



MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

A G E N D A

**January 23, 2014
3:00 p.m.**

Meeting will be held at:

***Madera County Workforce Assistance Center
Conference Room
441 E. Yosemite Avenue
Madera, CA 93638
(559) 662-4589***

REASONABLE ACCOMMODATION FOR ANY INDIVIDUAL WITH A DISABILITY Pursuant to the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, any individual with a disability who requires reasonable accommodation to attend or participate in a meeting or function of the Madera County Workforce Investment Board, may request assistance by contacting the Senior Administrative Assistant at Madera County Workforce Development Office, 441 E. Yosemite Avenue, Madera, CA 93638; Telephone 559/662-4589; Fax 559/673-1794.

This agenda and supporting documents relating to the items on this agenda are available through the Madera County Workforce Investment Board website at http://www.maderaworkforce.org/?page_id=736. These documents are also available at the Madera County Workforce Assistance Center – office of the Executive Director.

1.0 Call to Order

1.1 Pledge of Allegiance

2.0 Public Comment

This time is made available for comment from the public on matters within the Board's jurisdiction. The comment period will be limited to 15 minutes. Each speaker will be limited to 3 minutes and only one speaker per subject matter.

3.0 Introductions and Recognitions

4.0 Adoption of Board Agenda

5.0 Consent Calendar

5.1 Approve Madera County Workforce Investment Corporation (MCWIC) Meeting Minutes – December 5, 2013

6.0 Action Items

6.1 Approve Revised MCWIC Bylaws

6.2 Approve Revised Executive Director Evaluation Process

6.3 Approve Non-Financial One Stop Consortia Memorandum of Agreement (MOA)

6.4 Approve Financial Reports

6.5 Approve Budget Revision

6.6 Approve Form 990 for Submission to IRS

7.0 Information Items

7.1 MCWIC Policies and Procedures Manual

7.2 Grants/Projects Update

7.3 Facilities Update

8.0 Written Communication

9.0 Open Discussion/Reports/Information

9.1 Committee Members

9.2 Staff

10.0 Next Meeting

February 27, 2014

11.0 Adjournment



SPECIAL MEETING

December 5, 2013

MINUTES

PRESENT: Debi Bray, Bob Carlson, Manuel Nevarez, Robyn Smith

ABSENT: Kelly Woodard

GUEST: Roni Armstrong – Employment Development Department

OTHERS: Elaine Craig, Tracie Scott-Contreras, Gail Lopez, Jessica Roche, Nicki Martin

1.0 Call to Order

Meeting called to order at 9:43 a.m.

1.1 Pledge of Allegiance

2.0 Public Comment

None

3.0 Introductions and Recognitions

None

4.0 Consent Calendar

4.1 Approve Madera County Workforce Investment Corporation (MCWIC) Meeting Minutes – October 24, 2013

Bob Carlson moved to approve, seconded by Manuel Nevarez

Vote: Approved – unanimous

Yes: Debi Bray, Bob Carlson, Manuel Nevarez, Robyn Smith

5.0 Adoption of Board Agenda

Debi Bray moved to adopt Board Agenda, seconded by Robyn Smith

Vote: Approved – unanimous

Yes: Debi Bray, Bob Carlson, Manuel Nevarez, Robyn Smith

6.0 Action Items

6.1 Approve MCWIC Staff Salary Schedule

Officially approving the MCWIC staff salary schedule was a recommendation as a result of the Single Audit that was recently completed. This would help maintain transparency. All job titles, salary, etc. were brought over from what was being used while the Workforce program and staff were with Madera County Office of Education (MCOE). Staff are planning on looking into the current compensation rates and revise them for any new hires in the coming future. All existing staff that were hired using the

MCOE salary schedule will be grandfathered in and will remain on the same schedule.

Debi Bray moved to approve, seconded by Manuel Nevarez

Vote: Approved – unanimous

Yes: Debi Bray, Bob Carlson, Manuel Nevarez, Robyn Smith

6.2 Approve Process to Change MCWIC Board Member Composition

Staff requests approval to begin the process to change the MCWIC Board composition to current WIB Private Sector members with 2 community at-large members. This was a recommendation by the auditors in order to have a more clear separation of duties between the Operation and Oversight of the One Stop and was a State Monitoring finding. This will also allow for a more Private Sector driven Board. The Chair and Vice Chair positions would continue to be represented by Private Sector members.

Robyn Smith moved to approve

Vote: Approved – unanimous

Yes: Debi Bray, Bob Carlson, Manuel Nevarez, Robyn Smith

6.3 Approve Development of a Non-Financial One Stop Consortia Memorandum of Agreement (MOA)

Staff have determined that MCWIC is not able to be “grandfathered” as One Stop Operator since the separation from MCOE. In researching the process of One Stop Operator designation, it was determined that neither the recertification of the Madera County WIB nor the Local Plan approval by the California WIB nor the CLEO /MOU with Madera County were acceptable methods for designation. Upon further research, it was determined that entering into a non-financial MOA with at least 3 mandated partners would be the best method for gaining designation. Board members also suggested the possible addition of a Private Sector member. Staff will bring MOA information to the WIB and proceed after gaining approval.

Robyn Smith moved to approve, seconded by Bob Carlson

Vote: Approved – unanimous

Yes: Bob Carlson, Manuel Nevarez, Robyn Smith

6.4 Approve Process for Performance Evaluation for Executive Director

Staff have previously sent out example evaluation forms and information and asked for input on their preference. Evaluations would be done in closed session. Staff have spoken with many other Directors and Board members to gain input on other area’s processes. Board members preferred to use Sample #1 Executive Director Performance Evaluation Review. The Executive Director and the Evaluation Committee will use the form for the evaluation. After each Evaluator (3) completes their evaluations of the Executive Director, the Chair will compile the 3 evaluations into one. The Chair will meet with the Executive Director to present the final written evaluation. The Executive Director may submit written comments or goals at this meeting. The formal evaluation will then take place during the Board’s closed session where an oral report/overview of the Executive Director’s evaluation will be provided, along with any written comments/communications by the Executive Director to the board. Goals can be considered, amended, and approved at this time. The Executive Director’s compensation package can be discussed during the closed session. Any change to the Executive Director’s compensation package must be approved by the Board. After the closed session, the Chair, or board, will provide a verbal or written report to the Executive Director regarding compensation or any further comment e.g. goals, objectives, board direction. Should there be a delay in the process, any increase to the Executive Director’s compensation package should be applied retroactively to July 1. The Board would like to review the Executive Director’s self-evaluation and Goals and Objectives annually during the January MCWIC Board meeting during closed session. This will serve as a mid-way check-in. Staff and the Board will then commence the evaluation process beginning in May by requiring that an updated Goals and Objectives and Self Review be completed and turned in to the Board annually by

May 15th. The Bylaws will need to be revised to reflect the evaluation process. Robyn Smith volunteered to serve as one of the evaluators. Debi Bray suggested that the Executive Director's job description and benefits package be part of the evaluation process/documents.

Debi Bray moved to have Executive Director have their Goals and Objectives and Self Review completed and submitted to the evaluation committee annually by May 15th. The Evaluation Committee will review the documents by the last business day in May. The formal evaluation will be conducted during closed session at the June MCWIC meeting. Motion was seconded by Robyn Smith

Vote: Approved – unanimous

Yes: Debi Bray, Bob Carlson, Manuel Nevarez, Robyn Smith

6.5 Approve Financial Reports

Staff provided financial reports for the month of October and will continue to bring monthly reports to the Board in order to maintain transparency in business dealings. Staff expect an increase to Unemployment Insurance (UI) of .9% in 2014 which represents a payment of \$15,012. Staff will bring budget adjustments to the next board meeting.

Manuel Nevarez moved to approve, seconded by Robyn.

Vote: Approved – unanimous

Yes: Bob Carlson, Manuel Nevarez, Robyn Smith

6.6 Approve Writing Off Bad Debt

For purposes of tracking, balancing, and transparency, staff requested approval for writing off a bad debt of \$1,435.00 in accounts receivable. This resulted from revenue for MCWIC that was mistakenly sent to MCOE. As a result of an internal MCOE audit, MCOE declined to forward the funds to MCWIC as they assert that MCWIC has an outstanding balance on their fiscal books. Staff and MCOE have met to discuss resolution of the funds but could not come to an agreement to obtain the funds from MCOE.

Bob Carlson moved to approve, seconded by Manuel Nevarez

Vote: Approved – unanimous

Yes: Bob Carlson, Manuel Nevarez, Robyn Smith

7.0 Information Items

7.1 Grants/Projects Update

Staff provided an update on grants and projects. Staff attended an award ceremony for the \$25,000 grant awarded to MCWIC by Chukchansi to be used for replacing Resource Room computers in the 3 the One Stop locations. Whatever computers can't be used will be donated.

7.2 Facilities Update

Staff provided a written update on facilities.

8.0 Written Communication

None

9.0 Open Discussion/Reports/Information

9.1 Committee Members

None

9.2 Staff

None

10.0 Next Meeting

The December 26, 2013 meeting is cancelled due to the holiday. The MCWIC board will next meet on January 23, 2014.

11.0 Adjournment



Agenda Item 6.1

Consent

Action

Information

To: Madera County Workforce Investment Corporation
From: Elaine Craig, Executive Director
Workforce Investment Board
Date: January 23, 2014
Subject: Approve Revised MCWIC Bylaws

Recommendation:

Staff recommend approval of the revisions to the Madera County Workforce Investment Corporation By-Laws related to the Qualification and Appointment of Directors and the Performance Evaluation of the Executive Director.

Summary:

At previous MCWIC Board of Director and MCWIB/Executive meetings, there has been discussion about the need to change the composition of the MCWIC Board of Directors so that there is a more delineated separation of duties. This was recommended by the auditor as well as the state monitor. Staff have recommended that the MCWIC Board of Directors composition be private sector, in alignment with the private sector driven workforce development system, and that we solicit current private sector WIB members. In addition, staff has recommended that we recruit from the community for up to two members at large from non-profit agencies. The WIB and the Board of Directors directed staff to make appropriate changes to the MCWIC Bylaws and bring those changes before the Board of Directors. They have been tracked in Article IV Board of Directors 4.04. The language has also been added to Article VII Executive Director 7.03 related to the annual performance evaluation of the Executive Director.

Financing:

Workforce Investment Act of 1998

RESTATED BYLAWS
OF
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a California Nonprofit Public Benefit Corporation

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**RESTATED BYLAWS
OF
MADERA COUNTY WORKFORCE INVESTMENT CORPORATION,
a California Nonprofit Public Benefit Corporation**

**ARTICLE I
ORGANIZATION**

1.01 Name. The name of this Corporation is Madera County Workforce Investment Corporation.

1.02 General Purposes and Limitations. This corporation is a California nonprofit public benefit corporation organized under the Nonprofit Public Benefit Corporation Law. This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any future United States Internal Revenue Law (herein, the "Code"). The general purposes of this Corporation are:

(a) To have and exercise all rights and powers conferred through Titles I through V of the Workforce Investment Act ("WIA") which provide guidance for statewide and local workforce investment systems that prepare youth and adults for entry into the labor force and develop self-sufficiency;

(b) To do all other things allowed by a non-profit corporation and utilize funds from all other sources other than government to effectively educate, train, and place individuals with the necessary resources and skills to fulfill employer needs; and

(c) To have and exercise all rights and powers conferred on nonprofit public benefit corporations under the Nonprofit Public Benefit Corporation Law of California as such law is now in effect or may at any time hereafter be amended, provided, however, notwithstanding any of the foregoing statements, this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the above-stated purposes of this Corporation.

1.03 Specific Purposes. The specific purposes of this Corporation are to operate in accordance with and under the provisions of Titles I through V of the WIA and the applicable regulations as set forth in Part 652 and Parts 660 through 671 of Title 20 of the Code of Federal Regulations, as such law and regulations are now in effect or may be amended from time to time, in order to:

(a) Secure more private sector jobs for the unemployed and working poor;

(b) Attract greater employer participation in all aspects of local employment and training activities; and

(c) Act as an administrative entity to assist in the implementation of the WIA in Madera County, California, in a manner that is responsive to the needs of the private sector.

1.04 Dedication of Assets. The property of this Corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this Corporation shall ever inure to the benefit of any director, officer, or member thereof or to the benefit of any private person. Upon the dissolution or winding up of this Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this Corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Code, and which is qualified for exemption from taxation under Section 23701d of the California Revenue and Taxation Code.

1.05 Nonpartisan Activities. The Corporation shall be nonpartisan. No substantial part of the activities of this Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office. The Corporation shall not, except in an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes and objectives described herein.

ARTICLE II OFFICES

2.01 Principal Office. The principal office for the transaction of the activities and affairs of the Corporation (“principal executive office”) is located at 441 East Yosemite Avenue, Madera, California 93638. The Board of Directors may change the principal executive office from one location to another. Any change of this location shall be noted by the Secretary on these Bylaws opposite this Section, or this Section may be amended to state the new location.

2.02 Other Offices. The Board of Directors may at any time establish branch or subordinate offices at any place or places, within or without the State of California, where the Corporation is qualified to conduct its activities.

ARTICLE III MEMBERSHIP

3.01 Members. This Corporation shall have no members within the meaning of Section 5056 of the California Corporations Code. Any action which would otherwise require approval by a majority of all members or approval by the members shall require only approval of the Board of Directors. All rights which would otherwise vest in the members shall vest in the Board of Directors.

3.02 Affiliated Persons. This Corporation may refer to contributors, advisors, or other persons or entities associated with it as “members” even though those contributors, advisors, or other persons or entities are not members, and no reference shall constitute anyone a

member, within the meaning of Section 5056 of the California Corporations Code. The Corporation may confer by amendment of its Articles of Incorporation or of these Bylaws some or all of the rights of a member, as set forth in the California Nonprofit Corporation Law, upon any person or persons who do not have the right to vote for the election of directors or on a disposition of substantially all of the assets of the Corporation or on a merger or on a dissolution or on changes to the Corporation's Articles of Incorporation or Bylaws, but no such person shall be a member within the meaning of Section 5056 of the California Corporations Code.

ARTICLE IV BOARD OF DIRECTORS

4.01 General Powers. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, and subject to any limitations in the Articles of Incorporation or these Bylaws, the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised by, or under the direction of, the Board of Directors

4.02 Specific Powers. Without prejudice to these general powers and subject to the same limitations, the Board of Directors, in addition to any other powers enumerated in these Bylaws, shall have the power to:

(a) Appoint and remove, subject to any employment agreement and, at the pleasure of the Board of Directors, all officers, agents, and employees of the Corporation; prescribe powers and duties for them that are consistent with law, with the Articles of Incorporation, and with these Bylaws; fix their compensation (if any); and require from them security for faithful service;

(b) Change the principal executive office in the State of California from one location to another; cause the Corporation to conduct its activities within or without the State of California; and designate any place within or without the State of California for holding any meeting of Directors;

(c) Adopt and use a corporate seal and to alter the form of such seal from time to time, as in their judgment they may deem best, provided such seal shall at all times comply with the provisions of law;

(d) Approve an annual operating budget and capital expenditure budget, to borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities;

(e) To conduct, manage and control the affairs and activities of the Corporation and to make such rules and regulations therefor not inconsistent with applicable federal and California law, the Articles of Incorporation or the Bylaws as they may deem best;

(f) Pursuant to authority hereinafter granted, to appoint committees and to delegate to such committees powers and authority of the Board of Directors in the management of the activities and affairs of the Corporation, except the power to adopt, amend or repeal Bylaws or Articles, and except as otherwise set forth herein;

(g) Approve any action which, under the California Corporations Code, would require the approval by a majority of statutory members or approval by statutory members; and

(h) Perform any and all duties imposed upon them collectively or individually by law, by the Articles of Incorporation, by any agreement with the State of California or the County of Madera, or by these Bylaws.

4.03 Number of Directors. The authorized number of Directors shall be between five (5) and fifteen (15) until changed by a duly enacted amendment to these Bylaws. The initial number of Directors shall be six (6).

4.04 Qualifications and Appointment of Directors. Qualification for appointment to the Board shall be membership ~~on the Executive Committee of the~~ Madera County Workforce Investment Board (“WIB”) appointed by the WIB in accordance with the relevant provisions of the WIA, as amended or superseded, and as may be provided in the WIB Bylaws.

4.05 Term of Office of Directors. Each Director shall hold office for a term conterminous with that Directors service on the ~~Executive Committee of the~~ WIB.

4.06 Vacancies; Removal; Resignation of Directors.

(a) Vacancy. Vacancies on the Board of Directors shall be filled by the WIB. A vacancy or vacancies on the Board of Directors shall be deemed to exist on the occurrence of any of the following: (i) the death or resignation of any Director; (ii) the declaration by resolution of the Board of Directors of a vacancy in the office of a Director who has been declared of unsound mind by an order of court, convicted of a felony, or found by final order or judgment of any court to have breached a duty under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law; (iii) the increase of the authorized number of Directors; (iv) the removal of a Director in accordance with these Bylaws; or (v) the expiration or termination of a Director’s term of service on the ~~Executive Committee of the~~ WIB. No reduction of the authorized number of Directors shall have the effect of removing any Director from office before that Director's term of office has expired.

(b) Removal. A Director may be removed, either with or without cause, by a three-fourths (3/4) majority vote of all other Directors at the time in office at any regular meeting or special meeting of the Board of Directors. The Board of Directors may set specific attendance guidelines that may cause a Director to be removed for failure to attend Board of Directors’ meetings.

Inserted: private sector

Inserted: from

Inserted: who have been

Inserted: In addition, up to (2) two members at large from local non- sectarian non-profit organizations, preferably who have workforce development or related knowledge or experience. These members at large will be identified through a public recruitment process and appointed by the Board.

(c) Resignation. Except as provided below, any Director may resign by giving written notice to the Chair, any Vice Chair or the Secretary, or the Board of Directors. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a Director's resignation is effective at a future time, the Board of Directors may elect a successor to take office as of the date when the resignation becomes effective. Except on notice to the Attorney General of State of California, no Director may resign if the Corporation would be left without a duly elected Director or Directors.

4.07 Annual Meeting of Directors. The June regular meeting of each calendar year shall be known as the annual meeting. The month of this meeting is subject to change, however, if the Board of Directors fixes another date and all Directors are so notified. If the scheduled date falls on a legal holiday, the meeting shall be held on the next full business day. Each such annual meeting shall be held for purposes of organization, the election of officers, and the transaction of other business. Notice of the annual meeting shall state the matters that the board, at the time notice is given, intends to present for action.

4.08 Other Regular Meetings. Other regular meetings of the Board of Directors may be held at such time and place as the Board of Directors may fix from time to time. The time and place of such meetings will be stated in the minutes of the previous meeting of the Board of Directors. Notices of regular meetings of the Board shall include an agenda specifying the place, the day, and the hour of the meeting, and a brief general description of each item of business to be transacted or discussed at the meeting.

4.09 Special Meetings. Special meetings of the Board of Directors for any purpose may be called at any time by the Chair, any Vice Chair, the Secretary a majority of Directors. Notice for such meetings shall comply with the Ralph M. Brown Act. Additionally, notice of the time and place of special meetings shall be given to each Director by one of the following methods: (a) by personal delivery of written notice; (b) by first-class mail postage prepaid, (c) by telephone, either directly to the Director or to a person at such Director's office who would reasonably be expected to communicate that notice promptly to such Director; (d) by e-mail, either directly to the Director or to a person at such Director's office who would reasonably be expected to communicate that notice promptly to such Director; or (e) by facsimile, either directly to the Director or to a person at such Director's office who would reasonably be expected to communicate that notice promptly to such Director. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Corporation. Notice sent by first-class mail shall be deposited in the United States mail at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, e-mail or fax shall be delivered, telephoned, e-mailed or faxed at least forty-eight (48) hours before the time set for the meeting. The notice shall state the time of the meeting, the purpose of the meeting, that no other business may be transacted, and the place if the place is other than the principal executive office of the Corporation. No business, other than the business that was set forth in the notice of the meeting, may be transacted at a special meeting. The notice shall be posted at least twenty-four (24) hours prior to the special meeting in a location that is freely accessible to members of the public.

4.10 Emergency Meetings. In the case of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, the Board of Directors may hold an emergency meeting without complying with either the 24-hour notice or the 24-hour posting requirements of Section 4.09 above. For the purposes of this Section, an “emergency situation” shall be defined as those events causing work stoppage, crippling activity, or other activity that severely impairs public health, safety, or both, as determined by a majority of the Directors. All definitions, notice and conduct specified in Government Code Section 54956.5 of the Ralph M. Brown Act is incorporated by reference.

4.11 Place of Meetings; Meetings By Telephone. Meetings of the Board shall be held at any place, within or without the State of California, that has been designated by resolution of the Board of Directors or in the notice of the meeting or, if not so designated, at the principal executive office of the Corporation. Any meeting may be held by conference telephone, as long as such telephonic communications are allowed under the Ralph M. Brown Act and all Directors participating in the meeting can hear one another. All such Directors shall be deemed to be present in person at such a meeting.

4.12 Quorum. A majority of the authorized number of Directors shall constitute a quorum for the transaction of any business, except to adjourn. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be the act of the Board of Directors, subject to the provisions of the California Nonprofit Public Benefit Corporation Law and the Ralph M. Brown Act, including, without limitation, those provisions relating to (a) approval of contracts or transactions in which a Director has a direct or indirect material financial interest; (b) approval of certain transactions between corporations having common directorships; (c) creation of, and appointments to, committees of the Board of Directors, and (d) indemnification of Directors. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of Directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

4.13 Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If all Directors are absent from any regular or adjourned regular or special or adjourned special meeting, the Chair may declare the meeting adjourned to a stated time and place. However, if more than 50% of the number of Directors required to reach a quorum are present at the meeting, discussion can be had by the Directors on those items set on the agenda and recommendations developed for presentation at the next regularly scheduled Board meeting at which a quorum exists.

4.14 Notice of Adjourned Meeting. Whenever a meeting is adjourned, written notice of the adjournment shall be given in the same manner as provided in Sections 4.08, 4.09 and 4.10 of this Article. A copy of the order or notice of adjournment shall be conspicuously posted within twenty-four (24) hours after the time of adjournment on or near the main public entrance of the building where the regular, adjourned regular, special, adjourned special or emergency meeting was held.

4.15 Compensation and Reimbursement of Directors. Directors and members serving on committees approved by the Board of Directors may not be compensated by the

Corporation for their services. However, Directors and members of committees may receive such reimbursement of expenses, as may be fixed or determined by resolution of the Board of Directors to be just and reasonable as to the Corporation at the time that such resolution is adopted; provided that such reimbursement is consistent with the WIA and relevant policies adopted by any agency with administrative oversight of the WIB (so long as such policy is not inconsistent with the WIA or any federal or state statute).

4.16 Voting. Each Director is entitled to one (1) vote on each matter submitted to a vote of the Directors. Voting may be by voice or by ballot, except that any Director shall have a right to have a roll call vote on request, in which case the clerk shall call the roll and record each vote and report the final tally to the Chair.

4.17 Management of Meetings. Meetings of the Board of Directors shall be presided over by the Chair, or in the Chair's absence, by the Vice Chair, or in the absence of both, by the Secretary/Treasurer, or in the absence of all three, by an acting Chair chosen by a majority of the Directors.

4.18 Rules of Order. Meetings shall be governed by Robert's Rules of Order, to the extent that such rules are not inconsistent or in conflict with these Bylaws, with the Articles of Incorporation of the Corporation, or with applicable law.

4.19 Open Meetings. All meetings shall be open to the public and conducted in conformance with California Government Code Section 54950 et seq., commonly referred to as the "Ralph M. Brown Act."

4.20 Closed Sessions. Closed sessions are permitted in a duly noticed meeting for specific purposes controlled by the relevant sections of the Ralph M. Brown Act.

ARTICLE V OFFICERS

5.01 Officers. The officers of the Corporation shall be a Chair, a Vice Chair, a Secretary, and a Treasurer. The Corporation may also have, at the discretion of the Board of Directors, such other officers as may be appointed in accordance with the provisions of this Article. Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as the Chair. Officers may, from time to time, delegate certain responsibilities to the Executive Director, if any.

5.02 Qualifications of Officers. Officers need not be Directors of the Corporation. The Chair and Vice Chair shall be a representative of private sector business and industry, and shall be the elected Chair or Vice Chair of the WIB.

5.03 Appointment of Officers. Except such officers as may be appointed under Section 5.05 below, officers shall be chosen annually by the Board of Directors.

5.04 Term of Office. Officers shall serve until that officer resigns or is removed or is otherwise disqualified to serve, or until a successor is elected or appointed under

this terms of this Article. Officers shall serve at the pleasure of the Board of Directors, subject to the rights, if any, of an officer under any contract of employment.

5.05 Additional Officers. The Board of Directors may appoint, and may authorize the Chair or another officer to appoint, any other officers that the business of the Corporation may require. Each officer so appointed shall have the title, hold office for the period, have the authority, and perform the duties specified in these Bylaws or determined from time to time by the Board of Directors.

5.06 Removal and Resignation of Officers.

(a) Removal. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board of Directors, at any regular or special meeting of the Board of Directors or by unanimous written consent of the Board of Directors, or, except in case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors. If the Chair or Vice Chair should be removed, the Board of Directors shall notify the WIB of this removal. The appointment of a new Chair or Vice Chair shall proceed as if that position was vacant.

(b) Resignation. Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice and, unless otherwise specified in that notice, the resignation need not be accepted to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

5.07 Vacancies in Offices. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office.

5.08 Chair. Subject to the control of the Board of Directors, the Chair shall direct, and control the activities and affairs of the Board and its officers. The Chair shall have such other powers and duties as the Board of Directors or these Bylaws may prescribe. In the absence of an executive director, retained either as an employee of the Corporation or as an administrative services contractor of the Corporation, the Chair shall serve as the chief executive officer and direct and control the Corporation's activities and affairs. The Chair shall be given the necessary authority and held responsible for the administration of the Corporation in all its activities and subject only to such policies as may be adopted and such orders as may be issued by the Board of Directors or by any of its committees to which it has delegated power for such action. The Chair shall act as the "duly authorized representative" of the Board of Directors in all matters in which the Board of Directors has not formally designated some other person for that specific purpose. Without prejudice to such general powers as above described, but subject to the limitations, authority and duties of the Chair are hereby expressly declared to be:

(a) To carry out all policies established by the Board of Directors, and to advise on the formation of those policies;

- (b) To attend meetings of the Board of Directors and its committees;
- (c) To prepare plans for the achievement of the Corporation's long-range objectives and goals as adopted by the Board of Directors;
- (d) To promote effective and economical working relationships with other organizations;
- (e) To represent the Corporation to the public;
- (f) To see that the Corporation is in compliance with applicable laws and regulations and to assure review of and prompt action on reports and recommendations of authorized regulatory and inspecting agencies;
- (g) To oversee, together with a personnel committee of the Board, the performance of the Executive Director; and
- (h) To perform any other duty that may be necessary in the best interest of the Corporation.

5.09 Vice Chairs. If the Chair is absent or disabled, the Vice Chair shall perform all the duties of the Chair, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the Chair. The Vice Chair shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors, these Bylaws, or the Chair.

5.10 Secretary. The Secretary shall:

- (a) Certify and keep at the principal corporate office or such other place that the Board of Directors may order, the original, or a copy, of these Bylaws as amended or otherwise altered to date;
- (b) Keep at the principal corporate office or such other place the Board of Directors may order, a book of minutes of all meetings of the Directors and of all meetings of committees, recording therein the time and place of holding said meeting, whether regular, special or emergency, and, if special or emergency, how authorized, the notice given, the names of those present, the number of Directors present, and the proceedings thereof;
- (c) Be the custodian of records of the Corporation;
- (d) Exhibit at all reasonable times to any Director of the Corporation, the Bylaws and any requested minutes;
- (e) Exhibit at all reasonable times to any member of the public any documents or records that by law the public has a right to see; and

(f) Perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation of this Corporation, or by these Bylaws, or that may be assigned from time to time by the Chair or the Board of Directors.

5.11 Treasurer. The Treasurer shall:

(a) Keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions.

(b) Send or cause to be given to the Directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board of Directors. The books of account shall be open to inspection by any Director at all reasonable times.

(c) Deposit, or cause to be deposited, all money and other valuables in the name of, and to the credit of, the Corporation with such depositories as the Board of Directors may designate; disburse the Corporation's funds as the Board of Directors may order; render to the Chair of the Board of Directors, and the Board of Directors, when requested, an account of all transactions as Treasurer and of the financial condition of the Corporation; and have such other powers and perform such other duties as the Board of Directors or these Bylaws may prescribe.

The Board of Directors may elect to secure in the name of the Corporation and the Treasurer a bond in the amount and with the surety or sureties specified by the Board of Directors for faithful performance of the duties of the office and for restoration to the Corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of, the Treasurer upon such officer's death, resignation, retirement, or removal from office.

In the event that the Corporation hires a bookkeeper, accountant, accounting firm, or other financial professional, the Treasurer may delegate to such financial professional the daily operational tasks but at all times shall be responsible for supervising their activities.

ARTICLE VI COMMITTEES

6.01 Committees of the Board. The Board of Directors, by resolution adopted by a majority of the Directors then in office, provided a quorum is present, may create one or more committees, each consisting of two (2) or more Directors, and other persons that the Directors may appoint to serve at the pleasure of the Board of Directors. Appointments to committees of the Board shall be by majority vote of the Directors then in office. The Board of Directors may appoint one or more Directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee, to the extent provided in the Board resolution, shall have all the authority of the Board of Directors, except that no committee, regardless of Board resolution, may:

- (a) Fill vacancies on the Board of Directors or on any committee that has the authority of the Board of Directors;
- (b) Amend or repeal bylaws or adopt new bylaws;
- (c) Amend or repeal any resolution of the Board of Directors that by its express terms is not so amendable or repealable;
- (d) Create any other committees of the Board of Directors or appoint the members of committees of the Board of Directors;
- (e) Approve any contract or transaction to which the Corporation is a party and in which one or more of its Directors has a material financial interest, except as special approval is provided for in Section 5233(d)(3) of the California Corporations Code; or
- (f) Take any final action in violation of the California Nonprofit Public Benefit Corporation Law.

6.02 Meetings and Actions of Committees. Meetings and actions of committees of the Board of Directors shall be governed by, held, and taken in accordance with, the provisions of these Bylaws concerning meetings and other Board actions, except that the time for regular meetings of such committees and the calling of special meetings of such committees may be determined either by Board resolution or, if there is none, by resolution of the committee of the Board of Directors. Minutes of each meeting of any committee of the Board of Directors shall be kept and shall be filed with the corporate records. The Board of Directors may adopt rules for the government of any committee, provided they are consistent with these Bylaws or, in the absence of rules adopted by the Board of Directors, the committee may adopt such rules.

ARTICLE VII EXECUTIVE DIRECTOR

7.01 Employment. The Board may employ and/or appoint an Executive Director who shall be the administrative head of the Corporation.

7.02 Duties. The Executive Director shall be responsible to the Board of Directors. The Executive Director shall be given the authority to carry out the policies established by the Board of Directors. The Executive Director shall have, but not be limited to, the following duties:

- (a) Serve as the administrator of all aspects of the day-to-day operations of the Corporation, including operating policies and procedures;
- (b) Make recommendations to the Board for its consideration regarding broad policies of the Corporation;
- (c) Develop the overall program and services to be provided by the Corporation and its clients;

(d) Be present either personally or through an appointed representative at all Board meetings and be an ex-officio member of all committees;

(e) Select, employ, control, and discharge all administrative officers and employees authorized by the Board of Directors, in accordance with established policies and procedures of the Corporation;

(f) Submit to the Board of Directors an annual budget showing the expected receipts and expenditures;

(g) Require that all physical properties are kept in good repair and operating condition; and

Supervise all business and financial affairs such as the maintenance of financial transaction records, collections of accounts, and purchase and issuance of supplies in accordance with principles of prudent business management.

**ARTICLE VIII
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES
AND OTHER AGENTS**

8.01 Agents, Proceedings, and Expenses. For the purposes of this Article, “agent” means any person who is or was a Director, officer, employee, or other agent of this Corporation, or is or was serving at the request of this Corporation as a Director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a Director, officer, employee, or agent of a foreign or domestic corporation which was a predecessor corporation of this Corporation or of another enterprise at the request of such predecessor corporation; “proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative, or investigative; and “expense” includes, without limitation, attorneys’ fees and any expenses of establishing a right to indemnification under Sections 8.04 or 8.05(b) below.

8.02 Actions Other Than By the Corporation. This Corporation shall have the power to indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding (other than an action by, or in the right of, this Corporation to procure a judgment in its favor, an action brought under Section 5233 of the California Corporations Code, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of this Corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if that person acted in good faith and in a manner that person reasonably believed to be in the best interests of this Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of that person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of this Corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

Inserted: ¶
7.03 Performance Evaluation. The Executive Director's performance will be evaluated annually by the Chair, Vice Chair and an appointed third Director.

8.03 Actions By the Corporation. This Corporation shall have the power to indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by, or in the right of, this Corporation, or brought under Section 5233 of the California Corporations Code, or brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that person is or was an agent of this Corporation, against expenses actually and reasonably incurred by that person in connection with the defense or settlement of that action if that person acted in good faith, in a manner that person believed to be in the best interests of this Corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 8.03 for any of the following reasons:

- (a) In respect of any claim, issue or matter as to which that person shall have been adjudged to be liable to this Corporation in the performance of that person's duty to this Corporation, unless, and only to the extent that, the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, that person is fairly and reasonably entitled to indemnity for the expenses and then only to the extent that the court shall determine;
- (b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or
- (c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval unless it is settled with the approval of the Attorney General.

8.04 Successful Defense By Agent. To the extent that an agent of this Corporation has been successful on the merits in defense of any proceeding referred to in Sections 8.02 or 8.03 above, or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

8.05 Required Approval. Except as provided in Section 8.04 above, any indemnification under this Article shall be made by this Corporation only if authorized in the specific case upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Section 8.02 or 8.03 above, by any of the following:

- (a) A majority vote of a quorum consisting of Directors who are not parties to the proceeding; or
- (b) The court in which the proceeding is or was pending, upon application made by this Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by this Corporation.

8.06 Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by this Corporation before the final disposition of the proceeding upon receipt of an undertaking by, or on behalf of, the agent to repay the amount of the advance unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

8.07 Other Contractual Rights. No provision made by a corporation to indemnify its Directors or officers for the defense of any proceeding, whether contained in the Corporation's Articles of Incorporation or Bylaws, a resolution of the Board of Directors, an agreement or otherwise, shall be valid unless consistent with this Article. Nothing contained in this Article shall affect any right to indemnification to which persons other than Directors and officers of this Corporation may be entitled by contract or otherwise.

8.08 Limitations. No indemnification or advance shall be made under this Article, except as provided in Sections 8.04 or 8.05(b) above, in any circumstances where it appears:

(a) That it would be inconsistent with a provision of the Articles of Incorporation, Bylaws, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

8.09 Insurance. Upon and in the event of a determination by the Board of Directors of this Corporation to purchase such insurance, this Corporation shall purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against, or incurred by, the agent in such capacity or arising out of the agent's status as such whether or not this Corporation would have the power to indemnify the agent against the liability under the provisions of this Article; provided, however, that this Corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the Corporation for a violation of Section 5233 of the California Corporations Code.

ARTICLE IX CONFLICTS OF INTERESTS

9.01 Disqualifying Financial Interest. Subject to California law regarding conflicts of interest, including, without limitation, Government Code Sections 1090 et seq. and 87100 et seq., as amended, any member of the Board of Directors must obtain the Board of Directors' approval pursuant to Sections 9.02 and 9.03 below and disqualify himself or herself from making, participating in the making of, or attempting to influence any decisions of the Board of Directors or a committee of the Board of Directors if it is reasonably foreseeable that the decision is one in which the Director has a material financial interest.

9.02 Prior Board of Directors' Approval. Subject to California law regarding conflicts of interest, including, without limitation, Government Code Sections 1090 et seq. and 87100 et seq., as amended, the Board of Directors may approve a proposed transaction in which a Director or Directors may have a material financial interest if after reasonable investigation and

prior to consummating the transaction or any part thereof, with knowledge of the material facts concerning the transaction and the Director or Directors' interest in transaction, the Board of Directors determines in good faith by vote of a majority of Directors then in office without counting the vote of the interested Director or Directors, that:

- (a) The proposed transaction is for the Corporation's own benefit;
- (b) The proposed transaction is fair and reasonable as to the Corporation; and
- (c) The Corporation cannot obtain a more advantageous arrangement with reasonable efforts under the circumstances.

9.03 Board of Directors Ratification. Subject to California law regarding conflicts of interest, including, without limitation, Government Code Sections 1090 et seq. and 87100 et seq., as amended, the Board of Directors may ratify a transaction entered into between the Corporation and a Director or Directors in which the Director or Directors had a material financial interest if at the next meeting of the Board of Directors, the Board of Directors determines in good faith by vote of a majority of Directors then in office without counting the vote of the interested Director or Directors, that:

- (a) A committee or person authorized by the Board of Directors approved the transaction;
- (b) The Corporation entered into the transaction for its own benefit;
- (c) The transaction was fair and reasonable as to the Corporation at the time the Corporation entered into the transaction; and
- (d) It was not reasonably practicable to obtain approval of the Board of Directors prior to entering into the transaction.

9.04 Disqualifying Non-Financial Interest. Any member of the Board of Directors must likewise disqualify himself or herself when there exists a personal non-financial interest which will prevent the member from applying disinterested skill and undivided loyalty to the Corporation in making or participating in the making of decisions.

9.05 Procedure of Disqualification. A Director required to disqualify himself or herself pursuant to Sections 9.01 or 9.04, above, shall (a) immediately disclose the interest, (b) recuse himself or herself from any participation in the matter, (c) refrain from attempting to influence any other Director, and (d) leave the room during any proceedings on the matter in question. The Director may be counted in determining whether a quorum is present.

9.06 Director Contracts or Grants with the Corporation. Pursuant to Government Code Section 1091.2, as amended, the prohibition against "financially interested" public officials in Government Code Section 1090 shall not apply to any contract or grant made by the Board, except where both of the following conditions are met:

(a) The contract or grant directly relates to services to be provided by any Director or the entity the Director represents, or financially benefits the Director or the entity he or she represents; and

(b) The Director fails to recuse himself or herself from making, participating in making, or in any way attempting to use his or her official position to influence a decision on the grant or grants.

ARTICLE X RECORDS AND REPORTS

10.01 Records and Reports. The Corporation shall keep:

(a) Adequate and correct books and records of account;

(b) A book of minutes of all meetings of Directors and all meetings of committees, recording therein the time and place of holding said meetings, whether regular, special or emergency, and if special or emergency, how authorized, the notice given, the names of those Directors present, the number of Directors present, and the proceedings thereof; and

(c) A copy of the Articles of Incorporation and Bylaws, as amended, to date.

10.02 Inspection of Articles and Bylaws. All material required to be made available for inspection by the public under the Freedom of Information Act or the California Public Records Act, as amended, the Articles of Incorporation, the Bylaws, books of account, and the minutes of the meetings of the Directors, and standing committees, and ad hoc committees shall be open to inspection on the written demand of any member of the public at any reasonable time. Such inspection may be made in person or by agent or attorney, and the right of inspection includes the right to make copies. Demand of inspection other than at a meeting shall be made in writing to any officer of the Corporation. The Corporation may charge a reasonable fee for making copies in accordance with applicable law.

10.03 Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect the Corporation's books, records, documents of every kind, physical properties, and the records of each of its subsidiaries. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

10.04 Annual Report. The Board shall cause an annual report to be sent to the Directors within one hundred twenty (120) days after the end of the Corporation's fiscal year. That report shall contain the following information, in appropriate detail, for the fiscal year:

(a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year.

- (b) The principal changes in assets and liabilities, including trust funds.
- (c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes.
- (d) The expenses or disbursements of the Corporation for both general and restricted purposes.
- (e) An independent accountants' report or the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the Corporation's books and records.
- (f) Any information required by Section 10.05 below.

This requirement of an annual report shall not apply if the Corporation receives less than Twenty-Five Thousand and No/100 Dollars (\$25,000.00) in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all Directors who request it in writing.

10.05 Annual Statement of Certain Transactions and Indemnifications. As part of the annual report to the Board of Directors of the Corporation, or as a separate document if no annual report is issued, the Corporation shall annually furnish to each Director a statement of any transaction or indemnification of the following kind within one hundred twenty (120) days after the end of the Corporation's fiscal year:

- (a) Any transaction (i) which the Corporation, its parent, or its subsidiary was a party; (ii) in which an "interested person" had a direct or indirect material financial interest; and (iii) which involved more than Twenty-Five Thousand and No/100 Dollars (\$25,000.00), or was one of a number of transactions with the same interested person involving, in the aggregate, more than Twenty-Five Thousand and No/100 Dollars (\$25,000.00). For this purpose, an "interested person" is either of the following: (i) Any Director or officer of the Corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest); or (ii) any holder of more than ten percent (10%) of the voting power of the Corporation, its parent, or its subsidiary. The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the Corporation, the nature of their interest in the transaction and, if practicable, the amount of that interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.
- (b) Any indemnifications or advances aggregating more than Ten Thousand and No/100 Dollars (\$10,000.00) paid during the fiscal year to any officer or Director of the Corporation under Sections 8.01 through 8.03 of these Bylaws, unless that indemnification has already been approved by the Directors under Section 5238(e)(2) of the California Corporations Code.

**ARTICLE XI
GENERAL CORPORATE MATTERS**

11.01 Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term “person” includes both a legal entity and a natural person.

11.02 Amendment by Directors. These Bylaws or Articles of Incorporation of this Corporation may be amended or repealed, or new Bylaws or Articles adopted, by the affirmative vote of a majority of the authorized number of Directors on the Board of Directors. No amendment may extend the term of a Director beyond that for which such Director was elected.

11.03 Authority to Bind Corporation. The Board of Directors, except as in these Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement, or to pledge its credit, or to render it liable for any purpose in any amount.

11.04 Insurance. The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, Directors, employees, and other agents, against any liability asserted against or incurred by any officer, Director, employee, or agent in such capacity or arising out of the officer’s, Director’s, employee’s, or agent’s status as such.

**ARTICLE XII
FISCAL YEAR**

12.01 Date of Fiscal Year. The fiscal year of the Corporation shall begin on the first day of July and end on the last day of June in each year.

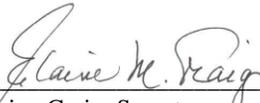
CERTIFICATE OF ADOPTION

I certify that I am the duly appointed and authorized Secretary of MADERA COUNTY WORKFORCE INVESTMENT CORPORATION, California nonprofit public benefit corporation, that the above Restated Bylaws, consisting of eighteen (18) pages, are the Restated Bylaws of this Corporation as approved and ratified by Board of Directors of this Corporation on March 2, 2012, and that said Restated Bylaws have not been amended or modified since the date thereof.

Inserted: January 23, 2014

Executed on March 2, 2012, at Madera, California.

Inserted: January 23, 2014



Elaine Craig, Secretary



Agenda Item 6.2

Consent

Action

Information

To: Madera County Workforce Investment Corporation
From: Elaine Craig, Executive Director
Workforce Investment Board
Date: January 23, 2014
Subject: Approve Revised Executive Director Evaluation Process

Recommendation:

Staff recommend approval of a revised Executive Director performance evaluation process.

Summary:

At previous MCWIC Board of Director meetings, the performance evaluation process for the Executive Director has been discussed. There was a selection of an evaluation form that will be used for the purpose of an annual performance evaluation to be completed by May 15th. The process also included the selection of a self-evaluation form to be used by the Executive Director and to be presented in January of each year to the Board. The evaluation committee is comprised of the Chair, Vice Chair and a 3rd Director ultimately to be appointed by the Chair. Robyn Smith volunteered as the 3rd Director for this year's process and evaluation. Unfortunately, there was a malfunction of the tape recorder in the last meeting where these and other discussions and decisions took place. Staff ultimately were able to use another recorder and staff written notes that were taken to attempt to determine and solidify the actual motion related to the process and timelines. In obtaining feedback from the Board through email related to the motion and a subsequent meeting held between the Chair and Executive Director, the process needs to be re-addressed to make certain there is an agreed upon process that the Executive Director understands Board's intent and expectations related to the evaluation process.

Financing:

Workforce Investment Act of 1998



**MADERA COUNTY
WORKFORCE
INVESTMENT CORPORATION**

Agenda Item 6.3

Consent

Action

Information

To: Madera County Workforce Investment Corporation
From: Elaine Craig, Executive Director
Workforce Investment Board
Date: January 23, 2014
Subject: Approve Non-Financial One Stop Consortia Memorandum of Agreement (MOA)

Recommendation:

Staff recommend approval of the Non-Financial One Stop Consortia Memorandum of Agreement (MOA) designating the MCWIC as the One Stop Operator in consortium with three of the mandated One Stop partner agencies.

Summary:

Staff received approval at the regularly scheduled MCWIC and WIB Executive Committee meeting in December 2013 to begin to draft the MOA document. We have since completed the document and have made contact with three partner agencies; Employment Development Department (EDD), Central Valley Opportunity Center (CVOC), and Department of Rehabilitation (DoR) and they have indicated their support in the designation, consortia and signing the document.

Financing:

Workforce Investment Act of 1998

Madera County Workforce Investment Board
One-Stop Consortia

Non-Financial

Memorandum of Agreement

Background:

The Workforce Investment Act of 1998 (WIA), Section 117, established a local workforce investment board (WIB), which, in partnership with the chief local elected official, is responsible for setting policy and overseeing workforce investment programs for a local workforce investment area (LWIA). The Madera County LWIA includes the entire county and the local board is named the Madera County Workforce Investment Board (WIB) and the chief local elected official is the Madera County Board of Supervisors (BoS). The Board of Supervisors appoints members of the WIB, which per the WIA must be comprised of a private sector majority while also including a cross section of required public agencies and organized labor.

The establishment of a One-Stop delivery system for workforce development services is a cornerstone of WIA, section 134(c), and is the primary charge of the WIB, section 117(d), section 118(b). The WIA specifies that the WIA funded Adult and Dislocated Worker programs must be provided through the One-Stop delivery system, section 134(d), and further specifies the specific services that must be provided, section 134(c) and (d), and the partners that must participate in the operation of the system and the delivery of these services, section 121(b).

The agreement between the Madera County WIB and Madera County One-Stop Operator Consortium partners regarding the operation of the local One-Stop system in Madera County is documented in a Memorandum of Understanding (MOU). The MOU contains the provisions required by WIA, section 121©(2). These provisions cover services to be provided through the One-Stop delivery system; the funding of the services and operating costs of the system; and methods for referring individuals between required One-Stop partners. The MOU's provisions also determine the duration and procedures for amending the MOU, and contain other provisions that are consistent with WIA Title 1, the accompanying regulations, and agreed to by the parties, WIA section 121©

The local One-Stop delivery system is a network of One-Stop Career Centers that operate under the brand Madera County Workforce Assistance Center, within which are entities responsible for administering separate workforce investment, educational, and other human services programs and funding streams.

Purpose:

The purpose of this MOA is to document an agreement between the WIB and the One-Stop Operator Consortium partner agencies for the operation of the local One-Stop delivery system, consistent with local policies and the WIA, section 121©.

Governance Structure:

- A. The Chief Local Elected Official (CLEO)**-The Madera County Board of Supervisors (BoS) is the chief elected official for the Madera County Local Workforce Investment Area. The County is the official grant recipient of Workforce Investment Act funds and is financially responsible to the Department of Labor and the State of California Employment Development Department Workforce Services Division for the administration of the funds pursuant to the requirements of the Workforce Investment Act.
- B. The Workforce Investment Board (WIB)**-The WIB is appointed by the County Board of Supervisors and is comprised of representatives of business, education, providers, labor organizations, community-based organizations, economic development agencies and One Stop partners. The WIB is responsible for oversight authority and accountability of the One Stop Service Delivery System including (but not limited to) policy development, distribution of WIA funding, and formation of a strategic five year plan.
- C. The Madera County Workforce Investment Corporation (MCWIC)**- The MCWIC provides staff oversight to the WIB with responsibilities that include fiscal and program compliance monitoring of the WIA program service delivery contracts and acts as the administrative and fiscal agent and operator of the Madera County Workforce Assistance Centers as defined in the Memorandum of Understanding and CLEO contract.
- D. The One Stop Operator Consortium** – The members of the One Stop Operator Consortium are composed of entities appointed by the WIB.

The Consortium Shall:

1. Work in coordination with the WIB staff to implement the WIB Strategic Plan.
2. Ensure roles and duties of one stop coordination meet the needs and objectives of all partner agencies, both customers as well as staff.
3. Ensure all customers, job seekers, employers, entrepreneurs, and business persons are given the opportunity to navigate and participate within the One Stop in the most expeditious manner.
4. Coordinate grant opportunities to augment regular funds granted to each partner within the Madera County Workforce Assistance Centers.
5. Work in coordination with the WIB staff to develop One Stop system marketing materials which promote the message of seamless service to the public.
6. Ensure promotional materials emulate the fact that success of the system is due to synergy of the partnership.
7. Works with partners to identify service gaps and duplication and work to resolve these through the One Stop Partner Meetings.



**MADERA COUNTY
WORKFORCE
INVESTMENT CORPORATION**

Agenda Item 6.4

Consent

Action

Information

To: Madera County Workforce Investment Corporation
From: Elaine Craig, Executive Director
Workforce Investment Board
Date: January 23, 2014
Subject: Approve Financial Reports

Recommendation:

Staff recommend approval of the year to date financial reports ending December 2013.

Summary:

Staff will bring to the Board at the regularly scheduled meetings year to date financial reports that include the budget, balance sheet, statement of activities and the bank reconciliation for review and approval.

Financing:

Workforce Investment Act of 1998

Madera County Workforce Investment Corporation

Balance Sheet - Balance Sheet by Fund

As of 12/31/2013

(In Whole Numbers)

	<u>Current Year</u>
Assets	
Cash	78,356
Due From MCSOS	1,435
Fixed Assets	
Computer & Software	52,758
Office Equipment	7,220
Vehicles	2,125
Furniture & Fixtures	11,215
Accumulated Depreciation	(8,870)
Total Fixed Assets	<u>64,448</u>
Total Assets	<u><u>144,239</u></u>
Liabilities and Net Assets	
Dependent Benefits Payable	(982)
457 Plan Payable	5,286
FSA Payable	(240)
Excess Revenues over Expenditures	140,175
Total Liabilities and Net Assets	<u><u>144,240</u></u>
Total Balance Sheet	<u><u>144,240</u></u>

Madera County Workforce Investment Corporation

Balance Sheet - FY 2013-2014

As of 12/31/2013

(In Whole Numbers)

	Current Year
Assets	
Cash	78,356
Due From MCSOS	
Due From Grants	(44,879)
Due From MCSOS Receivable	1,435
Total Due From MCSOS	(43,444)
Prepaid Expenses	
Prepaid Insurance Expense	(17,696)
Total Prepaid Expenses	(17,696)
Total Assets	17,216
Liabilities and Net Assets	
Grants Payable	(44,879)
Employee Payroll and Taxes Payable	
Vacation Payable	(15,249)
Total Employee Payroll and Taxes Payable	(15,249)
Dependent Benefits Payable	(982)
457 Plan Payable	5,286
FSA Payable	(240)
Excess Revenues over Expenditures	
Grant Revenue	1,207,861
Other Income	48,005
Interest Revenue	2
Other	(1,240,740)
Total Excess Revenues over Expenditures	15,128
Fund Balance	58,152
Total Liabilities and Net Assets	17,216
Total Balance Sheet	17,216

Madera County Workforce Corporation
 Budget Summary
 From 7/1/2013 Through 12/31/2013

GL Account		Original Board Approved		Encumbrances	Budget Balance
Code	Account Title	Budget	YTD Actual Expense		
5100	Staff Salaries	1,250,577.00	555,348.51	0.00	695,228.49
5110	Payroll Tax Expense (FUTA)	1,251.00	0.00	0.00	1,251.00
5111	Employer Medicare Expense (Medicare)	18,134.00	29,044.42	0.00	(10,910.42)
5112	Social Security Employer Exp (OASDI)	77,535.00	12,685.66	0.00	64,849.34
5115	CA Unemployment Insurance Exp (CA SUI)	42,519.00	0.00	0.00	42,519.00
5116	CA Unemployment Insurance Exp (ETT)	0.00	0.00	0.00	0.00
5120	Workers Compensation Expense	8,505.00	3,364.94	0.00	5,140.06
5130	Group Health Insurance Expense	193,799.00	97,203.00	77,778.00	18,818.00
5140	Employers 457 Expense	72,606.00	32,765.21	0.00	39,840.79
5160	Group Dental Insurance	7,552.00	3,133.95	3,760.74	657.31
5170	Group Vision Insurance	2,035.00	850.85	1,021.02	163.13
5180	Group Life Insurance	630.00	304.15	364.98	(39.13)
	Subtotal Salaries and Benefits	1,675,143.00	734,700.69	82,924.74	857,517.57
5200	Materials and Supplies	33,799.00	7,482.82	6,903.63	19,412.55
5300	Rent Expense	88,316.00	42,211.40	31,124.95	14,979.65
5320	Telephone Expense	8,681.00	3,720.25	6,603.27	(1,642.52)
5330	Utilities Expense	28,958.00	12,002.57	13,437.44	3,517.99
5400	Postage Expense	5,003.00	47.81	0.00	4,955.19
5410	Printing Expense	3,995.00	3,015.98	1,682.83	(703.81)
5420	Advertising Expense	5,001.00	942.23	0.00	4,058.77
5430	Bank Charges	91.00	36.00	0.00	55.00
5440	Dues and Membership Expense	4,251.00	1,735.00	0.00	2,516.00
5450	Publications Expense	1,637.00	636.39	141.13	859.48
5500	Auditing Fees	15,000.00	13,150.00	3,350.00	(1,500.00)
5510	Legal Fees	19,999.00	671.85	19,328.15	(1.00)
5530	Taxes and Fees	150.00	29.00	50.00	71.00
5600	Office Equipment	7,999.00	1,309.29	691.16	5,998.55
5610	Equipment Maintenance	6,744.00	9,116.61	1,565.89	(3,938.50)
5620	Equipment Rental	3,601.00	1,815.88	1,313.23	471.89
5630	Software Expense	5,401.00	1.00	0.00	5,400.00
5640	Internet Expense	10,680.00	1,216.17	3,845.54	5,618.29
5650	Computer Hardware	0.00	0.00	26,005.67	(26,005.67)
5710	Employee Education Expense	1,498.00	8,209.41	0.00	(6,711.41)
5720	Staff Travel Expense	24,500.00	7,804.08	1,988.40	14,707.52
5730	Meeting Costs	841.00	300.00	102.05	438.95
5810	General Outside Services	77,012.00	43,562.29	45,278.52	(11,828.81)
5900	Insurance Expense (GenLiab/D&O)	7,425.00	6,896.00	0.00	529.00
	Subtotal Operating/Overhead	360,582.00	165,912.03	163,411.86	31,258.11
5800	Subcontracted Program Services	1,022,039.00	349,483.09	466,570.09	205,985.82
5700	Client Travel Expense	7,500.00	5,893.18	1,546.00	60.82
	Subtotal Client Direct Program	1,029,539.00	355,376.27	468,116.09	206,046.64
					0.00
	BUDGET BALANCE	3,065,264.00	1,255,988.99	714,452.69	1,094,822.32

Madera County Workforce Investment Corporation
Statement of Activities - Board Report - Stmt of Revenue vs. Expenditures
From 7/1/2013 Through 12/31/2013

	Total
Operating Revenue	
Grant Revenue	1,207,861.26
State/Local Revenue	48,004.53
Other	
Interest Revenue	<u>2.39</u>
Total Other	<u>2.39</u>
Total Operating Revenue	<u>1,255,868.18</u>
Expenditures	
Salaries	540,099.30
Payroll Taxes	45,095.02
Benefits	
Group Health Insurance Expense	97,203.00
Employers 457 Expense	32,765.21
Group Dental Insurance	3,133.95
Group Vision Insurance	850.85
Group Life Insurance	<u>304.15</u>
Total Benefits	134,257.16
Materials & Supplies	9,854.21
Overhead/Operating Expenses	156,057.82
Client Program Expenses (SS, ITA, Contracts, etc.)	<u>355,376.27</u>
Total Expenditures	<u>1,240,739.78</u>
Net Revenue over Expenditures	<u>15,128.40</u>
Beginning Net Assets	
	<u>49,704.92</u>
Total Beginning Net Assets	49,704.92
Ending Net Assets	<u>73,279.96</u>

Madera County Workforce Investment Corporation
Statement of Activities - Board Report - Stmt of Revenue vs. Expenditures
From 7/1/2013 Through 12/31/2013

AGENDA ITEM 6.4

	NEG OJT	WIA Adult #201 #202
Operating Revenue		
Grant Revenue	112,873.79	390,943.64
State/Local Revenue	0.00	0.00
Other		
Interest Revenue	<u>0.00</u>	<u>0.00</u>
Total Other	<u>0.00</u>	<u>0.00</u>
Total Operating Revenue	<u>112,873.79</u>	<u>390,943.64</u>
Expenditures		
Salaries	20,186.26	133,260.53
Payroll Taxes	1,660.44	10,426.14
Benefits		
Group Health Insurance Expense	2,771.61	21,325.14
Employers 457 Expense	1,189.43	7,551.78
Group Dental Insurance	99.21	885.59
Group Vision Insurance	26.94	240.44
Group Life Insurance	<u>9.67</u>	<u>86.03</u>
Total Benefits	4,096.86	30,088.98
Materials & Supplies	290.48	1,760.28
Overhead/Operating Expenses	4,430.85	32,534.28
Client Program Expenses (SS, ITA, Contracts, etc.)	<u>82,735.01</u>	<u>11,529.17</u>
Total Expenditures	<u>113,399.90</u>	<u>219,599.38</u>
Net Revenue over Expenditures	<u>(526.11)</u>	<u>171,344.26</u>
Beginning Net Assets		
	<u>0.00</u>	<u>0.00</u>
Total Beginning Net Assets	0.00	0.00
Ending Net Assets	<u>(526.11)</u>	<u>171,344.26</u>

Madera County Workforce Investment Corporation
Statement of Activities - Board Report - Stmt of Revenue vs. Expenditures
From 7/1/2013 Through 12/31/2013

	WIA Youth #301	WIA Dislocated Worker (DW) #501 #502
Operating Revenue		
Grant Revenue	333,319.37	145,201.35
State/Local Revenue	0.00	0.00
Other		
Interest Revenue	<u>0.00</u>	<u>0.00</u>
Total Other	<u>0.00</u>	<u>0.00</u>
Total Operating Revenue	<u>333,319.37</u>	<u>145,201.35</u>
Expenditures		
Salaries	67,657.51	93,467.16
Payroll Taxes	5,396.86	7,556.16
Benefits		
Group Health Insurance Expense	11,002.71	11,026.28
Employers 457 Expense	3,730.20	5,555.40
Group Dental Insurance	392.55	400.69
Group Vision Insurance	106.58	108.76
Group Life Insurance	<u>38.10</u>	<u>39.16</u>
Total Benefits	15,270.14	17,130.29
Materials & Supplies	857.11	639.00
Overhead/Operating Expenses	17,802.07	18,010.74
Client Program Expenses (SS, ITA, Contracts, etc.)	<u>228,961.42</u>	<u>11,599.38</u>
Total Expenditures	<u>335,945.11</u>	<u>148,402.73</u>
Net Revenue over Expenditures	<u>(2,625.74)</u>	<u>(3,201.38)</u>
Beginning Net Assets		
	<u>0.00</u>	<u>0.00</u>
Total Beginning Net Assets	0.00	0.00
Ending Net Assets	<u>(2,625.74)</u>	<u>(3,201.38)</u>

Madera County Workforce Investment Corporation
Statement of Activities - Board Report - Stmt of Revenue vs. Expenditures
From 7/1/2013 Through 12/31/2013

AGENDA ITEM 6.4

	WIA - Rapid Resp. (RR) #540	
	#541	CDCR Transition Contract
	<hr/>	<hr/>
Operating Revenue		
Grant Revenue	81,896.54	0.00
State/Local Revenue	0.00	0.00
Other		
Interest Revenue	<u>0.00</u>	<u>0.00</u>
Total Other	<u>0.00</u>	<u>0.00</u>
Total Operating Revenue	<u>81,896.54</u>	<u>0.00</u>
Expenditures		
Salaries	53,909.21	69,111.37
Payroll Taxes	4,372.34	6,130.27
Benefits		
Group Health Insurance Expense	9,152.79	10,304.00
Employers 457 Expense	3,229.11	4,473.36
Group Dental Insurance	299.30	513.67
Group Vision Insurance	81.27	139.45
Group Life Insurance	<u>29.12</u>	<u>49.31</u>
Total Benefits	12,791.59	15,479.79
Materials & Supplies	658.26	2,092.91
Overhead/Operating Expenses	12,372.02	25,230.11
Client Program Expenses (SS, ITA, Contracts, etc.)	<u>(21.72)</u>	<u>(38.37)</u>
Total Expenditures	<u>84,081.70</u>	<u>118,006.08</u>
Net Revenue over Expenditures	<u>(2,185.16)</u>	<u>(118,006.08)</u>
Beginning Net Assets		
	<u>0.00</u>	<u>0.00</u>
Total Beginning Net Assets	0.00	0.00
Ending Net Assets	<u>(2,185.16)</u>	<u>(118,006.08)</u>

Madera County Workforce Investment Corporation
Statement of Activities - Board Report - Stmt of Revenue vs. Expenditures
From 7/1/2013 Through 12/31/2013

AGENDA ITEM 6.4

	<u>Vet Connect - Contract</u>	<u>DEI - WIA</u>
Operating Revenue		
Grant Revenue	0.00	81,689.14
State/Local Revenue	0.00	0.00
Other		
Interest Revenue	<u>0.00</u>	<u>0.00</u>
Total Other	<u>0.00</u>	<u>0.00</u>
Total Operating Revenue	<u>0.00</u>	<u>81,689.14</u>
Expenditures		
Salaries	13,488.37	17,822.58
Payroll Taxes	1,100.57	1,449.26
Benefits		
Group Health Insurance Expense	1,923.08	2,927.56
Employers 457 Expense	799.16	1,067.16
Group Dental Insurance	101.77	81.58
Group Vision Insurance	27.65	22.13
Group Life Insurance	<u>9.87</u>	<u>7.94</u>
Total Benefits	2,861.53	4,106.37
Materials & Supplies	233.96	96.67
Overhead/Operating Expenses	3,949.78	4,154.50
Client Program Expenses (SS, ITA, Contracts, etc.)	<u>0.00</u>	<u>15,848.65</u>
Total Expenditures	<u>21,634.21</u>	<u>43,478.03</u>
Net Revenue over Expenditures	<u>(21,634.21)</u>	<u>38,211.11</u>
Beginning Net Assets		
	<u>0.00</u>	<u>0.00</u>
Total Beginning Net Assets	0.00	0.00
Ending Net Assets	<u>(21,634.21)</u>	<u>38,211.11</u>

Madera County Workforce Investment Corporation
Statement of Activities - Board Report - Stmt of Revenue vs. Expenditures
From 7/1/2013 Through 12/31/2013

AGENDA ITEM 6.4

	DEI - WP	DEI-Flex Funding #329
Operating Revenue		
Grant Revenue	56,975.31	4,962.12
State/Local Revenue	0.00	0.00
Other		
Interest Revenue	<u>0.00</u>	<u>0.00</u>
Total Other	<u>0.00</u>	<u>0.00</u>
Total Operating Revenue	<u>56,975.31</u>	<u>4,962.12</u>
Expenditures		
Salaries	56,794.34	0.00
Payroll Taxes	4,643.53	0.00
Benefits		
Group Health Insurance Expense	9,055.81	0.00
Employers 457 Expense	3,392.73	0.00
Group Dental Insurance	318.14	0.00
Group Vision Insurance	86.38	0.00
Group Life Insurance	<u>30.90</u>	<u>0.00</u>
Total Benefits	12,883.96	0.00
Materials & Supplies	809.81	1,687.62
Overhead/Operating Expenses	14,348.97	7,983.25
Client Program Expenses (SS, ITA, Contracts, etc.)	<u>(26.72)</u>	<u>2,583.18</u>
Total Expenditures	<u>89,453.89</u>	<u>12,254.05</u>
Net Revenue over Expenditures	<u>(32,478.58)</u>	<u>(7,291.93)</u>
Beginning Net Assets		
	<u>0.00</u>	<u>0.00</u>
Total Beginning Net Assets	0.00	0.00
Ending Net Assets	<u>(32,478.58)</u>	<u>(7,291.93)</u>

Madera County Workforce Investment Corporation
Statement of Activities - Board Report - Stmt of Revenue vs. Expenditures
From 7/1/2013 Through 12/31/2013

AGENDA ITEM 6.4

	<u>CCP Realignment Contract</u>	<u>City of Madera CDBG</u>
Operating Revenue		
Grant Revenue	0.00	0.00
State/Local Revenue	15,780.30	0.00
Other		
Interest Revenue	<u>0.00</u>	<u>0.00</u>
Total Other	<u>0.00</u>	<u>0.00</u>
Total Operating Revenue	<u>15,780.30</u>	<u>0.00</u>
Expenditures		
Salaries	14,586.97	0.00
Payroll Taxes	1,200.66	0.00
Benefits		
Group Health Insurance Expense	18.02	0.00
Employers 457 Expense	872.98	0.00
Group Dental Insurance	37.43	0.00
Group Vision Insurance	10.16	0.00
Group Life Insurance	<u>3.66</u>	<u>0.00</u>
Total Benefits	942.25	0.00
Materials & Supplies	83.69	612.31
Overhead/Operating Expenses	2,450.50	250.00
Client Program Expenses (SS, ITA, Contracts, etc.)	<u>0.00</u>	<u>2,206.27</u>
Total Expenditures	<u>19,264.07</u>	<u>3,068.58</u>
Net Revenue over Expenditures	<u>(3,483.77)</u>	<u>(3,068.58)</u>
Beginning Net Assets		
	<u>0.00</u>	<u>0.00</u>
Total Beginning Net Assets	0.00	0.00
Ending Net Assets	<u>(3,483.77)</u>	<u>(3,068.58)</u>

Madera County Workforce Investment Corporation
Statement of Activities - Board Report - Stmt of Revenue vs. Expenditures
From 7/1/2013 Through 12/31/2013

AGENDA ITEM 6.4

	<u>Wells Fargo Grant</u>	<u>One-Stop Partners</u>
Operating Revenue		
Grant Revenue	0.00	0.00
State/Local Revenue	10,000.00	17,992.62
Other		
Interest Revenue	<u>0.00</u>	<u>2.39</u>
Total Other	<u>0.00</u>	<u>2.39</u>
Total Operating Revenue	<u>10,000.00</u>	<u>17,995.01</u>
Expenditures		
Salaries	0.00	(1,810.14)
Payroll Taxes	0.00	1,026.53
Benefits		
Group Health Insurance Expense	0.00	17,696.00
Employers 457 Expense	0.00	806.36
Group Dental Insurance	0.00	0.16
Group Vision Insurance	0.00	0.04
Group Life Insurance	<u>0.00</u>	<u>0.02</u>
Total Benefits	0.00	18,502.58
Materials & Supplies	0.00	21.65
Overhead/Operating Expenses	2,150.00	8,526.75
Client Program Expenses (SS, ITA, Contracts, etc.)	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>2,150.00</u>	<u>26,267.37</u>
Net Revenue over Expenditures	<u>7,850.00</u>	<u>(8,272.36)</u>
Beginning Net Assets		
	<u>0.00</u>	<u>18,250.45</u>
Total Beginning Net Assets	0.00	18,250.45
Ending Net Assets	<u>7,850.00</u>	<u>14,932.48</u>

Madera County Workforce Investment Corporation
Statement of Activities - Board Report - Stmt of Revenue vs. Expenditures
From 7/1/2013 Through 12/31/2013

AGENDA ITEM 6.4

	<u>Assessment Services</u>	<u>Van Maint Account</u>
Operating Revenue		
Grant Revenue	0.00	0.00
State/Local Revenue	3,205.00	1,026.61
Other		
Interest Revenue	<u>0.00</u>	<u>0.00</u>
Total Other	<u>0.00</u>	<u>0.00</u>
Total Operating Revenue	<u>3,205.00</u>	<u>1,026.61</u>
Expenditures		
Salaries	1,625.14	0.00
Payroll Taxes	132.26	0.00
Benefits		
Group Health Insurance Expense	0.00	0.00
Employers 457 Expense	97.54	0.00
Group Dental Insurance	3.86	0.00
Group Vision Insurance	1.05	0.00
Group Life Insurance	<u>0.37</u>	<u>0.00</u>
Total Benefits	102.82	0.00
Materials & Supplies	10.46	0.00
Overhead/Operating Expenses	623.52	1,240.48
Client Program Expenses (SS, ITA, Contracts, etc.)	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>2,494.20</u>	<u>1,240.48</u>
Net Revenue over Expenditures	<u>710.80</u>	<u>(213.87)</u>
Beginning Net Assets		
	<u>16,255.16</u>	<u>15,199.31</u>
Total Beginning Net Assets	16,255.16	15,199.31
Ending Net Assets	<u>19,932.81</u>	<u>15,510.84</u>

Aged AR Report by Customer

December 31, 2013

Row Labels		Sum of Amount Outstanding
CCP		\$ 3,483.77
12/30/2013	\$	3,483.77
CDBG		\$ 3,068.58
10/2/2013	\$	350.00
12/30/2013	\$	2,718.58
CDCR		\$ 112,400.46
10/2/2013	\$	46,010.56
11/1/2013	\$	36,527.01
12/4/2013	\$	29,862.89
Constellation Wines		\$ 750.00
CVOC		\$ 3,188.48
11/1/2013	\$	1,526.73
12/30/2013	\$	1,661.75
DOR		\$ 2,442.92
9/4/2013	\$	594.95
11/1/2013	\$	579.30
11/20/2013	\$	(6.60)
12/4/2013	\$	575.22
12/9/2013	\$	135.00
12/30/2013	\$	565.05
EDD - DEI Flex		\$ 7,291.93
12/5/2013	\$	790.48
12/30/2013	\$	6,501.45
EDD - DEI WP		\$ 49,416.80
12/5/2013	\$	33,554.79
12/30/2013	\$	15,862.01
First 5		\$ 169.68
12/10/2013	\$	169.68
Georgia Pacific		\$ 140.00
9/30/2013	\$	140.00
Fresno Regional WIB		\$ 21,634.21
12/16/2013	\$	16,346.19
12/30/2013	\$	5,288.02
Rose DeLeon		\$ 183.32
12/30/2013	\$	183.32
Vantagepoint (ICMA)		\$ 689.25
12/13/2013	\$	689.25
Grand Total		\$ 204,859.40

**Note: Not currently recorded in accounting system -
tracked manually on separate database**

Madera County Workforce Investment Corporation
Reconcile Cash Accounts

AGENDA ITEM 6.4

Summary

Account: 1010 Cash in BA - Main
Reconciliation ID: Bank Reconciliation for 1010 for 12/31/13
Reconciliation Date: 12/31/2013
Status: Open

Bank Balance	94,630.85	✓
Less Outstanding Checks/Vouchers	22,942.36	
Plus Deposits in Transit	0.00	
Plus or Minus Other Cash Items	0.00	
Plus or Minus Suspense Items	<u>0.00</u>	
Reconciled Bank Balance	71,688.49	
Balance Per Books	<u>71,688.49</u>	
Unreconciled Difference	<u>0.00</u>	

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Madera County Workforce Investment Corporation
Reconcile Cash Accounts

AGENDA ITEM 6.4

Summary

Cash Account: 1020 Cash in BA - Payroll
Reconciliation ID: Bank Reconciliation 1020 for 12/31/13
Reconciliation Date: 12/31/2013
Status: Open

Bank Balance	6,667.98
Less Outstanding Checks/Vouchers	0.00
Plus Deposits In Transit	0.00
Plus or Minus Other Cash Items	0.00
Plus or Minus Suspense Items	0.00
Reconciled Bank Balance	6,667.98
Balance Per Books	6,667.98
Unreconciled Difference	0.00

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**MADERA COUNTY
WORKFORCE
INVESTMENT CORPORATION**

Agenda Item 6.5

Consent

Action

Information

To: Madera County Workforce Investment Corporation
From: Elaine Craig, Executive Director
Workforce Investment Board
Date: January 23, 2014
Subject: Approve Budget Revision

Recommendation:

Staff recommend approval of line item revisions/adjustments to the MCWIC budget resulting in an increase to the overall budget balance.

Summary:

Staff has determined that several line items in the budget need to be revised/adjusted and have provided a detailed budget summary sheet outlining the proposed line item revisions/adjustments with notes as to why the revision, whether increase or decrease, needs to be made. The overall increase to the budget balance is due to the award of \$25,000 from the Chukchansi grant.

Financing:

Workforce Investment Act of 1998

GL Code	Account Title	Original Board Approved Budget	YTD Actual Expense	Encumbrances	Budget Balance	Budget Adjustments Increase/(decrease)	Revised Budget - Pending Board	Revised Budget Balance	Comments
5100	Staff Salaries	1,250,577.00	555,348.51	0.00	695,228.49	\$ 1,250,577.00	\$ 695,228.49		
5110	Payroll Tax Expense (FUTA)	1,251.00	0.00	0.00	1,251.00	\$ (243.00)	\$ 1,008.00	Jessica Roche: adjust payroll tax calc.	
5111	Employer Medicare Expense (Medicare)	18,134.00	29,044.42	0.00	(10,910.42)	\$ 59,401.00	\$ 77,535.00	\$ 48,490.00 budget s/b 5112	
5112	Social Security Employer Exp (OASDI)	77,535.00	12,685.66	0.00	64,849.34	\$ (59,401.00)	\$ 18,134.00	\$ 5,448.34 budget s/b 5111	
5115	CA Unemployment Insurance Exp (CA SUI)	42,519.00	0.00	0.00	42,519.00	\$ (37,045.00)	\$ 5,474.00	Jessica Roche: correct payroll tax budget calc	
5116	CA Unemployment Insurance Exp (ETT)	0.00	0.00	0.00	0.00	\$ 161.00	\$ 161.00		
5120	Workers Compensation Expense	8,505.00	3,364.94	0.00	5,140.06	\$ 1,250.00	\$ 9,755.00	\$ 6,390.00 Jessica Roche: breakout from gl #5115 for tracking purposes	
5130	Group Health Insurance Expense	193,799.00	97,203.00	77,778.00	18,818.00	\$ 193,799.00	\$ 18,818.00		
5140	Employers 457 Expense	72,606.00	32,765.21	0.00	39,840.79	\$ 72,606.00	\$ 39,840.79		
5160	Group Dental Insurance	7,552.00	3,133.95	3,760.74	657.31	\$ 7,552.00	\$ 657.31		
5170	Group Vision Insurance	2,035.00	850.85	1,021.02	163.13	\$ 2,035.00	\$ 163.13		
5180	Group Life Insurance	630.00	304.15	325.98	(0.13)	\$ 630.00	\$ (0.13)		
	Subtotal Salaries and Benefits	1,675,143.00	734,700.69	82,885.74	857,556.57	\$ 1,639,266.00	\$ 857,556.57	Jessica Roche:	
5200	Materials and Supplies	33,799.00	7,482.82	6,903.63	19,412.55	\$ (14,500.00)	\$ 19,299.00	\$ 4,912.55 Jessica Roche: \$1500.00 DEI Printing	
5300	Rent Expense	88,316.00	42,211.40	31,124.95	14,979.65	\$ 88,316.00	\$ 14,979.65	\$13,000 misc. equip to correct GL code setup	
5320	Telephone Expense	8,681.00	3,720.25	6,603.27	(1,642.52)	\$ 1,650.00	\$ 10,331.00	\$ 7.48	
5330	Utilities Expense	28,958.00	12,002.57	13,437.44	3,517.99	\$ 28,958.00	\$ 3,517.99	Jessica Roche: final 3 at&t bills that paid when with MCOE - done	
5400	Postage Expense	5,003.00	47.81	0.00	4,955.19	\$ 5,003.00	\$ 4,955.19		
5410	Printing Expense	3,995.00	3,015.98	1,682.83	(703.81)	\$ 1,500.00	\$ 5,495.00	\$ 796.19	
5420	Advertising Expense	5,001.00	942.23	0.00	4,058.77	\$ 5,001.00	\$ 4,058.77		
5430	Bank Charges	91.00	36.00	0.00	55.00	\$ 91.00	\$ 55.00		
5440	Dues and Membership Expense	4,251.00	1,735.00	0.00	2,516.00	\$ 4,251.00	\$ 2,516.00		
5450	Publications Expense	1,637.00	636.39	141.13	859.48	\$ 1,637.00	\$ 859.48		
5500	Auditing Fees	15,000.00	13,150.00	3,350.00	(1,500.00)	\$ 2,000.00	\$ 17,000.00	\$ 500.00 Jessica Roche: 990 filing	
5510	Legal Fees	19,999.00	671.85	19,328.15	(1.00)	\$ 19,999.00	\$ (1.00)	additional auditor misc. support	
5530	Taxes and Fees	150.00	29.00	50.00	71.00	\$ 150.00	\$ 71.00		
5600	Office Equipment	7,999.00	1,309.29	691.16	5,998.55	\$ 7,999.00	\$ 5,998.55		
5610	Equipment Maintenance	6,744.00	9,116.61	1,565.89	(3,938.50)	\$ 4,480.00	\$ 11,224.00	\$ 5,000.00 Jessica Roche: Barracuda Web Sec \$3375.00	
5620	Equipment Rental	3,601.00	1,815.88	1,313.23	471.89	\$ 3,601.00	\$ 471.89	\$ 471.89 Barracuda 2nd box Energize Sec \$1105.00	
5630	Software Expense	5,401.00	1.00	0.00	5,400.00	\$ 5,401.00	\$ 5,400.00		

Madera County Workforce Investment Corporation
 Summary Budget Comparison
 From 7/1/2013 Through 12/31/2013

GL Code	Account Title	Original Board Approved Budget	YTD Actual Expense	Encumbrances	Budget Balance	Budget Adjustments Increase/(decrease)	Revised Budget - Pending Board	Revised Budget Balance	Comments
5640	Internet Expense	10,680.00	1,216.17	3,845.54	5,618.29		\$ 10,680.00	\$ 5,618.29	
5650	Computer Hardware	0.00	0.00	26,005.67	(26,005.67)	\$ 38,000.00	\$ 38,000.00	\$ 11,994.33	Jessica Roche: -Chuck Grant \$25,000
5710	Employee Education Expense	1,498.00	8,209.41	0.00	(6,711.41)	\$ 10,910.00	\$ 12,408.00	\$ 4,197.59	-\$13,000 correct GL from 5200 to 5650
5720	Staff Travel Expense	24,500.00	7,804.08	1,988.40	14,707.52		\$ 24,500.00	\$ 14,707.52	
5730	Meeting Costs	841.00	300.00	102.05	438.95		\$ 841.00	\$ 438.95	Jessica Roche: \$3500WipFli Non-Profit Acctg/Mngmt
5810	General Outside Services	77,012.00	43,562.29	45,278.52	(11,828.81)	\$ 17,360.00	\$ 94,372.00	\$ 5,531.19	\$1,500 Additl Pgm Staff Training
5900	Insurance Expense (GenLiab/D&O)	7,425.00	6,896.00	0.00	529.00		\$ 7,425.00	\$ 529.00	Jessica Roche: Workforce Skills \$2700
	Subtotal Operating/Overhead	360,582.00	165,912.03	163,411.86	31,258.11		\$ 421,982.00	\$ 31,258.11	Career Pillar \$2000 Randstat Serv \$12,660
5800	Subcontracted Program Services	1,022,039.00	349,483.09	466,570.09	205,985.82	\$ (5,910.00)	\$ 1,016,129.00	\$ 200,075.82	
5700	Client Travel Expense	7,500.00	5,893.18	1,546.00	60.82	\$ 5,387.00	\$ 12,887.00	\$ 5,440.00	Jessica Roche: Lisa Jordon DEI training
	Subtotal Client Direct Program	1,029,539.00	355,376.27	468,116.09	206,046.64		\$ 1,029,016.00	\$ 206,046.64	
			0.00		0.00		\$ -	\$ -	Jessica Roche: Increase Client Mileage
	BUDGET BALANCE	3,065,264.00	1,255,988.99	714,413.69	1,094,861.32	\$ 25,000.00	3,090,264.00	1,094,861.32	



**MADERA COUNTY
WORKFORCE
INVESTMENT CORPORATION**

Agenda Item 6.6

Consent

Action

Information

To: Madera County Workforce Investment Corporation

**From: Elaine Craig, Executive Director
Workforce Investment Board**

Date:

**Subject: Approve Form 990 - Return of Organization Exempt from Income Tax
for Submission to IRS**

Recommendation:

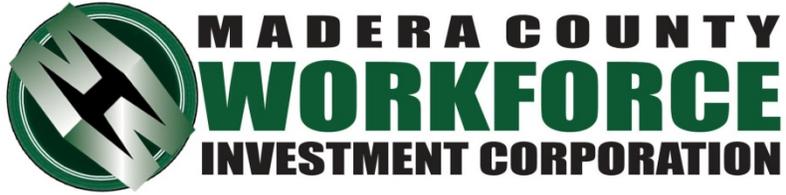
Staff recommend approve of Form 990 – Return of Organization Exempt from Income Tax to be submitted to Internal Revenue System.

Summary:

A draft of MCWIC's annual Form 990 return shall be reviewed and approved by the Board of Directors prior to being filed with the Internal Revenue Service. This review and approval shall be documented with the signature of the Board/Committee Chair. Form 990 was prepared by and will be submitted by Morse Wittwer Sampson, LLP.

Financing:

Workforce Investment Act of 1998



Agenda Item 7.1

Consent

Action

Information

To: Madera County Workforce Investment Corporation

**From: Elaine Craig, Executive Director
Workforce Investment Board**

Date: January 23, 2014

Subject: MCWIC Business Policies and Procedures Manual

Information:

The MCWIC Business Policies and Procedures Manual is an accounting manual that is intended to provide an overview of the accounting policies and procedures for Madera County Workforce Investment Corporation, which shall be referred to as "MCWIC" or "the Organization" throughout this manual. Staff will finalize the manual and submit it for approval at a later Board meeting.

Financing:

Workforce Investment Act of 1998

MCWIC

**Accounting & Financial
Policies and Procedures Manual**

DRAFT

Effective Date(s) of Accounting Policies

The effective date of all accounting policies described in this manual is _____ (date of Board Approval). 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 Madera County Workforce Investment Corporation, which shall be referred to as “MCWIC” or “the Organization” throughout this manual.

MCWIC is incorporated in the state of California. MCWIC is exempt from Federal income taxes under IRC Section [501(c)(3)] as a nonprofit corporation.

This manual shall document the financial operations of the Organization. Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff and to document internal controls.

The contents of this manual were approved as official policy of the Organization by the Board of Directors, Executive Director, and Fiscal Manager. All MCWIC staff are bound by the policies herein, and any deviation from established policy is prohibited.

GENERAL POLICIES

ORGANIZATIONAL STRUCTURE

The Role of the Board of Directors

MCWIC is governed by its Board of Directors, which is responsible for the oversight of the Organization by:

1. Planning for the future
2. Establishing broad policies, including financial and personnel policies and procedures
3. Approving grant applications
4. Reviewing and approving the annual audit
5. Reviewing financial information
6. Identifying and proactively dealing with emerging issues
7. Interpreting the Organization's mission to the public
8. Soliciting prospective contributors
9. Hiring, evaluating, and working with the Executive Director.
10. Establishing and maintaining programs and systems designed to assure compliance with terms of contracts and grants
11. Authorizing establishment of all bank accounts and check signers.

The Executive Director shall be responsible for the day-to-day oversight and management of MCWIC.

The Roles of the Executive Director and Staff

The Board of Directors hires the Executive Director, who reports directly to the board. The Executive Director is responsible for hiring and evaluating Department Directors for each of the Organization's departments. Each Department Director reports to the Executive Director.

Department Directors are responsible for hiring employees to work in that department with approval from the Executive Director. All employees within a department shall report directly to that department's Supervisor, who shall be responsible for managing and evaluating all employees within the department.

ACCOUNTING DEPARTMENT OVERVIEW

Organization

The accounting department consists of [2] staff who manage and process financial information for MCWIC. The following positions comprise the accounting department:

- Fiscal Manager
- Principal Account Clerk

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

- Executive Director - Secretary
- Treasurer – Board level
- Full Board of Directors

Responsibilities

The primary responsibilities of the accounting 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 (Government Grants)

In accordance with OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, MCWIC maintains a fund tracking 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. Accurate, current, and complete disclosure of the financial results of each Federally-sponsored project or program in accordance with the reporting requirements of A-110 and/or the award.
2. Records that identify adequately the source and application of funds for Federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income, and interest.
3. Effective control over and accountability for all funds, property, and other assets. MCWIC shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
4. Comparison of outlays with budget amounts for each award. Whenever possible, financial information shall be related to performance and unit cost data.
5. Written procedures to minimize the time elapsing between the transfer of funds to MCWIC from EDD and the issuance or redemption of checks, warrants, or payments by other means for program purposes by the recipient.

6. Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the Workforce Investment Act.
7. Accounting records including cost accounting records that are supported by source documentation.

BUSINESS CONDUCT

Practice of Ethical Behavior

Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of MCWIC depends to a very large extent on the following considerations.

Each employee 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 employee 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, employees should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with MCWIC 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 Organization 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 employee should be able to answer "yes" to all of these questions before taking action.

Each director, manager and supervisor is responsible for the ethical business behavior of her/his subordinates. Directors, 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 Organization Policies

MCWIC 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 MCWIC policy or engagement in unscrupulous dealings.

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.

CONFLICTS OF INTEREST

Introduction

In the course of business, situations may arise in which an Organization 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 directors and employees have an obligation to:

1. Avoid conflicts of interest, or the appearance of conflicts, between their personal interests and those of the Organization in dealing with outside entities or individuals,
2. Disclose real and apparent conflicts of interest to the Board of Directors, 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, directors and officers of MCWIC owe a duty of loyalty to the Organization. This duty necessitates that in serving the Organization they act solely in the interests of the Organization, 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. Children, grandchildren, and great grandchildren
4. Spouses of individuals listed in 2 and 3
5. Corporations, partnerships, LLCs, and other forms of businesses in which an employee or director, either individually or in combination with individuals listed in 1, 2, 3, or 4, collectively possess a 35% (based on IRS definition) or more ownership or beneficial interest

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

Examples of conflicts of interest include, but are not limited to, situations in which a director or employee:

1. Negotiates or approves a contract, purchase, or lease on behalf of the Organization and has a direct or indirect interest in, or receives personal benefit from, the entity or individual providing the goods or services;
2. Negotiates or approves a contract, sale, or lease on behalf of the Organization 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 director or employee;
4. Sells products or services in competition with the Organization;
5. Uses the Organization's facilities, other assets, employees, or other resources for personal gain;
7. Receives a substantial gift from a vendor, if the director or employee is responsible for initiating or approving purchases from that vendor.

Disclosure Requirements

A director or employee 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.

Therefore, MCWIC requires the following:

1. On an annual basis, all members of the Board of Directors, the Executive Director, members of senior management, and employees with purchasing and/or hiring responsibilities or authority shall inform, in writing, the Executive Director and the chair of the MCWIC, of all reportable conflicts or confirm that there are no conflicts to report.
2. Prior to the preparation of the disclosure statements, the accounting department shall distribute a list of all vendors with whom the Organization has transacted business at any time during the preceding year, along with a copy of the disclosure statement;
3. The Executive Director shall review all forms completed by employees, and the MCWIC[shall review all forms completed by directors and the Executive Director, and determine appropriate resolution in accordance with the next section of this policy.
4. If a conflict arises during the year, the employee or board member will immediately notify the Executive Director who will determine appropriate resolution.

Resolution of Conflicts of Interest – insert the WIB policy on conflict of interest procedures per OMB

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

- The chair of the board shall be responsible for making all decisions concerning resolutions of conflicts involving the Executive Director, and other members of senior management.
- The Executive Director shall be responsible for making all decisions concerning resolutions of conflicts involving employees below the senior management level, subject to the approval of the chair of the board.

An employee or director may appeal the decision that a conflict (or appearance of conflict) exists as follows:

- An appeal must be directed to the chair of the board.
- 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 Organization 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 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 director, 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 who violates this policy will be removed from the board.

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 organizations, MCWIC 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 Organization'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 Organization 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 Organization.

Definitions

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

1. Actions that violate the Organization'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 Organization 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 Organization
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 MCWIC. Exception: gifts less than a nominal value (\$50 or more).
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 Organization, as well as those of our clients, subcontractors, vendors, contractors, suppliers, and others with whom the Organization has a business relationship)
- Intentional misstatements in the Organization's records, including intentional misstatements of accounting records or financial statements
- Authorizing or receiving payment for goods not received or services not performed
- Authorizing or receiving payments for hours not worked
- Forgery or alteration of documents, including but not limited to checks, timesheets, contracts, purchase orders, receiving reports

MCWIC prohibits each of the preceding acts of misconduct on the part of employees, officers, executives, volunteers and others responsible for carrying out the Organization's activities.

Reporting Responsibilities

Every employee, officer, and volunteer is responsible for immediately reporting suspected misconduct to their supervisor, the Fiscal Manager, or Executive Director. When supervisors have received a report of suspected misconduct, they must immediately report such acts to the Director or Fiscal Manager.

Whistleblower Protection

The Organization 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 Organization's Code of Conduct.

Investigative Responsibilities

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

The Fiscal Manager has the primary responsibility for investigating suspected misconduct involving employees below the Executive Director and executive management level. The Fiscal Manager shall provide a summary of all investigative work to the full board.

An Audit Committee may be implemented for investigating suspected misconduct involving Executive Director and executive level positions, as well as board members and officers. However, the Audit Committee may request the assistance of the Fiscal Manager 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 Organization.

In fulfilling its investigative responsibilities, the board 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 board) shall have free and unrestricted access to all Organization 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

MCWIC 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 Organization'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
- Suspension
- 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 Organization to follow any particular policy or procedure.

Confidentiality

The board and the Fiscal Manager treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Fiscal Manager or the Board Chair immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Reporting Procedures 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 MCWIC from potential civil liability.

An employee 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 Board Chair 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 MCWIC legal counsel or the Board Chair.

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 Organization 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 Board Chair to the Organization's external auditors.

SECURITY

Accounting Department

MCWIC's corporate seals and blank check stock shall be stored in a fireproof file safe. This safe will be locked with a key that is kept in the Accounting Department. Access to this safe shall be by keys in the possession Executive Director.

MCWIC currently has no petty cash drawer. If in the future it is decided that a petty cash drawer is required, it must be approved by the board and policy implemented prior to the implementation of petty cash.

Access to Electronically Stored Accounting Data

MCWIC utilizes passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords that allow access to the system.

Accounting personnel are expected to keep their passwords secret and to change their passwords on a regular basis, no less frequently than every 60 days. 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.

Storage of Back-Up Files

MCWIC maintains back-up copies of electronic data files off-site in a secure environment. Access to back-up files shall be limited to individuals authorized by management. A log should be kept which records the whereabouts of each backup media. Multiple copies of backup media are recommended so as to not overwrite the most recent backup.

The Organization should have a regularly scheduled test of its capability to restore from backup media.

Storage of Sensitive Data

In addition to accounting and financial data stored in the Accounting Department, other sensitive data, such as social security numbers of employees or clients, etc. may be stored in areas other than the accounting department, such as in a secure file room that remains locked. Therefore, the Organization:

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

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

Destruction of Consumer Information

As stated earlier, all sensitive data must be securely stored and shredded when no longer needed. MCWIC will also shred all consumer information obtained by the Organization for any reason. Shredding will be performed on a schedule determined by each department that possesses such data and the schedule shall be made a part of the Record Retention policy (see the "Fiscal Management" policies section of this manual).

General Office Security

During normal business hours, all visitors are required to check in with the receptionist. After hours, an alarm code is required for access to MCWIC. Alarm codes are issued only to specific employees of MCWIC.

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.

MCWIC's chart of accounts is comprised of six types of accounts:

1. Assets
2. Liabilities
3. Net Assets
4. Revenues
5. Expenses
6. Gains and Losses

The chart of accounts is built on a table-driven six (6) segment structure. The following segments will be used in the MCWIC chart of accounts:

- Fund
- Funding Source
- GL
- Activity
- Activity Description
- Leverage

Distribution of Chart of Accounts

All MCWIC employees involved with account coding or budgetary responsibilities will be issued a current chart of accounts. 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 Fiscal Manager monitors and controls the chart of accounts, including all account maintenance, such as additions and deletions. Any additions or deletions of accounts should be approved by the Fiscal Manager, who ensures that the chart of accounts is consistent with the Organizational structure of MCWIC and meets the needs of each division and department.

Account Definitions

General Ledger

Account Range

1000 - 1999

Category

Assets

Definition

Assets are probable future economic benefits obtained or controlled by the Organization as a result of past transactions or events. Assets are classified as current assets, fixed assets, contra-assets, and other assets.

Current assets 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.

Fixed assets (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 Organization and are not held for resale.

Contra-assets are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable

Other assets 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.

2000 – 2999

Liabilities

Liabilities are probable future sacrifices of economic benefits arising from present obligations of the Organization 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.

Current liabilities 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.

Long-Term Liabilities 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.

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 organization's ongoing major or central operations. Revenues include grants received from government agencies, private foundations and corporations, and contributions received from donors.

5000 - 5999

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 MCWIC's ongoing major or central operations.

6000 – 6999

Gains and Losses

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

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

Fiscal Year of Organization

MCWIC shall operate on a fiscal year that begins on July 1 and ends on June 30. Any changes to the fiscal year of the Organization must be ratified by majority vote of MCWIC's Board of Directors.

Accounting Estimates

MCWIC 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 values of investments
3. Fair values of donated assets

4. Values of contributed services
5. Joint cost allocations
6. Allocations of certain indirect costs
7. Allocations of time/salaries

The Fiscal Manager will re-assess, review, and approve all estimates annually. All key conclusions, bases, and other elements associated with each accounting estimate shall be documented in writing.

Journal Entries

All general ledger entries that do not originate from a subsidiary ledger shall be supported by journal vouchers 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. Examples of such journal entries are:

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 voucher.

All journal entries not originating from subsidiary ledgers shall be authorized in writing by the Fiscal Manager by initialing or signing the entries.

POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS

REVENUE

Revenue Recognition Policies

MCWIC 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** – Recognized as income when received, 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) – also see the later section on federal awards.
2. **Rent income** - Recognized as income when received, based on the terms of each sublease
3. **Assessment Services** - Recognized as income when received
4. **Contributions** - Recognized as income when received or when unconditionally promised (see the next section on contribution income)

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 Fiscal Manager.

Refunds of Revenue Received

The following policies apply to refunds associated with revenue collected by MCWIC:

It is the policy of MCWIC to require the following in connection with any refund transaction:

1. Written request from the payor for a refund, via mail, facsimile or e-mail.
2. Approval by the Director.

GIFT ACCEPTANCE

Overview of Gift Acceptance Policies

A gift/contribution is consideration given to the Organization 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 MCWIC. Two broad principles apply to all gifts given to the Organization:

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 MCWIC and the focus of the program.

Categories of Gifts

Gifts to the Organization 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 MCWIC program.

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

- Any gift requiring the acceptance of a restriction that (a) is not clearly identifiable with an existing program of MCWIC, (b) would require the addition or modification of an MCWIC program, (c) would not be consistent with the mission of MCWIC, (d) would not be consistent with MCWIC's tax-exempt purpose under IRC section 5901(c)(3), (e) would violate any federal, state or local law or regulation, or (f) 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 MCWIC
- 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 non-cash assets through a bequest

Gift Acceptance Procedures

Gifts of marginal risk may be accepted by the Executive Director without any further review and approval. Gifts of greater-than-marginal risk may be accepted only after review and approval of both the Fiscal Manager and the Executive Director. This review and approval shall be documented on a Gift Acceptance form.

It is also the policy of MCWIC to liquidate all gifts of public-traded securities within ten days of receipt unless it is determined by the Fiscal Manager that holding the securities as an investment of the organization would be fiscally prudent, appropriate and consistent with the Organization's investment policies.

CONTRIBUTION ACCOUNTING

Definitions

The following definitions shall apply with respect to the policies associated with revenue and related assets described in this manual:

Contribution – An unconditional transfer of cash or other assets to the Organization, or a settlement or cancellation of the Organization'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 Organization 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 are defined as restrictions 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 organization is not entitled to the contribution. Conditions may or may not be within the control of the organization.

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 Organization, 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 individual or entity incurs a liability or transfers assets to MCWIC 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 MCWIC and another entity each receive and sacrifice something of approximately equal value.

Distinguishing Contributions from Exchange Transactions

MCWIC receives income in the form of contributions, revenue from exchange transactions, and income from activities with characteristics of both contributions and exchange transactions. MCWIC 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. MCWIC's intent in soliciting the asset, as stated in the accompanying materials;
2. The expressed intent of the entity providing resources to MCWIC (i.e., does the resource provider state that its intent is to support MCWIC'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 MCWIC (contribution);

4. Whether payment received by MCWIC is determined by the resource provider (contribution) or is equal to the value of the assets/services provided by MCWIC, 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 MCWIC to individuals or organizations other than the resource provider (contribution) or whether they are delivered directly to the resource provider or to individuals or organizations closely connected to the resource provider.

Recognition of Contribution Income (GAAP)

MCWIC 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 Organization
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 nonfinancial asset (e.g. land, buildings, intangible assets, etc.), or
 - 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 non-cash contribution income received shall be recorded at fair value (see policy in next section).

Contribution income shall be classified as unrestricted, temporarily restricted, or permanently restricted in accordance with the definitions and guidelines described earlier.

Valuation of Non-Cash Contributions

As stated in the preceding section, all non-cash 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 Organization, 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 Fiscal Manager based on a Web-based search of the closing price of the security on the date that the security was transferred to MCWIC (in addition, a print-out 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 Fiscal Manager, using appropriate public records (price lists for new assets, other guides for used assets) subject to the review and approval of the Director.
3. For contributions of real property, fair value shall be determined by an appraisal performed by an independent appraiser hired by MCWIC (not an appraiser hired by the donor).
4. For contributions of all other assets, fair value shall be determined by the Fiscal Manager.

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 Organization's Volunteer Time Sheet, by an applicable hourly rate. The applicable hourly rate shall be determined by Executive Director and shall generally be equal to an estimate of an hourly wage rate plus estimated employee benefits costs at FTE% 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 and approved by the Fiscal Manager.

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 MCWIC 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 MCWIC at the time the Organization 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 Organization 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 Organization shall not record an asset or contribution income for any conditional promise to give. However, the Organization 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 organization's footnote disclosures associated with contributions.

Receipts and Disclosures

MCWIC 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, MCWIC shall adhere to the following guidelines with respect to contributions received by the Organization.

The Accounting 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 MCWIC 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 MCWIC, a description and good faith estimate of the value of those goods or services.

When MCWIC 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 Organization shall follow additional disclosure procedures. For purposes of this paragraph, a "quid pro quo transaction" is one in which MCWIC receives cash or property 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 MCWIC is less than the value of cash or property provided by the donor). In such instances, MCWIC 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 MCWIC 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 MCWIC.

IRS rules provide for certain exceptions to the preceding disclosure rules applicable to quid pro quo transactions. As such, MCWIC 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 (yr) bear MCWIC's name or logo and have an aggregate cost of \$9.50 or less and the donor gave the Organization at least \$47.50;
2. The goods provided to the donor in (yr) have a fair market value equal to no more than 2% of the contribution or \$95, whichever is less; or
3. The gift received by MCWIC resulted from the Organization's (yr) fund-raising appeal that included articles worth no more than \$9.50, 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.

All estimates of the fair market value of goods or services provided by MCWIC shall be prepared by the Accounting Department.

MCWIC 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

In certain instances, MCWIC may be requested to sign a Form 8283 (section b, Part IV) by a donor who has made a material contribution of non-cash assets to the Organization. The signature of an organization official on Form 8283 signifies an acknowledgement 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 MCWIC 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 MCWIC shall be reviewed, along with the donated asset and any relevant documentation pertaining to the asset's description and condition, by the Director, who shall have final responsibility for agreeing or disagreeing with the donor's description of the asset and for signing the Form 8283.

The Fiscal Manager shall retain a copy of any Form 8283 that has been signed within the accounting department for subsequent tracking of the donated asset (see related policy below).

IRS Form 8282

When MCWIC 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 Organization 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 Organization 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 Organization's tax-exempt mission.

Responsibility for tracking donated assets and determining whether filing Form 8282 is required is assigned to the Accounting Department. It is the policy of MCWIC to file such forms in a timely manner (within 125 days of the sale). Upon completion of a Form 8282 by the Accounting Department the form shall be reviewed and signed by the Fiscal Manager. Delivery of the form to IRS shall be done by mail, performed by the Accounting Department.

A Form 8282 shall also be prepared and filed if MCWIC 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 with 15 days of filing the Form 8282 with the IRS, along with a copy of the original Form 8283 received from the donor.

There are two exceptions to filing a Form 8282:

- 1) Items valued at \$500 or less
- 2) Items consumed or distributed for charitable purpose

ADMINISTRATION OF FEDERAL AWARDS

Definitions

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

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

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

Cooperative Agreement: A legal agreement where the Organization 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 Fiscal Manager prior to submission to government agencies or other funding sources. Final proposals shall be reviewed and approved in writing by the Executive Director.

- Grant applications, in alignment with the program, will be approved by the Executive Director.
- The full Board will approve acceptance of all grants.
- The full Board will be involved in all decisions concerning new funding sources.

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 Accounting 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. 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. A file is established for each grant or contract. The file contains the proposal, all correspondence regarding the grant or contract, the final signed award document and all reports submitted to the funding sources.

Compliance with Laws, Regulations and Provisions of Awards

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

1. For each Federal award, the Executive Director will designate a manager as "grant manager."
2. The grant manager shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:
 - a. Read each award and prepare a summary of key compliance requirements and references to specific laws and regulations.
 - b. Review the "OMB Circular A-133 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 grants manager will communicate grant requirements to those who will be responsible for carrying them out, or impacted by them.
3. The Accounting Department shall forward copies of applicable laws regulations to the grant manager (such as OMB Circulars, pertinent sections of compliance supplements, and other regulations).
4. The grant manager and/or the Accounting 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.
5. The grant 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," and communications with Federal awarding agency personnel.
6. The grant manager shall inform the independent auditors of applicable laws, regulations, and provisions of contracts and grants. The grant manager shall also communicate known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.
7. The grant manager will be responsible for all monitoring activities of the grant and work directly with all state and federal monitors specific to program monitoring.

Document Administration

For each grant/award received by MCWIC 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 Program Manager assigned to administer the program.

The master file assembled for each government award shall include all of 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. Subsequent correspondence to/from the awarding agency
8. Results of any monitoring visits conducted by the awarding agency, including resolution by MCWIC of any findings arising from such visits
9. Correspondence and other documents resulting from the closeout process of the award

The preceding grant document file shall be organized into three sections as follows:

1. Pre-award documents
2. Post-award documents
3. Laws, regulations, and agency guidelines
4. Audit/monitoring-related documents

The original grant document file shall remain in the office of the Program Manager. Electronic forms of the final award documents and any other pertinent documentation will be kept on MCWIC's network and available to appropriate personnel within MCWIC.

Close Out of Federal Awards

MCWIC shall follow the close out procedures described in OMB Circular A-110 and in the grant agreements as specified by the granting agency.

MCWIC and all subrecipients shall liquidate all obligations incurred under the grant or contract within 60 days of the end of the grant or contract agreement.

COST SHARING AND MATCHING (IN-KIND) – GOVERNMENT GRANTS

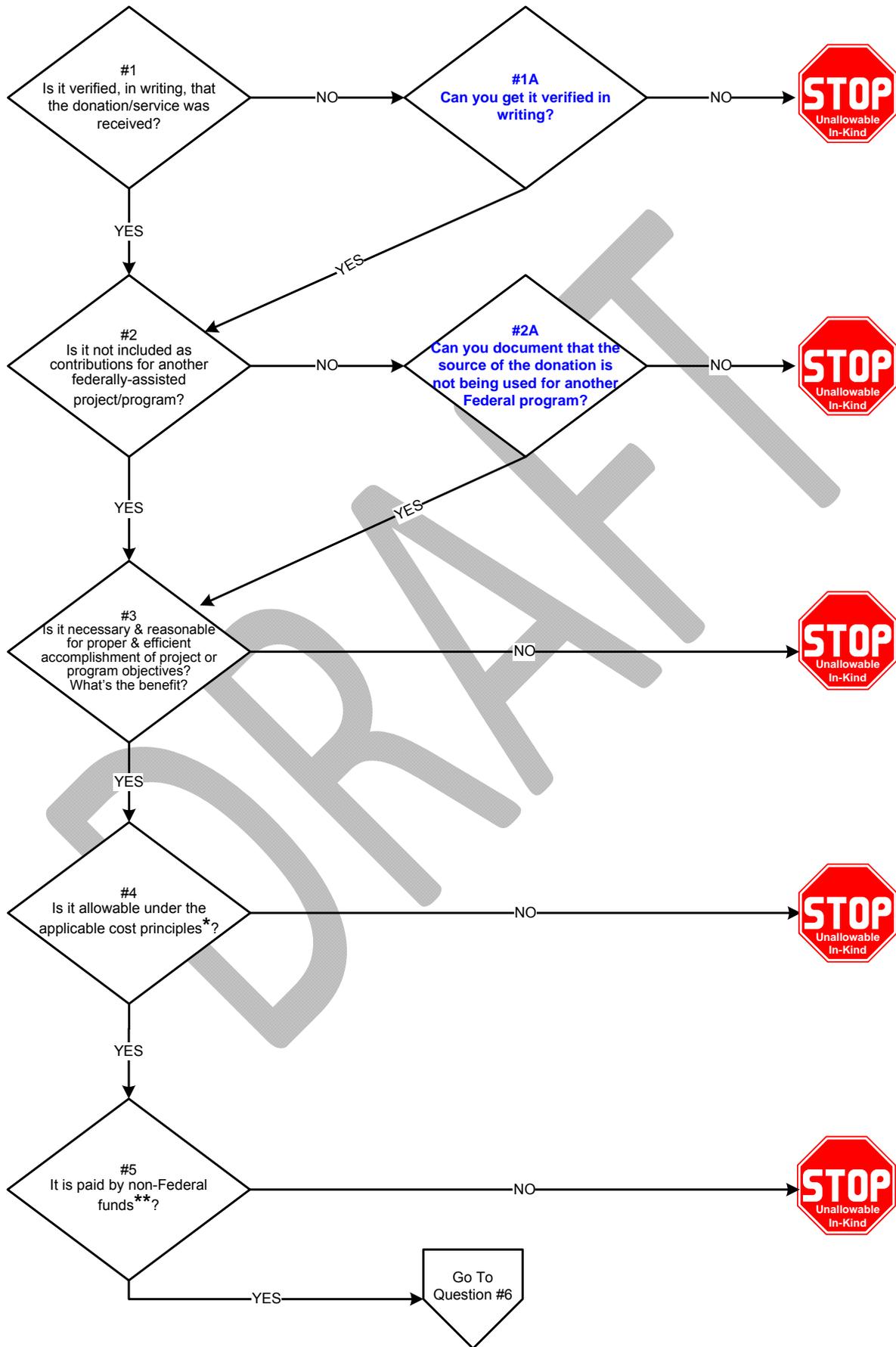
Overview

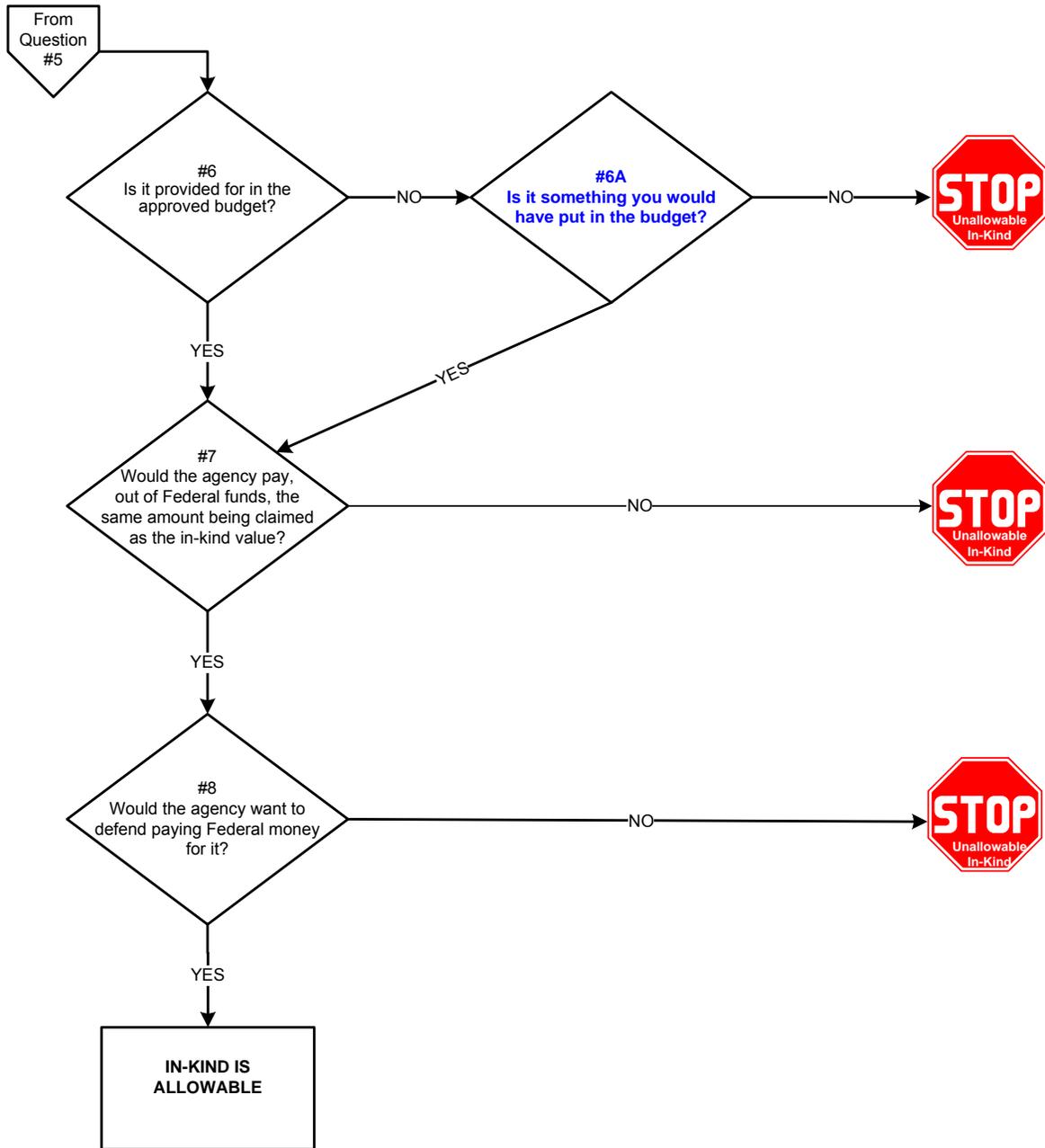
MCWIC values contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or Federal agency regulations identify specific values to be used.

MCWIC 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 MCWIC 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 OMB Circular A-122.
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 OMB Circular A-110.
8. In the case of donated space, (or donated use of space), the space is subject to an independent appraisal to establish its value.

The following flowchart should be used to determine the allowability of in-kind.





* OMB Circular A-21 - Colleges and Universities, OMB Circular A-87 - State and Local Units of Government, A-122 - Non-Profit Organizations

** 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 3.05.408(b)(1-4))

Valuation and Accounting Treatment

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

- Cash
- Space
- Supplies

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

Cash

- MCWIC 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.

Space

- Will be valued 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 not to exceed fair market value

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 itself.

BILLING/INVOICING POLICIES

Overview

The Organization's primary sources of revenue are:

- Reimbursement grants – billed monthly, or as funders require, based on allowed, incurred expenses
- Fee-for-service income – billed monthly based on number of units of services provided

Responsibilities for Billing and Collection

MCWIC's Accounting 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.)

Customer Invoicing

It is the policy of MCWIC to complete customer orders and forward an invoice once services have been rendered.

Billing and Financial Reporting – Government Grants

MCWIC strives to provide management, staff and funding sources with timely and accurate financial reports applicable to Federal awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

MCWIC 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 Accounting Department, subject to review and approval by Fiscal Manager.

The following policies shall apply to the preparation and submission of billings to Federal agencies under awards made to MCWIC:

1. The Organization will request reimbursement after expenditures have been incurred, unless an award specifies another method.
2. 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.
3. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts.
4. All financial reports required by each Federal award will be prepared and filed on a timely basis. To the extent MCWIC's year-end audit results in adjustments to amounts previously reported to Federal agencies, revised reports shall be prepared and filed in accordance with the terms of each Federal award.

MCWIC 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 monthly basis.

If a Federal award authorizes the payment of cash advances to MCWIC, the Fiscal Manager may require that a request for such an advance be made. Upon receipt of a cash advance from a Federal agency, MCWIC shall reflect a liability equal to the advance. As part of the monthly close-out and invoicing process, the liability shall be reduced, and revenue recognized, in an amount equal to the allowable costs incurred for that period.

Cash Drawdowns Under Letters of Credit (Government Grants)

Cash drawdowns under letters of credit from Federal agencies shall be made weekly or bi-weekly 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. MCWIC requires that Federal funds will be disbursed within 3 operating business days of receipt using the following process. An example of the process is as follows:

1. On Wednesday the accounting department will print out a listing of checks to be disbursed
2. The Fiscal Manager approves the listing
3. On Wednesday by 1:00 p.m., the accounting department draws down the cash required
4. On Thursday, the checks are printed and signed
5. On Friday, the cash is verified as received in the bank account via EFT delivery process, and the checks are then disbursed.

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.

Posting of credit memos and other adjustments to customer accounts receivable shall also be performed by an individual independent of the cash receipts function of MCWIC.

Classification of Income and Net Assets

All income received by MCWIC is classified as "unrestricted," with the exception of the following:

1. Grants and other awards received from government agencies, other grantors, and donors which are classified as temporarily restricted.

MCWIC may raise other forms of contribution income which carry stipulations that the Organization 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, MCWIC 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), MCWIC 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 MCWIC 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 Organization) is the most liquid asset an organization has. Therefore, it is the objective of MCWIC 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 for funds received by mail:

- Cash receipts are received in a central location, rather than at remote sites, to ensure that cash received is appropriately directed, recorded, and deposited on a timely basis.
- Mail is opened and a listing of cash/checks received shall be prepared in an open area, in the presence of other employees.
- A deposit slip is prepared from the cash/checks received and compared to the daily receipts listing for discrepancies.
- Deposits are prepared and taken to the bank by an individual other than the employee who prepared the daily cash receipts listing.

Note: If cash is received, a second signature is required on the cash receipt transmittal form as verification of the cash.

Endorsement of Checks

All checks received that are payable to the Organization shall immediately be restrictively endorsed by the individual who prepares the daily receipts listing. The restrictive endorsement shall be a rubber stamp that includes the following information:

1. For Deposit Only
2. MCWIC
3. The bank name
4. The bank account number of MCWIC

Timeliness of Bank Deposits

Bank deposits will be made on the day the cash receipts are received. In no event shall deposits be made more than two business days after the receipts were received.

Reconciliation of Deposits

On a periodic basis, the Fiscal Manager, 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. Any discrepancies shall be immediately investigated.

SEGREGATION OF DUTIES

Control Grid - Revenue and Cash Receipts

MCWIC 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. Fiscal Manager
- B. Principal Account Clerk #1
- C. Principal Account Clerk #2

Note: if 2 X's for one category, then one is back up to the other

	A	B	C
Produce invoice to bill customer		X	
Enter invoice into A/R system		X	
Initial receipt of funds (cash or checks)			X
Restrictively endorse checks			X
Prepares initial record of funds collected			X
Preparation of deposit slip			X
Take deposit slip to bank	X	X	
Enter payments into A/R system		X	
Reconcile log of collections w/ A/R posting	X		
Authorizes credits or other adjustments	X		
Posts credits/adjustments to A/R system		X	
Authorizes write-off of bad debts	X		
Posts bad debt write-offs to A/R system		X	
Prepares periodic customer statements		X	
Reconciles A/R with general ledger	X		
Reconciles bank statement			X
Reviews A/R aging	X		
Performs follow-up calls on old A/R		X	
Prepares Cash Draws	X		X
Authorizes Cash Draws	X		

POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS

PURCHASING POLICIES AND PROCEDURES

Overview

MCWIC 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 statutes and executive orders.

Responsibility for Purchasing

All department heads or their designees shall have the authority to initiate purchases on behalf of their department, within the guidelines described here.

The Accounting Department shall be responsible for processing purchase orders. The Executive Director 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 Organization'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 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 less than \$25 may be accepted with the approval of the Executive Director.

Procurement Procedures (Government Grants)

Refer to MCWIC's Separate Procurement Policy for the following:

- Authorizations and Purchasing Limits
- Required Solicitation of Quotations from Vendors (Government Grants)
- Extensions of Due Dates and Receipt of Late Proposals
- Evaluation of Alternative Vendors
- Affirmative Consideration of Minority, Small & Women-Owned Businesses (Government Grants per OMB Circ. A-110_44(3)(b))
- Availability of Procurement Records - Government Grants per OMB Circ. (A-110_44(3)(e))
- Provisions Included in All Contracts – Government Grants per OMB Circ. A-110 Appendix A
- Special Purchasing Conditions
- Right to Audit Clause

Use of Purchase Orders

MCWIC utilizes a purchase order system. A properly completed purchase order shall be required for each purchase decision (i.e., total amount of goods and services purchased, not unit cost), with the exception of travel advances and expense reimbursements, which require the preparation of a separate form described elsewhere in this manual. A properly completed purchase order shall contain the following information, at a minimum:

1. Specifications or statement of services required
2. Vendor name, address, point of contact and phone number
3. Source of funding (if applicable)
4. Delivery or performance schedules
5. Delivery, packing and transportation requirements
6. Special conditions (if applicable)
7. Catalog number, page number, etc. (if applicable)
8. Net price per unit, less discount, if any
9. Total amount of order
10. Authorized signature (Fiscal Manager and Executive Director)
11. Date purchase order was prepared

Purchase orders are pre-numbered by the accounting system, and the log is audited on an annual basis.

Vendor Files and Required Documentation

The Accounting Department shall create a vendor folder for each new vendor from whom MCWIC purchases goods or services.

The Accounting Department shall mail a blank Form W-9 to new vendors and request that the vendor complete and sign the W-9 (or provide equivalent, substitute information) and return it in the postage-paid envelope provided. Completed, signed Forms W-9 or substitute documentation shall be filed in each vendor's folder. Vendors 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 should be treated as an employee.

Receipt and Acceptance of Goods

A designated individual (outside of the accounting department) 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

This inspection must be performed in a timely manner to facilitate prompt return of goods and/or communication with vendors.

POLITICAL INTERVENTION

Prohibited Expenditures

Consistent with its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, MCWIC 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

MCWIC 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 MCWIC, when these individuals are acting on behalf of, or are otherwise representing, the Organization.

Individual vs. Organizational Intervention

The preceding policies prohibiting acts of political intervention apply to the organization and to individuals acting on behalf of the organization. It does not apply to the personal lives of employees and volunteers of the organization, who have the right to support or oppose political candidates and parties as individuals. Employees and volunteers of MCWIC who engage in political activities outside the scope of their employment with or service to the Organization shall at all times be mindful of maintaining a clear distinction between personal activities and those which can be attributed to the Organization.

Prohibited Use of Organization Assets and Resources

No assets or human resources of the Organization shall be utilized for political activities, as defined above. This prohibition extends to the use of Organization 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 MCWIC. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing the Organization), these individuals must at all times be aware that Organization resources cannot at any time be utilized in support of political activities.

LOBBYING

Unlike political intervention, described in the preceding section, expenditures by a section 501(c)(3) public charity for lobbying activities are allowable under the Internal Revenue Code. However, **no** lobbying expenditures may be charged directly or indirectly to any Federal award (i.e., the charity must have a non-Federal source of income to which such lobbying costs can be cited as the source of the activity). MCWIC will not be involved in any lobbying activities.

CHARGING OF COSTS TO FEDERAL AWARDS

Overview

MCWIC charges costs that are reasonable, allowable, and allocable to a Federal 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 Federal 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 Federal 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 Organizations," particularly:
 - a. The list of specifically unallowable costs found in Attachment B (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, such as foreign travel, equipment purchases, etc.
3. No costs shall be charged directly to any Federal award until the cost has been determined to be allowable under the terms of the award and/or OMB Circular A-122.
4. For each Federal 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 a Federal award or to activity associated with a Federal 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 A-122, Attachment A, in order to be treated as allowable direct or indirect costs under a Federal 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 Organization 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 Organization, 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 a Federal award;
 - b. The cost benefits both the Federal 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 Organization, 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 OMB Circular A-122 or the Federal award itself.
4. Treatment of costs must be consistent with policies and procedures that apply to both Federally financed activities and other activities of the Organization.
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 Federally financed program in the current or prior periods.
8. The cost must be adequately documented.

Direct Costs

Direct costs include those costs that are incurred specifically for one award or non-Federal function. MCWIC identifies and charges these costs exclusively to each award or program.

Each invoice shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Invoices are approved by the appropriate project director and reviewed by the Fiscal Manager.

Personnel activity reports (PAR's) are also submitted on a monthly basis, reflecting employees' work and which programs directly benefited from their effort. PAR's 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 a Federal award and reimbursed by a Federal agency shall be accounted for as a direct cost of that award (i.e., such equipment shall not be capitalized and depreciated).

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. 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 Accounting Department
- The Front Reception Services
- Information Technology Dept.

Examples of joint costs are:

- Shared space
- Vehicle Use

Per Federal guidelines, each grant will be charged its fair share of costs. Any costs not reimbursed by a particular funding source will be allocated on a monthly basis utilizing the FTE allocation method.

Indirect Cost Rate

MCWIC does not currently have a federally approved indirect cost rate. Submission for federally approved indirect rate will be done in FY 14-15.

Once MCWIC maintains an annual indirect cost budget. Each year a new indirect cost budget is prepared and submitted to MCWIC's Cognizant Agency for approval. The indirect cost rate approved is used when determining the overhead applied to each Federal award.

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, finance, accounting and administrative personnel
3. Depreciation of equipment and buildings
4. Office rent and maintenance
5. General office repairs and maintenance

These rates are submitted to MCWIC's Cognizant Agency and will be binding on all other Federal agencies and their contracting officers unless specifically prohibited by statute.

MCWIC's process for developing and submitting its indirect cost proposal is:

Cost Pools

Direct and joint costs are allocated to the benefiting programs using cost pools under 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. The following basis will be used:
 - a. Facilities and related costs will be allocated based on square footage occupied
 - b. Costs of the Human Resources Department will be allocated based on number of employees
 - c. Fiscal and accounting-related costs will be allocated based on number of transactions.
4. Program-related costs will be allocated based on direct FTE % applied to those programs.

Accounting for Specific Elements of Cost

MCWIC 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 MCWIC charge their time directly since their work is specifically identifiable to specific grants or other (non-Federal) programs or functions of the Organization.

Indirect costs – The following staff charge 100 percent of their salary costs indirectly:

Receptionist
Resource Room Attendants
Information Technology Staff

Mixed charges – The following employees may charge their salary costs to both direct and indirect activities:

Executive Director
Administrative Assistant
Accounting Department staff
Manager
Program staff

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 – MCWIC incurs costs for the following statutory and non-statutory employee benefits:

- FICA
- Unemployment insurance
- Worker’s compensation
- Health insurance
- Contributions to pension plan

Since the MCWIC accounting system tracks employee benefit costs by individual employee, each such benefit cost shall be charged directly and indirectly in the same proportions as each individual’s salary.

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 Federal awards 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 space associated with common areas, such as hallways, restrooms, and conference rooms, shall be accounted for as an indirect cost.

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, based on the completion of a supplies usage form. All supplies and materials used by staff 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 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 MCWIC. Each telephone unit is identified to either a direct or an indirect activity, as determined annually based on an approximation of time charges of employees associated with each telephone unit. No telephone units shall be charged as mixed-use units due to the immateriality of the costs involved. For example, if MCWIC has 100 telephone units and 15 of those units are assigned to employees who work directly on a particular grant, 15 percent of each month's local telephone service costs shall be allocated to that grant.

Outside Services – MCWIC incurs outside service costs for its annual audit, legal fees, and for staff development specialists. 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. Additional audit costs related to that portion of the audit associated with OMB Circular A-133 shall be charged directly to the audited programs, based on estimates received from the independent CPA firm.

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.

Staff Development Specialists – Costs associated with staff development specialists 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 Organization’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.

ACCOUNTS PAYABLE MANAGEMENT

Overview

MCWIC 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 check 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 invoice for the related goods or services.
- The vendor invoice should be supported by an approved purchase order where necessary, and should be reviewed and approved by department supervisor 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. Vendor 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 records. No vendor statements shall be processed for payment.

Establishment of Control Devices

The accounting department establishes control of invoices as soon as they are received. Vendors will be instructed to mail (or email upon individual approval) all invoices directly to the Accounts Payable Department.

Upon receipt, each invoice shall be "date received" stamped. Invoices are then matched up with approved purchase orders. If no purchase order has been approved, then upon research of purchase/invoice, requisition is created and submitted to Executive Director for approval.

Note: All purchases are required to go through the purchase order process, no matter the purchase amount.

Payment Discounts

To the extent practical, MCWIC 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.

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. Expense reports will be processed for payment in the next vendor payment cycle if received within two business days of the deadline. Expenses older than 30 days following the end of the month the expense was incurred, will not be reimbursed.

The accounting department will periodically check expense reports against timesheets to ensure agreement of dates and activities.

Reconciliation of A/P Subsidiary Ledger to General Ledger

At the end of each monthly accounting period, the total amount due to vendors 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 Fiscal Manager.

Also on a monthly basis, the accounting department 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 with no activity and follow up.

Management of Accounts Payable Vendor Master File

Upon the receipt of an invoice from a new vendor that is not already in MCWIC's Accounts Payable Vendor Master File, the accounting department 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.

All vendors to be paid during a fiscal year, the file shall include all of the following data:

1. Vendor's legal name and any DBA name(s)
2. Street address (payments may be mailed to a P.O. Box, but a street address must be in the file)
3. Federal employer identification number
4. Telephone number
5. Fax number
6. Contact name

Payments shall not be made to any vendor whose file does not comply with the preceding requirements.

On an annual basis, vendors that have not been utilized over the preceding 24-month period shall be made inactive from the master vendor file. In addition, on an annual basis an internal audit shall be performed of the master vendor file and of payment histories made to each vendor. This analysis, to be performed by the Fiscal Manager shall consist of the following procedures, at a minimum:

1. Cross-checking of vendors with matching street or P.O. Box addresses
2. Review of payment histories for signs of repeat invoice numbers or other indications of duplicate payments

TRAVEL AND BUSINESS ENTERTAINMENT

Travel Advances

Funds will be advanced for upcoming travel only upon receipt of a completed and properly approved request for travel advance. Travel advance amount will be determined by researching actual costs to be incurred based on conference or meeting agenda etc. Travel advances are to be used only for the purpose intended. Travel expenses are to be made in accordance with the Organization'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 up immediate return from required travel. Any outstanding advances more than 30 days old that have not been confirmed with a receipt, will be deducted from an employee's next paycheck.

An employee will not be reimbursed for expense reports not meeting the preceding criteria. If the expense report results in a balance due to MCWIC (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.

No further travel advances will be issued to any employee who has an outstanding balance due to MCWIC from previous business trips.

Reasonableness of Travel Costs

MCWIC 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. Travelers should stay in standard rooms.
2. Ask hotels for any available discounts – nonprofit, government or corporate rates.
2. When utilizing rental cars, travelers should rent midsize or smaller vehicles. Share rental cars whenever possible.
3. 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.
4. Personal long-distance calls while away on business are reimbursable if kept to a minimum, such as one nightly call home to family. Personal calls in excess of this shall not be reimbursed.
5. Whenever possible, travelers should utilize long-distance calling cards when placing calls while away on travel. Avoid using the hotel's long-distance service if possible.
6. Reasonable tips for baggage handling shall be reimbursed. No receipts are required.
7. Foreign travel charged to Federal grants must be approved in writing by the funding source prior to travel.

CASH DISBURSEMENTS (CHECK-WRITING) POLICIES

Check Preparation

MCWIC prints vendor checks and expense reimbursement checks on a bi-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 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 shall 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 authorized check signer.
6. Checks shall be utilized in numerical order and unused checks are stored in a locked cabinet in the accounting department.
7. Checks shall never be made payable to “bearer” or “cash.”
8. Checks shall never be signed prior to being prepared.
9. Upon the preparation of a check, vendor invoices and other supporting documentation shall immediately be canceled in order to prevent subsequent reuse.

Check Signing

Checks shall be signed by an individual other than the one who approved the transaction for payment. Authorized check signers must be approved by the full board. The Executive Director is the primary check signer.

Check signers should examine all original supporting documentation to ensure that each item has been properly checked prior to signing a check. Checks should not be signed if supporting documentation appears to be missing or there are any questions about a disbursement.

Equipment used to sign checks (plates, stamps, CD, etc.) will be kept in a locked drawer (safe). Access to the equipment shall be restricted to the Fiscal Manager and the Executive Director. The accounting department staff will request the equipment as needed. The Fiscal Manager will review check run and supporting documentation, and initial approval.

Mailing of Checks

After signature, checks are returned to the individual who prepared them, who then mails checks immediately. Checks shall 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 making proper notations in the check register and defacing the check by clearly marking it as “VOID.” 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 by telephone instruction and written authorization to the bank by accounting personnel with this authority. A journal entry is made to record the stop payment and any related bank fees.

Lost payments must have a completed Affidavit of Lost/Destroyed Payment form from the vendor prior to the check being cancelled and re-issued.

SEGREGATION OF DUTIES

Control Grid – Purchasing and Disbursements

MCWIC 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. Fiscal Manager
- B. Principal Account Clerk #1
- C. Principal Account Clerk #2
- D. Program Manager
- E. Executive Director
- F. Program Supervisor
- G. Administrative Assistant

Duty	A	B	C	D	E	F	G
Inputs data into vendor master file		X					
Obtains Form W-9 from new vendors		X					
Authorizes purchases				X	X		
Prepares requisition for client related items				X			
Prepares requisition for operating business related items							X
Prepares request for proposal				X			
Administers collection of proposals				X			
Evaluates proposals	X						
Receives vendor invoice		X					
Approves vendor invoice					X		
Assigns general ledger coding	X	X					
Inputs invoice into A/P system		X					
Selects A/P to be paid		X					
Runs A/P checks		X					
Reviews checks	X						
Signs checks					X		
Mails checks		X					
Maintains custody of unused checks					X		
Reconciles A/P to general ledger	X						
Performs bank reconciliation			X				
Review cancelled checks					X		

Reviews bank reconciliations	X				X		

CREDIT CARDS

Issuance of Corporate Credit Cards

MCWIC employees who will be using the corporate vehicle for Organization business may request a corporate fuel credit card by contacting the administrative assistant or manager. Cardholders will be required to sign a statement acknowledging that the card shall be used exclusively for the corporate vehicle. The corporate vehicle fuel cards will be kept in a locked drawer.

MCWIC will also have a corporate credit card which is to be used to book travel arrangements or authorized online payments which already have an approved purchase order. The corporate credit card is not to be used offsite and will be kept in the safe.

PAYROLL AND RELATED POLICIES

Payroll Administration

MCWIC operates on a semi-monthly payroll. A personnel file is established and maintained for all employees with current documentation, as described throughout this section and more fully described in MCWIC's Personnel Manual.

The following forms, documents and information shall be obtained and included in the personnel files of all new employees:

1. MCWIC Employment Application (and resume, if applicable)
2. Applicant references (work & personal)
3. Interview questions and notes
4. Form W-4 Employee Federal Withholding Certificate
5. Form State Withholding Certificate
6. Form I-9 Employment Eligibility Verification
7. Copy of driver's license
8. Copy of Social Security card issued by the Social Security Administration
9. Starting date and scheduled hours
10. Job title and starting salary
11. Authorization for direct deposit of paycheck, along with a voided check or deposit slip

For employees without a current, valid driver's license, acceptable alternative documents shall include:

1. U.S. Passport
2. Certificate of U.S. Citizenship (INS Form N-560 or N-561)
3. Voter's registration card
4. U.S. Military card

5. ID card issued by a Federal, state or local government, provided it contains a photo
6. School record or report card (for persons under age 18 only)

For employees without a Social Security card, acceptable alternative documents shall include:

1. U.S. Passport
2. Certificate of U.S. Citizenship (INS Form N-560 or N-561)
3. Original or certified copy of a birth certificate issued by a state, county or municipal authority
4. Certificate of Birth Abroad issued by the Department of State (Form FS-545 or Form DS-1350)
5. U.S. Citizen ID Card (INS Form I-197)
6. Native American tribal document
7. ID Card for use of Resident Citizen in the United States (INS Form I-179)

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

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the Executive Director.

Voluntary payroll deductions and changes in income tax withholding status shall be authorized in writing by the individual employee.

Documentation of all changes in payroll data shall be maintained in each employee's personnel file.

If changes to be made are for the individual who is responsible for making changes in the payroll system, then an alternate accounting department individual is to make the change in the accounting system.

Payroll Taxes

The Accounting Department is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid. The Accounting Department may utilize the services of an outside payroll service center for the processing of payroll, as determined by the Fiscal Manager.

MCWIC will obtain an updated Form W-4 from each employee in January of each year. Withholding of Federal income taxes shall be based on the most current Form W-4 prepared by each employee.

Personnel Activity Reports (Government Grants)

MCWIC follows the guidelines in OMB Circular A-122, Attachment B.8, *Compensation for Personal Services*, as well as requirements in specific grants. Therefore, salaries and wages charged to Federal grants will be supported as follows:

1. Charges will be based on documented payrolls approved by responsible officials of the Organization.
2. Every staff member whose compensation is charged, in whole or in part, directly or indirectly to Federal awards, will complete activity reports 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 monthly basis.
6. Charges for non-exempt employees will also be supported by records required by the Fair Labor Standards Act.
7. 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.

Preparation of Timesheets

Each MCWIC employee must submit to the Accounting Department a signed and approved timesheet no later than 9:00 am on the 1st business day following the close of each pay period. 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 (i.e., employees shall not use "white out" 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.

After preparation, Management shall approve timesheets prior to submission to the Accounting Department. Corrections identified by an employee's supervisor shall be authorized by the employee by initialing next to the change.

An Organization 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). The employee must initial a timesheet submitted in this

manner immediately upon his/her return to the office. Timesheets submitted in this manner shall bear the notation, "Time reported by telephone or e-mail by (employee) to (supervisor or designated alternate)." The timesheet shall be signed by the supervisor or the designated alternate.

Pay periods are as follows:

1 st	through	15 th	-	pay date 20 th
16 th	through	End of Month	-	pay date 5 th of following month

Processing of Timesheets

The accounting department will process the timesheets by checking them for mathematical accuracy (not required if timesheets are electronic), then entering all timesheets into the payroll system.

The accounting department may not change or correct timesheets. When errors are noted, if a corrected and approved timesheet is not resubmitted in time to the accounting department, the employee may not receive a pay check until the next pay period.

Tampering with, altering, or falsifying time records, recording time on another employee's time record, or willfully violating any other timesheet policy or procedure may result in disciplinary action, up to and including discharge.

Review of Payroll

Upon production of all payroll reports from payroll service, the Fiscal Manager or Executive Director reviews payroll prior to processing. The Fiscal Manager or Executive Director shall sign the payroll register, indicating approval of the payroll submission.

Distribution of Payroll

Payroll payments (or check stubs for electronic deposits) shall be distributed by individuals who do not approve timesheets, are not responsible for hiring and firing, and do not control the preparation of payroll.

Internal Audit of Payroll Data

MCWIC will conduct an annual internal audit of certain payroll data. This internal audit shall be performed by the Fiscal Manager. The purpose of this internal audit is to determine the integrity of the Organization's payroll records. The internal audit shall include the following procedures:

1. Tracing a sample of salaries, withholdings, deductions, and direct deposit information to supporting documentation in each selected employee's payroll and/or personnel file.
2. Tracing a sample of new hires and departures to personnel files, including verification of first and last pay dates.
3. Cross-checking the payroll master files for employees with identical addresses, social security numbers, or direct deposit bank account information.

SEGREGATION OF DUTIES

Control Grid – Payroll and Human Resources

MCWIC 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. Executive Director
- B. Fiscal Manager
- C. Principal Account Clerk #1
- D. Principal Account Clerk #2
- E. Payroll Service

Duty	A	B	C	D	E
Authorize new hires	X				
Authorize salary adjustments	X				
Authorize terminations	X				
Sets up new employee in P/R system				X	
Enters salary adjustments to P/R system				X	
Enters direct deposit info. in P/R system				X	
Deletes terminated employees from P/R				X	
Review changes to payroll master file		X			
Approves timesheets	X				
Enters timesheets				X	
Reviews input of timesheet data		X			
Reviews distribution of time		X			
Reviews payroll register		X			
Signs payroll register for Direct Deposit Processing	X				
Has access to unused payroll checks		X			
Reviews annual W-2 Report		X		X	
Distributes annual W-2 forms					X

POLICIES PERTAINING TO SPECIFIC ASSET ACCOUNTS

CASH AND CASH MANAGEMENT

Cash Accounts

General Checking Account (operating account):

The primary operating account provides for routine business check disbursements. All cash and credit card deposits are made to this account.

Cash transfers are done on an as needed basis to cover disbursements.

In addition, all advances of Federal funds shall be deposited in an interest-bearing account and interest earned in excess of \$100 shall be returned to the awarding agency. Interest earned on such funds will be allocated to Federal awards based on the percentage of funds received during the month for each award.

Payroll Account:

The payroll account is separate from the operating account. As such, only the amount needed to cover each payroll is transferred into this account from the operating account, based on the amount calculated and communicated by the outside payroll service center.

Transfers from the operating account into the payroll account are initiated by the Fiscal Manager and authorized by the Executive Director.

Authorized Signers

The following MCWIC personnel are authorized to sign checks drawn on the general operating and payroll accounts:

Elaine Craig, Executive Director – Primary Signature
Tracie Scott-Contreras, Program Manager – 1st Emergency Backup Signature
Jessica Roche, Fiscal Manager – 2nd Emergency Backup Signature

Fiscal Manager or Executive Director will promptly notify the Organization's financial institutions of changes in authorized signatures upon the departure of any authorized signer. Refer to the section titled "Check Signing" for procedures.

Bank Reconciliations

Bank account statements are received each month and forwarded to the Fiscal Manager. The Fiscal Manager shall open the statement and review its contents for unusual or unexplained items, such as unusual endorsements on checks, indications of alterations to checks, etc. Unusual or unexplained items shall be reported immediately to the Board Chair.

After this review is complete, the entire bank statement is forwarded to the Accounting Department, where a reconciliation between the bank balance and general ledger balance is prepared by someone

who is not an authorized check signer. The bank reconciliation process will be completed within one week of receipt of each bank statement.

The reconciliation process shall involve an inspection of the fronts and backs of cancelled checks returned with the bank statement. The purpose of this inspection is to identify signs of forgery, altered or substitute checks, unusual endorsements, or other signs of fraudulent activity. If the Organization's financial institution does not return original cancelled checks or paper copies thereof, the person preparing the monthly bank reconciliation shall view electronic copies of cancelled checks provided by the financial institution via CD-ROM or Internet access to the Institution's web site.

All bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations, and statements are reviewed and initialed by the Executive Director on a monthly basis.

Bank reconciliations, cancelled checks, and copies of resulting journal entries are filed in the current year's accounting files.

Cash Flow Management

The Fiscal Manager 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.

MCWIC adheres to the requirements of its grants which may prohibit loaning funds between programs, therefore, cash management and reporting is performed at the program level as well as for the Organization as a whole.

Stale Checks

MCWIC will write off checks of \$50 or less that are more than 6 months old that have not cleared the Organization's bank. For uncashed checks that are more than 6 months old and that exceed \$50, contact will be made with the payee to resolve the issue.

All stale checks that are written off within the same fiscal year as they were written shall be credited/abated back 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. For stale checks funded from Federal funds, the funds must be returned back to the awarding agency.

MCWIC will also comply with the California laws regarding unclaimed property. Accordingly, if uncashed checks are subject to a state reporting and transfer requirement, the Organization shall file all appropriate forms and remit unclaimed property to the appropriate jurisdiction.

Petty Cash

MCWIC does not maintain a petty cash fund. Creation of petty cash would require board approval.

Wire Transfers

The Fiscal Manager and the Executive Director shall be the only MCWIC employees authorized to transact wire transfers from MCWIC bank accounts. The bank currently requires the use of pass codes that require a 2 person approval process. One person initiates the transaction, but then the bank system submits a pass code to other authorized individual. That individual then needs to present the pass code to the initiator so the wire transfer can be completed. Pass codes, issued only to the Fiscal Manager and Executive Director are assigned by the bank and are changed on each occurrence.

Email confirmations of all banking transactions are automatically sent to each Principal Account Clerk.

PREPAID EXPENSES

Accounting Treatment

MCWIC treats payments of expenses that have a time-sensitive future benefit as prepaid expenses and will amortize these items over the corresponding time period.

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 vendor 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 Accounting 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 monthly closeout process.

PROPERTY AND EQUIPMENT

Capitalization Policy

Physical assets acquired with unit costs in excess of \$5,000 are capitalized as property and equipment on the Organization's financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

If an awarding agency requires a lower amount for equipment, MCWIC 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 Organization's financial statements, these assets will be capitalized and depreciated according to these policies.

Contributed Assets

Assets with fair market values in excess of \$5,000 (per unit) that are contributed to MCWIC 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 (Per OMB Circ. A-110_34)

MCWIC 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 MCWIC, described under Asset Management.

All purchases of "equipment" with Federal funds shall be approved, in advance and in writing, by the Federal awarding agency. 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, MCWIC 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, MCWIC 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, to the Federal agency.
4. The Fiscal 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 and Federal reports filed by MCWIC.

Establishment and Maintenance of a Fixed Asset Listing (Government Grants)

All capitalized property and equipment shall be recorded in a property log. This log shall include the following information with respect to each asset: *(OMB Circ. A-110_34 (f)(1))*

1. Date of acquisition
2. Cost
3. Description (including color, model, and serial number or other identification number)
4. Source of the equipment, including the Federal award number, if applicable
5. Whether the title vests in the Organization or the Federal Government
6. Information to calculate the Federal share of the cost of the equipment, if applicable
7. Location of asset
8. Depreciation method
9. Estimated useful life

A physical inventory of all assets capitalized under the preceding policies will be taken on an annual basis by MCWIC. 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 Fiscal Manager.

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 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 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 Accounting Department in conjunction with the department or employee that shall utilize the asset. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

Furniture and fixtures	Up to 10 yrs
General office equipment	5 yrs
Computer hardware and peripherals	3-5 yrs
Computer software	2-3 yrs
Leased assets	life of lease
Leasehold Improvements	remaining lease term

Alternatively, at the direction of the Fiscal Manager, capitalized assets may be depreciated over useful lives expressed in terms of units of production or hours of service in place of the preceding useful lives expressed in terms of time.

For accounting and interim 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 Executive Director.

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 Organization'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 $\frac{4}{5}$ of the asset's basis (accumulated depreciation at the end of year four) and $\frac{3}{7}$ of the asset's basis (accumulated depreciation at the beginning of the year).

Repairs of Property and Equipment

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.

Dispositions of Property and Equipment

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 Executive Director 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 Fiscal Manager. If not located, this property will be written off the books with the proper notation specifying the reason.

Impairment Losses

It is the policy of the organization to recognize an impairment loss in the statement of activities with respect to any property and equipment whose carrying amount (net book value) possesses both of the following characteristics:

1. The amount is not recoverable and
2. The amount exceeds fair value.

If only one of the preceding characteristics is present, an impairment loss will not be recorded. In determining whether a carrying amount is recoverable, all future cash inflows shall be considered, including cash flows from operations attributable to the asset, as well as cash flows from the sale of the asset. In cases in which no cash flows are directly attributable to an asset, the first characteristic is considered to have been met, and the determination of whether an impairment loss has been incurred will be based on the fair market value criterion.

Impairments are distinguishable from changes in estimates resulting from a determination that a depreciable asset will be useful for a shorter period of time than the original estimate (changes in estimated useful lives were explained earlier). When an impairment loss is incurred, the loss is recognized in the statement of activities in the period of the loss and the carrying amount of the long-lived asset is adjusted downward to the revised amount. If the asset is a depreciable asset, this lesser amount shall then be used for purposes of calculating future depreciation or amortization expense.

LEASES

Classification of Leases

MCWIC classifies all leases in which the Organization is a lessee as either capital or operating leases. MCWIC 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 MCWIC 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 MCWIC'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.

Note: Workforce Investment Act funds does not allow the funds to be used to purchase or 'lease to purchase' of property.

Reasonableness of Leases (Government Grant Purposes Only)

MCWIC assess the value of leases according to the requirements of OMB Circ. A-122_43 as follows:

- 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 3 to 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.

All leases that are classified as capital leases shall be treated as fixed asset additions. As such, upon the inception of a capital lease, MCWIC 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.

MCWIC 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.

WEB SITE COSTS

Costs to Be Expensed As Incurred

Many costs associated with the Organization's web site are to be expensed as incurred, rather than capitalized, including the loading of content into the designed pages, as well as:

1. Planning stage costs, such as:
 - a. Development of a project or business plan
 - b. Determining functionalities or specifications of the site
 - c. Determining hardware and technology requirements
 - d. Conceptual formulation of graphics and content
 - e. Evaluation and selection of vendors
 - f. Addressing legal considerations, such as copyright and trademark issues

2. Operating costs, such as:
 - a. Training employees involved in support of the site
 - b. Registering the site with search engines
 - c. User administration activities
 - d. Updating site graphics
 - e. Performing backups
 - f. Creating new links
 - g. Verifying that links are functioning properly
 - h. Adding new functionalities or features (however, see below)
 - i. Performing routine security reviews
 - j. Performing routine analysis

INTANGIBLE ASSETS

Acquisition of Intangible Assets

Intangible assets include a variety of items, such as copyrights, service marks, trademarks, license agreements, photographs, videos, and others. The Organization may acquire intangible assets in any of the following manners:

1. Via contribution from a donor

2. By purchase from an outside party that holds title to an intangible asset

4. By internally developing an intangible asset through utilization of the Organization's employees, volunteers, and contractors (e.g. an employee writes a document on behalf of the Organization)

Accounting for Intangible Assets

Intangible assets acquired via contribution from donors shall be accounted for as assets measured at fair value at the date of the gift (see “fair value accounting procedures” for a description of internal controls over the establishment of fair values).

Intangible assets acquired by purchase shall be capitalized as assets at the purchase price paid for such assets.

The costs of intangible assets that are developed internally shall be charged to expense (not capitalized) if any of the following criteria are met:

1. The intangible asset is not specifically identifiable
2. The asset has an indeterminate life, or
3. The asset is inherent in the Organization and related to the Organization taken as a whole.

Costs of internally-developed intangible assets not meeting any of the three preceding criteria shall be capitalized. These costs may include salaries, allocated employee benefit costs, consultant fees, and other related costs.

Amortization

Capitalized intangible assets of the Organization shall be classified into one of three categories, as follows:

1. Assets with finite and precise useful lives (such as a license agreement with a fixed term)
2. Assets with finite, but imprecise, useful lives
3. Assets with indefinite useful lives

Intangible assets with finite and precise useful lives shall be amortized over their useful lives, using the straight-line method of amortization.

For intangible assets with finite, but imprecise, useful lives, the organization shall estimate a useful life and amortize the asset over that life, using the straight-line method of amortization.

For either of the two preceding categories of amortizable intangible assets, the Organization shall evaluate the useful life on an annual basis to determine whether an adjustment of the useful life is appropriate.

For intangible assets with indefinite useful lives, the cost of the asset shall remain on the books of the Organization as an asset, without reducing this basis for amortization, until such time as an impairment in the value of the asset is determined to have occurred. See the next section for a description of the Organization’s policies and procedures associated with asset impairments.

In addition, intangible assets with indefinite useful lives shall be evaluated on an annual basis for purposes of determining whether the previously indefinite useful life has become finite and estimable (e.g. a copyright that when initially acquired had an indefinite life, but which has become dated and now has a finite remaining useful life). If it is determined that any intangible asset previously accounted for as having an indefinite useful has become an asset with a finite and estimable useful life, the Organization shall begin amortizing the intangible asset over the estimated remaining useful life (i.e. rather than recording an impairment in the value of the asset).

POLICIES PERTAINING TO LIABILITY AND NET ASSET ACCOUNTS

ACCRUED LIABILITIES

Identification of Liabilities

The Accounting 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 MCWIC at the end of an accounting period are:

- Salaries and wages (annually)
- Payroll taxes (annually)
- Vacation pay (annually)
- Rent (monthly)
- Interest on notes payable

In addition, MCWIC 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.

Accrued Leave

Personnel policies permit employees to carry forward up to 200 hours of unused vacation leave from year to year. Such unused leave is payable to an employee upon termination of employment.

Accordingly, MCWIC 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 200 hours, multiplied by each employee's current hourly pay rate.

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 sick leave, shall not be accrued as a liability.

INCOME TAXES PAYABLE

Accrual of Income Taxes

MCWIC is exempt from federal income taxes. However, if MCWIC 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 MCWIC becomes subject to a requirement to remit estimated income taxes on a quarterly basis, such amounts shall be accrued and paid quarterly.

Income Tax Positions

MCWIC takes several "income tax positions" that are reflected in the organization's financial statements. The primary income tax positions of MCWIC are:

1. That MCWIC 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

2. That none of MCWIC's forms of revenue is subject to the unrelated business income tax.
3. That MCWIC 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. That the 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. That MCWIC's calculations of income, deductions, etc. reported on its state income tax return are in compliance with state laws and regulations
6. That MCWIC's allocation of gross taxable income by state is in compliance with all applicable state laws and regulations (i.e. the organization is filing state returns in each state that would require a return)

It is the policy of MCWIC that all income tax positions taken by the organization shall meet the "more likely than not" criterion of FIN 48, meaning, the organization'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 Fiscal Manager shall perform whatever tax research is considered necessary and shall have the authority to engage the Organization's independent CPA firm or other outside experts for advice on such matters.

If the Organization receives advice and/or research from an outside party in connection with this policy, the organization 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 organization shall gain a complete understanding of the conclusions reached by any outside parties in providing counsel to the organization in connection with this policy. Gaining this understanding and forming the income tax positions of MCWIC shall be the responsibility of the Fiscal Manager.

The Fiscal Manager shall provide a briefing to the Board of Directors and obtains the board's concurrence each time an income tax position is established or changed.

NOTES PAYABLE

General Policy

MCWIC requires that all notes payable be approved by the Board of Directors and signed by the Executive Director.

Recordkeeping

MCWIC maintains a schedule of all notes payable, mortgage obligations, lines of credit, and other financing arrangements. This schedule shall be based on the underlying loan documents and shall include all of the following information:

1. Name and address of lender
2. Date of agreement or renewal/extension

3. Total amount of debt or available credit
4. Amounts and dates borrowed
5. Description of collateral, if any
6. Interest rate
7. Repayment terms
8. Maturity date
9. Address to which payments should be sent
10. Contact person at lender

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 organization, MCWIC 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, MCWIC 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 Fiscal Manager.

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 equal to 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.

NET ASSETS

Classification of Net Assets

Net assets of the Organization 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 Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor imposed stipulations that the Organization permanently maintain certain contributed assets. Generally, donors of such assets permit the Organization 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 Organization's actions.

Net assets accumulated that are not subject to donor imposed restrictions, but which the Board of Directors of the Organization 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 Organization, the environment in which it operates, and the purposes specified in MCWIC's Articles of Incorporation and Bylaws.

Reclassifications from Restricted to Unrestricted Net Assets

The Organization 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 Organization receives a restricted contribution from a donor who further stipulates that the Organization set aside a portion of its unrestricted net assets for that same purpose, the Organization 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 Organization discloses in a footnote to the financial statements the different types of temporary and permanent restrictions associated with the Organization's net assets as of the end of each fiscal year.

DRAFT

POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING

FINANCIAL STATEMENTS

Standard Financial Statements of the Organization

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 Organization. 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 organization-wide basis shall include:

1. **Statement of Financial Position** - reflects assets, liabilities, and net assets of the Organization and classifies assets and liabilities as current or non-current/long-term.
2. **Statement of Activities** - presents support, revenues, expenses, and other changes in net assets of the Organization, 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 Organization in three categories: operating activities, investing activities, and financing activities.
4. **Statement of Functional Expenses** – presents the expenses of the Organization 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 a monthly basis, by the 20th of each month. The standard set of financial statements described in the preceding section shall be supplemented by the following schedules:

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 monthly set of financial statements shall be prepared on the modified accrual method of accounting, including all receivables, accounts payable received by the 10th of the month, and actual depreciation expense.

Review and Distribution

All financial statements and supporting schedules shall be reviewed and approved by the Fiscal Manager prior to being issued by the Accounting Department.

After approval by the Fiscal Manager, a complete set of monthly financial statements, including the supplemental schedules described above, shall be distributed to the following individuals:

- Executive Director
- Department Directors and any other employee with budget-monitoring responsibilities

Financial statements may include an additional supplemental schedule prepared or compiled by the Fiscal Manager. The purpose of this schedule is to provide known explanations for material budget variances in accordance with MCWIC'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 summary program and/or grant financial information.

Special Quarterly [Semi-Annual] Distribution

On a quarterly basis, a complete set of MCWIC financial statements and supplemental schedules shall be distributed to the entire Board of Directors.

Quarterly financial statements distributed to the board shall include an additional supplemental schedule prepared or compiled by the Fiscal Manager. The purpose of this schedule is to provide explanations for material budget variances in accordance with MCWIC's budget monitoring policies described later in this manual (under the "Financial Management Policies" section).

Annual Financial Statements

On an annual basis, the Organization shall prepare, under the direction of the Fiscal Manager a complete set of GAAP financial statements, including footnotes addressing all disclosures required by GAAP. These financial statements shall be presented to MCWIC'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 Organization's annual financial statements shall be provided by the Independent Auditor to the full Board of Directors at the Organization's Annual Meeting. This presentation will be preceded by a meeting with the Finance Committee, at which the Finance Committee will vote to accept or reject the annual financial statements. See separate policies regarding the annual audit under "Financial Management Policies."

GOVERNMENT RETURNS

Overview

To legitimately conduct business, MCWIC 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 MCWIC include, but are not limited to, filing annual information returns with IRS (if applicable), 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 Fiscal Manager shall be responsible for identifying all filing requirements and assuring that MCWIC is in compliance with all such requirements. The Organization will file complete and accurate returns with all authorities and make all efforts to avoid filing misleading, inaccurate, or incomplete returns.

Filings made by MCWIC include, but are not limited to, the following returns:

1. **Form 990** - Annual information return of tax-exempt organizations, filed with IRS. Form 990 for MCWIC 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. **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. Generally, Form 1099 is required only if the organization has provided more than \$600 in compensation to an independent contractor during the calendar year.
3. **Form 941** - Quarterly payroll tax return filed with IRS to report wages paid to employees and Federal payroll taxes. Form 941 is 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.

MCWIC's fiscal and tax year-end is June 30. All annual tax and information returns of MCWIC (Form 990) are filed on the accrual basis of reporting and is prepared by the organizations designated CPA.

Federal and all applicable state payroll tax returns are prepared by the Organization's external Payroll Administrator.

MCWIC complies with all state payroll tax requirements by withholding and remitting payroll taxes to the state of residency of each MCWIC employee.

Review of Form 990 by Board of Directors

A draft of MCWIC's annual Form 990 information return shall be reviewed and approved by the Board of Directors prior to being filed with the Internal Revenue Service. This review and approval shall be documented with the signature of the Board/Committee Chair.

Public Access to Information Returns

Under regulations that became effective in 1999, MCWIC 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), excluding the list of significant donors (Schedule B) that is attached to the Form 990, but including the accompanying Schedule A, and
2. MCWIC's original application for recognition of its tax-exempt status (Form 1023 or Form 1024), filed with IRS, and all accompanying schedules and attachments.

MCWIC adheres to the following guidelines in order to comply with the preceding public disclosure requirements:

1. Anyone appearing in person at the offices of MCWIC during normal working hours making a request to inspect the forms will be granted access to a file copy of the forms. The Fiscal Manager 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 MCWIC, the Organization shall require prepayment of all copying and shipping charges. For requests for copies that are received without prepayment, MCWIC 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 \$1.00 for the first page copies and \$0.15 for each subsequent page. All copies shall be shipped to requesters via Priority Mail, thus, shipping charges will be a standard \$5.00 per shipment.
4. After payment is received, all requested copies shall be shipped to requesters within 30 days. Making of all copies and shipping within the 30-day time period shall be the responsibility of the Accounting Department.
5. For requests for copies made in person during normal business hours, copies shall be provided while the requester waits.
6. MCWIC shall accept cash, certified checks, money orders, or personal checks for requests for copies made in person. MCWIC shall accept certified checks, money orders and personal checks as payment for copies of forms requested in writing.

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 Organization 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

Record of Transactions With Interested Persons

The Organization 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 Fiscal Manager and provided to the Form 990 preparer.

UNRELATED BUSINESS ACTIVITIES

Identification and Classification

MCWIC properly identifies and classifies income-producing activities that are unrelated to the Organization’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 MCWIC’s exempt purpose, the Organization’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

MCWIC 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 MCWIC not to distribute copies of Form 990-T to anyone other than management of the Organization.

MCWIC 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 CA return.

DRAFT

FINANCIAL MANAGEMENT POLICIES

BUDGETING

Overview

Budgeting is an integral part of managing any organization in that it is concerned with the translation of organizational 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 Organization's financial and human resources. A budget is a management commitment of a plan for present and future organizational activities that will ensure survival. It provides an opportunity to examine the composition and viability of the Organization's programs and activities simultaneously in light of the available resources.

Budgets are also prepared for funding sources and each grant manager must be aware of budget modification requirements. Awarding agencies may or may not require approval for changes in line items. MCWIC will document and follow all such requirements.

Preparation and Adoption

MCWIC will prepare an annual budget on the accrual basis of accounting. The Fiscal Manager gathers proposed organization-wide budget information from all Department Managers and prepares the first draft of the budget.

After appropriate revisions and a compilation of all department budgets by the Fiscal Manager, a draft of the Organization-wide budget, as well as individual department budgets, is presented to the Executive Director for discussion, revision, and initial approval.

The revised draft is then submitted to the entire Board of Directors for adoption.

It is the policy of MCWIC to adopt a final budget at least 30 days before the beginning of the Organization's fiscal year. The purpose of adopting a final budget at this time is to allow adequate time for the Accounting Department to input the budget into the accounting system and establish appropriate accounting and reporting procedures (including any necessary modifications to the chart of accounts) to ensure proper classification of activities and comparison of budget versus actual once the year begins.

Budgets for programs that are not on the Organization's fiscal year will be prepared in accordance with awarding agency requirements.

Monitoring Performance

MCWIC monitors its financial performance by comparing and analyzing actual results with budgeted results. This function shall be 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 Accounting Department and distributed to each employee with budgetary responsibilities.

In addition, Program Managers shall submit monthly performance (non-financial) reports to the Executive Director and the Fiscal Manager.

Budget Modifications

After a budget has been approved by the Board of Directors and adopted by the Organization, an overall net change of more than \$5,000 will require a budget revision submitted to the Board of Directors for board approval. Reclassifications of a budgeted expense amounts across departments (line item adjustments) of less than \$10,000 may be made by the Fiscal Manager with approval of the Executive Director. Reclassifications of a budgeted expense amount more than \$10,000 will be submitted to the Board of Directors for board approval.

All other budget modifications are to be brought to the full board on a quarterly basis for their review.

ANNUAL AUDIT

Role of the Independent Auditor

MCWIC will arrange for an annual audit of the Organization'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 Fiscal Manager upon the completion of their audit.

Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Directors by the independent accounting firm, after the financial statements have been reviewed and approved by the Fiscal Manager and Executive Director.

Auditor Independence

MCWIC 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 Organization as its auditor.

Generally, in order to remain independent with respect to the audit, the Organization'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 organization'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

Fiscal Manager, 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; and
4. Evaluate the adequacy of the services performed and findings that result.

How Often to Review the Selection of the Auditor

MCWIC 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 3 years to ensure competitive pricing and a high quality of service (this is not a requirement to change auditors every five years; simply to re-evaluate the selection)

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 MCWIC 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 organizations and Federal reporting requirements under OMB Circular A-133
3. The firm's demonstrated ability to provide the services requested in a timely manner
4. The ability of firm personnel to communicate with Organization personnel in a professional and congenial manner

If MCWIC decides to prepare and issue a written Request for Proposal (RFP) to be sent to prospective audit firms, the following information shall 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. Organization chart of MCWIC
6. Chart of account information
7. Financial information about the Organization

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
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.)
14. Identification of criteria for selection

Minimum Proposal Requirements from prospective CPA firms shall be:

1. Firm background
2. Biographical information (resumes) of key firm member who will serve MCWIC
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

In order to narrow down the proposals to the top selections, the Fiscal Manager shall meet with the prospective engagement teams from each proposing firm to discuss their proposal. After the Fiscal Manager narrows down the field of prospective auditors to three firms, final interviews of each firm are conducted by the Fiscal Manager, who makes the final recommendation to the Board of Directors for approval.

Preparation for the Annual Audit

MCWIC shall be actively involved in planning for and assisting with the Organization's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the Accounting Department shall provide assistance to the independent auditors in the following areas:

Planning - The Fiscal Manager is responsible for delegating the assignments and responsibilities to accounting staff in preparation for the audit. The Fiscal Manager shall review the list of information requested by the auditors and assign responsibility for each item to the appropriate staff of MCWIC. The Fiscal Manager 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 Fiscal Manager shall arrange and coordinate any and all meetings, interviews, telephone discussions, and conference calls requested by the auditor with MCWIC board members, audit or finance committee members, or employees of NPO to facilitate the auditor's work. Prior to any such meetings or discussions, the Fiscal Manager shall inform each Organization participant of the nature of the discussion or meeting and what, if any, preparations they should do prior to the meeting. The Fiscal

Manager shall communicate to each MCWIC participant in such meetings or discussions the importance of being open, honest and frank with the auditors with respect to any and all questions posed by the auditors.

Involvement - Organization 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 Organization's year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced. Organization staff will provide requested schedules and documents to assist the auditors during any interim audit fieldwork.

Throughout the audit process, MCWIC 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 MCWIC from its independent auditor, the Fiscal Manager 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 MCWIC
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 Fiscal Manager.

It shall also be the responsibility of the Fiscal Manager 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.

Audit Adjustments

It is the policy of MCWIC to record all adjustments prepared by the independent auditor in connection with the annual audit, in order for the internal financial statements of the Organization to agree with the final audited financial statements for the year.

The Organization may also receive a list of unadjusted differences (or passed audit adjustments) from the independent auditor in connection with the audit. If the Organization receives such a list, it shall be the responsibility of the Fiscal Manager to make any necessary adjusting journal entries in the accounting records of the fiscal year subsequent to the audited year in order to correct any uncorrected misstatements that carry forward from the audited period.

Internal Control Deficiencies Noted in the Audit

In accordance with generally accepted auditing standards, at the conclusion of the audit the Organization'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 Organization's independent auditors are required to provide written communication to the audit committee of all significant deficiencies and material weaknesses (i.e. only those 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 Organization's policy that all internal control deficiencies that are communicated by the auditor in writing shall be formally addressed by the audit committee, the Executive Director and the Fiscal Manager. The Executive Director and the Fiscal Manager shall prepare a written response, which shall include a corrective action plan, to each internal control finding and such response shall be presented to the audit committee for its review and approval.

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 MCWIC.

MCWIC 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

As a guideline, MCWIC will arrange for the following types and levels of insurance as a minimum:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Comprehensive Liability	\$1,000,000
Auto Insurance	\$1,000,000

EPLI	\$1,000,000 for all accounting department employees and the Executive Director
Property	Coverage for all items with acquisition cost greater than \$1,000
Directors and Officers (D&O)	\$1,000,000 (with an appropriate deductible level)
Workers' Compensation	To the extent required by law

MCWIC shall maintain a detailed listing of all insurance policies in effect. This listing shall include the following information, at a minimum:

1. Description (type of insurance)
2. Agent and insurance company, including all contact information
3. Coverage and deductibles
4. Premium amounts and frequency of payment
5. Policy effective dates
6. Date(s) premiums paid and check numbers

Insurance Definitions

Workers' Compensation and Employer's Liability

Contractors are required to comply with applicable Federal and state workers' compensation and occupational disease statutes. If occupation 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.

Comprehensive Liability

This type of coverage may include directors, officers and employee general liability insurance, buildings, contents, computers, fine arts, boilers and machinery.

RECORD RETENTION

Policy

MCWIC retains records as required by law and destroys them when appropriate. The destruction of records must be approved by the Fiscal Manager, and logged into the Organization's Destroyed Records Log. The formal records retention policy of MCWIC is as follows:

Accident reports/claims (settled Cases)	7 Years
Accounts payable ledgers and schedules	7 Years
Accounts receivable ledgers and schedules	7 Years
Audit reports	Permanently

Bank reconciliations	3 Years
Bank Statements	3 Years
Chart of Accounts	Permanently
Cancelled Checks	7 Years
Contracts, mortgages, notes and leases:	
Expired	7 Years
Still in effect	Permanently
Correspondence:	
General	2 Years
Legal and important matters only	Permanently
Routine with customers and/or vendors	2 Years
Deeds, mortgages and bills of sales	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	3 Years
Employment applications	3 Years
Expense analyses/expense distribution schedule	7 Years
Financial statements:	
Year end	Permanently
Other	Optional
Garnishments	7 Years
General ledgers/year end trial balance	Permanently
Insurance policies (expired)	3 Years
Insurance records (policies, claims, etc.)	Permanently
Internal audit reports	3 Years +
Internal reports	3 Years
Inventories of products, materials and supplies	7 Years
Invoices (to customers, from vendors)	7 Years
Journals	Permanently
Minute books of directors, bylaws and charters	Permanently
Notes receivable ledgers and schedules	7 Years
Payroll records and summaries	7 Years
Personnel records (terminated)	7 Years
Petty cash vouchers	3 Years
Physical inventory tags	3 Years
Property records (incl. depreciation schedules)	Permanently
Purchase orders:	
Purchasing department copy	7 Years
Other copies	1 Year
Receiving sheets	1 Year
Retirement and pension records	Permanently
Requisitions	1 Year
Sales records	7 Years
Subsidiary ledgers	7 Years
Tax returns and worksheets, examination reports and other documents relating to determination of income tax liability	Permanently
Time sheets/cards	7 Years
Trademark registrations and copyrights	Permanently
Training manuals	Permanently
Voucher register and schedules	7 Years
Withholding tax statements	7 Years

The destruction of any documents containing social security numbers or any other “consumer data” as defined under federal laws and regulations shall be done via shredding.

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 Organization’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, and
2. The term “records” shall also apply to any electronically stored record (e.g. documents stored on computers, e-mail messages, etc), which shall also be protected from destruction

FUNCTIONAL EXPENSE ALLOCATIONS

Overview

As one of its financial management objectives, MCWIC strives to determine the actual costs of carrying out each of its program service and supporting activities. In this regard, it is the policy of MCWIC to charge expenses to the appropriate category of program service or supporting activity. Expenses that serve multiple functions or are not readily identifiable with one function shall be allocated between functions whenever possible.

Direct Charging of Costs

Certain internal costs shall be directly charged to the appropriate MCWIC function based upon underlying documentation. The following costs shall be directly charged based on the documentation or factor listed next to each:

<u>Cost</u>	<u>Basis For Charge</u>
Salaries	Full Time Equivalent
Occupancy (facilities) costs	Actual square footage used by each function
Photocopying	Actual use, based on codes
Postage	Actual, per postage log
Vehicle	Actual, per postage log

With the exception of salaries, which are recorded with each payroll cycle, all other costs identified above shall be initially charged to one account when incurred, then allocated and recorded to the appropriate functions via monthly journal entries.

Allocation of Overhead Costs

Basis of Cost Allocation:

A cost is allocable to a particular grant or contract if the goods or services involved are able to be directly assigned to the specific grant or contract.

Cost allocation is used if a cost benefits two or more projects or activities, it must be charged in accordance with its benefits to each project respectively. Charges split between more than one grant must be split on the basis of proportional benefit or other reasonable method. The division of the expenditure cannot be split based on available funding or any other type of synonymous methodology.

Types of Allocation Processes:

Full Time Equivalent (FTE):

Each payroll is processed based on the monthly Full Time Equivalency (FTE) determined by the Personnel Activity Reports (PAR) submitted by staff. Once payroll posts to the general ledger (GL), the amount of the salaries charged to each funding source for that payroll process is used to allocate costs. This allocation method is known as Relative Account Balance (RAB), and is therefore the method for which pooled costs are allocated to the various funding sources.

Square Footage:

All facility related costs are allocated based on square footage to the appropriate organization housed within the one-stop facility.

Allocation Process:

The Allocation Management module within the accounting system distributes pooled costs across multiple sources, programs, grants, or other account segments. Allocations or distributions are calculated dynamically based on the prior month's payroll salaries "Relative Account Balances" (RAB). The allocation process is done on a monthly basis based on actual pooled expenditures.

SUBRECIPIENTS

Making of Subawards

From time to time, MCWIC may find it practical to make subawards of Federal funds to other organizations. All subawards in excess of the small purchase threshold shall be subject to the same procurement policies described in the preceding 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 MCWIC has not recently had a subaward relationship, the Accounting 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 complying with all applicable laws, regulations and award provisions. In addition, MCWIC shall 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 MCWIC utilizes Federal funds to make subawards to subrecipients, MCWIC 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 MCWIC 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.
4. Subawards shall require that subrecipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.

5. Subawards shall require that subrecipients submit financial and program reports to MCWIC on a basis no less frequently than monthly.
6. MCWIC will follow up with all subrecipients to determine whether all required audits have been completed. MCWIC will cease all funding of subrecipients failing to meet the requirement to undergo an audit in accordance with OMB Circular A-133. For subrecipients that properly obtain an audit in accordance with OMB Circular A-133, MCWIC shall obtain and review the resulting audit reports for possible effects on MCWIC's accounting records or audit.
7. MCWIC 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.
8. 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.
9. Documentation shall be maintained in support of all efforts associated with monitoring of subrecipients.
10. In connection with any subrecipient that has been found to be out of compliance with provisions of its subaward with MCWIC, responsive actions by the Organization shall be determined by Fiscal Manager. 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 MCWIC on a monthly or periodic basis
 - b. Requiring that subrecipient prepare a formal corrective action plan for submission to MCWIC
 - c. Requiring that certain employees of the subrecipient undergo training in areas identified as needing improvement
 - d. Require 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 the MCWIC accounting or grant administration 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 MCWIC's own independent auditors) for periodic on-site monitoring visits
- h. Terminating the subaward relationship and seeking an alternative.



MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

Agenda Item 7.2

Consent

Action

Information

To: Madera County Workforce Investment Corporation

**From: Elaine Craig, Executive Director
Workforce Investment Board**

Date: January 23, 2014

Subject: Grants/Projects Update

Information:

- We have received notice of an award of \$25,000 from Chukchansi for us to replace customer computers in the three One Stops; Resource Rooms and Assessment Room. We have not yet received the funds, though we are assured we will via a letter from the Tribal Council.
- We received an extension to the NEG OJT from March 31 to May 31, 2014 and staff are working diligently on contacting employers. We have placed an ad in the Chambers newsletters and with the EDC and are working on a print ad in all three newspapers in order to expend all of these funds. We have met our required enrollment numbers but still have funds available to assist employers with wage subsidy.
- We have finally received our new contract with the Social Security Administration for our Employment Network and Ticket to Work program. Our original contract was terminated on August 31, 2013 after we were required to reapply when MCOE declined to sign a Novation Agreement transferring the contract from them to MCWIC. This caused a gap in services until November 4, 2013 when we finally received a new contract but we were subsequently unable to access the portal because SSA apparently "lost" the contract in their system and had to terminate that contract and issue a new one, effective January 14, 2014. During this time we were unable to reassign or assign any tickets and have potentially lost revenue as at least one of our ticket customers has gone to work and we should have received revenue from that ticket. We are still trying to work through this issue with SSA in the hopes they can and will backdate our current contract to at least November 4, 2013 but preferably to September 1, 2013 in order for us to capture the customers and tickets and their associated activity. We have exceeded the required enrollments for the Disability Employment Initiative piece of this project.
- The Wells Fargo Veteran Project has exceeded our expectations with three veteran mentors that have received stipends to assist us with accessing and delivering services and information to the veterans in our community. This has also resulted in a virtual Veterans Resource Center on the maderaworkforce.org website.
- We are actively recruiting for eligible veterans for the Power Pathways grant/project in collaboration with Fresno and Kings County. Training dates and location are still being worked on for the Madera cohort. 30 veterans will receive this training.

- We are working on a grant application with Union Bank to provide a dedicated GED course by Madera Adult School with a follow-on Microsoft course for single parents. This will be for approximately \$25,000.
- There are a number of other potential grant applications with businesses such as Lowes and Bank of America that we are currently looking at.

Financing:

Workforce Investment Act of 1998



**MADERA COUNTY
WORKFORCE
INVESTMENT CORPORATION**

Agenda Item 7.3

Consent

Action

Information

To: Madera County Workforce Investment Corporation

**From: Elaine Craig, Executive Director
Workforce Investment Board**

Date: January 23, 2014

Subject: Facilities Update

Information:

Staff have attended and participated in the second Madera County Campus meeting related to the new proposed facility on Road 28 where the Madera County Workforce has been invited to be a tenant. We were provided with a comprehensive questionnaire as an initial means to begin discussion about what our needs and requests are and have a face to face meeting with the architect in a week. Based on the questionnaires from all of the agencies, a draft will be completed and workshops will be done with the agencies participating in revisions, modifications, etc. Staff have requested information from the primary partner agencies that either currently have space in the One Stop and from EDD who have asked to occupy space when the opportunity arises. Staff will keep the Board of Directors and the WIB apprised of this item.

Financing:

Workforce Investment Act of 1998