</td>
<td>46,653</td>
</tr>
<tr>
<td>Due to Funder</td>
<td>27,803</td>
<td>(77,014)</td>
</tr>
<tr>
<td>CDE Reserve</td>
<td>(451)</td>
<td>1,119</td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>308,314</td>
<td>(333,888)</td>
</tr>
<tr>
<td>Total Adjustments</td>
<td>744,175</td>
<td>(270,149)</td>
</tr>
<tr>
<td>Net Cash Provided (Used) By Operating Activities:</td>
<td>766,573</td>
<td>(399,675)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM INVESTING ACTIVITIES:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of Property and Equipment</td>
<td>(59,005)</td>
<td>(260,031)</td>
</tr>
<tr>
<td>Less Additions to Property &amp; Equipment Charged to Net Assets</td>
<td>50,372</td>
<td>237,769</td>
</tr>
<tr>
<td>Net Cash Provided (Used) By Investing Activities:</td>
<td>(8,633)</td>
<td>(22,262)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM FINANCING ACTIVITIES:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions to Capital Lease</td>
<td>-</td>
<td>22,263</td>
</tr>
<tr>
<td>Payments on Capital Lease, less interest of $4,083 &amp; $5,596 respectively</td>
<td>(15,945)</td>
<td>(13,390)</td>
</tr>
<tr>
<td>Less Net Capital Lease Activity Charged Directly to Restricted Net Assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payments on Note, less interest of $2,419 &amp; $2,854 respectively</td>
<td>(6,963)</td>
<td>(6,527)</td>
</tr>
<tr>
<td>Less Additions Charged Directly to Restricted Net Assets</td>
<td>6,963</td>
<td>6,528</td>
</tr>
<tr>
<td>Net Cash Provided (Used) By Financing Activities:</td>
<td>(15,945)</td>
<td>8,874</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>741,995</td>
<td>(413,063)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH AND CASH EQUIVALENTS, Beginning of year</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,563,735</td>
<td>1,976,798</td>
</tr>
</tbody>
</table>

| CASH AND CASH EQUIVALENTS, End of year       | $2,305,730          | $1,563,735          |

<table>
<thead>
<tr>
<th>NON-CASH ACTIVITIES:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Expense</td>
<td>$7,222</td>
<td>$8,450</td>
</tr>
<tr>
<td>Inkind Services</td>
<td>$2,377,230</td>
<td>$2,226,915</td>
</tr>
</tbody>
</table>

See Notes to Financial Statements
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015
(With Comparative Totals for 2014)

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Community Action Partnership of Madera County, Inc., (the Agency) was founded as a nonprofit public benefit corporation in December of 1965 as Madera County Action Committee, Inc. The Agency legally changed its name to Madera County Community Action Agency Inc. in April of 1999 and finally to Community Action Partnership of Madera County, Inc. in April of 2006. The Agency was organized for the purpose of directing available public and private resources for a coordinated effort in the prevention of poverty and the circumstances that perpetuate it. The Agency is primarily funded through federal, state and local governmental units.

Major Programs

Head Start: The head start program provides early education and services for low income children and families in Madera and Mariposa Counties. Services include child care, medical/dental screening, meals for children, mental health & disability services, and health and nutrition education.

Migrant Programs: The migrant programs provide early education and other services to low income children and families of migrant workers in Fresno, Merced and Madera Counties. Services include child care, medical/dental screening, meals for children, mental health & disability services, and health and nutrition education.

Child Care Programs: The child care programs provide child care and referral services for low income families. Other services provided include nutrition for children enrolled with family day care providers, educational and learning materials, and CPR and first aid classes to providers.

Other major programs of the Agency include Victim Services such as domestic violence and sexual assault programs and Community Services such as emergency food and shelter program, energy assistance and senior services.

Basis of Accounting

The accounting records of the Agency are maintained on the accrual basis.
NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—
(Continued)

Fund Accounting
To ensure observance of limitations and restrictions placed on the use of resources available to the Agency, the accounts of the Agency are maintained in accordance with the principles of fund accounting. Fund accounting is the procedures by which resources for the various programs are classified for accounting and reporting according to the activities and objectives specified by donors, grantors, officials, and governing boards. Separate accounts are maintained for each fund.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net assets, and revenue and expenses for the reporting period. Actual results could differ from those estimates.

Fair Values of Financial Instruments
The following methods and assumptions were used to estimate the fair value of financial instruments:

- *Cash and cash equivalents*: The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value.

- *Grants receivable and Deferred Revenue*: The carrying amounts of grants receivable and deferred revenue in the balance sheet approximates fair value.

- *Notes Payable and lease obligations*: The carrying value of the Agency’s debt approximates fair value because of the variable of market interest rates.

Concentration of Credit Risk
Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of uninsured cash balances. The Agency places its cash deposits with high-credit, quality financial institutions. At times, balances in the Agency’s accounts may exceed the Federal Deposit Insurance Corporation (FDIC) limit of $250,000. The Agency has an agreement with West America Bank, which requires the bank to collateralize all deposits in excess of the first $100,000 in demand deposits. An independent third party holds assets pledged as collateral by the bank under this agreement.
NOTE A - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(Continued)

Concentration of Revenue Sources

During the year ended June 30, 2015, the Agency had four major revenue sources that
together accounted for approximately 87% of the total revenue of the Agency. The major
revenue sources include the Agency’s Head Start Program, their two Migrant Head Start
Programs and the California Department of Education grants included within the Child
Care programs.

Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash
equivalents are short term, highly liquid investments that are readily convertible to known
amounts of cash and investments so near their maturity that the risk of changes in value
due to changes in interest rates is negligible. These are generally investments with
maturity dates within three months of their acquisition date. Not included as cash
equivalents are funds restricted as to their use, regardless of liquidity or the maturity dates
of investments.

Prepaid Expenses

Prepaid expense balances are calculated and adjusted at year-end to properly charge
funds in the period benefited.

Property and Equipment

The Agency reports gifts of land, buildings, and equipment as unrestricted support unless
explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived
assets with explicit restrictions that specify how the assets are to be used and gifts of cash
or other assets that must be used to acquire long-lived assets are reported as restricted
support. Absent of explicit donor stipulations about how those long-lived assets must be
maintained, the Agency reports expirations of donor restrictions when the long-lived assets
are placed in service.

The Agency capitalizes all asset purchases of $5,000 or more, except where a grantor
may impose a different threshold. The Agency records purchased property and equipment
at cost on the date received.
NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—
(Continued)

Property and Equipment – (Continued)

Property and equipment purchased in connection with the restricted funds are expensed during the grant period. These purchases are also capitalized in the equipment fund, and depreciated over their useful lives. Depreciation is shown as a reduction to the restricted net asset account. Retirements are reflected as decreases to the furniture and equipment account, with a corresponding reduction in restricted net assets. Title to those assets vests with the Agency subject to any restrictions or limitations placed on it by the specific original funding source.

As further discussed in Note D, property and equipment not purchased with grant funds are depreciated by the straight-line method over the estimated useful lives of the respective assets.

Vacation and Sick Leave Policy

Vacation benefits are accrued on a monthly basis. Employees may accumulate up to a maximum of 35 days (280 hours) of vacation. Benefits cease to accrue until the employee’s accumulated hours drop below 279.

For full-time, regular and limited term employees, sick leave accrues at the rate of one day per month. Sick leave can be accumulated without limit. Part-time employees accrue sick leave on a pro-rated basis based on the number of hours worked.

Revenue Recognition

Contributions and unconditional grants are recognized as support and revenues when they are received or unconditionally pledged. These contributions and gifts are shown as restricted support and revenues if they are subject to time or donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is accomplished, or both. However, temporarily restricted contributions and grants are reported as unrestricted support and revenues if the restriction is met in the same year that the gift is received.

Conditional contributions are not recorded as support and revenues until the conditions are met. Payments classified as exchange transactions (reciprocal transfers between two entities in which goods and services of equal value is exchanged) are not recorded as other support and revenue until allowable expenditures are incurred.
NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—
(Continued)

Allocation of Expense

The costs of operating the various programs and other activities have been summarized on a functional basis in the combining statement of activities. As further discussed in Note M, certain costs have been allocated among the programs benefited based upon the Agency’s cost allocation plan.

Income Taxes

The Agency is exempt from Federal and State income tax under Section 501 (c)(3) of the Internal Revenue Code, and Section 23701(d) of the State of California Revenue and Taxation Code.

Generally accepted accounting principles provide accounting and guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Agency in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Agency’s returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Summarized Information for 2014

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Such information should be read in conjunction with the organization’s financial statements for the year ended June 30, 2014, from which the summarized information was derived.

NOTE B – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are part of the net assets of the Agency resulting from contributions and other inflows of assets whose use by the Agency is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Agency pursuant to those stipulations.
NOTE B – TEMPORARILY RESTRICTED NET ASSETS – (Continued)
At June 30, 2015, the Agency’s temporarily restricted net assets were as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Migrant Programs</td>
<td>$1,147</td>
</tr>
<tr>
<td>Emergency Programs</td>
<td>$40</td>
</tr>
<tr>
<td>Senior Services</td>
<td>$279</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,466</strong></td>
</tr>
</tbody>
</table>

NOTE C – NET ASSETS RELEASED FROM DONOR RESTRICTIONS
Net Assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. For the year ended June 30, 2015, net assets released from donor restrictions were as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Migrant Programs</td>
<td>$4,467</td>
</tr>
<tr>
<td>Child Care Programs</td>
<td>$88</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,555</strong></td>
</tr>
</tbody>
</table>

NOTE D – PROPERTY AND EQUIPMENT
Property and equipment at June 30, 2015 consisted of the following:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost/Basis</th>
<th>Accumulated Depreciation</th>
<th>Net Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>$4,514,110</td>
<td>$2,582,813</td>
<td>$1,931,297</td>
</tr>
<tr>
<td>Building Improvements</td>
<td>$72,460</td>
<td>$36,399</td>
<td>$36,061</td>
</tr>
<tr>
<td>Vehicles</td>
<td>$954,392</td>
<td>$836,512</td>
<td>$117,880</td>
</tr>
<tr>
<td>Equipment</td>
<td>$921,487</td>
<td>$833,780</td>
<td>$87,707</td>
</tr>
<tr>
<td>Capital Leased Equipment</td>
<td>$45,030</td>
<td>$40,927</td>
<td>$4,103</td>
</tr>
<tr>
<td>Land</td>
<td>$59,005</td>
<td>-</td>
<td>$59,005</td>
</tr>
<tr>
<td>Land Improvements</td>
<td>$189,570</td>
<td>$43,210</td>
<td>$146,360</td>
</tr>
</tbody>
</table>

| **Total**                 | **$6,756,054** | **$4,373,641** | **$2,382,413** |

Total unrestricted depreciation expense for the year ended June 30, 2015 was $24,352. As indicated in Note A, depreciation expense that was charged as a reduction in the Restricted Net Assets account was $384,272.
NOTE E – LINE OF CREDIT

The Agency has an unsecured, bank line of credit in the amount of $150,000, with a maturity date of January 31, 2016. The line of credit’s interest rate currently varies with the bank’s index rate. At June 30, 2015, the interest rate was 5.25%. As of June 30, 2015 there is no balance due on the line of credit.

NOTE F – STATE CHILD DEVELOPMENT RESERVES

Child development contractors with the California Department of Education (CDE) are allowed, with prior approval, to maintain a reserve account from earned but unexpended child development contract funds. Transfers from a reserve account are considered restricted income for child development programs, but may be applied to any of the contracts that are eligible to contribute to that particular program type. The Agency maintains reserve accounts where the funds are deposited in an interest bearing account.

The balance for the reserve account at June 30, 2015 totaled $14,009, which is recorded as an asset in the cash account. Also, upon termination of child development contracts with CDE, the Agency would have to return the reserve funds to CDE. As such, the offsetting balance of $14,009 is recorded as a liability in the Agency’s financial statements.

NOTE G – OBLIGATIONS UNDER CAPITAL LEASES

At June 30, 2015, obligations under capital leases consisted of the following:

The Agency holds copiers under multiple capital lease agreements, with principal and interest due in monthly installments ranging from $158 to $563. Maturity dates vary.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity dates vary</td>
<td>$ 26,850</td>
</tr>
<tr>
<td>Less: Current Portion</td>
<td>10,689</td>
</tr>
<tr>
<td></td>
<td>$ 16,161</td>
</tr>
</tbody>
</table>

Future annual payments on the capital lease is as follows:

<table>
<thead>
<tr>
<th>Yearn Ending:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2016</td>
</tr>
<tr>
<td></td>
<td>June 30, 2017</td>
</tr>
<tr>
<td></td>
<td>June 30, 2018</td>
</tr>
<tr>
<td></td>
<td>June 30, 2019</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Less amount representing interest

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,623</td>
</tr>
</tbody>
</table>

Total future principal payments

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 26,850</td>
</tr>
</tbody>
</table>

13
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015
(With Comparative Totals for 2014)

NOTE H – NOTE PAYABLE

At June 30, 2015, the note payable balance consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note payable, secured by deed of trust with interest of 6.46% and principal due in monthly installments of $781 through August 10, 2019.</td>
<td>$33,638</td>
</tr>
<tr>
<td>Less: current portion</td>
<td>7,417</td>
</tr>
<tr>
<td>Long-Term Portion</td>
<td>$26,221</td>
</tr>
</tbody>
</table>

Future principal maturities on the note payable are as follows:

<table>
<thead>
<tr>
<th>Year Ending:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2016</td>
<td>$7,417</td>
</tr>
<tr>
<td>2017</td>
<td>7,911</td>
</tr>
<tr>
<td>2018</td>
<td>8,437</td>
</tr>
<tr>
<td>2019</td>
<td>8,998</td>
</tr>
<tr>
<td>2020</td>
<td>875</td>
</tr>
<tr>
<td></td>
<td>$33,638</td>
</tr>
</tbody>
</table>

NOTE I – NUTRITION PROGRAMS

The contractor had a nutrition agreement with CDE for Child and Adult Care Food Programs, as reported in the Schedule of Expenditures of Federal and State Awards. No nutrition schedules are included in this audit because the audit is not a program-specific nutrition audit, and no program findings or adjustments were calculated with this audit.

NOTE J – DONATED MATERIALS AND SERVICES

Donated materials and services (In-kind) are reflected as contributions in the accompanying statements at their fair market value. A donation is allowable as In-kind under accounting principles generally accepted in the United States of America and grant funding terms and conditions if such materials or services would have been purchased if not provided by donation or if the service required specialized skills and are provided by individuals possessing such specialized skills. The types of in-kind donated to the Agency include volunteer services and supplies. The total in-kind contributions for the year ended June 30, 2015 were $2,377,230.
NOTE K – DEFINED CONTRIBUTION PLAN

The Agency maintains a defined contributory retirement plan available for its employees which allows participants to make tax deferred investment contributions. The plan qualifies under the provisions of Section 403 (b) of the Internal Revenue Code of 1954, as amended. Total cash contributions made by the Agency to the Plan for the year ended June 30, 2015 were $423,398.

NOTE L – RELATED PARTY TRANSACTIONS

In accordance with state and local laws, the Madera County Board of Supervisors maintains an oversight role with the Agency. Additionally, the Agency’s executive director is an employee of the County. The County also has executed contracts with the Agency to provide various services to the community. The Agency’s management and the Board of Directors believe that all transactions with the County were made in the ordinary course of business on substantially the same terms as those prevailing at the time for comparable transactions with other agencies.

NOTE M – COST ALLOCATION PLAN

The Agency updates its cost allocation plans annually or more frequently when there is a need due to changes in program enrollment or other cost drivers. The Cost Allocation plan is reviewed by the Agency’s auditors for compliance with applicable laws and regulations. The Agency obtains approval of the cost allocation plan from its Board of Directors and the indirect cost rate is approved annually by the U.S. Department of Health & Human Services. Its written cost allocation plan is on file in the organization’s main accounting office. The Agency applies several methods for allocating costs:

Direct Costs. Costs identified 100 percent to a specific program are charged directly to that program.

Shared Direct Costs. Costs identified to specific multiple programs or activities are shared between the programs benefitting.

- Payroll costs are allocated using individual time sheets that report the actual time spent by employees in each program each day. Administrative and fiscal staff whose time benefits all programs have their payroll charged to the administrative cost pool. Head Start program managers allocate their time between head start and migrant head start based upon child enrollment.
NOTE M – COST ALLOCATION PLAN – (Continued)

- Rent and associated utilities, maintenance, and insurance are allocated using the square footage of building space occupied by each program, according to floor plans and/or room measurements.
- Training costs for staff members are allocated to programs in proportion to the actual time employees spent working in those programs.
- IT and computer related expenses are allocated to the programs in proportion to the number of computers in use or assigned to each program.

Indirect Costs. Costs that benefit the operations of the entire organization, which cannot be identified to specific programs or activities, are allocated according to an indirect cost allocation plan. The Agency follows the Simplified Allocation Method for indirect costs as described in OMB Circular A-122, Cost Principles for Non-Profit Organizations. During the fiscal year ended June 30, 2015 the federally approved indirect cost rate was 9.1%. When certain funding sources have a maximum allowable indirect rate that is lower than the Agency’s federally approved indirect rate, then unrestricted sources of income are utilized to cover the cost deficit.

NOTE N – EMPLOYMENT AGREEMENTS

The Agency’s full-time and regular part-time Regional/Migrant/Seasonal Head Start employees are members of the Service Employees International Union, Local 521. The collective bargaining agreement with this Union will continue through April 30, 2015.

NOTE O – SUBCONTRACT AGREEMENT

The Agency entered into multiple subcontract agreements to operate their Migrant Head Start Programs and their State Migrant programs for the year ended June 30, 2015. These subcontracts are included in the schedule of expenditures of federal and state awards. In addition the State Migrant programs are also included in the supplemental reporting requirements of the CDE in this audit report.
NOTE P – COMMITMENTS AND CONTINGENCY

Commitments

The Agency leases various office and facility space. Future obligations on non-cancelable leases are as follows:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2016</td>
<td>$ 496,310</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td>408,150</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td>350,832</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td>345,173</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td>295,482</td>
</tr>
<tr>
<td>Thereafter</td>
<td></td>
<td>3,912,310</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ 5,808,257</td>
</tr>
</tbody>
</table>

Total rent expense for the year ended June 30, 2015 was $538,271.

Contingency

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Agency deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants. The Agency's management is of the opinion that the organization has complied with the terms of all grants.

NOTE Q – SUBSEQUENT EVENTS

The Agency has evaluated their financial position and activities from the June 30, 2015 year end of this report through December 8, 2015, which is the date that the financial statements were available to be issued. No material subsequent event items that required recognition or disclosure were identified.
ADDITIONAL INFORMATION
<table>
<thead>
<tr>
<th>Grantor / Pass-Through Grantor / or Program Title</th>
<th>Federal CFDA Number</th>
<th>Entity Identifying Number</th>
<th>Grant Award Amount</th>
<th>Expenditures or Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Federal</td>
<td>State</td>
</tr>
<tr>
<td>U.S. Department of Health &amp; Human Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Head Start-Madera Co.: 6/1/15-5/31/16</td>
<td>93.600</td>
<td>09CH96950-01</td>
<td>3,364,993 $</td>
<td>-</td>
</tr>
<tr>
<td>Pass-Through Program From:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>California Dept. of Comm., Services &amp; Development:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSBG: 1/1/14-12/31/14</td>
<td>93.569</td>
<td>14F-3023</td>
<td>319,401 $</td>
<td>-</td>
</tr>
<tr>
<td>CSBG: 1/1/15-12/31/15</td>
<td>93.569</td>
<td>15F-2023</td>
<td>261,727 $</td>
<td>-</td>
</tr>
<tr>
<td>Drought Water Assistance</td>
<td>93.569</td>
<td>15F-2404</td>
<td>60,000 $</td>
<td>-</td>
</tr>
<tr>
<td>VITA</td>
<td>21.009</td>
<td>14F-3074</td>
<td>69,555 $</td>
<td>-</td>
</tr>
<tr>
<td>LIHEAP: 1/1/14-1/31/15</td>
<td>93.568</td>
<td>14B-5020</td>
<td>574,073 $</td>
<td>-</td>
</tr>
<tr>
<td>LIHEAP: 1/1/15-1/31/15</td>
<td>93.568</td>
<td>15B-3020</td>
<td>649,037 $</td>
<td>-</td>
</tr>
<tr>
<td>LIHEAP: 10/1/14-3/31/15</td>
<td>93.568</td>
<td>14B-5104</td>
<td>47,558 $</td>
<td>-</td>
</tr>
<tr>
<td>Fresno Co Economic Opportunity Commission:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIWP: 1/1/15-12/31/17</td>
<td>93.568</td>
<td>N/A</td>
<td>112,688 $</td>
<td>-</td>
</tr>
<tr>
<td>California Department of Education:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternative Payment</td>
<td>93.596</td>
<td>CAPP-3034</td>
<td>1,072,398 $</td>
<td>282,020 $</td>
</tr>
<tr>
<td>Alternative Payment - Stage 2</td>
<td>93.596</td>
<td>C2AP-3032</td>
<td>1,956,832 $</td>
<td>-</td>
</tr>
<tr>
<td>Alternative Payment - Stage 3</td>
<td>93.595</td>
<td>C3AP-3031</td>
<td>406,063 $</td>
<td>236,524 $</td>
</tr>
<tr>
<td>Child Care Initiative Project</td>
<td>93.575</td>
<td>CCIP-4031</td>
<td>26,000 $</td>
<td>-</td>
</tr>
<tr>
<td>CCDF Health &amp; Safety</td>
<td>93.575</td>
<td>CHST-4031</td>
<td>2,443 $</td>
<td>-</td>
</tr>
<tr>
<td>Prekindergarten and Family Literacy Support</td>
<td>93.575</td>
<td>CPKS-4041</td>
<td>10,000 $</td>
<td>-</td>
</tr>
<tr>
<td>Resource &amp; Referral</td>
<td>93.575</td>
<td>CRPP-4031</td>
<td>22,450 $</td>
<td>160,616 $</td>
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<tr>
<td>State Preschool</td>
<td>93.596/93.575</td>
<td>CSPP-4258</td>
<td>70,167 $</td>
<td>351,530 $</td>
</tr>
<tr>
<td>Pass-Through Program From:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County of Stanislaus-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Migrant</td>
<td>93.596</td>
<td>CMIG-4018</td>
<td>440,004 $</td>
<td>-</td>
</tr>
<tr>
<td>Migrant Specialized Services</td>
<td>93.596</td>
<td>CMSS-4018</td>
<td>70,828 $</td>
<td>-</td>
</tr>
<tr>
<td>California Department of Health Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rape Prevention: 11/1/12-12/31/14</td>
<td>93.136</td>
<td>12-10386</td>
<td>62,394 $</td>
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<td>County of Madera:</td>
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<tr>
<td>Community Transformation Program</td>
<td>93.737</td>
<td>9715-C2012</td>
<td>33,600 $</td>
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<tr>
<td>Senior Meals</td>
<td>93.045</td>
<td>15-1455</td>
<td>32,000 $</td>
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<tr>
<td>Stanislaus County Office of Education:</td>
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<td></td>
</tr>
<tr>
<td>Madera Migrant Head Start: 3/1/14-2/28/15</td>
<td>93.600</td>
<td>90CM9801/1</td>
<td>5,052,836 $</td>
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<tr>
<td>Madera Migrant Head Start: 3/1/15-2/28/16</td>
<td>93.600</td>
<td>90CM9801/2</td>
<td>4,932,605 $</td>
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<tr>
<td>Comm. Action Partnership of San Luis Obispo Co., Inc.:</td>
<td>93.600</td>
<td>90CM0151/23</td>
<td>4,067,362 $</td>
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<tr>
<td>Fresno Migrant Head Start: 9/1/13-8/31/14</td>
<td>93.600</td>
<td>90CM0151/23</td>
<td>4,322,332 $</td>
<td>-</td>
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</table>

$ 28,813,987 $ 3,901,125 $ 32,715,112 $ 15,237,868 $ 3,637,890 $ 18,875,758
## COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
### SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
#### YEAR ENDED JUNE 30, 2015

<table>
<thead>
<tr>
<th>Grantor / Pass-Through Grantor / or Program Title</th>
<th>Federal CFDA Number</th>
<th>Entity Identifying Number</th>
<th>Grant Award Amount</th>
<th>Expenditures or Earnings</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Federal</td>
<td>State</td>
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<tr>
<td><strong>U.S. Department of Agriculture:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pass-Thru Program From:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>California Department of Education</td>
<td></td>
<td></td>
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<tr>
<td>Child Care Food Program - Centers</td>
<td>10.558</td>
<td>20-1361-0J</td>
<td>$536,650</td>
<td>-</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>$536,650</td>
<td>-</td>
</tr>
<tr>
<td><strong>U.S. Department of Justice</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pass-Thru Program From:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>California Office of Emergency Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Rape &amp; Sexual Assault Program- 8/31/2014</td>
<td>16.575</td>
<td>RC13.27.1245</td>
<td>$124,855</td>
<td>$33,134</td>
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<td>Advocacy and Outreach Program - 9/00/14</td>
<td>16.575</td>
<td>UV13.04.1245</td>
<td>125,000</td>
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<tr>
<td>Advocacy and Outreach Program - 3/31/16</td>
<td>16.575</td>
<td>UV14.05.1245</td>
<td>209,041</td>
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<tr>
<td>Comprehensive Shelter</td>
<td>16.575</td>
<td>DV14.06.1245</td>
<td>40,120</td>
<td>220,021</td>
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<td>CA Disaster Assistance Act</td>
<td>-</td>
<td>039-90701</td>
<td>-</td>
<td>1,102,992</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>$721,929</td>
<td>1,495,629</td>
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<tr>
<td><strong>U.S. Department of Housing &amp; Urban Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perm. Support. Housing - Shunamnike Place - 10/31/14</td>
<td>14.235</td>
<td>CA0772LST114120</td>
<td>$184,583</td>
<td>-</td>
</tr>
<tr>
<td>Perm. Support. Housing - Shunamnike Place - 10/31/15</td>
<td>14.235</td>
<td>CA0772LST1141305</td>
<td>$184,583</td>
<td>-</td>
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<tr>
<td>Pass-Thru Program From:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Madera:</td>
<td></td>
<td></td>
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<td>Community Development Block Grant</td>
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<td>13,318</td>
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<td>13,318</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>$382,484</td>
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<td><strong>Federal Emergency Management Agency</strong></td>
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<td></td>
</tr>
<tr>
<td>Pass-Thru Program From:</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>County of Madera:</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Emerg Food &amp; Shelter-FEMA: 2013</td>
<td>97.024</td>
<td>Phase 31</td>
<td>$15,621</td>
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<tr>
<td>Emerg Food &amp; Shelter-FEMA: 2014</td>
<td>97.024</td>
<td>Phase 34</td>
<td>17,854</td>
<td>-</td>
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<tr>
<td></td>
<td></td>
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<td>33,675</td>
<td>0</td>
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<tr>
<td><strong>Total Federal and State Awards</strong></td>
<td></td>
<td></td>
<td>$30,488,725</td>
<td>5,396,754</td>
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</tbody>
</table>

Note 1. Basis of Presentation:
The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Community Action Partnership of Madera County, Inc., and is presented on the accrual basis of accounting. The Federal information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Gov’t and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
Report on Internal Control over Financial Reporting
And on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With Government Auditing Standards

December 8, 2015

Board of Directors
Community Action Partnership of Madera County, Inc.
Madera, California

Independent Auditors’ Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Community Action Partnership of Madera County, Inc., which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Action Partnership of Madera County, Inc.’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action Partnership of Madera County, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Partnership of Madera County, Inc.’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Report on Internal Control over Financial Reporting
And on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With Government Auditing Standards

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Community Action Partnership of Madera County, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Randolph Scott & Co.
Certified Public Accountants, Inc.
Novato, California
Independent Auditors' Report

Report on Compliance for Each Major Federal Program

We have audited Community Action Partnership of Madera County, Inc.'s compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Community Action Partnership of Madera County, Inc.'s major federal programs for the year ended June 30, 2015. Community Action Partnership of Madera County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community Action Partnership of Madera County, Inc.'s major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action Partnership of Madera County, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.
We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community Action Partnership of Madera County, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Action Partnership of Madera County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Community Action Partnership of Madera County, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Community Action Partnership of Madera County, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Action Partnership of Madera County, Inc.’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.
Report on Compliance for Each Major Federal Program; and
Report on Internal Control Over Compliance
Required by OMB Circular A-133

Our consideration of the internal control over compliance was for the limited purpose
described in the first paragraph of this section and was not designed to identify all
deficiencies in internal control over compliance that might be material weaknesses or
significant deficiencies. We did not identify any deficiencies in internal control over
compliance that we consider to be material weaknesses. However, material weaknesses
may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the
scope of our testing of internal control over compliance and the results of that testing
based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable
for any other purpose.

Randolph Scott & Co.

Certified Public Accountants, Inc.
Novato, California
FINANCIAL STATEMENTS
BY
OPERATING PROGRAMS
## Community Action Partnership of Madera County, Inc.

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>LIABILITIES AND NET ASSETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Programs</td>
<td>Current Liabilities</td>
</tr>
<tr>
<td>Corporate</td>
<td>Long-Term Leases</td>
</tr>
<tr>
<td>CDBG</td>
<td>Current Portion of Capital Leases</td>
</tr>
<tr>
<td>Migrant Programs</td>
<td>Accounts Payable &amp; Accrued Expenses</td>
</tr>
<tr>
<td>Head Start</td>
<td>Funds Held for Others</td>
</tr>
<tr>
<td>Child Care Programs</td>
<td>Deferred Revenue</td>
</tr>
<tr>
<td>Education Programs</td>
<td>Total Current Liabilities</td>
</tr>
<tr>
<td>Temporary &amp; Restricted Programs</td>
<td>Obligations Under Capital Leases</td>
</tr>
<tr>
<td>Child Care &amp; Shelter Programs</td>
<td>Commitments and Contingency</td>
</tr>
<tr>
<td>Other Programs</td>
<td>Net Assets</td>
</tr>
<tr>
<td></td>
<td>Total Liabilities &amp; Net Assets</td>
</tr>
</tbody>
</table>

### Current Liabilities
- Salaries and Wages Payable: $10,969
- Accounts Payable & Accrued Expenses: $1,268,588
- Funds Held for Others: $1,925
- Deferred Revenue: $1,362

### Obligations Under Capital Leases
- Total Current Liabilities: $1,305,694

### Commitments and Contingency
- Notes Payable: $1,052

### Net Assets
- Total Liabilities & Net Assets: $2,897,394

### Total Assets
- Current Assets: $4,034,940

### Property and Equipment
- Total Assets: $2,382,413

### Deposits
- Total Assets: $114,233

### Liabilities
- Current Liabilities: $10,969

### Internal Financial Reporting Date
- June 30, 2015
## Community Action Partnership of Madera County, Inc.  
### Combining Statement of Activities  
**Year Ended June 30, 2015**  
*(With Comparative Totals for 2014)*

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>413,386</td>
<td>413,386</td>
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<td>CSBG</td>
<td>3,387,713</td>
<td>3,387,713</td>
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<tr>
<td>Regional Head Start</td>
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<td>9,129,386</td>
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<tr>
<td>Migrant Programs</td>
<td>2,144,322</td>
<td>2,144,322</td>
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<tr>
<td>Child Care</td>
<td>192,561</td>
<td>192,561</td>
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<tr>
<td>Emerg. Food &amp; Shelter Programs</td>
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<td>641,408</td>
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<tr>
<td>Energy Services</td>
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<td>32,000</td>
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<td>Senior Services</td>
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<td>458,562</td>
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<td>Other Programs</td>
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<td>15,831,280</td>
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<tr>
<td>Eliminations</td>
<td>3,997,113</td>
<td>3,703,719</td>
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<tr>
<td><strong>Total Funds</strong></td>
<td><strong>23,300,454</strong></td>
<td><strong>21,022,306</strong></td>
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<table>
<thead>
<tr>
<th>Expenses</th>
<th>2015</th>
<th>2014</th>
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</thead>
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<td>900,565</td>
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<td>Employee Benefits</td>
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<td>In-Kind Expenditures</td>
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<td>1,759,780</td>
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<tr>
<td>Direct Assistance</td>
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<td>57,700</td>
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<td>Medical Expenses</td>
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<td>1,626,645</td>
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<tr>
<td>Consultants and Contractual</td>
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<td>1,345,981</td>
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<tr>
<td>Materials and Supplies</td>
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<td>Travel and Training</td>
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<tr>
<td>Repair and Maintenance</td>
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<td>Interest</td>
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<td>Vehicle Expenses</td>
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<td>Postage and Printing</td>
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<td>Telephone</td>
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<td>Rentals</td>
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<td>Indirect Administration</td>
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<td>15,700</td>
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<td>Other Expenses</td>
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<td><strong>Total Funds</strong></td>
<td><strong>23,300,454</strong></td>
<td><strong>21,022,306</strong></td>
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</tbody>
</table>

| Change in Net Assets          | 6,769        | 6,769        |

### Adjustments to Net Assets:
- Net Additions to Restricted Net Assets: 50,372  
- Net Adjustments for Financing: 6,963  
- Deprec. & Deductions to Resr. Net Assets: (414,418)  

### Net Assets, beginning of year: 3,037,708  
### Net Assets, end of year: 3,296,017
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<th>VITA</th>
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<td>14F-3023</td>
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<td>7/1/2017 -</td>
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<td>REVENUE</td>
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COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
STATEMENT OF REVENUE AND EXPENSES
HEAD START PROGRAMS
YEAR ENDED JUNE 30, 2015

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<td>09CH9950/01</td>
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<td>6/01/15-6/30/15</td>
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**REVENUE**
- Grant Income - Federal $3,316,849 $70,864 $3,387,713
- Grant Income - State
- Grant Income - Local Govt.
- Grant & Contract Income - Other
  - In-Kind Contributions 916,880 13,325 930,205
  - Donations 200
  - Rental Income 3,500
  - Parent Fees -
  - Interest Income -
  - Other Revenue 500

**EXPENSES**
- Salaries and Wages 1,737,353 22,427 1,759,780
- Employee Benefits 608,436 6,215 614,651
- In-Kind Expenditures 916,880 13,325 930,205
- Direct Assistance - - -
- Medical Expenses 1,345 - 1,345
- Consultants and Contractual 50,341 900 51,241
- Materials and Supplies 182,837 (2,846) 179,991
- Travel and Training 53,292 141 53,433
- Repairs and Maintenance 12,521 407 12,928
- Interest 200 - 200
- Vehicle Expenses 28,930 2,205 31,135
- Rent 79,524 6,716 86,240
- Occupancy 163,969 16,596 180,565
- Insurance 3,225 68 3,293
- Postage and Printing 5,430 72 5,502
- Telephone 85,170 9,786 94,956
- Rentals 9,900 1,652 11,552
- Capital Purchases 2,394 - 2,394
- Indirect Administration 271,065 5,906 276,971
- Other Expenses 23,052 558 23,610
- Depreciation 2,065 61 2,126

**CHANGE IN NET ASSETS**
- $ - $ - $ -
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
STATEMENT OF REVENUE AND EXPENSES
MIGRANT PROGRAMS
YEAR ENDED JUNE 30, 2015

<table>
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<td>90CM9801/2 3/1/15 - 6/30/15</td>
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<td>-</td>
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<tr>
<td>Other Revenue</td>
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<td>-</td>
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</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>4,662,268 1</td>
<td>1,292,257 1</td>
<td>1,452,173 1</td>
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</tbody>
</table>

| **EXPENSES**           |                           |                           |                 |                              |                 |
|------------------------|---------------------------|---------------------------|                 |                              |                 |
| Salaries and Wages     | 1,974,345 1               | 655,885 1                 | 638,493 1       | 1,501,436 1                  | 4,770,159 1    |
| Employee Benefits      | 729,615 1                 | 191,590 1                 | 205,234 1       | 500,206 1                    | 1,626,645 1    |
| In-Kind Expenditures   | 706,363 1                 | 119,623 1                 | 272,904 1       | 284,277 1                    | 1,383,167 1    |
| Direct Assistance      | -                         | -                         | 423 1           | 609 1                        | 3,981 1        |
| Medical Expenses       | 1,863 1                   | 1,086 1                   | 423 1           | 609 1                        | 73,769 1       |
| Consultants and Contractual | 25,457 1                | 16,821 1                 | 12,978 1       | 18,513 1                     | 586,257 1      |
| Materials and Supplies | 324,926 1                 | 58,640 1                 | 88,923 1       | 113,768 1                    | 104,966 1      |
| Travel and Training    | 21,724 1                 | 11,763 1                 | 11,353 1       | 60,126 1                     | 33,345 1       |
| Repairs and Maintenance | 11,051 1                 | 1,314 1                  | 8,752 1        | 12,228 1                     | 3,545 1        |
| Interest               | 201 1                     | 1 1                      | 763 1           | 2,589 1                      | 101,433 1      |
| Vehicle Expenses       | 24,942 1                 | 9,863 1                 | 15,334 1       | 51,294 1                     | 623,751 1      |
| Rent                   | 42,499 1                 | 21,557 1                 | 11,741 1       | 58,113 1                     | 133,910 1      |
| Occupancy              | 380,805 1                | 57,125 1                 | 34,495 1       | 151,326 1                    | 5,134 1        |
| Insurance              | 1,453 1                   | 798 1                     | 1,028 1        | 1,855 1                      | 32,010 1       |
| Postage and Printing   | 2,717 1                   | 2,434 1                 | 6,366 1        | 20,503 1                     | 47,977 1       |
| Telephone              | 58,636 1                 | 28,821 1                 | 13,537 1       | 50,352 1                     | 149,346 1      |
|Rentals                | 9,199 1                   | 8,049 1                 | 1,673 1        | 4,696 1                      | 23,617 1       |
|Capital Purchases      | 16,292 1                 | -                        | 24,778 1       | 6,907 1                      | 47,977 1       |
|Indirect Administration | 309,689 1                | 97,619 1                 | 92,993 1       | 229,044 1                    | 729,345 1      |
|Other Expenses         | 20,937 1                 | 8,435 1                 | 6,419 1        | 26,449 1                     | 62,240 1       |
|Depreciation           | 1,554 1                   | 833 1                     | 3,996 1        | 11,664 1                     | 18,047 1       |
| **Total Expenses**     | 4,662,268 1               | 1,292,257 1               | 1,452,173 1     | 3,105,955 1                  | 10,512,653 1   |

| **CHANGE IN NET ASSETS** | $                    | $                    | $                    | $                    | $                    |

<p>|                        | $                    | $                    | $                    | $                    | $                    |</p>
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<th>Center-Based Programs</th>
<th>State Preschool CSPP-4255</th>
<th>Prekinder Support CPKS-4041</th>
<th>State Migrant Basic CMIG-4018</th>
<th>Stanislaus Start-Up/Close-Down CMIG-4018</th>
<th>Stanislaus Specialized Services CMSS-4018</th>
<th>Western Growers Foundation</th>
<th>Subtotal Child Care Programs</th>
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## COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

### STATEMENT OF REVENUE AND EXPENSES

**CHILD CARE PROGRAMS - (Page 2)**

**YEAR ENDED JUNE 30, 2015**

<table>
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<tr>
<th>Resource &amp; Referral Programs</th>
<th>Child Care</th>
<th>CCDF</th>
<th>R&amp;R &amp; AP</th>
<th>Madera</th>
<th>Subtotal</th>
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### REVENUE

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<th>Subtotal</th>
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<td>28,000</td>
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<td>Grant &amp; Contract Income - Other</td>
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<tr>
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### EXPENSES

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<th>Subtotal</th>
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</tr>
<tr>
<td>Medical Expenses</td>
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### CHANGE IN NET ASSETS

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## Community Action Partnership of Madera County, Inc.

### Statement of Revenue and Expenses

#### Child Care Programs - (Page 3)

**Year Ended June 30, 2015**

<table>
<thead>
<tr>
<th>Alternative Payment Programs</th>
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<th>Madera</th>
<th>20-1381-OJ</th>
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<th>Child Care PAGE 2</th>
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#### EXPENSES

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<th>C3AP-4031</th>
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<th>Madera</th>
<th>20-1381-OJ</th>
<th>CHILD CARE PAGE 1</th>
<th>Child Care PAGE 2</th>
<th>Child Care Funds</th>
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<td>4,500</td>
<td>1,983</td>
<td>82</td>
<td>7,817</td>
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<td>544,801</td>
<td>945,300</td>
<td>240,810</td>
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#### CHANGE IN NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>CAPP-4034</th>
<th>C2AP-4032</th>
<th>C3AP-4031</th>
<th>CAL-Care</th>
<th>Madera</th>
<th>20-1381-OJ</th>
<th>CHILD CARE PAGE 1</th>
<th>Child Care PAGE 2</th>
<th>Child Care Funds</th>
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COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
STATEMENT OF REVENUE AND EXPENSES
EMERGENCY FOOD & SHELTER PROGRAMS
YEAR ENDED JUNE 30, 2015

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<th>Shunamnite Place</th>
<th>CA Disaster Assistance Act</th>
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<tr>
<td>Grant Income - Local Govt.</td>
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<tr>
<td>Grant &amp; Contract Income - Other</td>
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<tr>
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</tr>
<tr>
<td>Other Revenue</td>
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<td></td>
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<tr>
<td></td>
<td><strong>70,994</strong></td>
<td><strong>127,020</strong></td>
<td><strong>9,428</strong></td>
<td><strong>13,618</strong></td>
</tr>
</tbody>
</table>

| EXPENSES | | | | |
| Salaries and Wages | 22,578 | 48,647 | 815 | 2,766 | 74,806 |
| Employee Benefits | 9,416 | 22,476 | 156 | 606 | 32,654 |
| In-Kind Expenditures | - | - | - | - | - |
| Direct Assistance | 555 | 379 | 8,000 | 7,718 | 16,652 |
| Medical Expenses | 718 | 23 | - | - | 741 |
| Consultants and Contractual | - | - | - | 1,705 | 1,705 |
| Materials and Supplies | 11,362 | 2,431 | 1 | 175 | 13,969 |
| Travel and Training | - | - | 3 | - | 3 |
| Repairs and Maintenance | - | 123 | 76 | - | 199 |
| Interest | - | 1 | 1 | - | 2 |
| Vehicle Expenses | 31 | 2 | - | - | 33 |
| Rent | 23,041 | 46,203 | - | - | 69,244 |
| Occupancy | 2,496 | 4,306 | - | - | 6,802 |
| Insurance | 5 | 10 | - | - | 15 |
| Postage and Printing | 143 | 98 | 220 | - | 461 |
| Telephone | 649 | 2,268 | - | - | 2,917 |
| Rentals | - | 5 | 9 | - | 14 |
| Capital Purchases | - | - | - | - | - |
| Indirect Administration | - | - | - | 516 | 516 |
| Other Expenses | - | 9 | 121 | 132 | 262 |
| Depreciation | - | 39 | 26 | - | 65 |
| | **70,994** | **127,020** | **9,428** | **13,618** | **221,060** |

CHANGE IN NET ASSETS | $ | $ | $ | $ | $ | 7,000 | $ | 7,000 |
## COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
### STATEMENT OF REVENUE AND EXPENSES
#### ENERGY PROGRAMS
##### YEAR ENDED JUNE 30, 2015

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<th>LIHEAP 14B-5104</th>
<th>LIWP 15K-6012</th>
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<td>$250,000</td>
<td>$125,000</td>
<td>$150,000</td>
<td>$750,000</td>
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<tr>
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<td>$125,000</td>
<td>$150,000</td>
<td>$750,000</td>
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<td>$150,000</td>
<td>$750,000</td>
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<td>300,669</td>
<td>20,024</td>
<td>15,493</td>
<td>112,688</td>
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<td>769,589</td>
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| EXPENSES              |                |                |                |              |              |
|-----------------------|----------------|----------------|----------------|--------------|
| Salaries and Wages    | $89,851        | $73,950        | $1,153         | $1,442       | $166,396   |
| Employee Benefits     | $22,325        | $18,588        | $369           | $304         | $41,586    |
| In-Kind Expenditures  |               |                |                |              |            |
| Direct Assistance     | $26,791        | $30,553        |                |              | $57,344    |
| Medical Expenses      | $116           |                |                |              |            |
| Consultants and Contractual | $135,203 | $153,074 | $18,443 | $12,217 | $103,272 |
| Materials and Supplies | $8,056      | $7,696         |                | $776         | $16,628   |
| Travel and Training   | $1,236         | $1,390         | $9             | $52          | $2,687    |
| Repairs and Maintenance | $2,212      | $2,010         |                |              | $4,222    |
| Interest              | $69            | $23            |                |              | $92       |
| Vehicle Expenses      | $189           | $189           | $50            | $42          | $470      |
| Rent                  | $8,123         | $5,585         |                |              | $13,708   |
| Occupancy             | $1,491         | $1,269         |                |              | $2,760    |
| Insurance             |               |                |                |              |            |
| Postage and Printing  | $949           | $1,090         |                | $22          | $2,061    |
| Telephone             | $2,662         | $2,730         |                |              | $5,392    |
| Rentals               | $388           | $126           |                |              | $514      |
| Purchases             | $570           | $415           |                |              | $985      |
| Indirect Administration | $20,372      | $809           | $638           |              | $21,819   |
| Other Expenses        | $228           | $1,056         |                |              | $1,284    |
| Depreciation          |               |                |                |              |            |
|                      | 320,715        | 300,669        | 20,024         | 15,493       | 103,272   |
|                      |                |                |                |              | 760,173   |

### EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES

|                      | $9,416         | $9,416         |
|                      |                |                |


COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

STATEMENT OF REVENUE AND EXPENSES

SENIOR PROGRAMS

YEAR ENDED JUNE 30, 2015

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<th>County of Madera Senior Meals</th>
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<td>$32,000</td>
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<tr>
<td>Other Revenue</td>
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<td><strong>Total</strong></td>
<td><strong>121,106</strong></td>
<td><strong>82,867</strong></td>
<td><strong>33,990</strong></td>
<td><strong>237,963</strong></td>
</tr>
</tbody>
</table>

| EXPENSES             |                                       |                              |                              |       |
| Salaries and Wages   | 47,839                                | 36,089                       | 25                           | 83,953 |
| Employee Benefits    | 22,695                                | 7,808                        | 4                            | 30,507 |
| In-Kind Expenditures | -                                     | 37,115                       | -                            | 37,115 |
| Direct Assistance    | -                                     | -                            | -                            | -     |
| Medical Expenses     | 327                                   | -                            | 378                          | 705   |
| Consultants and Contractual | -                             | -                            | -                            | -     |
| Materials and Supplies | 187                          | -                            | 9,133                        | 9,320 |
| Travel and Training  | 216                                   | -                            | 190                          | 406   |
| Repairs and Maintenance | 176                         | -                            | 288                          | 464   |
| Interest             | 5                                     | -                            | 6                            | 11    |
| Vehicle Expenses     | 32,590                                | -                            | 345                          | 32,935 |
| Rent                 | 424                                   | 1,855                        | 14,396                       | 16,675 |
| Occupancy            | 66                                    | -                            | 776                          | 844   |
| Insurance            | -                                     | -                            | 216                          | 216   |
| Postage and Printing | 171                                   | -                            | 348                          | 519   |
| Telephone            | 6,123                                 | -                            | 1,551                        | 7,674 |
| Rentals              | 25                                    | -                            | 51                           | 76    |
| Purchases            | -                                     | -                            | -                            | -     |
| Indirect Administration | 9,910                          | -                            | 5,880                        | 15,790 |
| Other Expenses       | 301                                   | -                            | 312                          | 613   |
| Depreciation         | 49                                    | -                            | 91                           | 140   |
| **Total**            | **121,106**                           | **82,867**                   | **33,990**                   | **237,963** |

**EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES**

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### COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

**STATEMENT OF REVENUE AND EXPENSES**

**OTHER PROGRAMS (Page 2)**

**YEAR ENDED JUNE 30, 2015**

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<tr>
<th></th>
<th>Cal-EMA Rape/Sexual Assault</th>
<th>Cal-EMA Cal-EMA Victim Advocacy &amp; Outreach</th>
<th>Cal-EMA Cal-EMA Comprehensive Domestic Violence Serv</th>
<th>CA HHS CA HHS Rape Prevention</th>
<th>Madera Co. Madera Co. Parent Support &amp; Advocacy Program</th>
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|                      |                            |                                            |                                                   |                               |                                                 |                     |         |
| **EXPENSES**         |                            |                                            |                                                   |                               |                                                 |                     |         |
| Salaries and Wages   | 119,794                    | 117,890                                   | 89,368                                            | 125,427                       | 7,097                                           | 26,726              | 34,952  | 521,254 |
| Employee Benefits    | 34,109                     | 32,076                                     | 23,879                                            | 41,209                        | 1,945                                           | 6,094               | 12,023  | 151,335 |
| In-Kind Expenditures | -                          | -                                         | 6,741                                             | 20,002                        | -                                               | -                   | -       | 26,743  |
| Direct Assistance    | -                          | -                                         | -                                                 | 1,102                         | -                                               | -                   | -       | 411     | 1,513   |
| Medical Expenses     | -                          | 232                                       | -                                                 | 92                            | 35                                              | -                   | -       | 499     |
| Consultants and Contractual |           | 2,216                                      | 2,598                                             | -                             | -                                               | -                   | -       | 16,557  | 21,371  |
| Materials and Supplies | 4,806                      | 9,665                                     | 2,688                                            | 8,870                         | 371                                            | 79                  | 11,885  | 38,164  |
| Travel and Training  | 1,721                      | 3,023                                     | 477                                               | 7,190                         | -                                              | 17                  | 8,419   | 20,847  |
| Repairs and Maintenance | 1,516                      | 1,612                                     | 410                                               | 2,306                         | 163                                            | 360                 | 1,237   | 7,604   |
| Interest             | 3                          | 1                                         | 1                                                 | 1                             | 1                                               | 1                   | 20      | 28      |
| Vehicle Expenses     | 1,076                      | 939                                        | 71                                               | 2,515                         | 205                                            | 10                  | 395     | 5,212   |
| Rent                 | 4,940                      | 8,265                                     | 5,585                                            | 6,001                         | 851                                            | -                   | 34,396  | 60,038  |
| Occupancy            | 2,290                      | 2,243                                     | 2,336                                            | 20,206                        | 155                                            | 61                  | 2,603   | 29,894  |
| Insurance            | 344                        | 380                                        | 287                                              | 434                           | -                                              | -                   | -       | 1,445   |
| Postage and Printing | 672                        | 2,482                                     | 882                                              | 702                           | 184                                            | 23                  | 272     | 5,217   |
| Telephone            | 5,863                      | 6,337                                     | 1,748                                            | 8,208                         | 133                                            | 354                 | 2,575   | 25,218  |
| Rentals              | 166                        | 84                                         | 38                                               | 94                            | 1                                              | 15                  | 627     | 1,025   |
| Capital Purchases    | -                          | -                                         | -                                                | -                             | -                                              | -                   | -       | 9,374   | 9,374   |
| Indirect Administration | 14,466                    | 15,451                                    | 3,726                                            | 20,346                        | 465                                            | 2,191               | 9,525   | 66,170  |
| Other Expenses       | 1,239                      | 1,453                                     | 215                                              | 1,900                         | 1                                              | 38                  | 1,985   | 6,831   |
| Depreciation         | 3                          | 31                                         | 1                                                | 14                            | 8                                              | 31                  | 275     | 363     |
| **Total Expenses**   | $193,008                   | $204,380                                  | $141,051                                         | $268,562                      | $11,581                                         | $36,000             | $147,563| $1,000,145|

|                      |                            |                                            |                                                   |                               |                                                 |                     |         |
| **CHANGE IN NET ASSETS** |                          |                                            |                                                   |                               |                                                 |                     |         |
|                      | $-                         | $-                                        | $-                                                | $4,038                         | $-                                             | $-                   | $2,539  | $6,577  |


## COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
### STATEMENT OF REVENUE AND EXPENSES
#### OTHER PROGRAMS (Page 3)
#### YEAR ENDED JUNE 30, 2015

<table>
<thead>
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<th>Services</th>
<th>Mental Health Services</th>
<th>Subtotal Other Programs Page 1</th>
<th>Subtotal Other Programs Page 2</th>
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<td>56,778</td>
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<td>Other Revenue</td>
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### EXPENSES

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### CHANGE IN NET ASSETS

|         | $     | $ (2,809) | $ 6,577 | $ 3,768 |
SUPPLEMENTAL REPORTING REQUIREMENTS
OF THE
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES & DEVELOPMENT
## COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.  
STATEMENTS OF REVENUE AND EXPENSE  
DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT  
CSBG  
FOR THE PERIOD JANUARY 1, 2014 THROUGH DECEMBER 31, 2014

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<td>181,320</td>
<td>(1,704)</td>
</tr>
<tr>
<td><strong>Program Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Salaries and Wages</td>
<td>18,132</td>
<td>24,222</td>
<td>42,354</td>
<td>42,354</td>
<td>43,939</td>
<td>1,585</td>
</tr>
<tr>
<td>2 Fringe Benefits</td>
<td>6,817</td>
<td>8,113</td>
<td>14,930</td>
<td>14,930</td>
<td>15,733</td>
<td>803</td>
</tr>
<tr>
<td>3 Operating Expenses</td>
<td>3,107</td>
<td>3,347</td>
<td>6,454</td>
<td>6,454</td>
<td>5,884</td>
<td>(570)</td>
</tr>
<tr>
<td>4 Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>5 Out-of-State Travel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>6 Contract/Consultant Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>7 Other Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Subtotal Program Costs</td>
<td>32,306</td>
<td>50,071</td>
<td>82,377</td>
<td>82,377</td>
<td>84,081</td>
<td>1,704</td>
</tr>
<tr>
<td><strong>Drought Assistance Program Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Outreach</td>
<td>-</td>
<td>669</td>
<td>669</td>
<td>669</td>
<td>680</td>
<td>11</td>
</tr>
<tr>
<td>2 Intake</td>
<td>501</td>
<td>4,388</td>
<td>4,889</td>
<td>4,889</td>
<td>4,855</td>
<td>(34)</td>
</tr>
<tr>
<td>3 Water Conservation Education</td>
<td>12</td>
<td>430</td>
<td>442</td>
<td>442</td>
<td>465</td>
<td>23</td>
</tr>
<tr>
<td>4 Water Assistance Bill Payment</td>
<td>-</td>
<td>48,000</td>
<td>48,000</td>
<td>48,000</td>
<td>48,000</td>
<td>-</td>
</tr>
<tr>
<td>Subtotal Drought Assistance</td>
<td>513</td>
<td>53,487</td>
<td>54,000</td>
<td>54,000</td>
<td>54,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>$76,498</td>
<td>$242,903</td>
<td>$319,401</td>
<td>$319,401</td>
<td>$319,401</td>
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</tr>
<tr>
<td><strong>Excess (deficiency) of revenue over expenses</strong></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
**COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.**  
**STATEMENTS OF REVENUE AND EXPENSE**  
**DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT**  
**CSBG**  
**FOR THE PERIOD JANUARY 1, 2015 THROUGH JUNE 30, 2015**

<table>
<thead>
<tr>
<th></th>
<th>Actual 1/1/2015</th>
<th>Actual 6/30/2015</th>
<th>Budget 1/1/2015 through 12/31/2015</th>
<th>Budget vs. Actual</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Through Total</td>
<td>Audited Costs</td>
<td>Reported Costs Costs</td>
<td>Variance</td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>$94,142</td>
<td>$94,142</td>
<td>$103,315</td>
<td>$261,727 $167,585</td>
</tr>
<tr>
<td>Total revenue</td>
<td>94,142</td>
<td>94,142</td>
<td>103,315</td>
<td>261,727</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXPENSES</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administrative Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Salaries and Wages</td>
<td>46,809</td>
<td>46,809</td>
<td>52,852</td>
<td>112,638</td>
</tr>
<tr>
<td>2 Fringe Benefits</td>
<td>14,384</td>
<td>14,384</td>
<td>16,974</td>
<td>34,868</td>
</tr>
<tr>
<td>3 Operating Expenses</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>49,810</td>
</tr>
<tr>
<td>4 Equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5 Out-of-State Travel</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6 Contract/Consultant Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7 Other Costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Subtotal Administrative Costs</td>
<td>61,197</td>
<td>61,197</td>
<td>69,830</td>
<td>199,816</td>
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</table>

<table>
<thead>
<tr>
<th><strong>Program Costs</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Salaries and Wages</td>
<td>13,752</td>
<td>13,752</td>
<td>18,465</td>
<td>31,129</td>
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<tr>
<td>2 Fringe Benefits</td>
<td>5,032</td>
<td>5,032</td>
<td>7,101</td>
<td>11,273</td>
</tr>
<tr>
<td>3 Operating Expenses</td>
<td>7,831</td>
<td>7,831</td>
<td>2,789</td>
<td>5,987 (1,844)</td>
</tr>
<tr>
<td>4 Equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5 Out-of-State Travel</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6 Contract/Consultant Services</td>
<td>6,330</td>
<td>6,330</td>
<td>5,130</td>
<td>11,500</td>
</tr>
<tr>
<td>7 Other Costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Subtotal Program Costs</td>
<td>32,945</td>
<td>32,945</td>
<td>33,485</td>
<td>61,911</td>
</tr>
</tbody>
</table>

**GRAND TOTAL**  
94,142 94,142 103,315 261,727 167,585

Excess (deficiency) of revenue over expenses  
$ - - $ - -
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
STATEMENTS OF REVENUE AND EXPENSE
DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT
CSBG - DROUGHT WATER ASSISTANCE PROGRAM
FOR THE PERIOD APRIL 1, 2015 THROUGH JUNE 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4/1/2015</td>
<td>Total</td>
<td>4/1/2015</td>
</tr>
<tr>
<td></td>
<td>Through</td>
<td>Audited</td>
<td>Reported</td>
</tr>
<tr>
<td></td>
<td>6/30/2015</td>
<td>Costs</td>
<td>Costs</td>
</tr>
<tr>
<td>REVENUE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>$11,940</td>
<td>$11,940</td>
<td>$11,940</td>
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<tr>
<td>Total revenue</td>
<td>$11,940</td>
<td>$11,940</td>
<td>$11,940</td>
</tr>
<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Salaries and Wages</td>
<td>355</td>
<td>355</td>
<td>355</td>
</tr>
<tr>
<td>2 Fringe Benefits</td>
<td>44</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td>3 Operating Expenses</td>
<td>247</td>
<td>247</td>
<td>-</td>
</tr>
<tr>
<td>4 Equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5 Out-of-State Travel</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6 Contract/Consultant Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7 Other Costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Subtotal Administrative Costs</td>
<td>646</td>
<td>646</td>
<td>399</td>
</tr>
<tr>
<td>Program Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Salaries and Wages</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2 Fringe Benefits</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Subtotal Program Costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Drought Assistance Program Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Outreach</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2 Intake</td>
<td>2,014</td>
<td>2,014</td>
<td>2,014</td>
</tr>
<tr>
<td>3 Water Conservation Education</td>
<td>-</td>
<td>-</td>
<td>247</td>
</tr>
<tr>
<td>4 Water Assistance Bill Payment</td>
<td>9,280</td>
<td>9,280</td>
<td>9,280</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>11,294</td>
<td>11,294</td>
<td>11,541</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses</td>
<td>$ -</td>
<td>-</td>
<td>$ -</td>
</tr>
</tbody>
</table>
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
STATEMENTS OF REVENUE AND EXPENSE
DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT
DISCRETIONARY - VOLUNTEER INCOME TAX ASSISTANCE (VITA) PROGRAM
FOR THE PERIOD SEPTEMBER 1, 2014 THROUGH MAY 31, 2015

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
<th>Budget vs. Actual</th>
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</thead>
<tbody>
<tr>
<td>9/1/2014</td>
<td>9/1/2014</td>
<td>5/31/2015</td>
</tr>
<tr>
<td>Through</td>
<td>Reported</td>
<td>through</td>
</tr>
<tr>
<td>Audited</td>
<td>Costs</td>
<td>5/31/2015</td>
</tr>
</tbody>
</table>

### REVENUE

<table>
<thead>
<tr>
<th>Grants and contracts</th>
<th>$64,401</th>
<th>$64,401</th>
<th>$64,401</th>
<th>$69,555</th>
<th>$5,154</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>64,401</td>
<td>64,401</td>
<td>64,401</td>
<td>69,555</td>
<td>5,154</td>
</tr>
</tbody>
</table>

### EXPENSES

#### Administrative Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Salaries and Wages</td>
<td>6,008</td>
<td>6,007</td>
<td>721</td>
</tr>
<tr>
<td>2 Fringe Benefits</td>
<td>882</td>
<td>883</td>
<td>108</td>
</tr>
<tr>
<td>3 Operating Expenses</td>
<td>526</td>
<td>526</td>
<td>(45)</td>
</tr>
<tr>
<td>4 Equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Out-of-State Travel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Contract/Consultant Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Other Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal Administrative Costs</td>
<td>7,416</td>
<td>8,200</td>
<td>784</td>
</tr>
</tbody>
</table>

#### Program Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Salaries and Wages</td>
<td>21,679</td>
<td>25,084</td>
<td>3,405</td>
</tr>
<tr>
<td>2 Fringe Benefits</td>
<td>4,978</td>
<td>8,016</td>
<td>3,038</td>
</tr>
<tr>
<td>3 Operating Expenses</td>
<td>20,078</td>
<td>18,255</td>
<td>(1,823)</td>
</tr>
<tr>
<td>4 Equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Out-of-State Travel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Contract/Consultant Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Other Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal Program Costs</td>
<td>56,985</td>
<td>61,355</td>
<td>4,370</td>
</tr>
</tbody>
</table>

**GRAND TOTAL**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>64,401</td>
<td>$64,401</td>
<td>69,555</td>
<td>5,154</td>
</tr>
</tbody>
</table>

**Excess (deficiency) of revenue over expenses**

| Amount | - | - | $ | - |

45
## COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

**STATEMENTS OF REVENUE AND EXPENSES**

**DEPT. OF COMMUNITY SERVICES & DEVELOPMENT**

**LIHEAP, ECIP / ASSURANCE 16 / HEAP**

**FOR THE PERIODS JANUARY 1, 2014 THROUGH JANUARY 31, 2015**

### 14B - 5020

<table>
<thead>
<tr>
<th></th>
<th>1/1/2014 Through 6/30/2014</th>
<th>7/1/2014 Through 1/31/2015</th>
<th>Total Audited Expenses</th>
<th>Reported Expenses</th>
<th>Total Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>$119,561</td>
<td>$169,035</td>
<td>$288,596</td>
<td>$288,596</td>
<td>$288,596</td>
<td>$-</td>
</tr>
<tr>
<td>Other Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$119,561</td>
<td>$169,035</td>
<td>$288,596</td>
<td>$288,596</td>
<td>$288,596</td>
<td>$-</td>
</tr>
</tbody>
</table>

### EXPENSES

#### 10. ASSURANCE

1. Assurance 16 Activities

#### 20. ADMINISTRATIVE COSTS

1. Administrative Costs
2. Administrative Equipment (More than $5,000)

#### 30. INTAKE (ECIP AND HEAP)

1. Intake

#### 40. ECIP PROGRAM COSTS

1. Outreach

#### 50. TRAINING AND TECHNICAL ASSISTANCE

1. Training and Technical Assistance

#### 60. ECIP/HEAP PROGRAM BUDGET

1. ECIP Diagnostics
2. ECIP Cooling Service Repair/Replacement
3. ECIP Heating Service Repair/Replacement
4. ECIP Water Heater Repair/Replacement
5. ECIP Other Program Costs
6. ECIP Wood, Propane, and Oil
7. Severe Weather Energy Assistance
8. HEAP Wood, Propane, and Oil
9. Liability Insurance
10. Major Vehicle and Equipment (More than $5,000)
11. Minor Vehicle and Equipment (Less than $5,000)
12. Workers’ Compensation
13. General Operating Expenditures
14. Automation Supplemental

<table>
<thead>
<tr>
<th></th>
<th>1/1/14-1/31/15</th>
<th>1/1/14-1/31/15</th>
<th>1/1/14-1/31/15</th>
<th>1/1/14-1/31/15</th>
<th>1/1/14-1/31/15</th>
<th>1/1/14-1/31/15</th>
<th>1/1/14-1/31/15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$0</td>
<td>$-</td>
<td>$-</td>
</tr>
</tbody>
</table>
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.  
STATEMENTS OF REVENUE AND EXPENSES  
DEPT. OF COMMUNITY SERVICES & DEVELOPMENT  
LIHEAP: WEATHERIZATION  
FOR THE PERIODS JANUARY 1, 2014 THROUGH JANUARY 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>1/1/2014 Through 6/30/2014</th>
<th>7/1/2014 Through 1/31/2015</th>
<th>Total Audited Costs</th>
<th>Reported Expenses 1/1/14-1/31/15</th>
<th>Total Budget 1/1/14-1/31/15</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>$133,797</td>
<td>$151,680</td>
<td>$285,477</td>
<td>$285,477</td>
<td>$285,477</td>
<td>-</td>
</tr>
<tr>
<td>Other Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$133,797</td>
<td>$151,680</td>
<td>$285,477</td>
<td>$285,477</td>
<td>$285,477</td>
<td>-</td>
</tr>
</tbody>
</table>

**EXPENSES**

10: ADMINISTRATIVE COSTS

1. Administrative Costs 13,847 8,992 22,839 22,839 22,839 -

2. Administrative Equipment (More than $5,000) - - - - - -

20: WEATHERIZATION PROGRAM COSTS

1. Intake 11,544 11,295 22,839 22,839 22,839 -

2. Outreach 7,365 6,909 14,274 14,274 14,274 -

3. Training and Technical Assistance - - - 14,274 14,274 -

4. Direct Program Activities 81,847 103,728 185,575 185,575 177,351 (8,224)

5. Liability Insurance 3,236 1,602 4,838 4,838 3,500 (1,338)

6. Major Vehicle and Equipment (More than $5,000) - - - - (555)

7. Minor Vehicle and Equipment (Less than $5,000) 233 322 555 555 -

8. Workers' Compensation 7,227 6,496 13,723 13,723 20,000 6,277

9. General Operating Expenditures 8,498 12,336 20,834 20,833 10,400 (10,434)

**Total Expenses**

133,797 151,680 285,477 285,477 285,477 -

**Change in Net Assets**

$ - $ - $ - $ - $ - $ - $ - $ - $ - $ -

Independent auditor's certification on meeting the requirements of the California State Department of Community Services & Development.

Weatherization records are being maintained as required (check YES or NO):

☐ YES

☐ NO - Explain any discrepancies.
## COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
### STATEMENTS OF REVENUE AND EXPENSES
### DEPT. OF COMMUNITY SERVICES & DEVELOPMENT
### LIHEAP: ECIP / ASSURANCE 16 / HEAP
### FOR THE PERIODS JANUARY 1, 2013 THROUGH JUNE 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>15B - 3020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1/1/2015 Through 6/30/2015</td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td>$148,635</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>$148,635</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>$148,635</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
</tr>
<tr>
<td><strong>10- ASSURANCE</strong></td>
<td></td>
</tr>
<tr>
<td>1. Assurance 16 Activities</td>
<td>24,905</td>
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<tr>
<td><strong>20- ADMINISTRATIVE COSTS</strong></td>
<td></td>
</tr>
<tr>
<td>1. Administrative Costs</td>
<td>27,178</td>
</tr>
<tr>
<td>2. Administrative Equipment (More than $5,000)</td>
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<tr>
<td><strong>30- INTAKE (ECIP AND HEAP)</strong></td>
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</tr>
<tr>
<td>1. Intake</td>
<td>29,398</td>
</tr>
<tr>
<td><strong>40- ECIP PROGRAM COSTS</strong></td>
<td></td>
</tr>
<tr>
<td>1. Outreach</td>
<td>19,161</td>
</tr>
<tr>
<td><strong>50- TRAINING AND TECHNICAL ASSISTANCE</strong></td>
<td></td>
</tr>
<tr>
<td>1. Training and Technical Assistance</td>
<td>845</td>
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<tr>
<td><strong>60- ECIP/HEAP PROGRAM BUDGET</strong></td>
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<tr>
<td>1. ECIP Diagnostics</td>
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</tr>
<tr>
<td>2. ECIP Cooling Service Repair/Replacement</td>
<td>3,382</td>
</tr>
<tr>
<td>3. ECIP Heating Service Repair/Replacement</td>
<td>7,602</td>
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<tr>
<td>4. ECIP Water Heater Repair/Replacement</td>
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<tr>
<td>5. ECIP Other Program Costs</td>
<td>-</td>
</tr>
<tr>
<td>6. ECIP Wood, Propane, and Oil</td>
<td>-</td>
</tr>
<tr>
<td>7. Severe Weather Energy Assistance</td>
<td>-</td>
</tr>
<tr>
<td>8. HEAP Wood, Propane, and Oil</td>
<td>19,569</td>
</tr>
<tr>
<td>9. Liability Insurance</td>
<td>-</td>
</tr>
<tr>
<td>10. Major Vehicle and Equipment (More than $5,000)</td>
<td>-</td>
</tr>
<tr>
<td>11. Minor Vehicle and Equipment (Less than $5,000)</td>
<td>-</td>
</tr>
<tr>
<td>12. Workers' Compensation</td>
<td>-</td>
</tr>
<tr>
<td>13. General Operating Expenditures</td>
<td>16,595</td>
</tr>
<tr>
<td>14. Automation Supplemental</td>
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</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$148,635</td>
</tr>
<tr>
<td><strong>Change in Net Assets</strong></td>
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</tbody>
</table>


COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
STATEMENTS OF REVENUE AND EXPENSES
DEPT. OF COMMUNITY SERVICES & DEVELOPMENT
LIHEAP: WEATHERIZATION
FOR THE PERIODS JANUARY 1, 2015 THROUGH JUNE 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>1/1/2015 Through 6/30/2015</th>
<th>15B - 3020</th>
<th>1/1/15-6/30/15</th>
<th>1/1/15-1/31/16</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>$152,034</td>
<td>$152,034</td>
<td>$146,425</td>
<td>$332,395</td>
<td>$180,361</td>
</tr>
<tr>
<td>Other Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$152,034</td>
<td>$152,034</td>
<td>$146,425</td>
<td>$332,395</td>
<td>$180,361</td>
</tr>
</tbody>
</table>

**EXPENSES**

**10 ADMINISTRATIVE COSTS**

1. Administrative Costs
2. Administrative Equipment (More than $5,000)

**20 WEATHERIZATION PROGRAM COSTS**

<table>
<thead>
<tr>
<th></th>
<th>1/1/2015</th>
<th>1/1/2015-6/30/15</th>
<th>1/1/15-1/31/16</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Intake</td>
<td>11,605</td>
<td>11,605</td>
<td>26,592</td>
<td>14,987</td>
</tr>
<tr>
<td>2. Outreach</td>
<td>7,452</td>
<td>7,452</td>
<td>16,620</td>
<td>9,168</td>
</tr>
<tr>
<td>3. Training and Technical Assistance</td>
<td>5,609</td>
<td>5,609</td>
<td>16,620</td>
<td>11,011</td>
</tr>
<tr>
<td>4. Direct Program Activities</td>
<td>91,444</td>
<td>91,444</td>
<td>218,363</td>
<td>126,919</td>
</tr>
<tr>
<td>5. Liability Insurance</td>
<td>7,243</td>
<td>7,243</td>
<td>7,243</td>
<td>7,200</td>
</tr>
<tr>
<td>6. Major Vehicle and Equipment (More than $5,000)</td>
<td></td>
<td>-</td>
<td>-</td>
<td>(43)</td>
</tr>
<tr>
<td>7. Minor Vehicle and Equipment (Less than $5,000)</td>
<td>545</td>
<td>545</td>
<td>1,000</td>
<td>455</td>
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<tr>
<td>8. Workers’ Compensation</td>
<td>14,387</td>
<td>14,387</td>
<td>18,000</td>
<td>3,613</td>
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<tr>
<td>9. General Operating Expenditures</td>
<td>13,749</td>
<td>13,749</td>
<td>28,000</td>
<td>14,251</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>152,034</td>
<td>152,034</td>
<td>332,395</td>
<td>180,361</td>
</tr>
</tbody>
</table>

Change in Net Assets

$ - $ - $ 0 $ - $ - $

Independent auditor’s certification on meeting the requirements of the California State Department of Community Services & Development.

Weatherization records are being maintained as required (check YES or NO):

[X] YES

[ ] NO - Explain any discrepancies.
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
STATEMENTS OF REVENUE AND EXPENSES
DEPT. OF COMMUNITY SERVICES & DEVELOPMENT
LIHEAP: SOLAR WATER HEATING
FOR THE PERIODS OCTOBER 1, 2014 THROUGH MARCH 31, 2015

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>1/1/2015 Through 6/30/2015</th>
<th>Total Audited Costs</th>
<th>Reported Expenses 1/1/15-6/30/15</th>
<th>Total Budget 10/1/14-3/31/15</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and Contracts</td>
<td>$20,024</td>
<td>$20,024</td>
<td>$20,024</td>
<td>$47,558</td>
<td>$27,534</td>
</tr>
<tr>
<td>Other Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$20,024</td>
<td>$20,024</td>
<td>$20,024</td>
<td>$47,558</td>
<td>$27,534</td>
</tr>
</tbody>
</table>

EXPENSES

**10- ADMINISTRATIVE COSTS**

<table>
<thead>
<tr>
<th>Administrative Costs</th>
<th>954</th>
<th>954</th>
<th>954</th>
<th>2,265</th>
<th>1,311</th>
</tr>
</thead>
</table>

**20- WEATHERIZATION PROGRAM COSTS**

<table>
<thead>
<tr>
<th>Intake</th>
<th>Outreach</th>
<th>Training and Technical Assistance</th>
<th>Direct Program Activities</th>
<th>Total Expenses</th>
<th>Change in Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,526</td>
<td>953</td>
<td>381</td>
<td>16,210</td>
<td>$20,024</td>
<td>$-</td>
</tr>
<tr>
<td>1,526</td>
<td>954</td>
<td>381</td>
<td>16,210</td>
<td>$20,024</td>
<td>$-</td>
</tr>
<tr>
<td>1,526</td>
<td>954</td>
<td>381</td>
<td>16,210</td>
<td>$20,024</td>
<td>$-</td>
</tr>
<tr>
<td>3,623</td>
<td>2,265</td>
<td>906</td>
<td>38,499</td>
<td>$47,558</td>
<td>$27,534</td>
</tr>
<tr>
<td>2,097</td>
<td>1,312</td>
<td>525</td>
<td>22,289</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Independent auditor's certification on meeting the requirements of the California State Department of Community Services & Development.

Weatherization records are being maintained as required (check YES or NO):

[X] YES

[ ] NO - Explain any discrepancies.
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
STATEMENTS OF REVENUE AND EXPENSES
DEPT. OF COMMUNITY SERVICES & DEVELOPMENT
LIWP - RAMP-UP AGREEMENT
FOR THE PERIODS JANUARY 1, 2015 THROUGH JUNE 30, 2015

<table>
<thead>
<tr>
<th>Revenue</th>
<th>1/1/2015 Through 6/30/2015</th>
<th>Total Audited Costs</th>
<th>Reported Expenses 1/1/15-6/30/15</th>
<th>Total Budget 1/1/15-1/31/17</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and Contracts</td>
<td>$15,493</td>
<td>$15,493</td>
<td>$15,493</td>
<td>$279,683</td>
<td>$264,190</td>
</tr>
<tr>
<td>Other Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$15,493</td>
<td>$15,493</td>
<td>$15,493</td>
<td>$279,683</td>
<td>$264,190</td>
</tr>
</tbody>
</table>

**Expenses**

**10- Ramp-Up Costs**

<table>
<thead>
<tr>
<th>Description</th>
<th>1/1/2015 Through 6/30/2015</th>
<th>Total Audited Costs</th>
<th>Reported Expenses 1/1/15-6/30/15</th>
<th>Total Budget 1/1/15-1/31/17</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ramp-up Administrative Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ramp-up Activities</td>
<td>13,406</td>
<td>13,406</td>
<td>13,406</td>
<td>38,000</td>
<td></td>
</tr>
<tr>
<td>11,984</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**20- Administrative Costs**

<table>
<thead>
<tr>
<th>Description</th>
<th>1/1/2015 Through 6/30/2015</th>
<th>Total Audited Costs</th>
<th>Reported Expenses 1/1/15-6/30/15</th>
<th>Total Budget 1/1/15-1/31/17</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Administrative Equipment (More than $5,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Administrative Costs</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**30- Support and General Overhead**

<table>
<thead>
<tr>
<th>Description</th>
<th>1/1/2015 Through 6/30/2015</th>
<th>Total Audited Costs</th>
<th>Reported Expenses 1/1/15-6/30/15</th>
<th>Total Budget 1/1/15-1/31/17</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intake</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Outreach</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Training and Technical Assistance</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>7,190</td>
<td></td>
</tr>
<tr>
<td>General Overhead Costs</td>
<td>677</td>
<td>677</td>
<td>677</td>
<td>23,968</td>
<td></td>
</tr>
<tr>
<td><strong>Total Support and General Overhead</strong></td>
<td>15,493</td>
<td>15,493</td>
<td>15,493</td>
<td>279,683</td>
<td>204,387</td>
</tr>
</tbody>
</table>

**40- Direct Program Costs**

<table>
<thead>
<tr>
<th>Description</th>
<th>1/1/2015 Through 6/30/2015</th>
<th>Total Audited Costs</th>
<th>Reported Expenses 1/1/15-6/30/15</th>
<th>Total Budget 1/1/15-1/31/17</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family Weatherization</td>
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<td>1,344</td>
<td>1,343</td>
<td>130,373</td>
<td>129,029</td>
</tr>
<tr>
<td>Small Multi-Family Weatherization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,600</td>
<td>15,600</td>
</tr>
<tr>
<td>Solar Water Heating</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40,980</td>
<td>40,980</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>15,493</td>
<td>15,493</td>
<td>15,493</td>
<td>279,683</td>
<td>204,387</td>
</tr>
</tbody>
</table>

**Change in Net Assets**

|  | $ | $ | $ | 0 | $ | $ | 59,803 |
SUPPLEMENTAL REPORTING REQUIREMENTS
OF THE
CALIFORNIA OFFICE OF EMERGENCY SERVICES
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

STATEMENT OF REVENUE AND EXPENSES

CALIFORNIA EMERGENCY MANAGEMENT AGENCY - RAPE CRISIS PROGRAM

FOR THE PERIODS SEPTEMBER 1, 2013 THROUGH AUGUST 31, 2014 AND
SEPTEMBER 1, 2014 THROUGH JUNE 30, 2015

<table>
<thead>
<tr>
<th></th>
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<th>Rape/Sexual Assault</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Contract No.: RC13-27-1245</td>
<td>Contract No.: RC14-28-1245</td>
</tr>
<tr>
<td>Audited Costs</td>
<td>9/1/2013 - 6/30/2014</td>
<td>9/1/2014 - 6/30/2015</td>
</tr>
<tr>
<td>Audited Total Costs</td>
<td>116,315</td>
<td>146,093</td>
</tr>
<tr>
<td>Audited Total Costs</td>
<td>41,204</td>
<td>164,490</td>
</tr>
<tr>
<td>Reported Expenses</td>
<td>9/1/2013 -</td>
<td>9/1/2014 -</td>
</tr>
<tr>
<td>Budget</td>
<td>157,519</td>
<td>157,519</td>
</tr>
<tr>
<td>Total</td>
<td>157,519</td>
<td>157,519</td>
</tr>
</tbody>
</table>

REVENUE

<table>
<thead>
<tr>
<th></th>
<th>Audited</th>
<th>Audited</th>
<th>Total</th>
<th>Audited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and Contracts</td>
<td>$116,315</td>
<td>$41,204</td>
<td>$157,519</td>
<td>$157,519</td>
<td>$157,519</td>
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<tr>
<td>In-Kind Contributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>2,890</td>
<td>2,923</td>
<td>5,813</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>119,205</td>
<td>44,127</td>
<td>163,332</td>
<td>157,519</td>
<td>157,519</td>
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</table>

EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>Audited</th>
<th>Audited</th>
<th>Total</th>
<th>Audited</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Personal Services:</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>89,665</td>
<td>33,868</td>
<td>123,533</td>
<td>123,533</td>
<td>120,035</td>
</tr>
<tr>
<td>Salaries In-Kind</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Personal Services</td>
<td>89,665</td>
<td>33,868</td>
<td>123,533</td>
<td>123,533</td>
<td>120,035</td>
</tr>
</tbody>
</table>

Operating Expenses:

<table>
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<tr>
<th></th>
<th>Audited</th>
<th>Audited</th>
<th>Total</th>
<th>Audited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>29,540</td>
<td>10,259</td>
<td>39,799</td>
<td>33,986</td>
<td>33,986</td>
</tr>
<tr>
<td>In-Kind Expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>29,540</td>
<td>10,259</td>
<td>39,799</td>
<td>33,986</td>
<td>33,986</td>
</tr>
</tbody>
</table>

Equipment:

<table>
<thead>
<tr>
<th></th>
<th>Audited</th>
<th>Audited</th>
<th>Total</th>
<th>Audited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Purchases</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Total Equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Total Expenses

<table>
<thead>
<tr>
<th></th>
<th>Audited</th>
<th>Audited</th>
<th>Total</th>
<th>Audited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>119,205</td>
<td>44,127</td>
<td>163,332</td>
<td>157,519</td>
<td>157,519</td>
</tr>
<tr>
<td></td>
<td>148,881</td>
<td></td>
<td>164,490</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue over (under) expenses

<table>
<thead>
<tr>
<th></th>
<th>Audited</th>
<th>Audited</th>
<th>Total</th>
<th>Audited</th>
<th>Audited</th>
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</thead>
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<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tbody>
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<table>
<thead>
<tr>
<th></th>
<th>Audited</th>
<th>Audited</th>
<th>Total</th>
<th>Audited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
# Community Action Partnership of Madera County, Inc.

**Statement of Revenue and Expenses**

**California Emergency Management Agency**

**Victim/Witness Program and Comprehensive Shelter Program**

*For the periods July 1, 2014 through June 30, 2015*

<table>
<thead>
<tr>
<th>Victim Witness Assistance</th>
<th>Comprehensive Shelter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract No.:</strong> VW14-28-0200</td>
<td><strong>Contract No.:</strong> DV14-06-1245</td>
</tr>
<tr>
<td><strong>Audited Costs</strong></td>
<td><strong>Audited Costs</strong></td>
</tr>
<tr>
<td>7/1/2014 - 6/30/2015</td>
<td>7/1/2014 - 6/30/2015</td>
</tr>
<tr>
<td><strong>Reported Expenses</strong></td>
<td><strong>Reported Expenses</strong></td>
</tr>
<tr>
<td>7/1/2014 - 6/30/2015</td>
<td>7/1/2014 - 6/30/2015</td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td><strong>Total Budget</strong></td>
</tr>
<tr>
<td>7/1/2014 - 6/30/2015</td>
<td>7/1/2014 - 6/30/2015</td>
</tr>
</tbody>
</table>

## REVENUE

- **Grants and Contracts**
  - Audited: $198,375
  - Reported: $198,375
  - Total: $198,375

- **In-Kind Contributions**
  - Audited: $240,139
  - Reported: $238,120
  - Total: $238,120

- **Other Revenue**
  - Audited: $20,002
  - Report: $22,021
  - Total: $22,021

- **Total Revenue**
  - Audited: $270,600
  - Reported: $260,141
  - Total: $260,141

## EXPENSES

**Personal Services:***

- **Salaries In-Kind**
  - Audited: -
  - Reported: -
  - Total: -

- **Total Personal Services**
  - Audited: 149,966
  - Reported: 149,966
  - Total: 149,966

**Operating Expenses:**

- **Operating Expenses**
  - Audited: 54,414
  - Reported: 48,409
  - Total: 48,409

- **In-Kind Expenses**
  - Audited: 79,924
  - Reported: 71,484
  - Total: 71,484

- **Total Operating Expenses**
  - Audited: 54,414
  - Reported: 48,409
  - Total: 48,409

**Equipment:**

- **Capital Purchases**
  - Audited: -
  - Reported: -
  - Total: -

- **Total Equipment**
  - Audited: -
  - Reported: -
  - Total: -

**Total Expenses**

- Audited: 204,380
- Reported: 198,375
- Total: 198,375

**Revenue over (under) expenses**

- Audited: $4,038
- Reported: -
- Total: -
<table>
<thead>
<tr>
<th></th>
<th>Advocacy &amp; Outreach</th>
<th>Advocacy &amp; Outreach</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audited</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Costs</td>
<td>Audited</td>
</tr>
<tr>
<td>10/1/2013 -</td>
<td>$96,597</td>
<td>$125,000 $125,000</td>
</tr>
<tr>
<td>6/30/2014</td>
<td>$28,403</td>
<td>10/1/2013 -</td>
</tr>
<tr>
<td></td>
<td>10/1/2013 - $28,403</td>
<td>10/1/2014 -</td>
</tr>
<tr>
<td></td>
<td>10/1/2014 -</td>
<td>10/1/2014 -</td>
</tr>
<tr>
<td></td>
<td>10/1/2014 -</td>
<td>10/1/2014 -</td>
</tr>
<tr>
<td>REVENUE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>$96,597</td>
<td>$125,000 $125,000</td>
</tr>
<tr>
<td>In-Kind Contributions</td>
<td>25,692</td>
<td>104,484 $104,484</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>4,353</td>
<td>8,063</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>126,642</td>
<td>114,542 $112,547</td>
</tr>
<tr>
<td></td>
<td></td>
<td>92,901</td>
</tr>
<tr>
<td></td>
<td></td>
<td>174,165</td>
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<tr>
<td>EXPENSES</td>
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<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries In-Kind</td>
<td>8,063</td>
<td>8,063</td>
</tr>
<tr>
<td>Total Personal Services</td>
<td>93,013</td>
<td>112,547 $112,547</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
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<tr>
<td>Operating Expenses</td>
<td>16,000</td>
<td>20,516</td>
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<tr>
<td>In-Kind Expenses</td>
<td>17,629</td>
<td>23,187</td>
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<tr>
<td>Total Operating Expenses</td>
<td>33,629</td>
<td>43,703</td>
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<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Equipment</td>
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<td></td>
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<tr>
<td>Capital Purchases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>126,642</td>
<td>156,250 $156,250</td>
</tr>
<tr>
<td></td>
<td>107,090</td>
<td>209,041</td>
</tr>
<tr>
<td>Revenue over (under) expenses</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>
## COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

**STATEMENT OF REVENUE AND EXPENSES**

**CALIFORNIA EMERGENCY MANAGEMENT AGENCY**

**CALIFORNIA DISASTER ASSISTANCE ACT PROGRAM**

FOR THE PERIOD APRIL 1, 2015 THROUGH JUNE 30, 2015

<table>
<thead>
<tr>
<th>Disaster Assistance Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract No.: 039-90701</td>
</tr>
<tr>
<td>Audited Costs</td>
</tr>
<tr>
<td>Budget</td>
</tr>
<tr>
<td>4/1/2015 -</td>
</tr>
<tr>
<td>4/1/15 -</td>
</tr>
<tr>
<td>6/30/2015</td>
</tr>
<tr>
<td>TBD</td>
</tr>
</tbody>
</table>

### REVENUE

- Grants and Contracts: $13,618
- In-Kind Contributions: 
- Other Revenue: 

**Total Revenue**

$13,618

$1,102,992

### EXPENSES

- **Project Summary Category of Work:**
  - A- Debris Removal: 
  - B- Emergency Protective Measures: $12,380
  - C- Road Systems Repairs: 
  - D- Dikes, Levees & Flood Control Works: 
  - E- Public Buildings: 
  - F- Utilities: 
  - G- Other: 
  - H- Fire Suppression: 
  - Z- Federal Administrative Costs: 

**Total Expenses:**

$13,618

$1,102,992

### Revenue over (under) expenses

$  -  

$ -  -
SUPPLEMENTAL REPORTING REQUIREMENTS
OF THE
CALIFORNIA DEPARTMENT OF EDUCATION
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

GENERAL INFORMATION

YEAR ENDED JUNE 30, 2015

Agency Name: Community Action Partnership of Madera County, Inc.

Address of Agency: 1225 Gill Avenue
Madera, CA 93637

Type of Agency: California Nonprofit Public Benefit Corporation

State Department of Education
Contract Numbers:

C2AP-4032 Alternative Payment-Stage 2
C3AP-4031 Alternative Payment-Stage 3
CAPP-4034 Alternative Payment
CCIP-4031 Child Care Initiative Project

CHST-4031 CCDF Health & Safety
CPKS-4041 Pre-Kindergarten & Family
CRRP-4031 Resource & Referral
CSPP-4255 State Preschool
20-1361-0J Child Care Food Program

Executive Director:
Chief Financial Officer:

Mattie Mendez
Donna Tooley

Report Period:
Fiscal Year Ended June 30, 2015

Schedule Daily Hours:
Varies

Number of Days Operating:
Varies
CALIFORNIA DEPARTMENT OF EDUCATION
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
YEAR ENDED JUNE 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>CDE Center-Based Programs</th>
<th>CDE Resource &amp; Referral Programs</th>
<th>CDE Alternative Payment Programs</th>
<th>Total Child Care Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Payments to Providers</td>
<td>$</td>
<td>$</td>
<td>$ 3,368,805</td>
<td>$ 3,368,805</td>
</tr>
<tr>
<td>1000 Certified Salaries</td>
<td>293,205</td>
<td>-</td>
<td>-</td>
<td>293,205</td>
</tr>
<tr>
<td>2000 Classified Salaries</td>
<td>264,133</td>
<td>117,522</td>
<td>256,660</td>
<td>638,315</td>
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<tr>
<td>3000 Employee Benefits</td>
<td>219,074</td>
<td>29,196</td>
<td>72,097</td>
<td>320,367</td>
</tr>
<tr>
<td>4000 Books and Supplies</td>
<td>63,722</td>
<td>5,811</td>
<td>483,792</td>
<td>553,325</td>
</tr>
<tr>
<td>5000 Services/Other Operating Expenses</td>
<td>34,973</td>
<td>70,033</td>
<td>78,586</td>
<td>183,592</td>
</tr>
<tr>
<td>6000 Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>195</td>
<td>208</td>
<td>623</td>
<td>1,026</td>
</tr>
<tr>
<td>Start-Up</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Indirect Costs</td>
<td>69,998</td>
<td>18,040</td>
<td>344,917</td>
<td>432,955</td>
</tr>
<tr>
<td>Total Expenses Claimed for Reimbursement</td>
<td>945,300</td>
<td>240,810</td>
<td>4,605,480</td>
<td>5,791,590</td>
</tr>
<tr>
<td>Supplemental expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL EXPENDITURES</td>
<td>$ 945,300</td>
<td>$ 240,810</td>
<td>$ 4,605,480</td>
<td>$ 5,791,590</td>
</tr>
</tbody>
</table>

NOTE: We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.
## SCHEDULE OF EXPENDITURES BY STATE CATEGORIES

**YEAR ENDED JUNE 30, 2015**

<table>
<thead>
<tr>
<th></th>
<th>State Preschool CSPP-4255</th>
<th>Pre-Kindergarten Support CPKS-4041</th>
<th>Stanislaus Co. State CMIG-4018</th>
<th>Stanislaus Co. Migrant Start/Close CMIG-4018</th>
<th>Stanislaus Co. Migrant Spec. Serv. CMSS-4018</th>
<th>Other Non-CDE Programs</th>
<th>Total Center-Based Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Payments to Providers</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>1000 Certified Salaries</td>
<td>161,189</td>
<td>-</td>
<td>132,016</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2000 Classified Salaries</td>
<td>107,460</td>
<td>-</td>
<td>88,010</td>
<td>19,874</td>
<td>48,789</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3000 Employee Benefits</td>
<td>113,122</td>
<td>-</td>
<td>88,046</td>
<td>4,179</td>
<td>13,727</td>
<td>-</td>
<td>79</td>
</tr>
<tr>
<td>4000 Books and Supplies</td>
<td>1,561</td>
<td>9,259</td>
<td>13,624</td>
<td>37,059</td>
<td>2,140</td>
<td>925</td>
<td>34,973</td>
</tr>
<tr>
<td>5000 Services and Other</td>
<td>9,537</td>
<td>-</td>
<td>24,502</td>
<td>-</td>
<td>925</td>
<td>34,973</td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>-</td>
<td>-</td>
<td>24,502</td>
<td>-</td>
<td>925</td>
<td>34,973</td>
<td></td>
</tr>
<tr>
<td>6000 Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>111</td>
<td>-</td>
<td>-</td>
<td>195</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>111</td>
<td>-</td>
<td>-</td>
<td>195</td>
<td></td>
</tr>
<tr>
<td>Start-Up</td>
<td>-</td>
<td>-</td>
<td>111</td>
<td>-</td>
<td>-</td>
<td>195</td>
<td></td>
</tr>
<tr>
<td>Indirect Costs</td>
<td>31,427</td>
<td>741</td>
<td>27,694</td>
<td>4,889</td>
<td>5,247</td>
<td>-</td>
<td>69,998</td>
</tr>
<tr>
<td>Total Expenses Claimed for Reimbursement</td>
<td>424,380</td>
<td>10,000</td>
<td>374,003</td>
<td>66,001</td>
<td>70,828</td>
<td>88</td>
<td>945,300</td>
</tr>
<tr>
<td>Supplemental expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>$ 424,380</td>
<td>$ 10,000</td>
<td>$ 374,003</td>
<td>$ 66,001</td>
<td>$ 70,828</td>
<td>$ 88</td>
<td>$ 945,300</td>
</tr>
</tbody>
</table>

**NOTE:** We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

**NOTE:** See additional reconciliation on page 66 of this report for center-based contracts that are commingled with Head Start programs.
### SCHEDULE OF EXPENDITURES BY STATE CATEGORIES

**YEAR ENDED JUNE 30, 2015**

<table>
<thead>
<tr>
<th>Resource &amp; Referral</th>
<th>Child Care Initiative Project</th>
<th>Health &amp; Safety CHST-4031</th>
<th>Other Non-CDE Programs</th>
<th>Total Resource &amp; Referral Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRRP-4031</td>
<td>CCIP-4031</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Direct Payments to Providers</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>1000 Certified Salaries</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>2000 Classified Salaries</td>
<td>102,619</td>
<td>14,903</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>3000 Employee Benefits</td>
<td>25,150</td>
<td>4,046</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>4000 Books and Supplies</td>
<td>3,318</td>
<td>2,228</td>
<td>265</td>
<td>$ -</td>
</tr>
<tr>
<td>5000 Services and Other Operating Expenses</td>
<td>38,781</td>
<td>2,897</td>
<td>1,997</td>
<td>26,358</td>
</tr>
<tr>
<td>6000 Capital Outlay</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Depreciation</td>
<td>208</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Start-Up</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Indirect Costs</td>
<td>13,586</td>
<td>1,926</td>
<td>181</td>
<td>2,347</td>
</tr>
<tr>
<td><strong>Total Expenses Claimed for Reimbursement</strong></td>
<td>183,662</td>
<td>26,000</td>
<td>2,443</td>
<td>28,705</td>
</tr>
<tr>
<td>Supplemental expenses</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>$ 183,662</td>
<td>$ 26,000</td>
<td>$ 2,443</td>
<td>$ 28,705</td>
</tr>
</tbody>
</table>

**NOTE:** We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.
## SCHEDULE OF EXPENDITURES BY STATE CATEGORIES

### YEAR ENDED JUNE 30, 2015

<table>
<thead>
<tr>
<th>Direct Payments to Providers</th>
<th>Alternative Payment CAPP-4034</th>
<th>Alternative Payment Stage 2 C2AP-4032</th>
<th>Alternative Payment Stage 3 C3AP-4031</th>
<th>Child Care Food Program 20-1361-0J</th>
<th>Other Non-CDE Programs</th>
<th>Total Alternative Payment Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,160,499</td>
<td>$1,643,120</td>
<td>$552,500</td>
<td>$12,686</td>
<td>$3,368,805</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Categories

#### 1000 Certified Salaries
- $83,254
- $122,258
- $36,452
- $14,035
- $661
- $256,660

#### 2000 Classified Salaries
- $23,020
- $34,691
- $10,136
- $4,199
- $51
- $72,097

#### 3000 Employee Benefits
- $5,304
- $12,708
- $3,697
- $462,083
- $483,792

#### 5000 Services and Other Operating Expenses
- $18,790
- $29,906
- $9,471
- $20,419
- $78,586

#### 6000 Capital Outlay
- $182
- $343
- $98
- $623

#### Depreciation
- $103,268
- $147,413
- $48,980
- $44,065
- $1,191
- $344,917

#### Total Expenses Claimed for Reimbursement
- $1,394,317
- $1,990,439
- $661,334
- $544,801
- $14,589
- $4,605,480

#### Supplemental expenses
- $1,394,317
- $1,990,439
- $661,334
- $544,801
- $14,589
- $4,605,480

### Total Expenditures

| TOTAL EXPENDITURES | $1,394,317 | $1,990,439 | $661,334 | $544,801 | $14,589 | $4,605,480 |

---

**NOTE:** We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
SCHEDULE OF EQUIPMENT EXPENDITURES AND
SCHEDULE OF EXPENDITURES FOR BUILDINGS AND IMPROVEMENTS
YEAR ENDED JUNE 30, 2015

EQUIPMENT EXPENDITURES

None

TOTAL EQUIPMENT EXPENDITURES $________-

BUILDING & IMPROVEMENT EXPENSES

None

TOTAL BUILDING & IMPROVEMENT EXPENSES $________-

NOTE: Agency's Capitalization Threshold is $5,000.
### COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

COMBINING SCHEDULE OF ADMINISTRATIVE COSTS
RELATING TO CALIFORNIA DEPARTMENT OF EDUCATION PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2015

<table>
<thead>
<tr>
<th>State Preschool</th>
<th>PreKinder. &amp; Family Literacy</th>
<th>Subcontract</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSPP-4255</td>
<td>CPKS-4041</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Stanislaus Co. Office of Ed.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Migrant</td>
</tr>
<tr>
<td></td>
<td>CMIG-4018</td>
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<table>
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<tr>
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**Total Administrative Costs**

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<th>$27,694</th>
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Reconciling Items (see page 66):

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<td>Cmomingled Expenses</td>
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<td>Total per Audited Fiscal Reports:</td>
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### COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

**COMBINING SCHEDULE OF ADMINISTRATIVE COSTS RELATING TO CALIFORNIA DEPARTMENT OF EDUCATION PROGRAMS**

**FOR THE YEAR ENDED JUNE 30, 2015**

<table>
<thead>
<tr>
<th>Resource and Referral</th>
<th>Child Care Initiative Project</th>
<th>CCDF Health &amp; Safety CHST-4031</th>
<th>Alternative Payment CAPP-4034</th>
<th>Alternative Payment Sage 2 C2AP-4032</th>
<th>Alternative Payment Stage 3 C3AP-4031</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRRP-4031</td>
<td>CCIP-4031</td>
<td>CHST-4031</td>
<td>CAPP-4034</td>
<td>C2AP-4032</td>
<td>C3AP-4031</td>
</tr>
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<td><strong>$ 59,761</strong></td>
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<td>7</td>
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<td>5,862</td>
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<td>467</td>
<td>667</td>
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<td>63</td>
<td>6</td>
<td>3,403</td>
<td>4,857</td>
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**Total Administrative Costs**

<table>
<thead>
<tr>
<th>Resource and Referral</th>
<th>Child Care Initiative Project</th>
<th>CCDF Health &amp; Safety CHST-4031</th>
<th>Alternative Payment CAPP-4034</th>
<th>Alternative Payment Sage 2 C2AP-4032</th>
<th>Alternative Payment Stage 3 C3AP-4031</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRRP-4031</td>
<td>CCIP-4031</td>
<td>CHST-4031</td>
<td>CAPP-4034</td>
<td>C2AP-4032</td>
<td>C3AP-4031</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$ 13,586</strong></td>
<td><strong>$ 1,926</strong></td>
<td><strong>$ 181</strong></td>
<td><strong>$ 103,268</strong></td>
<td><strong>$ 147,413</strong></td>
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</table>
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.
RECONCILIATION OF CDE REPORTING FOR COMMINGLED PROGRAMS.
YEAR ENDED JUNE 30, 2015

## CSPP-4255

<table>
<thead>
<tr>
<th>State Preschool</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 424,380</td>
<td>$ 424,380</td>
</tr>
</tbody>
</table>

### Expenses:

#### Schedule of Expenditures by State Categories (Pg 60)

#### Adjustments to Reconcile Differences in Reporting:
- Payments to subcontractor
- Excess funded by subcontractor (includes CCFP)
- Depreciation on assets funded by CDE
- Capitalized items expensed on AUD form

#### Subtotal
- $ -
- $ 1,162,349
- $ 1,162,349

**Audited Fiscal Reports**

---

COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

SCHEDULE OF EXPENDITURES BY STATE CATEGORIES: WITH HEAD START DETAIL

YEAR ENDED JUNE 30, 2015

## CSPP-4255

<table>
<thead>
<tr>
<th>State Preschool</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 161,189</td>
<td>$ 370,570</td>
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<tr>
<td>107,460</td>
<td>247,045</td>
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<tr>
<td>113,122</td>
<td>206,431</td>
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<tr>
<td>1,561</td>
<td>161,894</td>
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<td>9,537</td>
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<td>84</td>
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<tr>
<td>31,427</td>
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</table>

### Expenditures:

#### 1000 Certified Salaries
#### 2000 Classified Salaries
#### 3000 Employee Benefits
#### 4000 Books and Supplies
#### 5000 Services/Other Operating Expenses
#### 6000 Capital Outlay
#### Depreciation
#### Start-up Costs
#### Indirect Costs

### Total Expenses Claimed for Reimbursement
- 424,380
- 1,162,349
- 1,586,729

### Supplemental expenses
- 75,590

**TOTAL EXPENDITURES**

| $ 424,380 | $ 1,237,939 | $ 1,662,319 |
## Audited Attendance and Fiscal Report

**Agency Name:** Community Action Partnership of Madera County, Inc.  
**Fiscal Year Ended:** June 30, 2015  
**Vendor Nc:** 20-B509  
**Contract No.:** CSPP-4255

**Independent Auditor's Name:** Randolph Scott & Company, CPA's, Inc.

### Section I - Certified Children Days of Enrollment

<table>
<thead>
<tr>
<th>Category</th>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
<th>Column D</th>
<th>Column E</th>
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<tbody>
<tr>
<td>Three and Four Year Olds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time-plus</td>
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<td></td>
<td></td>
<td>1.1800</td>
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<tr>
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<tr>
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<td>Three-quarters-time</td>
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<tr>
<td>Full-time-plus</td>
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<tr>
<td>Full-time-plus</td>
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<td>0.6172</td>
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<tr>
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<tr>
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<td>1.5000</td>
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<tr>
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### AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs

**Agency Name:** Community Action Partnership of Madera County, Inc.  
**Fiscal Year Ended:** June 30, 2015  
**Vendor No.:** 20-B509  
**Contract No.:** CSPP-4255

#### SECTION II - NONCERTIFIED CHILDREN

Report all children who were not certified, but who were served at the same sites as certified children.

**DAYS OF ENROLLMENT**

<table>
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<tr>
<th></th>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
<th>COLUMN D</th>
<th>COLUMN E</th>
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<td></td>
<td>CUMULATIVE FISCAL YEAR PER FORM CDFS 8501</td>
<td>AUDIT ADJUSTMENTS</td>
<td>CUMULATIVE FISCAL YEAR PER AUDIT</td>
<td>ADJUSTMENT FACTOR</td>
<td>ADJUSTED DAYS OF ENROLLMENT PER AUDIT</td>
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<tr>
<td><strong>Three and Four Year Olds</strong></td>
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<td></td>
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</tr>
<tr>
<td>Full-time-plus</td>
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<td>1.1800</td>
<td>-</td>
</tr>
<tr>
<td>Full-time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.0000</td>
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<tr>
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<td>0.7500</td>
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<tr>
<td>One-half-time</td>
<td>-</td>
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<tr>
<td><strong>Exceptional Needs</strong></td>
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<tr>
<td>One-half-time</td>
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<td>0.6172</td>
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<tr>
<td><strong>Limited and Non-English Proficient</strong></td>
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<td>0.8250</td>
<td>-</td>
</tr>
<tr>
<td>One-half-time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.6172</td>
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</tr>
<tr>
<td><strong>At Risk of Abuse or Neglect</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
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<td>Full-time-plus</td>
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</tr>
<tr>
<td>Full-time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.1000</td>
<td>-</td>
</tr>
<tr>
<td>Three-quarters-time</td>
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<td>0.8250</td>
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<tr>
<td>One-half-time</td>
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<td>0.6172</td>
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<tr>
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</tr>
<tr>
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<td>-</td>
<td>2,776</td>
<td>3,053,600</td>
<td></td>
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</tbody>
</table>

**Comments:** If necessary, attach additional sheets to explain adjustments.

**AUD 8501, Page 2 of 4 (FY 2014-15)**

California Department of Education
## AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs

**Agency Name:** Community Action Partnership of Madera County, Inc.  
**Vendor No.:** 20-B509  
**Fiscal Year End:** June 30, 2015  
**Contract No.:** CSPP-4255

### SECTION III - REVENUE

<table>
<thead>
<tr>
<th>Description</th>
<th>Column A (Cumulative Fiscal Year Per Form CPS 8001)</th>
<th>Column B (Audit Adjustment Increase or Decrease)</th>
<th>Column C (Cumulative Fiscal Year Per Audit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted Income</td>
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<tr>
<td>Child Nutrition Programs</td>
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<td>$123,512</td>
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<tr>
<td>County Maintenance of Effort (EC § 8279)</td>
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<tr>
<td>Other (Specify):</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Other (Specify):</td>
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</tr>
<tr>
<td><strong>Subtotal</strong></td>
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<td>$123,512</td>
</tr>
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<tr>
<td>Family Fees for Certified Children</td>
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<td>1,783</td>
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<tr>
<td>Interest Earned on Apportionments</td>
<td>12</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>Unrestricted Income</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Family Fees for Noncertified Children</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Head Start Program (EC § 8235(b))</td>
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<td></td>
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<td><strong>TOTAL REVENUE</strong></td>
<td>$1,166,432</td>
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<td>$1,166,432</td>
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</tbody>
</table>

### SECTION IV - REIMBURSABLE EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>Column A (Cumulative Fiscal Year Per Form CPS 8001)</th>
<th>Column B (Audit Adjustment Increase or Decrease)</th>
<th>Column C (Cumulative Fiscal Year Per Audit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 Certificated Salaries</td>
<td>$531,759</td>
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<tr>
<td>2000 Classified Salaries</td>
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</tr>
<tr>
<td>3000 Employee Benefits</td>
<td>319,553</td>
<td></td>
<td>319,553</td>
</tr>
<tr>
<td>4000 Books and Supplies</td>
<td>163,455</td>
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<td>163,455</td>
</tr>
<tr>
<td>5000 Services and Other Operating Expenses</td>
<td>98,358</td>
<td></td>
<td>98,358</td>
</tr>
<tr>
<td>6100/6200 Other Approved Capital Outlay</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>6400 New Equipment (program-related)</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>6500 Replacement Equipment (program-related)</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>Depreciation or Use Allowance</td>
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<td>1,572</td>
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<tr>
<td>Start-Up Expenses (service level exemption)</td>
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<tr>
<td>Budget Impasse Credit</td>
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<td>0</td>
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<tr>
<td>Indirect Costs, Rate: 8.01%</td>
<td>117,527</td>
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<td>117,527</td>
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<tr>
<td><strong>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</strong></td>
<td>$1,586,729</td>
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</tbody>
</table>

**TOTAL ADMINISTRATIVE COSTS (included in section IV above)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Column A (Cumulative Fiscal Year Per Form CPS 8001)</th>
<th>Column B (Audit Adjustment Increase or Decrease)</th>
<th>Column C (Cumulative Fiscal Year Per Audit)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$117,527</td>
<td>$0</td>
<td>$117,527</td>
</tr>
</tbody>
</table>

---

**FOR CDE-A1 USE ONLY:**

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

- [ ] YES
- [ ] NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

- [ ] YES
- [ ] NO - Explain any discrepancies.

[ ] NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to report.

**COMMENTS** - If necessary, attach additional sheets to explain adjustments:

---

AUD 8501, Page 3 of 4 (FY 2014-15)

California Department of Education
### SECTION V - SUPPLEMENTAL REVENUE

<table>
<thead>
<tr>
<th>Description</th>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
</tr>
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<tbody>
<tr>
<td>Enhancement Funding</td>
<td>$75,590</td>
<td>$0</td>
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<tr>
<td>Other (Specify):</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other (Specify):</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td>Other (Specify):</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td><strong>TOTAL SUPPLEMENTAL REVENUE</strong></td>
<td>$75,590</td>
<td>$0</td>
<td>$75,590</td>
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</table>

### SECTION VI - SUPPLEMENTAL EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPENSES RELATED TO SUPPLEMENTAL REVENUE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1000 Certificated Salaries</td>
<td>$28,431</td>
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<td>2000 Classified Salaries</td>
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<tr>
<td>3000 Employee Benefits</td>
<td>19,467</td>
<td>19,467</td>
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<tr>
<td>4000 Books and Supplies</td>
<td>558</td>
<td>558</td>
<td></td>
</tr>
<tr>
<td>5000 Services and Other Operating Expenses</td>
<td>2,580</td>
<td>2,580</td>
<td></td>
</tr>
<tr>
<td>6000 Equipment/Other Capital Outlay</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Depreciation or Use Allowance</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Indirect Costs</td>
<td>5,599</td>
<td>5,599</td>
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<tr>
<td><strong>NONREIMBURSABLE EXPENSES</strong></td>
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<td></td>
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<tr>
<td>6100-6500 Nonreimbursable Capital Outlay</td>
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<td></td>
</tr>
<tr>
<td>Other: e.g., Entertainment Expenses</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Other (Specify):</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Other (Specify):</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td><strong>TOTAL SUPPLEMENTAL EXPENSES</strong></td>
<td>$75,590</td>
<td>$0</td>
<td>$75,590</td>
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</table>

**COMMENTS** - If necessary, attach additional sheets to explain adjustments:
# AUDITED FISCAL REPORT
for Child Development Support Contracts

**Agency Name:** Community Action Partnership of Madera County, Inc.  
**Vendor No.:** 20-B509

**Fiscal Year End:** June 30, 2015  
**Contract No.:** CPKS-4041

**Multi-Year Contract? (Check "No" Box or Enter Contract Period):** No  
**Period:** 

**Independent Auditor's Name:** Randolph Scott & Company, CPA's, Inc.

### SECTION I - REVENUE

<table>
<thead>
<tr>
<th>Description</th>
<th>COLUMN A1</th>
<th>COLUMN A2</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIOR YEAR'S AUD 9529 ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>RESTRICTED INCOME: Match Requirement</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>County Maintenance of Effort (EC § 8279)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other (Specify):</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other (Specify):</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>INTEREST EARNED ON APPORTIONMENTS</td>
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<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>UNRESTRICTED INCOME</td>
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<td>0</td>
</tr>
<tr>
<td>Other (Specify):</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Other (Specify):</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
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</table>

### SECTION II - REIMBURSABLE EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>COLUMN A1</th>
<th>COLUMN A2</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
</tr>
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<tr>
<td>1000 Certificated Salaries</td>
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<td>2000 Classified Salaries</td>
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<td>0</td>
</tr>
<tr>
<td>3000 Employee Benefits</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4000 Books and Supplies</td>
<td>9,259</td>
<td>9,259</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5000 Services and Other Operating Expenses</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6100/6200 Other Approved Capital Outlay</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6400 New Equipment (program-related)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6500 Replacement Equipment (program-related)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Depreciation or Use Allowance</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Indirect Costs. Rate: 8.00%</td>
<td>741</td>
<td>741</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</strong></td>
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<td>$10,000</td>
<td>$0</td>
<td>$10,000</td>
</tr>
<tr>
<td><strong>TOTAL ADMINISTRATIVE COSTS</strong> (included in section II above)</td>
<td>$0</td>
<td>$741</td>
<td>$0</td>
<td>$741</td>
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<tr>
<td><strong>FOR CDE-A&amp;I USE ONLY:</strong></td>
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<td></td>
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</tr>
</tbody>
</table>

**COMMENTS - If necessary, attach additional sheets to explain adjustments:**

- NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if there are no supplemental revenues or expenses to report.
## AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs

**Community Action Partnership of Madera County, Inc. on behalf of Stanislaus Department of Education**

**Fiscal Year Ended:** June 30, 2015  
**Vendor No.:** 20-B509  
**Contract No.:** CMIG-4018  
**Independent Auditor's Name:** Randolph Scott & Company, CPA's, Inc.

### SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT

<table>
<thead>
<tr>
<th></th>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
<th>COLUMN D</th>
<th>COLUMN E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infants (up to 18 months)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time-plus</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,006</td>
<td>-</td>
</tr>
<tr>
<td>Full-time</td>
<td>1,159</td>
<td>1,159</td>
<td>1,700</td>
<td>1,970.300</td>
<td>-</td>
</tr>
<tr>
<td>Three-quarters-time</td>
<td>405</td>
<td>405</td>
<td>1.275</td>
<td>516.375</td>
<td>-</td>
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<tr>
<td>One-half-time</td>
<td>-</td>
<td>-</td>
<td>0.935</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>FCCH Infants (up to 18 months)</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time-plus</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.652</td>
<td>-</td>
</tr>
<tr>
<td>Full-time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.400</td>
<td>-</td>
</tr>
<tr>
<td>Three-quarters-time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.050</td>
<td>-</td>
</tr>
<tr>
<td>One-half-time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.770</td>
<td>-</td>
</tr>
<tr>
<td><strong>Toddlers (18 up to 36 months)</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Full-time-plus</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.652</td>
<td>-</td>
</tr>
<tr>
<td>Full-time</td>
<td>1,910</td>
<td>1,910</td>
<td>1.400</td>
<td>2,674.000</td>
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</tr>
<tr>
<td>Three-quarters-time</td>
<td>1,000</td>
<td>1,000</td>
<td>1.050</td>
<td>1,050.000</td>
<td>-</td>
</tr>
<tr>
<td>On-half-time</td>
<td>-</td>
<td>-</td>
<td>0.770</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Three Years and Older</strong></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Full-time-plus</td>
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<td>1.180</td>
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<td>Full-time</td>
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<td>Three-quarters-time</td>
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<td>0.730</td>
<td>18.750</td>
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<td>One-half-time</td>
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<td>0.550</td>
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<td><strong>Exceptional Needs</strong></td>
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<td>Full-time-plus</td>
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<td>-</td>
<td>-</td>
<td>1.416</td>
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<td>Full-time</td>
<td>272</td>
<td>272</td>
<td>1.200</td>
<td>326.400</td>
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<td>Three-quarters-time</td>
<td>77</td>
<td>77</td>
<td>0.900</td>
<td>69.300</td>
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<tr>
<td>One-half-time</td>
<td>-</td>
<td>-</td>
<td>0.860</td>
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<td>-</td>
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<tr>
<td><strong>Limited and Non-English Proficient</strong></td>
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<td></td>
</tr>
<tr>
<td>Full-time-plus</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.298</td>
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<tr>
<td>Full-time</td>
<td>2,688</td>
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<td>1.100</td>
<td>2,956.800</td>
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<tr>
<td>Three-quarters-time</td>
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<td>0.825</td>
<td>2,167.275</td>
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<tr>
<td>One-half-time</td>
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<td>-</td>
<td>0.605</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>At Risk of Abuse or Neglect</strong></td>
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<tr>
<td>Full-time-plus</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.298</td>
<td>-</td>
</tr>
<tr>
<td>Full-time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.100</td>
<td>-</td>
</tr>
<tr>
<td>Three-quarters-time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.825</td>
<td>-</td>
</tr>
<tr>
<td>One-half-time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.605</td>
<td>-</td>
</tr>
<tr>
<td><strong>Severely Disabled</strong></td>
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<td></td>
</tr>
<tr>
<td>Full-time-plus</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.770</td>
<td>-</td>
</tr>
<tr>
<td>Full-time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.500</td>
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</tr>
<tr>
<td>Three-quarters-time</td>
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<td>-</td>
<td>1.125</td>
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</tr>
<tr>
<td>One-half-time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.825</td>
<td>-</td>
</tr>
</tbody>
</table>

**TOTAL DAYS OF ENROLLMENT**: 10,397  
**DAYS OF OPERATION**: 188  
**DAYS OF ATTENDANCE**: 10,378

☐ NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified children were enrolled in the program

Comments - If necessary, attach additional sheets to explain adjustments:

AUD 9500, Page 1 of 4 (FY 2014-15)  
California Department of Education  
72
# AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs

**Agency Name:** Community Action Partnership of Madera County, Inc. on behalf of Stanislaus Department of Education

**Vendor No.:** 20-B509

**Fiscal Year End:** June 30, 2015

**Contract No.:** CMIG-4018

## SECTION III - REVENUE

<table>
<thead>
<tr>
<th>Item</th>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESTRICTED INCOME</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Child Nutrition Programs</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>County Maintenance of Effort (EC § 8279)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncashed Checks to Providers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Specify):</td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Transfer from Reserve</td>
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</tr>
<tr>
<td>Family Fees for Certified Children</td>
<td>Contract #</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCTR Program</td>
<td>Contract #</td>
<td></td>
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</tr>
<tr>
<td>CSPP Program</td>
<td>Contract #</td>
<td></td>
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<tr>
<td>Interest Earned on Apportionments</td>
<td>Contract #</td>
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<tr>
<td><strong>UNRESTRICTED INCOME</strong></td>
<td></td>
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<tr>
<td>Family Fees for Noncertified Children</td>
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<tr>
<td>Head Start Program (EC § 8235(b))</td>
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<tr>
<td>Other (Specify):</td>
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<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$0</td>
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</table>

## SECTION IV - REIMBURSABLE EXPENSES

<table>
<thead>
<tr>
<th>Item</th>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
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<tbody>
<tr>
<td>Direct Payments to Providers (FCCH Only)</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>1000 Certificated Salaries</td>
<td>132,016</td>
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<tr>
<td>2000 Classified Salaries</td>
<td>220,026</td>
<td>(132,016)</td>
<td>88,010</td>
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<td>3000 Employee Benefits</td>
<td>88,046</td>
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<tr>
<td>4000 Books and Supplies</td>
<td>13,432</td>
<td>192</td>
<td>13,624</td>
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<tr>
<td>5000 Services and Other Operating Expenses</td>
<td>24,805</td>
<td>(303)</td>
<td>24,502</td>
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<tr>
<td>6100/6200 Other Approved Capital Outlay</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>6400 New Equipment (program-related)</td>
<td></td>
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</tr>
<tr>
<td>6500 Replacement Equipment (program-related)</td>
<td></td>
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</tr>
<tr>
<td>Depreciation or Use Allowance</td>
<td>111</td>
<td></td>
<td>111</td>
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<tr>
<td>Start-Up Expenses (service level exemption)</td>
<td>66,001</td>
<td></td>
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<tr>
<td>Budget Impasse Credit</td>
<td>Contract #</td>
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<tr>
<td>Indirect Costs</td>
<td>Rate: 8.61% (Rate is Self-Calculating)</td>
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<td><strong>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</strong></td>
<td>$374,003</td>
<td>$66,001</td>
<td>$440,004</td>
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</table>

**TOTAL ADMINISTRATIVE COSTS** (included in section IV above)         | $27,694  | $0       | $27,694 |

---

**COMMENTS** - If necessary, attach additional sheets to explain adjustments:

- [ ] YES
- [ ] NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

- [ ] YES
- [ ] NO - Explain any discrepancies.

**NO SUPPLEMENTAL REVENUES OR EXPENSES** - Check this box and omit page 4 if there are no supplemental revenues or expenses to report.

AUD 9500, Page 3 of 4 (FY 2014-15)
# AUDITED FISCAL REPORT
## for Migrant Special Services Contracts

### Agency Name:
Community Action Partners of Madera Co, Inc. on behalf of Stanislaus Department of Education

### Vendor No.
20-B509

### Fiscal Year End:
June 30, 2015

### Contract No.
CMSS-4018

### Independent Auditor's Name:
Randolph Scott & Company, CPA's, Inc.

## SECTION I - REVENUE

<table>
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<tr>
<th></th>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
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</thead>
<tbody>
<tr>
<td>CUMULATIVE FISCAL YEAR PER FORM CDFS 9500-A</td>
<td>AUDIT ADJUSTMENT INCREASE OR (DECREASE)</td>
<td>CUMULATIVE FISCAL YEAR PER AUDIT</td>
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<tr>
<td><strong>RESTRICTED INCOME</strong></td>
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<td></td>
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<tr>
<td>Other (Specify):</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Other (Specify):</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td><strong>INTEREST EARNED ON APPORTIONMENTS</strong></td>
<td></td>
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<tr>
<td><strong>UNRESTRICTED INCOME</strong></td>
<td></td>
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<tr>
<td>Other (Specify):</td>
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<td></td>
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<tr>
<td>Other (Specify):</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$0</td>
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## SECTION II - REIMBURSABLE EXPENSES

<table>
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</thead>
<tbody>
<tr>
<td>1000 Certificated Salaries</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>2000 Classified Salaries</td>
<td>48,789</td>
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<td>3000 Employee Benefits</td>
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<td>4000 Books and Supplies</td>
<td>2,140</td>
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<td>5000 Services and Other Operating Expenses</td>
<td>925</td>
<td>925</td>
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<tr>
<td>Indirect Costs. Rate: 8.00%</td>
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<tr>
<td><strong>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</strong></td>
<td>$70,828</td>
<td>$0</td>
<td>$70,828</td>
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<tr>
<td><strong>TOTAL ADMINISTRATIVE COSTS</strong> (included in section II above)</td>
<td>$5,247</td>
<td>$0</td>
<td>$5,247</td>
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<tr>
<td><strong>DAYS OF OPERATION</strong></td>
<td>188</td>
<td>-</td>
<td>188</td>
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</table>

### FOR CDE-A&I USE ONLY:

### COMMENTS
- If necessary, attach additional sheets to explain adjustments:

☐ NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if there are no supplemental revenues or expenses to report.

AUD 9500-A, Page 1 of 2 (FY 2014-15)
## AUDITED FISCAL REPORT
for Resource and Referral Programs

**Agency Name:** Community Action Partnership of Madera County, Inc.

**Vendor No.:** 20-B509

**Fiscal Year End:** June 30, 2015

**Contract No.:** CRRP - 4031

**Independent Auditor's Name:** Randolph Scott & Company, CPA’s, Inc.

<table>
<thead>
<tr>
<th>SECTION I - REVENUE</th>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
</tr>
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<tbody>
<tr>
<td><strong>CUMULATIVE</strong></td>
<td><strong>FISCAL YEAR PER</strong></td>
<td><strong>AUDIT</strong></td>
<td><strong>CUMULATIVE</strong></td>
</tr>
<tr>
<td><strong>FORM CDFS 2507</strong></td>
<td><strong>INCREASE OR</strong></td>
<td><strong>ADJUSTMENT</strong></td>
<td><strong>AUDIT</strong></td>
</tr>
<tr>
<td></td>
<td><strong>(DECREASE)</strong></td>
<td><strong>OR</strong></td>
<td><strong>AUDIT</strong></td>
</tr>
<tr>
<td><strong>RESTRICTED INCOME</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>County Maintenance of Effort (EC § 8279)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other (Specify):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Specify):</td>
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<td></td>
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</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td><strong>TRANSFER FROM RESERVE, (Resource &amp; Referral Only)</strong></td>
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<tr>
<td><strong>INTEREST EARNED ON APPORTIONMENTS</strong></td>
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<tr>
<td><strong>UNRESTRICTED INCOME</strong></td>
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<td>588</td>
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<td>Other (Specify):</td>
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<td>Other (Specify):</td>
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<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$555</td>
<td>$41</td>
<td>$596</td>
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<table>
<thead>
<tr>
<th>SECTION II - REIMBURSABLE EXPENSES</th>
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</thead>
<tbody>
<tr>
<td>1000 Certificated Salaries</td>
</tr>
<tr>
<td>2000 Classified Salaries</td>
</tr>
<tr>
<td>3000 Employee Benefits</td>
</tr>
<tr>
<td>4000 Books and Supplies</td>
</tr>
<tr>
<td>5000 Services and Other Operating Expenses</td>
</tr>
<tr>
<td>6100/6200 Other Approved Capital Outlay</td>
</tr>
<tr>
<td>6400 New Equipment (program-related)</td>
</tr>
<tr>
<td>6500 Replacement Equipment (program-related)</td>
</tr>
<tr>
<td>Depreciation or Use Allowance</td>
</tr>
<tr>
<td><strong>Indirect Costs. Rate:</strong> 8.00% (Rate is Self-Calculating)</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</strong></td>
</tr>
</tbody>
</table>

FOR CDE-A&I USE ONLY:

**COMMENTS** - If necessary, attach additional sheets to explain adjustments:

☑ NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if there are no supplemental revenues or expenses to report.
AUDITED FISCAL REPORT
for Child Development CCIP Support Contracts

Agency Name: Community Action Partnership of Madera County, Inc. Vendor No. 20-B509
Fiscal Year End: June 30, 2015 Contract No. CCIP - 4031
Multi-Year Contract? (Check "No" Box or Enter Contract Period): No: X or Period:
Independent Auditor's Name: Randolph Scott & Company, CPA's, Inc.

<table>
<thead>
<tr>
<th>COLUMN A1</th>
<th>COLUMN A2</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIOR YEAR'S AUD 9529-CCIP ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)</td>
<td>CURRENT FISCAL YEAR PER FORM CDFS 9529-CCIP</td>
<td>AUDIT ADJUSTMENT INCREASE OR (DECREASE)</td>
<td>CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT</td>
</tr>
<tr>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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</table>

**SECTION I - REVENUE**

**RESTRICTED INCOME**
- Match Requirement: $0
- County Maintenance of Effort (EC § 8279): $0
- Other (Specify): $0

**INTEREST EARNED ON APPORTIONMENTS**
- $0

**UNRESTRICTED INCOME**
- Match Requirement: $0
- Other (Specify): $0
- Other (Specify): $0

**TOTAL REVENUE**
- $0

**SECTION II - REIMBURSABLE EXPENSES**

**1000 Certificated Salaries**
- $0

**2000 Classified Salaries**
- 14,904
- (1)
- 14,903

**3000 Employee Benefits**
- 4,046

**4000 Books and Supplies**
- 239
- 1,989
- 2,228

**5000 Services and Other Operating Expenses**
- 4,885
- (1,988)
- 2,897

**6100/6200 Other Approved Capital Outlay**
- 0

**6400 New Equipment (program-related)**
- 0

**6500 Replacement Equipment (program-related)**
- 0

**Depreciation or Use Allowance**
- 0

**Indirect Costs. Rate: 0.00%**
- 1,926
- 1,926

**TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT**
- $0
- $26,000
- $0
- $26,000

**TOTAL ADMINISTRATIVE COSTS (included in section II above)**
- $0
- $1,926
- $0
- $1,926

**FOR CDE-A&I USE ONLY:**

**COMMENTS** - If necessary, attach additional sheets to explain adjustments:

☐ NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if there are no supplemental revenues or expenses to report.

AUD 9529-CCIP, Page 1 of 2 (FY 2014-15) California Department of Education
### AUDITED FISCAL REPORT
for Child Development Support Contracts

**Agency Name:** Community Action Partnership of Madera County, Inc.  
**Vendor No.:** 20-B509

**Fiscal Year End:** June 30, 2015  
**Contract No.:** CHST - 4031

**Multi-Year Contract? (Check "No" Box or Enter Contract Period):** No: ☐  
**or Period:**

**Independent Auditor's Name:** Randolph Scott & Company, CPA's, Inc.

<table>
<thead>
<tr>
<th>COLUMNS</th>
<th>A1</th>
<th>A2</th>
<th>B</th>
<th>C</th>
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</thead>
<tbody>
<tr>
<td><strong>COLUMN A1</strong></td>
<td>PRIOR YEAR'S AUD 9529 ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)</td>
<td>CURRENT FISCAL YEAR PER FORM CDFS 9529</td>
<td>AUDIT ADJUSTMENT INCREASE OR (DECREASE)</td>
<td>CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT</td>
</tr>
<tr>
<td><strong>SECTION I - REVENUE</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>RESTRICTED INCOME</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Match Requirement</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>County Maintenance of Effort (EC § 8279)</td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
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<tr>
<td>Other (Specify):</td>
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<td>Other (Specify):</td>
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<tr>
<td><strong>Subtotal</strong></td>
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<td></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>INTEREST EARNED ON APPORTIEMENTS</td>
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<td>0</td>
<td>0</td>
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<td>UNRESTRICTED INCOME</td>
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<td>Other (Specify):</td>
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<td>Other (Specify):</td>
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<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td></td>
<td></td>
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<td>$0</td>
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**SECTION II - REIMBURSABLE EXPENSES**

<table>
<thead>
<tr>
<th>Item</th>
<th>A1</th>
<th>A2</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 Certificated Salaries</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2000 Classified Salaries</td>
<td>$0</td>
<td>$0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3000 Employee Benefits</td>
<td>$0</td>
<td>$0</td>
<td>0</td>
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</tr>
<tr>
<td>4000 Books and Supplies</td>
<td>$0</td>
<td>$0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5000 Services and Other Operating Expenses</td>
<td>$265</td>
<td>$265</td>
<td>265</td>
<td>265</td>
</tr>
<tr>
<td>6100/6200 Other Approved Capital Outlay</td>
<td>$1,997</td>
<td>$1,997</td>
<td>1,997</td>
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<tr>
<td>6400 New Equipment (program-related)</td>
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<td>0</td>
</tr>
<tr>
<td>6500 Replacement Equipment (program-related)</td>
<td>$0</td>
<td>$0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Depreciation or Use Allowance</td>
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<td>$0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Indirect Costs.</td>
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<td>$181</td>
<td>181</td>
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<td><strong>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</strong></td>
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<td>$2,443</td>
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**TOTAL ADMINISTRATIVE COSTS** (included in section II above)

<table>
<thead>
<tr>
<th>Item</th>
<th>A1</th>
<th>A2</th>
<th>B</th>
<th>C</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$0</td>
<td>$181</td>
<td>$0</td>
<td>$181</td>
</tr>
</tbody>
</table>

**FOR CDE-A&I USE ONLY:**

**COMMENTS - If necessary, attach additional sheets to explain adjustments:**

☐ NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if there are no supplemental revenues or expenses to report.

AUD 9529, Page 1 of 2 (FY 2014-15)  
California Department of Education  
77
# AUDITED FISCAL REPORT
for CalWORKS, Alternative Payment or Family Child Care Home Programs

**Agency Name:** Community Action Partnership of Madera County, Inc.  
**Vendor No.:** 20-B509

**Fiscal Year End:** June 30, 2015  
**Contract No.:** CAPP - 4034

**Independent Auditor's Name:** Randolph Scott & Company, CPA's, Inc.

<table>
<thead>
<tr>
<th>Section</th>
<th>Column A</th>
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<th>Column C</th>
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<tbody>
<tr>
<td><strong>SECTION I - REVENUE</strong></td>
<td>CUMULATIVE FISCAL YEAR PER FORM CDFS 9500-AP</td>
<td>AUDIT ADJUSTMENT INCREASE OR (DECREASE)</td>
<td>CUMULATIVE FISCAL YEAR PER AUDIT</td>
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<td>Restricted Income</td>
<td></td>
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</tr>
<tr>
<td>Child Nutrition Programs</td>
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<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>County Maintenance of Effort (EC § 8279)</td>
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<td>0</td>
</tr>
<tr>
<td>Uncashed Checks to Providers</td>
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<td>0</td>
</tr>
<tr>
<td>Other (Specify):</td>
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<tr>
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<td>$0</td>
</tr>
<tr>
<td>Transfer from Reserve (Alternative Payment Only)</td>
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<td>Family Fees for Certified Children</td>
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<td>39,879</td>
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<td>20</td>
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<td>Other (Specify):</td>
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<tr>
<td></td>
<td></td>
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<td>0</td>
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<td><strong>TOTAL REVENUE</strong></td>
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<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
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<tbody>
<tr>
<td><strong>SECTION II - REIMBURSABLE EXPENSES</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Direct Payments to Providers</td>
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<td>$1,160,499</td>
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<tr>
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<td>0</td>
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<tr>
<td>2000 Classified Salaries</td>
<td>83,254</td>
<td></td>
<td>83,254</td>
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<tr>
<td>3000 Employee Benefits</td>
<td>23,020</td>
<td></td>
<td>23,020</td>
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<tr>
<td>4000 Books and Supplies</td>
<td>5,304</td>
<td></td>
<td>5,304</td>
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<tr>
<td>5000 Services and Other Operating Expenses</td>
<td>18,791</td>
<td>(1)</td>
<td>18,790</td>
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<tr>
<td>6100/6200 Other Approved Capital Outlay</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>6400 New Equipment (program-related)</td>
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<td></td>
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<tr>
<td>6500 Replacement Equipment (program-related)</td>
<td>0</td>
<td></td>
<td>0</td>
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<tr>
<td>Depreciation or Use Allowance</td>
<td>182</td>
<td></td>
<td>182</td>
</tr>
<tr>
<td>Indirect Costs. Rate: 8.00%</td>
<td>103,267</td>
<td>1</td>
<td>103,268</td>
</tr>
<tr>
<td><strong>NONREIMBURSABLE EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>6100-6500 Nonreimbursable Capital Outlay</td>
<td>0</td>
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</tr>
<tr>
<td>Other (Specify):</td>
<td></td>
<td></td>
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<tr>
<td><strong>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</strong></td>
<td>$1,394,317</td>
<td>$0</td>
<td>$1,394,317</td>
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<tr>
<td><strong>TOTAL ADMINISTRATIVE COSTS (included in Section II above)</strong></td>
<td>$103,268</td>
<td>$0</td>
<td>$103,268</td>
</tr>
<tr>
<td><strong>DAYS OF OPERATION</strong></td>
<td>249</td>
<td>-</td>
<td>249</td>
</tr>
<tr>
<td><strong>FOR CDE-A&amp;I USE ONLY:</strong></td>
<td></td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

**COMMENTS - If necessary, attach additional sheets to explain adjustments:**

☑ NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if there are no supplemental revenues or expenses to report.

AUD 9500-AP, Page 1 of 2 (FY 2014-15)  
California Department of Education  
78
## SECTION I - REVENUE

<table>
<thead>
<tr>
<th>Description</th>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
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<tbody>
<tr>
<td>RESTRICTED INCOME</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Child Nutrition Programs</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>County Maintenance of Effort (EC § 8279)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncashed Checks to Providers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Specify):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>TRANSFER FROM RESERVE (Alternative Payment Only)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAMILY FEES FOR CERTIFIED CHILDREN</td>
<td>32,573</td>
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<td>32,573</td>
</tr>
<tr>
<td>INTEREST EARNED ON APPORTIONMENTS</td>
<td>79</td>
<td></td>
<td>79</td>
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<tr>
<td>UNRESTRICTED INCOME</td>
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<tr>
<td>Other (Specify):</td>
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<td></td>
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</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$32,652</td>
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## SECTION II - REIMBURSABLE EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
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<tbody>
<tr>
<td>Direct Payments to Providers</td>
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<td>$1,643,120</td>
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<td>2000 Classified Salaries</td>
<td>122,258</td>
<td>122,258</td>
<td>122,258</td>
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<tr>
<td>3000 Employee Benefits</td>
<td>34,691</td>
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<tr>
<td>4000 Books and Supplies</td>
<td>12,708</td>
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<tr>
<td>5000 Services and Other Operating Expenses</td>
<td>29,906</td>
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<td>29,906</td>
</tr>
<tr>
<td>6100/6200 Other Approved Capital Outlay</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>6400 New Equipment (program-related)</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>6500 Replacement Equipment (program-related)</td>
<td>0</td>
<td></td>
<td>0</td>
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<tr>
<td>Depreciation or Use Allowance</td>
<td>343</td>
<td>343</td>
<td>343</td>
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<tr>
<td>Indirect Costs. Rate: 8.00%</td>
<td>147,413</td>
<td>147,413</td>
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NONREIMBURSABLE EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
</tr>
</thead>
<tbody>
<tr>
<td>6100-6500 Nonreimbursable Capital Outlay</td>
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<td></td>
<td>0</td>
</tr>
<tr>
<td>Other (Specify):</td>
<td>0</td>
<td></td>
<td>0</td>
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**TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT**

<table>
<thead>
<tr>
<th></th>
<th>$1,990,439</th>
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<th>$1,990,439</th>
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<tr>
<td>TOTAL ADMINISTRATIVE COSTS (included in Section II above)</td>
<td>$147,413</td>
<td>$0</td>
<td>$147,413</td>
</tr>
</tbody>
</table>

**DAYS OF OPERATION**

|                                                                 | 249        |    | 249        |

**FOR CDE-A&I USE ONLY:**

**COMMENTS** - If necessary, attach additional sheets to explain adjustments:

- NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if there are no supplemental revenues or expenses to report.
AUDITED FISCAL REPORT
for CalWORKS, Alternative Payment or Family Child Care Home Programs

Agency Name: Community Action Partnership of Madera County, Inc.  
Vendor No. 20-B509

Fiscal Year End: June 30, 2015  
Contract No. C3AP - 4031

Independent Auditor’s Name: Randolph Scott & Company, CPA’s, Inc.

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SECTION I - REVENUE</strong></td>
<td><strong>CUMULATIVE FISCAL YEAR PER FORM CDFS 9500-AP</strong></td>
<td><strong>AUDIT ADJUSTMENT INCREASE OR (DECREASE)</strong></td>
</tr>
<tr>
<td>RESTRICTED INCOME</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Child Nutrition Programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>County Maintenance of Effort (EC § 8279)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncashed Checks to Providers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Specify):</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>TRANSFER FROM RESERVE (Alternative Payment Only)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAMILY FEES FOR CERTIFIED CHILDREN</td>
<td>18,330</td>
<td></td>
</tr>
<tr>
<td>INTEREST EARNED ON APPORTIONMENTS</td>
<td>17</td>
<td></td>
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<tr>
<td>UNRESTRICTED INCOME</td>
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<td></td>
</tr>
<tr>
<td>Other (Specify):</td>
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</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td><strong>$18,347</strong></td>
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<table>
<thead>
<tr>
<th>SECTION II - REIMBURSABLE EXPENSES</th>
<th><strong>Direct Payments to Providers</strong></th>
<th><strong>$552,500</strong></th>
<th><strong>$0</strong></th>
<th><strong>$552,500</strong></th>
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<td>1000 Certificated Salaries</td>
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</tr>
<tr>
<td>2000 Classified Salaries</td>
<td>36,452</td>
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<td>36,452</td>
<td></td>
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<tr>
<td>3000 Employee Benefits</td>
<td>10,136</td>
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<td>10,136</td>
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</tr>
<tr>
<td>4000 Books and Supplies</td>
<td>3,697</td>
<td></td>
<td>3,697</td>
<td></td>
</tr>
<tr>
<td>5000 Services and Other Operating Expenses</td>
<td>9,470</td>
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<td>9,471</td>
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</tr>
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<td></td>
</tr>
<tr>
<td>6400 New Equipment (program-related)</td>
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<td></td>
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</tr>
<tr>
<td>8500 Replacement Equipment (program-related)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation or Use Allowance</td>
<td>98</td>
<td></td>
<td>98</td>
<td></td>
</tr>
<tr>
<td>Indirect Costs, Rate: 8.00%</td>
<td>48,980</td>
<td></td>
<td>48,980</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONREIMBURSABLE EXPENSES</th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6100-6500 Nonreimbursable Capital Outlay</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Other (Specify):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</strong></td>
<td><strong>$661,333</strong></td>
<td><strong>$1</strong></td>
<td><strong>$661,334</strong></td>
</tr>
</tbody>
</table>

| **TOTAL ADMINISTRATIVE COSTS** (included in Section II above) | **$48,980** | **$0** | **$48,980** |

| DAYS OF OPERATION | 249 | - | 249 |

FOR CDE-A&I USE ONLY:

**COMMENTS** - If necessary, attach additional sheets to explain adjustments:

☑ NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if there are no supplemental revenues or expenses to report.
### AUDITED RESERVE ACCOUNT ACTIVITY REPORT

**Agency Name:** Community Action Partnership of Madera County, Inc.  
**Fiscal Year End:** June 30, 2015  
**Vendor No.:** 20-B509  
**Independent Auditor's Name:** Randolph Scott & Company, CPA's, Inc.

**RESERVE ACCOUNT TYPE (Check One):**
- ☐ Center Based  
- ☐ Resource and Referral  
- ☐ Alternative Payment

<table>
<thead>
<tr>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
</tr>
</thead>
<tbody>
<tr>
<td>PER AGENCY</td>
<td>AUDIT ADJUSTMENT INCREASE OR (DECREASE)</td>
<td>PER AUDIT</td>
</tr>
</tbody>
</table>

**LAST YEAR:**

1. **Beginning Balance** (must equal ending balance from Last Year’s AUD 9530-A)  
   - $887  
   - $0  
   - $887

2. **Plus Transfers from Contracts to Reserve Account**  
   (based on last year's post-audit CDFS 9530, Section IV):
   - Contract No.  
     - $0  
     - $0  
     - $0

3. **Less Excess Reserve to be Billed**  
   (enter as a positive amount any excess amount calculated by CDFS on last year’s post-audit CDFS 9530)  
   - $0  
   - $0

4. **Ending Balance on Last Year’s Post-Audit CDFS 9530**  
   - $887  
   - $0  
   - $887

**THIS YEAR:**

5. **Plus Interest Earned This Year on Reserve Funds**  
   (column A must agree with this year's CDFS 9530-A, Section II)  
   - $1  
   - $0  
   - $1

6. **Less Transfers to Contracts from Reserve Account**  
   (column A amounts must agree with this year’s CDFS 9530-A, Section III; and column C amounts must be reported on this year’s AUD forms for respective contracts):
   - Contract No.  
     - CSPP-4255  
     - $888  
     - $0  
     - $888

7. **Ending Balance on June 30, 2015**  
   (column A must agree with this year's CDFS 9530-A, Section IV)  
   - $0  
   - $0  
   - $0

**COMMENTS - If necessary, attach additional sheets to explain adjustments:**

---

**AUD 9530-A, Page 1 of 1 (FY 2014-15)**  
**California Department of Education**
# AUDITED RESERVE ACCOUNT ACTIVITY REPORT

**Agency Name:** Community Action Partnership of Madera County, Inc.

**Fiscal Year End:** June 30, 2015

**Vendor No.:** 20-B509

**Independent Auditor’s Name:** Randolph Scott & Company, CPA’s, Inc.

## RESERVE ACCOUNT TYPE (Check One):

- Center Based □
- Resource and Referral □
- Alternative Payment □

<table>
<thead>
<tr>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
</tr>
</thead>
<tbody>
<tr>
<td>PER AGENCY</td>
<td>AUDIT ADJUSTMENT INCREASE OR (DECREASE)</td>
<td>PER AUDIT</td>
</tr>
</tbody>
</table>

## LAST YEAR:

1. **Beginning Balance** (must equal ending balance from Last Year’s AUD 9530-A) $5,384 $0 $5,384

2. **Plus Transfers from Contracts to Reserve Account**
   (based on last year’s post-audit CDFS 9530, Section IV):
   - Contract No. $0 $0 $0
   - Contract No. 0
   - Contract No. 0
   - Contract No. 0
   - Contract No. 0
   - Contract No. 0
   - Total Transferred from Contracts to Reserve Account 0 0 0

3. **Less Excess Reserve to be Billed**
   (enter as a positive amount any excess amount calculated by CDFS on last year’s post-audit CDFS 9530) $0 $0

4. **Ending Balance on Last Year’s Post-Audit CDFS 9530** $5,384 $0 $5,384

## THIS YEAR:

5. **Plus Interest Earned This Year on Reserve Funds**
   (column A must agree with this year’s CDFS 9530-A, Section II) $3 $0 $3

6. **Less Transfers to Contracts from Reserve Account**
   (column A amounts must agree with this year’s CDFS 9530-A, Section III; and column C amounts must be reported on this year’s AUD forms for respective contracts):
   - Contract No. $0 $0 $0
   - Contract No. 0
   - Contract No. 0
   - Contract No. 0
   - Contract No. 0
   - Contract No. 0
   - Total Transferred to Contracts from Reserve Account 0 0 0

7. **Ending Balance on** June 30, 2015
   (column A must agree with this year’s CDFS 9530-A, Section IV) $5,387 $0 $5,387

## COMMENTS - If necessary, attach additional sheets to explain adjustments:

---

**AUD 9530-A, Page 1 of 1 (FY 2014-15)**

*California Department of Education*
AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: Community Action Partnership of Madera County, Inc.
Fiscal Year End: June 30, 2015
Independent Auditor’s Name: Randolph Scott & Company, CPA's, Inc.
Vendor No.: 20-B509

RESERVE ACCOUNT TYPE (Check One):
☐ Center Based
☐ Resource and Referral
☐ Alternative Payment

<table>
<thead>
<tr>
<th>COLUMA</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
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</thead>
<tbody>
<tr>
<td>PER AGENCY</td>
<td>AUDIT ADJUSTMENT</td>
<td>PER AGENCY</td>
</tr>
<tr>
<td>INCREASE OR</td>
<td>(DECREASE)</td>
<td></td>
</tr>
</tbody>
</table>

LAST YEAR:
1. Beginning Balance (must equal ending balance from Last Year’s AUD 9530-A) $8,189 $0 $8,189

2. Plus Transfers from Contracts to Reserve Account (based on last year’s post-audit CDFS 9530, Section IV):
   - Contract No. CAPP-3034 $429 $0 $429
   - Contract No. 0
   - Contract No. 0
   - Contract No. 0
   - Contract No. 0
   - Contract No. 0
   - Total Transferred from Contracts to Reserve Account 429 0 429

3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year’s post-audit CDFS 9530) $0 $0

4. Ending Balance on Last Year’s Post-Audit CDFS 9530 $8,618 $0 $8,618

THIS YEAR:
5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year’s CDFS 9530-A, Section II) $4 $0 $4

6. Less Transfers to Contracts from Reserve Account (column A amounts must agree with this year’s CDFS 9530-A, Section III; and column C amounts must be reported on this year’s AUD forms for respective contracts):
   - Contract No. $0 $0 $0
   - Contract No. 0
   - Contract No. 0
   - Contract No. 0
   - Contract No. 0
   - Total Transferred to Contracts from Reserve Account 0 0 0

7. Ending Balance on June 30, 2015 (column A must agree with this year’s CDFS 9530-A, Section IV) $8,622 $0 $8,622

COMMENTS - If necessary, attach additional sheets to explain adjustments:
COMMUNITY ACTION PARTNERSHIP OF MADERA COUNTY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

SECTION I: SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

* Material weakness(es) identified? ______ yes ___ X ___ no
* Significant Deficiency(s) identified? ______ yes ___ X ___ no
* Noncompliance material to financial statements noted? ______ yes ___ X ___ no

Any audit findings disclosed that are required to be reported in accordance with Government Auditing Standards. ______ yes ___ X ___ no

Federal Awards

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major programs:

* Material weakness(es) identified? ______ yes ___ X ___ no
* Significant Deficiency(s) identified? ______ yes ___ X ___ no

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ______ yes ___ X ___ no

Identification of major programs:

Department of Health & Human Services:
  Head Start & Migrant Head Start CFDA: 93.600
  Child Care Cluster: CFDA: 93.596/93.575
  LIHEAP/LIWP CFDA: 93.568
Department of Justice:
  Rape/Sexual Assault Program and Victim Witness CFDA: 16.575

Dollar threshold used to distinguish Type A programs from Type B programs was $491,981.
SECTION I: SUMMARY OF AUDIT RESULTS – (Continued)

The Agency did qualify as a low-risk auditee in accordance with OMB Circular A-133.

SECTION II: FINANCIAL STATEMENTS FINDINGS

PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
None.

CONTROL DEFICIENCY - MATERIAL WEAKNESSES
None.

CONTROL DEFICIENCY – NON-MATERIAL WEAKNESSES
None.

AUDIT FINDING OR QUESTIONED COSTS
None.

SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
None.

CONTROL DEFICIENCY - MATERIAL WEAKNESSES
None.

CONTROL DEFICIENCY – NON-MATERIAL WEAKNESSES
None.

AUDIT FINDING OR QUESTIONED COSTS
None.
DATE: January 5, 2016
TO: Finance Committee
FROM: Donna Tooley, CFO
SUBJECT: Renewal Line of Credit – West America Bank

I. RECOMMENDATION:
Authorize the renewal of a line of credit with West America Bank. The line of credit is scheduled to mature on January 31, 2016.

II. SUMMARY:
The agency has maintained a line of credit for many years with West America bank. The current line of credit in the amount of $150,000 will mature January 31, 2016 unless renewed.

III. DISCUSSION:
A. The line of credit is currently $150,000. Based on a review of the agency’s operating reserves, it was decided to raise the credit line to $200,000.
B. The line of credit has been established for emergencies.
C. It has been advised by the outside auditor to have a line of credit available when reimbursement from our funding sources is delayed.
D. The agency has not used the line since it was established.
E. West America Bank has reviewed and approved our renewal based on the submission of the June 30, 2015 year end audited financial statements and the agency’s loan application. The line of credit renewal is pending approval by the Board of Directors.
F. West America has waived the loan fee of $100 and the document fee has been reduced from $350 to $200. Last year the agency paid a $100 loan fee and a $200 document fee. There was approximately $200 in fee waivers last year.
G. The following individuals are authorized to sign on the credit line:
   - Mattie Mendez, Executive Director
   - Donna Tooley, Chief Financial Officer

IV. FINANCING:
There are no plans to utilize the line of credit but only to have in place in case of a cash flow shortage.
DATE: January 5, 2016  
TO: Finance Committee  
FROM: Donna Tooley, CFO  
SUBJECT: Review and Approve Revised Accounting and Financial Policies and Procedures

I. RECOMMENDATION:

Staff recommends that the Finance Committee recommend that the Board of Directors review and approve the revised CAPMC Accounting and Financial Policies and Procedures Manual.

II. SUMMARY:

Periodically, the Chief Financial Officer reviews the Accounting and Financial Procedures Manual and makes changes as deemed necessary. The last full adoption of the Financial Procedures Manual took place in January 2014. The draft of the revised policies was provided at the December 10, 2015 Board meeting. The item was tabled to allow adequate time for board members to review the changes. New additions or changes to the manual are underlined. Deletions are shown as strikeouts.

III. DISCUSSION:

A. With the adoption of the Office of Management and Budget Uniform Guidance: Cost Principles, Audit, & Administrative Requirements for Federal Awards, the references to regulations have changed and are reflected in the new manual. The OMB Uniform Guidance applies to state and local governments, Indian tribes, higher education institutions and not-for-profit organizations for all federal awards or funding increments to existing awards made on or after December 26, 2014.

B. The terminology for vendors has been replaced with contractors and clarifies the role of subrecipients and contractors. A subrecipient is a nonfederal entity that receives a subaward from a pass-through entity to carry out part of a federal program and is subject to applicable compliance requirements. A contractor is an entity receiving a contract that is a legal instrument by which a nonfederal entity purchases property or services needed to carry out the project or program under a federal program. However, a contractor is not subject to any compliance requirements.
C. The procurement standards have changed and now allow for micro-purchasing. This provides for purchases less than $3,000 to be bought without pricing and cost analysis for every single transaction. CAPMC has opted for a somewhat lower threshold of $2,500 instead of $3,000. To provide for the full and open competition, CAPMC will need to develop lists of approved vendors to be used throughout the year.

D. In addition, the requirements for sole-source procurements have become more stringent and documentation should be maintained to support the determination that it meets one of the four allowable circumstances – the item is available from a single source, the item is a necessity for a public emergency, there is authorization from the awarding agency to use noncompetitive proposals or, after solicitation, competition is determined to be inadequate.

E. There are several other changes to administrative requirements related to grant close-out, record retention, cost sharing, property standards and equipment.

F. The purpose of the financial manual is to provide overall guidance, formalize accounting policies, and provide written procedures so that CAPMC complies with financial management standards.

G. The financial procedures also document internal controls. The change in the guidance means more emphasis on internal controls. Effective control and accountability must be maintained for all cash, real and personal property and other assets.

H. Upon approval by the Board of Directors, the manual will be reformatted to accept all of the proposed changes, insertions, and deletions and the Table of Contents will be adjusted to conform to any revised page numbering.

I. The current forms referenced in the manual will be included along with the latest version of the OMB 2 CFR Part 230.

IV. FINANCING:
None; although it is necessary to have written financial policies and procedures to be in compliance with the Agency’s contracts and grant awards.
Effective Date(s) of Accounting Policies

The effective date of all accounting policies described in this manual is December 11, 2015. If a policy is added or modified subsequent to this date, the effective date of the new-revised policy will be indicated parenthetically immediately following the policy heading.
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INTRODUCTION

The following accounting manual is intended to provide an overview of the accounting policies and procedures for Community Action Partnership of Madera County, Inc., which shall be referred to as “CAPMC” throughout this manual.

CAPMC is incorporated in the state of California as a nonprofit public benefit corporation. CAPMC is exempt from federal income taxes under IRC Section 501(c) (3) as a nonprofit corporation. CAPMC’s vision and tax-exempt purpose is:

**CAPMC will be recognized as a premier social service agency that eliminates the effects of poverty by helping people obtain the knowledge and skills to achieve self-reliance and economic stability...one life at a time.**

The agency’s mission is:

**Helping people, changing lives and making our community a better place to live by providing resources and services that inspire personal growth and independence.**

This manual shall document the financial operations of the Agency. Its primary purpose is to provide overall guidance, formalize accounting policies and selected procedures for all staff that have a role in accounting processes, provide written policies to ensure that CAPMC complies with financial management standards, and to document internal controls.

These financial management standards require accurate, current and complete disclosure of the results of its financial activities in accordance with the reporting requirements of all grants and subgrants. Accounting records will be maintained to identify the sources and uses of funds which will include awards and authorizations, obligations, unobligated balances, assets, liabilities, expenditures, and income. Accounting records will be supported by source documentation such as canceled checks, paid bills, payrolls, time and attendance records, contract and subgrant awards and other appropriate documents.

It also documents internal controls. Effective control and accountability must be maintained for all cash, real and personal property, and other assets. Budgetary control will be maintained by the comparison of actual expenditures with budgeted amounts for each grant or subgrant. Financial information will be related to performance or productivity data whenever appropriate or specifically required in the grant agreement.

Applicable OMB cost principles, agency program regulations, and the funding terms and conditions will be followed by determining the reasonableness, allowability, and allocability of costs. If a particular grant or award has provisions that are more restrictive than those in this manual, the more restrictive provisions will be followed only for that grant or award.

The contents of this manual were approved as official policy of CAPMC by the Board of Directors, Executive Director and Chief Financial Officer. All CAPMC staff members are bound by the policies herein, and any deviation from established policy is prohibited. Financial procedures will be reviewed as deemed necessary by the Chief Financial Officer.
GENERAL POLICIES

AGENCY ORGANIZATIONAL STRUCTURE

The Role of the Madera County Board of Supervisors

The Madera County Board of Supervisors has designating official responsibility of the Agency by:

1. Employment of the Executive Director
2. Appointment of a member to the Agency’s governing Board
3. Designation of the public sector agencies that comprise the Agency’s Board of Directors
4. Fiduciary and management oversight.

The Role of Board of Directors

CAPMC is governed by its Board of Directors, which is responsible for the oversight of the Agency by:

1. Planning for the future
2. Establishing broad policies, including financial and personnel policies and procedures
3. Approving grant applications and amendments
4. Ongoing process of budget development, approval, and review
5. Reviewing and approving the annual audit
6. Reviewing financial information
7. Identifying and proactively dealing with emerging issues and community needs
8. Interpreting the Agency’s mission and philosophy to the public
9. Soliciting prospective contributors
10. Participating jointly with the designating officials in the hiring, evaluation, and supervision of the Executive Director
11. Reviewing the compensation of the Executive Director and the Chief Financial Officer
12. Establishing and maintaining programs and systems designed to assure compliance with terms of contracts and grants
13. Reviewing operations and activities
14. Authorizing establishment of all bank accounts and check signers.
15. Shared decision-making with the appropriate policy groups under the auspices of Administration for Children and Families Office of Head Start.

The Executive Director shall be responsible for the day-to-day oversight and management of CAPMC. The primary responsibility for the Agency’s financial reporting, internal control and management rests with senior management, as overseen by the Agency’s Board of Directors.

Committee Structure

The Board of Directors shall form committees in order to assist the board in fulfilling its responsibilities. These committees are responsible for the review of particular programs and providing recommendations to the full board. Standing board-level committees of CAPMC consist of the following:

1. Executive Committee
2. Finance Committee
3. Personnel Committee
4. Nominating Committee, as necessary

See the Agency’s by-laws for board and committee details.
Finance Committee Responsibilities

The Finance Committee is responsible for direction and oversight regarding the overall financial management of CAPMC. Functions of the Finance Committee include:

1. Long-term financial planning
2. Monitoring of actual vs. budgeted financial performance
3. Review and make recommendations of the salaries of the Executive Director and Chief Financial Officer
4. Review the Agency’s IRS Form 990
5. Recommend -the outside independent CPA firm to the full Board for its approval
6. Review and approve the final audited financial statements
7. Review other communications received from the auditor
8. Review of financial procedures
9. Other relevant financial matters

The Finance Committee reviews actual vs. budgeted financial performance of all Head Start grants and all other contracts in excess of $350,000 on an individual program basis. However, the Finance Committee may change the threshold and the financial reports to review and monitor as it sees fit. The Finance Committee should meet on a quarterly basis, but may meet as needs arise.

The review of the Agency’s financial statements shall not be limited to the Finance Committee, but shall involve the entire Board of Directors. The Committee’s role is one of oversight, recognizing that the Agency’s management is responsible for preparing the Agency’s financial statements and that the external auditors are responsible for auditing those financial statements.

The Finance Committee also serves as a secondary point of contact for any employee who suspects that fraud has been committed against the Agency or by one of its employees or board members.

Documentation of Governing Board Meetings

Accurate minutes of all meetings of the Board of Directors and committees will be prepared and retained by the Assistant to the Executive Director, following all the applicable guidelines and procedures for meetings of the Agency. The Executive Director and the Chief Financial Officer will receive and review a copy of all minutes of the Executive Committee, Finance Committee, Personnel Committee, and the Board of Directors. The Chief Financial Officer will note all items in the minutes relating to financial matters and take appropriate action.

The Roles of the Executive Director and Staff

The Board of Directors jointly hires the Executive Director who reports directly to the Board. The Executive Director has responsibility for the day-to-day operations and activities of the agency, including financial management. The Executive Director is responsible for hiring and evaluating the Chief Financial Officer and Program Managers for each of the Agency’s departments. Each Program Manager reports to the Executive Director.

Program Managers are responsible for hiring employees to work in that department with approval from the Executive Director and the appropriate policy groups, as required, and the Board of Directors. All employees within a department shall report directly to that department’s Program Manager or his/her designee, who shall be responsible for managing and evaluating all employees within the department. Current job descriptions will be maintained for all employees, indicating duties and responsibilities. The lines of authority on the attached Agency Organizational chart will be followed by all employees.
FISCAL DEPARTMENT OVERVIEW

Agency

The fiscal department consists of staff members that manage and process financial information for CAPMC. The following positions comprise the fiscal department:

- Chief Financial Officer
- Accountant Program Managers
- **Staff Accountant**
- Accounting Technicians
- **Program Assistant/Typist Clerk II Accounting Assistant**
- Network Administrator
- Information Systems/Application Support Analyst
- Information Technology/Help Desk Assistant

Other officers and employees of CAPMC who have financial responsibilities are as follows:

- Executive Director
- Assistant to Executive Director
- Program Managers
- Human Resources Department
- Secretary/Treasurer – Board level
- Finance Committee – Board level
- Executive Committee – Board level
- Full Board of Directors

Responsibilities

The primary responsibilities of the fiscal department consist of:

- General ledger
- Budgeting
- Cash and investment management
- Asset management
- Grants and contracts administration
- Purchasing
- Accounts receivable and billing
- Cash receipts
- Accounts payable
- Cash disbursements
- Payroll and benefits
- Financial statement processing
- External reporting of financial information
- Bank reconciliation
- Reconciliation of subsidiary ledgers
- Compliance with government reporting requirements
- Annual audit
- Leases
- Insurance
Standards for Financial Management Systems

In accordance with 2 CFR Part 215 (OMB Circular A-110), Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Agencies, 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, CAPMC maintains a financial management system that provides for the following. Specific procedures to carry out these standards are detailed in the appropriate sections of this manual.

1. Identification, in all its accounts, of all federal awards received and expended and the Federal programs under which they were received.

2. Accurate, current, and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements of 2 CFR Part 215, 200.327, Financial Reporting, and 200.328, Monitoring and Reporting Program Performance, and/or the award.

3. Records that identify adequately the source and application of funds for federally-funded sponsored activities. These records shall contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, outlays expenditures, income, and interest and be supported by source documentation.

4. Effective control over and accountability for all funds, property, and other assets. CAPMC shall adequately safeguard all such assets and assure they are used solely for authorized purposes.

5. Comparison of outlays with budget amounts for each award. Whenever possible, financial information shall be related to performance and unit cost data.

6. Information that relates financial data to performance accomplishments and demonstrates cost effective practices as required by funding sources. (2 CFR Part 301, Performance Measurement)

7. Written procedures to minimize the time elapsing between the transfer of funds and disbursement by CAPMC. Advance payments must be limited to the minimum amount needed and be timed to be in accordance with actual, immediate cash requirements, from the U.S. Treasury and the issuance or redemption of checks, warrants, or payments by other means for program purposes by the recipient. (2 CFR Part 200.305 Payment)

8. Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable federal 2 CFR Part 200 Subpart E, Cost Principles and the terms and conditions of the award.

9. Accounting records including cost accounting records that are supported by source documentation.

10. For Health and Human Services programs, these OMB Circular A-110 regulations have been
incorporated in 45 CFR Part 74.
BUSINESS CONDUCT

Practice of Ethical Behavior

CAPMC requires board members, committee members, and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. All directors, committee members, and employees must comply with all applicable laws and regulatory requirements. The highest standards of business and personal ethics are required of employees, officers, board members, policy members, volunteers, consultants, and independent contractors in their performance and their Agency responsibilities. All agency employees are required to sign a code of ethics as provided in the CAPMC Personnel Policies and Procedures 401.00.00. Agency members are directed to the Employee Conduct and Work Rules Policy 801.00.00, also located in the CAPMC Personnel Policies and Procedures. Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of the CAPMC depend to a very large extent on the following considerations.

An obligation exists to exercise honesty, objectivity and diligence in the performance of duties and responsibilities for the Agency. Activities shall not be entered into which may be in conflict with the interests of the Agency or which would prejudice the ability of the office to objectively carry out its duties and responsibilities. Confidential and proprietary information shall not be used for personal gain or in a manner which would be detrimental to the interests of the agency.

Each employee, officer, board member, policy group member, volunteer, consultant, and independent contractor must apply her/his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. Each individual is responsible for applying common sense in business decisions where specific rules do not provide all the answers.

In determining compliance with this standard in specific situations, individuals should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with CAPMC policy?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known within the Agency or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?
7. Would I feel comfortable defending my actions on the 6 o’clock news?

Each individual should be able to answer "yes" to all of these questions before taking action.

Each director, manager Program Manager and supervisor is responsible for the ethical business behavior of her/his subordinates. Directors, Program Managers and supervisors must carefully weigh all courses of action suggested in ethical, as well as economic terms, and base their final decisions on the guidelines provided by this policy, as well as their personal sense of right and wrong.
Compliance with Laws, Regulations, and Agency Policies

CAPMC does not tolerate:

- The willful violation or circumvention of any federal, state, local, or foreign law by an employee during the course of that person's employment;
- The disregard or circumvention of CAPMC policy or engagement in unscrupulous dealings;
- The manipulation or disregard of policies or provisions to secure a benefit for friends and family members.

Employees should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden.

The performance of all levels of employees will be measured against implementation of the provisions of these standards.

Standards of Service – Fiscal Department

CAPMC's Fiscal Department strives to provide excellent financial services to the other departments and Agency programs, to properly account to the Agency's funding sources, and to be good stewards of the Agency's and taxpayers resources. The users of the Agency's financial information and financial accounting services can expect the following standards as well as the Agency's Standards to Live By:

- Fiscal Department staff is competent, reliable and knowledgeable. The staff are qualified to carry out their responsibilities with sufficient care and due diligence. Staff will continually seek to be accurate and thorough, and attentive to details and hold themselves to high performance standards.
- The Fiscal Department staff shall possess a high degree of professional integrity and objectivity. Staff will abide by the Agency's business and ethical codes of conduct. Confidential and sensitive information will not be disclosed. Further, staff will avoid conflicts of interest, both actual and apparent and will strive to be unbiased, impartial, and objective.
- The Fiscal Department will be courteous and polite in its dealings with other departmental staff, the Agency's clients, its funders, community partners, and the general public. Staff is expected to treat all individuals with respect and dignity. Staff is expected to be cooperative and helpful in all situations.
CONFlicts of interest

Introduction

In the course of business, situations may arise in which an Agency decision-maker has a conflict of interest, or in which the process of making a decision may create an appearance of a conflict of interest.

All employees, officers, board members, policy members and volunteers have an obligation to:

1. Avoid conflicts of interest, or the appearance of conflicts, between their personal interests and those of the Agency in dealing with outside entities or individuals,
2. Disclose real and apparent conflicts of interest to the Executive Director, and
3. Refrain from participation in any decisions on matters that involve a real conflict of interest or the appearance of a conflict.

What constitutes a conflict of interest?

All employees and board members of CAPMC owe a duty of loyalty to the Agency. This duty necessitates that in serving the Agency they act solely in the interests of the Agency, not in their personal interests or in the interests of others.

The persons covered under this policy shall hereinafter be referred to as “interested persons.” Interested persons include all members of the board of directors and all employees, as well as persons with the following relationships to directors or employees:

1. Spouses or domestic partners
2. Brothers and sisters
3. Parents, children, grandchildren, and great-grandchildren
4. Spouses of individuals listed in 2 and 3
5. Corporations, partnerships, limited liability companies, (LLCs), and other forms of businesses in which an employee or board member, either individually or in combination with individuals listed in 1, 2, 3, or 4, collectively possess a 25% or more ownership or beneficial interest.

Conflicts of interest arise when the interests of any interested party may be seen as competing with those of the Agency. Conflicts of interest may be financial, (where an interested party benefits financially, directly or indirectly) or non-financial (e.g. seeking preferential treatment, using confidential information).

A conflict of interest arises when an employee, officer, board member, policy member, or volunteer involved in making a decision is in the position to benefit, directly or indirectly, from his/her dealings with the Agency or person conducting business with the Agency. (A potential conflict of interest exists
when the board member or employee, or his or her immediate family (spouse, parent, child, brother, sister and spouse of parent, child, brother, or sister) owes/receives more than 1% of the benefiting business/profits.)

Examples of conflicts of interest include, but are not limited to, situations in which a board/policy member or employee:

1. Negotiates or approves a contract, purchase, or lease on behalf of the Agency and has a direct or indirect interest in, or receives personal benefit from, the entity or individual providing the goods or services. Personal and institutional services are covered, including banking and other financial services, medical, legal, and other professional services, and management and consultant services, as well as other kinds of skilled and unskilled labor.

2. Negotiates or approves a contract, sale, or lease on behalf of the Agency and has a direct or indirect interest in, or receives personal benefit from, the entity or individual receiving the goods or services;

3. Employs or approves the employment of, or supervises a person who is an immediate family member of the board/policy member or employee. Family members are designated as:

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<tr>
<th>Husband</th>
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<th>Uncle</th>
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<td>Wife</td>
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<td>Aunt</td>
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<td>Father</td>
<td>Father-in-law</td>
<td>Grandfather</td>
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<td>Sister</td>
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<td>Stepchildren</td>
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4. Sells products or services in competition with the Agency;

5. Uses the Agency's facilities, other assets, employees, or other resources for personal gain;

6. Receives a substantial gift from a vendor, if the board/policy member or employee is responsible for initiating or approving purchases from that vendor.

**Honoria Acceptance**

A CAPMC employee shall not accept an honorarium for an activity conducted where agency-reimbursed travel, work time, or resources are used or where the activity can be construed as having a relationship to the employee’s position with CAPMC; such activity would be considered official duty on behalf of CAPMC. A relationship exists between the activity and the employee’s position with CAPMC if the employee would not participate in the activity in the same manner or capacity if they did not hold their position with CAPMC. The employee should make every attempt to avoid the appearance of impropriety.

An employee may receive an honorarium for activities performed during regular non-working hours or while on annual leave if the following conditions are met:

- All expenses are the total responsibility of the employee or the sponsor of the activity in which the employee is participating.
- The activity has no relationship to the employee’s CAPMC duties.
Nothing in this policy shall be interpreted as preventing the payment to CAPMC by an outside source for actual expenses incurred by an employee in an activity, or the payment of a fee to CAPMC (in lieu of an honorarium to the individual) for the services of the employee. Any such payments made to CAPMC should be deposited to the CAPMC account and an appropriate entry should be made coded to the same program or department to which the employee’s time was charged.

**Board Member, Policy Council/Committee Member Application for Employment**

Any person who is or has been on the Board of Directors in the six months previous to his/her application for a CAPMC vacancy shall be ineligible for employment consideration, except for target area representatives and Policy Council/Committee members/Board of Director representatives.

Additionally, no immediate family member of the Board of Directors or the Policy Council/Committee member may be an employee of the Agency. This does not prohibit an immediate family member from submitting an application for employment with the Agency. However, if the family member is offered and accepts employment, the affected Board or Policy Council/Committee member must resign his/her position. Nothing contained in the provision would permit any preferential treatment or consideration of the employment application of any family member.

**Employee as Recipient of Services**

Client eligibility for Agency services are strictly defined according to grantor contracts. CAPMC staff shall be diligent in complying with grants or when determining client eligibility. Under no circumstances will preferential treatment be granted to Agency employees, contracted employees, family members of Agency employees, or Agency board members. Services may be provided; however, proof of eligibility and details of service activity shall be provided to the CAPMC Program Manager and Executive Director. This information will be kept confidential and only available to the awarding agency and/or CAPMC Board of Directors, if requested.

It is incumbent that upon CAPMC intake workers and advocates to provide the Program Manager and Executive Director with the following documentation:

1. Name of employee and/or Program Manager
2. Proof of eligibility
3. Documentation detailing activity, i.e., commodity or utility assistance

This includes agency services that may be provided now or in the future. The application for services must have approval from the Program Manager or the Executive prior to delivering of program goods and/or services. Exception: If a parent of a Head Start child is hired at CAPMC, the child will be allowed to complete their Head Start experience.
Disclosure Requirements

An employee, officer, board member, policy member, or volunteer who believes that he/she may be perceived as having a conflict of interest in a discussion or decision must disclose that conflict to the group making the decision. Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure.

CAPMC requires the following:

1. On an annual basis, all members of the Board of Directors, the Executive Director, and Program Managers with purchasing authority shall complete Form 700, Report of Economic Interests. The Executive Director shall review all forms completed by employees and the Board of Directors and determine appropriate resolution in accordance with the next section of the policy.

2. Employees, officers, board members, policy members or volunteers of the Agency are required to notify the Executive Director of any financial conflict of interest that may arise in the course of carrying out assigned duties. Board members are directed to CAPMC’s Bylaws, Article 11, and if any conflicts arise in the implementation or interpretation of this provision, the Bylaws will take precedence.

3. At the inception of employment or volunteer service to the Agency, and on an annual basis thereafter, the fiscal department shall distribute a list of all vendors contractors with whom the Agency has transacted business at any time during the preceding year, along with a copy of the disclosure statement to all members of the Board of Directors, the Executive Director, members of senior management, and employees with purchasing and/or hiring responsibilities or authority. Using the prescribed form, these individuals shall inform, in writing and with a signature, the Executive Director and the Finance Committee of all potential reportable conflicts.

4. During the year, these individuals shall submit a signed, updated disclosure form if any new potential conflict arises.

5. Prior to any management, board or committee action on a contract or transaction involving a conflict of interest, material facts to a conflict of interest shall be disclosed by staff, board or committee member. Such disclosure shall be reflected in the minutes of the meeting.

6. A person who has a conflict of interest shall not participate in or be permitted to hear management’s, the board’s or the committee’s discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter.

7. A person who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining a quorum for purposes of the vote. The person having a conflict of interest may not vote on the contract or transaction and shall not be present in the meeting room when the vote is taken. Such person’s eligibility to vote and abstention from voting shall be reflected in the minutes of the meeting.

8. If required by federal awarding agencies, CAPMC will notify those agencies in writing of any potential conflict of interest. (2CFR Part 200.112, Conflict of interest)
Resolution of Conflicts of Interest

All real or apparent conflicts of interest shall be disclosed to the Board Chairperson or the Executive Director of the Agency. Conflicts shall be resolved as follows:

§ The chair of the board shall be responsible for making all decisions concerning resolutions of the conflict involving the Executive Director, members of the Finance Committee, or other board members.
§ The Executive Director shall be responsible for making all decisions concerning resolutions of conflicts involving employees.

An employee, officer, board member, policy member or volunteer may appeal the decision that a conflict (or appearance of conflict) exists as follows:

§ An appeal must be directed to the Board Chairperson.
§ Appeals must be made within 30 days of the initial determination.
§ Resolution of the appeal shall be made by vote of the full Board of Directors.
§ Board members who are the subject of the appeal, or who have a conflict of interest with respect to the subject of the appeal, shall abstain from participating in, discussing, or voting on the resolution, unless their discussion is requested by the remaining members of the board.

Disciplinary Action for Violations of this Policy

Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to the Agency or to the government, for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee, officer, board member, policy member or volunteer charged with a violation of this policy will be afforded an opportunity to explain her/his actions before disciplinary action is taken.

Disciplinary action will be taken:

1. Against any employee who authorizes or participates directly in actions that are a violation of this policy.
2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
3. Against any Program Manager or supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

A board member or policy member who violates this policy will be removed from his/her respective governing board. The services of a volunteer who violates this policy will be terminated.
POLICY ON SUSPECTED MISCONDUCT

Introduction

This policy communicates the actions to be taken for suspected misconduct committed, encountered, or observed by employees and volunteers.

Like all Agencies, CAPMC faces many risks associated with fraud, abuse, and other forms of misconduct. The impact of these acts collectively referred to as misconduct throughout this policy, may include, but not be limited to:

- Financial losses and liabilities
- Loss of current and future revenue and customers
- Negative publicity and damage to the Agency’s good public image
- Loss of employees and difficulty in attracting new personnel
- Deterioration of employee morale
- Harm to relationships with clients, vendors, bankers, and subcontractors
- Litigation and related costs of investigations, etc.

Our Agency is committed to establishing and maintaining a work environment of the highest ethical standards. Achievement of this goal requires the cooperation and assistance of every employee and volunteer at all levels of the Agency.

Definitions

For purposes of this policy, misconduct includes, but is not limited to:

1. Actions that violate the Agency’s Code of Conduct (and any underlying policies) or any of the accounting and financial policies included in this manual.
2. Fraud (see below)
3. Forgery or alteration of checks, bank drafts, documents or other records (including electronic records)
4. Destruction, alteration, mutilation, or concealment of any document or record with the intent to obstruct or influence an investigation, or potential investigation, carried out by a department or agency of the federal government or by the Agency in connection with this policy.
5. Disclosure to any external party of proprietary information or confidential personal information obtained in connection with employment with or service to the Agency.
6. Unauthorized personal or other inappropriate (non-business) use of equipment, assets, services, personnel or other resources.
7. Acts that violate federal, state, or local laws or regulations.
8. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to the Agency. Exception: gifts with a nominal value of $25.00 or less.
9. Impropriety of the handling or reporting of money in financial transactions.
10. Failure to report known instances of misconduct in accordance with the reporting
responsibilities described herein (including tolerance by supervisory employees of misconduct of subordinates).

Fraud is further defined to include, but not be limited to:

- Theft, embezzlement, or other misappropriation of assets (including assets of or intended for the Agency, as well as those of our clients, subcontractors, vendors, contractors, suppliers, and others with whom the Agency has a business relationship)
- Intentional misstatements in the Agency’s records, including intentional misstatements of accounting records or financial statements
- Authorizing or receiving payment for goods not received or services not performed
- Forgery or alteration of documents, including but not limited to checks, timesheets, contracts, purchase orders, receiving reports
- The manipulation or disregard of policies or provisions to secure a benefit for friends and family members.

CAPMC prohibits each of the preceding acts of misconduct on the part of employees, officers, executives, volunteers and others responsible for carrying out the Agency’s activities.

**Reporting Responsibilities**

Every employee, officer, board member, policy member and volunteer is responsible for immediately reporting suspected misconduct to their supervisor, Chief Financial Officer, Finance Committee, or the Executive Director. When supervisors have received a report of suspected misconduct, they must immediately report such acts to their manager, the Chief Financial Officer, the Human Resources Director, the Executive Director, or the Board Chairperson. Individuals may also anonymously report suspected misconduct by contacting the telephone hotline that can be accessed 24 hours per day, 365 days per year. The phone number is (877) 453-7244.

**Whistleblower Protection**

The Agency will consider any reprisal against a reporting individual an act of misconduct subject to disciplinary procedures. A “reporting individual” is one who, in good faith, reported a suspected act of misconduct in accordance with this policy, or provided to a law enforcement officer any truthful information relating to the commission or possible commission of a federal offense or any other possible violation of the Agency’s Code of Conduct/Ethics.

**Investigative Responsibilities**

Due to the sensitive nature of suspected misconduct, supervisors and managers should not, under any circumstances, perform any investigative procedures.

The Human Resources Director has the primary responsibility for investigating suspected misconduct involving employees below the Executive Director. The Human Resources Director shall provide a summary of all investigative work to the Board of Directors.

The Finance Committee has the primary responsibility for investigating suspected misconduct involving the Executive Director, as well as board members and officers. However, the Finance Committee may request the assistance of the Chief Financial Officer in any such investigation.
Investigation into suspected misconduct will be performed without regard to the suspected individual’s position, length of service, or relationship with the Agency.

In fulfilling its investigative responsibilities, the Finance Committee shall have the authority to seek the advice and/or contract for the services of outside firms, including but not limited to law firms, CPA firms, forensic accountants and investigators, etc.

Members of the investigative team (as authorized by the Finance Committee) shall have free and unrestricted access to all Agency records and premises, whether owned or rented, at all times. They shall also have the authority to examine, copy and remove all or any portion of the contents (in paper or electronic form) of filing cabinets, storage facilities, desks, credenzas and computers without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of an investigation into suspected misconduct or related follow-up procedures.

The existence, the status or results of investigations into suspected misconduct shall not be disclosed or discussed with any individual other than those with a legitimate need to know in order to perform their duties and fulfill their responsibilities effectively.

**Protection of Records – Federal Matters**

CAPMC prohibits the knowing destruction, alteration, mutilation, or concealment of any record, document, or tangible object with the intent to obstruct or influence the investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States government, or in relation to or contemplation of any such matter or case.

Violations of this policy will be considered violations of the Agency’s Code of Ethics and subject to the investigative, reporting, and disclosure procedures described earlier in this Policy on Suspected Misconduct.

**Disciplinary Action**

Based on the results of investigations into allegations of misconduct, disciplinary action may be taken against violators. Disciplinary action shall be coordinated with appropriate representatives from the Human Resources Department. The seriousness of misconduct will be considered in determining appropriate disciplinary action, which may include:

- Reprimand
- Probation
- Demotion
- Termination
- Reimbursement of losses or damages
- Referral for criminal prosecution or civil action

This listing of possible disciplinary actions is for information purposes only and does not bind the Agency to follow any particular policy or procedure.
Confidentiality

The managers, Chief Financial Officer, Human Resources Director, Executive Director and the Finance Committee treat all information received confidentially. Any employee, officer, board member, policy member or volunteer who suspects dishonest or fraudulent activity will notify the Human Resources Director, Chief Financial Officer, Executive Director or the Finance Committee immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see “Investigative Responsibilities” section above).

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect CAPMC from potential civil liability.

Any employee, officer, board member, policy member or volunteer who discovers or suspects fraudulent activity may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Human Resources Director, Finance Committee or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is “I am not at liberty to discuss this matter.” Under no circumstances should any reference be made to “the allegation,” “the crime,” “the fraud,” “the forgery,” “the misappropriation,” or any other specific reference.

The reporting individual should be informed of the following:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the CAPMC legal counsel, the Human Resources Director or Finance Committee.

Disclosure to Outside Parties

Allegations of and information related to allegations of suspected misconduct shall not be disclosed to third parties except under the provisions described in this policy (such as disclosure to outside investigators hired by the Agency to aid in an investigation).

However, all known frauds involving the Executive Director, senior management, or members of the Board of Directors, as well as all material frauds involving employees below the senior management level, shall be disclosed by the Finance Committee and to the Agency’s external auditors.

The Agency will disclose, in a timely manner, in writing to federal awarding agencies all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. (200.113 Mandatory Disclosures)
SECURITY

Fiscal Department

A lock will be maintained on the door leading into the CAPMC Fiscal Department. This door shall be closed and locked in the evenings and whenever the Fiscal Department is vacant. The key to this lock will be provided to fiscal personnel and the Executive Director, and other personnel as approved by the Executive Director. Keys will be returned when any of these individuals leave the employment of CAPMC.

CAPMC’s completely blank check stock shall be stored in a locked closet in the office of the Chief Financial Officer. Access to this closet shall be by keys in the possession of the Chief Financial Officer, Executive Director, and Accountant Program Managers.

Petty cash is stored in a drawer locked with a key. The Petty Cash Custodian and the Accountant Program Manager who supervises the Petty Cash Custodian will be the only employees with keys to the petty cash drawer.

Access to Electronically Stored Accounting Data

CAPMC utilizes passwords to restrict access to accounting software and data. Only duly authorized fiscal personnel with data input responsibilities will be assigned passwords that allow access to the system. Information technology staff members are restricted from accessing accounting software. This restriction provides a critical internal control. Segregating IT from the financial software protects IT staff members from possible involvement in issues relating to accuracy of accounting records and financial reporting.

Fiscal personnel are expected to keep their passwords secret and to change their passwords as necessary. Administration of passwords shall be performed by a responsible individual independent of programming functions.

Each password enables a user to gain access to only those software and data files necessary for each employee's required duties. On an annual basis, CAPMC performs a review of accounting software users to ensure they have the appropriate access levels. Unnecessary access will be rescinded.

Storage of Back-Up Files

CAPMC maintains back-up copies of electronic data files in order to provide disaster recovery and system restoration capabilities for critical organization data. System and data files are backed up automatically each night and include all production servers and data. CAPMC’s backups are written directly to a server appliance utilizing EVault backup software. Once the data has been backed up onto the EVault storage appliance, the data is then encrypted with AES and SSL for security purposes while it rests on the server. Once all backups have been completed for that day, each backup is then copied over the WAN connection, offsite to EVault’s secure storage cloud.

Access to the back-up files shall be limited to individuals authorized by management. These include
the Network Administrator and the IT Help/Desk Assistant. Records of emails are sent to both the Network Administrator and IT Help/Desk Assistant for each backup that is run whether it is successful or not. If not, then the Network Administrator has the accessibility to perform the backup for that particular server or data storage drive again. The Network Administrator and the IT Help/Desk Assistant both have access to perform backup restorations via a web base portal.

The Agency should have a regularly scheduled test of its capability to restore from backups in both the server appliance and the EVault cloud. CAPMC currently tests its restoration of data files on a monthly basis.

**Storage of Sensitive Data**

In addition to accounting and financial data stored in the Fiscal Department, other sensitive data, such as social security numbers of employees or clients, etc. may be stored in areas other than the Fiscal Department. Locations of sensitive data include, but are not limited to:

1. Other agency departments, such as Head Start, Human Resources, Community Services, etc.
2. Jump drives or USB drives utilized by staff members
3. Smart phones, PDAs, Blackberrys, or other devised permitting remote access to email or network resources
4. On-line email or storage solutions, including personal email sites utilized by staff members to send information to other agencies
5. Other electronic or on-line storage devices

Therefore, the Agency:

1. Minimizes the storage of sensitive data outside the Fiscal Department by shredding documents with such data or deleting the sensitive data from documents that are stored outside the Fiscal Department whenever possible; and
2. Requires that all sensitive data that is stored in areas other than the Fiscal Department be secured in locked filing cabinets.

Further, the Agency restricts access to sensitive data to Agency employees and others only (no temporary workers, contractors, or volunteers) and only to employees with a legitimate need for such access. The Agency also requires employees to claim print jobs which contain sensitive information immediately upon printing.

**Destruction of Sensitive Information**

As stated earlier, all sensitive data must be securely stored and shredded when no longer needed. CAPMC will also shred all sensitive information obtained by the Agency for any reason. Shredding will be performed on a schedule determined by each department that possesses such data.

**General Office Security**

During normal business hours, all visitors are required to check in with the receptionist. After hours, a
security code is required for access to the offices of CAPMC. Outside door keys are issued only to employees of CAPMC.
TECHNOLOGY AND ELECTRONIC COMMUNICATIONS

Purpose and Scope

The purpose of this policy is to identify guidelines for the use of CAPMC technologies and communications systems. This policy establishes a minimum standard that must be upheld and enforced by users of the Agency’s technologies and communications systems.

The term "user" as used in these policies refers to employees (whether full-time, part-time or limited-term), independent contractors, consultants, and any other user having authorized access to, and using any of, the Agency’s computers or electronic communications resources. Users are also directed to the Computer Systems, Internet, and Electronic Mail Communication Use and Computer Technical Support Policy 816.00.00 in the CAPMC Personnel Policies and Procedures.

Computer and electronic communications resources include, but are not limited to, host computers, file servers, stand alone computers, laptops, PDAs, printers, fax machines, phones, online services, email systems, bulletin board systems, blogs owned by staff members where the Agency is discussed, blog comments by staff members regarding the Agency, social networking sites (Facebook, MySpace, Twitter, etc.), and all software that is owned, licensed or operated by CAPMC.

Acceptable Use of Agency Property

Use of the Agency’s computers and electronic communications technologies is for program and business activities of CAPMC. These resources shall be used in an honest, ethical, and legal manner that conforms to applicable license agreements, contracts, and policies regarding their intended use. Although incidental and occasional personal use of the Agency’s communications systems are permitted, users automatically waive any rights to privacy.

In addition, the information, ideas, concepts and knowledge described, documented or contained in the Agency’s electronic systems are the intellectual property of CAPMC. The copying or use of the Agency's intellectual property for personal use or benefit during or after employment (or period of contract) with CAPMC is prohibited unless approved in advance by the Executive Director.

All CAPMC information, records, and data are subject to restrictions imposed by the Health Insurance Portability and Accounting Act of 1996 (HIPAA), the Gramm-Leach Bliley Act of 1999, and the Sarbanes-Oxley Act of 2002, as well as all other data management restrictions resulting from local, state, federal, and international laws.

All hardware (laptops, computers, monitors, mice, keyboards, PDAs, printers, telephones, fax machines, etc.) issued by CAPMC is the property of the Agency and should be treated as such. Users may not physically alter or attempt repairs on any hardware at any time. Users must report any problems with hardware to the Network Administrator or the IT Help Desk.
Password Security

Passwords are the initial defense in the protection of CAPMC information from unauthorized access. Passwords on all CAPMC systems are subject to the following:

1. Users are responsible for safeguarding their login passwords. Passwords may not be shared, printed, or stored online.
2. Users should not leave their computers unattended without logging off.
3. If a user suspects that the secrecy of their password has been compromised they should report this to the Network Administrator immediately and initiate a password change request.
4. Passwords should not be displayed or concealed in the employee’s work area.
5. Passwords should be complex and should not be your son’s or daughter’s name, etc. It is recommended that the password be at least seven characters long and a combination contain upper and lower case letters, numbers and special symbols, such as dollar sign [$], pound sign [#], etc.

Confidentiality

All information about individuals, families or Agencies served by CAPMC is confidential. No information may be shared with any person or Agency outside CAPMC without the prior written approval of the individual, family or Agency.

Email Communications

The Agency may communicate with its customers, vendors and clients via email. Email is not a secure or private communications mechanism, nor should employees treat it that way. Sensitive or confidential information should not be sent via e-mail over the Internet without password protection or encryption.

Employees should exercise care in the use of email and in the handling of email attachments. If an email is from someone you do not know, or if you were not expecting an attachment, do not open it, delete it. The user should contact the Network Administrator for assistance if there are questions as to the validity of the message and attachment.

Anti-Virus Controls

The Agency maintains current anti-virus controls on its computer systems. This includes servers and personal computers. The system will automatically download and distribute virus signature updates to all systems. The anti-virus software is monitored by the Network Administrator. Weekly file system scans of all systems are conducted automatically.

Users are prohibited from disabling or altering the configuration of the anti-virus software. Users are also required to report any suspicious activity on their computers to the Network Administrator. This
activity includes, but is not limited to: cursor or mouse moving on its own, hard drive thrashing without user input, uncharacteristically slow performance, a change in behavior of the system, etc.

**Disposal of Computer Equipment**

CAPMC will run “file-shredding” software on all electronic media, including computer hard drives, prior to disposing of computer equipment. This software should perform low-level formatting or use a “wipe” utility that follows the Department of Defense (DOD) standard 5220.22. The software overwrites all areas of the computer’s hard drive in a manner that makes it impossible for subsequent users to retrieve any of the data on the hard drive. This procedure shall be performed by CAPMC’s Network Administrator.

**Copyrighted Information**

Use of CAPMC electronic communication systems to copy, modify, or transmit documents, software, information or other materials protected by copyright, trademark, patent or trade secrecy laws, without obtaining prior written permission from the owner of such rights in such materials, is prohibited.

**Download / Installation of Software**

The installation of new software without the prior approval of Network Administrator is prohibited. If an employee desires to install any new programs, written permission should first be obtained. Software should not be downloaded from the Internet. This is a common mechanism for the introduction of computer viruses. If Internet-based software is needed, the Network Administrator should be contacted to perform the download and testing of the application prior to installation.

**Other Prohibited Uses**

Other prohibited uses of the Agency’s communications systems include, but are not limited to:

1. Engaging in any communication that is discriminatory, defamatory, pornographic, obscene, racist, and sexist or that evidences religious bias, or is otherwise of a derogatory nature toward any specific person, or toward any race, nationality, gender, marital status, sexual orientation, religion, disability, physical characteristic, or age group.

2. Browsing, downloading, forwarding and/or printing pornographic, profane, discriminatory, threatening or otherwise offensive material from any source including, but not limited to, the Internet.

3. Engaging in any communication that is in violation of federal, state or local laws.

4. Proselytizing or promoting religious beliefs or tenets.

5. Campaigning for or against any candidate for political office or any ballot proposal or issue.

6. Sending, forwarding, redistributing or replying to “chain letters.”
7. Using unauthorized passwords to gain access to another user’s information or communications on the Agency’s systems or elsewhere.

8. Advertising, solicitation or other commercial, non-programmatic use.

9. Knowingly introducing a computer virus into the communications systems or otherwise knowingly causing damage to the systems.

10. Using the systems in a manner that interferes with normal business functions in any way, including but not limited to, streaming audio from the Internet during business hours, stock tickers, Internet gaming, installing unauthorized software, etc.

11. Excessive personal use of technologies that preempts any business activity or interferes with Agency’s productivity.

12. Sending email messages under an assumed name or obscuring the origin of an email message sent or received.

**Disciplinary Action for Violations**

CAPMC requires all users to adhere to this policy. Violations of this policy will result in disciplinary action, which could include termination of employment or cancellation of contracts.

**Reporting of Suspected Violations**

Suspected violations of these policies should be immediately and confidentially reported to your immediate supervisor. If you prefer not to discuss it with your supervisor, you may contact the Executive Director, the Human Resources Director, the Chief Financial Officer or any member of the Finance Committee.

CAPMC reserves the right to install programs that monitor employee use of the Internet and electronic communications systems, and to act on any violations of these policies found through use of such programs. CAPMC further reserves the right to examine any and all electronic communications sent or received by employees via the Agency’s electronic communications systems.
GENERAL LEDGER AND CHART OF ACCOUNTS

The general ledger is the collection of all asset, liability, net assets, revenue and expense accounts. It is used to accumulate all financial transactions and is supported by subsidiary ledgers that provide details for certain accounts. The general ledger is the foundation for the accumulation of data and production of reports.

Chart of Accounts Overview

The chart of accounts is the framework for the general ledger system and the basis for the accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense, and gain and loss account.

CAPMC’s chart of accounts is comprised of five types of accounts:

1. Assets
2. Liabilities
3. Net Assets
4. Revenues
5. Expenses

Each account number shall be preceded by a three-digit fund number and a one-digit phase code and followed by a site and component code, if applicable.

Distribution of Chart of Accounts

All CAPMC employees involved with account coding or budgetary responsibilities will be issued a current chart of accounts, or the section of the chart of accounts applicable to their program. As the chart of accounts is revised, an updated copy of the chart of accounts shall be promptly distributed to these individuals.

Control of Chart of Accounts

The Chief Financial Officer monitors and controls the chart of accounts, including all account maintenance, such as additions and deletions. Any additions or deletions of accounts must be approved by the Chief Financial Officer, who ensures that the chart of accounts is consistent with the Agency’s structure of CAPMC and meets the needs of each division and department.
## Account Definitions

### General Ledger

<table>
<thead>
<tr>
<th>Account Range</th>
<th>Category</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 - 1999</td>
<td>Assets</td>
<td><strong>Assets</strong> are probable future economic benefits obtained or controlled by the Agency as a result of past transactions or events. Assets are classified as current assets, fixed assets, contra-assets, and other assets.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Current assets</strong> are assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, temporary investments, and receivables that will be collected within one year of the statement of financial position date.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Fixed assets</strong> (property and equipment) are tangible assets with a useful life of more than one year that are acquired for use in the operation of the Agency and are not held for resale.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Contra-assets</strong> are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Other assets</strong> include long-term assets that are assets acquired without the intention of disposing them in the near future. Some examples are security deposits, property and long-term investments.</td>
</tr>
<tr>
<td>2000 – 2999</td>
<td>Liabilities</td>
<td><strong>Liabilities</strong> are probable future sacrifices of economic benefits arising from present obligations of the Agency to transfer assets or provide services to other entities in the future as a result of past transactions or events. Liabilities are classified as current or long-term.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Current liabilities</strong> are probable sacrifices of economic benefits that will likely occur within one year of the date of the financial statements or which have a due date of one year or less. Common examples of current liabilities include accounts payable, accrued liabilities, short-term notes payable, and deferred revenue.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Long-Term Liabilities</strong> are probable sacrifices of economic benefits that will likely occur more than one year from the date of the financial statements. An example is the non-current portion of a mortgage loan.</td>
</tr>
</tbody>
</table>
3000 - 3999  **Net Assets**

*Net Assets* is the difference between total assets and total liabilities.

4000 - 4999  **Revenues**

*Revenues* are inflows or other enhancements of assets, or settlements of liabilities, from delivering or producing goods, rendering services, or other activities that constitute an Agency’s ongoing major or central operations. Revenues include grants received from government agencies, private foundations and corporations, and contributions received from donors.

*Gains* are increases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the Agency except those that result from revenues.

*Losses* are decreases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the Agency except those that result from expenses.

Gains or losses occur when CAPMC sells a fixed asset or writes off as worthless a fixed asset with remaining book value.

5000 - 9999  **Expenses**

*Expenses* are outflows or other activities using assets, or incurrences of liabilities from delivering or producing goods, rendering services, or carrying out other activities that constitute CAPMC’s ongoing major or central operations.

**Changes to the Chart of Accounts**

The Chief Financial Officer shall approve additions to, deletions from, or any other changes to the standard chart of accounts.

**Fiscal Year of Agency**

CAPMC shall operate on a fiscal year that begins on July 1 and ends on June 30. Any changes to the fiscal year of the Agency must be ratified by majority vote of CAPMC’s Board of Directors.
**Accounting Estimates**

CAPMC utilizes numerous estimates in the preparation of its interim and annual financial statements. Some of those estimates include:

1. Useful lives of property and equipment
2. Fair market values of investments
3. Fair market values of donated assets
4. Values of contributed services
5. Cost allocation calculations
6. Allocations of certain indirect costs
7. Allocations of time/salaries

The Chief Financial Officer will reassess, review, and approve all estimates yearly. All key conclusions, bases, and other elements associated with each accounting estimate shall be documented in writing. All material estimates, and changes in estimates from one year to the next, shall be disclosed to the Finance Committee and the external audit firm.

**Journal Entries**

All general ledger entries that do not originate from a subsidiary ledger shall be supported by journal vouchers (Form 15) or other documentation, including an explanation of each such entry. Examples of such journal entries are:

1. Recording of noncash transactions
2. Corrections of posting errors
3. Nonrecurring accruals of income and expenses

Certain journal entries, called recurring journal entries, occur in every accounting period. These entries may include, but are not limited to:

1. Depreciation of fixed assets
2. Amortization of prepaid expenses
3. Accruals of recurring expenses
4. Amortization of deferred revenue

Recurring journal entries shall be supported by a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, a journal
All journal entries prepared by Accounting Technicians not originating from subsidiary ledgers shall be authorized by the Chief Financial Officer or Accountant Program Managers by initialing or signing the entries. The Accountant Program Managers will prepare and post general journal entries, but Chief Financial Officer’s approval is not required. The Chief Financial Officer will review the monthly journal entry log by initialing or signing. Adequate documentation will be maintained to support all general journal entries and accounting transactions.
POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS

REVENUE

Revenue Recognition Policies

CAPMC receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements in the following manner:

1. **Grant income** - Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards).

2. **In-Kind Contributions or Non-Federal Share** – Recognized as income when received. (See below the section titled “Cost Sharing and Matching”).

3. **Program Income** – Defined as gross income generated by a supported activity or earned as a result of an award and may include refunds and other applicable credits, and is recognized as a reduction in expenditures in the period in which it is received.

4. **Nongovernmental Cash Contributions** - Recognized as income when received, unless accompanied by restrictions or conditions (see the next section on contribution income).

5. **Fee-for Service Income** – Recognized as income when services are rendered unless collection of amounts due is in question. In this case, revenue is recognized when payments are received.

6. **Interest income** – monthly accrual based on when it was earned.

Immaterial categories of revenue may be recorded on the cash basis of accounting (i.e., recorded as revenue when received) as deemed appropriate by the Chief Financial Officer.

Definitions

The following definitions shall apply with respect to the policies described in this section:

**Contribution** – An unconditional transfer of cash or other assets to the Agency, or a settlement or cancellation of the Agency’s liabilities, in a voluntary nonreciprocal transfer by another entity or individual.

**Condition** – A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred to the Agency or releases the promisor from its obligation to transfer its assets. In practical terms, this means a donor has imposed some type of stipulation other than a purpose or time period stipulation (which is defined as a restriction below) and that condition has some degree of uncertainty as to whether or not it will occur, and if the condition is not met, the Agency is not entitled to the contribution. Conditions may or may not be within the control of the Agency.
**Restriction** – A donor-imposed stipulation that specifies a use for the contributed asset that is either limited to a specific future time period or is more specific than the broad limits resulting from the nature of the Agency, the environment in which it operates, and the purposes specified in the Articles of Incorporation and Bylaws. Restrictions on the use of an asset may be temporary or permanent.

**Nonreciprocal Transfer** – A transaction in which an entity incurs a liability or transfers assets to CAPMC without directly receiving value in exchange.

**Promise to Give** – A written or oral agreement to contribute cash or other assets.

**Exchange Transaction** – A reciprocal transaction in which CAPMC and another entity each receive and sacrifice something of approximately equal value.
ADMINISTRATION OF FEDERAL AND OTHER GRANT AWARDS

Definitions

CAPMC may receive financial assistance from a donor/grantor agency through the following types of agreements:

Grant: A financial assistance award given to the Agency to carry out its programmatic purpose.

Contract: A mutually binding legal agreement where the Agency agrees to provide supplies or services and the funder agrees to pay for them.

Cooperative Agreement: A legal agreement where the Agency implements a program with the direct involvement of the funder.

Throughout this manual, federal assistance received in any of these forms will be referred to as a federal “award.”

Preparation and Review of Proposals

Individual departments are responsible for preparing proposals for projects that the department intends to pursue. However, all proposals shall be reviewed by the Chief Financial Officer prior to submission to government agencies or other funding sources. Final proposals shall be reviewed and approved by the Board of Directors and the Executive Director. Head Start or Migrant Head Start Policy Councils and Committees must approve the Head Start/Migrant Head Start grant application prior to its submission.

Post-Award Procedures

After an award has been made, the following steps shall be taken:

1. Verify the specifications of the grant or contract. The Fiscal Department shall review the terms, time periods, award amounts and expected expenditures associated with the award. A Catalog of Federal Domestic Assistance (CFDA) number shall be determined for each award, if applicable. All reporting requirements under the contract or award shall be summarized.

2. Create new general ledger account numbers (or segments). New accounts shall be established for the receipt and expenditure categories in line with the grant or contract budget.

3. Gather documentation. See the following section “Document Administration”, for details.
Compliance with Laws, Regulations and Provisions of Awards

CAPMC recognizes that as a recipient of grant funds, the Agency is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that the Agency meets this responsibility, the following policies apply with respect to every grant or contract received directly or indirectly from an agency:

1. For each grant award, the Program Manager within the department will be responsible for administering the award.

2. Each Program Manager should attend training, if available, on grant management prior to the beginning the award. It is recommended that Program Managers attend refresher/update courses on grant management periodically.

3. The Program Manager shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:
   a. Read each award and understand the key compliance requirements and references to specific laws and regulations.
   b. Review the "OMB Circular A-133 Compliance Supplement" - 2 CFR Part 200 Appendix XI, Compliance Supplement (updated annually) published by the Office of Management and Budget (OMB) for compliance requirements unique to the award and for compliance requirements common to all federal awards.
   c. Review the section of the Catalog of Federal Domestic Assistance (CFDA) applicable to the award.
   d. The Program Manager will communicate grant requirements to those who will be responsible for carrying them out, or impacted by them.

4. The Fiscal Department shall forward copies of applicable laws and regulations to the Program Manager (such as OMB Circulars, pertinent sections of compliance supplements, and other regulations).

5. The Program Manager and/or the Fiscal Department shall identify and communicate any special changes in policies and procedures necessitated by federal awards as a result of the review of each award.

6. The Program Manager shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals, reviewing annual revisions to the "OMB Circular A-133 Compliance Supplement" - 2 CFR Part 200 Appendix XI, Compliance Supplement and communications with the awarding agency personnel.

7. The Chief Financial Officer shall inform the independent auditors of applicable laws, regulations, and provisions of contracts and grants. The Chief Financial Officer or Program Manager shall also communicate known instances of noncompliance with laws, regulations, and
provisions of contracts and grants to the auditors.

**Document Administration**

For each grant/award received by CAPMC from a federal, state, or local government agency, a master file of documents applicable to the award shall be prepared and maintained. The responsibility for assembling each master file shall be assigned to the Accountant Program Manager assigned to the program. The Program Manager should forward the necessary documents to the Fiscal Department.

The master file assembled for each government award should include the following documents (including originals of all documents received from the awarding agency):

1. Copy of the initial application for the award and corresponding budget
2. All correspondence to and from the awarding agency post-application, leading up to the award
3. The final, approved budget and program plan, after making any modifications
4. The grant agreement and any other documents associated with the initial making of the award
5. Copies of pertinent laws and regulations, including awarding agency guidelines, associated with the award
6. Subsequent grant modifications (financial and programmatic)
7. Copies of program and financial reports
8. Subsequent correspondence to/from the awarding agency
9. Results of any monitoring visits conducted by the awarding agency, including resolution by CAPMC of any findings arising from such visits
10. Correspondence and other documents resulting from the closeout process of the award.

**Close Out of Federal and Non-Federal Awards**

CAPMC shall follow the close out procedures described in 2 CFR Part 215. 200.343-345, Closeout and in the grant agreements as specified by the granting agency. CAPMC and all subrecipients shall liquidate all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement, unless prior approval is received from the granting agency, or other specified time period for non-federal or delegate agency grant awards.
SUBRECIPIENTS

Making of Subawards

From time to time, CAPMC may find it practical to make subawards of federal funds to other Agencies. All subawards in excess of the simplified acquisition threshold shall be subject to the conflict of interest policies same procurement policies described in a preceding later section. In addition, all subrecipients must be approved in writing by the federal awarding agency and agree to the subrecipient monitoring provisions described in the next section.

With respect to subrecipients with whom CAPMC has not recently had a subaward relationship, the Fiscal Department shall determine an appropriate level of pre-award inquiry that shall be performed. The purpose of such inquiry, which may involve a site visit to a potential subrecipient, is to gain assurance that a potential subrecipient has adequate policies and procedures in place to provide reasonable assurance that it is capable of complying with all applicable laws, regulations and award provisions.

CAPMC is required to evaluate each subrecipient’s risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward to determine the appropriate monitoring. Evaluations may include such facts as: (2 CFR Part 200.331(b))

- The subrecipient’s prior experience with the same or similar subawards;
- The results of previous audits including whether or not the subrecipient receives a Single Audit, and the extent to which the same or similar subaward has been audited as a major program;
- Whether the subrecipient has new personnel or new or substantially changed systems; and
- The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives federal awards directly from a federal awarding agency).

In addition, CAPMC should obtain the following documents from all new subrecipients:

1. Articles of Incorporation
2. Bylaws or other governing documents
3. Determination letter from the IRS (recognizing the subrecipient as exempt from income taxes under IRC section 501(c)(3))
4. Last three years’ Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable)
5. Copies of the last three years’ audit reports and management letters received from subrecipient’s independent auditor (including all reports associated with audits performed in accordance with OMB Circular A-133, if applicable)
6. Copy of the most recent internally-prepared financial statements and current budget
7. Copies of reports of government agencies (Inspector General, state or local government auditors, etc.) resulting from audits, examinations, or monitoring procedures performed in the last three years

Monitoring of Subrecipients

When CAPMC utilizes federal funds to make subawards to subrecipients, CAPMC is subject to a requirement to monitor each subrecipient in order to provide reasonable assurance that subrecipients
are complying, in all material respects, with laws, regulations, and award provisions applicable to the program.

In fulfillment of its obligation to monitor subrecipients, the following policies apply to all subawards of federal funds made by CAPMC to subrecipients:

1. Subaward agreements shall include all information necessary to identify the funds as federal funding. This information shall include:
   a. The applicable Catalog of Federal Domestic Assistance (CFDA) title and number
   b. Award name
   c. Name of federal agency
   d. Amount of award

2. Subaward agreements shall identify all applicable audit requirements, including the requirement to obtain an audit in accordance with OMB Circular A-133, if the subrecipient meets the criteria for having to undergo such an audit.

3. Subawards shall include a listing of all applicable federal requirements that each subrecipient must follow.

The following required information will be provided to all subrecipients:

1. Federal Award Identification.
   a. Subrecipient name (which must match registered name in DUNS);
   b. Subrecipient’s DUNS number;
   c. Federal Award Identification Number (FAIN);
   d. Federal Award Date;
   e. Subaward Period of Performance Start and End Date;
   f. Amount of Federal Funds Obligated by this action;
   g. Total Amount of Federal Funds Obligated to the subrecipient;
   h. Total Amount of the Federal Award;
   i. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
   j. Name of Federal awarding agency, pass-through entity, and contact information for the awarding official;
   k. Catalogue of Federal Domestic Assistance (CFDA) Number and Name. CAPMC must identify the dollar amount made available under each federal award and the CFDA number at time of disbursement;
   l. Indirect cost rate for the federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs.

2. All requirements imposed by CAPMC on the subrecipient so that the federal award is used in accordance with federal statutes, regulations and the terms and conditions of the federal award.

3. Any additional requirements that CAPMC imposes on the subrecipient in order for CAPMC to meet its own responsibility to the federal awarding agency including identification of any required financial and performance reports.
4. An approved federal recognized indirect cost rate negotiated between the subrecipient and the federal government or, if no such rate exists, either a rate negotiated between CAPMC and the subrecipient, or a de minimis indirect cost rate as defined in §200.414 Indirect Costs.

5. A requirement that the subrecipient permit CAPMC and auditors to have access to the subrecipient’s records and financial statements as necessary for CAPMC to meet the monitoring requirements of 2 CFR Part 200; and

6. Appropriate terms and conditions concerning closeout of the subaward.

4 7. Subawards shall require that subrecipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.

5 8. Subawards shall require that subrecipients submit financial and program reports to CAPMC on a basis no less frequently than monthly.

6 9. CAPMC will follow up with all subrecipients to determine whether all required audits have been completed. CAPMC will cease all funding of subrecipients failing to meet the requirement to undergo an audit in accordance with OMB Circular A-133 2 CFR Part 220.501. For subrecipients that properly obtain an audit in accordance with OMB Circular A-133 2 CFR Part 200.501, CAPMC shall obtain and review the resulting audit reports for possible effects on CAPMC’s accounting records or audit.

710. CAPMC shall assign one of its employees the responsibility of monitoring each subrecipient on an ongoing basis, during the period of performance by the subrecipient. This employee will establish and document, based on her/his understanding of the requirements that have been delegated to the subrecipient, a system for the ongoing monitoring of the subrecipient.

811. Ongoing monitoring of subrecipients will vary from subrecipient to subrecipient, based on the nature of work assigned to each. However, ongoing monitoring activities may involve any or all of the following:

a. Regular contacts with subrecipients and appropriate inquiries regarding the program.
b. Reviewing programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.
c. Monitoring subrecipient budgets.
d. Performing site visits to the subrecipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the subaward.
e. Offering subrecipients technical assistance where needed.
f. Maintaining a system to track and follow up on deficiencies noted at the subrecipient in order to assure that appropriate corrective action is taken.
g. Establishing and maintaining a tracking system to assure timely submission of all reports required of the subrecipient.

912. Documentation shall be maintained in support of all efforts associated with monitoring of subrecipients.
In connection with any subrecipient that has been found to be out of compliance with provisions of its subaward with CAPMC, responsive actions by the Agency shall be determined by the Chief Financial Officer. Such actions may consist of any of the following actions:

a. Increasing the level of supporting documentation that the subrecipient is required to submit to CAPMC on a monthly or periodic basis.
b. Requiring that subrecipient prepare a formal corrective action plan for submission to CAPMC.
c. Requiring that certain employees of the subrecipient undergo training in areas identified as needing improvement.
d. Requiring documentation of changes made to policies or forms used in administering the subaward.
e. Arranging for on-site (at the subrecipient’s office) oversight on a periodic basis by a member of CAPMC fiscal or program staff.
f. Providing copies of pertinent laws, regulations, federal agency guidelines, or other documents that may help the subrecipient.
g. Arranging with an outside party (such as CAPMC’s own independent auditors) for periodic on-site monitoring visits.
h. Reimbursing after-the-fact, and not provide advances.
i. Requiring review and approval for each disbursement and all out-of-area travel.
j. As a last resort, terminating the subaward relationship and seeking an alternative.
COST SHARING AND MATCHING (IN-KIND)

Overview

CAPMC values contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or granting agency regulations identify specific values to be used.

CAPMC shall claim contributions as meeting a cost sharing or matching requirement of a federal award only if all of the following criteria are met:

1. They are verifiable from CAPMC records.
2. They are not included as contributions for any other federally-assisted project or program.
3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. They are allowable under federal cost principles, 2 CFR Part 200 Subpart E, Cost Principles.
5. They are not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching.
6. They are provided for in the approved budget when required by the federal awarding agency.
7. They conform to all provisions of federal administrative regulations, 2 CFR Part 200 Subpart D, Post Federal Awards Requirements.
8. In the case of donated space, (or donated use of space), the space is subject to an independent appraisal performed by a certified appraiser as defined by 2 CFR Part 200.306(i) (1) to establish its value.

The following flowchart should be used to determine the allowability of In-Kind.
#1 Is it verified, in writing, that the donation/service was received?

- **NO**
  - STOP Unallowable In-Kind
  - Go To Question #6

- **YES**
  - **#1A** Can you get it verified in writing?
    - **NO**
      - STOP Unallowable In-Kind
    - **YES**
      - **#2** Is it not included as contributions for another federally-assisted project/program?
        - **NO**
          - STOP Unallowable In-Kind
        - **YES**
          - **#2A** Can you document that the source of the donation is not being used for another Federal program?
            - **NO**
              - STOP Unallowable In-Kind
            - **YES**
              - **#3** Is it necessary & reasonable for proper & efficient accomplishment of project or program objectives? What's the benefit?
                - **NO**
                  - STOP Unallowable In-Kind
                - **YES**
                  - **#4** Is it allowable under the applicable cost principles?
                    - **NO**
                      - STOP Unallowable In-Kind
                    - **YES**
                      - **#5** It is paid by non-Federal funds?
                        - **NO**
                          - STOP Unallowable In-Kind
                        - **YES**
                          - Go To Question #6

From Question #5

#6 Is it provided for in the approved budget?

Is it something you would have put in the budget?

#7 Would the agency pay, out of Federal funds, the same amount being claimed as the in-kind value?

Would the agency want to defend paying Federal money for it?

NO

YES

STOP

IN-KIND IS ALLOWABLE

* 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

** Except where authorized by Federal statute to be used for cost sharing or matching:

Determinations have been made on a case-by-case basis on whether Federal funds from other programs are allowable match for an ACF program. These determinations are based on specific requirements of ACF programs and language in applicable statutes. Specifically:

1. USDA funds are of Federal origin and, therefore, cannot be counted as match.
2. Bureau of Indian Affairs - Indian Self-Determination and Education Assistance Act (P.L. 93-638, as amended). The Act authorizes the use of funds for matching purposes as long as the identified use is specifically related to the approved grant activities.
3. Title XX Social Services Block Grant funds are considered to be Federal funds and, therefore, may not be used as match for ACF programs.
4. Expenditure of funds from the Housing and Community Development Act of 1974, P.L. 93-383 may count as allowable match for a Head Start program for renovation of a building. The determination is dependent on whether or not the Head Start grant is included as part of the “Community Development Program,” as required by the Housing and Community Development Act. (Grants Administration Manual, Section 3.05.406(b)(1-4))
Valuation and Accounting Treatment

In-Kind typically falls into one of the following categories:

- Cash
- Space, buildings, land and equipment
- Volunteer time and services
- Supplies

The following sections discuss the valuation and accounting treatment for each category.

Cash

- CAPMC shall recognize cash contributions as In-Kind income in the period in which they are spent on allowable program costs.
- Any discounts received on goods or services are recognized as In-Kind only if such discounts are not available to the general public. Discounts taken as In-Kind should be supported by a letter from the vendor stating that it is providing these discounts in support of the program.

Space, Buildings, Land and Equipment

Buildings and Land

If the purpose of the contribution is to assist the Agency in the acquisition of equipment, building, or land, the total value of the donated property may be claimed as matching with prior approval of the awarding agency.

If the purpose of the donation is to support activities that require the use of equipment, buildings or land, depreciation or use charges (e.g. rent) may be claimed at matching, unless the awarding agency has approved using the full value as match.

Equipment, buildings or land are valued at its fair market value as determined by an independent appraiser. Information on the date of donation and records from the appraisal will be maintained in a property file. CAPMC strives to utilize current and accurate fair market values so the Agency will update the independent appraisal for donated space every four years.

Space

- Will be assessed at the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality
- Information on the date of donation and records from the appraisal will be maintained in a property file
- If less than an arms-length transaction, will be valued based in actual allowable costs to occupy the facility (e.g. repairs and maintenance, insurance, etc.) not to exceed fair market value.
Volunteer Time and Services
Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor will be included in In-Kind if the services are an integral and necessary part of the program.

Examples of contributed services received and recorded as income and expense by CAPMC include Head Start instructional aides, janitorial and maintenance services.

Volunteer services will be valued at rates consistent with those paid for similar work in the Agency. For skills not found in the Agency, rates will be consistent with those paid for similar work in our labor market. Rates should include gross hourly wages plus fringe benefits calculated based on fringe benefits received by employees in similar positions, or on agency average.

Volunteers must possess qualifications and perform work requiring those skills in order to be valued at greater than an unskilled labor rate.

CAPMC requires volunteers to document and account for their contributed time in a manner similar to the timekeeping system followed by employees. Each program that uses volunteers will provide the volunteers a sign-in sheet which collects the following information:

- Date service was performed
- Volunteer name
- Hours donated (time in and out)
- Service provided
- Signature of volunteer

The employee who receives the contribution will verify and sign the contribution vouchers. Once all of the In-Kind is verified by the program department, the vouchers and summary documents will be delivered to the Fiscal Department monthly so they can be tallied, valued, and recorded as In-Kind in the accounting records.

Supplies
Donated supplies must be used in the program and shall be valued at fair market value at the time of donation. Supplies can be counted as match only if the program would have purchased such items with federal funds itself.

In-Kind Match Forms
CAPMC staff should utilize the most applicable form. Some examples of forms are the “Cash, Supplies, Equipment, Space In-Kind Contribution Receipt Voucher (Form 16), “I Am Helping My Child Succeed” (Form 17) or the “Making A Difference Sign-In Sheet” (Form 18). Employees should consult with their Program Manager for the forms to be utilized by their department and/or program.
GIFT ACCEPTANCE

Overview

A gift/contribution is consideration given to the Agency for which the donor receives no direct benefit and requires nothing in exchange (it is nonreciprocal) other than assurance that the intent of the contribution will be honored by CAPMC. Two broad principles apply to all gifts given to the Agency:

1. A gift shall not be accepted that is not in the charitable interest of the donor, considering the donor’s financial situation and philanthropic interests, as well as tax, legal, and other relevant factors.

2. A gift shall not be accepted unless there is a reasonable expectation that acceptance of the gift shall ultimately benefit CAPMC.

CAPMC will not accept any donations that imply endorsement of businesses, products or services. Donor businesses may not use CAPMC’s name for promotion of any product or service.

Categories of Gifts

Gifts to the Agency are classified into two categories, based on the level of risk associated with acceptance of the gift.

Gifts of marginal risk include the following:

- Cash and cash equivalents (e.g., certificates of deposit)
- Gifts of securities actively traded on a U.S. public market (e.g., publicly-traded stocks, mutual funds, corporate and government bonds, etc.)
- Personal property with a fair value of less than $5,000 (new or used)

Gifts of the preceding three categories shall be considered to be of marginal risk only if they are either unrestricted or restricted to one specific, existing CAPMC program.

Gifts of greater-than-marginal risk include the following:

- Any gift requiring the acceptance of a restriction that:
  - is not clearly identifiable with an existing program of CAPMC,
  - would require the addition or modification of an CAPMC program,
  - would not be consistent with the mission of CAPMC,
  - would not be consistent with CAPMC’s tax-exempt purpose under IRC section 501(c)(3),
  - would require the reclassification of unrestricted net assets to temporarily restricted
  - would violate any federal, state, or local law or regulation, or
  - would result in excessive control to the donor, or anyone designated by the donor, over the subsequent use of the contributed asset

- Any gift from a donor involved in businesses or activities that may be deemed to be inconsistent with the mission of CAPMC
- Personal property with a fair value of $5,000 or more (new or used)
- Real property (either an outright gift of property or the donated use of such property)
- Non-publicly-traded securities (e.g., ownership interests in privately-held businesses, partnerships, etc.)
- Charitable remainder trusts
- Charitable lead trusts
- Conditional promises to give/pledges
- Unusual items or items of questionable value (including works of art, animals, historic artifacts, memorabilia, etc.)
- Life insurance
- Notification of the intent to give noncash assets through a bequest

**Gift Acceptance Procedures**

Gifts of marginal risk may be accepted by the Program Manager or Chief Financial Officer without any further review and approval. Gifts of greater-than-marginal risk may be accepted only after review and approval of both the Chief Financial Officer and the Executive Director. This review and approval shall be documented.

It is also the policy of CAPMC to liquidate all gifts of publicly-traded securities within ten days of receipt unless it is determined by the Chief Financial Officer that holding the securities as an investment of the Agency would be fiscally prudent, appropriate, and consistent with the Agency’s investment policies.
CONTRIBUTIONS ACCOUNTING

Overview

CAPMC shall accept charitable contributions of all types of assets from any type of donor, with the following exceptions:

1. Contributions of non-liquid assets or assets possessing legal or other characteristics rendering the asset difficult to sell or convert to liquid assets, as determined by the Chief Financial Officer, unless approved by the Executive Director and the Board of Directors;

2. Contributions with donor-imposed restrictions that provide excessive control to the donor over future uses of the donated asset(s), as determined by the Chief Financial Officer;

3. Contributions with donor-imposed restrictions that violate or involve uses that go beyond the Agency's current mission statement and tax-exempt purpose, as determined by the Chief Financial Officer; and

4. Contributions from donors involved in businesses or activities that are deemed inconsistent with CAPMC’s mission, as determined by the Executive Director.

Distinguishing Contributions from Exchange Transactions

CAPMC receives income in the form of contributions, revenue from exchange transactions, and income from activities with characteristics of both contributions and exchange transactions. CAPMC shall consider the following criteria, and any other relevant factors, in determining whether income will be accounted for as contribution income, exchange transaction revenue, or both:

1. CAPMC's intent in soliciting the asset, as stated in the accompanying materials;

2. The expressed intent of the entity providing resources to CAPMC (i.e., does the resource provider state that its intent is to support CAPMC's programs or that it anticipates specified benefits in exchange);

3. Whether the method of delivery of the asset is specified by the resource provider (exchange transaction) or is at the discretion of CAPMC (contribution);

4. Whether payment received by CAPMC is determined by the resource provider (contribution) or is equal to the value of the assets/services provided by CAPMC, or the cost of those assets plus a markup (exchange transaction);

5. Whether there are provisions for penalties (due to nonperformance) beyond the amount of payment (exchange transaction) or whether penalties are limited to the delivery of assets already produced and return of unspent funds (contribution); and

6. Whether assets are to be delivered by CAPMC to individuals or Agencies other than the resource provider (contribution) or whether they are delivered directly to the resource provider or to individuals or Agencies closely connected to the resource provider.
Donor Privacy

CAPMC respects the privacy of its donors and also recognizes that donors wish to be connected to the Agency. CAPMC uses donor information to notify them of information, plans and activities. Donor information is shared with staff, board members, volunteers and consultants on a “need-to-know” basis.

CAPMC does not share its donor list with any third party unless donor permission has been granted. Requests to remain anonymous will be honored.

Recognition of Contribution Income (GAAP)

CAPMC shall recognize contribution income based on the following factors:

1. Unconditional contributions of assets (cash, property, etc.) shall be recognized as income upon receipt of the asset by the Agency.
2. Unconditional promises to contribute assets shall be recognized as income upon receipt of clear communication of the promise from the donor or the donor’s legal representative (e.g., trustee, attorney, etc.). See additional guidelines in the next section.
3. Conditional contributions and conditional promises to give shall be recognized as income upon the satisfaction of the condition.
4. Contributed services shall be recognized as income only to the extent that the contributed services possess either one of the following characteristics:
   a. The service creates or enhances a non-financial asset (e.g., land, buildings, intangible assets, etc.).
   b. The service requires a specialized skill, it is provided by an individual possessing that skill, and the service is one that would typically need to be purchased if it had not been contributed to the organization.

All noncash contribution income received shall be recorded at fair value. (See policy below.)

Contribution income shall be classified as unrestricted, temporarily restricted, or permanently restricted in accordance with the definitions and guidelines described earlier.

Valuation of Noncash Contributions

As stated in the preceding section, all noncash contributions of assets shall be recorded at their fair value as of the date of the gift. Fair values used in accounting for donated assets shall be determined by the Agency, not by the donor, although in some cases a value may have been provided by a donor. (See subsequent policies associated with IRS Form 8283.)

The determination of the fair value of donated assets shall be determined as follows:

1. For contributions of publicly-traded securities, fair value shall be determined by the Chief Financial Officer based on a Web-based search (using e.g., E*Trade, etc.) of the closing price of the security on the date that the security was transferred to CAPMC (in addition, a printout of
this Web search shall be retained in the accounting department’s records for future reference and substantiation of this procedure.

2. For contributions of personal property, fair value shall be determined by the Program Manager, using appropriate public records (price lists for new assets, other guides for used assets) subject to the review and approval of the Chief Financial Officer. Valuation documentation must be retained.

3. For contributions of real property, fair value shall be determined by an appraisal performed by an independent appraiser hired by CAPMC.

4. For contributions of all other assets, fair value shall be determined by the Chief Financial Officer.

For contributed services that meet the previously described criteria for recording, the fair value of the services shall be determined by multiplying the hours worked by each volunteer, as documented on the Agency’s Volunteer Time Sheet, by an applicable hourly rate. The applicable hourly rate shall be determined by Fiscal Department and shall generally be equal to an estimate of an hourly wage rate plus estimated employee benefit costs or an hourly rate typically charged by external contractors possessing the skills provided by the volunteer.

All determinations of hourly rates used to value contributed services shall be reviewed, documented, and approved by the Chief Financial Officer.

**Unconditional Promises to Give**

- Unconditional promises to give shall be recorded as assets and increases in temporarily restricted net assets (contribution income) in the period that CAPMC receives communication of the promise.
- Unconditional promises to give that are to be collected within one year shall be recorded at their face value, less any reserve for uncollectible promises, as estimated by management.
- Unconditional promises to give that are collectible over time periods in excess of one year shall be recorded at their discounted net present value.
- Accretion of discount on such promises to give shall be recorded as contribution income in each period leading up to the due date of the promise to give. The interest rate that shall be used in calculating net present values of unconditional promises to give is the risk-free rate of return available to CAPMC at the time the Agency receives a promise from a donor, considering the dollar amount of the promise and the time period of the promise (e.g., for promises of less than $100,000, the Agency shall generally use the interest rate applicable to certificates of deposit for the same approximate duration available from its bank.
- When the final time or use restriction associated with a contributed asset has been met, a reclassification between temporarily restricted and unrestricted net assets shall be recorded.

**Conditional Promises to Give**

The Agency shall not record an asset or contribution income for any conditional promise to give. However, the Agency shall maintain a record of such conditional promises to give and monitor these gifts for purposes of identifying when the condition associated with each such promise has been satisfied. As noted below, this schedule shall also be used in connection with preparing the Agency’s footnote disclosures associated with contributions.
Receipt of Donations

Upon receipt, all monetary donations will be processed according to the Cash Receipts policies contained in this manual. Information on restriction of gifts shall be communicated to the Fiscal Department so the gift can be recorded and governed according to the wishes of the donor.

Receipts and Disclosures

CAPMC and its donors are subject to certain disclosure and reporting requirements imposed under the Internal Revenue Code and the underlying regulations. To comply with those rules, CAPMC shall adhere to the following guidelines with respect to contributions received by the Agency.

The Program Department shall provide a receipt to the donor for every separate contribution received. All receipts shall include the following information:

1. The amount of cash received and/or a description (but not an assessment of the value) of any noncash property received;
2. A statement of whether CAPMC provided any goods or services to the donor in consideration, in whole or in part, for any of the cash or property received, and
3. If any goods or services were provided to the donor by CAPMC, a description and good faith estimate of the value of those goods or services.

When CAPMC receives cash in excess of $75, or noncash property with a value in excess of $75, as part of a quid pro quo transaction, the Agency shall follow additional disclosure procedures. For purposes of this paragraph, a “quid pro quo transaction” is one in which a payment received by CAPMC is made both as a contribution and as a payment for goods or services provided by the donee organization. A payment received in a transaction that is part contribution and part exchange transaction (i.e., the value of the goods or services provided to the donor by CAPMC is less than the value of cash or property provided by the donor). In such instances, CAPMC shall provide to the donor a receipt stating that only the amount contributed in excess of the fair market value of the goods or services provided by CAPMC may be deducted as a charitable contribution. The receipt shall also include a good-faith estimate of the fair market value of the goods or services provided to the donor by CAPMC.

IRS rules provide for certain exceptions to the preceding disclosure rules applicable to quid pro quo transactions. Hence, CAPMC shall not provide receipts when it receives cash or property in excess of $75 in any of the following circumstances:

1. The goods provided to the donor during 20143 bear CAPMC’s name or logo and have an aggregate cost of $10,420 or less and the donor gave the Agency at least $524.00.
2. The goods provided to the donor in 20143 have a fair market value equal to no more than 2% of the contribution or $1042, whichever is less.
3. The gift received by CAPMC resulted from the Agency’s fund-raising appeal that included articles worth no more than $10,420, as well as a request for contributions and a statement that the recipient may keep the article even if a contribution is not made.
The preceding thresholds are adjusted for inflation by the IRS on an annual basis. Inflation adjustments subsequent to 2014 are incorporated into this policy manual by reference. Contact the Chief Financial Officer for the current thresholds.

All estimates of the fair market value of goods or services provided by CAPMC shall be prepared by the Fiscal Department.

CAPMC complies with all current federal and state rules regarding solicitation and collection of charitable contributions, whether specifically addressed in this manual or not, as well as all future revisions to those rules.

**IRS Form 8283, Noncash Charitable Contributions**

In certain instances, CAPMC may be requested to sign a Form 8283 (section b, Part IV) by a donor who has made a material contribution (over $5,000) of noncash assets to the Agency. The signature of an organization official on Form 8283 signifies an acknowledgment of the description of the donated asset and the date of the gift. It does NOT represent any level of certification of or agreement to the valuation of the gift that has been assigned by the donor or the donor’s appraiser, but it does serve to inform CAPMC of the value intended to be deducted by the donor, which is useful in connection with the subsequent filing of Form 8282. (See the next section for the policies regarding Form 8282.)

Any Form 8283 presented by a donor for signature by CAPMC shall be reviewed, along with the donated asset and any relevant documentation pertaining to the asset’s description and condition, by the Chief Financial Officer, who shall have final responsibility for agreeing or disagreeing with the donor’s description of the asset and for signing the Form 8283.

The Chief Financial Officer shall retain a copy of any Form 8283 that has been signed for subsequent tracking of the donated asset. (See related policy below.)

**IRS Form 8282, Donee Information Return**

When CAPMC subsequently sells assets that have been contributed to it, the filing of a Form 8282 may be required. Among the exceptions from filing Form 8282 are subsequent sales of assets contributed to the Agency more than three years before the sale, and sales of assets that when contributed had a fair value of $5,000 or less, as evidenced by the Form 8283 presented to the Agency by the donor at the time of the gift.

Form 8282 is not required with respect to donated assets that are consumed or distributed in fulfillment of the Agency’s tax-exempt mission.
Responsibility for tracking donated assets and determining whether filing Form 8282 is required is assigned to Chief Financial Officer. It is the policy of CAPMC to file such forms in a timely manner (within 125 days of the sale). Upon completion of a Form 8282 by the Chief Financial Officer, the form shall be reviewed and signed by the Executive Director. Delivery of the form to IRS shall be done by mail, performed by the Chief Financial Officer.

A Form 8282 shall also be prepared and filed if CAPMC transfers a donated asset to another charitable nonprofit organization (subject to the same exceptions as described above). In such cases, the Form 8282 shall be filed with IRS within 125 days of the transfer and a copy of the Form 8282 shall be provided to the successor nonprofit organization within 15 days of filing the Form 8282 with the IRS, along with a copy of the original Form 8283 received from the donor.

Disclosures of Promises to Give

As stated earlier, CAPMC shall record an asset and an increase in net assets for unconditional promises to give. In addition, in connection with its annual financial statements, CAPMC shall prepare a schedule of unconditional promises to give that discloses the annual amounts to be collected in each of the next five fiscal years, and a total amount due thereafter, less the amount representing interest as a result of discounting long-term promises to give to net present value.

In connection with conditional promises to give, which shall not be recorded on the financial statements, CAPMC shall nonetheless prepare a similar schedule of future payments for disclosure in the Agency’s annual financial statements.

Fund-Raising Events

The Agency shall maintain a record that tracks each special fund-raising event sponsored by the Agency. The Accountant Program Manager shall be responsible for maintaining this record, with assistance from the Program Manager. The following information shall be tracked on an event-by-event basis for purposes of possible disclosure in the Agency’s annual Form 990 information return with the IRS:

1. Description and location of the event (including an indication of whether any type of gaming activities took place in connection with the event).
2. Total gross proceeds received in connection with the event.
3. Portion of the proceeds considered to be a contribution (equal to the amount received less the fair value of any benefits provided to donors).
4. Total costs of the event.
5. Portion of the costs attributable to direct donor benefits (i.e., the cost of any benefits provided to donors, such as the cost of a meal provided to attendees at a fund-raiser).
6. Portion of the total costs associated with:
   a. Rent or facility costs
   b. Cash prizes, if any
   c. Noncash prizes, if any
   d. Food and beverages
   e. Entertainment
   f. Fees paid to (or retained by) an outside fund-raiser

7. The percentage of the overall labor effort involved in the event that was contributed by volunteers (this schedule should show total hours associated with paid employees/contractors and total hours associated with volunteer efforts).

8. The names and addresses of any outside fund-raiser used in connection with the event.

9. An indication of whether any outside fund-raiser ever took custody, even temporarily, of funds raised for CAPMC in connection with any fund-raising event.

In addition to the preceding information, if any fund-raising activities of CAPMC include gaming (e.g., bingo, pull tabs, or any other type of gaming), the Agency shall maintain records of the following:

1. Total compensated and total uncompensated (volunteer) labor hours associated with each event.

2. The name and address of the person or company responsible for running the Agency's gaming activities, as well as a copy of their license to conduct gaming activities.

3. Documentation indicating the percentage of gaming activity operated in the Agency's facility vs. an outside facility.

3. If the Agency utilizes a third party to operate gaming activities, a record shall be kept of the total proceeds of the gaming activity and the amount retained by the third-party operator as its compensation.

If the Agency engages in, or plans to engage in, gaming activities, the Chief Financial Officer shall first research and obtain any and all required licenses or permits.

In addition, for any fund-raising or gaming activity operated by a third party, where the third party collects or maintains custody of funds paid by attendees, the Agency shall first gain an understanding of the internal controls of the third party, including the third party’s processes for receiving and securing funds and whether individuals employed by the third party are bonded. The Chief Financial Officer shall conduct or arrange for this internal control evaluation.

State Registrations

It is the policy of CAPMC to register in California if the Agency’s fund-raising activities would result in a requirement to register. Determination of California’s registration requirements shall be with the Chief Financial Officer, who may consult outside advisors in making such determinations.

Once registered, the Chief Financial Officer shall ensure that subsequent periodic filing requirements are met. The Chief Financial Officer may delegate the preparation of such
periodic state filings to an Accountant Program Manager, subject to the review and approval of the Chief Financial Officer.
BILLING/INVOICING POLICIES

Overview

The Agency's primary sources of revenue are:

- Reimbursement grants – billed monthly, or as funders require, based on allowed, incurred expenses
- Fee-for-service income – billed according to contract requirements based on number of units of services provided
- Private grants – funds are usually received once funding is approved. Financial expenditure reports, if required, are submitted as requested by funding sources.
- Donations/Contributions – may be solicited or unsolicited.

Other lesser sources of income such as transportation fees and child care fees will be collected and recorded when the services are provided.

Responsibilities for Billing and Collection

CAPMC’s Fiscal Department is responsible for the invoicing of funding sources and the collection of outstanding receivables. (Note: Cash receipts, credit memo, and collection policies will be discussed in subsequent sections.)

Billing and Financial Reporting

CAPMC strives to provide management, staff and funding sources with timely and accurate financial reports applicable to all awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

CAPMC shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document. Preparation of these reports shall be the responsibility of the Accountant Program Managers, subject to review and approval by Chief Financial Officer.

The following policies shall apply to the preparation and submission of billings to federal and other agencies under awards made to CAPMC:

1. The Agency will request reimbursement after expenditures have been incurred, unless an award specifies another method.

2. CAPMC will strive to minimize the time between receipt and disbursement of grant funds by issuing payments within 24 hours of receipt of such funds. When CAPMC is a delegate agency for a federal award, it is the responsibility of the grantee to monitor compliance to ensure that it is in conformance with any applicable policies.

3. Each award normally specifies a particular billing cycle. Therefore, a schedule is established for each grant and contract to ensure that reimbursement is made on a timely basis along with
any other reporting that is required in addition to the financial reports.

4. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts, with the exception of the indirect cost allocation which may need to be calculated as it may not be posted as of that point in time.

5. All financial reports required by each award will be prepared and filed on a timely basis. To the extent CAPMC’s year-end audit results in adjustments to amounts previously reported to agencies, revised reports shall be prepared and filed in accordance with the terms of each award.

CAPMC shall maintain separate billing records in addition to the official general ledger accounting records. Billing records shall be reconciled to the general ledger on a periodic basis.

At the time invoices (requests for reimbursement) are prepared, revenue and accounts receivable shall be recorded on the books of CAPMC by the Accountant Program Manager or Chief Financial Officer.

If an award authorizes the payment of cash advances to CAPMC, the Chief Financial Officer may require that a request for such an advance be made. Upon receipt of a cash advance, CAPMC shall reflect deferred revenue equal to the advance. As part of the periodic invoicing process, the deferred revenue shall be reduced, and revenue recognized, in an amount equal to the allowable costs incurred for that period.

**Cash Drawdowns Under Letters of Credit**

Cash drawdowns under letters of credit of advances from federal agencies shall be made periodically in conjunction with the accounts payable and payroll schedule, based on need. All federal funds shall be deposited into an interest-bearing cash account under the cash receipts policies and procedures described in this manual.

Where CAPMC is the grantee, the Agency utilizes a reimbursement method rather than an advance of federal funds so the disbursements occur before receipt of federal funds. There may be an exception to this when the funding source routinely provides advances. CAPMC requires that federal funds will be disbursed within 24 hours of receipt using the following process:

1. On Friday, checks are printed, signed, and disbursed in accordance with cash disbursement policies.

2. On a periodic basis following any Friday check run, a print out of financial statement expenditures will be prepared and compared to the cash drawdown to date.

3. The Chief Financial Officer draws down the cash required to reimburse CAPMC.

In instances where CAPMC is the delegate agency for a federal award, it is the responsibility of the grantee to monitor its conformance with this requirement.
Accounts Receivable Entry Policies

Individuals independent of the cash receipts function shall post customer invoices, credit adjustments, and other adjustments to the accounts receivable subsidiary ledger.

Classification of Income and Net Assets

All income received by CAPMC is classified as "unrestricted," with the exception of the following:

1. Grants and other awards received from government agencies or other grantors, which are classified as temporarily restricted.
2. Special endowments received from donors requesting that these funds be permanently restricted for specific purposes.

From time to time, CAPMC may raise other forms of contribution income which carry stipulations that the Agency utilize the funds for a specific purpose or within a specified time period identified by the donor of the funds. When this form of contribution income is received, CAPMC shall classify this income as Temporarily Restricted income.

As with all Temporarily Restricted net assets, when the restriction associated with a contribution has been met (due to the passing of time or the use of the resource for the purpose designated by the donor), CAPMC will reclassify the related net assets from "Temporarily Restricted" to "Unrestricted" in its Statement of Financial Position and reflect this reclassification as an activity in its Statement of Activities.

From time-to-time, the CAPMC Board of Directors may determine that it is appropriate to set funds aside for specific projects. Such funds shall be classified as "unrestricted," labeled "Board-Designated," and reported as a separate component of unrestricted net assets.
CASH RECEIPTS

Overview

Cash (including checks payable to the Agency) is the most liquid asset of the Agency. Therefore, it is the objective of CAPMC to establish and follow the strongest possible internal controls in this area.

Processing of Checks and Cash Received in the Mail

The following procedures will be followed:

- All cash and checks received by mail shall be forwarded to the Assistant to the Executive Director, who will record the cash receipts in triplicate on the cash receipt summary (Form 6). Most of the Agency's cash receipts are in the form of checks. The Assistant to the Executive Director is not involved in the accounts receivable or accounts payable process.

- In the event that cash receipts are received at remote locations or collected by departments, the receiving department will prepare a receipt in triplicate for the payee. The cash and checks will be delivered to the Assistant to the Executive Director along with a copy of the receipt. Interoffice mail envelopes should not be utilized for cash receipts. Additionally, a copy of the payee receipts should be forwarded to the Accountant Program Manager responsible for the program.

- The Assistant to the Executive Director will prepare cash receipts on a daily basis, unless the total amount received is less than $5,000, but at least once a week. Undeposited checks and cash shall be stored in a locked box and kept in a secure area until hand delivered to the Chief Financial Officer. Such cash will not be used as petty cash or to make change.

- After reviewing and initialing the cash receipts, the Chief Financial Officer will forward the checks/cash and cash receipts intact to the Accounting Technician for deposit.

- In the event that the Assistant to the Executive Director is absent or on leave, the Executive Director will bring the cash and checks received by mail to the Fiscal Department. The Accounting Assistant will prepare the cash receipt summary since this individual is not involved in the accounts receivable or accounts payable process.

- A deposit slip is prepared in duplicate by the Accounting Technician from the cash/checks received and compared to the daily receipts listing for discrepancies.

- Deposits are prepared and taken to the bank with 24 hours of receipt and a bank deposit receipt is obtained which is attached to cash receipt summary upon return from the bank.

- The Staff Accountant who oversees the cash management compares the cash receipt summary to the bank deposit receipt and also logs the deposit in a manually kept binder.

- The cash receipt summary along with copies of all checks and supporting documentation will be forwarded to the Accountant Program Manager, who will assign the proper general ledger account on the cash receipts summary.
Endorsement of Checks

All checks received that are payable to the Agency shall immediately be restrictively endorsed by the individual who prepares the cash receipt summary. The restrictive endorsement shall be a rubber stamp that includes the following information:

1. For Deposit Only
2. CAPMC
3. The bank name
4. The bank account number of CAPMC

Cash Receipts – Employee Vending Machine

CAPMC provides a vending machine at the main office location for the convenience of its employees, clients, and visitors. The vending machine operations are the responsibility of the staff in the Fiscal Department. A separate account has been established in the accounting software system to record the cash receipts from sale of products, costs of goods for resale, sales tax liabilities, and net proceeds. The vending machine will be serviced on a weekly basis and the cash deposited as prescribed in the preceding section. The reconciliation of the cash collected and the product sold will be retained in the Fiscal Department.

On an annual basis, at the direction of the Board of Directors, the profits may be donated to a non-profit organization such as one of its signature “giving back programs,” i.e. Relay for Life and Children’s Hospital, or used by the Agency for non-allowable grant funded or unfunded projects.

Timeliness of Bank Deposits

Bank deposits will be made on a daily basis, unless the total amount received for deposit is less than $5,000. In no event shall deposits be made less frequently than weekly. In the event the Fiscal Department does not receive a cash receipt summary at the end of the work week, the Chief Financial Officer will email the Executive Director and the Assistant to the Executive Director as a reminder. Undeposited checks and cash shall be maintained in a locked box and kept in a secure area until deposited. Such cash will not be used as petty cash or to make change.

Reconciliation of Deposits

On a monthly basis, the Staff Accountant who does not prepare the initial cash receipts listing or bank deposit, shall reconcile the listings of receipts to bank deposits on the monthly bank statement. Additionally, Accountant Program Managers, who do not prepare the initial cash receipts listing or bank deposits, will reconcile the anticipated revenues for their respective grant/contract funds with actual recorded revenue. Any discrepancies by either the Staff Accountant or the Accountant Program Managers shall be immediately investigated.
**Control Grid – Cash Receipts**

CAPMC strives to maintain adequate segregation of duties in its income and cash receipts functions. The following table illustrates how responsibilities have been assigned. In this table, personnel are identified as follows:

- A. Chief Financial Officer
- B. Accountant Program Manager (1)
- C. Accountant Program Manager (2-4)
- D. Accounting Technician (1)
- E. Accounting Technician (2)
- F. Staff Accountant/Accounting Technician (2)
- G. Assistant to the Executive Director

<table>
<thead>
<tr>
<th>Duties</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Produces invoice to bill funding source</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepares JV to record A/R and revenue</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial receipt of funds</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restrictively endorses checks</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepares initial record of funds collected</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reviews cash receipt summary</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepares deposit slip</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Takes deposit slip to bank</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assigns G/L account codes to cash receipt summary</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enters payments in cash receipt system</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial receipt and review of electronic bank statement</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconciles bank statement</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconciles A/R with general ledger</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reviews and follows up on old A/R</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
GRANTS RECEIVABLE MANAGEMENT

Monitoring and Recognition

CAPMC records grants receivable and income as follows:

1. Upon billing the granting agency, grants receivable and grants revenue will be recorded. CAPMC records grants receivable and grants revenue as it is earned and billed during the year. If a cash advance is received, the deferred revenues will be reduced and grants revenues will be recognized in an amount equal to the expenses incurred for that period. The Accountant Program Managers and the Chief Financial Officer are responsible for monitoring budget-to-actual expenditures throughout the grant year, and will meet monthly with Program Manager to discuss grant fiscal results.

2. During the year, when cash is received for expenses incurred, the grants receivable is reduced.

3. In order to comply with GAAP requirements, at the end of the fiscal year, the remaining deferred amount will offset the remaining receivable, and advance will be recorded as deferred revenue.
POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS

PURCHASING POLICIES AND PROCEDURES

Overview

THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY CAPMC.

CAPMC requires the practice of ethical, responsible, and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

The goal of these procurement policies is to ensure that materials and services are obtained in an effective manner and in compliance with the provisions of applicable federal and non-federal statutes, executive orders, and grant requirements.

Responsibility for Purchasing

All Program Managers or their designees shall have the authority to initiate purchases on behalf of their department, within the guidelines described here. Program Managers shall inform the Fiscal Department of all individuals that may initiate purchases or prepare purchase orders.

The Fiscal Department shall be responsible for processing purchase orders. The Chief Financial Officer has approval authority over all purchases and contractual commitments, and shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial.

Code of Conduct in Purchasing

Ethical conduct in managing the Agency’s purchasing activities is absolutely essential. Staff must always be mindful that they represent the Board of Directors and share a professional trust with other staff and the general membership.

- Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, equipment, and/or services.
- Staff shall notify their immediate supervisor if they are offered such gifts.
- No officer, board member, employee, or agent shall participate in the selection or administration of a vendor contractor if a real or apparent conflict of interest would be involved. Such a conflict would arise if an officer, board member, employee or agent, or any member of his/her immediate family, his/her spouse/partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the vendor selected.
- Officers, board members, employees, and agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or parties to sub-agreements.
- Unsolicited gifts of a nominal value of $4025 or less may be accepted with the approval of the Executive Director.
Conflict of Interest

All CAPMC staff and Board members responsible for procurement decisions are bound by the provisions of the Agency’s Conflict of Interest policy described in a preceding section. Please refer to that section for definitions of “interested persons”, reporting responsibilities, resolution to conflicts, and disciplinary action for violations.

Competition

In order to promote open and free competition, purchasers will:

- Be alert to any internal potential conflicts of interest.
- Be alert to any noncompetitive practices among contractors that may restrict, eliminate or restrain trade.
- Not permit contractors who develop specifications, requirements or proposals to bid on such procurements.
- Award contracts to bidders whose product/service is most advantageous in terms of price, quality, and other factors, with past service being a factor if all other considerations are equal.
- Be selected for ongoing purchases on the basis of price, quality, availability of merchandise, timeliness of delivery, service, and training.
- Issue solicitations that clearly set forth all requirements to be evaluated.
- Reserve the right to reject any and all bids when it is in the Agency’s best interest.
- Not give preference to state or local geographical areas unless such preference is mandated by federal statute.
- “Name brand or equivalent” description may be used as a means to define the performance or requirements.

Non-Discrimination Policy

All vendors/contractors who are the recipients of Agency funds, or who propose to perform any work or furnish any goods under agreements with CAPMC, shall agree to these important principles:

1. Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the contractors.

2. Contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. Notices, advertisement and solicitations placed in accordance with federal law, rule, or regulation shall be deemed sufficient for meeting the intent of this section.

Procurement Procedures

The following are CAPMC’s procurement procedures:
1. CAPMC shall avoid purchasing items that are not necessary or duplicative for the performance of the activities, programs and services required by its contracts and grant awards.

2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement. This analysis should only be made when both lease and purchase alternatives are available to the program.

3. Purchasers are encouraged to enter into state and local inter-governmental or inter-entity agreements where appropriate for procurement of use of common or shared goods and services.

4. Purchasers are encouraged to use federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

For federal grant awards, some form of cost or price analysis shall be made for procurement actions. Price analysis may be made in various ways, including comparison of price quotations submitted or market prices. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.

4. 5. Documentation of the cost and price analysis associated with each procurement decision in excess of the simplified acquisition threshold ($150,000) shall be retained in the procurement files pertaining to each federal and non-federal award.

6. All pre-qualified lists of persons, firms or products which are used in acquiring goods and services must be current and include enough qualified sources to ensure maximum open and full competition.

5. For all procurements in excess of the federally-defined simplified purchase acquisition threshold ($150,000), procurement records and files shall be maintained that include all of the following:
   a. The basis for contractor selection.
   b. Justification for lack of competition when competitive bids or offers are not obtained.
   c. The basis for award cost or price.

7. CAPMC will maintain records sufficient to detail the history of procurement, including:
   a. Rationale for the method of procurement;
   b. Selection of contract type;
   c. Contractor selection or rejection; and
   d. The basis for the contract price.

6. CAPMC shall make all procurement files available for inspection upon request by any awarding agency.

7. All contracts with vendors shall require the vendor to certify in writing that it has not been suspended or debarred from doing business with any federal agency; or in the alternative CAPMC may research potential vendors on the Excluded Parties List at the GSA website (www.sam.gov).
8. CAPMC shall not utilize the cost-plus-a-percentage-of-costs method of contracting.

9. CAPMC will accept, to the extent practical and economically feasible, goods and services dimensioned in the metric system of measurement.

All staff members with the authority to approve purchases will receive a copy of and be familiar with 2 CFR Part 200.400 - 475, Cost Principles, federal cost principles which is included as attachment A and B to this manual.

**Authorizations and Purchasing Limits**

All completed purchase order requests must be signed by the preparer and approved by the Program Manager or Head Start Director. The following table lists required approval levels and solicitation processes:

<table>
<thead>
<tr>
<th>Amount of Purchase</th>
<th>Required Approvals</th>
<th>Required Solicitation</th>
<th>Required Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than or equal to $2,500; $2,000 if purchase is subject to the requirements of Davis Bacon</td>
<td>Program Manager or Head Start Director</td>
<td>Evidence of solicitation not required but purchases should be distributed among qualified vendors</td>
<td>Receipt signed and dated; approval by Program Manager or Head Start Director</td>
</tr>
<tr>
<td>Over $2,500 and less than or equal to $25,000</td>
<td>Program Manager or Head Start Director, Executive Director</td>
<td>3 written bids (Internet, catalogue, written)</td>
<td>Documentation of bids received (Form 4), How the decision was made (Form 4)</td>
</tr>
<tr>
<td>Over $25,000 and less than or equal to $150,000</td>
<td>Program Manager or Head Start Director, Executive Director, CFO</td>
<td>3 written bids (Request for Bids or Request for Proposals). Sealed bids should be used when decision will be made on the basis of price and price-related factors.</td>
<td>Copy of RFB or RFP, Proposal scoring grids including who participated in the scoring, Proposal and contract of selected contractor, Documentation of bids received (Form 4), How the decision was made (Form 4)</td>
</tr>
<tr>
<td>Over $150,000</td>
<td>Program Manager or Head Start Director, Executive Director, CFO, Board of Directors</td>
<td>3 written bids (Request for Bids or Request for Proposals)</td>
<td>Copy of RFB or RFP, Proposal scoring grids including who participated in the scoring, Proposal and contract of selected contractor, Documentation of bids received (Form 4), How the decision was made (Form 4)</td>
</tr>
</tbody>
</table>

The Executive Director is authorized to enter into any contract on behalf of CAPMC. These policies
shall also apply to renewals of existing contracts.

Pricing and Cost Analysis

Some form of cost or price analysis shall be made on purchases prior to the actual procurement of goods and services, as outlined in the chart above. Price analysis may be made in various ways, including comparison of price quotations submitted or market prices. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.

When the cost per unit exceeds $2,500 or more, or where the invoice total exceeds $2,500 to any one vendor, there should be a cost analysis of at least three vendors. When grants or contracts require competitive bids at lower-limits, those terms will be observed. The following methods of price comparison may be used:

- Trade Catalogs
  Trade catalogs may be used as a source of prices for commercially available supplies, materials, and equipment

- Telephone and Advertisements
  Price comparisons may be made through advertisements and/or telephone quotes from businesses. Telephone may be used as a means to obtain verbal quotes for commercially available supplies, materials and equipment. Telephone quotes shall be recorded on the bid documentation form in order to document price comparison.

- Invitations to bid and requests for proposals
  Formal invitations to bid and requests for proposals may be used as a means to achieve competitive bidding and price comparison. It shall be against Agency policy to require such specificity of requirements that do not meet actual Agency needs and which operate to stifle free and competitive bidding. All specifications contained in requests for proposals or invitations to bid (solicitations) shall be drafted in a manner which promotes overall economy for the purpose intended and which encourages maximum practicable competition in satisfying the Agency’s needs.

- “Piggyback” proposals or state contract pricing
  These are cost proposals or bids submitted by businesses, contractors, or professionals to other non-profit or public agencies according to the other agency’s procurement process. Adequate documentation must be gathered and retained. Examples of adequate documentation are the agency’s request bid or proposal, copies of the agenda items, minutes of the meeting selecting the vendor, price analysis, and other factors.

For procurement purchases less than $2,500 per item or where the total invoice is less than $2,500, CAPMC will strive to use vendors that offer charity and non-profit pricing, community pricing contracts, other state approved procurement vendors, and “piggyback” proposals where the cost or price analysis has been performed by outside parties. The Agency may also conduct cost/price
analysis for routine supplies at a point in time during year to identify vendors to be used for the entire year.

Reasonableness, quantity and quality will be analyzed based on experience, reputation, and competition of the business or professionals offering goods or services solicited by CAPMC.

Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement. This analysis should only be made when both lease and purchase alternatives are available to the program.

Documentation of the price analysis shall be maintained in the accounts payable or contract files maintained by the Fiscal Department.

Procurement of goods and services will be authorized by the Program Managers or his/her designee only after a price comparison has been conducted and tested for need, reasonableness, and quality of goods or services to be procured.

**Authorizations and Purchasing Limits**

All completed purchase order requests must be signed by the preparer and approved by the Program Manager or Head Start Director.

The Executive Director or his/her designee must approve all purchases of $5,000 or $750 per item or more on the basis of three (3) telephone or formal quotations. The Executive Director reviews and signs the bid documentation form before it is turned in with the request for a purchase order to the Fiscal Department.

For all purchases in excess of $25,000 but less than $150,000, the approval of the Program Manager, Chief Financial Officer, the Executive Director, is required. An additional approval by the Board of Directors is required for purchases which exceed $150,000.

**Approved Vendors**

CAPMC encourages departments to develop lists of approved vendors that can be used throughout the year. The process to identify an approved vendor is as follows:

1. Develop a list of similar, commonly purchased items that can be acquired from a single vendor. Examples are office supplies and classroom supplies.
2. Get cost estimates for the list in total, not for each item. Include shipping costs, if necessary.
3. Obtain 2 or 3 quotes, depending on the level of expected spending for the year.
4. Compare the quotes.
5. The vendors with the lowest prices, including shipping, will be approved for use during the year.
6. This process may result in multiple approved vendors if the prices are within 5% of each other.

This process should be repeated annually. The approved vendor list produced by January 31. Vendors may be added throughout the year, but all vendors will be reevaluated every January. CAPMC must ensure that all prequalified lists of persons, firms or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, CAPMC must not preclude potential bidders from qualifying during the solicitation period.

Additionally, departments must complete some form of price and cost analysis initially if a vendor is not on the approved listing.

Controlling Procurement

Funding source approval of the agency’s initial or refunding budget shall constitute prior approval of all budgeted line items, except when program regulations specifically state otherwise. The Executive Director shall obtain approval from the Policy Council/Committee and/or Board of Directors, as appropriate.

Prior approvals for goods and services which are not specified in an approved initial or refunding budget shall be obtained if required, as specified in the appropriate program regulations, contract provisions or grant funding forms and conditions.

Procurement Management and Purchasing Methods

Program Managers must ensure that grant funds may only be used in the budget period for which the funds are awarded. The grant or contract may be charged only for allowable costs resulting from obligations incurred during the funding period of the award.

The point in time when an obligation occurs depends on the type of property or services for which the obligation is made. The following table illustrates when an obligation that is directly charged is considered to occur (i.e., to be made) for various kinds of property and services:

<table>
<thead>
<tr>
<th>If the obligation is for:</th>
<th>The obligation is made:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services by an employee of the grantee</td>
<td>On the date the services are performed.</td>
</tr>
<tr>
<td>Services by a contractor</td>
<td>On the date the grantees makes a binding written commitment to obtain the services or work; or On the date the services are received, if there is not an advance written commitment to obtain the services</td>
</tr>
<tr>
<td>Public utility services</td>
<td>On the date the grantees receives the services</td>
</tr>
<tr>
<td>Travel</td>
<td>On the date the travel is taken</td>
</tr>
<tr>
<td>Acquisition of real property</td>
<td>On the date the grantee makes a binding written commitment to acquire the property; or On the date the property is received, if there is not an advance written commitment to obtain the property</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Rental of real or personal property</td>
<td>When the grantee uses the property</td>
</tr>
<tr>
<td>Acquisition of supplies, equipment, or other personal property</td>
<td>On the date the grantee orders from the vendor; or On the date the grantee makes a binding written commitment for the property</td>
</tr>
<tr>
<td>Pre-agreement (i.e., pre-award) costs that were properly approved under the cost principles</td>
<td>On the first day of the effective date of the grant/sub-grant award period</td>
</tr>
<tr>
<td>Audit services</td>
<td>In the period the audit is conducted</td>
</tr>
</tbody>
</table>

Program managers must approve, supervise, and review all departmental purchases. The following methods of purchasing may be utilized:

1. **Petty Cash - $1 - $50**
   
   Petty cash may be used for non-itemized budget expenses up to $50 and when small purchases can best be made with cash. Receipts must be submitted and verified with a petty cash voucher. Departments which have petty cash must submit petty cash vouchers and receipts to replenish the fund as necessary.

2. **Check Request - $50 - $249 and higher**
   
   Check requests may be used for amounts above the petty cash threshold and below the dollar amount required for a purchase order.

   Check requests may also be used for vendors that do not accept a purchase order and for the exceptions indicated in the section on “Use of Purchase Orders” described later in this manual.

3. **Purchase Order – Regular or Open**
   - $250 - $2,499
   - $2,500 - $5,000 and Up or $750 Per Item
   
   Purchase order is required for purchases of $250 and over $250 with the exceptions noted in the section, “Use of Purchase Orders”. All purchases must be authorized by the Program Manager.

   [2,499,4,999]
This process is initiated by the request for quotations or formal bids along with the completion of the bid documentation form (Form 4). The purchaser must select the best vendor and award the bid. If the lowest bid is not the one chosen, explain why and be prepared to defend the choice. Also, explain if no other vendor is available, and that it meets one of the four criteria for a sole source, or if the local vendor is selected over a vendor that is a substantial distance away. Once approved, the purchaser would request the purchase order.

4. Credit Cards

Credit card purchases may be used for travel related expenses, registration fees, program supplies, food, emergency items, in lieu of checks or purchase orders, or to expedite the purchasing process. Procurement policies and procedures, however, must not be circumvented. The credit card must only be used for legitimate business purposes and must follow all required procurement policies and procedures.

CAPMC utilizes a purchase order system which consists of two stages, requisition and purchase order. A properly completed purchase order shall be required for each purchase decision (i.e., total amount of goods and services purchased, not unit cost) in excess of $250, with the exception of travel advances, travel expenses and gasoline and oil for transportation equipment; repairs on transportation equipment; certain professional services contracts, including medical and dental services, lease agreements; utilities; expense reimbursements; child care food and kitchen items; building maintenance supplies; emergencies; and other similar items which are described elsewhere in this manual. Emergencies are defined as situations where equipment, materials, parts, and/or services are needed to protect the health, welfare, and safety of staff and clients or where the protection of Agency property is involved.

Purchase Orders are required for purchases over $250, except as noted in the preceding section. The end user starts the procurement process by determining a need. For purchases over $250, a purchase order request form is completed in duplicate (see Form 2) and submitted to the Program Manager or his/her designee for approval.

Purchase order requests shall not be approved until it is determined that funds are budgeted and available. It must also be determined that the expenditure is allowable under the grant award.

If the item to be purchased relates to maintenance or construction, the Building/Trades Contractor’s Checklist (Form 4A) must be completed. The use of this form will help provide assurance to CAPMC that contractors and maintenance vendors are licensed and qualified to perform the necessary work. The Contractor’s Checklist must be completed in addition to the Bid Documentation Form (Form 4) and must be approved by the Executive Director or his/her designee.

The purchase order requisition form is an internal form to initiate the preparation of a purchase order. It is prepared by the person requesting the purchases as a formal request for goods and services. The completed form should indicate the needed quantity, a description of the goods or services, unit price, total price for each service, and the appropriate general ledger account number to be charged. The requisition form will also serve as documentation of bids obtained from providers or vendors. The completed purchase order request form should be signed and approved by the appropriate Agency officials. The completed form is submitted to the Fiscal Department for processing.

The purchase order is prepared when all the prerequisites are satisfied. It is an obligatory request of
the Agency to obtain goods and services from a supplier or service provider. The purchase order is completed in quadruplicate with white, pink, canary, and goldenrod copies. The distribution of the purchase order copies is as follows: white copy to supplier or service provider; pink copy to the Fiscal Department’s reference control file; yellow copy to the person requesting the requisition; and goldenrod copy attached to the requisition form for verification of the quantity received and for payment processing.

Purchase orders shall be numbered by the accounting software as processed and issued upon request from an authorized purchaser.

**Professional Services Consultants and Contractual Services**

In lieu of a purchase order, a professional services contract may be used by the Agency to engage an individual or organization for technical and professional services. Consideration should be made of in-house capabilities to accomplish the necessary services before contracting for them and efforts should be made to solicit several potential consultants or contractors. The qualifications of the consultant and reasonableness of fees will be considered. Written contracts clearly defining the work to be performed and the manner of contract progress measurement, the results that are to be measured in determining that the work has been acceptably completed, and the cost must be prepared by the Program Manager for all consultant and contract services and forwarded to the Fiscal Department. The provider’s resume and tax identification number should be attached to the contract and incorporated by reference. A purchase order may also be issued to the consultant or contractor to aid in tracking expenses and to simplify the grant close-out process.

**Required Solicitation of Quotations from Vendors/Contractors**

Solicitations for goods and services (requests for proposals or RFPs) should provide for all of the following:

1. A clear and accurate description of the technical requirements for the material, product or service to be procured. Descriptions shall not contain features which unduly restrict competition.

2. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals (see the next section entitled “Evaluation of Alternative Vendors” for required criteria.) The department responsible for the purchase shall establish the relative importance of the appropriate criteria prior to requesting proposals and shall evaluate each proposal on the basis of the criteria.

3. Solicitations shall contain the period of performance. Services may be requested for a period of up to five years subject to annual funding.

4. Technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.

5. The specific features of "brand name or equal" descriptions that bidders are required to meet
when appropriate.

6. The acceptance, to the extent practical and economically feasible, of products and services dimensioned in the metric system of measurement.

7. Preference, to the extent practical and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

8. Preference for recycled products pursuant to EPA guidelines.

96. A description of the format, if any, in which proposals must be submitted, including the name of the person to whom proposals should be sent.

107. The date by which proposals are due.

118. Required delivery or performance dates/schedules.

129. Clear indications of the quantity(ies) requested and unit(s) of measure.

**Extensions of Due Dates and Receipt of Late Proposals**

Solicitations should provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, an extension may be granted if a prospective offer or so requests. 

*Vendor Contractor* proposals are considered late if received after the due date and time specified in the solicitation. Late proposals shall be so marked on the outside of the envelope and retained in the procurement folder. Contractors that submit late proposals shall be sent a letter notifying them that their proposal was late and could not be considered for award.

**Evaluation of Alternative Vendors Contractors**

Vendors shall be evaluated on a weighted scale that considers some or all of utilizing the following criteria, as applicable appropriate for the purchase:

1. Adequacy of the proposed methodology
2. Skill and experience of key personnel
3. Demonstrated experience
4. Other technical specifications designated by department requesting proposals
5. Compliance with administrative requirements of the request for proposal (format, due date, etc.)
6. *Vendor’s Contractor’s* financial stability
7. *Vendor’s Contractor’s* demonstrated commitment to the nonprofit sector
8. Results of communications with references supplied by vendor
9. Ability/commitment to meeting time deadlines
10. Cost
11. Minority- or women-owned business status of vendor
12. Other criteria (to be specified by department requesting proposal)

Not all of the preceding criteria may apply in each purchasing scenario. However, the department responsible for the purchase shall establish the relative importance of the appropriate criteria and shall evaluate each proposal on the basis of the criteria and weighting selected prior to the solicitation, and
shall recommend a selection.

After a vendor contractor has been selected and approved by the Program Manager, the final selection shall be approved by the Executive Director or others as required by CAPMC’s purchasing approval policies prior to entering into a contract. A professional services contract may be utilized in lieu of a purchase order.

**Affirmative Consideration of Minority, Small Business & Women-Owned Businesses**

Positive efforts shall be made by CAPMC to utilize small businesses, minority-owned firms, and women’s business enterprises, and labor surplus area firms whenever possible. Therefore, the following steps shall be taken:

1. Ensure that small business, minority-owned firms, and women's business enterprises, and labor surplus area firms are used to the fullest extent practicable. A business self-certifies its status as a small and minority-owned business enterprise. Usually minority and women-owned businesses are defined as ownership share of at least 51%. A small business if organized for profit, has a place of business in the United States, makes a significant contribution to the U. S. economy by paying taxes or using American products, materials, or labor, and does not exceed the size standard for its industry. The most common size standards established by Small Business Administration range from 100 to 1,500 employees, and $2.5 million to $21 million in revenue depending on the industry.

2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms and women's business enterprises, and labor surplus area firms, by using the services of the Small Business Administration and the Department of Commerce.

3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms and women's business enterprises.

4. Encourage contracting with consortiums of small businesses, minority-owned firms and women's business enterprises, and labor surplus area firms, when a contract is too large for one of these firms to handle individually.

5. Use the services and assistance, as appropriate, of such agencies as the Small Business Administration and the Department of Commerce’s Minority Business Development Agency in the minority-owned firms and women's business enterprises.

**Availability of Procurement Records**

CAPMC shall, on request, make available for the awarding agency, pre-award review and procurement documents, such as requests for proposals, when any of the following conditions apply:

- The process does not comply with the CAPMC’s procurement standards
- The procurement is expected to exceed the federally-defined simplified acquisition threshold small purchase threshold ($150,000) and is to be awarded without competition or only one bid is received
The procurement exceeds the small purchase simplified acquisition threshold and specifies a "name brand" product.

The proposed award exceeds the federally-defined simplified acquisition small purchase threshold and is to be awarded to other than the apparent low bidder under a sealed-bid procurement.

A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the small purchase federally-defined simplified acquisition threshold.

**Provisions Included in All Contracts**

**Mandatory Contract Provisions**

In the use of federal or non-federal funds, it is necessary under some circumstances for particular provisions to be included in contracts. It is the responsibility of the Chief Financial Officer and the Program Managers to assure that all contracts contain the necessary provisions to define the rights and responsibilities of the contracting parties and that all mandatory provisions are properly and effectively included. Listed below are mandatory provisions that must be included in contracts, where appropriate, when the contract is paid in whole or in part with federal funds:

CAPMC includes all of the following provisions, as applicable, in its contracts charged to federal awards (including small purchases) with vendors and subgrants to grantees:

1. Contracts for more than the simplified acquisition threshold currently set at $150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

2. All contracts in excess of $10,000 must address termination for cause and for convenience by the CAPMC including the manner by which it will be effected and the basis for settlement.


4. **Copeland “Anti-Kickback” Act (18 U.S.C. 874 and 40 U.S.C. 276a):** All contracts and subgrants in excess of $2,000 for construction or repair awarded by CAPMC and its subrecipients shall contain a provision for compliance with the Copeland “Anti-Kickback” Act (18 U.S.C. 874), as supplemented by Department of Labor regulations 29 CFR part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States.” This Act provides that each contractor or subrecipient shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. CAPMC will report all suspected or reported violations to the federal awarding agency.

5. **Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7):** When required by if included in the federal agency’s grant program legislation, all construction contracts of more than $2,000 awarded by CAPMC and its subrecipients shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor...
regulations (29 CFR part 5, “Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction”). Under this Act, contractors are required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. CAPMC shall obtain reports from contractors on a weekly basis in order to monitor compliance with the Davis-Bacon Act. CAPMC shall report all suspected or reported violations to the federal awarding agency.

45. **Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333):** [Where applicable] All contracts awarded by CAPMC in excess of $2,000 for construction contracts and in excess of $2,500 for other contracts that involve the employment of mechanics or laborers shall include a provision for compliance with Sections 102 and 107 of the Contract Works Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (29 CFR part 5). Under Section 102 of the Act, each contractor is required to compute wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than 1-1/2 times the basic rate of pay for all hours worked in excess of 40 hours in the work week. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions that are unsanitary, hazardous, or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

46. **Rights to Inventions Made Under a Contract or Agreement:** Contracts or agreements for the performance of experimental, developmental or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organization and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the award agency.

47. **Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended:** Contracts and subgrants of amounts in excess of $100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

8. **Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201).**

29. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or subgrants of $100,000 or more, CAPMC shall obtain from the contractor or subgrantee a certification that it will not and has not used federal appropriated funds to pay any person or Agency for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant or any other award covered by 31 U.S.C. 1352. Likewise, since each tier provides such certifications to the tier above it, CAPMC shall provide such certifications in
all situations in which it acts as a subrecipient of a subgrant of $100,000 or more.

8. **Bonding Requirements:** In all contracts for construction or facility improvement awarded for more than $100,000, the Agency shall observe the bonding requirement provided in 45 CFR 74.48, or as subsequently modified.

9. **Access to Contractors:** All negotiated contracts in excess of $100,000 awarded by the Agency shall include a provision to the effect that the recipient, the federal sponsoring agency (Department of Health and Human Services), the U.S. Comptroller, or any of their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.

10. **Debarment and Suspension (E.O.s 12549 and 12689):** No contract shall be made to the parties listed on the General Services List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with E.O.’s 12549 and 12689, “Debarment and Suspension.” This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory or regulatory authority other than E.O. 12549. Contractors with awards that exceed the federally defined simplified acquisition threshold ($150,000) shall provide the required certification regarding their exclusion status and that of their principal employees. Alternatively, the Agency may research potential vendors on the Excluded Parties List at the SAM website.

11. **Remedies:** All contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) ($150,000) shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms.

12. **Termination:** All contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) ($150,000) shall contain suitable provisions for termination by CAPMC, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe the conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated due to circumstances beyond the control of the contractor.

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**Other Sound Business Practice Contract Provisions**

In addition to the above mandatory contract provisions which may be applicable and necessary under certain conditions, the contract provisions should also be consistent with sound business practices. Consideration of the following provisions should be given:

- All contracts for supplies, services and construction shall include provisions necessary to define the responsibilities and rights of the parties to the contract. The purchasing and/or contracts officer may issue clauses appropriate for supply, service or construction contracts addressing, among others, the following subjects: temporary work stoppages, variations between estimated and actual quantities of work, liquidated damages, termination, etc.

Adjustments in price resulting from the use of the above contract clauses shall be computed in one or
more of the following ways:

1. By agreement on a fixed price adjustments before commencement of the pertinent performance or as soon thereafter as practicable;

2. By unit prices specified in the contract or subsequently agreed upon;

3. By the costs attributable to the events or situations under such clauses with adjustments of profit or fee, or as specified in the contract or subsequently agreed upon; or

In such other manner as the contracting parties may mutually agree.

CAPMC shall not utilize the “cost-plus-a-percentage-of-costs method of contracting.

Special Purchasing Conditions

Emergencies:
Where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff and protection of Agency property is involved. The reasons for such purchases will be documented in the vendor file.

Single Distributor/Source:
Sole source purchases will be made only when solicitation of multiple vendors is not feasible and may be made when one or more of the following conditions applies:

- The item or service is only available from one source;
- The situation is a public emergency and will not permit a delay resulting from competitive solicitation;
- The awarding agency approves the purchase expressly authorizes noncompetitive proposals in response to a written request; or
- After solicitation, competition is deemed inadequate (insufficient bidders).

A cost/price analysis is required and approval from the funding awarding agency may be required, necessary if the purchase is over the small purchase threshold. Price comparisons can be achieved by comparing the current price to amounts previously paid for similar goods or services, or asking peer organizations the price paid in similar situations. Purchase documentation must show that good value was received for the money spent.

Right to Audit Clause

CAPMC requires a “Right to Audit” clause in all contracts between the Agency and vendors contractors that either:

1. Take any form of temporary possession of assets directed for the Agency, or

2. Process data that will be used in any financial function of the Agency.

This Right to Audit clause shall permit access to and review of all documentation and processes relating to the vendor’s contractor’s operations that apply to CAPMC, as well as all documents.
maintained or processed on behalf of CAPMC, for a period of three years. The clause shall state that such audit procedures may be performed by CAPMC employees or any outside auditor or contractor designated by the Agency.

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<thead>
<tr>
<th><strong>Vendor/Contractor Files and Required Documentation</strong></th>
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<tbody>
<tr>
<td>The Fiscal Department shall create a vendor/contractor folder for each new vendor/contractor from whom CAPMC purchases goods or services.</td>
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</table>

The Fiscal Department shall mail a blank Form W-9 to new vendors/contractors and request that the vendor/contractor complete and sign the W-9 (or provide equivalent, substitute information) and return it. Completed, signed Forms W-9 or substitute documentation shall be filed in each vendor/contractor’s folder. Vendors/Contractors who do not comply with this request shall be issued a Form 1099 at the end of each calendar year in accordance with the policies described in the section of this manual on “Government Returns.” See the section on “Payroll and Related Policies” for guidance on determining whether a vendor/contractor should be treated as an employee.

<table>
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<tr>
<th><strong>Procurement Grievance Procedures</strong></th>
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<tr>
<td>Any bidder may file a grievance with CAPMC following a competitive bidding process. Once a selection has been made, bidders must be notified in writing of the results. The written communication mailed to bidders must also inform them that they may have a right to appeal the decision. Information on the Agency’s appeal procedures must be made available to all prospective contractors or, subgrantees or vendors upon request, including the name and address of a contact person, and a deadline for filing the grievance. Grievances are limited to violations of federal laws or regulations, or failure of the Agency to follow its own procurement policies.</td>
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**Receipt and Acceptance of Goods**

When the goods or services are received, the purchaser or designated individual shall inspect all goods received. Upon receipt of any item from a vendor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point
2. Verify the quantity of boxes/containers with the bill of lading
3. Examine boxes/containers for exterior damage and note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.)
4. Sign and date the bill of lading
5. Remove the packing slip from each box/container
6. Compare the description and quantity of goods per the purchase order to the packing slip
7. Examine goods for physical damage
8. Count or weigh items, if appropriate, and record the counts on the purchase order.
9. If there is no bill of lading or packing slip, the invoice or receipt must be signed and dated by the staff member who received the merchandise or services.

This inspection must be performed in a timely manner to facilitate prompt return of goods and/or
communication with vendors/contractors.

**Contract Administration**

A separate file shall be maintained for each contract. The file shall include, but is not limited to, information pertinent to the following: rationale for the method of procurement, selection of contract type and the identification and scope of work, and the basis for the cost or price.

No work shall be authorized until the contract for the work has been approved and fully executed. The Executive Director is authorized to enter into any contract on behalf of CAPMC. Contracts must be reviewed and approved by the Program Manager prior to submission to the Executive Director. In the absence of the Executive Director, the Chief Financial Officer is authorized to execute contracts on behalf of the Agency. These policies shall also apply to renewals of existing contracts. Additionally, for contracts in excess of the simplified acquisition threshold of $150,000 Board of Director approval is required.

No change in the work shall be authorized until an amendment to the contract for the work has been approved and fully executed, except as permitted for Special Purchasing Conditions. No amendment of a contract for work shall be executed until it has been approved and authorized as required in the Authorizations and Purchasing Limits table and/or where approval by the funding source is required by the terms of the grant award or budget.

The designated procurement officer shall be responsible for contract administration which shall include: receiving all information regarding the contractor’s effort; keeping the contract within the prescribed bounds of activity; assuring compliance with the terms of the contract; and timely follow-up of all purchases to assure such conformance and adequate documentation.

The designated procurement officer shall complete a statement of completion of work form to document the work that has been completed or materials, supplies and equipment that has been received. The Program Manager or Head Start Director will authorize payment of invoices to contracts after final approval of work products.

For each grant award, based on the applicable laws, regulations, and grant provisions, the Program Manager or Head Start Director shall establish and maintain a system to reasonably assure contractor conformance with the terms, conditions, and specifications of the contract, and timely follow-up of all purchases to assure conformance and adequate documentation.

The Program Manager or Head Start Director will authorize payment of invoices to contracts after final approval of work products.

The Executive Director is authorized to enter into any contract on behalf of CAPMC. Contracts must be reviewed and approved by the Program Manager prior to submission to the Executive Director. In the absence of the Executive Director, the Chief Financial Officer is authorized to execute contracts on behalf of the Agency. These policies shall also apply to renewals of existing contracts. Additionally, for contracts in excess of the small purchase threshold of $150,000 Board of Director approval is required.
The following flowchart summarizes the procurement process under federal regulations:

**Procurement Under Federal Regulations**

1. **Procurement decision made**
   - Goods/service allowable, reasonable and necessary for program
   - If appropriate, lease/purchase options considered

2. **Organization spending authorization guidelines followed**

3. **Requests for bids/proposals issued as required by org. policy**

4. **Cost/price analysis performed & documented**

5. **Vendor selected & reason for selection documented**
   - Certifies not debarred from doing business with federal agencies
   - Follows all applicable laws and contract or grant requirements

6. **Vendor meets federal requirements**

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POLITICAL INTERVENTION

Prohibited Expenditures

Consistent with its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, CAPMC shall not incur any expenditure for political intervention. For purposes of this policy, political intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the federal, state or local level. Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees
2. Contributions to the campaigns of individual candidates for public office
3. Contributions to political parties
4. Expenditures to produce printed materials (including materials in periodicals) that support or oppose candidates for public office
5. Expenditures for the placement of political advertisements in periodicals

Endorsements of Candidates

CAPMC will not endorse any candidates for public office in any manner, or otherwise make statements that support or oppose a candidate or a political party, either verbally or in writing. This policy extends to the actions of management, the board of directors, volunteers and other representatives or agents of CAPMC, when these individuals are acting on behalf of, or are otherwise representing, the Agency.

Individual vs. Agency Intervention

The preceding policies prohibiting acts of political intervention apply to the Agency and to individuals acting on behalf of the Agency. It does not apply to the personal lives of employees and volunteers of the Agency, who have the right to support or oppose political candidates and parties as individuals. Employees and volunteers of CAPMC who engage in political activities outside the scope of their employment with or service to the Agency shall at all times be mindful of maintaining a clear distinction between personal activities and those which can be attributed to the Agency.

Prohibited Use of Agency Assets and Resources

No assets or human resources of the Agency shall be utilized for political activities, as defined above. This prohibition extends to the use of Agency assets or human resources in support of political activities that are engaged in personally by board members, members of management, employees, or any other representatives of CAPMC. An employee shall not, directly or indirectly, solicit or receive political funds or contributions, knowingly, from other officers or employees of the agency or from persons on the employment lists of CAPMC during working hours. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing the Agency), these individuals must at all times be aware that Agency resources (including computers and email systems) cannot at any time be utilized in support of political activities.
Partisan political activity of any kind during working hours is strictly prohibited. However, participation on a school board or similar non-partisan community board is encouraged and will not be considered in violation of CAPMC policies, with the exception of the Madera County Board of Supervisors. Due to the fact that CAPMC is affiliated with Madera County and falls within its jurisdiction for funding and operation purposes, no employee of this agency may continue their employment with this agency after such employee has filed a declaration of candidacy for a district representative position on the Madera County Board of Supervisors.

Employment may not be offered as a consideration or reward for the support or defeat of any political party or candidate for public office.
LOBBYING

Introduction

Unlike political intervention, described in the preceding section, expenditures by a section 501(c)(3) public charities for lobbying activities are allowable under the Internal Revenue Code. However, no lobbying expenditures may be charged directly or indirectly to any award (i.e., the charity must have a source of income to which such lobbying costs can be cited as the source of the activity).

Definition of Lobbying Activities

Lobbying activities conducted by the Agency may be either direct or indirect. Direct lobbying activities consist of attempts to influence legislation through communication with any member or employee of a legislative body (federal, state, or local levels) or, if the principal purpose of the communication is lobbying, with any government official or employee who may participate in the formulation of the legislation. Direct lobbying occurs when employees of the Agency or paid lobbyists communicate directly in attempts to influence legislation. Lobbying is distinguishable from advocacy activities, which involve efforts to advocate certain positions which may have legislative implications, as long as a nonpartisan analysis of the relevant facts is performed.

Lobbying occurs only when there is a specific piece of legislation or legislative proposal pending that the Agency is attempting to influence. Therefore, lobbying is considered to have taken place only if both of the following elements are present:

1. The communication refers to specific legislation (legislation that has been introduced or a specific legislative proposal that the Agency supports or opposes), and
2. The communication reflects a view on the legislation (supporting or opposing it).

Indirect lobbying involves communications with the general public (rather than directly with legislators, etc.) where the communication includes the same two preceding characteristics, plus it encourages the recipient of the communication to take action with respect to the specific legislation (by contacting legislators, etc.).

Segregation of Lobbying Expenditures

Lobbying expenditures are allowable for charities under the Internal Revenue Code. However, lobbying may not represent a substantial portion of the Agency’s overall activities. The Agency’s tax exemption would be at risk if lobbying becomes a substantial portion of the Agency’s activities.

Accordingly, CAPMC segregates all direct and indirect lobbying expenditures in a separate section of the chart of accounts in the general ledger. Where appropriate, lobbying expenditures shall also be allocated their fair and reasonable share of employee benefits and other indirect costs in accordance with cost allocation policies described elsewhere in this manual.

Lobbying Election

As a public charity, the Agency has two options with respect to the Internal Revenue Code’s restriction against lobbying being a “substantial” portion of its activities. One option is to make a formal lobbying
election, which results in the Agency following a specific mathematical formula to determine its lobbying limitations. Exceeding the limitation would result in an excise tax assessed to the Agency. Exceeding the limitation by 50 percent or more over a four-year period would result in loss of the Agency’s overall tax exemption. The other option is to not make the election, resulting in an entirely judgmental assessment of its lobbying activities by the IRS. If it is deemed by the IRS to have engaged in substantial lobbying for any period, the Agency would lose its overall tax exemption under this option.

If CAPMC incurs lobbying expense, it will make the Internal Revenue Code section 501(h) lobbying election by filing Form 5768, and leave that election in place. As a result, the Agency shall report its lobbying expenditures by completing the section for “Electing Charities” on Schedule A that accompanies its annual Form 990 information return filed with IRS.
CHARGING OF COSTS TO FEDERAL AWARDS

Overview

CAPMC charges costs that are reasonable, allowable, and allocable to an award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to any awards.

Segregating Unallowable from Allowable Costs

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.

2. Accounting personnel shall be familiar with the allowability of costs provisions of OMB Circular A-122, "Cost Principles for Non-Profit Agencies," @ CFR Part 200.400 – 475, Cost Principles, particularly:
   a. The list of specifically unallowable costs found in Attachment B 200.421-475, (Selected Items of Cost), such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
   b. Those costs requiring advance approval from federal agencies in order to be allowable in accordance with Attachment B 2 CFR Part 200.407, Prior Written Approval, such as foreign travel participant support costs, equipment purchases, etc.

3. No costs shall be charged directly to any award until the cost has been determined to be allowable under the terms of the award and/or OMB Circular A-122 2 CFR Part 200.400 – 475, Cost Principles.

4. For each award, an appropriate set of general ledger accounts (or account segments) shall be established in the chart of accounts to reflect the categories of allowable costs identified in the award or the award budget.

5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to an award or to activity associated with an award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e., if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit).

Criteria for Allowability

All costs must meet the following criteria from 2 CFR Part 230, Attachment A 2 CFR part 200.402 – 406, Basic Considerations, in order to be treated as allowable direct or indirect costs under an award:
1. The cost must be "reasonable" for the performance of the award, considering the following factors:
   a. Whether the cost is of a type that is generally considered as being necessary for the operation of the Agency or the performance of the award;
   b. Restraints imposed by such factors as generally accepted sound business practices, arm's length bargaining, federal and state laws and regulations, and the terms and conditions of the award;
   c. Whether the individuals concerned acted with prudence in the circumstances;
   d. Consistency with established policies and procedures of the Agency, deviations from which could unjustifiably increase the costs of the award.

2. The cost must be "allocable" to an award by meeting one of the following criteria:
   a. The cost is incurred specifically for an award;
   b. The cost benefits both the award and other work, and can be distributed in reasonable proportion to the benefits received; or
   c. The cost is necessary to the overall operation of the Agency, except where a direct relationship to any particular program or group of programs cannot be demonstrated.

3. The cost must conform to any limitations or exclusions of 2 CFR Part 230 – 2 CFR Part 200 Subpart E Cost Principles or the federal award itself. The "Cost Principles for Non-Profit Organizations," 2 CFR Part 230 and Attachments A and B are included as references.

4. Treatment of costs must be consistent with policies and procedures that apply to both financed activities and other activities of the Agency.

5. Costs must be consistently treated over time.

6. The cost must be determined in accordance with generally accepted accounting principles.

7. Costs may not be included as a cost of any other financed program in the current or prior periods.

8. The cost must be adequately documented.

**Direct Costs**

Direct costs are costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy (2 CFR Part 200.413(a)). They are incurred/performed primarily as a service to clients or the general public, when significant and necessary to the organization's mission. These costs are generally incurred for a specific objective and can be easily identified with a particular project (fund/contract) or activity. They include those costs that are incurred specifically for one award or nonfederal function. CAPMC identifies and charges these costs exclusively to each award or program receiving the benefit.

Each invoice shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Direct costs may be allocated as either program expenses or program coordination (administration). Invoices are approved by the appropriate program manager.
director and reviewed by the Accounting Technician and the Accountant Program Manager that supervises the Accounts Payable.

Time sheets or personnel activity reports are also submitted on a regular basis, reflecting employees’ work and which programs directly benefited from their effort. Time sheets or personnel activity reports shall serve as the basis for charging salaries directly to federal awards and non-federal functions. See the Payroll section of this manual for detailed procedures.

Equipment purchased for exclusive use on an award and reimbursed by an agency shall be accounted for as a direct cost of that award (i.e., such equipment shall not be capitalized and depreciated for grant purposes, but will be capitalized and depreciated at year-end for financial statement purposes).

**Indirect and Joint Costs**

Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular grant or program but are necessary to the operation of the organization. Joint costs benefit more than one, but not necessarily all, awards. Indirect costs, but not joint costs, may be allocated to benefiting grants through the use of an indirect cost rate.

Examples of indirect costs are:
- The Executive Director
- The Fiscal Department, including Information Technology
- The Human Resources Department
- The Board of Directors

Examples of joint costs are:
- Shared space
- Vehicle insurance

Any costs not reimbursed by a particular funding source will be charged to corporate or other funds that may cover indirect or joint costs.

**Indirect Cost Rate**

CAPMC maintains an annual indirect cost budget and proposal. Each year a new indirect cost budget and proposal is prepared and submitted to CAPMC’s cognizant agency, Region IX ACYF, Health and Human Services, for approval. The indirect cost rate approved is used when determining the overhead applied to each federal award and major function.

Examples of the types of expenditures normally included in the indirect cost pool are:
1. General administration
2. Salaries and benefits of the executive officers, fiscal, human resources and administrative personnel
3. Depreciation of equipment and buildings for the indirect cost pool
4. Office rent and maintenance for the indirect cost pool
5. General office repairs and maintenance for the indirect cost pool
These rates are submitted to CAPMC’s Cognizant Agency and will be binding on all other federal agencies and their contracting officers unless specifically prohibited by statute.

The indirect cost proposal together with the supporting documentation is submitted on an annual basis to the Region IX ACYF, Department of Health and Human Services, Division of Cost Allocation. The Agency has a fiscal year end of June 30. The indirect cost proposal is due annually to the Division of Cost Allocation by December 31, unless an extension is approved. The approved indirect cost rate is supported by an agreement with the Division of Cost Allocation of the Region IX ACYF, Department of Health and Human Services.

The following costs are unallowable as part of the direct cost based to which the approved indirect cost rate is applied:

- In-Kind expenses
- Interest
- Equipment of $5,000 and greater
- Capital expenditures for land or buildings, except with the prior approval of the awarding agency
- Building improvements
- Building renovations
- Depreciation
- Subawards

Capital expenditures for general purposes are unallowable as a direct cost except with the prior approval of the awarding agency. This only applies to special (general) purpose equipment with a unit cost of $5,000 or more. General purpose equipment includes office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles, and automatic data processing equipment.

The following costs are unallowable as part of the indirect cost base (administrative cost center):

- In-Kind expenses
- Interest
- Equipment of $5,000 and greater except with prior approval
- Building improvements
- Building renovations

Compensation for the use of buildings and other equipment may be made through use allowances or depreciation.

Indirect cost expenses are reviewed in conjunction with the direct program coordination in order to verify that the administrative limitation is not exceeded for the particular fund or grant award. The Head Start administrative limitation is 15%.

**Direct Costing Procedures of Shared or Joint Costs**

Shared costs may be allocated and prorated to a particular cost objective, such as a grant or contract, in accordance with the relative benefits received. Costs must be treated consistently with other costs incurred for the same purpose in like circumstances. The basis of the allocation must be distributed in
a reasonable proportion to the benefits received, using the base most appropriate to the particular cost being prorated utilizing reasonable criteria that is supported by current data. Additionally, costs must be necessary to the overall operation of the program. Direct and joint costs are allocated to the benefiting programs using the following methodology:

1. Costs will be allocated to all programs on an equitable basis regardless of any limits imposed by funding sources.

2. As much as possible, costs will be charged directly to benefiting programs.

3. All remaining shared costs will be allocated on the most meaningful measures. For instance, facilities and related costs will be allocated based on square footage occupied.

4. Program-related costs will be allocated based on relevant activity measures, such as number of meals served, number of children or clients.

**Accounting for Specific Elements of Cost**

CAPMC shall utilize the following methods of charging specific elements of cost to federal awards as direct or indirect costs:

**Salaries and Wages** – Salaries and wages shall be charged directly and indirectly based on the functions performed by each employee, as documented on each employee’s timesheet (or personnel activity sheet), as follows:

**Direct costs** – The majority of the employees of CAPMC charge their time directly since their work is specifically identifiable to specific grants or other (non-federal) programs or functions of the Agency.

**Indirect costs** – The following staff charge 100 percent of their salary costs indirectly:

- Executive Director
- Assistant to the Executive Director/Strategic Plan Coordinator
- Chief Financial Officer
- Fiscal Department
- Network Administrator
- Information Systems/Application Support Analyst
- Human Resources Director
- Human Resources Department

**Mixed charges** – The following employees may charge their salary costs to both direct and indirect activities:

- Facilities Manager
- Maintenance Worker I (Head Start)
- Maintenance Worker I (Administrative Office Only)
- Receptionist
- IT/Help Desk Assistant
- Community Assessment/Strategic Plan Coordinator
- Administrative Analyst
Compensated absences (vacation leave earned, sick leave used, and holiday pay) are considered part of salary costs. The accounting system records salaries associated with compensated absences as a direct or indirect cost in the same manner that salary costs are recorded.

**Employee Benefits** – CAPMC incurs costs for the following statutory and non-statutory employee benefits:

- FICA
- Unemployment insurance
- Worker’s compensation
- Health insurance
- Contributions to pension plan
- Accrued vacation fringe
- Director’s fringe

Since the CAPMC accounting system tracks employee benefit costs by individual employee, each such benefit cost shall be charged directly and indirectly in the same proportion as each individual’s salaries and wages.

**Occupancy Expenses** – Monthly rent expense and related pass-through expenses shall be allocated directly and indirectly, based on approximate square footage of space utilized, as follows:

**Direct costs** – The cost of space occupied by staff whose salaries are directly charged to awards and contracts is charged directly to those same awards.

**Indirect costs** – The costs of space occupied by staff whose salaries are indirectly charged is also charged indirectly. The cost of space for staff whose salaries are charged on a mixed basis (directly and indirectly) shall be allocated on a mixed basis in the same ratio as their salaries are allocated.

The cost of joint or shared space associated with common areas, such as hallways, restrooms, and conference rooms, shall be allocated on the basis of the square footage occupied by the directly and indirectly charged costs.

**Utilities** – Utilities costs include electricity and water. Such utilities costs shall be charged directly and indirectly in the same proportion as occupancy costs.

**Supplies and Materials** – To the maximum extent possible, office supplies and materials are charged directly to the grant or program/function that uses the supplies or materials. All supplies and materials used by staff members that are engaged in indirect activities shall be charged indirectly.

**Postage and Shipping** – To the maximum extent possible, postage and shipping costs shall be charged directly to the grant or program/function that benefits from the postage or shipping costs, based on the postage log kept near the postage machine and the UPS/FedEx shipping logs.

**Photocopying and Printing** – Photocopying costs include all paper and copy supplies, copier maintenance charges and the actual lease cost or depreciation expense of the copier. Photocopying costs shall be charged directly and indirectly based on the user codes input into the copier prior to
making photocopies.

All printing costs are charged directly to the benefiting grant or program/function.

**Communications** – Communications costs include the costs of local telephone service and long-distance telephone charges, including charges associated with telephone calls, facsimile transmissions, and Internet dial-up connections.

Local telephone service costs are charged directly and indirectly based upon the number of telephone units assigned to CAPMC. Each telephone unit is identified to either a direct or an indirect activity. Long-distance telephone calls are charged either directly or indirectly based upon whether a direct or indirect activity benefits from the transmission.

**Outside Services** – CAPMC incurs outside service costs for its annual audit, legal fees, dentists, mental health specialists, staff development specialists, etc. Outside service costs shall be charged as follows:

- **Audit fees** – Cost of the financial statement audit and preparation of Form 990 shall be charged as an indirect cost.

- **Legal fees** – Legal fees shall be charged directly to the program/function that benefits from the services. Legal fees that are not identifiable with specific direct grants or programs shall be charged indirectly.

- **Consultants and Trainers** – Costs associated with consultants and trainers shall be charged directly to the program/function that benefits from the services. Fees that are not identifiable with specific direct grants or programs shall be charged indirectly.

**Insurance** – To the extent that insurance premiums are associated with insurance coverage for specific grants or programs, those premium costs shall be charged directly. All insurance costs that are not identifiable with specific direct grants or programs (such as the Agency’s general liability coverage) shall be charged indirectly.

**Credits** – The applicable portion of any credits resulting from cash discounts, volume discounts, refunds, write-off of stale outstanding checks, trade-ins, scrap sales or similar credits shall be credited directly or indirectly in the same manner as the purchase that resulted in the credit.

The above costs are typical examples of other expenses which may be used as a guide.
ACCOUNTS PAYABLE MANAGEMENT

Overview

CAPMC strives to maintain efficient business practices and good cost control. A well-managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and bank account reconciliation. The following are general policies for accounts payable:

- Assets or expenses and the related liability are recorded by an individual who is not responsible for ordering and receiving.
- The amounts recorded are based on the vendor, contractor invoice for the related goods or services.
- The vendor, contractor invoice should be supported by an approved purchase order where required by Agency policy, and should be reviewed and approved by a Program Manager prior to being processed for payment.
- Invoices and related general ledger account distribution codes are reviewed prior to posting to the subsidiary system.

The primary objective for accounts payable and cash disbursements is to ensure that:

1. Disbursements are properly authorized
2. Invoices are processed in a timely manner
3. VendorContractor credit terms and operating cash are managed for maximum benefits

Recording of Accounts Payable

All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner.

Accounts payable are processed on a daily basis. Information is entered into the system from approved invoices or disbursement vouchers with appropriate documentation attached.

Only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor contractor records. No vendor statements shall be processed for payment.

Invoices received via email will be printed, date-stamped and initialed by the submitter. Care should be taken to avoid processing any additional copies of the emailed invoice.

Accounts Payable Cut-Off

All vendor, contractor invoices that are received, approved and supported with proper documentation by the month-end shall be processed and recorded as accounts payable as of that month. For the Child and Adult Care Food Program, Alternative Payment contracts, and LIHEAP, later cut-off dates apply. However, in order to ensure that expenditures are charged to the proper grant period, if the invoice pertains to goods or services of a particular grant or contract that has ended, this time period
may be extended up to ninety days. At the Agency’s June 30 fiscal year end, this time frame is
extended for sixty days to appropriately record all the Agency’s expenditures and accounts payable
liabilities.

Establishment of Control Devices

The Accounting Technician establishes control of invoices as soon as they are received. Vendors will
be instructed to mail all invoices directly to the Accounts Payable Department. Upon receipt, each
invoice is “date received” stamped. Copies will be distributed to appropriate personnel for approval.
Unapproved invoices will be maintained in a file, matched with notice of approval and processed for
payment. The Accounting Technician will follow up on unapproved invoices and outstanding purchase
orders on a periodic basis.

Preparation of a Check Request

The employee/staff who originated the expenditure prepares the check request and submits it to the
Program Manager for approval, except as provided for completed purchase orders, occupancy costs,
employee mileage or travel reimbursements. Check requests might be used to process payment for
training sessions, employee reimbursement, annual fees and Agency memberships, subscriptions or
services not normally sent out to bid or requiring a purchase order, or payment for an item or service
already delivered or rendered.

The following information should be entered on the check request (Form 5):

- Vendor name and address
- Invoice Number or other applicable information
- General ledger account numbers to be charged
- Preparer’s signature, if different than Program Manager or designee
- Date
- Authorizing signature (Program Manager or designee)

The check request should be signed or initialed by the Program Manager. In his/her absence, the
Program Manager may designate another employee to approve check requests. This applies only to
an actual absence from the office as opposed to just not being available.

Check requests or credit card payments for food items provided at various meetings or trainings such
as the Policy Council/Committee, Board of Directors, pre-service, staff meetings and similar activities
should be accompanied by additional documentation such as the meeting agenda and sign-in sheet.
This assists the fiscal department staff and others who review these expenses to easily determine the
allowability, allocability and reasonableness of the expense. If required by Agency policy, a purchase
order should be obtained in advance.

The documentation such as invoices and receipts must include the signature and date of the staff
member who received the merchandise or services.

The check request would then be submitted to the Fiscal Department for processing and payment.
Check requests submitted by Friday at 5:00 p.m. are paid the following Friday.

**Completed Purchase Orders**

Payments for merchandise or services can be processed without a check request, if the invoice does not exceed the purchase order, by submitting the following documents and the Program Manager approved the purchase requisition initially:

1. Vendor invoice copy, signed and dated with the expenditure account number and description, if needed. Also include the purchase order number if not on the invoice copy.
2. Packing slip (where appropriate), signed and dated
3. Receiving report (or other indication of receipt of merchandise and authorization of acceptance)
4. Goldenrod copy of the purchase order, signed with any special comments regarding payment, serial number, etc.
5. Any other supporting documentation deemed appropriate

Forward the goldenrod and approved invoice copy to the Fiscal Department for payment. Retain your goldenrod on open purchase orders until all of the merchandise or services are received, the end of the fiscal year. However, make sure the purchase order number is on the invoice copy (packing slip).

**Occupancy Cost Procedures**

Ongoing month-to-month services for occupancy costs such as rent, utilities, phone service, garbage disposal, alarm service, etc. will be processed without further approval required by the Program Manager.

Rent will be paid based on the current lease contract agreement located in the Fiscal Department. It is the responsibility of the Program Manager or designee to maintain up-to-date agreements for all merchandise or services provided by contractual arrangements.

It is the responsibility of the Program Manager or designee to initiate or terminate services at the program level and to notify the Fiscal Department of any changes in these types of services.

**Processing of Accounts Payable**

The following procedures shall be applied by the Accounting Technician:

1. Check the mathematical accuracy of the vendor invoice.
2. Compare the nature, quantity and prices of all items ordered per the vendor invoice to the purchase order, packing slip and receiving report.
3. Document the general ledger distribution, using the Agency’s current chart of accounts.
4. Verify the proper accounting period, budget, allowability, allocability, and reasonableness.
5. Obtain the review and approval of the Program Manager (or their designee) associated with the goods or services purchased, as required.
Approvals by Program Managers or their designees indicate their acknowledgement of satisfactory receipt of the goods or services invoiced, agreement with all terms appearing on the vendor invoice, agreement with general ledger account coding, and agreement to pay vendor in full. Approvals shall be documented with initials or signatures of the approving individual and date of approval.

The Chief Financial Officer or the Accountant Program Managers are available to provide technical assistance as needed to the Accounting Technicians.

**Payment Discounts**

To the extent practical, CAPMC takes advantage of all prompt payment discounts offered by vendors. When such discounts are available, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

**Late Payment Fees, Penalties and Fines**

In the unlikely event that CAPMC is assessed any late payment fees, penalties, or fines, those are unallowable costs under 2 CFR Part 230 2 CFR Part 200, except when incurred as a result of compliance with specific provisions of an award or instructions in writing from the awarding agency. The Accounting Technician should first request that the vendor or imposing agency waive the fees, penalties or fines. If not waived, those costs should be charged to the corporate unrestricted fund and not any grant funds.

**Employee Expense Reports**

Reimbursements for travel expenses, business meals, or other approved costs will be made only upon the receipt of a properly approved and completed expense reimbursement form (see further policies under 'Travel and Business Entertainment'). All required receipts must be attached, and a brief description of the business purpose of trip or meeting must be noted on the form. Employee must indicate their employee number on the form. Expense reports will be processed for payment in the next vendor-employee reimbursement payment cycle. Employees should submit timely expense reports and reimbursement requests or risk having their reimbursement denied if the grant period has closed. The Executive Director must approve the Chief Financial Officer’s expense reports and the Chief Financial Officer must approve the Executive Director’s.

**Beneficiary and Board/Policy Expense Reports**

The board member or other authorized individual incurring expenses while carrying out duties for the agency will complete and sign the beneficiary and board reimbursement voucher (Form 13). The voucher will be signed by the employee in charge of the meeting or activity. The voucher will be verified by the Program Manager, as applicable. Checks will be prepared in accordance with the other provisions outlined in Cash Disbursements. In the alternative, the vouchers will be used to support expenditures paid at the meeting out of an advance petty cash fund established for meeting expenses. The advance fund will comply with the petty cash procedures.
Reconciliation of A/P Subsidiary Ledger to General Ledger

Periodically, the total amount due to vendors contractors per the accounts payable subsidiary ledger shall be reconciled to the total per the accounts payable general ledger account (control account). All differences are investigated and adjustments are made as necessary. The reconciliation and the results of the investigation of differences are reviewed and approved by the Accounting Program Manager overseeing Accounts Payable and the Chief Financial Officer.

On a monthly basis, the Accounting Technician shall perform the following procedures:

1. Check all statements received for unprocessed invoices.
2. Check the purchase order file for open purchase orders more than 60 days old and follow up.

Management of Accounts Payable Vendor Contractor Master File

Upon the receipt of an invoice from a new vendor contractor that is not already in CAPMC’s Accounts Payable Vendor Contractor Master File, the Accounting Technician shall mail (or email) a Form W-9 and a request for completion of the Form W-9, including the vendor’s full address and federal employer identification number.

For vendors contractors that will be paid a total of $600 or less during the Agency’s fiscal year, the vendor file data may be limited to the vendor name and address. However, for all vendors to be paid more than $600 during a fiscal year, the file should include all of the following data:

1. Vendor’s Contractor’s legal name and any DBA name(s)
2. Street address (payments may be mailed to a P.O. Box, but a street address should be in the file)
3. Federal employer identification number
4. Telephone number

Payments shall not be made to any contractor whose file does not comply with the preceding requirements.

Verification of New Vendors Contractors

The Accounting Technician will perform additional procedures to validate the legitimacy of new vendors contractors that shall be paid one-time or cumulative payments in excess of $25,000. For such vendors contractors, the Accounting Technician shall perform a limited public records search and shall contact the vendor contractor to validate its existence.
Accounts Payable Payment Process

Select items to be paid based on items submitted and their due date

- Print "AP Preliminary check register" report

- Staff Accountant reviews and Program Accountant approves

- Print checks

- Did all checks print?
  - Yes
  - No
    - Reprint missed checks

- Compare checks printed to "AP Preliminary check register" report

- Did all checks print?
  - Yes
  - No
    - Correct and reprint

- Executive Director reviews and approves checks and register before mailing

- Correct and reprint

- Okay?
  - No
    - Reprint missed checks
  - Yes

- Match invoices to checks

- Separate checks & stubs

- Check stub attached to voucher & other documentation

- Attach items to be mailed to original check if required

- AP staff stamps invoice with "Paid" date of run, files by check number

- AP staff stuffs envelopes & files check register in binder by date

- Post to GL

File paid invoices & vouchers by vendor name

End
TRAVEL AND BUSINESS ENTERTAINMENT

Travel Authorization

Travel for Agency staff, parents, policy council/committee members, and board members, and volunteers must be authorized. Travelers should verify that planned travel is eligible for reimbursement before making travel arrangements and submit a meeting or travel authorization for prepaid expenses. A copy of any authorization, if applicable, or the registration form or circular should be attached to the travel advance request.

A traveler may not approve his/her own travel and/or reimbursement. Authorizing signatures include the Executive Director, Chief Financial Officer and Program Managers, or an equivalent position.

Travel authorization and/or reimbursement for the Executive Director must be approved by the Chief Financial Officer.

All requests for reimbursement must be reviewed for reasonableness. Authorizations should not be approved on any request if there is reason to believe that the expenditures are inappropriate or extravagant.

Personal Funds

Travelers should review reimbursement guidelines in the Agency’s Financial Procedures Manual before spending personal funds for business travel to determine if such expenses are reimbursable. The Agency reserves the right to deny reimbursement of travel related expenses for failure to comply with Agency policies and procedures.

Agency employees are strongly encouraged not to use personal funds to pay any travel expenses on behalf of prospective staff, parents, or board members. Travelers who use personal funds to facilitate travel arrangements will not be reimbursed until after the trip occurs and review of the expenditures has been completed by the Chief Financial Officer or his/her designee.

Travel Incentives

Agency travelers may accrue frequent flyer miles for Agency related travel. In accordance with this policy, any accrued miles must be used for Agency related business travel. Frequent flyer miles cannot be used to upgrade tickets to first-class. Accrual of hotel points, rental car company enticements and other inducements in connection with Agency related travel are prohibited.

Special Travel Circumstances

Sponsored Projects and Grant Travel - Travel funded through sponsored projects or grants is subject to federal/state regulations and/or the terms and conditions of the contract agreement. All such travel arrangements must be coordinated through the appropriate administrative department and approved by the Chief Financial Officer or assigned Accountant Program Manager.

For example, Head Start, Stanislaus County Office of Education, and California Department of Education have specific terms and conditions to approve travel, specifically out of state travel. Refer to the appropriate grant agreement prior to making travel arrangements and seek approval from the Chief
Financial Officer of assigned Accountant Program Manager prior to making any obligation to travel. Reimbursement policies and procedures are applicable to the entire agency. Specific departments may, as a matter of sponsored project and grant travel, have policies that are more restrictive in their requirements. Travelers in those departments are expected to adhere to sponsored project and grant travel guidelines when traveling on behalf of their department.

**Personal Travel** – Travelers may combine personal travel with Agency travel as long as the official trip serves a valid and authorized Agency purpose. The basic rule is that the traveler pays any and all additional costs of the personal portions. The traveler also has full responsibility and liability for any events that occur during personal portions of the trip. If personal travel occurs during normal work hours/schedule, the traveler must identify such time as vacation, administrative leave time, or time off without pay on his/her payroll timesheet. In addition, if the traveler changes his/her original travel itinerary, the appropriate supervisory personnel must be notified and the traveler must receive authorization.

**Parent, Board Member or Volunteer Travel** – Parents, Policy Council/Committee members, board members or volunteers traveling on behalf of the Agency and incurring reimbursable expenses shall adhere to these policies.

**Consultants** – Consultants are responsible for their own travel itinerary. Travel cost associated with consultant’s service must be defined in the consultant’s contract language prior to releasing funds.

**Travel Advances**

For expenditures other than those associated with air travel, funds will be advanced for upcoming travel only upon receipt of a completed and properly approved meeting or travel authorization (Form 10) and request for travel advance and for a minimum amount of $50. Travel advances are generally limited to per diems. Otherwise travel will be reimbursed after travel is completed. Travel advances are to be used only for the purpose intended. Travel expenses are to be made in accordance with the Agency’s travel policies as explained later in this section.

Employees receiving travel advances are required to sign for the advance signifying their acknowledgement of, and agreement to, these policies. Employees receiving travel advances must submit an expense report within seven (7) days of returning from travel. Any outstanding advances may be deducted from an employee’s next paycheck.

**Commercial Air Travel**

Commercial air travel expense is on the basis of the actual cost incurred by the traveler using normally traveled routes. All business travel will be at the most economical class of service. The Agency’s designated travel agent can make travel arrangements. Prior to booking travel through the agency’s travel agent, the traveler should conduct an on-line search to ensure the Agency receives the most cost-effective fares, except when this fare would:

a. Require roundabout routing,
b. Require travel during unreasonable hours,
c. Excessively prolong travel,
d. Result in additional costs that would offset the transportation savings, or
e. Offer accommodations not reasonably adequate for the traveler’s medical needs.

Airfare cannot be purchased from online travel sites, such as Travelocity, Expedia, Orbitz, etc., as these sites do not provide the necessary receipt documentation. However, airline tickets may be purchased from an airline carrier’s website.

Air carrier selection cannot be biased by any traveler’s frequent flyer affiliation. The lowest cost air travel will take precedence over frequent flyer programs. Frequent flyer bonuses will be retained by the Agency.

Often a significant savings on air fare will result from booking a flight with a Saturday stay-over. Many conferences and meetings commence on Sunday or Monday to take advantage of this factor. It is the Agency’s policy to authorize Saturday stay-over to the extent that resulting savings in airfare are greater than the additional costs incurred for hotel, car rental, per diem, etc. Travelers should provide documentation of the total cost comparison savings with the Travel Authorization Form.

The Agency will issue payment for commercial air travel. Any personal travel causing an increase in the airfare will be reimbursed to the Agency by the traveler at the time the reservation is made.

Payments for checked luggage and other airline fees may be included with the travel advance request or reimbursed upon receipt of the appropriate documentation. The cost of the baggage fees required by airlines to either check or carry-on luggage is allowable and reimbursable. Those travelers who receive an advance are reminded that they must submit their travel receipts upon return.

Vehicle Usage

When an employee is required to travel 150 or more miles to attend a conference, training, or meeting for Agency purposes, and the form of transportation is an automobile, the employee should use first, an agency vehicle from the motor pool; or second, use of a rental car, at Agency expense, instead of his/her personal vehicle, if the resulting cost of the rental provides significant savings.

**Car Rental** – Travelers may rent vehicles when other transportation is not available or when such use will result in saving of cost and time. Travelers are encouraged to choose compact or mid-sized cars whenever possible, unless safety considerations require a larger vehicle and should be approved by a Program Manager. The Agency has negotiated discounted rates and the appropriate administrative office will make rental reservations in the Agency’s name. Travelers should seek the best rental rate available at the time of booking. Employees required to rent without prior reservations should always request the best currently available rate.

**Car Rental Procedures** – Travelers are instructed to refer to the procedures located in the CAPMC’s Personnel Policies and Procedures and follow the guidance found therein.

**Personal Vehicle** – Travel by personal vehicle may be desirable to save time, to transport equipment or to reduce costs when a number of persons are traveling to the same destination together. The current mileage reimbursement rate, commensurate with the IRS mileage rate, is issued annually by the Agency’s Fiscal Department. This rate is intended to cover all transportation and operating costs
including auto insurance. Personal vehicles may not be used for Agency business unless verification of insurance is on file in the Human Resources Office and supports adequate coverage. Employees’ insurance coverage must meet the State of California’s minimum liability coverage.

Employees requesting reimbursement should use a travel voucher (Form 12) and should include the following:

- Name, position, and program
- Date
- Purpose of trip
- Starting point
- Destination
- Odometer readings (starting and ending)
- Calculation of the reimbursable amount

The Agency reimburses from the point of business activity (home, work, sub office) to the location of business of the Agency. The Agency will reimburse for mileage traveled in excess of normal commuting miles. The distance from home to the regular work site is commuting mileage and is not reimbursable. Odometer readings must be reasonable to the distance noted or standard mileage chart. Any significant differences should be supported with an explanation. Mileage is paid either from the employee’s residence or normal work site, whichever is the shortest to attend trainings, conferences, or meetings. The normal distance from home to work is commuting mileage and is not reimbursable as this is a personal expense. Mileage to attend job interviews at either the main office or Fresno program office is not reimbursable either.

When it is necessary for an employee to use their personal vehicle for company business and the travel begins from or ends at their personal residence, the employee should deduct their normal commute miles from the total miles traveled when calculating the reimbursement amount on Form 12.

**Example 1:** Employee normally commutes 20 miles round trip from their home to their regular work site. The employee is required to attend a training class at a location other than their regular work site. The employee leaves from home, drives to the training and returns home, traveling a total of 50 miles. When completing Form 12 for reimbursement, the employee would indicate a total of 50 miles traveled minus 20 miles for normal commuting and calculate the reimbursement based on 30 miles.

**Example 2:** Employee commutes 5 miles one way to the normal work site. At the end of their normal work day, the employee drives from the work site to Walmart to purchase supplies for the department and then drives home, traveling a total of 12 miles. When completing Form 12, the employee would indicate 12 miles driven minus the 5 mile normal commute home for a total eligible reimbursement of 7 miles.

**Example 3:** Employee commutes 10 miles to the regular work site. During the day the employee travels 25 miles from the work site to various clients’ homes and back to the work site. Employee then commutes 10 miles home. The employee can claim the 25 miles driven from the work site to the clients’ homes and back to the work site.

**Example 4:** Employee normally commutes 30 miles round trip to the regular work site. The employee attends a conference that is only 10 miles from the personal residence (leaving from and returning to
home). Since the employee only travels 20 miles for company business and the normal commute is 30 miles, no mileage reimbursement can be claimed.

The Agency maintains a blanket auto liability coverage policy which extends to cover employees on an excess basis, should personal auto insurance limits of coverage be exhausted. The Agency does not provide reimbursement for deductible amounts applicable under personal vehicle coverage. Personal vehicle coverage is primary to any Agency insurance.

**Local Transportation** – Cost of public transportation, airport buses/shuttles and limousines including taxis are acceptable for services to and from airports and railroad stations, between appointments, and between hotels and meeting locations. Advancement of funds will be made, if possible, with documentation of estimated costs. However receipts are required and must be submitted within seven days upon completion of travel. If receipts are not turned in, the advanced funds must be returned to the Agency.

**Lodging**

Travelers should use standard accommodations at reasonably priced commercial class hotels and motels when making reservations. Any available discounts should be utilized and requested by the traveler such as nonprofit, government or corporate rates. As with airline travel, lodging accommodations may not be booked using online travel sites such as Travelocity, Expedia, Orbitz, etc., as these sites do not provide the necessary receipt documentation. A hotel receipt must be obtained directly from the hotel to substantiate all lodging expenditures.

The Agency will pay the cost of a single room unless a larger room is shared with another employee on Agency business. Travelers of the same sex are encouraged to share rooms; however it is up to the discretion of Executive Director, Chief Financial Officer, Program Managers or Head Start Director and dependent on the available travel budget.

The Agency will pay by check or credit card for lodging cost. A check request must be submitted at least 10 days in advance or cost should be put on an Agency credit card. In some instances, the hotel may require that payment be received a minimum number of days before the arrival date. The traveler or employee making the reservation is responsible for confirming the payment deadlines of the hotel. If time does not permit, then the Agency credit card will be used. When a reservation is booked for an employee who is not an Agency credit card holder and the Agency credit card will be used, a credit card authorization form must be requested from the hotel, completed and faxed to the hotel prior to the arrival date. Reimbursement will not be made for employees staying with friends or relatives.

**Meals**

Travelers will be reimbursed for meal expenses while traveling on Agency business. Travel from one agency office or worksite to another or within the Agency’s operational area will not be entitled to meal per diem or if there is no overnight stay.

The per diem allowance for meals shall not exceed the IRS regulations as designated by high and low cost areas. Receipts are not required for meal per diem. However, travel under the California
Department of Education (CDE) or other state funded program requires that meal reimbursement is based on actual expense receipts up to the maximum allowable reimbursement. Meal receipts, when required, should be the actual, detailed receipt, not the credit card receipt. The credit card receipt does not provide enough detail. Specific funding sources may have more restrictive meal reimbursement policies that supersede the guidance below. Contact your Program Manager for guidance when traveling on Agency business.

The Agency has adopted the following meal per diem rates:

<table>
<thead>
<tr>
<th></th>
<th>Low Cost (??)</th>
<th>High Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>$ 6.00</td>
<td>$ 7.00</td>
</tr>
<tr>
<td>Lunch</td>
<td>$10.00</td>
<td>$12.00</td>
</tr>
<tr>
<td>Dinner</td>
<td>$18.00</td>
<td>$23.00</td>
</tr>
<tr>
<td>Total</td>
<td>$34.00</td>
<td>$42.00</td>
</tr>
</tbody>
</table>

Consult the Accounting Technician for the travel designation as high or low cost.

Meal per diem shall apply as follows:

1. Travel commencing before 7:00 a.m. shall receive breakfast per diem
2. Travel commencing prior to noon shall receive lunch per diem
3. Travel extending beyond 6:00 p.m. shall receive dinner per diem
4. If a meal is provided by the conference, per diem will not be made
5. Continental breakfast is not considered a meal
6. When a meal is offered in conjunction with the meeting/conference and it is in excess of the limits above, the Executive Director may approve the charge only when verifiable by the agenda or notice of the meeting where the meal and price are itemized. Otherwise, if the employee chooses to attend the meal, the excess amount of the cost will be at the employee’s own expense.
7. When a Head Start Bus Driver is required to drive on a field trip or out of his/her normal service area (county) for required program activities, the Bus Driver will be reimbursed the appropriate meal allowance.
8. A travel expense/reimbursement claim form must be submitted for meal per diem if an advance was not requested or if traveling under CDE or other state-funded program/project.
9. Personal entertainment and alcohol are not reimbursable and should not be on receipts submitted for reimbursement.

Expenses on Behalf of Others

Ordinary and necessary business expenses directly related to Agency business incurred on behalf of others, including but not limited to food, beverages and refreshments will be reimbursed. Expenses for personal entertainment are not reimbursable. To be considered nontaxable, the Internal Revenue Service requires that the names of persons entertained and the business purpose be shown on expense reports requesting reimbursement. Original receipts must be provided which document the date, location, event, cost, general business purpose, and names and affiliations of person in attendance.
Miscellaneous Expenses

An employee will be reimbursed for miscellaneous expenses associated with business travel not specifically addressed in the above categories. Examples include parking and tolls. Receipts are required for expenses. The Agency is not responsible for any parking tickets and/or towing expenses incurred by the employee during travel on agency business, unless towing expenses are due to mechanical failure of an agency vehicle or agency-provided rental vehicle. No personal entertainment (i.e. in-room hotel movies, room service, etc.) will be reimbursed.

Travel Time Compensated

Travel reimbursement begins at the time an employee leaves his/her residence or job site. Federal and state law counts time spent attending lectures, meetings and training programs as hours worked unless all of the following apply:

1. Attendance is outside the employee’s regular working hours
2. Attendance is voluntary
3. The program attended is not directly related to the employee’s job. A program is deemed directly related if it is designed to make him/her hand his/her job more effectively as distinguished from training the employee for another job or a new or additional skill
4. The employee does not perform any productive work.

Generally, travel time to and from lectures and meetings will count as work time if it occurs because of the attendance at a meeting and lecture for which the employee will be compensated. However, the Agency reserves the right to establish a different pay for travel time, provided that the rate is not less than the minimum wage. Employees will be clearly informed of the different rate before travel occurs.

Overnight Travel Out of Town

If an employee’s duties require the employee to travel out of town overnight, travel time during the employee’s normal working hours (on both normal working days and days that are normally his/her days off) is counted as hours worked. However, the employee’s lunch and dinner periods will not be considered hours worked. If a non-exempt employee performs required work while traveling during the time period other than normal working hours, the time involved will be counted as hours worked.

Employee and Board Member Business Travel

At the conclusion of a CAPMC business trip, agency staff, parents, policy council/committee members, board members and volunteers that have incurred business-related expenses should complete a travel expense claim (Form 11) in accordance with the following policies:

1. Documentation must justify that participation of the traveler is necessary and costs are reasonable and consistent with CAPMC’s travel policy.
2. Identify each separately incurred business expense (i.e., do not group all expenses associated
with one trip together).

23. With the exception of tips, tolls, reimbursed mileage, and per diems, all business expenses must be supported with invoices/receipts.

4. CAPMC will reimburse employees at the per diem rates noted in a prior section for the location to which they travel. Therefore, meal receipts are not required except for business entertainment which is addressed in item 9 below. If the conference or meeting which the traveler attends provides a meal, the value of that meal as determined by the CAPMC per diem rates will not be paid.

35. Vendor Contractor receipts/invoices must be submitted for all lodging and any expenditure other than meals. Credit card charge slips do not represent adequate supporting documentation – a hotel receipt must be obtained to substantiate all lodging expenditures.

46. For airfare, airline-issued receipts should be obtained. If a traveler fails to obtain a receipt, other evidence must be submitted indicating that a trip was taken and the amount paid (for example, a combination of an itinerary, a credit card receipt, and boarding passes).

57. Mileage may be reimbursed at the standard federal rates currently in effect, as published each year by the IRS.

6. The business purpose of each trip must be adequately explained on each report.

78. General ledger account coding must be identified for all expenditures.

89. For all meals and other business expenditures other than per diem, the following must be clearly identified:

   a. Names, titles, agencies, and business relationships of all persons entertained

   b. The business purpose of the meal or other business event (topics discussed, etc.)

   c. Meal receipts should be the actual, detailed receipt, not the credit card receipt. The credit card receipt may not provide enough detail.

9. All expense reports must be signed and dated by the employee.

10. All expense reports must be approved by the employee's Program Manager.

11. Only one expense report form should be prepared for each trip.

An employee will not be reimbursed for expense reports not meeting the preceding criteria. If the expense report results in a balance due to CAPMC (as a result of receiving a travel advance greater than actual business expenditures), the employee must attach a check or sign a statement indicating authorization to settle the balance due through a payroll deduction. If the expense report results in a balance due to the employee, the employee will be reimbursed through the next schedule employee reimbursement date.

No further travel advances will be issued to any employee who has an outstanding balance due to CAPMC from previous business trips.

Lost Travel Documents

Employees authorized to travel should be responsible to handle Agency funds in a professional manner. It will be the obligation of the traveler to obtain duplicate copies if documents are lost.

Reasonableness of Travel Costs

CAPMC shall reimburse travelers only for those business-related costs that are reasonably incurred.
Accordingly, the following guidelines shall apply:

1. Suites and other upgraded rooms at hotels shall not be allowed, unless required by a medical condition. Program Managers must approve any upgrades. Travelers should stay in standard rooms.
2. Ask hotels for any available discounts – nonprofit, government or corporate rates.
3. When utilizing rental cars, travelers should rent midsize or smaller vehicles, unless safety considerations require a larger vehicle and should be approved by the Program Manager. Share rental cars whenever possible.
4. Business-related long-distance telephone calls while away on business travel are permitted, but should be kept to a minimum. Expense reports should explain long-distance charges.
5. Incidental expenses will be reimbursed at the cost of $5 per trip. Incidental expenses include tips to hotel staff and transportation staff. No receipt is required. It does not include tips with meal service.
6. Incidental expenses do not include cab fares, shuttle service or the costs of telegrams and telephone calls. These may be claimed as additional expenses if they are directly related to business. Receipts for minor parking and meters or business related telephone calls made on public phones which normally cost less than $1 do not require documentation. Parking reimbursement in fee-based lots will require receipts.
7. If required by the funding source, foreign travel charged to federal grants must be approved in writing by the funding source prior to travel.
8. Business-related internet connection charges are permitted. Travelers may also contact the IT Department about the availability of a broadband wireless card prior to departure.

**Non-Reimbursable Expenses**

CAPMC does not reimburse any agency staff, parents, policy council/committee members, board members or volunteers for separate travel costs (air fare, etc.) associated with his/her spouse or partner. The cost of a shared hotel room need not be allocated between employee/director and spouse/partner for purposes of this policy. If the cost of the room is the same for single or double occupancy, an employee is personally responsible for payment of the following travel expenses:

- First class travel, or other seating above the coach level
- Purchase of flight insurance
- Personal entertainment
- Personal purchases of goods and services
- Airline clubs
- Rental of luxury or sport car models
- Haircuts
- Baby-sitting
- Traffic fines
- Hotel laundry service
- Hotel valet service
- Personal phone calls
- Hotel amenities (in-room movies, exercise facilities)
- Cost incurred by failure to cancel reservations (hotel or transportation)
CASH DISBURSEMENTS (CHECK-WRITING) POLICIES

Check Preparation

CAPMC prints vendor checks and expense reimbursement checks on a weekly basis. Checks shall be prepared by persons independent of those who initiate or approve expenditures, as well as those who are authorized check signers.

All vendor contractors and expense reimbursement checks shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with purchasing, accounts payable, and travel and business entertainment policies described in this manual.
2. Timing of disbursements should generally be made to take advantage of all early-payment discounts.
3. Generally, all vendors contractors should be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services.
4. Total cash requirements associated with each check run is monitored in conjunction with available cash balance in bank prior to the release of any checks.
5. All supporting documentation is attached to the corresponding check prior to forwarding the entire package to an Staff Accountant Accountant Program Manager for review. The Staff Accountant then forwards the reviewed batch to the Accountant Program Manager for authorization. If documentation is not attached to the check copy, i.e. lease payments, then the check copy will clearly reference where the documentation can be located.
6. Checks shall be utilized in numerical order and unused completely blank check stock is stored in a locked closet in the Fiscal Department.
7. Checks shall never be made payable to “bearer” or “cash.”
8. Checks are signed and pre-numbered electronically while being printed, providing an original and a duplicate copy.
9. After the preparation of a check, the Accounting Assistant stamps the invoices paid and matches the duplicate copy of the check with vendor invoices and other supporting documentation.
10. All paid invoices are filed alphabetically by vendor. The accounts payable detail register is filed for future reference.
11. The Program Manager must ensure that all obligations incurred during the grant/contract term must be liquidated (spent) within the time frame established by the funding source. For Head Start, the time period is no more than 90 days after the end of the grant term. The Chief Financial Officer and the Accountant Program Managers will have the responsibility to verify that obligations are properly liquidated, and if necessary secure the appropriate extension from the funding source.
Vendor Payments Utilizing American Express

In lieu of the check writing method described in the previous sections, CAPMC also utilizes its American Express (AMEX) Corporate Card to pay some of its key suppliers. The Board of Directors approved and authorized in March 2009 the American Express Corporate Card. The line of credit and spending limit authorized by AMEX is $150,000. The Chief Financial Officer is the Program Administrator and the Accounting Technician and an Accountant Program Manager are the Payment Users of the AMEX account.

The Agency has identified vendors who accept the American Express as a payment option. The Agency’s vendors utilize either an online or telephone payment system. Some of the vendors being paid utilizing the American Express Corporate Card are AT&T (telephone services); Lakeshore Learning Materials (Head Start supplies); Office Depot (office supplies) and Clean Source (janitorial supplies). The vendor payments shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with purchasing and accounts payable policies described in this manual.
2. Timing of vendor payments should generally be made to take advantage of all early-payment discounts.
3. Generally, all vendors should be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services.
4. The total cash requirements of the vendor payments are monitored in conjunction with the spending limit to ensure that the Agency does not exceed the limit.
5. The Agency’s vendors are paid utilizing either an online or telephone payment system established by each individual vendor.
6. The Accounting Technician reconciles the AMEX statement with the vendor payments authorized utilizing the credit card.
7. The charges are entered into the Fiscal Department accounting software.
8. All supporting documentation for the AMEX card charges is then forwarded to the Accountant Program Manager for review and authorization.
9. Following the review and approval by the Accountant Program Manager, the AMEX Corporate Card is paid through an ACH debit of the Agency’s accounts payable checking account through its online Corporate Card website by the Accounting Technician.
10. Additional payments may be made to AMEX during the month because the spending limit may not cover all of the monthly charges that may be placed on the card. The Accounting Technician will monitor the charges and the credit limit.

Access to the card number and use of the card is limited to Fiscal Department staff. Monthly reports of the AMEX credit card activity are submitted to the Board of Directors for its review.

By utilizing the American Express Corporate Account, the Agency earns membership rewards points and has an unsecured line of credit for approximately 20-30 days. Giving Express is the mechanism used to redeem the points earned. These reward points are redeemed by the Chief Financial Officer periodically for a cash donation to CAPMC. Currently, 1,000 points equals a $10.00 donation although AMEX may change the program terms from time to time. It takes approximately 6-8 weeks to receive the donation. All money received from the Giving Express is classified as a charitable donation. The donation check payable to CAPMC is deposited in the corporate account as an unrestricted donation as outlined in the section on Cash Receipts. The balance and activity of the reward points are reflected on monthly statements received by the Fiscal Department.
Check Signing

All checks of Agency require two signatures. No check shall be signed prior to the check being completed in its entirety (no signing of blank checks). The Agency utilizes an automated electronic check signing and numbering process as the checks are printed by the accounting software.

The Agency Board of Directors has designated the Executive Director, Chief Financial Officer, the Board Chairperson, and the Board Secretary/Treasurer with check signing authority. The Board Chairperson and the Executive Director’s electronic signatures appear on the Agency’s checks. However, the responsibility for authorizing the check printing and signature process has been designated to a limited number of Accountant Program Managers after the review of the supporting documentation.

All original supporting documentation should be reviewed and initialed prior to the printing and signing of the checks by the Staff Accountant, Accountant Program Manager. On occasion, it may be necessary for the vendor to provide a copy of facsimile invoice which has been lost or misplaced. The Accounting Technician will exercise care to avoid duplicate payment or overpayment in these situations. The Accountant Program Manager, Staff Accountant reviews the documentation and compares them to the accounts payable preliminary register with accounting distribution. The Staff Accountant Accountant Program Manager’s verifies that the expenditures have been paid in the proper amounts and time periods, charged to the appropriate general ledger codes, and also reviews for allowability, allocability, and reasonableness of the expenses. Following the initial review by the Staff Accountant, the Accountant Program Manager authorizes the check printing. Checks should not be authorized or signed if supporting documentation appears to be missing or there are any questions about a disbursement.

The access to this process is restricted by the level of authorization assigned in the accounting software by the Chief Financial Officer. The Accounting Technicians prepare the accounts payable for check processing; the Staff Accountant performs the initial review of the supporting documentation, and a limited number of Accountant Program Managers or the Chief Financial Officer can review the supporting documentation and authorize checks for payment. The blank check stock has to be removed from a locked closet in the Chief Financial Officer’s office and placed in the check printing equipment. The Accountant Program Manager oversees the check printing process and returns any unused check stock to lock and key.

Once the checks are printed, the checks and the check register are provided to the Executive Director for her review and approval. The approval of the checks is noted by the Executive Director’s initials and the date on the check register. If the Executive Director is not available, the Assistant to the Executive Director or the Human Resource Director will review and approve. If none of these individuals are available, then the Chief Financial Officer will review and approve.

Mailing of Checks

After review by the Executive Director, checks are returned to the Accounting Technician who prepared them. The Technician then mails the checks immediately. Checks should not be mailed by or
returned to individuals who authorize expenditures.

**Voided Checks and Stop Payments**

Checks may be voided due to processing errors by defacing the check by clearly marking it as "VOID" and the signature portion of the original check, if available, will be perforated or cut out. All voided checks shall be retained to aid in preparation of bank reconciliations.

Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed online at the bank’s secure website by the Chief Financial Officer or his/her designee. If the stop payment is processed by a designee, the Chief Financial Officer receives an email notification of the transaction. When the check is voided in the accounting software by the Chief Financial Officer or his/her designee, the software generates the journal entry to record the stop payment. Any related bank fees are recorded when the bank account is reconciled.

**Recordkeeping Associated with Independent Contractors**

CAPMC shall obtain a completed Form W-9 or equivalent substitute documentation from all vendors contractors to whom payments are made (see "Accounts Payable Management" policies). A record shall be maintained of all vendors contractors to whom a Form 1099 is required to be issued at year end. Payments to such vendors contractors shall be accumulated over the course of a calendar year.
Control Grid – Purchasing and Disbursements

CAPMC strives to maintain adequate segregation of duties in its purchasing and disbursements functions. The following table illustrates how responsibilities have been assigned. In this table personnel are identified as follows:

A. Program Managers
B. Chief Financial Officer
C. Accounting Technician – Accounts Payable (1)
D. Accounting Technician Assistant – Provider Payments Accounts Payable (2)
E. Accountant Program Managers
F. Mid-Managers and Supervisors
G. Program Assistants
H. Executive Director
I. Accounting Technicians - Payroll

<table>
<thead>
<tr>
<th>Duties</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
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</thead>
<tbody>
<tr>
<td>Inputs data into vendor master file</td>
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<td>X</td>
<td>X</td>
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<tr>
<td>Obtains Form W-9 from new vendor</td>
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<td>Initiates purchases</td>
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<tr>
<td>Authorizes purchases</td>
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<td>X</td>
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<tr>
<td>Prepares purchase order/requisition</td>
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<tr>
<td>Prepares requests for proposal</td>
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<tr>
<td>Evaluates proposals</td>
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<tr>
<td>Selects vendor</td>
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<td>X</td>
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<tr>
<td>Receives vendor invoice</td>
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<tr>
<td>Approves vendor invoice</td>
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<tr>
<td>Assigns general ledger coding</td>
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<td></td>
<td>X</td>
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<tr>
<td>Reviews general ledger coding</td>
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<td>X</td>
<td>X</td>
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<tr>
<td>Inputs invoice into A/P system</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Reviews preliminary check register and supporting documentation</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>Selects A/P to be paid according to due dates and A/P processing procedures</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>Accepts and runs A/P checks with electronic signatures</td>
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<tr>
<td>Maintains custody of unused completely blank check stock</td>
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<tr>
<td>Reconciles A/P to general ledger</td>
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<tr>
<td>Performs bank reconciliations</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<td></td>
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</tr>
<tr>
<td>Reviews cancelled checks</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Reviews bank reconciliations</td>
<td>X</td>
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CREDIT CARDS

General

The following policies and procedures will govern the use of purchasing or credit cards:

1. Upon approval of the vendor contractor or credit card company, a card may be issued bearing the names of the individual, both the individual and CAPMC, or CAPMC.
2. Agency purchasing/credit cards will be assigned by the Fiscal Department to the credit card custodian. The cardholder/user must be an employee of the Agency.
3. Only Program Managers are issued an Agency MasterCard.
4. An employee may be issued one or more cards (i.e., Wal-Mart, Costco, Savemart, Valero, or Office Depot as this is the method the vendor contractor uses to extend credit and purchasing authorization.
5. Credit limits will be established by the Fiscal Department. For the Agency’s MasterCard, the Executive Director and the Chief Financial Officer have a credit limit of $5,000; all other Program Managers are limited to $2,500.
6. Purchasing/credit cards will not be transferable between individuals or Agency departments without prior approval of the Chief Financial Officer.
7. The Program Manager (custodian) may delegate transaction authority to the cardholder.
8. The individual or the Agency department, as applicable, will be responsible to ensure credit card charges are accurate on the monthly statements.
9. All cardholders are required to sign a purchasing/credit cardholder agreement.

Cardholder Responsibilities

The cardholder must only use the purchasing/credit card for legitimate business purposes and must follow all required procurement policies and procedures. The Agency credit card may be used for travel related expenses, registration fees, purchasing program supplies, food, emergency items and other items in lieu of checks or purchase orders, or to expedite the purchasing process and when vendors do not accept an Agency purchase order. The cardholder is to be aware that many credit cards look alike and care should be taken to avoid confusing Agency and personal credit cards. Cardholders must notify the Executive Director of any inadvertent personal charges and must reimburse the Agency immediately for such personal charges. Misuse of the card will subject the cardholder to disciplinary action in accordance with Agency policies and procedures relating to progressive discipline, up to and including voluntary termination. The cardholder must:

1. Ensure the purchasing/credit card is only used for legitimate business purposes.
2. Ensure that expenditures are budgeted, allowable for grant purposes, necessary for the program and that funds are available for the expenditure.
3. Maintain the purchasing/credit card in a secure location at all times. Gas credit cards or other credit cards shall not be kept in Agency vehicles since vehicles are susceptible to break-in and vandalism.

4. Gas credit cards should provide for a two-card authorization process.

5. Not allow other individuals to use the purchasing/credit card, unless authorized.

6. Adhere to the purchase limits and restrictions of the purchasing/credit card.

7. In some situations, the issuer (i.e., Wal-Mart or Office Depot) still requires a purchase order for authorization purposes. The cardholder is responsible for securing a purchase order, as applicable.

8. Obtain all sales slips, register receipts, and/or purchasing/credit card slips and provide same to the Fiscal Department for reconciliation, approval, and allocation of transactions.

9. Attempt to resolve disputes or billing errors directly with the vendor contractor and notify the Fiscal Department if the dispute or billing error is not satisfactorily resolved.

10. Ensure that an appropriate credit for the reported disputed item(s) or billing error appears on a subsequent cardholder statement.

11. Any fraudulent or other unauthorized charges shall be immediately reported the Agency Purchasing/Credit Card Coordinator who will investigate and arrange for the cancellation and reissuance of the credit card. Immediately report a lost or stolen card to the credit card issuer (24 hours a day, 365 days a year) and to the Fiscal Department during normal working hours.

12. Return the purchasing/credit card to the Fiscal Department upon terminating employment with the Agency or transferring to another department within the Agency.

**Agency Purchasing/Credit Card Coordinator/ Designee**

The Agency’s Chief Financial Officer will assign an Agency coordinator to be responsible for the overall purchasing/credit card program. The coordinator responsibilities shall include the following:

1. Agency liaison with the credit card issuer,
2. Reviewing department-approved applications for completeness of required information,
3. Training the cardholder before releasing the purchasing/credit card,
4. Having the cardholder sign the cardholder agreement, signifying agreement with the terms of the purchasing credit card program,
5. Handling disputed charges/discrepancies not resolved by the cardholder,
6. Securing revoked purchasing/credit cards and submitting information to the vendor,
7. Receiving bill and reviewing purchases,
8. Reviewing invoice, preparing for payment and processing for payment, and
9. Reviewing usage of purchasing/credit card data for appropriateness.

**Cardholder Eligibility**

The criteria to receive an Agency purchasing/credit card is as follows:

- Applicants must be an employee of the Agency.
- Applicant’s request for a purchasing/credit card must be approved by his/her Program Manager. The Agency’s MasterCard credit cards will only be issued to Program Managers, the Chief Financial Officer, and the Executive Director as approved by the Board of Directors.
Cardholder Liability

The purchasing/credit card is a corporate charge card which will not affect the cardholder’s personal credit, however, it is the cardholder’s responsibility to ensure that the card is used within stated guidelines of the purchasing/credit card policies as well as Agency policies and procedures relating to expenditures of Agency funds. Failure to comply with program guidelines may result in permanent revocation of the card, notification of the situation to management, and further disciplinary measures that may include involuntary termination.

Cardholder Termination

The Agency purchasing/credit card coordinator is required to close an account if a cardholder transfers to a different Agency department; moves to a new job in which purchasing/credit card is not required; terminates Agency employment; or for any of the following reasons which will also subject the cardholder to disciplinary action in accordance with Agency policies and procedures relating to disciplinary action and termination for cause.

1. The purchasing/credit card is used for personal or unauthorized purposes.
2. The purchasing/credit card is used to purchase alcoholic beverages or any substance, material, or service which violates policy, law or regulation pertaining to the Agency.
3. The cardholder allows the card to be used by another individual without prior approval.
4. The cardholder fails to provide the Fiscal Department with required receipts.
5. The cardholder fails to provide, when requested, information about any specific purchase.
6. The cardholder does not adhere to all of the purchasing/credit card policies and procedures.

Lost, Misplaced or Stolen Purchasing/Credit Cards

Cardholders are required to immediately report any lost or stolen purchasing/credit cards to the Fiscal Department. The Fiscal Department is responsible for immediately reporting the lost/stolen card to the issuer. In the event the discovery of the lost/stolen card is made outside of normal Agency business hours, the cardholder is responsible for notifying the issuer directly.

Erroneous Declines
Should the purchasing/credit card be erroneously declined by a vendor, the cardholder should immediately contact the Agency’s purchasing/credit card coordinator for assistance. If the purchase is being made outside of the normal Agency business hours, the employee must find an alternate payment method or terminate the purchase and contact the Agency purchasing/credit card coordinator during normal business hours.

**Credits**

Vendors, Contractors will issue all credits to the individual purchasing/credit card account for any item they have agreed to accept for return. This credit will appear on a subsequent statement. Under no circumstances should a cardholder accept cash in lieu of a credit to the purchasing/credit account.

**Unresolved Disputes and Billing Errors**

The cardholder is responsible for contacting the vendor to resolve any disputed charges or billing errors. If the matter is not resolved with the vendor, the Agency’s purchasing/credit card coordinator should be contacted for assistance.

**Security and Storage**

Cardholders should always treat the Agency purchasing/credit card with at least the same level of care as one does their own personal credit cards. The cards should be maintained in a secure location and the card account number should be carefully guarded. As mentioned in a preceding section, credit cards should not be kept in Agency vehicles.

**Documentation**

By the 4th day of every month, each cardholder must log on to the MasterCard website to obtain a statement detailing the expenditures that were charged to his/her corporate credit card. The cardholder will review this statement for its accuracy and any unauthorized purchases. The individual assigned to each purchasing/credit card will maintain the cardholder’s vendor receipts/packing slips/charge slips until such time as they are forwarded to the Fiscal Department for payment. Each cardholder shall authorize the approved charges with a signature that indicates the purchases are approved and that the purchases were made in accordance with CAPMC’s policies. The statement shall then be forwarded to the Fiscal Department, accompanied by original supporting documentation for all charges. Documentation of meals, travel and valid business entertainment expenditures shall include all of the same elements as described in the earlier policy on “Employee and Director Business Travel” (i.e., names of people involved, business purpose, etc.).

Credit card payments for food items provided at various meetings or trainings such as the Policy Council/Committee, Board of Directors, pre-service, staff meetings and similar activities should be accompanied by additional documentation such as the meeting agenda and sign-in sheet. This assists the fiscal department staff and others who review these expenses to easily determine the allowability,
allocability and reasonableness of the expense. If required by Agency policy, a purchase order should be obtained in advance.

The cardholders of the Agency’s MasterCard credit cards will prepare the necessary monthly documentation to be provided to the Agency’s Board of Directors. The appropriate format may be obtained by contacting the Assistant to the Executive Director. For Head Start programs, the Program Manager’s MasterCard credit card will be provided to the Agency’s Policy Council/Committee as well. Other credit card usage will also be reported to the Board of Directors on a monthly basis and the detail charges will be available at the Board of Directors meeting should any discussion arise.

All other documentation concerning the purchasing/credit card program will be maintained by the Agency’s purchasing/credit card coordinator located in the Agency’s Fiscal Department. This documentation includes, but it not limited to, applications, cardholder agreements, agency billing statements, reconciliation of accounting statements, and copies of transmittals, and correspondence with issuing companies.

**Employee Credit Cards**

Employees and officers incurring legitimate Agency business expenses may utilize their personal credit cards for such expenditures. The Agency shall reimburse employees and officers for properly supported and documented business expenditures charged to personal credit cards within the next vendor employee reimbursement processing cycle upon the proper completion of an expense report. (See the earlier policy on Travel and Business Entertainment for expense report preparation procedures.) Travel advances may be requested in special circumstances (e.g. situations in which legitimate business expenses are expected to exceed an employee’s credit card limit or other special cases).
PAYROLL AND RELATED POLICIES

Classification of Workers as Independent Contractors or Employees

CAPMC considers all relevant facts and circumstances regarding the relationship between the Agency and the individual in making determinations about the classification of workers as independent contractors or employees. This determination is based on the degree of control and independence associated with the relationship between CAPMC and the individual. Facts that provide evidence of the degree of control and independence fall into three categories:

1. Behavioral control
2. Financial control
3. The type of relationship of the parties

Facts associated with each of these categories that will be considered in making employee/contractor determinations shall include:

1. Behavioral control:
   a. Instructions given by CAPMC to the worker that indicate control over the worker (suggesting an employee relationship), such as:
      (1) When and where to work.
      (2) What tools or equipment to use.
      (3) What workers to hire or to assist with the work.
      (4) Where to purchase supplies and services.
      (5) What work must be performed by a specified individual.
      (6) What order or sequence to follow.
   b. Training provided by CAPMC to the worker (i.e., employees typically are trained by their employer, whereas contractors typically provide their own training).

2. Financial control:
   a. The extent to which the worker has unreimbursed business expenses (i.e., employees are more likely to be fully reimbursed for their expenses than is a contractor).
   b. The extent of the worker’s investment in the facilities/assets used in performing services for CAPMC (greater investment associated with contractors).
   c. The extent to which the worker makes services available to the relevant market.
   d. How CAPMC pays the worker (i.e., guaranteed regular wage for employees vs. flat fee paid to some contractors).
   e. The extent to which the worker can realize a profit or loss.

3. Type of relationship between worker and agency:
   a. Written contracts describing the relationship that CAPMC and the individual intend to create.
   b. Whether CAPMC provides the worker with employee-type benefits, such as insurance, paid leave, etc.
   c. The permanency of the relationship.
   d. The extent to which services performed by the worker are a key aspect of the regular business of CAPMC.
If an individual qualifies for independent contractor status, the individual will be sent a Form 1099 if total compensation paid to that individual for any calendar year, on the cash basis, is $600 or more. The amount reported on a Form 1099 is equal to the compensation paid to that person during a calendar year (on the cash basis). Excluded from “compensation” are reimbursements of business expenses that have been accounted for by the contractor by supplying receipts and business explanations.

The Agency’s Chief Financial Officer in consultation with the Human Resources Director shall make the final determination.

If an individual qualifies as an employee, a personnel file will be created for that individual and all documentation required by the CAPMC personnel policies shall be obtained. The policies described in the remainder of this section shall apply to all workers classified as employees.

General

The Board of Supervisors, along with joint participation by the Agency’s Board of Directors, hires or terminates the Executive Director. The Board of Directors approves the hiring/termination of all staff, including the Executive Director. The Executive Director approves the hiring/termination of all other employees. The Policy Council/Committee approves the hiring/termination of the Head Start Director (Program Manager) and other program staff who are charged or allocated to the grant at least 51% of the time. Certain programs, such as Head Start, require the approval of the key personnel before an offer of employment is made. Currently key personnel are the Head Start Director, the Executive Director, and the Chief Financial Officer. The Agency will comply with the requirements per prescribed policies and regulations. All employees will comply with the Agency’s personnel policies and procedures.

Wages and Compensation

The Agency’s Board of Directors has authorized delegation of the human resources and the classification procedures to the Executive Director. The Executive Director and the Human Resources Director are responsible for the overall coordination, review, and control of the Agency’s compensation classification plan. The Agency will comply with all state and federal laws, Head Start Performance Standards, Agency policies and procedures, as well as the standards, guidelines, practices, and requirements that are specified by its grantors. CAPMC will perform wage comparability studies, including those of the Executive Director and the Chief Financial Officer, every three years to ensure the salary and wage structure is similar to other agencies of like size and employee base in our area.

Payroll Administration

CAPMC operates on a bi-weekly payroll. A personnel file is established and maintained for all employees with current documentation, as described throughout this section and more fully described in CAPMC’s Personnel Manual. The Human Resources Director is responsible for ensuring that all employees complete the appropriate paperwork applicable to payroll and the personnel files.
Changes in Payroll Data

All of the following changes in payroll data are to be authorized in writing:

1. New hires
2. Terminations
3. Changes in salaries and pay rates
4. Voluntary payroll deductions
5. Changes in income tax withholding status
6. Court-ordered payroll deductions
7. Union member or service fee payer (If no decision is made within 30 calendar days, the covered employee automatically becomes a fee payer)

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the appropriate Program Manager.

Voluntary payroll deductions and changes in income tax withholding status shall be authorized in writing by the individual employee. An employee may request in writing to have his/her paycheck electronically deposited to an account in a financial institution of the employee’s choice.

Documentation of all changes in payroll data shall be maintained in each employee’s personnel or payroll file.

Payroll Taxes

The Fiscal Department is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid. The Fiscal Department processes the payroll through an in-house payroll system.

The Accounting Technician will prepare and process the appropriate payroll tax deposits and related payroll deductions based on the payroll register. The Accountant Program Manager will approve the check requests and payroll tax amounts.

The Chief Financial Officer or his/her designee will review and approve the payroll tax reports and will sign the reports.

Withholding of federal income taxes shall be based on the most current Form W-4 prepared by each employee. The current Form W-4 will be utilized for state income tax withholding unless the employee has completed the appropriate California state withholding documentation.
Personnel Activity Reports

CAPMC follows the guidelines in 2 CFR Part 230 (OMB Circular A-122), Attachment B.8, Compensation for Personal Services 2 CFR Part 200.430(i), Standards for Documentation of Personnel Expenses, as well as requirements in specific grants. Therefore, salaries and wages charged to grants will be supported as follows:

1. Charges will be based on documented payrolls approved by responsible officials of the Agency.

2. Every staff member whose compensation is charged, in whole or in part, directly or indirectly to grant awards or contracts, will complete activity reports (timesheets – Form 9) that account for the total activity for which the employee is compensated.

3. The reports will reflect an after-the-fact determination of the actual activity of each employee. Budget estimates will not be used as support for charges to awards.

4. The reports must be signed by the individual employee or by a responsible supervisor who has first-hand knowledge of the activities performed by the employee.

5. The reports will be prepared on a bi-weekly basis, the same as the pay periods.

6. Charges for non-exempt employees will also be supported by records required by the Fair Labor Standards Act.

7.1. Salaries and wages of employees used in meeting cost sharing or matching (In-Kind) are supported in the same manner as salaries and wages charged to federal awards.

Charges to federal and non-federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

1. Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

2. Be incorporated into the official records of the Agency;

3. Reasonably reflect the total activity for which the employee is compensated;

4. Encompass both federally assisted and all other activities compensated by the Agency on an integrated basis;

5. Comply with the established accounting policies and practices of the Agency; and

6. Support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one federal award; a federal award and non-
federal award; an indirect cost activity and a direct cost activity; two or more indirect cost activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. A cost objective means a program, function, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, etc. A cost objective may be a major function of the Agency, a particular service or project, a federal award, or an indirect cost activity.

Preparation of Timesheets

The Fiscal Department will prepare a payroll calendar at the beginning of each calendar year noting the pay periods and pay dates. Each CAPMC employee must submit to the Fiscal Department a signed and approved timesheet no later than 5:00 p.m. at the close of each pay period. The deadline may be adjusted as necessary for holiday schedules. Timesheets shall be prepared in accordance with the following guidelines:

1. Each timesheet shall reflect all hours worked during the pay period (time actually spent on the job performing assigned duties), whether compensated or not.
2. Timesheets shall be prepared in ink (or electronically).
3. Errors shall be corrected by crossing through the incorrect entry, filling in the correct entry, and placing the employee’s initials next to the change or by completing a Change on Timesheet form. Employees shall not use whiteout or correction tape.
4. Employees shall identify and record hours worked based on the nature of the work performed;
5. Compensated absences (vacation, holiday, sick leave, etc.) should be clearly identified as such;
6. Timesheets shall be signed by the employee prior to submission to his/her supervisor.

After preparation, Program Managers or their designees shall approve timesheets prior to submission to the Fiscal Department. Corrections identified by an employee’s supervisor shall be authorized by the employee or at a minimum, the Program Managers or their designees are required to contact the employee by telephone, email, or other communication method to notify the employee of the change. A form, Change on Timesheet (Form 9A) may be used to communicate these changes and notify the employee and obtain the employee’s and supervisor’s signatures.

An Agency employee who is on leave, traveling, or is ill on the day that timesheets are due may telephone or email timesheet information (actual time worked and the appropriate classifications) to his or her supervisor (or designated alternate). Timesheets submitted in this manner shall bear an appropriate notation. The timesheet shall be signed by the supervisor or the designated alternate.

Processing of Timesheets

The Accounting Technicians will process the timesheets by checking them for mathematical accuracy, then entering all timesheets into the in-house payroll system. Incomplete time sheets signed by the employee and approved by the supervisor will be returned to the Program Manager or his/her designee.

The Accounting Technicians should not change or correct timesheets. However, the Accounting Technician is not permitted to pay out more vacation, sick leave or administrative leave than the employee has accrued. Additionally, the amount of holiday pay shown on the timesheet may not
reflect the amount to which the employee is entitled based upon the payroll records. The Program Manager or his/her designee should be notified of these errors so that the employee may be contacted about the change.

Tampering with, altering, or falsifying time records, recording time on another employee’s time record, or willfully violating any other timesheet policy or procedures may result in disciplinary action, up to and including discharge.

**Review of Payroll**

The Accountant Program Managers will review the preliminary payroll registers and the final payroll registers before the payroll checks are processed. Payroll checks are printed, numbered, and signed by the Agency’s accounting software. A non-negotiable copy of the payroll check is printed at the same time. The Accountant Program Manager who supervises the payroll process will authorize the payroll by completing the payroll check log.

The Chief Financial Officer or his/her designee will forward the electronic file created by the payroll system to the Agency’s bank for those employees who have opted for ACH electronic deposit. To initiate the electronic transfer an access and key code are required. These authorizations are limited to the Chief Financial Officer and Accountant Program Managers with payroll responsibilities. Documentation of the transactions transmitted electronically will be maintained by the Fiscal Department.

The payroll check registers produced by the payroll processing will be filed and maintained for future reference.

The Accounting Assistant will match the timesheet and the duplicate copy of the payroll check and file it in the employee’s payroll file, along with any other payroll documentation.

**Distribution of Payroll**

Payroll payments (or check stubs for electronic deposits) shall be distributed by the program designee who should be an individual who does not approve timesheets, is not responsible for hiring and firing, and does not control the preparation of payroll.

**Control Grid – Payroll and Human Resources**

CAPMC strives to maintain adequate segregation of duties in its payroll and human resources functions. The following table illustrates how responsibilities have been assigned. In this table, personnel are identified as follows:

- A. Human Resources Manager
- B. Chief Financial Officer
- C. Accountant Program Manager – Payroll Supervisor
- D. Other Accountant Program Managers and Staff Accountant
- E. Accounting Technicians – Payroll
- F. Human Resources Assistant
- G. Program Assistants
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<th>Duties</th>
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<td>Approves new hires</td>
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<td>Sets up new employee in P/R system</td>
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<td>Enters salary adjustments to P/R system</td>
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<td>Enters direct deposit info in P/R system</td>
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<td>Inactivates terminated employees in P/R system</td>
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<td>Reviews changes to payroll master file (Software tracks history changes)</td>
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<td>Approves timesheets</td>
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<td>Enters timesheets</td>
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<td>Reviews input of timesheet data</td>
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<td>Reviews distribution of time</td>
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<td>Reviews preliminary and final payroll registers (includes approval)</td>
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<td>Prints checks (or paystubs) and electronically signs, jointly</td>
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<td>Distributes checks (paystubs)</td>
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<td>Maintains custody of unused completely bank check stock</td>
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<td>Prints annual W-2 forms</td>
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</table>
Human Resources and Payroll Processes

**Human Resources**

- Orient new employees
- Get all forms filled out
- Set up new employees in HR/PR system
- Receive and record all employee status changes

**Payroll**

- Review new employee set up for payroll-related entries
- Process payroll

- Withholding forms
- Other government forms
- Benefit program applications

- Address
- Marital status
- Dependents
- Benefits
- Other
POLICIES PERTAINING TO SPECIFIC ASSET ACCOUNTS

CASH AND CASH MANAGEMENT

Cash Accounts

**Savings Account:**
This primary account provides for operations of the Agency. All cash and check deposits are made to this account. This is an interest-bearing account.

Cash transfers to other accounts are done on an as needed basis to cover disbursements and are initiated by the Chief Financial Officer or his/her designee. The Agency’s agreement with its financial institution limits transfers from its savings accounts to those transfers into other Agency accounts only. The Agency has limited excess funds in this account, but should larger amounts of available cash become available, they may be invested in short-term investments or higher interest-bearing cash equivalents.

In addition, all advances of federal funds shall be deposited in this interest-bearing account and interest earned in excess of $100 $500 shall be returned to the awarding agency Federal Payment Management System (PMS). Interest earned on such funds will be allocated to federal and non-federal awards, as applicable, based on the funds received and disbursed during the grant year for each award. Other advances of federal funds by grantees to CAPMC as a delegate agency may have other lower thresholds for the interest earned that must be returned.

**Money Market Account:**
This account provides for Migrant Head Start deposits which are provided to the agency. This is an interest-bearing account.

Cash transfers to other accounts are done on an as needed basis to cover disbursements of the Migrant Head Start programs and are initiated by the Chief Financial Officer or his/her designee. The Agency’s agreement with its financial institution limits transfers from its money market account to those transfers into other Agency accounts only.

All advances of Migrant Head Start funds received from the Agency’s grantees shall be deposited in this interest-bearing account and interest earned in excess of $100 $500 shall be returned to the awarding agency or expended on behalf of the program. Lower limits may apply based on the delegate contract. Interest earned on such funds will be allocated, as applicable, based on the funds received and disbursed during the grant year for each award.

**Payroll Account:**
The payroll account is a separate account. The payroll account is a low minimum balance account. As such, only the amount needed to cover each payroll is transferred into this account from the savings account, based on the amount calculated. Transfers from the savings account into the payroll account...
accounts payable account is a minimum low balance account. As such, only the amount needed to cover accounts payable disbursements. Transfers from the savings account into the accounts payable account are initiated by the Chief Financial Officer or his/her designee.

**Mental Health Full Services Account:**

The Agency has entered into an agreement to provide accounting and financial services to the County of Madera Behavioral Health Department. This account provides for debit card transactions by approved county employees with proper authorization. Approximately $2,000 is maintained in this account for program operations. Transfers from the savings account are initiated by the Chief Financial Officer or his/her designee.

**Insurance and Collateralization**

Grant and contract funds will be deposited in an interest-bearing federally insured account. The federally-insured threshold is currently $250,000, in 2010. Where deposits exceed the insured amounts, adequate collateralization in excess of the insured amount is necessary.

**Authorized Signers**

The following CAPMC personnel are authorized to sign checks drawn on any of the Agency's accounts:

- Executive Director
- Chief Financial Officer
- Board Chairperson
- Board Secretary/Treasurer

However, the Board Chairperson and the Executive Director are the signatures that are electronically signed as the Agency's checks are printed by its accounting software. The Chief Financial Officer is responsible for notifying the Agency's financial institutions of changes in authorized signatures upon the departure of any authorized signer.

**Bank Reconciliations**

Bank account statements are received electronically each month by the Chief Financial Officer and the Staff Accountant Accounting Technicians responsible for bank account reconciliations. The Chief Financial Officer shall open the statement and review its contents for unusual or unexplained items. This review must be performed in a timely manner so that reconciliation of the bank account is not delayed. Unusual or unexplained items shall be reported immediately to the Finance Committee. The
Staff Accountant Accounting Technicians are responsible for saving the electronic versions of the bank statements and the cancelled checks onto the Fiscal Department’s network server to comply with CAPMC records retention policy. Access to the bank statement information and cancelled checks is limited to the two prior years by the Agency’s financial institution.

After this review is complete, the reconciliation between the bank balance and general ledger balance is prepared by the Staff Accountant Accounting Technicians. The reconciliation process is divided among Accounting Technicians to provide for adequate segregation of duties. Part of the reconciliation process shall involve the review of a sampling of the electronic copies of the cancelled checks to identify altered or substitute checks, unusual endorsements, or other signs of fraudulent activity. The bank reconciliation process will be completed as soon as possible after the receipt of each bank statement.

All bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations, are reviewed and approved by the Accountant Program Manager on a monthly basis. The Chief Financial Officer should be notified of all outstanding checks over 60 days, and should take appropriate action on these checks.

Bank reconciliations and copies of resulting journal entries are filed in the current year's fiscal files.

Cash Flow Management

The Chief Financial Officer monitors cash flow needs on a weekly basis to eliminate idle funds and to ensure that payment obligations can be met. Cash transfers between accounts are performed on an as-needed basis.

CAPMC adheres to the requirements of its grants which may prohibit loaning funds between programs (for example, Head Start), therefore, cash management and reporting is performed at the program level as well as for the Agency as a whole.

The Agency has obtained an unsecured line of credit in the amount of $150,000 from its financial institution in the event of emergencies. This line of credit can be used if necessary if reimbursement from the Agency’s funding sources are delayed. The Agency’s authorized signers are authorized to borrow against the line of credit.

Stop Payments

Accounts Payable – Stop payments will be issued by the Chief Financial Officer or his/her designee 10 working days after the check date to allow time for mail processing and delays. Depending on other circumstances, this timeframe may be shortened. Once the stop payment has been issued, the replacement check will be released.

Payroll – Stop payments will be issued by the Chief Financial Officer or his/her designee 5 working days after the check date to allow for mail processing and delays. Depending on other circumstances such as a lost payroll check, this timeframe may be shortened.
Stale and Old Outstanding Checks

Outstanding accounts payable checks over three months and outstanding payroll checks over two months are considered old. After the bank reconciliation process determines that there are outstanding checks which meet this criteria, the following steps will be taken to clarify their status.

Accounts Payable – The Accounting Technician Staff Accountant completing the bank reconciliation will follow-up with the recipient to see where the check is in their system. If the check is in their possession, they will be asked to cash it as soon as possible. If the payee did not receive it or lost it, the old check will be voided and a new check issued. A stop payment on the old check will be made if the dollar amount of the replacement check exceeds $20. The Accountant Program Manager or the Chief Financial Officer will be required to void the check in the accounting software and determine the void date.

Payroll - The Staff Accountant Accounting Technician completing the bank reconciliation will determine the best way to contact the employees to determine the status of the check. Usually it is better to contact the administrative section of the program involved. If the check is in the employees’ possession, they will be asked to cash it as soon as possible. If the employees did not receive it or lost it, the old check will be voided and a new check issued. A stop payment on the old check will be made before the re-issuance. The Accountant Program Manager or the Chief Financial officer will be required to the check in the accounting software and determine the void date.

If the status of either the accounts payable or payroll checks cannot be determined, CAPMC will write off checks that are more than 6 months old that have not cleared the Agency’s bank.

All stale checks that are written off within the same fiscal year as they were written shall be credited to the same expense or asset account that was debited when the check was written, or the expenditure incurred. For stale checks written off in fiscal years subsequent to the year in which the check was written, the credit shall be to miscellaneous income.

CAPMC will also comply with California laws regarding unclaimed property. Accordingly, if uncashed checks are subject to a state reporting and transfer requirement, the Agency shall file all appropriate forms and remit unclaimed property to the appropriate jurisdiction.

 Petty Cash Fund

CAPMC will provide imprest funds for valid, minor office expenditures, and to periodically replenish these funds up to its authorized balance. The petty cash custodian is responsible for ensuring that the petty cash fund is locked at all times. The following petty cash funds are maintained by the Agency:

<table>
<thead>
<tr>
<th>Location</th>
<th>Custodian</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Department</td>
<td>Accounting Technician</td>
<td>$300</td>
</tr>
<tr>
<td>Fresno Migrant</td>
<td>Head Start Program Manager</td>
<td>$200</td>
</tr>
<tr>
<td>Mariposa Head Start</td>
<td>Advocate</td>
<td>$100, only during season</td>
</tr>
</tbody>
</table>
Disbursement of $50 or less may be made from the petty cash fund for program incurred expenses. All disbursements or requests for advances from the petty cash fund must be accompanied by a completed and approved petty cash voucher. Receipts must be furnished for all disbursements and advances from petty cash.

Program Managers will determine if advance authorization is required for petty cash disbursements. The purchaser shall present the petty cash voucher (Form 1), approved by the Program Manager, to the petty cash custodian for payment. A receipt for all purchases must be furnished to the petty cash custodian that will be attached to the petty cash slip. The petty cash custodian shall insure that the petty cash voucher is properly completed, approved, and that a proper receipt is attached. At all times, the petty cash fund will contain receipts and cash totaling the amount of the fund.

The petty cash custodian shall prepare a reconciliation of the petty cash account on a periodic basis when funds are low or at the program’s or Agency’s fiscal year end. The petty cash custodian will total the disbursement by program and account classification and submit the recap and all receipts to the Fiscal Department for reimbursement. Petty cash reimbursement checks will be made out to the petty cash custodian.

Petty cash reconciliations are subject to review by the Accountant Program Manager, who may also perform periodic surprise cash counts and reconciliations (Form 21). Any irregularities in the petty cash fund will be immediately reported in writing to the Executive Director and the Program Manager. Loans or check cashing will not be made from petty cash funds.

**Petty Cash Funds – Trust Accounts**

CAPMC will provide a petty cash fund for the benefit of Fairmead Community and Friends (FC&F) in the amount of $400 with the group’s treasurer serving as the custodian of the petty cash fund. Disbursements of any amount may be made from the petty cash fund for program incurred expenses. For disbursements in excess of $100, a majority vote of the FC&F board members will be obtained. The President and/or the Board of FC&F will authorize disbursements less than $100. All disbursement from the petty cash trust fund will be presented at the FC&F board meetings and be documented in the meeting minutes. When the petty cash fund is less than $200, the custodian will submit original receipts to CAPMC to replenish the petty cash fund. With the exception of the procedures outlined in this paragraph, all other procedures outlined above for CAPMC petty cash funds will be followed with the petty cash trust accounts.

**Wire and ACH Transfers**

In the event that a future wire transfer is initiated, the Chief Financial Officer shall be the only CAPMC employees authorized to transact wire transfers from CAPMC bank accounts. To prevent anyone other than the Chief Financial Officer from transacting wire transfers, a system shall be employed that requires the use of pass codes. Pass codes issued only to the Chief Financial Officer, are assigned by the bank and are changed periodically. Confirmations of all wire transfers are delivered to the Executive Director.

To prevent anyone other than the Chief Financial Officer and the Accountant Program Managers from
transmitting electronic ACH files for payroll and accounts payable provider payments, the online banking system requires the use of access codes and the use of key codes. The key codes are assigned by the bank and are changed randomly. Access codes are assigned by the Chief Financial Officer. Confirmation of all ACH file transfers are delivered to the Chief Financial Officer.
INVENTORY OF MATERIALS

Description of Inventory

CAPMC maintains an inventory of materials used for food operations and the food assistance programs as well as custodial and janitorial supplies. Examples of such items include food items and kitchen supplies.

Accounting for Inventory

CAPMC accounts for purchased inventory items at cost, using the first-in, first-out method of valuation. Unit cost shall be computed by adding freight, insurance and other shipping costs to the actual cost of purchased inventory, dividing this total amount by the number of units purchased.

Physical Counts

A physical count of inventory will be performed on a monthly basis or other periodic basis. Any inventory items that appear damaged, obsolete or otherwise unable to be used shall be excluded from the counts. A detailed record of the physical count shall be kept by the individuals involved in taking the inventory.

At the conclusion of the physical count, the inventory count sheets shall be extended by applying the most recent unit costs to the physical quantities of each item on hand. The general ledger balance shall be adjusted to reflect the total inventory on hand as determined by the physical count.

Contributed Inventory

Inventory items donated to CAPMC shall be recorded as assets of the Agency at the fair market value as of the date of the contribution, unless the Agency is acting as an agent in connection with a contribution by a donor through the Agency to another charity specifically identified by the donor. Contributed inventory items shall be subject to the same physical counting and other policies as purchased inventory items.
PREPAID EXPENSES

Accounting Treatment

CAPMC treats payments of expenses that have a time-sensitive future benefit as prepaid expenses and will amortize these items over the corresponding time period. For purposes of this policy, payments of less than $500 shall be expensed as paid and not treated as prepaid expenses, regardless of the existence of a future benefit unless it would be considered an “out of period” expense and prohibited by the funding source.

Prepaid expenses with future benefits that expire within one year from the date of the financial statements shall be classified as current assets. Prepaid expenses that benefit future periods beyond one year from the financial statement date shall be classified as non-current assets.

Procedures

As part of the account coding process performed during the processing of accounts payable, all incoming vendorcontractor invoices shall be reviewed for the existence of time-sensitive future benefits. If future benefits are identified, the payment shall be coded to a prepaid expense account code.

The Fiscal Department shall maintain a schedule of all prepaid expenses. The schedule shall indicate the amount and date paid, the period covered by the prepayment, the purpose of the prepayment, and the monthly amortization. This schedule shall be reconciled to the general ledger balance as part of the closeout process.
INVESTMENT POLICIES

Introduction

CAPMC treats all assets of the Agency, including those funds that are legally unrestricted, as though they are held in a fiduciary capacity for the purpose of accomplishing the Agency’s tax-exempt mission. As such, the policies described in this section are to be interpreted in light of that overall sense of stewardship, and the investment standards shall be those of a prudent investor.

Funds to be invested do not include those from federal awards. Such funds will be spent on program requirements as budgeted or returned to the awarding agency. Any advances of federal funds will be maintained in an interest-bearing account. Interest earned on such funds, up to $500 per year, will be allocated to federal grants based on a percentage of funds received during the month, and disbursed during the grant year and any additional interest will be returned to the Federal Payment Management System or other awarding agency that provides advances.

Delegation of Authority

The Board of Directors of CAPMC has delegated supervisory authority over its investing activities to the Chief Financial Officer and to the Finance Committee through its long-range financial planning responsibility.

Investment Objectives

CAPMC’s investment objectives are the preservation and protection of the Agency’s assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities, by earning an appropriate return on investments.

Allowable Investments

Investments of CAPMC shall be made exclusively with the following securities:

1. Federally-insured Certificates of Deposit, not to exceed $100,000, including interest, at commercial banks or savings and loan institutions;
2. U.S. Treasury securities and securities of federal agencies and instrumentalities;
3. Repurchase agreements with financial institutions collateralized by U.S. Treasury or federal agency securities;
4. Corporate bonds and notes rated A or better by Moody’s and Standard & Poors;
5. Commercial paper rated P-1/A-1 by Moody’s and Standard & Poors;
6. Money market funds that invest in securities approved under these guidelines.
CAPMC shall not engage in margin transactions, short selling, commodity transactions or use of derivatives.

**Diversification**

No more than ten percent of the investments of CAPMC shall be in the securities of any one issuer, with the exception of obligations of the U.S. government, its agencies and instrumentalities, and federally-insured certificates of deposit.

**Accounting Treatment**

All purchased investments shall initially be recorded at cost. All investments acquired by donation to CAPMC shall initially be recorded at their fair market value as of the date of donation. Donated investments shall be recorded as unrestricted, temporarily restricted, or permanently restricted income and net assets based on the existence or absence of such restrictions, as defined earlier in the section on Contribution Accounting in this manual.

Subsequent to acquisition, CAPMC carries all equity securities with readily determinable fair market values and all debt securities at their market values. Adjustments to market value shall be made in the accounting records and financial statements of CAPMC on a quarterly basis.

Adjustments to market value result in unrealized gains and losses on investments. Such gains and losses resulting from contributed investments (or from investments purchased with contributed funds) shall be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of explicit restrictions on such appreciation and depreciation from the donor, as defined earlier. Such unrealized gains and losses from investments purchased with unrestricted funds shall be classified as unrestricted.

**Procedures and Reporting**

In conjunction with the Finance Committee and approval from the Board of Directors, procedures and reporting requirements will be developed, as necessary, to ensure that investments are properly managed and that the investment policies are consistent with the mission of CAPMC and accurately reflect the current financial condition of the Agency.
PROPERTY AND EQUIPMENT

Capitalization Policy

Physical assets such as real property and non-expendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more are capitalized as property and equipment on the Agency’s financial statements. Items with unit costs below this threshold shall be expensed in the year purchased. All items of property and equipment should follow the procurement policies outlined in the chapter on Purchasing Policies and Procedures.

If an awarding agency requires a lower amount for equipment, CAPMC will adhere to that dollar amount only for that program or contract.

Capitalized property and equipment additions are accounted for at their historical cost and all such assets, except land, are subject to depreciation over their estimated useful lives, as described later.

Capitalized assets will be reported as expensed for grants if they were so budgeted in the grant application. However, for the Agency’s financial statements, these assets will be capitalized and depreciated according to these policies.

The Chief Financial Officer or his/her designee within CAPMC will be assigned the responsibility for recording and maintaining the information on the property records and for monitoring the locations and use of all property held by CAPMC.

Contributed Assets

Assets with fair market values in excess of $5,000 per unit that are contributed to CAPMC shall be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Equipment and Furniture Purchased With Federal Funds (2 CFR Part 215.34 200.313)

CAPMC may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a federal agency. In addition to those policies on Asset Management described earlier, equipment and furniture charged to federal awards will be subject to certain additional policies as described below.

For purposes of federal award accounting and administration, "equipment" shall include all assets with
a unit cost equal to the lesser of $5,000 or the capitalization threshold utilized by CAPMC, described under Asset Management.

All purchases of “equipment” with federal funds shall be approved, in advance and in writing, by the federal awarding agency. Prior approval is required only when the value of the equipment to be purchased exceeds $25,000. In addition, the following policies shall apply regarding equipment purchased and charged to federal awards:

1. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to federal awards.

2. For equipment (or residual inventories of supplies) with a remaining per unit fair market value of $5,000 or less at the conclusion of the award, CAPMC shall retain the equipment without any requirement for notifying the federal agency.

3. If the remaining per unit fair market value is $5,000 or more, CAPMC shall gain a written understanding with the federal agency regarding disposition of the equipment. This understanding may involve returning the equipment to the federal agency, keeping the equipment and compensating the federal agency, or selling the equipment and remitting the proceeds, less allowable selling costs not to exceed $500, to the federal agency.

4. The Chief Financial Officer along with the Program Manager shall determine whether a specific award with a federal agency includes additional equipment requirements or thresholds and requirements that differ from those described above.

5. A physical inventory of all equipment purchased with federal funds shall be performed at least once every two years. The results of the physical inventory shall be reconciled to the accounting records of CAPMC.

**Establishment and Maintenance of a Fixed Asset Listing**

Capitalized property and equipment will be managed until transfer, replacement, or disposition takes place by maintaining a perpetual inventory of all equipment. All capitalized property and equipment shall be recorded in an inventory form (Form 14). This form shall include the following information with respect to each asset:

1. Date of acquisition
2. Cost
3. Description (including manufacturer’s model, serial number or other identification number)
4. Agency assigned asset number
5. Source of the funds used to purchase the equipment, including the federal award number, if applicable
6. Whether the title vests in the Agency or the federal Government
7. Information to calculate the federal share of the cost of the equipment, if applicable
8. Location and condition of asset
9. Depreciation method
10. Estimated useful life
11. All pertinent information on the ultimate transfer, replacement, or disposition of the asset including the date of disposal and sale price.

A physical inventory of all assets capitalized under the preceding policies will be taken on a bi-annual basis by CAPMC. This physical inventory shall be reconciled to the property log and adjustments made as necessary. All adjustments resulting from this reconciliation will be approved by the Chief Financial Officer.

Receipt of Newly-Purchased Equipment and Furniture

At the time of arrival, all newly-purchased equipment and furniture shall be examined for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the vendor contractor immediately.

In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies should be resolved with the vendor contractor immediately.

Depreciation and Useful Lives

All capitalized assets are maintained in the special property and equipment account group and are not included as an operating expense. Property and equipment are depreciated over their estimated useful lives using the straight-line method.

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month (Example: an asset purchased on the 15th day of the fifth month shall have eight full months of depreciation (eight-twelfths of one year) recorded for that year.)

Estimated useful lives of capitalized assets shall be determined by the Fiscal Department. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

- Furniture and fixtures: 5 years
- General office equipment: 5 years
- Computer hardware and peripherals (which exceed the capitalization threshold): 3-5 years
- Playground equipment: 5 years
- Vehicles: 5 years
- Buildings: 39 years
- Portable, modular buildings: 20 years
- Leased assets: life of lease
- Leasehold Improvements: remaining lease term

For accounting and financial reporting purposes, depreciation expense will be recorded on a monthly basis.
Changes in Estimated Useful Lives

If it becomes apparent that the useful life of a particular capitalized asset will be less than the life originally established, an adjustment to the estimated useful life shall be made. All such changes in estimated useful lives of capitalized assets must be approved by the Chief Financial Officer.

When a change in estimated useful life is made, the new life is used for purposes of calculating annual depreciation expense. In the year in which the change in estimate is made, the cumulative effect of the change shall be reflected as depreciation expense in the Agency’s statement of activities.

For example, if in the fourth year of an asset’s life, it is determined that the asset will last five years instead of the original estimate of seven years, depreciation expense for that year shall be equal to the difference between 4/5 of the asset’s basis (accumulated depreciation at the end of year four) and 3/7 of the asset’s basis (accumulated depreciation at the beginning of the year).

Repairs of Property and Equipment

Physical assets will be properly maintained and serviced periodically in order to keep the asset in good working order condition. Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

Loss, Damage, or Theft

Physical assets will be maintained in secured areas in order to safeguard the assets and prevent loss, damage or theft. Any such event will be investigated, fully documented and reported to the Program Manager. The Chief Financial Officer will be immediately notified of all cases of loss, damage, or destruction of physical assets and will make a report to the Executive Director.

Dispositions of Property and Equipment
For dispositions of property and equipment purchased with federal dollars, the procedures outlined previously under the section entitled Equipment and Furniture Purchased with federal funds should be followed. When CAPMC disposes of or sells equipment it no longer needs, specific information regarding the sale or disposal should be documented on the inventory form. For some programs/contracts, approval must be granted from the funding agency to dispose of equipment or property. The Chief Financial Officer will review the funding terms and conditions to determine the appropriate action to be taken.

If equipment is sold, scrapped, donated or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for the asset, then the difference between the money received and the "book value" (purchase price less depreciation) of the asset will be recorded as a loss (if the money received is less than the book value) or a gain (if the money received is more than the book value).

**Write-Offs of Property and Equipment**

The Chief Financial Officer approves the disposal of all capitalized fixed assets that may be worn-out or obsolete. Property that is discovered to be missing or stolen will be reported immediately to the Chief Financial Officer. If not located, this property will be written off the books with the proper notation specifying the reason.
LEASES

General

The decision to lease or purchase should be based on the lowest cost of acquiring the property and equipment when leasing is even an option, the history and the life expectancy of the equipment. However, factors other than cost could be more significant in reaching the final decision to lease or purchase.

It may be more practical to purchase assets other than space for federally funded programs rather than leasing. However, an analysis is necessary for purchases of $5,000 or more, for emergencies, or for other situations where it is apparent that non-cost factors outweigh cost factors in reaching a final decision.

Cost factors that should be considered include the equipment cost, insurance, repair and maintenance cost, down payment or deposit, salvage value, metering, and tie-in sales (usage of specialized brand name supplies). Factors other than cost that need to be considered before reaching a final decision include the length of the program, length or amount of use, technical obsolescence, responsibility for asset disposal, restrictive subleasing provisions, cancellation provisions, purchase option, or lease renewal options.

All leases will be approved by the Executive Director or his/her designee. Leases will correspond to grant or funding terms whenever possible. Copies of lease agreements will be immediately forwarded to the Chief Financial Officer.

Classification of Leases

CAPMC classifies all leases in which the Agency is a lessee as either capital or operating leases. CAPMC shall utilize the criteria described in Statement of Financial Accounting Standards No. 13 in determining whether a lease is capital or operating in nature. Under those criteria, a lease shall be treated as a capital lease if, at the time of entering into the lease, any of the following factors are present:

1. The lease transfers ownership to CAPMC at the end of the lease term;
2. The lease contains a bargain purchase option;
3. The lease term is equal to 75% or more of the estimated economic life of the leased property; or
4. The present value of the minimum lease payments is 90% or more of the fair value of the leased property (using, as the interest rate, the lesser of CAPMC's incremental borrowing rate or, if known, the lessor's implicit rate).

All leases that do not possess any of the four preceding characteristics shall be treated as operating leases. In addition, all leases that are immaterial in nature shall be accounted for as operating leases.

**Reasonableness of Leases**

CAPMC assesses the value of leases according to the requirements of 2 CFR Part 230.43 200.465, *Rental Costs of Real Property and Equipment*, considering the following factors:

- The rate is reasonable when compared to similar property in the same area,
- The rate of any alternatives, and
- The type, life expectancy, condition and value of the property leased.

Rental arrangements will be reviewed every 5 years to determine if circumstances have changed and other options are available.

**Accounting for Leases**

All leases that are classified as operating leases and immaterial capital leases shall be accounted for as expenses in the period in which the lease payment is due. For leases with firm commitments for lease payments that vary over the term of the lease (i.e., a lease with fixed annual increases that are determinable upon signing the lease), the amount that CAPMC shall recognize as monthly lease expense shall equal the average monthly lease payment over the entire term of the lease. Differences between the average monthly payment and the actual monthly payment shall be accounted for as an asset or liability.

All leases that are classified as capital leases shall be treated as fixed asset additions. As such, upon the inception of a capital lease, CAPMC shall record a capitalized asset and a liability under the lease, based on the net present value of the minimum lease payments (or the fair value of the leased asset, if it is less than the present value of the lease payments). Periodic lease payments shall be allocated between a reduction in the lease obligation and interest expense. The capitalized asset recorded under a capital lease shall be depreciated over the term of the lease, using the straight-line method of depreciation.

CAPMC shall also maintain a control list of all operating and capital leases. This list shall include all relevant lease terms, including a schedule of future annual lease payments obligations.

**Changes in Lease Terms**

As described in earlier policies, leasehold improvements and deferred rent incentives are amortized
over the initial lease term. If such lease term is changed prior to the expiration of the initial lease term, CAPMC will revise amortization to reflect the remaining lease term as of the effective date of the lease modification.
SOFTWARE ACQUISITION AND DEVELOPMENT COSTS

Costs to be Capitalized

Certain costs incurred in connection with the acquisition or development of internal-use software shall be capitalized and reported as an asset of the Agency. Those costs that shall be capitalized are those that are in excess of the Agency’s capitalization threshold (explained earlier) and that meet any one of the following criteria:

1. External direct costs (i.e., amounts paid to vendors) of materials and services for developing or obtaining internal-use software (“developing” to include design, coding, installation and testing);

2. Internal payroll and related costs (employee benefit costs) for employees who are directly associated with, and who devote time to, an internal-use software project (i.e., the same types of software development costs described above);

3. Interest costs incurred in developing software; and

4. Costs associated with upgrades and enhancements when it is probable that these expenditures will result in additional functionality.

Costs that are capitalized in connection with the preceding policy shall be included as assets on the Agency’s property and equipment listing, and shall be amortized over an estimated useful life in accordance with the previously stated policies on depreciation and amortization.

Costs to be Expensed as Incurred

Many costs associated with acquiring or developing internal-use software are to be expensed as incurred, rather than capitalized, including:

1. External and internal costs incurred in the preliminary project phases, such as costs associated with making decisions to allocate resources to the project, determining performance requirements and specifications, and reviewing and selecting vendors, contractors, and consultants;

2. Research and development costs;

3. General and administrative costs;

4. Data conversion;

5. Training costs; and

6. Internal maintenance costs.
POLICIES PERTAINING TO LIABILITY AND NET ASSET ACCOUNTS

ACCRUED LIABILITIES

Identification of Liabilities

The Fiscal Department shall establish a list of commonly incurred expenses that may have to be accrued at the end of an accounting period. Some of the expenses that shall be accrued by CAPMC at the end of an accounting fiscal or program year are:

- Salaries and wages
- Payroll taxes
- Paid leave (see policy below)
- Rent

In addition, CAPMC shall record a liability for deferred revenue (revenue received but not yet earned) in accordance with the revenue recognition policies described elsewhere in this manual. Adjustments to deferred revenue accounts shall be made monthly, as applicable.

Accrued Leave

Personnel policies permit employees to accumulate up to 280 hours of unused vacation leave. Such unused leave is payable to an employee upon termination of employment. Accordingly, CAPMC records a liability for accrued leave to which employees are entitled. The total liability at the end of an accounting period shall equal the total earned but unused hours of leave, up to a maximum of 280 hours, multiplied by each employee’s current hourly pay rate.

Personnel policies provide upon termination, not layoff, of an eligible employee, unused sick leave will be compensated according to the following schedule:

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Percentage of Accrued Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 4 years</td>
<td>0%</td>
</tr>
<tr>
<td>5 – 9 years</td>
<td>10%</td>
</tr>
<tr>
<td>10 – 14 years</td>
<td>15%</td>
</tr>
<tr>
<td>15 – 19 years</td>
<td>20%</td>
</tr>
<tr>
<td>20+ years</td>
<td>35%</td>
</tr>
</tbody>
</table>

Years of service equal 12 calendar months from date of hire at regular status. The total liability at the end of an accounting period shall equal the total earned but unused hours of sick leave multiplied by each employee’s current hourly pay rate. There is no cap on the accrual of sick leave.

Leave that does not “vest” with employees (i.e., leave that is not paid to employees if unused at the time of termination of employment), such as administrative leave or sick leave for ineligible employees, shall not be accrued as a liability.
INCOME TAXES PAYABLE

Accrual of Income Taxes

CAPMC is exempt from federal income taxes. However, if CAPMC generates taxable income from unrelated trade or business activities, a liability for income taxes payable shall be accrued at the applicable corporate income tax rates.

All income taxes payable shall be paid by the due date of the returns on which such income taxes are to be reported. If CAPMC becomes subject to a requirement to remit estimated incomes taxes on a quarterly basis, such amounts shall be accrued and paid quarterly.

Income Tax Positions

CAPMC takes several “income tax positions” that are reflected in the Agency’s financial statements. The primary income tax positions of CAPMC are:

1. CAPMC qualifies for its exemption from income taxes under IRC section 501(c)(3) meaning it has not engaged in any activity that could result in revocation of this exemption, including but not limited to:
   a. Not providing net distributions of profits, or paying compensation that was not earned or is excessive.
   b. Not making political contributions or engaging in political activities.
   c. Not exceeding the appropriate lobbying limitations.

2. Some of CAPMC’s forms of revenue may be subject to the unrelated business income tax (UBIT).

3. CAPMC has properly determined which forms of revenue are subject to the unrelated business income tax and which forms of revenue are exempt from UBIT.

4. Calculations of income, deductions, tax credits, and other amounts reported on Form 990-T are in compliance with the Internal Revenue Code and IRS regulations.

5. CAPMC’s calculations of income, deductions, etc. reported on its state income tax return are in compliance with state laws and regulations.

6. CAPMC’s allocation of gross taxable income by state is in compliance with all applicable state laws and regulations (i.e., the Agency is filing state returns in each state that would require a return).

It is the policy of CAPMC that all income tax positions taken by the Agency shall meet the “more likely than not” criterion of FIN 48 meaning the Agency’s management believes that it is more likely than not that the applicable taxing authorities would concur with the position taken by the Organization. In reaching this determination, the Chief Financial Officer shall perform whatever tax research is considered necessary and shall have the authority to engage the Agency’s independent CPA firm or other outside experts for advice on such matters.

If the Agency receives advice and/or research from an outside party in connection with this policy, the Agency shall make its own final determination of whether or not to take a particular income tax
position. In doing so, it shall not blindly rely on outside advice. Rather, the Agency shall gain a complete understanding of the conclusions reached by any outside parties in providing counsel to the Agency in connection with this policy. Gaining this understanding and forming the income tax positions of CAPMC shall be the responsibility of the Chief Financial Officer.

The Chief Financial Officer shall provide a briefing to the Finance Committee and obtain the committee’s concurrence each time an income tax position is established or changed.
LOANS AND NOTES PAYABLE

General Policy

CAPMC requires that all loans from outside sources (notes payable) be approved by the Board of Directors and the Executive Director. A promissory note or other loan documents will be prepared and signed by the Executive Director or his/her designee. CAPMC shall maintain adequate records for all notes payable, mortgage obligations, lines of credit, and other financing arrangements. There are no interagency loans (between programs), except from unrestricted funds and other unrestricted resources. Loans or advances to employees will not be approved or authorized.

Accounting and Classification

An amortization schedule shall be maintained for each note payable. Based upon the amortization schedule, the principal portion of payments due with the next year shall be classified as a current liability in the statement of financial position. The principal portion of payments due beyond one year shall be classified as long-term/non-current liabilities in the statement of financial position.

Demand notes and any other notes without established repayment dates shall always be classified as current liabilities.

Unpaid interest expense shall be accrued as a liability at the end of each accounting period.

A detailed record of all principal and interest payments made over the entire term shall be maintained with respect to each note payable. Periodically, the amounts reflected as current and long-term notes payable per the general ledger shall be reconciled to these payment schedules and the amortization schedules, if any, provided by the lender. All differences shall be investigated.

Non-Interest-Bearing Notes Payable

As a charitable Agency, CAPMC may, from time-to-time, receive notes payable that do not require the payment of interest, or that require the payment of a below-market rate of interest for the type of obligation involved. In such cases, CAPMC will record contribution income for any unpaid interest.

For demand loans, recording of interest expense and contribution income shall be performed at the end of each accounting period, based on the outstanding principal balance of the loan during that period, multiplied by the difference between a normal interest rate for that type of loan and the rate, if any, that is required to be paid. Determination of the appropriate interest rate shall be performed by the Chief Financial Officer.

For loans with fixed maturities or payment dates, the note payable shall be recorded at the present value of the future principal payments, using as a discount rate the difference between a normal interest rate for that type of loan and the rate, if any, required to be paid. The difference between the cash proceeds of the note and the present value shall be recorded as temporarily restricted contribution income in the period the loan is made. Thereafter, interest expense shall be recorded in
each accounting period using the effective interest method, with the corresponding credit entry increasing the note payable account to reflect the amount(s) that shall be repaid.

**Line of Credit**

The Agency has available an unsecured line of credit in the amount of $150,000 from its financial institution in the event of emergencies. This line of credit is renewed annually and authorized by the Board of Directors and the Executive Director. This line of credit may be used as necessary if reimbursement from the Agency’s funding sources is delayed. While the Agency has never accessed this line of credit, adequate disclosure is required in the Agency’s annual year-end financial statements.
NET ASSETS

Classification of Net Assets

Net assets of the Agency shall be classified based upon the existence or absence of donor-imposed restrictions as follows:

**Unrestricted Net Assets** - Net assets that are not subject to donor imposed stipulations.

**Temporarily Restricted Net Assets** - Net assets subject to donor imposed stipulations that may or will be satisfied through the actions of the Agency and/or the passage of time.

**Permanently Restricted Net Assets** - Net assets subject to donor imposed stipulations that the Agency permanently maintain certain contributed assets. Generally, donors of such assets permit the Agency to use all or part of the income earned from permanently restricted net assets for general operations or for specific purposes. Permanent restrictions do not pass with the expiration of time, nor can they be removed through the Agency’s actions.

Net assets accumulated that are not subject to donor imposed restrictions, but which the Board of Directors of the Agency has earmarked for specific uses, shall be segregated in the accounting records as “board-designated” funds within the unrestricted category of net assets.

Restrictions may be associated with either a time period (e.g. a particular future time period) or a purpose (e.g. specific programs). A purpose stipulation will be considered a restriction only if it is more specific than the broad limits resulting from the nature of the Agency, the environment in which it operates, and the purposes specified in CAPMC’s Articles of Incorporation and Bylaws.

Reclassifications from Restricted to Unrestricted Net Assets

The Agency shall report in its statement of activities a reclassification from restricted to unrestricted net assets if any of the following events occur:

1. Fulfillment of the purpose for which the net assets were restricted (e.g. spending restricted funds for the stipulated purpose)
2. Expiration of time restrictions imposed by donors
3. Death of an annuity beneficiary
4. Withdrawal by the donor (or by a court) of a time or purpose restriction

If a donor stipulates multiple restrictions (such as a purpose and a time restriction), reclassifications from temporarily restricted to unrestricted net assets shall be reported only upon the satisfaction of the final remaining restriction.
Reclassifications from Unrestricted to Restricted Net Assets

If the Agency receives a restricted contribution from a donor who further stipulates that the Agency set aside a portion of its unrestricted net assets for that same purpose, the Agency shall report in its statement of activities a reclassification of net assets from unrestricted to temporarily or permanently restricted, based on the specific nature of the restriction.

Disclosures

The Agency discloses in a footnote to the financial statements the different types of temporary and permanent restrictions associated with the Agency’s net assets as of the end of each fiscal year.
POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING

FINANCIAL STATEMENTS

Standard Financial Statements of the Agency

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the Agency. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

The basic financial statements that are maintained on an Agency-wide basis shall include:

1. **Statement of Financial Position** - reflects assets, liabilities, and net assets of the Agency and classifies assets and liabilities as current or non-current/long-term and net assets by category (unrestricted, temporarily restricted, and/or permanently restricted.)

2. **Statement of Activities** - presents support, revenues, expenses, and other changes in net assets of the Agency, by category of net asset (unrestricted, temporarily restricted and permanently restricted), including reclassifications between categories of net assets.

3. **Statement of Cash Flows** - reports the cash inflows and outflows of the Agency in three categories: operating activities, investing activities, and financing activities.

4. **Statement of Functional Expenses** – presents the expenses of the Agency in a natural or objective format and by function (i.e., which program or supporting service was served).

Frequency of Preparation

The objective of the Accounting Department is to prepare accurate financial statements in accordance with generally accepted accounting principles and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policies shall apply:

A standard set of financial statements described in the preceding section shall be produced on an annual basis. On a monthly basis, the following schedules will be provided:

1. Individual statements of activities on a departmental and functional basis (and/or program/grant basis)
2. Comparisons of actual year-to-date revenues and expenses with year-to-date budgeted amounts

The supplemental schedules shall be prepared on the accrual method of accounting, including all revenues and expenditures received by the end of the month.
Review and Distribution

All financial statements and supporting schedules shall be reviewed and approved by the Chief Financial Officer prior to being issued by the Fiscal Department.

After approval by the Chief Financial Officer, a set of the supplemental schedules described above, shall be distributed to the following individuals:

- Board of Directors, including Finance Committee members
- Executive Director
- Program Managers and any other employee with budget-monitoring responsibilities

The purpose of this schedule is to provide known explanations for material budget variances in accordance with CAPMC’s budget monitoring policies described later in this manual (under the “Financial Management Policies” section).

Monthly Distribution

On a monthly basis, the Board of Directors will be provided with a monthly summary financial report (Form 19) and/or selected budget analysis grant information. The finance committee has established $350,000 as the threshold for individual grant/contract budget analysis. This budget analysis will be provided to all the Board of Directors on a monthly basis.

Quarterly Distribution

On a quarterly basis or as the need may arise, the Finance Committee will be provided the actual vs. budgeted financial performance of all Head Start grants and other grants/contracts in excess of $350,000 on an individual program basis.

Annual Financial Statements

On an annual basis, the Agency shall prepare, under the direction of the Chief Financial Officer, a complete set of GAAP financial statements, including footnotes addressing all disclosures required by GAAP. These financial statements shall be presented to CAPMC’s independent auditors at the beginning of their annual audit as the draft statements from which they will conduct their audit.

A formal presentation of the Agency’s annual financial statements shall be provided by the Independent Auditor to the Finance Committee, the full Board of Directors, or both. This presentation will be concluded with a vote by The Board of Directors must vote to accept or reject the annual financial statements. See separate policies regarding the annual audit under “Financial Management Policies.”
**Reports to Funding Sources**

The Chief Financial Officer or the Accountant Program Managers will prepare monthly, quarterly, and other reports to funding sources as required in the funding terms and conditions. The Chief Financial Officer or his/her designee will review and approve all reports to the funders.

It is the responsibility of the Chief Financial Officer and the Accountant Program Managers to ensure that all fiscal reports are submitted on a timely basis while it is the responsibility of the Program Manager to ensure that all activity/progress reports are submitted as required. Program Managers will provide the Fiscal Department with a copy of all program activity reports.

**Head Start Reports**

CAPMC’s Head Start programs are required to provide the following reports to the Board of Directors and the Policy Council/Committee:

- Monthly financial statements, including credit card expenditures.
- Monthly program information summaries.
- Program enrollment reports, including attendance reports for children whose care is partially subsidized by another public agency.
- Monthly reports of meals and snacks provided through programs of the Department of Agriculture.
- The financial audit.
- The annual self-assessment, including any findings related to such assessment.
- The communitywide strategic planning and needs assessment of the Head Start agency, including any applicable updates.
- Communication and guidance from the Secretary of Health and Human Services Head Start.
- The program information reports.
GOVERNMENT RETURNS

Overview

To legitimately conduct business, CAPMC must be aware of its tax and information return filing obligations and comply with all such requirements of federal, state and local jurisdictions. Filing requirements of CAPMC include, but are not limited to, filing annual information returns with IRS, California Franchise Tax Board annual information return, Attorney General of California, state charitable solicitation reports, annual reports for corporations, property tax returns, income tax returns, sales tax returns, information returns for retirement plans, annual reporting of compensation paid, and payroll tax withholding tax returns.

Filing of Returns

The Chief Financial Officer shall be responsible for identifying all filing requirements and assuring that CAPMC is in compliance with all such requirements. The Agency will file complete and accurate returns with all authorities and make all efforts to avoid filing misleading, inaccurate, or incomplete returns. The Chief Financial Officer or his/her designee will prepare or cause to be prepared, review, approve, and sign the Agency's tax returns.

Filings made by CAPMC include, but are not limited to, the following returns:

1. **Form 990** - Annual information return of tax-exempt agencies, filed with IRS. Form 990 for CAPMC is due on the fifteenth day of the fifth month following year-end. An automatic 3-month extension of time to file Form 990 may be obtained filing Form 8868. Upon expiration of the first 3-month extension, a second 3-month extension may be requested using Form 8868.

2. **Form 990-T** - Annual tax return to report CAPMC's unrelated trade or business activities (if any), filed with IRS. Form 990-T is due on the fifteenth day of the fifth month following year-end. An automatic 6-month extension of time to file Form 990-T may be obtained by filing Form 8868.

3. **Form 199** – Annual tax return of tax-exempt agencies, filed with California Franchise Tax Board. Form 199 is due on the fifteenth day of the fifth month following year-end. Federal extensions of time to file Form 990 result in extensions for the Form 199.

4. **Form 109** – Annual tax return to report CAPMC’s unrelated trade or business activities (if any), filed with the California Franchise Tax Board. Form 109 is due on the fifteenth day of the fifth month following year-end.

5. **Form RRF-1** – Annual registration renewal fee report, filed with the Attorney General of California. Form RRF is due by fifteenth day of the fourth month following year-end. The report may be amended as necessary.

6. **Form 5500** - Annual return for CAPMC’s employee benefits plans. Form 5500 is due on the last day of the seventh month after the end of the plan year (July 31), but a 2 ½-month extension of
time to file may be requested using Form 5558.

7. **Personal Property Tax Return** - Filed with Fresno County and Madera County Tax Assessor to report personal property. CAPMC’s personal property tax returns are due April 1.

8. **BOE 267 and BOE 267-A** – Annual filing with Fresno County and Madera County Tax Assessor to claim annual welfare exemption. To receive the full property tax exemption, the BOE 267 reports are due by February 15. Partial exemption may be granted for late filing.

9. **W-2’s and 1099’s** - Annual report of employee and non-employee compensation, based on calendar-year compensation, on the cash basis. These information returns are due to employees and independent contractors by January 31 and to federal government by February 28, or March 31 if filing electronically. Generally, Form 1099 is required only if the Agency has provided more than $600 in compensation to an independent contractor during the calendar year. As an added internal control, CAPMC mails the Form W-2’s, rather than handing them out. Any mailed W-2’s that are returned as undeliverable by the U.S. Postal Service should be investigated as this could be an indicator of a “ghost employee.”

10. **Form 941 and DE 6** - Quarterly payroll tax return filed with IRS and State of California to report wages paid to employees and federal and state payroll taxes. Form 941 and DE 6 are due by the end of the month following the end of each quarter, or 10 days later if all payroll tax deposits have been made in a timely manner during the quarter.

11. **BOE 401** – Annual sales and use tax return to report sales subject to sales tax, filed with the State of California Board of Equalization. Form BOE 401 is due on the last day of the month following the calendar year-end date.

12. **Statement of Information (SI)** – Bi-annual statement to report officers and information about Agency with the State of California Secretary of State. Form SI-100 is due by the last day of December every other year.

CAPMC’s fiscal and tax year-end is June 30. All annual tax and information returns of CAPMC (Form 990, Form 990-T, Form 109, and Form 199) are filed on the accrual basis of reporting.

Federal and all applicable state payroll tax returns are prepared by the Agency’s Fiscal Department.

CAPMC complies with all state payroll tax requirements by withholding and remitting payroll taxes to the State of California of each CAPMC employee.

**Review of Form 990 by Board of Directors**

A draft of CAPMC’s annual Form 990 information return shall be reviewed and approved by the Board of Directors and/or the Finance Committee prior to being filed with the Internal Revenue Service. This review and approval shall be documented in the minutes of these meetings.

**Public Access to Information Returns**
Under regulations that became effective in 1999, CAPMC is subject to Federal requirements to make the following forms "widely available" to all members of the general public:

1. The three most recent annual information returns (Form 990 and Form 990-T, if applicable), excluding the list of significant donors (Schedule B) that is attached to the Form 990, but including the accompanying Schedule A, and

2. CAPMC's original application for recognition of its tax-exempt status (Form 1023 or Form 1024), filed with IRS, and all accompanying schedules and attachments.

CAPMC adheres to the following guidelines in order to comply with the preceding public disclosure requirements:

1. Anyone appearing in person at the offices of CAPMC during normal working hours making a request to inspect the forms will be granted access to a file copy of the forms. The Chief Financial Officer shall be responsible for maintaining this copy of each form and for making it available to all requesters.

2. For all written requests for copies of forms received by CAPMC, the Agency shall require prepayment of all copying and shipping charges. For requests for copies that are received without prepayment, CAPMC will notify the requester of this policy via phone call or by letter within 7 days of receipt of the original request.

3. The copying cost charged for providing copies of requested forms shall be $0.10 for each page. When fifteen minutes or more staff time is consumed, an additional charge for staff time will be charged on a cost basis for the time in excess of fifteen minutes. All copies shall be shipped to requesters via U. S. Mail, therefore the standard postage rates will apply.

4. After payment is received, all requested copies shall be shipped to requesters within 10 days. Making of all copies and shipping within the 10-day time period shall be the responsibility of the Fiscal Department.

5. For requests for copies made in person during normal business hours, copies shall be provided while the requester waits.

6. CAPMC shall accept certified checks and money orders for requests for copies made in person. CAPMC shall accept certified checks, money orders, or personal checks as payment for copies of forms requested in writing.

7. Persons requesting information may also be directed to an Internet posting through the GuideStar system found at www.Guidestar.org where our Form 990 can be located or the Agency's website at www.maderacap.org.
TRANSACTIONS WITH INTERESTED PERSONS

Identification of Interested Persons

In connection with complying with requirements of the Internal Revenue Code and the Form 990 information return, the Agency shall identify all individuals and entities qualifying as interested persons as defined by the IRS:

1. All current officers, directors, trustees, and key employees (individuals required to be listed on the Form 990)
2. All former officers, directors, trustees, and key employees
3. Substantial contributors (a person required to be listed on Schedule B of the Form 990)
4. Family members of any individual listed in 1, 2, or 3, defined as spouses, ancestors, brothers, sisters, children, grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren
5. A 35% controlled entity of any of the persons listed in 1, 2, or 3
6. A donor or donor advisor to a donor-advised fund
7. An investment advisor of a sponsoring organization

Record of Transactions with Interested Persons

The Agency shall maintain a record of all transactions and balances with interested persons for each fiscal year for purposes of disclosure on the Form 990. This record shall be reviewed and approved by the Chief Financial Officer and provided to the Form 990 preparer.
UNRELATED BUSINESS ACTIVITIES

Identification and Classification

CAPMC properly identifies and classifies income-producing activities that are unrelated to the Agency’s tax-exempt purpose using the guidelines described in the Internal Revenue Code and underlying regulations. Such income accounts shall be segregated in separate accounts in the general ledger in order to facilitate tracking and accumulation of unrelated trade or business activities.

Allocation of Expenses to Unrelated Activities

In addition to segregating income associated with activities that are unrelated to CAPMC’s exempt purpose, the Agency’s general ledger shall also provide accounts for expenses associated with each such unrelated activity. These expenses shall be offset against unrelated business revenue in arriving at unrelated business taxable income. Expenses that shall be offset against gross unrelated business income shall be limited to those expenses directly associated with the production of such income, including reasonable allocation of indirect costs that benefit each activity, in accordance with expense allocation policies described elsewhere in this manual.

Reporting

CAPMC will file IRS Form 990-T to report taxable income from unrelated trade or business activities. Form 990-T is not subject to any public access or disclosure requirements. Accordingly, it is the policy of CAPMC not to distribute copies of Form 990-T to anyone other than management of the Agency. Form 990-T is subject to public access and disclosure requirements. Please see Public Access to Information Returns above.

CAPMC shall also report taxable income from unrelated trade or business activities that are subject to state or local income or franchise taxes on the appropriate return to the State of California Franchise Tax Board on Form 109.
FINANCIAL MANAGEMENT POLICIES

BUDGETING

Overview

Budgeting is an integral part of managing any Agency in that it is concerned with the translation of Agency's goals and objectives into financial and human resource terms. A budget should be designed and prepared to direct the most efficient and prudent use of the agency’s financial and human resources. It provides a tool to monitor program progress and expenditures. A budget is a management commitment of a plan for present and future Agency activities that will ensure survival. It provides an opportunity to examine the composition and viability of the Agency's programs and activities simultaneously in light of the available resources.

Budgets are prepared for funding sources and each Program Manager and the assigned Accountant Program Manager must be aware of budget modification requirements. Awarding agencies may or may not require approval for changes in line items. CAPMC will document and follow all such requirements.

Preparation and Adoption

CAPMC will prepare an agency-wide annual budget on the accrual basis of accounting. The Chief Financial Officer gathers proposed agency-wide budget information utilizing its accounting software, information from Program Managers and Head Start Directors and Accountant Program Managers in the Fiscal Department with budgetary responsibilities. Using this information and resources, the Chief Financial Officer prepares a first draft of the budget. After appropriate revisions and compilation of department budgets by the Chief Financial Officer, a draft of the agency-wide budget is presented to the Executive Director for discussion, revision and initial approval. The draft is then submitted to the Finance Committee, if scheduled to meet, and the Board of Directors for adoption.

Budgets for all programs will be prepared in accordance with awarding agency requirements.

The program budget is driven by the program plan and design. It reflects the program needs based upon community/family assessments, especially in the Head Start Programs. The community/family/program assessments will include the following collection and analysis of information about the service area:

- Demographics
- Other service providers
- Data regarding program needs such as education, health, nutrition, social services of eligible service recipients
- Service needs as defined by the eligible service recipients, e.g. parents with eligible Head Start children, families, clients, etc., and other institutions in the service area
Resources available in the community to address the needs

Using the information developed from the community/family/program assessments, the program can develop long-range and short-range program plans and objectives. The services that are most needed and the options which can be implemented based upon resources available can be determined.

The Program Manager will provide the Accountant Program Manager with the necessary staffing requirements to begin budget development. Consideration will be given to increased/decreased work hours, the need for additional or reduced positions, staffing ratios, the number of clients to be served, etc. Most often, personnel costs are the single largest component of the program budget. The staff requirements will be reviewed by the Accountant Program Manager for the following:

1. The current pay rates and possible salary increases due to merit appraisals, COLA and disparity adjustments or quality increases. CAPMC will prepare an annual budget on the accrual basis of accounting.
2. The effects of vacation pay, sick leave, personal pay, staff turnover, substitutes, holidays, etc.
3. The reclassifications of employees due to completion of educational requirements for higher level positions
4. The effects of fringe benefit calculations.

Operational costs will be developed jointly the Program Manager and the Accountant Program Manager giving consideration to the community/family/program needs assessment and the center priority needs that the Head Start parents and staff provide during the budget planning process. The operational budget will include fixed costs which remain relatively constant, e.g. rent, administrative costs, electricity, telephone, and insurance. Other variable costs such as program supplies, occupancy costs, outside services, capital expenditures, and equipment costs will vary in proportion to the level of services and the volume of clients served. Center Directors and Site Supervisors of the Head Start programs may invite parents and solicit their input in developing a list of center needs. If resources are limited, priorities will be developed. The prior year’s expenditures and the Agency’s chart of accounts will serve as a guide to ensure that all line items are appropriately budgeted and that none are inadvertently omitted.

To plan for the program’s needs, it may be necessary to develop multi-year budgets. Planning for the periodic replacement of program assets may have to be considered over multiple budget years.

The Agency’s indirect administrative cost plan will be developed by the Chief Financial Officer. Upon completion, the plan will be submitted to the appropriate policy groups, if applicable, and the Agency’s Board of Director’s for approval. The operational costs as discussed above will reflect the portion of indirect expenses charged to each program.

Those programs which require non-federal share or matching requirements will develop a budget to adhere to those mandated requirements. The Program Manager and the Accountant Program Manager will design a budget that considers all non-federal share and matching resources and program needs.

The budget format and forms will conform to grantor or funding agency guidelines and requirements. The proposed budget will be reviewed for accuracy and adherence to mandated requirements such as cost matching or administrative limitations by the Program Manager and the Accountant Program
Manager. It will be representative of the program plan. The budget costs will be reviewed with program cost principle guidelines for allowability, allocability, and reasonableness.

The Program Managers will submit the budgets, as required by program guidelines and regulations, to the appropriate policy groups for discussion, input, and approval. Upon approval of the policy groups, if applicable, the prepared budget will be submitted to the Executive Director and Chief Financial Officer. The Board of Directors will give final approval to the grant application and the related budget, as applicable.

The budget will be adopted when approved by the funding agency. Expenditures should not be incurred before notification and approval by the funding agency.

**Budget and Program Revisions**

As the fiscal year progresses, the Program Manager or the Accountant Program Manager may find that some of the budget estimates were inadequate to meet the program needs or that specific component objectives or program plans need to be revised. The budget revision or modification should detail specific dollar amounts, line items affected and reasons for the request revisions. Budget revisions should take into account the community/family/program assessments and long-range and short-range program plans and objectives. Significant changes in program design or the scope of work approved in the proposal require prior approval and budget modifications. The request should detail specific component objectives affected and the reasons for the requested revisions in the work plans.

Specific program procedures and guidelines will determine whether a budget or work plan revision is required to be submitted to the funding agency. Some programs allow over/under spending within specific line items, as long as the budget category is not overspent. The Program Manager should notify the funding agency or grantor, preferably in writing, of any significant changes in the program.

The Executive Director may receive notification from the funding agency about a change in the budget. A budget revision is sometimes necessary because of changes in the funding level. Additional funds may be received because of augmentation or special funding such as COLA or Quality Improvement. Any special conditions or uses of the funds will be specified and the revised budget should be prepared in accordance with the guidance. A budget revision, augmentation funds, or a decrease in funding may also necessitate a change in the work plan or scope of work.

**Federal Awards** – CAPMC will request prior approval from the federal awarding agency for any of the following program or budget revisions:

1. Change in the scope or the objective of the project or program, even if there is no associated budget revision requiring prior approval.
2. Change in the project director or other key person (Project Director, etc.) specified in the application or award document.
3. The absence of disengagement for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director.
4. The need for additional federal funding.

5. The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if approval is required by the federal awarding agency.

6. The inclusion, unless waived by the federal awarding agency, of costs that require prior approval in accordance with 2 CFR Part 230 (OMB Circular A-122)-200.407, Prior Written Approval.

7. The transfer of funds allotted for training allowances (direct payment to trainees) to participant support costs to other categories of expense.

8. Unless described in the application and funded in the approved award, the subaward, transfer or contracting out of any work under an award. This provision does not apply to the purchase of supplies, material, equipment or general support services.

8. Changes in the amount of the approved cost-sharing or matching provided by the Agency.

Non-Federal Awards – CAPMC will request prior approval from other non-federal funding sources for any of its program and budget revisions, as necessitated by the funding agency. The Program Manager and the Accountant Program Manager must be aware of each specific grant’s requirements.

The revised budget and work plan formats and forms should conform to grantor or funding agency guidelines and requirements. Any revisions which will be submitted to the funding agency will be forwarded to the Fiscal Department.

The Program Managers will submit the revised budgets and work plans, as required by program guidelines and regulations, to the appropriate policy groups for discussion, input and approval. Upon approval of the policy groups, if applicable, the revised budgets will be submitted to the Executive Director. The Executive Director or his/her designee will submit the revised budgets to the Board of Directors for final approval. Work plans revisions will only be submitted to the Executive Director and the Board of Directors, as necessary. Upon approval, the revised budget and work plans shall be forwarded to the funding agency for action.

Budget and work plan revisions are not effective until approved by the funding agency. Expenses should not be incurred before grantor approval is received. Scope or work changes or work plan revisions should not be implemented until approval is by the funding source.

Budget Analysis

Program Managers and Accountant Program Managers are responsible for completing budget analysis on all program funds. Budget analysis must include budget allocation, current period expenditures, year-to-date expenditures, year-to-date budget, the percentage of project funds expended, encumbrances, and budget balance (Form 20). Other reports may be prepared, as requested, by policy groups, Finance Committee and the Board of Directors. Also, analysis should include revenue received/revenue outstanding.

Budget analysis should be completed on a regular monthly basis and provided to the Program Managers. It shall be provided to the Executive Director, as requested. The budget analysis is
submitted to the policy boards, if applicable, and the Board of Directors on a monthly basis for review and comment.

**Monitoring Performance**

CAPMC is responsible for managing the day-to-day operation of its organization, including monitoring the grant activities to ensure compliance with the applicable requirements. From the Fiscal Department perspective, it requires that there is a financial management system with adequate internal policies, financial systems and written procedures. The fiscal policies are designed to reduce risk, safeguard assets and provide reasonable assurance.

On an ongoing basis, CAPMC monitors its financial transactions by a review and approval process. Accounts payable and payroll transactions are reviewed by an Accountant Program Manager independent of the processing functions to provide assurance that the expenditures are approved, accurate, allowable and properly allocated.

On a monthly basis, CAPMC monitors its financial performance by comparing and analyzing actual results with budgeted results. This function is accomplished in conjunction with the monthly financial reporting process described earlier.

On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the Fiscal Department and distributed to the Program Manager and governing bodies.

In addition, Program Managers shall submit monthly performance (non-financial) reports to the Executive Director, the Chief Financial Officer and Board of Directors.

The Fiscal Department participates in the annual self-assessment of the various Head Start programs. Additionally, various funding sources may conduct desk reviews and on-site reviews to monitor financial and program compliance.

On an annual basis, CAPMC is subject to an agency-wide single audit requirement in accordance with OMB A-133 2 CFR Part 200 which requires that an external independent auditor issue a report on the Agency's financial statements. The auditor must also report on the Agency’s compliance with internal control procedures and the applicable compliance requirements of its grant awards. The independent auditor may also identify and provide written communication on internal controls.
Risk Assessment

As part of the Fiscal Department’s annual self-assessment or at other times of the year as necessary, the Fiscal Department staff shall conduct a financial risk assessment. CAPMC Fiscal Department will conduct a risk assessment that addresses the following:

- Identified and resolved previous audit or monitoring findings;
- Implemented financial and operational internal controls to prevent to prevent fraud, waste, abuse and mismanagement;
- Established administrative, fiscal and programmatic policies and procedures;
- Conflicts of interest; Reviewed internal policies and procedures for compliance with the requirements of statutory and regulatory compliance, grant terms and conditions, OMB guidance, and other contracted terms and conditions and implemented a methodology for monitoring internal policies and procedures;
- Statutory and regulatory compliance;
- Equipment and property policies and federal waivers when required

The goal of the risk assessment is determine an appropriate balance between acceptable risks and internal controls. CAPMC’s Fiscal Department will analyze and prioritize risks based on the probability of occurrence and the potential impacts, such as financial, legal, program mission, and agency and program reputation.

Examples of risk areas may include the following:

- Previous audit findings with no corrective action (“red flag”);
- Lack of operating procedures or policies;
- Policies and procedures in conflict with statutory or regulatory requirements and accounting standards;
- Operating procedures or policies not communicated to key staff;
- Operating procedures not followed consistently or routinely bypassed;
- Inability to track and report on grant funds

Other examples of risk areas may include the following:

- No segregation of key duties (e.g. program planning, funds approval, funds disbursement, reconciliation);
- Lack of expertise among key personnel (e.g. financial and program monitoring)
- Inherent risk of expenditure (e.g. cash disbursement without compensating controls and oversight);
- Inadequate documentation of activities or expenditures;
- Inadequate protections against theft or misuse of Agency property

The risk assessment process will involve the following procedures:

1. The Risk Assessment Toolkit and Checklists for Community Action Agencies provided by the National Association of Community Action Partnerships may be used to assist and guide the risk assessment process.
2. A review of past audit and monitoring findings to determine that corrective action plans
have been developed and implemented.

2.3. The Chief Financial Officer and the Accountant Program Managers must regularly review key federal and state regulations and laws (e.g. GAO Internal Control Standards, OMB cost principles, contracts, statutes, information memoranda, etc.) that are required as contract provisions to ensure compliance. See the earlier section on “Administration of Awards” for compliance with “Laws, Regulations, and the Provisions of Contracts”.

3.4. Key Fiscal Department staff members will review existing policies and procedures to determine that they are clear and that they assure compliance with program eligibility requirements and other federal guidance such as OMB cost principles.

4.5. The Fiscal Department staff will perform testing by reviewing samples of existing work to assure consistency and compliance. Staff will discuss and look for weaknesses in existing controls and procedures.

5.6. As the result of the risk assessment process, any potential risk areas will be identified and adequate controls and refinements in existing procedures and policies may be adopted. These refinements in policies and procedures shall be communicated among staff, as applicable, with any appropriate training provided where necessary.
ANNUAL AUDIT

Role of the Independent Auditor

CAPMC will arrange for an annual audit of the Agency's financial statements to be conducted by an independent accounting firm. The independent accounting firm selected by the Board of Directors will be required to communicate directly with the Agency's Finance Committee upon the completion of their audit. In addition, members of the Finance Committee are authorized to initiate communication directly with the independent accounting firm.

Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Directors at an Agency's Board of Director's meeting, after the financial statements have been reviewed and approved by the Finance Committee.

Auditor Independence

CAPMC may from time to time request the independent auditor to provide services outside the scope of the annual audit and Form 990 preparation. In connection with these non-audit services, it is imperative that the independent auditor remain independent in fact and in appearance in order to continue serving the Agency as its auditor.

Generally, in order to remain independent with respect to the audit, the Agency's auditors should not provide non-audit services that involve performing management functions or making management decisions nor should they provide non-audit services in situations where the non-audit services are significant/material to the subject matter of the audits (or where they would be auditing their own work in connection with the annual audit).

Therefore, it is the Agency's policy to evaluate any non-audit service requested from the independent auditor for possible impairments to the firm's independence, and to not permit the performance of any services that would impair independence. This evaluation shall be performed by the Chief Financial Officer, who may consult the independent auditor or other external sources in making this determination.

In addition, for each non-audit service that is to be provided by the Organization's independent auditor, the Organization shall:

1. Designate a management level individual to be responsible and accountable for overseeing the non-audit service (to be determined by the Executive Director).

2. Establish and monitor performance of the non-audit service to ensure that it meets management's objectives (to be performed by the person designated in step 1).

3. Make any decisions that involve management functions related to the non-audit service and accept full responsibility for such decisions.

4. Evaluate the adequacy of the services performed and findings that result.
How Often to Review the Selection of the Auditor

CAPMC shall review the selection of its independent auditor in the following circumstances:

1. Anytime there is dissatisfaction with the service of the current firm
2. When a fresh perspective and new ideas are desired
3. Every 5 years to ensure competitive pricing and a high quality of service, unless an extension of time is granted by the Board of Directors

Selecting an Auditor

The selection of an accounting firm to conduct the annual audit is a task that should be taken very seriously. The following factors shall be considered by CAPMC in selecting an accounting firm:

1. The firm’s reputation in the nonprofit community
2. The depth of the firm’s understanding of and experience with not-for-profit agencies, federal reporting requirements under 2 CFR Part 200 and other relevant funding source requirements
3. The firm’s demonstrated ability to provide the services requested in a timely manner
4. The ability of firm personnel to communicate with Agency personnel in a professional and congenial manner

If CAPMC decides to prepare and issue a written Request for Proposal (RFP) to be sent to prospective audit firms, the following information should be included:

1. Period of services required
2. Type of contract to be awarded (fixed fee, cost basis, etc.)
3. Complete description of the services requested (audit, management letter, tax returns, etc.)
4. Identification of meetings requiring their attendance, such as staff or Board of Director meetings
5. Agency chart of CAPMC
6. Chart of account information
7. Financial information about the Agency
8. Copy of prior year reports (financial statements, management letters, etc.)
9. Identification of need to perform audit in accordance with OMB Circular A-133 2 CFR Part 200.500 – 521 and the appropriate Compliance Supplements
10. Other information considered appropriate
11. Description of proposal and format requirements
12. Due date of proposals
13. Overview of selection process (i.e., whether finalists will be interviewed, when a decision shall be made, etc.)

Minimum Proposal Requirements from prospective CPA firms should include:

1. Firm background
2. Biographical information (resumes) of key firm member who will serve CAPMC
3. Client references
4. Information about the firm’s capabilities
5. Firm's approach to performing an audit  
6. Copy of the firm’s most recent quality/peer review report, including any accompanying letter of findings  
7. Other resources available with the firm  
8. Expected timing and completion of the audit  
9. Expected delivery of reports  
10. Cost estimate including estimated number of hours per staff member  
11. Rate per hour for each auditor  
12. Other information as appropriate

Copies of all proposals shall be forwarded to each member of the Finance Committee who reviews and makes the final recommendation to the Board of Directors for approval.

**Preparation for the Annual Audit**

CAPMC shall be actively involved in planning for and assisting with the Agency’s independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the Fiscal Department shall provide assistance to the independent auditors in the following areas:

**Planning** - The Chief Financial Officer is responsible for delegating the assignments and responsibilities to accounting staff in preparation for the audit. Assignments shall be based on the list of requested schedules and information provided by the independent accounting firm. The Chief Financial Officer shall then schedule and direct status meetings in the weeks leading up to the audit in order to review the progress of staff in preparing for the audit. The Chief Financial Officer shall arrange and coordinate any and all meetings, interviews, telephone discussions, and conference calls requested by the auditor with CAPMC board members, Finance Committee members, or employees of CAPMC to facilitate the auditor’s work. Prior to any such meetings or discussions, the Chief Financial Officer shall inform each Agency participant of the nature of the discussion or meeting and what, if any, preparations should be done prior to the meeting.

**Involvement** - Agency staff will do as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.

**Interim Procedures** - To facilitate the timely completion of the annual audit, the independent auditors may perform selected audit procedures prior to the Agency’s year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced. Agency staff will provide requested schedules and documents to assist the auditors during any interim audit fieldwork.

Throughout the audit process, CAPMC will make every effort to provide schedules, documents and information requested by the auditors in a timely manner.

**Concluding the Audit**

Upon receipt of a draft of the audited financial statements of CAPMC from its independent auditor, the
Chief Financial Officer shall perform a detailed review of the draft, consisting of the following procedures:

1. Carefully read the entire report for typographical errors
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of CAPMC
3. Review each footnote for accuracy and completeness

Any questions or errors noted as part of this review shall be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the Chief Financial Officer.

It shall also be the responsibility of the Chief Financial Officer to review and respond in writing to all management letter or other internal control and compliance report findings and recommendations made by the independent auditor.

In addition, the Single Audit Clearinghouse form shall be completed and filed as required.

Audit Adjustments

It is the policy of CAPMC to review all adjustments prepared by the independent auditor in connection with the annual audit, and, if in concurrence, record them in the general ledger.

The Agency may also receive a list of unadjusted differences (or passed audit adjustments) from the independent auditor in connection with the audit. If the Agency receives such a list, it shall be the responsibility of the Chief Financial Officer to review them and determine whether or not to record them in the current year.

Internal Control Deficiencies Noted During the Audit

In accordance with generally accepted auditing standards, at the conclusion of the audit the Agency’s independent auditors may provide a written communication of internal control deficiencies noted in connection with their audit. Not all deficiencies in internal control are required to be reported by the auditor. Only the following two types of deficiencies are required to be communicated:

1. **Material weakness** – A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

2. **Significant deficiency** – A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Agency’s independent auditors are required to provide written communication to the Finance Committee of all significant deficiencies and material weaknesses (i.e., only those control deficiencies that rise to the level of materiality at which they qualify under the definitions provided above, in the opinion of the auditor).
It is the Agency’s policy that all internal control deficiencies that are communicated by the auditor in writing shall be formally addressed by the Finance Committee, the Executive Director, and the Chief Financial Officer. The Chief Financial Officer shall prepare a written response, approved by the Executive Director, which shall include a corrective action plan, to each internal control finding and such response shall be presented to the Finance Committee for its review and approval.

**Finance Committee Communications with the Auditors**

In accordance with generally accepted auditing standards, in connection with and at the conclusion of each annual audit, the auditors are required to make certain communications directly to the Finance Committee. The Chief Financial Officer shall facilitate all of these communications, arranging for face-to-face meetings, telephone or conference calls, or delivery of electronic or paper documents between auditor and Finance Committee members.

Some of the communications that CAPMC’s auditors may have with the Agency’s Finance Committee include:

1. Planning discussions prior to commencing the audit, such as by inquiring of Finance audit committee members their perception of where the risk of material misstatements in the Agency’s financial statements may be greatest, the various risks of fraud, and other inquiries.

2. Planning stage communications informing the Finance audit committee of the planned scope and nature of certain audit procedures that the auditors plan to perform, to aid in the audit Finance Committee members having a thorough understanding of the audit.

3. Internal control deficiencies noted during the audit, communicated in writing at the conclusion of the audit.

4. Any material fraud detected by the auditor, or any fraud, regardless of materiality, involving senior management, noted at any time during the audit.

5. Significant problems or other issues that arose during the audit (e.g., disagreements with management and certain other items that the auditors may be required to report to the audit committee).

6. Audit adjustments made by the auditors as a result of their audit.

7. Certain audit differences noted by the auditors that they deemed not material enough to warrant making an adjustment for.

Finance Committee members should be aware of these communications and engage in active discussions with the auditors whenever it is considered appropriate in the fulfillment of these or their other duties.
INSURANCE

Overview

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of CAPMC. CAPMC maintains adequate insurance against general liability, as well as coverage for buildings, contents, computers, fine arts, equipment, machinery and other items of value.

Coverage Guidelines

The Chief Financial Officer is responsible for securing adequate insurance coverage. To assist with this responsibility, CAPMC utilizes an insurance broker. The Chief Financial Officer meets annually with the insurance broker to solicit advice and review the Agency’s insurance needs and coverage amounts.

As a guideline, CAPMC will arrange for the following types and levels of insurance as a minimum:

<table>
<thead>
<tr>
<th>Type of Coverage</th>
<th>Amount of Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive Liability</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td>$9,000,000 Excess</td>
</tr>
<tr>
<td>Automobiles</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Employee Dishonesty</td>
<td>$200,000 for all employees</td>
</tr>
<tr>
<td>Employee Theft &amp; Forgery Bonds</td>
<td>$360,000 for CAPMC’s retirement plan</td>
</tr>
<tr>
<td></td>
<td>$3,500,000 for other specific grant awards</td>
</tr>
<tr>
<td>Fire and Water Damage</td>
<td>Coverage for all buildings and personal property as</td>
</tr>
<tr>
<td></td>
<td>determined</td>
</tr>
<tr>
<td>Directors and Officers and</td>
<td>$3,000,000 / $1,000,000 (with an appropriate deductible level)</td>
</tr>
<tr>
<td>Employment Practices Liability</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Property</td>
<td>Coverage for all buildings and personal property as</td>
</tr>
<tr>
<td></td>
<td>determined</td>
</tr>
<tr>
<td>Student Accident</td>
<td>$10,000 Accidental Death and Dismemberment</td>
</tr>
<tr>
<td></td>
<td>$25,000 Medical Expense Benefit</td>
</tr>
<tr>
<td>Volunteer Coverage</td>
<td>$25,000 Medical Expense Benefit</td>
</tr>
<tr>
<td></td>
<td>$500,000 Excess Auto Liability</td>
</tr>
<tr>
<td></td>
<td>$1,000,000 Excess Volunteer Liability</td>
</tr>
<tr>
<td>Workers’ Compensation</td>
<td>To the extent required by law</td>
</tr>
</tbody>
</table>
Insurance Definitions

Workers' Compensation and Employer’s Liability
Employers and contractors are required to comply with applicable federal and state workers’ compensation and occupational disease statutes. If occupational diseases are not compensated under those statutes, they shall be covered under the employer’s liability insurance policy, except when contract operations are so commingled that it would not be practical to require this coverage.

Employee Dishonest and Fidelity Bond
For all personnel handling cash, preparing or signing checks, CAPMC shall obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of the Agency will determine the dollar limit of this coverage.

Comprehensive Liability
This type of coverage may include directors, officers and employee general liability insurance, buildings, contents, computers, fine arts, boilers and machinery.
RECORDS ACCESS AND RETENTION

Policy

The Board of Directors has adopted a policy on Public Inspection and Access to Records and the Public Access to Information Returns described earlier in the Section on Government Returns. The Agency is subject to the California Public Records Act. All requests must be submitted in writing to the Executive Director. Records related to pending litigation and personnel, medical, or similar files which would constitute an invasion of personal privacy are examples of records that are exempted from disclosure.

The Agency will maintain the original financial records, supporting documents, statistical records, and other documents according to the contract and grant conditions. CAPMC retains records as required by law and destroys them when appropriate. All hard copy files shall be labeled with contents, year (if applicable), and destruction date and stored in file cabinets or archived in the warehouse storage area. The destruction of financial records must be approved by the Chief Financial Officer.

For Head Start programs, records must be maintained for at least three years from the date of submission of the annual financial report. For some Victim Services awards, the time period of retention is five years. As a general guideline, all financial records will be retained for five years. In the event of litigation or a dispute, this period will be extended.

Payroll timesheets will be retained for seven years, along with payroll records such as W-2’s, 941’s and EDD reports. However, personnel files need to be held for three years after termination.

Real property and equipment acquired with federal grant funds must be retained for three years beyond the date of disposition.

The formal records retention policy of CAPMC is as follows:

<p>| Audit reports | Permanent |
| Bank statements and reconciliations | 3 Years |
| Cancelled Checks (electronically) | 35 Years |
| Chart of Accounts | 3 Years |
| Contracts, mortgages, notes and leases: | |
| Expired | 5 Years |
| Still in effect | Permanently |
| Correspondence: | |
| General | 2 Years |
| Legal and important matters only | Permanently |
| Routine with customers and/or vendors | 2 Years |
| Grant and contract related matters | 5 Years |
| Customer or Program Participant Files (LIHEAP, etc.) | 5 Years |
| Deeds, mortgages and bills of sales | Permanent |
| Duplicate deposit slips | 3 Years |
| Employment applications | 3 Years |
| Financial statements: | |
| Year-end | Permanent |
| Other | Optional |
| Garnishments | 7 Years |</p>
<table>
<thead>
<tr>
<th>Records Type</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>General ledgers/year-end trial balance and subsidiary ledgers</td>
<td>7 Years</td>
</tr>
<tr>
<td>Insurance policies (expired)</td>
<td>3 Years</td>
</tr>
<tr>
<td>Current Insurance claims</td>
<td>7 Years</td>
</tr>
<tr>
<td>Accident reports/claims (settled cases)</td>
<td>7 Years</td>
</tr>
<tr>
<td>Insurance policies (expired) records (policies, claims, etc.)</td>
<td>Permanent 3 Years</td>
</tr>
<tr>
<td>Internal reports and internal audit reports</td>
<td>3 Years</td>
</tr>
<tr>
<td>Inventories of products, materials and supplies</td>
<td>2.5 Years</td>
</tr>
<tr>
<td>Invoices (to customers, from vendors)</td>
<td>2.5 Years</td>
</tr>
<tr>
<td>Journals</td>
<td>5 Years</td>
</tr>
<tr>
<td>Minute books of directors, bylaws and charters</td>
<td>Permanent</td>
</tr>
<tr>
<td>Payroll records and summaries</td>
<td>7 Years</td>
</tr>
<tr>
<td>Personnel records (terminated)</td>
<td>3 Years</td>
</tr>
<tr>
<td>Petty cash vouchers</td>
<td>3 Years</td>
</tr>
<tr>
<td>Property records (incl. depreciation schedules)</td>
<td>3 Years Beyond Date of Disposition</td>
</tr>
<tr>
<td>Purchase orders</td>
<td>5 Years</td>
</tr>
<tr>
<td>Retirement and pension records</td>
<td>7 Years</td>
</tr>
<tr>
<td>Sales records</td>
<td>2.5 Years</td>
</tr>
<tr>
<td>Tax returns and worksheets, examination reports</td>
<td>Permanent</td>
</tr>
<tr>
<td>Time sheets/cards</td>
<td>7 Years</td>
</tr>
<tr>
<td>Withholding tax statements</td>
<td>7 Years</td>
</tr>
</tbody>
</table>

A scanned record is considered a copy and prior approval is required to retain copies rather than the original documents. Original documents should be retained during the initial retention period.

The destruction of any documents containing social security numbers or any other "consumer data" protected personally identifiable information as defined under federal laws and regulations shall be done via shredding.

The Agency will maintain the appropriate software applications to access computerized accounting and financial records for the same time periods, if the information is not available in print.

Authorized representatives of awarding agencies have the right to access books, documents, papers, other Agency records, and personnel for interviews that are pertinent to the grant or contract award.

**Exception for Investigations**

In connection with any ongoing or anticipated investigation into allegations of violations of federal laws or regulations, provisions of government awards, or violations of the Agency’s Code of Conduct, the following exceptions are made to the preceding scheduled retention and/or destruction of records:

1. All records related to the subject of the investigation or allegation shall be exempt from any scheduled record destruction.

2. The term "records" shall also apply to any electronically stored record (e.g., documents stored on computers, email messages, etc.), which shall also be protected from destruction.
BOARD GOVERNANCE

FINANCE COMMITTEE

Purpose

The primary responsibility for the Agency’s financial reporting and internal controls rests with senior operating management, as overseen by the Agency’s Board of Directors (the “Board”). The purpose of the Finance Committee (the “Committee”) is to assist the Board in fulfilling this responsibility by providing oversight of the Agency’s financial management, financial reporting, and audit functions (external and internal), as well as other investigations (external and internal).

Authority

The Finance Committee shall have the resources and authority necessary to discharge its duties and responsibilities. The Committee has sole authority to retain and terminate outside counsel or other experts or consultants, such as the Agency’s external auditors, as it deems appropriate, including sole authority to approve the firms’ fees and other retention terms. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more members of the Committee. The Finance Committee has authority to investigate any matter brought to its attention with complete and unrestricted access to all books, records, documents, facilities, and personnel of the Agency.

Membership

The Finance Committee shall be a standing committee of the Board of Directors, comprised of not less than four members of the Board. Members of the Committee shall:

1. Have no relationship to the Agency that may interfere with the exercise of their independence from management and the Agency.

2. Be financially literate regarding the specialized matters of the Agency or shall acquire such financial literacy within a reasonable time period after appointment to the Committee.

In addition, at least one member of the Committee shall be a financial expert possessing the following characteristics:

1. An understanding of generally accepted accounting principles applicable to the Agency and financial statements.

2. The ability to assess the application of generally accepted accounting principles in connection with accounting for estimates, accruals, and reserves of the Agency.

3. Experience preparing, auditing, analyzing, or evaluating financial statements of comparable complexity to those of the Agency.

4. Understanding of internal controls and procedures for financial reporting.
5. Understanding of committee functions.

Finance Committee members are appointed bi-annually by the Chairperson of the Board. One member of the Finance Committee must be member of the Madera County Board of Supervisors and one member must have a financial or banking background to serve as the financial “expert.” If there is no such individual on the Board that has the requisite background, the Agency may retain a consultant to serve on the Committee.

Responsibilities

The Committee’s role is one of oversight, recognizing that the Agency’s management is responsible for preparing the Agency’s financial statements and that the external auditors are responsible for auditing those financial statements. The Committee recognizes that the Agency’s internal financial management team, as well as the external auditors, have more time and detailed information about the Agency than do Committee members. Consequently, in discharging its oversight responsibilities, the Committee is not providing expert advice or any assurances as to the Agency’s financial statements or any professional certification as to the external auditor’s services.

The Committee shall have certain responsibilities in the areas of financial management, financial reporting, internal control, and organizational governance.

- Oversee the Agency’s assets, including policies associated with safekeeping and protection of those assets.
- Review and evaluate the Agency’s financial viability.
- Review the Agency’s cash flow management.
- Monitor budget implementation and accounting and financial policies and procedures.
- Review financial reports and monitor financial performance against budget.
- Review all borrowing arrangements of the Agency.
- Review annual income tax and information returns filed with the Internal Revenue Service.
- Oversee the management of the Agency’s investments, including review of investment policies and other matters associated with investment management.
- Oversee the external audit process, including selection of the external audit firm.
- Review accounting policies and procedures.
- Review the Agency’s financial statements, including year-end, and auditor opinions and management letters.
- Review and discuss with management the findings and recommendations communicated by the external auditors.
- Review significant cases of employee or Board conflict of interest, misconduct, or fraud which may be brought to the attention of the Committee.

The Finance Committee shall meet with the Agency’s Executive Director and Chief Financial Officer on a regular basis, at least quarterly, and call special meetings as deemed necessary in fulfilling its responsibilities.
Financial Management Forms

Cost Principles for Non-Profit Organizations

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

AGENCY: Office of Management and Budget

ACTION: Final Rule

SUMMARY: The Office of Management and Budget (OMB) amends the cost principles in OMB Circular A-21, A-87 and A-122. These changes are intended to further the objectives of Public Law 106-107, the Federal Financial Assistance Management Improvement Act, ("the Act"). One of the actions taken by the agencies under the Act was to simplify the cost principles, making the descriptions of similar cost items consistent across the Circulars where possible, and reducing the possibility of misinterpretation.

DATES: These final cost principles are effective June 9, 2004 (CHANGES IN BOLD).

ADDRESSES: OMB intends to keep these cost principles current with changes in laws, modifications to accounting standards and advances in technology. If you have comments on ways to improve these principles, please submit your comments to Gilbert Tran, Office of Federal Financial Management, Office of Management and Budget, 725 17th Street, NW, Room 6025, Washington, 20503. Due to potential delays in OMB's receipt and processing of mail sent thru the U.S. Postal Service, we encourage you to submit comments electronically to hai-m_tran@omb.eop.gov with your name, title, organization and postal address in the text of the message. You may also submit comments via facsimile by sending your comment to (202) 395-4915.

FOR FURTHER INFORMATION CONTACT: Gilbert Tran, Office of Federal Financial Management, Office of Management and Budget, (202) 395-5903.

SUPPLEMENTARY INFORMATION:

Background

The background for this effort was fully described in the preamble to the proposed changes to the circulars, published in the Federal Register on August 12, 2002 at 67 FR 52558. Briefly, the Federal Financial Assistance Management Improvement Act of 1999 (Pub. L. 106-107, "the Act") directs the Office of Management and Budget (OMB) and executive branch agencies to simplify and consolidate requirements and procedures for the receipt and administration of financial assistance. Federal financial assistance includes grants, cooperative agreements, loans, loan guarantees, scholarships, and other forms of assistance. The grant and cooperative agreement portion of Federal financial assistance, hereafter referred as "grants," involves more than 600 programs, with awards of more than $400 billion a year, administered by 20 Federal agencies.

Grant recipients deal with increasingly complex problems that require the delivery and coordination of many kinds of services. The support for these services increasingly comes from more than one Federal agency. Grant recipients need to respond to the numerous Federal grant administration requirements of these agencies and programs only adds to that complexity.

OMB, working with the Department of Health and Human Services as lead agency and the Chief Financial Officers’ Council, established an interagency group charged with reviewing the cost principles in Office of Management and Budget Circulars A-21 (A-21), Cost Principles for Educational Institutions, A-87 (A-87), Cost Principles for State, Local and Indian Tribal Governments, and A-122 (A-122). Cost Principles for Non-Profit Organizations. The goal of this group is to ensure that the cost principles in OMB Circulars A-21, A-87, and A-122 are current, consistent, and appropriate for covered recipients. The objectives of the group are to make the descriptions of similar cost items consistent, across the Circulars, where possible, and reduce the possibility of misinterpretation by clarifying existing policies rather than by adding restrictions or modifying current requirements.

Presentation of the Circulars

When we proposed the changes to the three circulars, we posted them on the OMB Web site (http://www.omb.gov) as a chart so that readers could easily compare the changes to the selected items of cost among the three circulars. We will again post a chart that displays the final revisions to the cost items across the three circulars so readers could easily compare the final outcomes to the circulars. In this Federal Register notice, we set out the specific changes to the selected items of cost of the three circulars separately. In addition, we will post on the OMB Web site the revised versions of the three circulars so that each community can see the final revisions incorporated into each cost principle circular.

Items for Future Consideration

In addition to comments on the proposed items, we received various comments for improvement to the circulars that were not included in our original proposal. We appreciated these comments. However, these recommendations are beyond the scope of the current project. We will consider them at a later phase of the cost consistency streamlining project.

Response to Comments

We received 184 comments on the proposal: 147 from universities, 13 from State and local governments, 8 from Federal agencies, 4 from not-for-profit organizations and 12 other individuals and entities. We have reviewed and given consideration to each comment in light of the overall objectives and goals of the project. Many comments resulted in changes in the proposed language while other comments resulted in the withdrawal of certain proposals. We believe that the final revisions accomplished our stated objectives to simplify the cost principles, making the description of similar items consistent and reducing the possibility of misunderstanding.

In summary, we made revisions to our proposed language for 24 cost items and withdrew proposed language for 6 cost items. Forty-five of the proposed changes are made final as proposed. The detailed discussion of the comments and how those comments were resolved are presented on the OMB Web site along with the revised circulars and the final comparison chart. See http://www.omb.gov.
CIRCULAR NO. A-122 Revised
TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Cost Principles for Nonprofit Organizations

1. Purpose. This Circular establishes principles for determining costs of grants, contracts and other agreements with nonprofit organizations. It does not apply to colleges and universities which are covered by Office of Management and Budget (OMB) Circular A-21, "Cost Principles for Educational Institutions"; State, local, and federally-recognized Indian tribal governments which are covered by OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments"; or hospitals. The principles are designed to provide that the Federal Government bear its fair share of costs except where restricted or prohibited by law. The principles do not attempt to prescribe the extent of cost sharing or matching on grants, contracts, or other agreements. However, such cost sharing or matching shall not be accomplished through arbitrary limitations on individual cost elements by Federal agencies. Provision for profit or other increment above cost is outside the scope of this Circular.

2. Supersession. This Circular supersedes cost principles issued by individual agencies for nonprofit organizations.

3. Applicability.

a. These principles shall be used by all Federal agencies in determining the costs of work performed by nonprofit organizations under grants, cooperative agreements, cost reimbursement contracts, and other contracts in which costs are used in pricing, administration, or settlement. All of these instruments are hereafter referred to as awards. The principles do not apply to awards under which an organization is not required to account to the Federal Government for actual costs incurred.

b. All cost reimbursement subawards (subgrants, subcontracts, etc.) are subject to these Federal cost principles applicable to the particular organization concerned. Thus, if a subaward is to a commercial organization, the cost principles applicable to commercial concerns shall apply; if a subaward is to a college or university, Circular A-21 shall apply; if a subaward is to a State, local, or federally-recognized Indian tribal government, Circular A-87 shall apply.

4. Definitions.

a. Nonprofit organization means any corporation, trust, association, cooperative, or other organization which:

   (1) is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;
   (2) is not organized primarily for profit; and
   (3) uses its net proceeds to maintain, improve, and/or expand its operations. For this purpose, the term "nonprofit organization" excludes (i) colleges and universities; (ii) hospitals; (iii) State, local, and federally-recognized Indian tribal governments; and (iv) those nonprofit organizations which are excluded from coverage of this Circular in accordance with paragraph 5.

b. Prior approval means securing the awarding agency's permission in advance to incur cost for those items that are designated as requiring prior approval by the Circular. Generally this permission will be in writing. Where an item of cost requiring prior approval is specified in the budget of an award, approval of the budget constitutes approval of that cost.

5. Exclusion of some nonprofit organizations. Some nonprofit organizations, because of their size and nature of operations, can be considered to be similar to commercial concerns for purposes of applicability of cost principles. Such nonprofit organizations shall operate under Federal cost principles applicable to commercial concerns. A listing of these organizations is contained in Attachment C. Other organizations may be added from time to time.

6. Responsibilities. Agencies responsible for administering programs that involve awards to nonprofit organizations shall designate a liaison official to serve as the agency representative on matters relating to the implementation of this Circular. The name and title of such representative shall be furnished to OMB within 30 days of the date of this Circular. The name and title of such representative shall be furnished to OMB within 30 days of the date of this Circular.

7. Requests for exceptions. OMB may grant exceptions to the requirements of this Circular when permissible under existing law. However, in the interest of achieving maximum uniformity, exceptions will be permitted only in highly unusual circumstances.

8. Effective Date. The provisions of this Circular are effective immediately. Implementation shall be phased in by incorporating the provisions into new awards made after the start of the organization's next fiscal year. For existing awards, the new principles may be applied if an organization and the cognizant Federal agency agree. Earlier implementation, or a delay in implementation of individual provisions, is also permitted by mutual agreement between an organization and the cognizant Federal agency.

ATTACHMENT A Circular No. A-122
7/19/2012

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ATTACHMENT A Circular No. A-122

GENERAL PRINCIPLES

A. Basic Considerations

1. Composition of total costs. The total cost of an award is the sum of the allowable direct and allocable indirect costs less any applicable credits.

2. Factors affecting allowability of costs. To be allowable under an award, costs must meet the following general criteria:
   a. Be reasonable for the performance of the award and be allocable thereto under these principles.
   b. Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
   c. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization.
   d. Be accorded consistent treatment.
   e. Be determined in accordance with generally accepted accounting principles (GAAP).
   f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
   g. Be adequately documented.

3. Reasonable costs. A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. The question of the reasonableness of specific costs must be scrutinized with particular care in connection with organizations or separate divisions thereof which receive the preponderance of their support from awards made by Federal agencies. In determining the reasonableness of a given cost, consideration shall be given to:
   a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.
   b. The restraints or requirements imposed by such factors as generally accepted sound business practices, arms length bargaining, Federal and State laws and regulations, and terms and conditions of the award.
   c. Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and clients, the public at large, and the Federal Government.
   d. Significant deviations from the established practices of the organization which may unjustifiably increase the award costs.

4. Allocable costs.
   a. A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received. A cost is allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:
      (1) Is incurred specifically for the award.
      (2) Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.
      b. Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

5. Applicable credits.
   a. The term applicable credits refers to those receipts, reduction of expenditures which operate to offset or reduce expense items that are allocable to awards as direct or indirect costs. Typical examples of such transactions are purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing or received by the organization relate to allowable cost, they shall be credited to the Federal Government either as a cost reduction or cash refund, as appropriate.
   b. In some instances, the amounts received from the Federal Government to finance organizational activities or service operations should be treated as applicable credits. Specifically, the concept of netting such credit items against related expenditures should be applied by the organization in determining the rates or amounts to be charged to Federal awards for services rendered whenever the facilities or other resources used in providing such services have been financed directly, in whole or in part, by Federal funds.
   c. For rules covering program income (i.e., gross income earned from federally-supported activities) see Sec. 247 of Office of Management and Budget (OMB) Circular A-110, “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.”

6. Advance understandings. Under any given award, the reasonableness and allocability of certain items of costs may be difficult to determine. This is particularly true in connection with organizations that receive a preponderance of their support from Federal agencies. In order to avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, it is often desirable to seek a written agreement with the cognizant or awarding agency in advance of the incurrence of special or unusual costs. The absence of an advance agreement on any element of cost will not, in itself, affect
the reasonableness or allocability of that element.

7. Conditional exemptions

a. OMB authorizes conditional exemption from OMB administrative requirements and cost principles circulars for certain Federal programs with statutorily authorized consolidated planning and consolidated administrative funding that are identified by a Federal agency and approved by the head of the Executive department or establishment. A Federal agency shall consult with OMB during its consideration of whether to grant such an exemption.

b. To promote efficiency in State and local program administration, when Federal non-entitlement programs with common purposes have specific statutorily authorized consolidated planning and consolidated administrative funding and where most of the State agency’s resources come from non-Federal sources, Federal agencies may exempt these covered State-administered, non-entitlement grant programs from certain OMB grants management requirements. The exemptions would be from all but the allocability of costs provisions of OMB Circular A-87 (Attachment A, subsection C.3), "Cost Principles for State, Local, and Indian Tribal Governments," A-21 (Section C, subpart A), "Cost Principles for Educational Institutions," and A-122 (Attachment A, subsection A.4), "Cost Principles for Nonprofit Organizations," and from all of the administrative requirements provisions of OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations," and the agencies’ grants management common rule.

c. When a Federal agency provides this flexibility, as a prerequisite to a State’s exercising this option, a State must adopt its own written fiscal and administrative requirements for expending and accounting for all funds, which are consistent with the provisions of OMB Circular A-87 and extend such policies to all subrecipients. These fiscal and administrative requirements must be sufficiently specific to ensure that funds are used in compliance with all applicable Federal statutory and regulatory provisions, costs are reasonable and necessary for operating these programs, and funds are not be used for general expenses required to carry out other responsibilities of a State or its subrecipients.

B. Direct Costs

1. Direct costs are those that can be identified specifically with a particular final cost objective, i.e., a particular award, project, service, or other direct activity of an organization. However, a cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to an award as an indirect cost. Costs identified specifically with awards are direct costs of the awards and are to be assigned directly thereto. Costs identified specifically with final cost objectives of the organization are direct costs of those cost objectives and are not to be assigned to other awards directly or indirectly.

2. Any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where the accounting treatment for such cost is consistently applied to all final cost objectives.

3. The cost of certain activities are not allowable as charges to Federal awards (see, for example, fundraising costs in paragraph 7A of Attachment B). However, even though these costs are unallowable for purposes of computing charges to Federal awards, they nonetheless must be treated as direct costs for purposes of determining indirect cost rates and be allocated their share of the organization’s indirect costs if they represent activities which (1) include the salaries of personnel, (2) occupy space, and (3) benefit from the organization’s indirect costs.

4. The costs of activities performed primarily as a service to members, clients, or the general public when significant and necessary to the organization’s mission must be treated as direct costs whether or not allowable and be allocated an equitable share of indirect costs. Some examples of these types of activities include:
   a. Maintenance of membership rolls, subscriptions, publications, and related functions.
   b. Providing services and information to members, legislative or administrative bodies, or the public.
   c. Promotion, lobbying, and other forms of public relations.
   d. Meetings and conferences except those held to conduct the general administration of the organization.
   e. Maintenance, protection, and investment of special funds not used in operation of the organization.
   f. Administration of group benefits on behalf of members or clients, including life and hospital insurance, annuity or retirement plans, financial aid, etc.

C. Indirect Costs

1. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. Direct cost of minor amounts may be treated as indirect costs under the conditions described in subparagraph B.2. After direct costs have been determined and assigned directly to awards or other work as appropriate, indirect costs are those remaining to be allocated to benefiting cost objectives. A cost may not be allocated to an award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to an award as a direct cost.

2. Because of the diverse characteristics and accounting practices of nonprofit organizations, it is not possible to specify the types of cost which may be classified as indirect cost in all situations. However, typical examples of indirect cost for many nonprofit organizations may include depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, and general administration and general expenses, such as the salaries and expenses of executive officers, personnel administration, and accounting.

3. Indirect costs shall be classified within ten broad categories: "Facilities" and "Administration." "Facilities" is defined as depreciation and use allowances on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses. "Administration" is
D. Allocation of Indirect Costs and Determination of Indirect Cost Rates

1. General
   a. Where a nonprofit organization has only one major function, or where all its major functions benefit from its indirect costs to approximately the same degree, the allocation of indirect costs and the computation of an indirect cost rate may be accomplished through simplified allocation procedures, as described in subparagraph 2.
   b. Where an organization has several major functions which benefit from its indirect costs in varying degrees, allocation of indirect costs may require the accumulation of such costs into separate cost groupings which then are allocated individually to benefiting functions by means of a base which best measures the relative degree of benefit. The indirect costs allocated to each function are then distributed to individual awards and other activities included in that function by means of an indirect cost rate(s).
   c. The determination of what constitutes an organization's major functions will depend on its purpose in being, the types of services it renders to the public, its clients, and its members; and the amount of effort it devotes to such activities as fundraising, public information and membership activities.
   d. Specific methods for allocating indirect costs and computing indirect cost rates along with the conditions under which each method should be used are described in subparagraphs 2 through 5.
   e. The base period for the allocation of indirect costs is the period in which such costs are incurred and accumulated for allocation to work performed in that period. The base period normally should coincide with the organization's fiscal year but, in any event, shall be so selected as to avoid inequities in the allocation of the costs.

2. Simplified allocation method
   a. Where an organization's major functions benefit from its indirect costs to approximately the same degree, the allocation of indirect costs may be accomplished by (i) separating the organization's total costs for the base period as either direct or indirect; and (ii) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to individual awards. The rate should be expressed as the percentage which the total amount of allowable indirect costs bears to the base selected. This method should also be used where an organization has only one major function encompassing a number of individual projects or activities, and may be used where the level of Federal awards to an organization is relatively small.
   b. Both the direct costs and the indirect costs shall exclude capital expenditures and unallowable costs. However, unallowable costs which represent activities must be included in the direct costs under the conditions described in subparagraph B.3.
   c. The distribution base may be total direct costs (excluding capital expenditures and other distorting items, such as major subcontracts or subgrants), direct salaries and wages, or other base which results in an equitable distribution. The distribution base shall generally exclude participant support costs as defined in paragraph 54 of Attachment B.
   d. Except where a special rate(s) is required in accordance with subparagraph 5, the indirect cost rate developed under the above principles is applicable to all awards at the organization. If a special rate(s) is required, appropriate modifications shall be made in order to develop the special rate(s).
   e. For an organization that receives more than $10 million in Federal funding of direct costs in a fiscal year, a breakout of the indirect cost component into two broad categories, Facilities and Administration as defined in subparagraph C.3, is required. The rate in each case shall be stated as the percentage which the amount of the particular indirect cost category (i.e., Facilities or Administration) is of the distribution base identified with that category.

3. Multiple allocation base method
   a. General. Where an organization's indirect costs benefit its major functions in varying degrees, indirect costs shall be accumulated into separate cost groupings, as described in subparagraph b. Each grouping shall then be allocated individually to benefiting functions by means of a base which best measures the relative benefits. The default allocation bases by cost pool are described in subparagraph c.
   b. Identification of indirect costs. Cost groupings shall be established so as to permit the allocation of each grouping on the basis of benefits provided to the major functions. Each grouping shall constitute a pool of expenses that are of like character in terms of functions they benefit and in terms of the allocation base which best measures the relative benefits provided in each function. The groupings are classified within the two broad categories, "Facilities" and "Administration," as described in subparagraph C.3. The indirect cost pools are defined as follows:
   (1) Depreciation and use allowances: The expenses under this heading are the portion of the costs of the organization's buildings, capital improvements to land and buildings, and equipment which are computed in accordance with paragraph 11 of Attachment B ("Depreciation and use allowances").
   (2) Interest: Interest on debt associated with certain buildings, equipment and capital improvements are computed in accordance with paragraph 25 of Attachment B ("Interest, fundraising, and investment management costs").
rooms, and laboratories) used jointly by more than one function (as determined by the users of the space) shall be treated as
other insurance relating to property; space and capital leasing; facility planning and management; and, central receiving. The
In developing this cost pool, special care should be exercised to ensure that costs incurred for the same purpose in
operation and maintenance expenses category shall also include its allocable share of fringe benefit costs, depreciation and
use allowances, and interest costs. Examples of this category include central offices, such as the director's office, the office of finance, business services, budget and planning, personnel, safety and risk management, general counsel, management information systems, and library costs.
In developing the cost pool, special care should be exercised to ensure that costs incurred for the same purpose in
like circumstances are treated consistently as either direct or indirect costs. For example, salaries of technical staff, project
supplies, project publication, telephone toll charges, computer costs, travel costs, and specialized services costs shall be
treated as direct costs wherever identifiable to a particular program. The salaries and wages of administrative and pooled
clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate where a major
project or activity explicitly requires and budgets for administrative or clerical services and other individuals involved can be
identified with the program or activity, items such as office supplies, postage, local telephone costs, periodicals and
memberships should normally be treated as indirect costs.

c. Allocation bases. Actual conditions shall be taken into account in selecting the base to be used in allocating the
costs of each grouping to benefitting functions. The essential consideration in selecting a method of allocation is that
the one best suited for assigning the pool of costs to cost objectives in accordance with benefits derived; a traceable cause
and effect relationship; or logic and reason, where neither the cause nor the effect of the relationship is determinable. When
an allocation can be made by assignment of a cost grouping directly to the function benefited, the allocation shall be made in
that manner. When the expenses in a cost grouping are more general in nature, the allocation shall be made through the
use of a selected base which produces results that are equitable to both the Federal Government and the organization. The
distribution shall be made in accordance with the bases described herein unless it can be demonstrated that the use of a
different base would result in a more equitable allocation of the costs, or that a more readily available base would not
increase the costs charged to sponsored awards. The results of special cost studies (such as an engineering study) shall not
be used to determine and allocate the indirect costs to sponsored awards.

(1) Depreciation and use allowances. Depreciation and use allowances expenses shall be allocated in the following
manner:

(a) Depreciation or use allowances on buildings used exclusively in the conduct of a single function, and on capital
improvements and equipment used in such buildings, shall be assigned to that function.

(b) Depreciation or use allowances on buildings used for more than one function, and on capital improvements and
equipment used in such buildings, shall be allocated to the individual functions performed in each building on the basis of
usable areas, such as hallways, stairways, and restrooms.

(d) Depreciation or use allowances on certain capital improvements to land, such as paved parking areas, fences,
sidewalks, and the like, not included in the cost of buildings, shall be allocated to user categories on a FTE basis and
distributed to major functions in proportion to the salaries and wages of all employees applicable to the functions.

(2) Interest. Interest costs shall be allocated in the same manner as the depreciation or use allowances on the
buildings, equipment and capital equipment to which the interest relates.

(3) Operation and maintenance expenses. Operation and maintenance expenses shall be allocated in the same
manner as the depreciation and use allowances.

(4) General administration and general expenses. General administration and general expenses shall be allocated to
benefiting functions based on modified total direct costs (MTDC), as described in subparagraph D.3.f. The expenses included
in this category could be grouped first according to major functions of the organization to which they render services or
provide benefits. The aggregate expenses of each group shall then be allocated to benefitting functions based on MTDC.

(5) Operation and maintenance expenses. The expenses under this heading are those that have been incurred for the
administration, operation, maintenance, preservation, and protection of the organization's physical plant. They include
expenses normally incurred for such items as: janitorial and utility services; repairs and ordinary or normal alterations of
buildings, furniture and equipment; care of grounds; maintenance and operation of buildings and other plant facilities;
security; earthquake and disaster preparedness; environmental safety; hazardous waste disposal; property, liability and
other insurance relating to property; space and capital leasing; facility planning and management; and, central receiving. The
operation and maintenance expenses category shall also include its allocable share of fringe benefit costs, depreciation and
use allowances, and interest costs.
e. Application of indirect cost rate or rates. Except where a special indirect cost rate(s) is required in accordance with subparagraph 5.5, the separate groupings of indirect costs allocated to each major function shall be aggregated and treated as a common pool for that function. The costs in the common pool shall then be distributed to individual awards included in that function by use of a single indirect cost rate.

f. Distribution basis. Indirect costs shall be distributed to applicable sponsored awards and other benefitting activities within each major function on the basis of MTDC. MTDC consists of all salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first $25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Equipment, capital expenditures, charges for patient care, rental costs and the portion in excess of $25,000 shall be excluded from MTDC. Participant support costs shall generally be excluded from MTDC. Other items may only be excluded when the Federal cost cognizant agency determines that an exclusion is necessary to avoid a serious inequity in the distribution of indirect costs.

g. Individual Rate Component. An indirect cost rate shall be determined for each separate indirect cost pool developed. The rate in each case shall be stated as the percentage which the amount of the particular indirect cost pool is of the distribution base identified with that pool. Each indirect cost rate negotiation or determination agreement shall include development of the rate for each indirect cost pool as well as the overall indirect cost rate. The indirect cost pools shall be classified within two broad categories: "Facilities" and "Administration," as described in subparagraph D.5.

f. Direct allocation method.

a. Some nonprofit organizations treat all costs as direct costs except general administration and general expenses. These organizations generally separate their costs into three basic categories: (i) General administration and general expenses, (ii) fundraising, and (iii) other direct functions (including projects performed under Federal awards). Joint costs, such as depreciation, rental costs, operation and maintenance of facilities, telephone expenses, and the like are prorated individually as direct costs to each category and to each award or other activity using a base most appropriate to the particular cost being prorated.

b. This method is acceptable, provided each joint cost is prorated using a base which accurately measures the benefits provided to each award or other activity. The bases must be established in accordance with reasonable criteria, and be supported by current data. This method is compatible with the Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations issued jointly by the National Health Council, Inc., the National Assembly of Voluntary Health and Social Welfare Organizations, and the United Way of America.

c. Under this method, indirect costs consist exclusively of general administration and general expenses. In all other respects, the organization's indirect cost rates shall be computed in the same manner as that described in subparagraph 5.

E. Negotiation and Approval of Indirect Cost Rates

1. Definitions. As used in this section, the following terms have the meanings set forth below:

a. Cognizant agency means the Federal agency responsible for negotiating and approving indirect cost rates for a nonprofit organization on behalf of all Federal agencies.

b. Predetermined rate means an indirect cost rate, applicable to a specified current or future period, usually the organization's fiscal year. The rate is based on an estimate of the costs to be incurred during the period. A predetermined rate is not subject to adjustment.

c. Fixed rate means an indirect cost rate which has the same characteristics as a predetermined rate, except that the difference between the estimated costs and the actual costs of the period covered by the rate is carried forward as an adjustment to the rate computation of a subsequent period.

d. Final rate means an indirect cost rate applicable to a specified past period which is based on the actual costs of the period. A final rate is not subject to adjustment.

e. Provisional rate or billing rate means a temporary indirect cost rate applicable to a specified period which is used for funding, interim reimbursement, and reporting indirect costs on awards pending the establishment of a final rate for the period.

f. Indirect cost proposal means the documentation prepared by an organization to substantiate its claim for the reimbursement of indirect costs. This proposal provides the basis for the review and negotiation leading to the establishment of an organization's indirect cost rate.

g. Cost objective means a function, organizational subdivision, contract, grant, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, projects, jobs and capitalized projects.
2. Negotiation and approval of rates.
   a. Unless different arrangements are agreed to by the agencies concerned, the Federal agency with the largest dollar
      value of awards with an organization will be designated as the cognizant agency for the negotiation and approval of the
      indirect cost rates and, where necessary, other rates such as fringe benefit and computer charge-out rates. Once an agency
      is assigned cognizance for a particular nonprofit organization, the assignment will not be changed unless there is a major
      long-term shift in the dollar volume of the Federal awards to the organization. All concerned Federal agencies shall be given
      the opportunity to participate in the negotiation process but, after a rate has been agreed upon, it will be accepted by all
      Federal agencies. When a Federal agency has reason to believe that special operating factors affecting its awards
      necessitate special indirect cost rates in accordance with subparagraph H.5, it will, prior to the time the rates are negotiated,
      notify the cognizant agency.
   b. A nonprofit organization which has not previously established an indirect cost rate with a Federal agency shall
      submit its initial indirect cost proposal immediately after the organization is advised that an award will be made and, in no
      event, later than three months after the effective date of the award.
   c. Organizations that have previously established indirect cost rates must submit a new indirect cost proposal to the
      cognizant agency within six months after the close of each fiscal year.
   d. A predetermined rate may be negotiated for use on awards where there is reasonable assurance, based on past
      experience and reliable projection of the organization's costs, that the rate is not likely to exceed a rate based on the
      organization's actual costs.
   e. Fixed rates may be negotiated where predetermined rates are not considered appropriate. A fixed rate, however,
      shall not be negotiated if (i) all or a substantial portion of the organization’s awards are expected to expire before the carry-
      forward adjustment can be made; (ii) the mix of Federal and non-Federal work at the organization is too erratic to permit an
      equitable carry-forward adjustment; or (iii) the organization’s operations fluctuate significantly from year to year.
   f. Provisional and final rates shall be negotiated where neither predetermined nor fixed rates are appropriate.
   g. The results of each negotiation shall be formalized in a written agreement between the cognizant agency and the
      nonprofit organization. The cognizant agency shall distribute copies of the agreement to all concerned Federal agencies.
   h. If a dispute arises in a negotiation of an indirect cost rate between the cognizant agency and the nonprofit
      organization, the dispute shall be resolved in accordance with the appeals procedures of the cognizant agency.
   i. To the extent that problems are encountered among the Federal agencies in connection with the negotiation and approval
      process, OMB will lend assistance as required to resolve such problems in a timely manner.

ATTACHMENT B Circular No. A-122
SELECTED ITEMS OF COST

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SELECTED ITEMS OF COST

Paragraphs 1 through 52 provide principles to be applied in establishing the allowability of certain items of cost. These principles apply whether a cost is treated as direct or indirect. Failure to mention a particular item of cost is not intended to imply that it is unallowable; rather, determination as to allowability in each case should be based on the treatment or principles provided for similar or related items of cost.

1. Advertising and public relations costs.

a. The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.

b. The term public relations includes community relations and means those activities dedicated to maintaining the image of the organization or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

c. The only allowable advertising costs are those which are solely for:

(1) The recruitment of personnel required for the performance by the organization of obligations arising under a Federal award (See also Attachment B paragraphs 42, Recruiting, and paragraph 43, Relocation costs);

(2) The procurement of goods and services for the performance of a Federal award;

(3) The disposal of scrap or surplus materials acquired in the performance of a Federal award except when governmental units are reimbursed for disposal costs at a predetermined amount;

(4) Other specific purposes necessary to meet the requirements of the Federal award.

d. The only allowable public relations costs are:

(1) Costs specifically required by the Federal award;

(2) Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of Federal awards (these costs are considered necessary as part of the outreach effort for the Federal award); or

(3) Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of Federal contract/grant awards, financial matters, etc.

e. Costs identified in subparagraphs c and d if incurred for more than one Federal award or for both sponsored work and other work of the organization, are allowable to the extent that the principles in Attachment A, paragraphs B ("Direct Costs") and C ("Indirect Costs") are observed.

f. Unallowable advertising and public relations costs include the following:

(1) All advertising and public relations costs other than as specified in paragraphs 1 c, d, e.

(2) Costs of meetings, conventions, convocations, or other events related to other activities of the organization, including:

(a) Costs of displays, demonstrations, and exhibits;

(b) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and

(c) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;

(3) Costs of promotional items and memorabilia, including models, gifts, and souvenirs.
(A) Costs of advertising and public relations designed solely to promote the organization.

2. Advisory councils.

Costs incurred by advisory councils or committees are allowable as a direct cost where authorized by the Federal awarding agency or as an indirect cost where allocable to Federal awards.

3. Alcoholic beverages.

Costs of alcoholic beverages are unallowable.

4. Audit costs and related services.

a. The costs of audits required by, and performed in accordance with, the Single Audit Act, as implemented by Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations” are allowable. Also see 31 U.S.C. 7505(b) and section 210 (“Audit Costs”) of Circular A-133.

b. Other audit costs are allowable if included in an indirect cost rate proposal, or if specifically approved by the awarding agency as a direct cost to an award.

c. The cost of agreed-upon procedures engagements to monitor subrecipients who are exempted from A-133 under section 200(c) are allowable, subject to the conditions listed in A-133, section 200(b)(c).

5. Bad debts.

Bad debts, including losses (whether actual or estimated), arising from uncollectable accounts and other claims, related collection costs, and related legal costs, are unallowable.


a. Bonding costs arise when the Federal Government requires assurance against financial loss to itself or others by reason of the act or default of the organization. They arise also in instances where the organization requires similar assurance. Included are such bonds as bid, performance, payment, advance payment, infringement, and fidelity bonds.

b. Costs of bonding required pursuant to the terms of the award are allowable.

c. Costs of bonding required by the organization in the general conduct of its operations are allowable to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

7. Communication costs.

Costs incurred for telephone services, local and long distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services and the like are allowable.

8. Compensation for personal services.

a. Definition. Compensation for personal services includes all compensation paid currently or accrued by the organization for services of employees rendered during the period of the award (except as otherwise provided in subparagraph b.), it includes, but is not limited to, salaries, wages, directors' and executive committee member's fees, incentive awards, fringe benefits, pension plan costs, allowances for off-site pay, incentive pay, location allowances, hardship pay, and cost of living differentials.

b. Allowability. Except as otherwise specifically provided in this paragraph, the costs of such compensation are allowable to the extent that:

(1) Total compensation to individual employees is reasonable for the services rendered and conforms to the established policy of the organization consistently applied to both Federal and non-Federal activities; and

(2) Charges to awards whether treated as direct or indirect costs are determined and supported as required in this paragraph.

c. Reasonableness.

(1) When the organization is predominantly engaged in activities other than those sponsored by the Federal Government, compensation for employees on federally-sponsored work will be considered reasonable to the extent that it is consistent with that paid for similar work in the organization's other activities.

(2) When the organization is predominantly engaged in federally-sponsored activities and in cases where the kind of employees required for the Federal activities are not found in the organization's other activities, compensation for employees on federally-sponsored work will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor markets in which the organization competes for the kind of employees involved.

d. Special considerations in determining allowability. Certain conditions require special consideration and possible limitations in determining costs under Federal awards where amounts or types of compensation appear unreasonable.

Among such conditions are the following:

(1) Compensation to members of nonprofit organizations, trustees, directors, associates, officers, or the immediate families thereof. Determination should be made that such compensation is reasonable for the actual personal services rendered rather than a distribution of earnings in excess of costs.
Fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as vacation leave, sick leave, military leave, and the like, are allowable, provided such costs are absorbed by all organization activities in proportion to the relative amount of time or effort actually devoted to each.

Fringe benefits in the form of employer contributions or expenses for social security, employer insurance, workmen's compensation insurance, pension plan costs (see subparagraph h), and the like, are allowable, provided such benefits are granted in accordance with established written organization policies. Such benefits whether treated as indirect costs or as direct costs, shall be distributed to particular awards and other activities in a manner consistent with the pattern of benefits accruing to the individuals or group of employees whose salaries and wages are chargeable to such awards and other activities.

Provisions for a reserve under a self-insurance program for unemployment compensation or workers' compensation are allowable to the extent that the provisions represent reasonable estimates of the liabilities for such compensation, and the types of coverage, extent of coverage, rates and premiums would have been allowable had insurance been purchased to cover the risks. However, provisions for self-insured liabilities which do not become payable for more than one year after the provision is made shall not exceed the present value of the liability.

Where an organization follows a consistent policy of expensing actual payments to, or on behalf of, employees or former employees for unemployment compensation or workers' compensation, such payments are allowable in the year of payment with the prior approval of the awarding agency, provided they are allocated to all activities of the organization.

Costs of insurance on the lives of trustees, officers, or other employees holding positions of similar responsibility are allowable only to the extent that the insurance represents additional compensation. The costs of such insurance when the organization is named as beneficiary are unallowable.

Organization-furnished automobiles. That portion of the cost of organization-furnished automobiles that relates to personal use by employees (including transportation to and from work) is unallowable as fringe benefit or indirect costs regardless of whether the cost is reported as taxable income to the employees. These costs are allowable as direct costs to sponsored award when necessary for the performance of the sponsored award and approved by awarding agencies.

Pension plan costs.

Costs of the organization's pension plan which are incurred in accordance with the established policies of the organization are allowable, provided:

(a) Such policies meet the test of reasonableness;
(b) The methods of cost allocation are not discriminatory;
(c) The cost assigned to each fiscal year is determined in accordance with generally accepted accounting principles (GAAP), as prescribed in Accounting Principles Board Opinion No. 8 issued by the American Institute of Certified Public Accountants; and
(d) The costs assigned to a given fiscal year are funded for all plan participants within six months after the end of that year. However, increases to normal and past service pension costs caused by a delay in funding the actuarial liability beyond 30 days after each quarter of the year to which such costs are assignable are unallowable.

Pension plan termination insurance premiums paid pursuant to the Employee Retirement Income Security Act (ERISA) of 1974 (Pub. L. 93-406) are allowable. Late payment charges on such premiums are unallowable.

Excise taxes on accumulated funding deficiencies and other penalties imposed under ERISA are unallowable.

Incentive compensation. Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., are allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the organization and the employee, conditional upon the services which were rendered, or pursuant to an established plan followed by the organization so consistently as to imply, in effect, an implied agreement to make such payment.

Severance pay, also commonly referred to as dismissal wages, is a payment in addition to regular salaries and wages, by organizations to workers whose employment is being terminated. Costs of severance pay are allowable only to the extent that in each case, it is required by law, employer-employee agreement, or circumstances of the particular employment.
Costs of severance payments are divided into two categories as follows:

(a) Actual normal turnover severance payments shall be allocated to all activities; or, where the organization provides for a reserve for normal severances, such method will be acceptable if the charge to current operations is reasonable in light of payments actually made for normal severances over a representative past period, and if amounts charged are allocated to all activities of the organization.

(b) Abnormal or mass severance pay is of such a conjectural nature that measurement of costs by means of an accrual will not achieve equity to both parties. Thus, accruals for this purpose are not allowable. However, the Federal Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment. Thus, allowability will be considered on a case-by-case basis in the event of occurrence.

(c) Costs incurred in severance pay packages (commonly known as “a golden parachute” payment) which are in an amount in excess of the normal severance pay paid by the organization to an employee upon termination of employment and are paid to the employee contingent upon a change in management control over, or ownership of, the organization’s assets are unallowable.

(d) Severance payments to foreign nationals employed by the organization outside the United States, to the extent that the amount exceeds the customary or prevailing practices for the organization in the United States are unallowable, unless they are necessary for the performance of Federal programs and approved by awarding agencies.

(e) Severance payments to foreign nationals employed by the organization outside the United States due to the termination of the foreign national as a result of the closing of, or curtailment of activities by, the organization in that country, are unallowable, unless they are necessary for the performance of Federal programs and approved by awarding agencies.

1. Training and education costs. See paragraph 49.
2. Support of salaries and wages.

Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization’s indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time in a direct function). Reports maintained by nonprofit organizations to satisfy these requirements must meet the following standards:

(a) The reports must reflect an effort to assure the determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify for support for charges to awards.

(b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.

(c) The reports must be signed by the individual employee, or by a responsible supervisory official, having first-hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.

(d) The reports must be prepared at least monthly and must coincide with one or more pay periods.

The reports must be approved in writing by the cognizant agency.

Charges for the salaries and wages of nonprofessional employees, in addition to the supporting documentation described in subparagraphs (1) and (2), must also be supported by records indicating the total number of hours worked each day as required in conformance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR Part 516). For this purpose, the term “nonprofessional employee” shall have the same meaning as “nonexempt employee,” under FLSA.

Salaries and wages of employees used in meeting cost sharing or matching requirements on awards must be supported in the same manner as salaries and wages claimed for reimbursement from awarding agencies.


Contributions to a contingency reserve or any similar provision made for events the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening, are unallowable. The term “contingency reserve” excludes self-insurance reserves (see paragraphs Attachment B, 8.g.(3) and 22.a.(2)(d); pension funds (see paragraph 8.i.); and reserves for normal severance pay (see paragraph 8.k.).

10. Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement.

a. Definitions.

(1) Conviction, as used herein, means a judgment or a conviction of a criminal offense by any court of competent jurisdiction, whether entered upon as a verdict or a plea, including a conviction due to a plea of nolo contendere.

(2) Costs include, but are not limited to, administrative and clerical expenses; the cost of legal services, whether performed by in-house or private counsel; and the costs of the services of accountants, consultants, or others retained by the organization to assist it costs of employees, officers and trustees, and any similar costs incurred before, during, and after commencement of a judicial or administrative proceeding that bears a direct relationship to the proceeding.

(3) Fraud, as used herein, means...
(4) Penalty does not include restitution, reimbursement, or compensatory damages.
(5) Proceeding includes an investigation.

b. Allowable Costs

(1) Except as otherwise described herein, costs incurred in connection with any criminal, civil or administrative proceeding (including filing of a false certification) commenced by the Federal Government, or a State, local or foreign government, are not allowable if the proceeding: (1) relates to a violation of, or failure to comply with, a Federal, State, local or foreign statute or regulation by the organization (including its agents and employees), and (2) results in any of the following dispositions:

(a) In a civil proceeding, a conviction.
(b) In a civil or administrative proceeding involving an allegation of fraud or similar misconduct, a determination of organizational liability.
(c) In the case of any civil or administrative proceeding, the imposition of a monetary penalty.
(d) A final decision by an appropriate Federal official to debar or suspend the organization, to rescind or void an award, or to terminate an award for default by reason of a violation or failure to comply with a law or regulation.
(e) A disposition by consent or compromise, if the action could have resulted in any of the dispositions described in (a), (b), (c) or (d).

(2) If more than one proceeding involves the same alleged misconduct, the costs of all such proceedings shall be unallowable if any one of them results in one of the dispositions shown in subparagraph b.(1).

(c) If a proceeding referred to in subparagraph b is commenced by the Federal Government and is resolved by consent or compromise pursuant to an agreement entered into by the organization and the Federal Government, then the costs incurred by the organization in connection with such proceedings that are otherwise not allowable under subparagraph b may be allowed to the extent specifically provided in such agreement.

(d) If a proceeding referred to in subparagraph b is commenced by a State, local or foreign government, the authorized Federal official may allow the costs incurred by the organization for such proceeding, if such authorized official determines that the costs were incurred as a result of a specific term or condition of a federally-sponsored award, or specific written direction of an authorized official of the sponsoring agency.

(1) The costs are reasonable in relation to the activities required to deal with the proceeding and the underlying cause of action.
(2) Payment of the costs incurred, as allowable and allocable costs, is not prohibited by any other provision(s) of the sponsored award.

(3) The costs are not otherwise recovered from the Federal Government or a third party, either directly as a result of the proceeding or otherwise, and,

(4) The percentage of costs allowed does not exceed the percentage determined by an authorized Federal official to be appropriate, considering the complexity of the litigation, generally accepted principles governing the award of legal fees in civil actions involving the United States as a party, and such other factors as may be appropriate. Such percentage shall not exceed 80 percent. However, if an agreement reached under subparagraph c has explicitly considered this 80 percent limitation and permitted a higher percentage, then the full amount of costs resulting from that agreement shall be allowable.

f. Costs incurred by the organization in connection with the defense of suits brought by its employees or ex-employees under section 2 of the Major Fraud Act of 1988 (Pub. L. 100-700), including the cost of all relief necessary to make such employee whole, where the organization was found liable or settled, are unallowable.

g. Costs of legal, accounting, and consultant services, and related costs, incurred in connection with defense against Federal Government claims or appeals, antitrust suits, or the prosecution of claims or appeals against the Federal Government, are unallowable.

h. Costs of legal, accounting, and consultant services, and related costs, incurred in connection with patent infringement litigation, are unallowable unless otherwise provided for in the sponsored awards.

i. Costs which may be allowable under this paragraph, including directly associated costs, shall be segregated and accounted for by the organization separately. During the pendency of any proceeding covered by subparagraphs b and f, the Federal Government shall generally withhold payment of such costs. However, if in the best interests of the Federal Government, the Federal Government may provide for conditional payment upon provision of adequate assurance, or other adequate assurance, and agreements by the organization to repay all unallowable costs, plus interest, if the costs are subsequently determined to be unallowable.

11. Depreciation and use allowances.

a. Compensation for the use of buildings, other capital improvements, and equipment on hand may be made through use allowance or depreciation. However, except as provided in Attachment B, paragraph 11f., a combination of the two methods may not be used in connection with a single class of fixed assets (e.g., buildings, office equipment, computer equipment, etc.).

b. The computation of use allowances or depreciation shall be based on the acquisition cost of the assets involved. The acquisition cost of an asset donated to the organization by a third party shall be its fair market value at the time of the donation.

c. The computation of use allowances or depreciation will exclude:
Depreciation methods once used shall not be changed unless approved in advance by the cognizant Federal agency. When costly or extensive alterations or repairs to the building or the equipment. Equipment that meets these criteria will be subject and dental treatment units, counters, laboratory benches bolted to the floor, dishwashers, modular furniture, carpeting, etc. will be considered as a part of the total costs of the project. Such indirect costs may be reimbursed under the award or used

The use allowance for equipment will be computed at an annual rate not exceeding 6-2/3 percent of acquisition cost. When the use allowance method is followed, the use allowance for buildings and improvement (including land improvements, such as paved parking areas, fences, and sidewalks) will be computed at an annual rate not exceeding two percent limitation, however, need not be applied to equipment which is merely attached or fastened to the building but not permanently fixed to it and which is used as furnishings or decorations or for specialized purposes (e.g., dentist chairs and dental treatment units, counters, laboratory benches bolted to the floor, dishwashers, modular furniture, carpeting, etc.). Such equipment will be considered as not being permanently fixed to the building if it can be removed without the need for costly or extensive alterations or repairs to the building or the equipment. Equipment that meets these criteria will be subject to the 6-2/3 percent equipment use allowance limitation. Charges for use allowances or depreciation must be supported by adequate property records and physical inventories must be taken at least once every two years to ensure that assets exist and are usable and needed. When the depreciation method is followed, adequate depreciation records indicating the amount of depreciation taken each period must also be maintained.

Donations and contributions.

Donated services received:

(1) Donated or volunteer services may be furnished to an organization by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not reimbursable either as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with OMB Circular A-110.

(2) The value of donated services utilized in the performance of a direct cost activity shall, when material in amount, be considered in the determination of the organization’s indirect costs or rate(s) and, accordingly, shall be allocated a proportionate share of applicable indirect costs when the following exist.

(a) The aggregate value of the services is material.

(b) The services are supported by a significant amount of the indirect costs incurred by the organization;

(c) The direct cost activity is not pursued primarily for the benefit of the Federal Government.

(3) In those instances where there is no basis for determining the fair market value of the services rendered, the recipient and the cognizant agency shall negotiate an appropriate allocation of indirect cost to the services.

(4) Where donated services directly benefit a project supported by an award, the indirect costs allocated to the services will be considered as a part of the total costs of the project. Such indirect costs may be reimbursed under the award or used to meet cost sharing or matching requirements.

(5) The value of the donated services may be used to meet cost sharing or matching requirements under conditions described in Sec. 9 of Circular A-110. Where donated services are treated as indirect costs, indirect cost rates will separate the value of the donations so that reimbursement will not be made.

(c) Donated goods or space.

Donated goods: i.e., expendable personal property, supplies, and donated use of space may be furnished to an organization. The value of the goods and space is not reimbursable either as a direct or indirect cost.
(2) The value of the donations may be used to meet cost sharing or matching share requirements under the conditions
described in Circular A-110. Where donations are treated as indirect costs, indirect cost rates will separate the value of the
donations so that reimbursement will not be made.

13. Employee morale, health, and welfare costs.
   a. The costs of employee information publications, health or first-aid clinics and/or infirmaries, recreational activities,
      employee counseling services, and any other expenses incurred in accordance with the organization’s established practice
      or custom for the improvement of working conditions, employer-employee relations, employee morale, and employee
      performance are allowable.
   b. Such costs will be equitably apportioned to all activities of the organization. Income generated from any of these
      activities will be credited to the cost thereof unless such income has been irrevocably set over to employee welfare
      organizations.

14. Entertainment costs.
   Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such
   costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

15. Equipment and other capital expenditures.
   a. “Capital Expenditures” means expenditures for the acquisition cost of capital assets (equipment, buildings, land), or
      expenditures to make improvements to capital assets that materially increase their value or useful life. Acquisition cost
      means the cost of the asset including the cost to put it in place. Acquisition cost for equipment, for example, means the net
      invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus
      necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in
      transit insurance, freight, and installation may be included in, or excluded from the acquisition cost in accordance with the
      organization’s regular accounting practices.
   b. “Equipment” means an article of nonexpendable, tangible personal property having a useful life of more than one
      year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the organization for
      financial statement purposes, or $5000.
   c. “Special purpose equipment” means equipment which is used only for research, medical, scientific or other
      technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information
      technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.
   d. “General purpose equipment” means equipment, which is not limited to research, medical, scientific or other
      technical activities. Examples include microscopes, x-ray machines, surgical instruments, and spectrometers.
   e. The following rules of allowability shall apply to equipment and other capital expenditures.
      a. Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except
         where approved in advance by the awarding agency.
      b. Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit
         cost of $5000 or more have the prior approval of the awarding agency.
      c. Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or
         useful life are unallowable as a direct cost except with the prior approval of the awarding agency.
      d. When approved as a direct charge pursuant to this paragraph 15.b.(1), (2), and (3), capital expenditures will be
         charged in the period in which the expenditure is incurred, or as otherwise determined appropriate by and negotiated with
         the awarding agency.
   e. Equipment and other capital expenditures are allowable as indirect costs. However, see Attachment B, paragraph 11.
      Depreciation and use allowance, for rules on the allowability of use, allowances or depreciation on buildings,
      capital improvements, and equipment. Also, see Attachment B, paragraph 44. Rental costs of buildings and equipment, for
      rules on the allowability of rental costs for land, buildings, and equipment.
   f. The unamortized portion of any equipment written off as a result of a change in capitalization levels may be
      recovered by continuing to claim the otherwise allowable use allowances or depreciation on the equipment, or by amortizing
      the amount to be written off over a period of years negotiated with the cognizant agency.

16. Fines and penalties.
   Costs of fines and penalties resulting from violations of, or failure of the organization to comply with Federal, State, and local
   laws and regulations are unallowable except when incurred as a result of compliance with specific provisions of an award or
   instructions in writing from the awarding agency.

17. Fund raising and investment management costs.
   a. Costs of organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests,
      and similar expenses incurred solely to raise capital or obtain contributions are unallowable.
   b. Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments
      are unallowable.
   c. Fundraising and investment activities shall be allocated an appropriate share of indirect costs under the conditions
      described in subparagraph B.3 of Attachment A.
18. **Gains and losses on depreciable assets.**
   a. (1) Gains and losses on sale, retirement, or other disposition of depreciable property shall be included in the year in which they occur as credits or charges to cost of goods sold (or in which the disposition is applicable to such property was included). The amount of the gain or loss to be included as a credit or charge to the appropriate cost groupings(s) shall be the difference between the amount realized on the property and the undepreciated basis of the property.
   b. (2) Gains and losses on the disposition of depreciable property shall not be recognized as a separate credit or charge under the following conditions:
      (1) The gain or loss is processed through a depreciation account and is reflected in the depreciation allowable under Attachment B, paragraph 11.
      (2) The property is given in exchange as part of the purchase price of a similar item and the gain or loss is taken into account in determining the depreciation cost basis of the new item.
   (c) A loss results from the failure to maintain permissible insurance, except as otherwise provided in Attachment B, paragraph 22.

19. **Goods or services for personal use.**
   Costs of goods or services for personal use of the organization's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.

20. **Housing and personal living expenses.**
   Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent, etc.), housing allowances and personal living expenses for the organization's officers are unallowable as direct costs regardless of whether the cost is reported as taxable income to the employees. These costs are allowable as direct costs to sponsored awards when necessary for the performance of the sponsored award and approved by awarding agencies.
   a. The term "officers" includes current and past officers and employees.
   b. Goods or services for personal use.

21. **Idle facilities and idle capacity.**
   a. As used in this paragraph the following terms have the meanings set forth below:
      (1) "Facilities" means land and buildings or any portion thereof, equipment individually or collectively, or any other tangible capital asset, wherever located, and whether owned or leased by the organization.
      (2) "Idle facilities" means completely unused facilities that are excess to the organization's current needs.
      (3) "Idle capacity" means the unused capacity of partially used facilities. It is the difference between:
         (a) The amount of usage that a facility could achieve under 100 percent operating time on a one-shift basis less operating interruptions resulting from time lost for repairs, setups, unsatisfactory materials, and other normal delays; and
         (b) the extent to which the facility was actually used to meet demands during the accounting period. A multi-shift basis should be used if it can be shown that this amount of usage would normally be expected for the type of facility involved.
   b. "Cost of idle facilities or idle capacity" means costs such as maintenance, repair, housing, rent, and other related costs, e.g., insurance, interest, property taxes and depreciation or use allowances.
   c. The costs of idle facilities are unallowable except to the extent that:
      (1) They are necessary to meet fluctuations in workload or
      (2) Although not necessary to meet fluctuations in workload, they were necessary when acquired and are now idle because of changes in program requirements, efforts to achieve more economical operations, reorganization, termination, or other causes which could not have been reasonably foreseen. Under the exception stated in this subparagraph, costs of idle facilities are allowable for a reasonable period of time, ordinarily not to exceed one year, depending on the initiative taken to use, lease, or dispose of such facilities.
   c. The costs of idle capacity are normal costs of doing business and are a factor in the normal fluctuations of usage or indirect cost rates from period to period. Such costs are allowable, provided that the capacity is reasonably anticipated to be necessary or was originally reasonable and is not subject to reduction or elimination by use on other Federal awards, subletting, renting, or sale, in accordance with sound business, economic, or security practices. Widespread idle capacity...
Insurance and indemnification.

22. Insurance and indemnification.

a. Insurance includes insurance which the organization is required to carry, or which is approved, under the terms of the award and any other insurance which the organization maintains in connection with the general conduct of its operations. This paragraph does not apply to insurance which represents fringe benefits for employees (see subparagraphs 7.f and 7.h(2)).

(1) Costs of insurance required or approved, and maintained, pursuant to the award are allowable.

(2) Costs of other insurance maintained by the organization in connection with the general conduct of its operations are allowable subject to the following limitations:

(a) Types and extent of coverage shall be in accordance with sound business practice and the rates and premiums shall be reasonable under the circumstances.

(b) Costs allowed for business interruption or other similar insurance shall be limited to exclude coverage of management fees.

(c) Costs of insurance or of any provisions for a reserve covering the risk of loss or damage to Federal property are allowable only to the extent that the organization is liable for such loss or damage.

(d) Provisions for a reserve under a self-insurance program are allowable to the extent that types of coverage, extent of coverage, rates, and premiums would have been allowed had insurance been purchased to cover the risks. However, provision for known or reasonably estimated self-insured liabilities, which do not become payable for more than one year after the provision is made, shall not exceed the present value of the liability.

(e) Costs of insurance on the lives of trustees, officers, or other employees holding positions of similar responsibilities are allowable only to the extent that the insurance represents additional compensation (see subparagraph 7.f(4)). The cost of such insurance when the organization is identified as the beneficiary is unallowable.

(f) Insurance against defects. Costs of insurance with respect to any costs incurred to correct defects in the organization's materials or workmanship are unallowable.

(g) Medical liability (malpractice) insurance. Medical liability insurance is an allowable cost of Federal research programs only to the extent that the Federal research programs involve human subjects or training of participants in research techniques. Medical liability insurance costs shall be treated as a direct cost and shall be assigned to individual projects based on the manner in which the insurer allocates the risk to the population covered by the insurance.

(3) Actual losses which could have been covered by permissible insurance (through the purchase of insurance or a self-insurance program) are unallowable unless expressly provided for in the award, except:

(a) Costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound business practice are allowable.

(b) Minor losses not covered by insurance, such as spoilage, breakage, and disappearance of supplies, which occur in the ordinary course of operations, are allowable.

b. Indemnification includes securing the organization against liabilities to third persons and any other loss or damage, not compensated by insurance or otherwise. The Federal Government is obligated to indemnify the organization only to the extent expressly provided in the award.

23. Interest.

a. Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the organization's own funds, however represented, are unallowable. However, interest on debt incurred after September 29, 1995 to acquire or replace capital assets (including renovations, alterations, equipment, land, and capital assets acquired through capital leases), acquired after September 29, 1995 and used in support of Federal awards is allowable, provided that:

a. For facilities acquisitions (excluding renovations and alterations) costing over $10 million where the Federal Government's reimbursement is expected to equal or exceed 40 percent of an asset's cost, the organization prepares, prior to the acquisition or replacement of the capital asset(s), a justification that demonstrates the need for the facility in the conduct of federally-sponsored activities. Upon request, the needs justification must be provided to the Federal agency with cost cognizance authority as a prerequisite to the continued allowability of interest on debt and depreciation related to the facility. The needs justification for the acquisition of a facility should include, at a minimum, the following:
A statement of purpose and justification for facility acquisition or replacement.

A statement as to why current facilities are not adequate.

A statement of planned future use of the facility.

A description of the financing agreement to be arranged for the facility.

A summary of the building contract with estimated cost information and statement of source and use of funds.

A schedule of planned occupancy dates.

For facilities costing over $500,000, the non-profit organization prepares, prior to the acquisition or replacement of the facility, a lease/purchase analysis in accordance with the provisions of Sections 3 through 37 of Circular A-110, which shows that a financed purchase or capital lease is less costly to the organization than other leasing alternatives, on a net present value basis. Discount rates used should be equal to the non-profit organization’s anticipated interest rates and should be no higher than the fair market rate available to the non-profit organization from an unrelated (“arm’s length”) third party. The lease/purchase analysis shall include a comparison of the net present value of the projected total cost comparisons of both alternatives over the period the asset is expected to be used by the non-profit organization. The cost comparisons associated with purchasing the facility shall include the estimated purchase price, anticipated operating and maintenance costs (including property taxes, if applicable) not included in the debt financing, less any estimated asset salvage value at the end of the period defined above. The cost comparison for a capital lease shall include the estimated total lease payments, any estimated bargain purchase option, operating and maintenance costs, and taxes not included in the capital leasing arrangement, less any estimated credits due under the lease at the end of the period defined above. Projected operating lease costs shall be based on the anticipated cost of leasing comparable facilities at fair market rates under rental agreements that would be renewed or reestablished over the period defined above, and any expected maintenance costs and allowable property taxes to be borne by the non-profit organization directly or as part of the lease arrangement.

The actual interest cost claimed is predicated upon interest rates that are no higher than the fair market rate available to the non-profit organization from an unrelated (“arm’s length”) third party.

Investment earnings, including interest income, on bond or loan principal, pending payment of the construction or acquisition costs, are used to offset allowable interest cost. Arbitrage earnings reportable to the Internal Revenue Service are not required to be offset against allowable interest costs.

Reimbursements are limited to the least costly alternative based on the total cost analysis required under subparagraph (b). For example, if an operating lease is determined to be less costly than purchasing through debt financing, then reimbursement is limited to the amount determined if leasing had been used. In all cases where a lease/purchase analysis is performed, Federal reimbursement shall be based upon the least expensive alternative.

Organizations are also subject to the following conditions:

Interest on debt incurred to finance or refinance assets acquired before or reacquired after September 29, 1995, is not allowable.

Interest attributable to fully depreciated assets is unallowable.

For debt arrangements over $1 million, unless the non-profit organization makes an initial equity contribution to the asset purchase of 25 percent or more, non-profit organizations shall reduce claims for interest expense by an amount equal to imputed interest earnings on excess cash flow, which is to be calculated as follows. Annually, non-profit organizations shall prepare a cumulative (from the inception of the project) report of monthly cash flows that includes inflows and outflows, regardless of the funding source. Inflows consist of depreciation expense, amortization of capitalized construction interest, and annual interest expense. For cash flow calculations, the annual inflow figures shall be divided by the number of months in the year (usually 12) that the building is in service for monthly amounts. Outflows consist of initial equity contributions, debt principal payments (less the pro rata share attributable to the unallowable costs of land) and interest payments. Where cumulative inflows exceed cumulative outflows, interest shall be calculated on the excess inflows for that period and be treated as a reduction to allowable interest expense. The rate of interest to be used to compute earnings on excess cash flows shall be the three month Treasury Bill closing rate as of the last business day of that month.

Substantial relocation of federally-sponsored activities from a facility financed by indebtedness, the cost of which was funded in whole or part through Federal reimbursements, to another facility prior to the expiration of a period of 20 years requires notice to the Federal cognizant agency. The extent of the relocation, the amount of the Federal participation in the financing, and the depreciation and interest charged to date may require negotiation and/or downward adjustments of replacement space charged to Federal programs in the future.

The allowable costs to acquire facilities and equipment are limited to a fair market value available to the non-profit organization.
organization from an unrelated ("arm's length") third party.

b. For non-profit organizations subject to "full coverage" under the Cost Accounting Standards (CAS) as defined at 48 CFR 31.201, the interest allowability provisions of subparagraph a do not apply. Instead, these organizations' sponsored agreements are subject to CAS 414 (48 CFR 9903.414), cost of money as an element of the cost of facilities capital, and CAS 417 (48 CFR 9904.117), cost of money as an element of the cost of capital assets under construction.

c. The following definitions are to be used for purposes of this section:

(1) Re-acquired assets means assets held by the non-profit organization prior to September 29, 1995 that have again come to be held by the organization, whether through repurchase or refinancing. It does not include assets acquired to replace older assets.

(2) Initial equity contribution means the amount or value of contributions made by organizations for the acquisition of the asset or prior to occupancy of facilities.

(3) Asset costs means the capitalizable costs of an asset, including construction costs, acquisition costs, and other such costs capitalized in accordance with GAAP.

24. Labor relations costs.

Costs incurred in maintaining satisfactory relations between the organization and its employees, including costs of labor management committees, employee publications, and other related activities are allowable.

25. Lobbying.

a. Notwithstanding other provisions of this Circular, costs associated with the following activities are unallowable:

(1) Attempts to influence the outcomes of any Federal, State, or local election, referendum, initiative, or similar procedure, through in kind or cash contributions, endorsements, publicity, or similar activity;

(2) Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections;

(3) Any attempt to influence:

   i. The introduction of Federal or State legislation;
   ii. the enactment or modification of any pending Federal or State legislation through communication with any member or employee of the Congress or State legislature (including efforts to influence State or local officials to engage in similar lobbying activity), or with any Government official or employee in connection with a decision to sign or veto enrolled legislation;
   iii. Any attempt to influence:

      i. The introduction of Federal or State legislation;

(ii) the enactment or modification of any pending Federal or State legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, fundraising drive, lobbying campaign or letter-writing or telephone campaign, or

(5) Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.

b. Any lobbying made unallowable by subparagraph a(2) to influence State legislation in order to directly reduce the cost or to avoid material impairment of the organization's authority to perform the grant, contract, or other agreement.

c. Any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement.

(2) Organizations shall submit, as part of the annual indirect cost rate proposal, a certification that the requirements and standards of this paragraph have been complied with.

(3) Organizations shall maintain adequate records to demonstrate that the determination of costs as being allowable or unallowable pursuant to paragraph 25 complies with the requirements of this Circular.
(4) Time logs, calendars, or similar records shall not be required to be created for purposes of complying with this paragraph during any particular calendar month when: (1) the employee engages in lobbying (as defined in subparagraphs (a) and (b)), 25 percent or less of the employee’s compensated hours of employment during that calendar month, and (2) within the preceding five-year period, the organization has not materially misstated allowable or unallowable costs of any nature, including legislative lobbying costs. When conditions (1) and (2) are met, organizations are not required to establish records to support the allowability of claimed costs in addition to records already required or maintained. Also, when conditions (1) and (2) are met, the absence of time logs, calendars, or similar records will not serve as a basis for disallowing costs by contesting estimates of lobbying time spent by employees during a calendar month.

(5) Agencies shall establish procedures for resolving in advance, in consultation with OMB, any significant questions or disagreements concerning the interpretation or application of paragraph 26. Any such advance resolution shall be binding in any subsequent settlements, audits, or investigations with respect to that grant or contract for purposes of interpretation of this Circular; provided, however, that this shall not be construed to prevent a contractor or grantee from contesting the lawfulness of such a determination.

d. Executive lobbying costs. Costs incurred in attempting to improperly influence either directly or indirectly, an employee or officer of the Executive Branch of the Federal Government to give consideration or to act regarding a sponsored agreement or a regulatory matter are unallowable. Improper influence means any influence that induces or tends to induce a Federal employee or officer to give consideration or to act regarding a federally-sponsored agreement or regulatory matter on any basis other than the merits of the matter.

26. Losses on other awards or contracts.

Any excess of costs over income on any award is unallowable as a cost of any other award. This includes, but is not limited to, the organization’s contributed portion by reason of cost sharing agreements or any underrecoveries through negotiation of lump sums for, or ceilings on, indirect costs.

27. Maintenance and repair costs.

Costs incurred for necessary maintenance, repair, or upkeep of buildings and equipment (including Federal property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable. Costs incurred for improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life shall be treated as capital expenditures (see Attachment B paragraph 15.).

28. Materials and supplies costs.

a. Costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable.

b. Purchased materials and supplies shall be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms should be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs.

c. Only materials and supplies actually used for the performance of a Federal award may be charged as direct costs.

d. Where federally-donated or furnished materials are used in performing the Federal award, such materials will be used without charge.

29. Meetings and conferences.

Costs of meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, speakers’ fees, and other items incidental to such meetings or conferences. But see Attachment B, paragraphs 14...Entertainment, and 33...Participant support costs.

30. Memberships, subscriptions, and professional activities.

a. Costs of the organization’s membership in business, technical, and professional organizations are allowable.

b. Costs of the organization’s subscriptions to business, professional, and technical periodicals are allowable.

c. Costs of membership in any civic or community organization are allowable with prior approval by Federal cognizant agency.

d. Costs of membership in any country club or social or dining club or organization are unallowable.

31. Organization costs.

...
Expenditures, such as incorporation fees, brokers’ fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselors, whether or not employees of the organization, in connection with establishment or reorganization of an organization, are unallowable except with prior approval of the awarding agency.

32. Page charges in professional journals.

Page charges for professional journal publications are allowable as a necessary part of research costs, where:

a. The research papers report work supported by the Federal Government; and
b. The charges are levied impartially on all research papers published by the journal, whether or not by federally-sponsored authors.

33. Participant support costs.

Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, symposia, or training projects. These costs are allowable with the prior approval of the awarding agency.

34. Patent costs.

a. The following costs relating to patent and copyright matters are allowable:

   (1) Cost of preparing disclosures, reports, and other documents required by the Federal award and of searching the art to the extent necessary to make such disclosures;

   (2) Cost of preparing documents and any other patent costs in connection with the filing and prosecution of a United States patent application, where the title or royalty-free license is required by the Federal Government to be conveyed to the Federal Government; and

   (3) General counseling services relating to patent and copyright matters, such as advice on patent and copyright laws, regulations, clauses, and employee agreements (but see Attachment B, paragraphs 37. Professional service costs, and 44. Royalties and other costs for use of patents and copyrights).

b. The following costs related to patent and copyright matter are unallowable:

   (1) Cost of preparing disclosures, reports, and other documents and of searching the art to the extent necessary to make disclosures not required by the award;

   (2) Costs in connection with filing and prosecuting any foreign patent application, or any United States patent application, where the Federal award does not require conveying title or a royalty-free license to the Federal Government (but see Attachment B, paragraph 44. Royalties and other costs for use of patents and copyrights).

35. Plant and homeland security costs.

Necessary and reasonable expenses incurred for routine and homeland security to protect facilities, personnel, and work products are allowable. Such costs include, but are not limited to, wages and uniforms of personnel engaged in security activities; equipment; barriers; contractual security services; consultants; etc. Capital expenditures for homeland and plant security purposes are subject to Attachment B, paragraph 15. Equipment and other capital expenditures, of this circular.

36. Pre-agreement costs.

Pre-agreement costs are those incurred prior to the effective date of the award directly pursuant to the negotiation and in anticipation of the award where such costs are necessary to comply with the proposed delivery schedule or period of performance. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of the awarding agency.

37. Professional service costs.

a. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the organization, are allowable, subject to subparagraphs b. and c. of this paragraph 37. when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government. In addition, legal and related services are limited under Attachment B, paragraph 10.

b. In determining the allowability of costs in a particular case, no single factor or any special combination of factors is
necessarily determinative. However, the following factors are relevant:

1. The nature and scope of the service rendered in relation to the service required.
2. The necessity of contracting for the service, considering the organization’s capability in the particular area.
3. The past pattern of such costs, particularly in the years prior to Federal awards.
4. The impact of Federal awards on the organization’s business (i.e., what new problems have arisen).
5. Whether the proportion of Federal work to the organization’s total business is such as to influence the organization in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Federal grants and contracts.
6. Whether the service can be performed more economically by direct employment rather than contracting.
7. The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-Federal awards.
8. Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

In addition to the factors in this Attachment B, paragraph 37.b., retainers fees to be allowable must be supported by evidence of bona fide services available or rendered.

38. Publication and printing costs.

a. Publication costs include the costs of printing (including the processes of composition, plate-making, press work, binding, and the end products produced by such processes), distribution, promotion, mailing, and general handling. Publication costs also include page charges in professional publications.

b. If these costs are not identifiable with a particular cost objective, they should be allocated as indirect costs to all benefitting activities of the organization.

c. Page charges for professional journal publications are allowable as a necessary part of research costs where:

- The research papers report work supported by the Federal Government;
- The research papers report work supported by the Federal Government; and
- The charges are levied impartially on all research papers published by the journal, whether or not by federally-sponsored authors.

39. Rearrangement and alteration costs.

Costs incurred for ordinary or normal rearrangement and alteration of facilities are allowable. Special arrangement and alteration costs incurred specifically for the project are allowable with the prior approval of the awarding agency.

40. Reconversion costs.

Costs incurred in the restoration or rehabilitation of the organization’s facilities to approximately the same condition existing immediately prior to commencement of Federal awards, less costs related to normal wear and tear, are allowable.

41. Recruiting costs.

a. Subject to subparagraphs b, c, and d, and provided that the size of the staff recruited and maintained is in keeping with workload requirements, costs of "help wanted" advertising, operating costs of an employment office necessary to secure and maintain an adequate staff, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees, are allowable to the extent that such costs are incurred pursuant to a well-managed recruitment program. Where the organization uses employment agencies, costs that are not in excess of standard commercial rates for such services are allowable.

b. In publications, costs of help wanted advertising that includes color, includes advertising material for other than recruitment purposes, or is excessive in size (taking into consideration recruitment purposes for which intended and normal organizational practices in this respect), are unallowable.

c. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances incurred to attract
professional personnel from other organizations that do not meet the test of reasonableness or do not conform with the established practices of the organization, are unallowable.

d. Where relocation costs incurred incident to recruitment of a new employee have been allowed either as a direct or indirect cost, and the newly hired employee resigns for reasons within his control within twelve months after being hired, the organization will be required to refund or credit such relocation costs to the Federal Government.

42. Relocation costs.

a. Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period of not less than 12 months) of an existing employee or upon recruitment of a new employee. Relocation costs are allowable, subject to the limitation described in subparagraphs b., c., and d., provided that:

(1) The move is for the benefit of the employer.

(2) Reimbursement to the employee is in accordance with an established written policy consistently followed by the employer.

(3) The reimbursement does not exceed the employee's actual (or reasonably estimated) expenses.

b. Allowable relocation costs for current employees are limited to the following:

(1) The costs of transportation of the employee, members of his immediate family and his household, and personal effects to the new location.

(2) The costs of finding a new home, such as advance trips by employees and spouses to locate living quarters and temporary lodging during the transition period, up to maximum period of 30 days, including advance trip time.

(3) Closing costs, such as brokerage, legal, and appraisal fees, incident to the disposition of the employee's former home. These costs, together with those described in (4), are limited to 8 per cent of the sales price of the employee's former home.

(4) The continuing costs of ownership of the vacant former home after the settlement or lease date of the employee's new permanent home, such as maintenance of buildings and grounds (exclusive of fixing up expenses), utilities, taxes, and property insurance.

(5) Other necessary and reasonable expenses normally incident to relocation, such as the costs of canceling an unexpired lease, disconnecting and reinstalling household appliances, and purchasing insurance against loss of or damage to personal property. The cost of canceling an unexpired lease is limited to three times the monthly rental.

c. Allowable relocation costs for new employees are limited to those described in (1) and (2) of subparagraph b. When relocation costs incurred incident to the recruitment of new employees have been allowed either as a direct or indirect cost and the employee resigns for reasons within his control within 12 months after hire, the organization shall refund or credit the Federal Government for its share of the cost. However, the costs of travel to an overseas location shall be considered travel effects to the new location.

Relocation costs.

(3) The reimbursement does not exceed the employee's actual (or reasonably estimated) expenses.

(4) The costs of transportation of the employee, members of his immediate family and his household, and personal effects to the new location.

(5) The costs of finding a new home, such as advance trips by employees and spouses to locate living quarters and temporary lodging during the transition period, up to maximum period of 30 days, including advance trip time.

(6) Closing costs, such as brokerage, legal, and appraisal fees, incident to the disposition of the employee's former home. These costs, together with those described in (4), are limited to 8 per cent of the sales price of the employee's former home.

(7) The continuing costs of ownership of the vacant former home after the settlement or lease date of the employee's new permanent home, such as maintenance of buildings and grounds (exclusive of fixing up expenses), utilities, taxes, and property insurance.

(8) Other necessary and reasonable expenses normally incident to relocation, such as the costs of canceling an unexpired lease, disconnecting and reinstalling household appliances, and purchasing insurance against loss of or damage to personal property. The cost of canceling an unexpired lease is limited to three times the monthly rental.

d. The following costs related to relocation are unallowable:

(1) Fees and other costs associated with acquiring a new home.

(2) A loss on the sale of a former home.

(3) Continuing mortgage principal and interest payments on a home being sold.

(4) Income taxes paid by an employee related to reimbursed relocation costs.

43. Rental costs of buildings and equipment.

a. Subject to the limitations described in subparagraphs b. through d. of this paragraph 43., rental costs are allowable to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property, if any, market conditions in the area, alternatives available, and the type, life expectancy, condition, and value of the property leased. Rental arrangements should be reviewed periodically to determine if circumstances have changed and other options are available.

b. Rental costs under "sale and lease-back" arrangements are allowable only up to the amount that would be allowed had the organization continued to own the property. This amount would include expenses such as depreciation or use.
allowance, maintenance, taxes, and insurance.

c. Rental costs under “less-than-arm’s-length” leases are allowable only up to the amount (as explained in
paragraph b. of this paragraph 43.) that would be allowed had title to the property vested in the organization. For this
purpose, a less-than-arm’s-length lease is one under which one party to the lease agreement is able to control or
substantially influence the actions of the other. Such leases include, but are not limited to those between:

(1) Divisions of an organization;

(2) Organizations under common control through common officers, directors, or members; and

(3) An organization and a director, trustee, officer, or key employee of the organization or his immediate family, either
directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest. For example, an
organization may establish a separate corporation for the sole purpose of owning property and leasing it back to the
organization.

d. Rental costs under leases which are required to be treated as capital leases under GAAP are allowable only up to
the amount (as explained in paragraph h. of this paragraph 43.) that would be allowable had the organization purchased
the property on the date the lease agreement was executed. The provisions of Financial Accounting Standards Board
Statement 13, Accounting for Leases, shall be used to determine whether a lease is a capital lease. Interest costs related to
capital leases are allowable to the extent they meet the criteria in Attachment B, paragraph 23. Unallowable costs include
amounts paid for profit, management fees, and taxes that would not have been incurred had the organization purchased the
facility.

44. Royalties and other costs for use of patents and copyrights.

a. Royalties on a patent or copyright or amortization of the cost of acquiring by purchase a copyright, patent, or rights
thereto, necessary for the proper performance of the award are allowable unless:

(1) The Federal Government has a license or the right to free use of the patent or copyright.

(2) The patent or copyright has been adjudicated to be invalid, or has been administratively determined to be invalid.

(3) The patent or copyright is considered to be unenforceable.

(4) The patent or copyright is expired.

b. Special care should be exercised in determining reasonableness where the royalties may have arrived at as a result
directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest. For example, an
organization may establish a separate corporation for the sole purpose of owning property and leasing it back to the
organization.

(1) Royalties paid to persons, including corporations, affiliated with the organization.

(2) Royalties paid to unaffiliated parties, including corporations, under an agreement entered into in contemplation that
a Federal award would be made.

(3) Royalties paid under an agreement entered into after an award is made to the organization.

c. In any case involving a patent or copyright formerly owned by the organization, the amount of royalty allowed
should not exceed the cost which would have been allowed had the organization retained title thereto.

45. Selling and marketing.

Costs of selling and marketing any products or services of the organization are unallowable unless allowed under
Attachment B, paragraph 4, as allowable public relations cost. However, these costs are allowable as direct costs, with prior
approval by awarding agencies, when they are necessary for the performance of Federal programs.

46. Specialized service facilities.

a. The costs of services provided by highly complex or specialized facilities operated by the organization, such as
computers, wind tunnels, and reactors are allowable, provided the charges for the services meet the conditions of either
46 b. or c. and, in addition, take into account any items of income or Federal financing that qualify as applicable credits
under Attachment A, paragraph 5, of this circular.

b. The costs of such services, when material, must be charged directly to applicable awards based on actual usage of
the services on the basis of a schedule of rates or established methodology that:

(1) Does not discriminate against federally-supported activities of the organization, including usage by the organization
for internal purposes, and
(2) is designed to recover only the aggregate costs of the services. The costs of each service shall consist normally of both its direct costs and its allocable share of all indirect costs. Rates shall be adjusted at least biennially, and shall take into consideration overhead applied costs of the previous period(s).

c. Where the costs incurred for a service are not material, they may be allocated as indirect costs.

d. Under some extraordinary circumstances, where it is in the best interest of the Federal Government and the organization to establish alternative costing arrangements, such arrangements may be worked out with the cognizant Federal agency.

47. Taxes

a. In general, taxes which the organization is required to pay and which are paid or accrued in accordance with GAAP, and payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for (i) taxes from which exemptions are available to the organization directly or which are available to the organization based on an exemption afforded the Federal Government and in the latter case when the awarding agency makes available the necessary exemption certificates, (ii) special assessments on land which represent capital improvements, and (iii) Federal income taxes.

b. Any refund of taxes, and any payment to the organization of interest thereon, which were allowed as award costs, will be credited either as a cost reduction or cash refund, as appropriate, to the Federal Government.

48. Termination costs applicable to Federal awards

Termination of awards generally gives rise to the incurrence of costs, or the need for special treatment of costs, which would not have arisen had the Federal award not been terminated. Cost principles covering these items are set forth below. They are to be used in conjunction with the other provisions of this Circular in termination situations.

a. The cost of items reasonably usable on the organization’s other work shall not be allowable unless the organization submits evidence that it would not retain such items at cost without sustaining a loss. In deciding whether such items are reasonably usable on other work of the organization, the awarding agency should consider the organization’s plans and orders for current and scheduled activity. Contemporaneous purchases of common items by the organization shall be regarded as evidence that such items are reasonably usable on the organization’s other work. Any acceptance of common items as allocable to the terminated portion of the Federal award shall be limited to the extent that the quantities of such items on hand, in transit, and on order are in excess of the reasonable quantitative requirements of other work.

b. If in a particular case, despite all reasonable efforts by the organization, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations set forth in this Circular, except that any such costs continuing after termination due to the negligent or willful failure of the organization to discontinue such costs shall be unallowable.

c. Loss of useful value of special tooling, machinery, and is generally allowable if:

(1) Such special tooling, special machinery, or equipment is not reasonably capable of use in the other work of the organization.
(2) The interest of the Federal Government is protected by transfer of title or by other means deemed appropriate by the awarding agency, and
(3) The loss of useful value for any one terminated Federal award is limited to that portion of the acquisition cost which bears the same ratio to the total acquisition cost as the terminated portion of the Federal award bears to the entire terminated Federal award and other Federal awards for which the special tooling, special machinery, or equipment was acquired.

d. Rental costs under unexpired leases are generally allowable where clearly shown to have been reasonably necessary for the performance of the terminated Federal award less the residual value of such leases if:

(1) the amount of such rental claimed does not exceed the reasonable use value of the property leased for the period of the Federal award and such further period as may be reasonable, and
(2) the organization makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of such lease. There also may be included the cost of alterations of such leased property, provided such alterations were necessary for the performance of the Federal award, and of reasonable restoration required by the provisions of the lease.

e. Settlement expenses including the following are generally allowable:

(a) The preparation and presentation to the awarding agency of settlement claims and supporting data with respect to the terminated portion of the Federal award, unless the termination is for default (see section 61 of Circular A-110); and
(b) The termination and settlement of subawards.

(2) Reasonable costs for the storage, transportation, protection, and disposition of property provided by the Federal Government or acquired or purchased for the Federal award, except when grantees or contractors are reimbursed for disposals at a predetermined amount in accordance with sections 62 through 67 of Circular A-110.

(3) Indirect costs related to salaries and wages incurred as settlement expenses in subparagraphs e.1 and (2) of this section...
paragraph 48. Normally, such indirect costs shall be limited to fringe benefits, occupancy cost, and immediate supervision.

f. Claims under sub awards, including the allocable portion of claims which are common to the Federal award, and to
other work of the organization are generally allowable.

g. An appropriate share of the organization’s indirect expenses may be allocated to the amount of settlements with
subcontractors and/or subgrantees, provided that the amount allocated is otherwise consistent with the basic guidelines
contained in Attachment A. The indirect expenses so allocated shall exclude the same and similar costs claimed directly or
indirectly as settlement expenses.

49. Training costs.

b. Costs of part-time education, at an undergraduate or postgraduate college level, including that provided at the
organization’s own facilities, are allowable only when the course or degree pursued is related to the field in which the
employee is now working or may reasonably be expected to work, and are limited to:

(1) Training materials.
(2) Textbooks.
(3) Fees charged by the educational institution.
(4) Tuition charged by the educational institution or, in lieu of tuition, instructors’ salaries and the related share of
indirect costs of the educational institution to the extent that the sum thereof is not in excess of the tuition which would have
been paid to the participating educational institution.
(5) Salaries and related costs of instructors who are employees of the organization.
(6) Straight-time compensation of each employee for time spent attending classes during working hours not in excess
of 156 hours per year and only to the extent that circumstances do not permit the operation of classes or attendance at
classes after regular working hours; otherwise, such compensation is unallowable.

c. Costs of full-time education, including that provided at the organization’s own facilities, at a postgraduate (but not
undergraduate) college level, are allowable only when the course or degree pursued is related to the field in which the
employee is now working or may reasonably be expected to work, and only where the costs receive the prior approval of the
awarding agency. Such costs are limited to the costs attributable to a total period not to exceed one school year for each
employee so trained. In unusual cases the period may be extended.

d. Costs of attendance of up to 16 weeks per employee per year at specialized programs specifically designed to
enhance the effectiveness of executives or managers or to prepare employees for such positions are allowable. Such costs
include enrollment fees, training materials, textbooks and related charges, employees’ salaries, subsistence, and travel.

Costs allowable under this paragraph do not include those for courses that are part of a degree-oriented curriculum, which
are allowable only to the extent set forth in subparagraphs b and c.

e. Maintenance expense, and normal depreciation or fair rental, on facilities owned or leased by the organization for
training purposes are allowable to the extent set forth in paragraphs 11, 27, and 46.

f. Contributions or donations to educational or training institutions, including the donation of facilities or other
properties, and scholarships or fellowships, are unallowable.

g. Training and education costs in excess of those otherwise allowable under subparagraphs b and c may be allowed
with prior approval of the awarding agency. To be considered for approval, the organization must demonstrate that such
costs are consistently incurred pursuant to an established training and education program, and that the course or degree
pursued is related to the field in which the employee is now working or may reasonably be expected to work.

50. Transportation costs.

b. Where identification with the materials received cannot readily be made, transportation costs may be charged to the
appropriate indirect cost accounts if the organization follows a consistent, equitable procedure in this respect.

51. Travel costs.

b. Lodging and subsistence. Costs incurred by employees and officers for travel, including costs of lodging, other

subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the organization in its regular operations as the result of the organization’s written travel policy. In the absence of an acceptable, written organization policy regarding travel costs, the rates and amounts established under subchapter I of Chapter 57, Title 5, United States Code ("Travel and Subsistence Expenses; Mileage Allowances"), or by the Administrator of General Services, or by the President (or his or her designee) pursuant to any provisions of such subchapter shall apply to travel under Federal awards (48 CFR 31.701-46(a)).

c. Commercial air travel.

(1) Airfare costs in excess of the customary standard commercial airfare (coach or equivalent), Federal Government contract airfare (where authorized and available), or the lowest commercial discount airfare are unallowable except when such accommodations would:

(a) Require circuitous routing;
(b) Require travel during unreasonable hours;
(c) Excessively prolong travel;
(d) Result in additional costs that would offset the transportation savings; or
(e) Offer accommodations not reasonably adequate for the traveler’s medical needs. The organization must justify and document these conditions on a case-by-case basis in order for the use of first-class airfare to be allowable in such cases.

(2) Unless a pattern of avoidance is detected, the Federal Government will generally not question an organization’s determinations that customary standard airfare or other discount airfare is unavailable for specific trips if the organization can demonstrate either of the following:

(a) that such airfare was not available in the specific case; or
(b) that it is the organization’s overall practice to make routine use of such airfare.

d. Air travel by other than commercial carrier. Costs of travel by organization-owned, -leased, or chartered aircraft include the cost of lease, charter, operation (including personnel costs), maintenance, depreciation, insurance, and other related costs. The portion of such costs that exceeds the cost of allowable commercial air travel, as provided for in paragraph c. of this paragraph 51, is unallowable.

e. Foreign travel. Direct charges for foreign travel costs are allowable only when the travel has received prior approval of the awarding agency. Each separate foreign trip must receive such approval. For purposes of this provision, "foreign travel" includes any travel outside Canada, Mexico, the United States, and any United States territories and possessions. However, the term "foreign travel" for an organization located in a foreign country means travel outside that country.

52. Trustees.

Travel and subsistence costs of trustees (or directors) are allowable. The costs are subject to restrictions regarding lodging, subsistence and air travel costs provided in paragraph 51.
ATTACHMENT C Circular No. A-122

NONPROFIT ORGANIZATIONS NOT SUBJECT TO THIS CIRCULAR

Aerospace Corporation, El Segundo, California
Argonne National Laboratory, Chicago, Illinois
Atomic Casualty Commission, Washington, D.C.
Battelle Memorial Institute, Headquartered in Columbus, Ohio
Brookhaven National Laboratory, Upton, New York
Charles Stark Draper Laboratory, Incorporated, Cambridge, Massachusetts
Environmental Institute of Michigan, Ann Arbor, Michigan
Hanford Environmental Health Foundation, Richland, Washington
IIT Research Institute, Chicago, Illinois
Institute for Defense Analysis, Alexandria, Virginia
Lawrence Livermore National Laboratory, Livermore, California
National Radiological Astronomy Observatory, Green Bank, West Virginia
National Renewable Energy Laboratory, Golden, Colorado
Oak Ridge Associated Universities, Oak Ridge, Tennessee
Rand Corporation, Santa Monica, California
Research Triangle Institute, Research Triangle Park, North Carolina
Riverside Research Institute, New York, New York
Southern Research Institute, Birmingham, Alabama
Switzerland Research Institute, San Antonio, Texas
SRI International, Menlo Park, California
Syracuse Research Corporation, Syracuse, New York
University of California Research Association, Incorporated (National Acceleration Lab), Argonne, Illinois
Non-profit insurance companies, such as Blue Cross and Blue Shield Organizations
Other non-profit organizations as negotiated with awarding agencies.

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