



## AGENDA

January 28, 2016  
2:00 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 Executive Assistant at Madera County Workforce Investment Corporation 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 Corporation (MCWIC) website at [http://www.maderaworkforce.org/?page\\_id=736](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 Additions to the Agenda**

Items identified after preparation of the Agenda for which there is a need to take immediate action. Two-thirds vote required for consideration (Government Code Section 54954.2(b)(2))

### **3.0 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.

### **4.0 Introductions and Recognitions**

### **5.0 Adoption of Board Agenda**

### **6.0 Consent Calendar**

6.1 Approve Madera County Workforce Investment Corporation (MCWIC) Meeting Minutes – October 22, 2015

### **7.0 Action Items**

7.1 Review and Approve the MCWIC Fiscal Year 2014-2015 Single Audit

7.2 Approve MCWIC Form 990

7.3 Approve MCWIC Accounting and Financial Policies and Procedures

7.4 Approve Ethics Training

7.5 Approve Form 700

7.6 Approve Financial Reports

**8.0 Information Items**

8.1 Grants/Projects Update

8.2 Facilities Update

8.3 Workforce Development Board (WDB) of Madera County Update

8.4 CLEO Update

8.5 One Stop Procurement Update

**9.0 Written Communication**

**10.0 Open Discussion/Reports/Information**

10.1 Committee Members

10.2 Staff

**11.0 Next Meeting**

February 25, 2016

**12.0 Adjournment**



October 22, 2015

## MINUTES

**PRESENT:** Debi Bray, Victor Gonzalez, Mattie Mendez, Rich Mostert

**ABSENT:** Bob Carlson, Robyn Smith

**GUEST:**

**OTHERS:** Elaine Craig, Tracie Scott-Contreras, Gail Lopez, Jessica Roche, Maiknue Vang, Nicki Martin, Nancy Her

### 1.0 Call to Order

*Meeting called to order by MCWIC Chair Debi Bray at 3:03 p.m.*

#### 1.1 Pledge of Allegiance

### 2.0 Public Comment

*None*

### 3.0 Introductions and Recognitions

*Victor Gonzalez and Mattie Mendez were welcomed. Victor works for Wells Fargo and has worked with MCWIC on various grants for 3 years. Mattie is the Executive Director for Community Action Partnership of Madera County (CAPMC) and has lots of experience working with community organizations.*

### 4.0 Adoption of Board Agenda

*Rich Mostert moved to adopt the agenda. Seconded by Mattie Mendez.*

*Vote: Approved – unanimous*

*Yes: Debi Bray, Victor Gonzalez, Mattie Mendez, Rich Mostert*

### 5.0 Consent Calendar

#### 5.1 Approve Madera County Workforce Investment Corporation (MCWIC) Meeting Minutes – October 14, 2015

*Rich Mostert moved to approve the minutes, seconded by Mattie Mendez.*

*Vote: Approved – unanimous*

*Yes: Debi Bray, Victor Gonzalez, Mattie Mendez, Rich Mostert*

### 6.0 Action Items

#### 6.1 Approve MCWIC Meeting Calendar

*Previously, the Executive Committee and the MCWIC Boards consisted of the same members. With the change to the membership of those 2 boards, the board meeting dates can now be changed per the MCWIC members' preference. Robyn Smith and Bob Carlson will continue to serve on both boards*

*for the time being.*

*Rich Mostert moved to hold the MCWIC meetings on the 4<sup>th</sup> Thursday of the month at 2:00 p.m., seconded by Mattie Mendez.*

*Vote: Approved – unanimous*

*Yes: Debi Bray, Victor Gonzalez, Mattie Mendez, Rich Mostert*

## **6.2 Approve Financial Reports**

*Staff provided financial reports for the period ending September 30, 2015.*

*Rich Mostert moved to approve the financial reports, seconded by Mattie Mendez.*

*Vote: Approved – unanimous*

*Yes: Debi Bray, Victor Gonzalez, Mattie Mendez, Rich Mostert*

## **6.3 Approve Revised MCWIC Bylaws**

*Officer positions and elections were discussed at the special MCWIC meeting on October 14, 2015. Items discussed for possible revision were term limits, member composition, and elections. The bylaws have been revised to reflect that officers will be elected every 2 years from the previous 1 year and that the elections will take place every 2 years at the annual meeting. Board members will continue to have open ended term limits. The bylaws have been vetted by the attorney.*

*Mattie Mendez moved to approve the revised bylaws, seconded by Victor Gonzalez.*

*Vote: Approved – unanimous*

*Yes: Debi Bray, Victor Gonzalez, Mattie Mendez, Rich Mostert*

## **6.4 Approve 2015-16 Fiscal Year Budget**

*The 2015-16 fiscal year for July 1, 2015 through June 30, 2016 budget was provided and discussed. The budget was previously presented but the Board requested further information and documents on revenue. An Operational Budget was provided which was broken down by funding stream. MCWIC is working with various grants and is lead for an 8 county National Emergency Grant (NEG). As the lead, Madera gets a 10% administrative fee. Staff budget an allowable 20% of funds for carry-over. This helps ensure continued operation in case the funding isn't made available in a timely manner. \$138,000 was budgeted for the future hiring of a Workforce Analyst. It was suggested that staff include salary for any anticipated salaries included in the Staff Salary Line on the budget. The Board also suggested that there needs to be more branding and marketing done for MCWIC.*

*Rich Mostert moved to approve the budget with the change to the staff line as suggested, seconded by Mattie Mendez.*

*Vote: Approved – unanimous*

*Yes: Debi Bray, Victor Gonzalez, Mattie Mendez, Rich Mostert*

## **7.0 Information Items**

### **7.1 Grants/Projects Update**

*Information in included in the Agenda Packet.*

### **7.2 Facilities Update**

*Elaine is sitting on the RFP panel for the new County building. 5 proposals were received. Information in included in the Agenda Packet.*

### **7.3 Madera County Employer Resource and Information Event**

*Information in included in the Agenda Packet.*

### **7.4 CLEO Update**

*The CLEO agreement is going to the Workforce Development Board (WDB) for approval. Once approved, the agreement will go to the Board of Supervisors for final approval. The agreement is between the MCWIC, WDB and Madera County and clarifies everyone's roles in the operation of the Center.*

### **8.0 Closed Session**

*Closed session convened at 3:52 p.m.*

#### **8.1 Request for Closed Session: Public Employee Performance Evaluation Pursuant to Government Code 54957 – Title of Position: MCWIC Executive Director**

*No reportable actions taken.*

*Public meeting session reconvened at 4:08 p.m.*

### **9.0 Written Communication**

*None*

### **10.0 Open Discussion/Reports/Information**

#### **10.1 Committee Members**

*Victor Gonzalez holds 5 or 6 classes thanks to Workforce referrals.*

#### **10.2 Staff**

*None*

### **11.0 Next Meeting**

*November 26, 2015*

### **12.0 Adjournment**

*Rich Mostert moved to adjourn the meeting, seconded by Mattie Mendez.*

*Meeting adjourned at 4:12 p.m.*



**MADERA COUNTY  
WORKFORCE  
INVESTMENT CORPORATION**

**Agenda Item 7.1**

Consent

Action

Information

**To: Madera County Workforce Investment Corporation**

**From: Elaine Craig, Executive Director**

**Date: January 28, 2016**

**Subject: Review and Approve the MCWIC Fiscal Year 2014-2015 Single Audit**

**Recommendation:**

Staff recommend approval of the MCWIC Fiscal Year 2013-2014 Single Audit.

**Summary:**

Per IRS and Federal OMB requirements, the MCWIC as a non-profit and a recipient of federal grants, must undergo an annual single audit. This was accomplished by the firm Morse Wittwer Sampson, LLP. Staff are pleased to advise that the single audit report has no findings and no recommendations by the staff from Morse Wittwer Sampson, LLP.

**Financing:**

Workforce Innovation and Opportunity Act

**MADERA COUNTY WORKFORCE  
INVESTMENT CORPORATION**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**WITH INDEPENDENT AUDITOR'S  
REPORT THEREON**  
**JUNE 30, 2015**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Madera County Workforce Investment Corporation  
Madera, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Madera County Workforce Investment Corporation (a non-profit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of grant expenses on page 27 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 20, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated October XX, 2015, on our consideration of Madera County Workforce Investment Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Madera County Workforce Investment Corporation's internal control over financial reporting and compliance.

October XX, 2015  
Fresno, California

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

June 30, 2015

ASSETS

Current Assets

Cash and cash equivalents	\$	61,561
Grants receivable		583,723
Accounts receivable, net		9,671
<b>Total current assets</b>		<u>654,955</u>

Property and Equipment, Net

<b>Total assets</b>	\$	<u>23,405</u>
		<u><u>\$ 678,360</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$	409,592
Accrued payroll and related expenses		109,215
<b>Total current liabilities</b>		<u>518,807</u>

Commitments and Contingencies

Net Assets

Temporarily restricted		26,029
Unrestricted		133,524
<b>Total liabilities and net assets</b>		<u>159,553</u>
	\$	<u><u>678,360</u></u>

See Independent Auditor's Report and Notes to Financial Statements.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
<b>Revenues, Gains, and Other Support:</b>			
Grants and contracts	\$ 3,591,455	\$ -	\$ 3,591,455
Contributions	395	25,000	25,395
Rental and other income	36,578	-	36,578
Charges for services	58,085	-	58,085
	<u>3,686,513</u>	<u>25,000</u>	<u>3,711,513</u>
Net assets released from restrictions	4,898	( 4,898)	-
<b>Total revenues, gains, and other support</b>	<u>3,691,411</u>	<u>20,102</u>	<u>3,711,513</u>
<b>Expenses:</b>			
Program services	3,602,276	-	3,602,276
Supporting services	53,216	-	53,216
<b>Total expenses</b>	<u>3,655,492</u>	<u>-</u>	<u>3,655,492</u>
Increase in Net Assets	<u>35,919</u>	<u>20,102</u>	<u>56,021</u>
Net Assets, Beginning of Year	<u>97,605</u>	<u>5,927</u>	<u>103,532</u>
<b>Net Assets, End of Year</b>	<u>\$ 133,524</u>	<u>\$ 26,029</u>	<u>\$ 159,553</u>

See Independent Auditor's Report and Notes to Financial Statements.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2015

	Program Services										Total Expenses
	California Department of Corrections and Rehabilitation Program	Disability Employment Initiative	Madera County Dept of Corrections Realignment Services	Prop 39 Pre-Apprenticeship	Department of Social Services	City of Madera Community Development Block Grant	Foundation Grants	Total Program Services	Supporting Services	Total	
Salaries	\$ 1,060,607	\$ -	\$ 36,972	\$ -	\$ 16,489	\$ -	\$ -	\$ 1,335,473	\$ 44,457	\$ 1,379,930	
Payroll taxes	88,174	-	2,996	-	1,386	-	-	110,994	385	111,379	
Employee benefits	198,081	-	7,433	-	984	-	-	243,502	2,344	255,846	
Materials and supplies	18,065	3,951	637	-	802	1,037	-	29,560	1,041	30,591	
Overhead and operating expenses	247,017	13,413	8,517	540	15,735	50	4,898	339,575	4,989	344,564	
Client program expenses	1,509,480	4,789	-	-	-	18,913	-	1,533,182	-	1,533,182	
	\$ 3,121,424	\$ 22,153	\$ 56,555	\$ 540	\$ 35,466	\$ 20,000	\$ 4,898	\$ 3,602,276	\$ 51,216	\$ 3,653,492	

**MADERA COUNTY WORKFORCE INVESTMENT CORPORATION**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2015**

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Cash Flows From Operating Activities:	
Increase in net assets	\$ 56,021
Adjustment to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	24,237
Bad debt expense	1,435
Changes in operating assets and liabilities:	
Increase in grants receivable	( 372,295)
Increase in other receivable	( 3,508)
Increase in accounts payable	305,624
Increase in accrued payroll and related expenses	31,367
<b>Net cash provided by operating activities</b>	<u>42,881</u>
Cash Flows From Investing Activities:	
Purchase of property and equipment	( 1,583)
<b>Net cash used in investing activities</b>	<u>( 1,583)</u>
Net Increase in Cash and Cash Equivalents	41,298
Cash and Cash Equivalents, Beginning of Year	20,263
Cash and Cash Equivalents, End of Year	<u>\$ 61,561</u>

See Independent Auditor's Report and Notes to Financial Statements.

# MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2015

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities: Madera County Workforce Investment Corporation (the "Organization") is a California nonprofit public benefit corporation incorporated in 2011. The Organization received its tax exempt status as a 501(c)(3) organization from the Internal Revenue Service in 2012. The Organization is located in Madera, California and has satellite offices in Chowchilla, California and Oakhurst, California. The Organization was formed with the purpose of securing more private sector jobs for the unemployed and working poor, attracting greater employer participation in all aspects of local employment and training activities, and acting as an administrative entity to assist in the implementation of the Workforce Investment Act (WIA) in Madera County, in a manner that is responsive to the needs of the private sector. The Organization is also authorized to receive contributions and to make donations to, and otherwise aid and support, legally permissible undertakings consistent with the above-stated purposes.

Basis of Presentation: The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

Unrestricted: These generally result from revenue generated by receiving grants, unrestricted contributions, providing services, and receiving interest from investments, less expenses incurred in providing program-related services, raising contributions (fundraising expenses), and performing administrative functions.

Temporarily Restricted: Gifts of cash and other assets are temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization had temporarily restricted net assets of \$26,029 at June 30, 2015.

Permanently Restricted: These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit the Organization to expend all of the income (or other economic benefits) derived from the donated assets. The Organization did not have any permanently restricted net assets.

Method of Accounting: The Organization uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

**MADERA COUNTY WORKFORCE INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of reporting the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three (3) months or less to be cash equivalents. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2015 there were no uninsured cash balances.

Grants and Accounts Receivable: Accounts receivable consist primarily of rental income in addition to reimbursed administrative fees charged to sub-lessees. Receivables are written off through an allowance for doubtful accounts when the Organization determines the payments will not be received. Allowance for doubtful accounts at June 30, 2015 was \$1,435. All accounts receivable are non-interest bearing.

Grants receivable are primarily awards from federal and State of California grants for services provided under cost reimbursement agreements. These receivables are considered fully collectible and, therefore, no allowance for doubtful accounts has been recorded in the accompanying financial statements.

Exchange Transactions: Revenues earned from contracts and grants with state and federal agencies are considered to be exchange transactions. Revenue from exchange transactions are reported gross of any related expense in the accompanying financial statements.

Property and Equipment: It is the Organization's policy to capitalize property and equipment over \$500. Purchased property and equipment is capitalized at cost. Donated property and equipment is recorded at fair value at the date of the gift. Expenditures that increase the life of the related assets are capitalized. Repairs and maintenance, including planned major maintenance activities, are charged to operations when incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Furniture and fixtures	5 - 10
Office and computer equipment	3 - 5
Vehicles	5

# MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Advertising Costs: Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which the future benefits are expected to be received. There were no costs required to be capitalized during the year ended June 30, 2015. Advertising costs during the year ended June 30, 2015 were \$25,935

Income Taxes: The Organization is a tax-exempt corporation under section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the State of California Corporate Code. The Organization is subject to taxation on any unrelated business income. The Organization does not believe its unrelated business income activities result in a material tax liability and therefore no tax provision has been recorded in the financial statements.

Uncertain Tax Positions: The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Organization does not believe its financial statements include any uncertain tax positions.

The federal and state income tax returns of the Organization have not been examined by the respective taxing authorities. Both federal and state income tax returns are open to examination since the year of inception of 2011.

Fundraising Expenses: Fundraising expenses are expensed as incurred. Revenue from fundraising events is recognized in the period in which the event takes place. The Organization did not have any fundraising activity during the year ended June 30, 2015.

### Note 2. Grants Receivable

The following grants receivable from funding sources were due to the Organization as of June 30, 2015:

	<u>Amount</u>	<u>% of Total</u>
State of California, Employment Development Department	\$ 443,982	76%
Madera County, Department of Social Services	72,431	13%
Madera County, California Department of Corrections and Rehabilitation	54,303	9%
Other	13,007	2%
	<u>\$ 583,723</u>	<u>100%</u>

**MADERA COUNTY WORKFORCE INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**Note 3. Property and Equipment**

Property and equipment consisted of the following at June 30, 2015:

	<u>Amount</u>
Computer equipment	\$ 53,698
Office equipment	11,000
Vehicles	2,125
Furniture and fixtures	550
	<u>67,373</u>
Less: accumulated depreciation	<u>( 43,968)</u>
	<u>\$ 23,405</u>

**Note 4. Obligations Under Operating Leases**

The Organization leases office space and office equipment under operating leases, which require certain minimum monthly rental payments. The leases vary in terms and expire between June 2016 and May 2019. The future minimum rental payments as of June 30, 2015 are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2016	\$ 79,437
2017	6,765
2018	6,305
2019	4,937
	<u>\$ 97,444</u>

Total rent expense included in the statement of activities and functional expenses for the year ended June 30, 2015 was \$76,620.

# MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

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### Note 5. Rental Income Under Operating Leases

The Organization sub-leases a portion of its office facilities to two non-related parties. The sub-leases vary in terms; one a month to month, the other expiring June of 2017. Future minimum rental receipts are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 6,660
2017	6,660
	<u>\$ 13,320</u>

Rental income on all leases for the year ending June 30, 2015 was \$8,790, which includes utility and other administrative charges allocated proportionately to the sub-lessor based on square footage leased.

### Note 6. Retirement Plan

The Organization maintains a 457 Retirement Plan (the "Plan") covering all active full-time employees. All full-time employees are eligible to participate in the Plan after completing a six month introductory period. The Organization contributes 6% of the employee's compensation for the year. The employer contribution for the year ended June 30, 2015 was \$67,937 and is included within employee benefits on the statement of functional expenses.

### Note 7. Net Assets

During the year ended June 30, 2014, Chukchansi contributed \$25,000 with the restriction that the funds be used to purchase computers as part of its Community Grant Program. In addition, Wells Fargo contributed \$10,000 for the use in the Veterans Assistance Project. During the year ended June 30, 2015, Wells Fargo contributed an additional \$10,000 for use in the Veterans Assistance Project, as well as \$15,000 designated for Resources for Single Female Parent Non-Working Households.

Temporarily restricted net assets consisted of the following at June 30, 2015:

	<u>Amount</u>
Wells Fargo Foundation – Resources for Single Female Parent Non-Working Households	\$ 15,000
Wells Fargo Foundation – Veterans Assistance Project	7,751
Chukchansi – Community Grant Program for Computers	3,458
	<u>\$ 26,209</u>

**MADERA COUNTY WORKFORCE INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**Note 8. Contingencies and Concentrations**

*Federal and State Grants*

Amounts received from grant agencies are subject to audit and adjustment by grantor agencies, principally the state and federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. There are no pending audits or proposed adjustments at this time.

*Economic Dependency*

Over 95% of the Organization's total support and revenue is derived from state and federal grants. Grant and contract revenue for the year ended June 30, 2015 consists of the following:

<u>Programs</u>	<u>Amount</u>	<u>% of Total</u>
Workforce Investment Act:		
Dislocated worker program	\$ 1,019,243	28%
Adult program	847,825	24%
National Emergency Grants	678,254	19%
Youth program	576,103	16%
	<u>3,121,425</u>	<u>87%</u>
California Department of Correction and Rehabilitation	371,321	10%
CCP Realignment	56,556	1.7%
Disability Employment Initiative	22,153	0.7%
CDBG Block Grant	20,000	0.6%
	<u>\$ 3,591,455</u>	<u>100%</u>

**Note 9. Subsequent Events**

The date to which events occurring after June 30, 2015, the date of the most recent statements of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is October XX, 2015, which is the date on which the financial statements were available to be issued. There were no subsequent events required to be disclosed.

DRAFT

**SINGLE AUDIT REPORTS**

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Madera County Workforce Investment Corporation  
Fresno, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Madera County Workforce Investment Corporation (a non-profit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October XX, 2015.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable probability that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A

*significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

October XX, 2015  
Fresno, California

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors  
Madera County Workforce Investment Corporation  
Fresno, California

**Report on Compliance for Each Major Federal Program**

We have audited Madera County Workforce Investment Corporation's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Madera County Workforce Investment Corporation's major federal programs for the year ended June 30, 2015. Madera County Workforce Investment Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Madera County Workforce Investment Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major

federal program occurred. An audit includes examining, on a test basis, evidence about Madera County Workforce Investment Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Madera County Workforce Investment Corporation's compliance.

### **Opinion on Each Major Federal Program**

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

### **Report on Internal Control over Compliance**

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

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

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

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

October XX, 2015  
Fresno, California

**MADERA COUNTY WORKFORCE INVESTMENT CENTER**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2015**

Pass-through Grantor/Federal Grantor/Program Title	Federal CFDA #	Pass-Through Grantor's Number	Total Costs Expended
<b>Workforce Investment Act - Cluster</b>			
U.S. Department of Labor			
Passed through State of California Employment Development Department Workforce Services Division:			
Title I-A: Workforce Investment Act - Adult	17.258	201/202/327/1026	\$ 847,825
Title I-D: Workforce Investment Act - Dislocated Workers	17.278	292/293/501/502/540/541	957,745
Title I-Y: Workforce Investment Act - Youth	17.259	301	576,103
			<u>2,381,673</u>
Passed through Fresno Regional Workforce Investment Board:			
Title I-D: Workforce Investment Act - Dislocated Workers	17.278	623	61,497
<b>Total Workforce Investment Act - Cluster</b>			<u>2,443,170</u>
<b>Other Programs</b>			
U.S. Department of Labor			
Passed through State of California Employment Development Department Workforce Services Division:			
Employment Service/Wagner-Peyser Funded Activities	17.207	329/1017	22,153
Workforce Investment Act - National Emergency Grants	17.277	1014	678,254
Passed through the City of Madera			
Community Development Block Grant	14.218	2015-78	20,000
<b>Total Other Programs</b>			<u>720,407</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 3,163,577</u></u>

See Independent Auditor's Report and Notes to the Schedule of Expenditures of Federal Awards.

**MADERA COUNTY WORKFORCE INVESTMENT CORPORATION**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2015**

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**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Madera County Workforce Investment Corporation (the “Organization”) under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 – Subrecipients**

Of the federal expenditures presented in the Schedule, the Organization provided federal awards to subrecipients for the year ended June 30, 2015 as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
17.259	Title I-Y: Workforce Investment Act - Youth	\$ 430,848

**MADERA COUNTY WORKFORCE INVESTMENT CORPORATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2015**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?            Yes       X       No

Significant deficiency(s) identified that are not considered to be material weaknesses?            Yes       X       No

Noncompliance material to financial statements noted?            Yes       X       No

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?            Yes       X       No

Significant deficiency(s) identified that are not considered to be material weaknesses?            Yes       X       No

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?            Yes       X       No

Identification of major programs:

- Title I-A: Workforce Investment Act - Adult - CFDA #17.258
- Title I-D: Workforce Investment Act - Dislocated Workers - CFDA #17.278
- Title I-Y: Workforce Investment Act - Youth - CFDA #17.259

Dollar threshold used to distinguish between Type A and Type B programs:           \$300,000          

Auditee qualified as "low-risk auditee"?       X       Yes            No

**MADERA COUNTY WORKFORCE INVESTMENT CORPORATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2015**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**TYPES OF FINDINGS:**

There were no reportable findings related to financial statement reporting for the fiscal year ended June 30, 2015.

DRAFT

**MADERA COUNTY WORKFORCE INVESTMENT CORPORATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2015**

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**SECTION III - FEDERAL AWARD FINDINGS & QUESTIONED COSTS**

**TYPES OF FINDINGS:**

There were no reportable findings for the fiscal year ended June 30, 2015.

DRAFT

**MADERA COUNTY WORKFORCE INVESTMENT CORPORATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2015**

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

There were no reportable audit findings in the prior fiscal year ended June 30, 2014.

DRAFT

**SUPPLEMENTARY INFORMATION**

DRAFT

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

SCHEDULE OF GRANT EXPENSES - WORKFORCE INVESTMENT ACT

For the Year Ended June 30, 2015

	Adult Program	Dislocated Worker Program	Youth Program	National Emergency Program	Total
Salaries	\$ 433,914	\$ 499,131	\$ 92,812	\$ 34,750	\$ 1,060,607
Payroll taxes	35,224	42,661	7,326	2,963	88,174
Employee benefits	82,570	91,576	18,795	5,140	198,081
Materials and supplies	5,197	12,862	6	-	18,065
Overhead and operating expenses	96,511	117,656	26,316	6,534	247,017
Client program expenses	194,409	255,356	430,848	628,867	1,509,480
	<u>\$ 847,825</u>	<u>\$ 1,019,242</u>	<u>\$ 576,103</u>	<u>\$ 678,254</u>	<u>\$ 3,121,424</u>



## Agenda Item 7.2

Consent

Action

Information

**To: Madera County Workforce Investment Corporation**

**From: Elaine Craig, Executive Director**

**Date: January 28, 2016**

**Subject: Approve MCWIC Form 990**

**Recommendation:**

Staff recommend approval of the draft Form 990 - Return of Organization Exempt From Income Tax.

**Summary:**

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 CPA, Morse Wittwer Sampson, LLP.

Per MCWIC board approved Business Policies and Procedures, 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.

**Financing:**

Workforce Innovation and Opportunity Act

Form **990**

**Return of Organization Exempt From Income Tax**  
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

OMB No. 1545-0047

**2014**  
Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Do not enter social security numbers on this form as it may be made public.  
Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

**A For the 2014 calendar year, or tax year beginning JUL 1, 2014 and ending JUN 30, 2015**

<b>B</b> Check if applicable:  <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C Name of organization</b> <b>MADERA COUNTY WORKFORCE INVESTMENT CORPORATION</b> Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite <b>441 EAST YOSEMITE AVENUE</b> City or town, state or province, country, and ZIP or foreign postal code <b>MADERA, CA 93638</b> <b>F Name and address of principal officer: ELAINE CRAIG</b> <b>SAME AS C ABOVE</b>	<b>D Employer identification number</b> <b>45-5243432</b> <b>E Telephone number</b> <b>(559) 662-4500</b> <b>G Gross receipts \$</b> <b>3,711,513.</b> <b>H(a) Is this a group return for subordinates?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b) Are all subordinates included?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) <b>H(c) Group exemption number</b>
<b>I Tax-exempt status:</b> <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
<b>J Website:</b> <b>WWW.MADERAWAC.ORG</b>		
<b>K Form of organization:</b> <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other		
<b>L Year of formation:</b> <b>2011</b>		<b>M State of legal domicile:</b> <b>CA</b>

**Part I Summary**

<b>Activities &amp; Governance</b>	1 Briefly describe the organization's mission or most significant activities: <b>TO EMPOWER AND DEVELOP A HIGHLY-SKILLED WORKFORCE BY PROVIDING SPECIALIZED SUPPORT AND</b> 2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets. 3 Number of voting members of the governing body (Part VI, line 1a) ..... <b>3</b> <span style="float:right"><b>6</b></span> 4 Number of independent voting members of the governing body (Part VI, line 1b) ..... <b>4</b> <span style="float:right"><b>6</b></span> 5 Total number of individuals employed in calendar year 2014 (Part V, line 2a) ..... <b>5</b> <span style="float:right"><b>41</b></span> 6 Total number of volunteers (estimate if necessary) ..... <b>6</b> <span style="float:right"><b>0</b></span> 7a Total unrelated business revenue from Part VIII, column (C), line 12 ..... <b>7a</b> <span style="float:right"><b>0.</b></span> b Net unrelated business taxable income from Form 990-T, line 34 ..... <b>7b</b> <span style="float:right"><b>0.</b></span>	
<b>Revenue</b>	8 Contributions and grants (Part VIII, line 1h) ..... <b>2,655,068.</b> <span style="float:right"><b>Prior Year</b></span> 9 Program service revenue (Part VIII, line 2g) ..... <b>49,214.</b> <span style="float:right"><b>Current Year</b></span> 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) ..... <b>0.</b> <span style="float:right"><b>3,616,850.</b></span> 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) ..... <b>25,058.</b> <span style="float:right"><b>58,085.</b></span> 12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) ..... <b>2,729,340.</b> <span style="float:right"><b>0.</b></span> <span style="float:right"><b>3,711,513.</b></span>	
<b>Expenses</b>	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) ..... <b>0.</b> <span style="float:right"><b>0.</b></span> 14 Benefits paid to or for members (Part IX, column (A), line 4) ..... <b>0.</b> <span style="float:right"><b>0.</b></span> 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) ..... <b>1,573,674.</b> <span style="float:right"><b>1,747,155.</b></span> 16a Professional fundraising fees (Part IX, column (A), line 11e) ..... <b>0.</b> <span style="float:right"><b>0.</b></span> b Total fundraising expenses (Part IX, column (D), line 25) ..... <b>0.</b> 17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) ..... <b>1,156,433.</b> <span style="float:right"><b>1,908,337.</b></span> 18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) ..... <b>2,730,107.</b> <span style="float:right"><b>3,655,492.</b></span> 19 Revenue less expenses. Subtract line 18 from line 12 ..... <b>-767.</b> <span style="float:right"><b>56,021.</b></span>	
<b>Net Assets or Fund Balances</b>	20 Total assets (Part X, line 16) ..... <b>285,348.</b> <span style="float:right"><b>Beginning of Current Year</b></span> 21 Total liabilities (Part X, line 26) ..... <b>181,816.</b> <span style="float:right"><b>End of Year</b></span> 22 Net assets or fund balances. Subtract line 21 from line 20 ..... <b>103,532.</b> <span style="float:right"><b>678,360.</b></span> <span style="float:right"><b>518,807.</b></span> <span style="float:right"><b>159,553.</b></span>	

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

<b>Sign Here</b>	Signature of officer <b>ELAINE CRAIG, EXECUTIVE DIRECTOR</b> Type or print name and title	Date
<b>Paid Preparer Use Only</b>	Print/Type preparer's name <b>DOUG SAMPSON</b>	Preparer's signature Date Check <input type="checkbox"/> if self-employed PTIN <b>P00038675</b>
	Firm's name <b>MORSE WITTWER SAMPSON, LLP</b>	Firm's EIN <b>26-2521787</b>
	Firm's address <b>265 E. RIVER PARK CIRCLE. STE 110 FRESNO, CA 93720</b>	Phone no. <b>559-389-5700</b>

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

Form 990 (2014)

45-5243432 Page 2

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission: TO EMPOWER AND DEVELOP A HIGHLY-SKILLED WORKFORCE BY PROVIDING SPECIALIZED SUPPORT AND RESOURCES TO OUR CUSTOMERS, PARTNERS, AND EMPLOYERS; ENSURING ECONOMIC PROSPERITY FOR MADERA COUNTY.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: ) (Expenses \$ 3,121,424. including grants of \$ ) (Revenue \$ 58,085.) WORKFORCE INVESTMENT ACT - THE WORKFORCE INVESTMENT ACT IS A FEDERAL ACT THAT PROVIDES WORKFORCE INVESTMENT ACTIVITIES THROUGH STATEWIDE AND LOCAL INVESTMENT SYSTEMS THAT INCREASE EMPLOYMENT, RETENTION AND EARNINGS OF PARTICIPANTS, AND OCCUPATIONAL SKILL ATTAINMENT BY PARTICIPANTS. AS A RESULT, THE QUALITY OF THE WORKFORCE IS IMPROVED, WELFARE DEPENDENCY IS REDUCED, AND THE PRODUCTIVITY AND COMPETITIVENESS OF THE NATION IS ENHANCED.

4b (Code: ) (Expenses \$ 341,220. including grants of \$ ) (Revenue \$ ) CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION PROGRAM - PRISON TO EMPLOYMENT PROGRAM IS TO IMPROVE THE VOCATIONAL APTITUDE OF OFFENDERS WHILE IN CUSTODY AND INCREASE THE LIKELIHOOD OF THEIR SECURED EMPLOYMENT UPON RELEASE FROM PRISON. IN ADDITION, THE PROGRAM ESTABLISHES PARTNERSHIPS WITH A NETWORK OF LOCAL CAREER CENTERS AND CONNECT PAROLEES TO LOCAL EMPLOYMENT OPPORTUNITIES.

4c (Code: ) (Expenses \$ 56,555. including grants of \$ ) (Revenue \$ ) MADERA COUNTY DEPARTMENT OF CORRECTIONS REALIGNMENT SERVICES - CAREER DEVELOPMENT WORKSHOPS WILL BE PROVIDED TO IMPROVE THE VOCATIONAL APTITUDE OF OFFENDERS WHILE IN CUSTODY AND WHILE ON PROBATION TO INCREASE THE LIKELIHOOD OF THEIR SECURED EMPLOYMENT AND TO REDUCE RECIDIVISM.

4d Other program services (Describe in Schedule O.) (Expenses \$ 83,077. including grants of \$ ) (Revenue \$ 36,578.)

4e Total program service expenses 3,602,276.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	X	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		X
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		X

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Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J		X
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If "Yes," complete Schedule L, Part II		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1		X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?		
Note. All Form 990 filers are required to complete Schedule O	X	

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**Part V Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
<b>2a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," to line 3b, provide an explanation in Schedule O		
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
<b>b</b>	If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
<b>c</b>	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year		
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		X
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the sponsoring organization make any taxable distributions under section 4966?		
<b>b</b>	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter:		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12		
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter:		
<b>a</b>	Gross income from members or shareholders		
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
<b>b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans		
<b>c</b>	Enter the amount of reserves on hand		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?		X
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

**Section A. Governing Body and Management**

		Yes	No
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
<b>1b</b>	Enter the number of voting members included in line 1a, above, who are independent		
<b>2</b>	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
<b>6</b>	Did the organization have members or stockholders?		X
<b>7a</b>	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		X
<b>7b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>8a</b>	The governing body?	X	
<b>8b</b>	Each committee with authority to act on behalf of the governing body?	X	
<b>9</b>	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
<b>10a</b>	Did the organization have local chapters, branches, or affiliates?		X
<b>10b</b>	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
<b>11a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
<b>11b</b>	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b>	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
<b>12b</b>	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
<b>12c</b>	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
<b>13</b>	Did the organization have a written whistleblower policy?		X
<b>14</b>	Did the organization have a written document retention and destruction policy?	X	
<b>15</b>	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>15a</b>	The organization's CEO, Executive Director, or top management official	X	
<b>15b</b>	Other officers or key employees of the organization		X
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
<b>16b</b>	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed **CA**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
 Own website     Another's website     Upon request     Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records: **MADERA COUNTY WORKFORCE INVESTMENT CORPORATION - 559 662-4500**  
**441 EAST YOSEMITE AVENUE, MADERA, CA 93638**

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DEBI BRAY PRESIDENT	1.00	X					0.	0.	0.	
(2) BRETT FRAZIER SUPERVISOR	1.00	X					0.	0.	0.	
(3) KELLY WOODARD DIRECTOR	1.00	X					0.	0.	0.	
(4) BOB CARLSON COMMUNITY MEMBER-AT-LARGE	1.00	X					0.	0.	0.	
(5) ROBYN SMITH COORDINATOR	1.00	X					0.	0.	0.	
(6) RICH MOSTERT DIRECTOR	1.00	X					0.	0.	0.	
(7) JESSICA ROCHE TREASURER	40.00			X			90,369.	0.	20,576.	
(8) ELAINE CRAIG EXECUTIVE DIRECTOR	40.00			X			109,786.	0.	24,410.	



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**Part VIII Statement of Revenue**

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1 a</b> Federated campaigns .....	<b>1a</b>					
	<b>b</b> Membership dues .....	<b>1b</b>					
	<b>c</b> Fundraising events .....	<b>1c</b>					
	<b>d</b> Related organizations .....	<b>1d</b>					
	<b>e</b> Government grants (contributions) .....	<b>1e</b>	3,591,455.				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above .....	<b>1f</b>	25,395.				
	<b>g</b> Noncash contributions included in lines 1a-1f: \$ .....						
	<b>h Total.</b> Add lines 1a-1f .....		3,616,850.				
<b>Program Service Revenue</b>	<b>2 a</b> PROGRAM SERVICE FEES .....	<b>Business Code</b> 900099	58,085.	58,085.			
	<b>b</b> .....						
	<b>c</b> .....						
	<b>d</b> .....						
	<b>e</b> .....						
	<b>f</b> All other program service revenue .....						
	<b>g Total.</b> Add lines 2a-2f .....		58,085.				
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) .....						
	<b>4</b> Income from investment of tax-exempt bond proceeds .....						
	<b>5</b> Royalties .....						
	<b>6 a</b> Gross rents .....	(i) Real	(ii) Personal				
		<b>b</b> Less: rental expenses .....					
		<b>c</b> Rental income or (loss) .....					
		<b>d</b> Net rental income or (loss) .....					
	<b>7 a</b> Gross amount from sales of assets other than inventory .....	(i) Securities	(ii) Other				
		<b>b</b> Less: cost or other basis and sales expenses .....					
		<b>c</b> Gain or (loss) .....					
		<b>d</b> Net gain or (loss) .....					
	<b>8 a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18 .....	<b>a</b>					
		<b>b</b> Less: direct expenses .....	<b>b</b>				
		<b>c</b> Net income or (loss) from fundraising events .....					
	<b>9 a</b> Gross income from gaming activities. See Part IV, line 19 .....	<b>a</b>					
<b>b</b> Less: direct expenses .....		<b>b</b>					
<b>c</b> Net income or (loss) from gaming activities .....							
<b>10 a</b> Gross sales of inventory, less returns and allowances .....	<b>a</b>						
	<b>b</b> Less: cost of goods sold .....	<b>b</b>					
	<b>c</b> Net income or (loss) from sales of inventory .....						
Miscellaneous Revenue		<b>Business Code</b>					
<b>11 a</b> RENTAL INCOME .....	<b>900099</b>	36,578.	36,578.				
	<b>b</b> .....						
	<b>c</b> .....						
	<b>d</b> All other revenue .....						
	<b>e Total.</b> Add lines 11a-11d .....		36,578.				
<b>12 Total revenue.</b> See instructions. ....		3,711,513.	94,663.	0.	0.		

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**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	200,549.	200,549.		
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	1,179,381.	1,134,924.	44,457.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	255,846.	253,502.	2,344.	
10 Payroll taxes	111,379.	110,994.	385.	
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)				
12 Advertising and promotion				
13 Office expenses	30,591.	29,550.	1,041.	
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <b>CLIENT PROGRAM EXPENSES</b>	1,533,182.	1,533,182.		
b <b>OVERHEAD</b>	344,564.	339,575.	4,989.	
c				
d				
e All other expenses				
25 <b>Total functional expenses.</b> Add lines 1 through 24e	3,655,492.	3,602,276.	53,216.	0.
26 <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here  if following SOP 98-2 (ASC 958-720)

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Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year	
Assets	1	Cash - non-interest-bearing	20,263.	1	61,561.
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net	211,428.	3	583,723.
	4	Accounts receivable, net	7,598.	4	9,671.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges		9	
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	67,373.		
	10b	Less: accumulated depreciation	43,968.		
			46,059.	10c	23,405.
	11	Investments - publicly traded securities		11	
	12	Investments - other securities. See Part IV, line 11		12	
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
15	Other assets. See Part IV, line 11		15		
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	285,348.	16	678,360.	
Liabilities	17	Accounts payable and accrued expenses	103,968.	17	409,592.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	77,848.	25	109,215.
	26	<b>Total liabilities.</b> Add lines 17 through 25	181,816.	26	518,807.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	97,605.	27	133,524.
	28	Temporarily restricted net assets	5,927.	28	26,029.
	29	Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
33	<b>Total net assets or fund balances</b>	103,532.	33	159,553.	
34	<b>Total liabilities and net assets/fund balances</b>	285,348.	34	678,360.	

Form 990 (2014)

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	3,711,513.
2	Total expenses (must equal Part IX, column (A), line 25)	2	3,655,492.
3	Revenue less expenses. Subtract line 2 from line 1	3	56,021.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	103,532.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	159,553.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line in this Part XII

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other		
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant?		X
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:		
<input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
b Were the organization's financial statements audited by an independent accountant?	X	
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:		
<input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	X	
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.		
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	X	
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	X	

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**  
Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.  
▶ Attach to Form 990 or Form 990-EZ.

OMB No. 1545-0047

**2014**

**Open to Public Inspection**

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization **MADERA COUNTY WORKFORCE INVESTMENT CORPORATION** Employer identification number **45-5243432**

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g.
  - a  **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
  - b  **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
  - c  **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
  - d  **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
  - e  Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
- f Enter the number of supported organizations .....
- g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see Instructions)	(vi) Amount of other support (see Instructions)
			Yes	No		
<b>Total</b>						

MADERA COUNTY WORKFORCE INVESTMENT

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....			1658422.	2655068.	3616850.	7930340.
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>4 Total.</b> Add lines 1 through 3 .....			1658422.	2655068.	3616850.	7930340.
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) .....						
<b>6 Public support.</b> Subtract line 5 from line 4.						7930340.

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
<b>7</b> Amounts from line 4 .....			1658422.	2655068.	3616850.	7930340.
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources .....			33,968.	25,058.	36,578.	95,604.
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on .....						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>11 Total support.</b> Add lines 7 through 10						8025944.
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					12	113,414.
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> .....						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f)) .....	<b>14</b>	98.81 %
<b>15</b> Public support percentage from 2013 Schedule A, Part II, line 14 .....	<b>15</b>	%
<b>16a 33 1/3% support test - 2014.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input checked="" type="checkbox"/>
<b>b 33 1/3% support test - 2013.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>17a 10% -facts-and-circumstances test - 2014.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>b 10% -facts-and-circumstances test - 2013.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions .....		<input type="checkbox"/>

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose .....						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>6 Total.</b> Add lines 1 through 5 .....						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year .....						
<b>c</b> Add lines 7a and 7b .....						
<b>8 Public support.</b> (Subtract line 7c from line 6.)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
<b>9</b> Amounts from line 6 .....						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources .....						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)						

**14 First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f)) .....	<b>15</b>	%
<b>16</b> Public support percentage from 2013 Schedule A, Part III, line 15 .....	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2014 (line 10c, column (f) divided by line 13, column (f)) .....	<b>17</b>	%
<b>18</b> Investment income percentage from 2013 Schedule A, Part III, line 17 .....	<b>18</b>	%

**19a 33 1/3% support tests - 2014.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

**b 33 1/3% support tests - 2013.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

**20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

MADERA COUNTY WORKFORCE INVESTMENT

**Part IV Supporting Organizations**

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
<b>1</b> Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No" describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
<b>2</b> Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
<b>3a</b> Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
<b>b</b> Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
<b>c</b> Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2) (B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
<b>4a</b> Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.</i>		
<b>b</b> Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
<b>c</b> Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
<b>5a</b> Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
<b>b Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
<b>c Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
<b>6</b> Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations; (b) individuals that are part of the charitable class benefited by one or more of its supported organizations; or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
<b>7</b> Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		
<b>8</b> Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		
<b>9a</b> Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
<b>b</b> Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
<b>c</b> Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
<b>10a</b> Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer (b) below.</i>		
<b>b</b> Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

**Part IV Supporting Organizations** (continued)

	Yes	No
<b>11</b> Has the organization accepted a gift or contribution from any of the following persons?		
<b>a</b> A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
<b>b</b> A family member of a person described in (a) above?		
<b>c</b> A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in <b>Part VI</b> .		

**Section B. Type I Supporting Organizations**

	Yes	No
<b>1</b> Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in <b>Part VI</b> how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
<b>2</b> Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in <b>Part VI</b> how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		

**Section C. Type II Supporting Organizations**

	Yes	No
<b>1</b> Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in <b>Part VI</b> how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

**Section D. Type III Supporting Organizations**

	Yes	No
<b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
<b>2</b> Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in <b>Part VI</b> how the organization maintained a close and continuous working relationship with the supported organization(s).		
<b>3</b> By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in <b>Part VI</b> the role the organization's supported organizations played in this regard.		

**Section E. Type III Functionally-Integrated Supporting Organizations**

<b>1</b> Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions):			
<b>a</b> <input type="checkbox"/> The organization satisfied the Activities Test. Complete <b>line 2</b> below.			
<b>b</b> <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete <b>line 3</b> below.			
<b>c</b> <input type="checkbox"/> The organization supported a governmental entity. Describe in <b>Part VI</b> how you supported a government entity (see instructions).			
<b>2</b> Activities Test. Answer (a) and (b) below.		Yes	No
<b>a</b> Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in <b>Part VI</b> identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.			
<b>b</b> Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in <b>Part VI</b> the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.			
<b>3</b> Parent of Supported Organizations. Answer (a) and (b) below.			
<b>a</b> Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in <b>Part VI</b> .			
<b>b</b> Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in <b>Part VI</b> the role played by the organization in this regard.			

MADERA COUNTY WORKFORCE INVESTMENT

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

1  Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970. See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	<b>Adjusted Net Income</b> (subtract lines 5, 6 and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	<b>Total</b> (add lines 1a, 1b, and 1c)	1d	
e	<b>Discount</b> claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	<b>Minimum Asset Amount</b> (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	<b>Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions).		

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

**Part V** Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 <b>Total annual distributions.</b> Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2014 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1 Distributable amount for 2014 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2014 (reasonable cause required-see instructions)			
3 Excess distributions carryover, if any, to 2014:			
a			
b			
c			
d			
e From 2013			
f <b>Total</b> of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2014 distributable amount			
i Carryover from 2009 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2014 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2014 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2014, if any. Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions).			
6 Remaining underdistributions for 2014. Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions).			
7 <b>Excess distributions carryover to 2015.</b> Add lines 3j and 4c.			
8 Breakdown of line 7:			
a			
b			
c			
d Excess from 2013			
e Excess from 2014			

Schedule A (Form 990 or 990-EZ) 2014

MADERA COUNTY WORKFORCE INVESTMENT

**Part VI** **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12.

Also complete this part for any additional information. (See instructions).

DRAFT

**Schedule B**  
(Form 990, 990-EZ, or 990-PF)  
Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.  
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2014**

<b>Name of the organization</b> MADERA COUNTY WORKFORCE INVESTMENT CORPORATION	<b>Employer identification number</b> 45-5243432
---	---

Organization type (check one):

**Filers of:**

**Section:**

- Form 990 or 990-EZ
- 501(c)( 3 ) (enter number) organization
  - 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
  - 527 political organization
- Form 990-PF
- 501(c)(3) exempt private foundation
  - 4947(a)(1) nonexempt charitable trust treated as a private foundation
  - 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

**General Rule**

- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

**Special Rules**

- For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ..... ▶ \$ \_\_\_\_\_

**Caution.** An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2014)

Name of organization <b>MADERA COUNTY WORKFORCE INVESTMENT CORPORATION</b>	Employer identification number <b>45-5243432</b>
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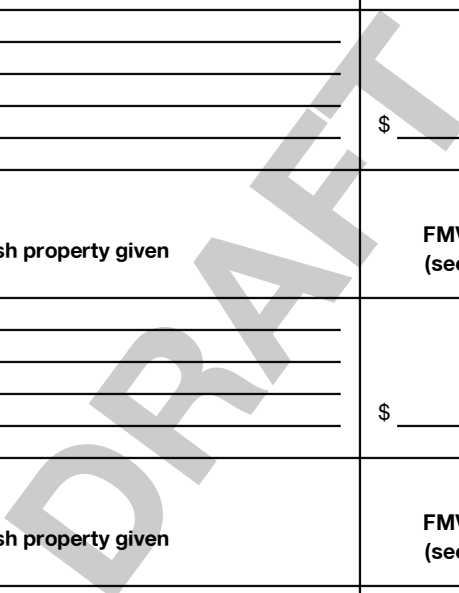
**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	STATE OF CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT  PO BOX 826880  SACRAMENTO, CA 94280	\$ 3,082,081.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION  PO BOX 942883  SACRAMENTO, CA 94283	\$ 371,321.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	CITY OF MADERA  209 WEST YOSEMITE AVE  MADERA, CA 93637	\$ 76,556.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization <b>MADERA COUNTY WORKFORCE INVESTMENT CORPORATION</b>	Employer identification number <b>45-5243432</b>
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**Part II Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____



Name of organization <b>MADERA COUNTY WORKFORCE INVESTMENT CORPORATION</b>	Employer identification number <b>45-5243432</b>
---	---

**Part III** Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) ▶ \$ \_\_\_\_\_  
Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

2014

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Complete if the organization answered "Yes" to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990.

Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

Employer identification number 45-5243432

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include total number at end of year, aggregate value of contributions, grants, and end of year, and two questions about donor property and grant fund usage.

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

Form for Part II Conservation Easements. Includes checkboxes for purposes of easements, a table for 'Held at the End of the Tax Year' with rows 2a-2d, and questions about monitoring, expenses, and reporting.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

Form for Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Includes questions about reporting and amounts for art and historical treasures.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a  Public exhibition
- b  Scholarly research
- c  Preservation for future generations
- d  Loan or exchange programs
- e  Other \_\_\_\_\_

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?  Yes  No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

**Part V Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	5,927.	18,250.			
b Contributions	25,000.	35,000.	18,250.		
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs	4,898.	47,323.			
f Administrative expenses					
g End of year balance	26,029.	5,927.	18,250.		

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment  %
- b Permanent endowment  %
- c Temporarily restricted endowment  100.00 %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
3a(i)		X
3a(ii)		X
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment		67,373.	43,968.	23,405.
e Other				

**Total.** Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)  23,405.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

**Part VII Investments - Other Securities.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives .....		
(2) Closely-held equity interests .....		
(3) Other .....		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

**Part VIII Investments - Program Related.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

**Part IX Other Assets.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

**Part X Other Liabilities.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) ACCRUED PAYROLL AND RELATED	
(3) EXPENSES	109,215.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	109,215.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

<b>1</b>	Total revenue, gains, and other support per audited financial statements		<b>1</b>	3,711,513.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
<b>a</b>	Net unrealized gains (losses) on investments	<b>2a</b>		
<b>b</b>	Donated services and use of facilities	<b>2b</b>		
<b>c</b>	Recoveries of prior year grants	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>		
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>		<b>2e</b>	0.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>		<b>3</b>	3,711,513.
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>		
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>		<b>4c</b>	0.
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.)		<b>5</b>	3,711,513.

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

<b>1</b>	Total expenses and losses per audited financial statements		<b>1</b>	3,655,492.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
<b>a</b>	Donated services and use of facilities	<b>2a</b>		
<b>b</b>	Prior year adjustments	<b>2b</b>		
<b>c</b>	Other losses	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>		
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>		<b>2e</b>	0.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>		<b>3</b>	3,655,492.
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>		
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>		<b>4c</b>	0.
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.)		<b>5</b>	3,655,492.

**Part XIII Supplemental Information.**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART X, LINE 2:

THE ORGANIZATION RECOGNIZES THE EFFECT OF INCOME TAX POSITIONS ONLY IF THOSE POSITIONS ARE MORE LIKELY THAN NOT OF BEING SUSTAINED. THE ORGANIZATION DOES NOT BELIEVE ITS FINANCIAL STATEMENTS INCLUDE ANY UNCERTAIN TAX POSITIONS.

**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990)

OMB No. 1545-0047

**2014**

Open to Public  
Inspection

Name of the organization

**MADERA COUNTY WORKFORCE INVESTMENT  
CORPORATION**

Employer identification number

**45-5243432**

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

RESOURCES TO OUR CUSTOMERS, PARTNERS, AND EMPLOYERS; ENSURING ECONOMIC  
PROSPERITY FOR MADERA COUNTY.

FORM 990, PART VI, SECTION B, LINE 11:

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.

FORM 990, PART VI, SECTION B, LINE 12C:

EACH BOARD MEMBER IS REQUIRED TO REVIEW AND SIGN A DISCLOSURE OF INTEREST  
AND THE ACKNOWLEDGEMENT OF CONFLICT OF INTEREST ON AN ANNUAL BASIS.

FORM 990, PART VI, SECTION B, LINE 15A:

THE EXECUTIVE DIRECTORS SALARY IS REVIEWED AND APPROVED BY THE BOARD ON AN  
ANNUAL BASIS.

FORM 990, PART VI, SECTION C, LINE 19:

ALL GOVERNING DOCUMENTS AND FINANCIAL STATEMENTS ARE MAINTAINED AT THE  
MADERA COUNTY WORKFORCE INVESTMENT CORPORATIONS OFFICE AND ARE AVAILABLE  
FOR REVIEW.

PART XII, LINE 2C:

THE BOARD OF DIRECTORS APPROVES SELECTION OF THE AUDITORS AND ASSUMES  
RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT.

Name of the organization **MADERA COUNTY WORKFORCE INVESTMENT CORPORATION**

Employer identification number  
**45-5243432**

DRAFT

TAXABLE YEAR

**2014**

**California Exempt Organization  
Annual Information Return**

**199**

Calendar Year 2014 or fiscal year beginning (mm/dd/yyyy) **07/01/2014**, and ending (mm/dd/yyyy) **06/30/2015**

Corporation/Organization Name  
**MADERA COUNTY WORKFORCE INVESTMENT CORPORATION**

California corporation number  
**3435527**

Additional Information. See instructions.  
FEIN  
**45-5243432**

Street address (suite or room)  
**441 EAST YOSEMITE AVENUE**

PMB no.

City  
**MADERA**

State  
**CA**

ZIP code  
**93638**

Foreign country name Foreign province/state/country Foreign postal code

**A** First Return  Yes  No

**B** Amended Return  Yes  No

**C** IRC Section 4947(a)(1) trust  Yes  No

**D** Final Information Return?  
 Dissolved  Surrendered (Withdrawn)  
 Merged/Reorganized Enter date: (mm/dd/yyyy)

**E** Check accounting method:  
 (1)  Cash (2)  Accrual (3)  Other

**F** Federal return filed?  
 (1)  990T (2)  990-PF (3)  Sch H (990)

**G** Is this a group filing? See instructions.  Yes  No

**H** Is this organization in a group exemption?  Yes  No  
 If "Yes," what is the parent's name?

**I** Did the organization have any changes to its guidelines not reported to the FTB? See instructions.  Yes  No

**J** If exempt under R&TC Section 23701d, has the organization engaged in political activities? See instructions.  Yes  No

**K** Is the organization exempt under R&TC Section 23701g?  Yes  No  
 If "Yes," enter the gross receipts from nonmember sources \$ \_\_\_\_\_

**L** If organization is exempt under R&TC Section 23701d and meets the filing fee exception, check box. No filing fee is required.

**M** Is the organization a Limited Liability Company?  Yes  No

**N** Did the organization file Form 100 or Form 109 to report taxable income?  Yes  No

**O** Is the organization under audit by the IRS or has the IRS audited in a prior year?  Yes  No

**P** Is an IRS Form 1023/1024 pending?  Yes  No  
 Date filed with IRS \_\_\_\_\_

**Part I Complete Part I unless not required to file this form. See General Instructions B and C.**

Receipts and Revenues	1	Gross sales or receipts from other sources. From Side 2, Part II, line 8	1	94,663.00
	2	Gross dues and assessments from members and affiliates	2	00
	3	Gross contributions, gifts, grants, and similar amounts received <b>STMT 1</b>	3	3,616,850.00
	4	Total gross receipts for filing requirement test. Add line 1 through line 3. This line must be completed. If the result is less than \$50,000, see General Instruction B	4	3,711,513.00
	5	Cost of goods sold	5	00
	6	Cost or other basis, and sales expenses of assets sold	6	00
	7	Total costs. Add line 5 and line 6	7	00
	8	Total gross income. Subtract line 7 from line 4	8	3,711,513.00
Expenses	9	Total expenses and disbursements. From Side 2, Part II, line 18	9	3,655,492.00
	10	Excess of receipts over expenses and disbursements. Subtract line 9 from line 8	10	56,021.00
Filing Fee	11	Filing fee \$10 or \$25. See General Instruction F	11	10.00
	12	Total payments	12	00
	13	Penalties and Interest. See General Instruction J	13	00
	14	Use tax. See General Instruction K	14	00
	15	<b>Balance due.</b> Add line 11, line 13, and line 14. Then subtract line 12 from the result	15	10.00

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature of officer **EXECUTIVE DIRE** Title Date

Telephone **559 662-4500**

**Paid Preparer's Use Only**

Preparer's signature Date Check if self-employed

Firm's name (or yours, if self-employed) and address **MORSE WITTEWER SAMPSON, LLP**  
**265 E. RIVER PARK CIRCLE. STE 110**  
**FRESNO, CA 93720**

PTIN **P00038675**  
 FEIN **26-2521787**  
 Telephone **559-389-5700**

May the FTB discuss this return with the preparer shown above? See instructions  Yes  No

**Part II Organizations with gross receipts of more than \$50,000 and private foundations regardless of amount of gross receipts - complete Part II or furnish substitute information.**

<b>Receipts from Other Sources</b>	1	Gross sales or receipts from all business activities. See instructions	•	1	00	
	2	Interest	•	2	00	
	3	Dividends	•	3	00	
	4	Gross rents	•	4	00	
	5	Gross royalties	•	5	00	
	6	Gross amount received from sale of assets (See Instructions)	•	6	00	
	7	Other income	•	7	94,663.00	
	8	<b>Total</b> gross sales or receipts from other sources. Add line 1 through line 7. Enter here and on Side 1, Part I, line 1	•	8	94,663.00	
	9	Contributions, gifts, grants, and similar amounts paid	•	9	00	
	10	Disbursements to or for members	•	10	00	
	11	Compensation of officers, directors, and trustees	•	11	200,549.00	
	12	Other salaries and wages	•	12	1,179,381.00	
	13	Interest	•	13	00	
	14	Taxes	•	14	111,379.00	
	15	Rents	•	15	00	
	16	Depreciation and depletion (See instructions)	•	16	00	
	<b>Expenses and Disbursements</b>	17	Other Expenses and Disbursements	•	17	2,164,183.00
		18	<b>Total</b> expenses and disbursements. Add line 9 through line 17. Enter here and on Side 1, Part I, line 9	•	18	3,655,492.00

Schedule L Balance Sheets	Beginning of taxable year		End of taxable year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash		20,263.		61,561.
2 Net accounts receivable		7,598.		9,671.
3 Net notes receivable				
4 Inventories				
5 Federal and state government obligations				
6 Investments in other bonds				
7 Investments in stock				
8 Mortgage loans				
9 Other investments				
10 a Depreciable assets	65,790.		67,373.	
b Less accumulated depreciation	(19,731.)	46,059.	(43,968.)	23,405.
11 Land				
12 Other assets <b>STMT 5</b>		211,428.		583,723.
13 <b>Total assets</b>		285,348.		678,360.
<b>Liabilities and net worth</b>				
14 Accounts payable		103,968.		409,592.
15 Contributions, gifts, or grants payable				
16 Bonds and notes payable				
17 Mortgages payable				
18 Other liabilities <b>STMT 6</b>		77,848.		109,215.
19 Capital stock or principal fund				
20 Paid-in or capital surplus. Attach reconciliation				
21 Retained earnings or income fund		103,532.		159,553.
22 <b>Total liabilities and net worth</b>		285,348.		678,360.

**Schedule M-1 Reconciliation of income per books with income per return**

Do not complete this schedule if the amount on Schedule L, line 13, column (d), is less than \$50,000.

1 Net income per books	•	56,021.	7 Income recorded on books this year not included in this return.	•	
2 Federal income tax	•		8 Deductions in this return not charged against book income this year	•	
3 Excess of capital losses over capital gains	•		9 Total. Add line 7 and line 8		
4 Income not recorded on books this year	•		10 Net income per return.		
5 Expenses recorded on books this year not deducted in this return	•		Subtract line 9 from line 6		56,021.
6 Total. Add line 1 through line 5		56,021.			

FORM 199 CASH CONTRIBUTIONS STATEMENT 1  
INCLUDED ON PART I, LINE 3

CONTRIBUTOR'S NAME	CONTRIBUTOR'S ADDRESS	DATE OF GIFT	AMOUNT
STATE OF CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT	PO BOX 826880 SACRAMENTO, CA 94280	06/30/15	3,082,081.
CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION	PO BOX 942883 SACRAMENTO, CA 94283	06/30/15	371,321.
FRESNO REGIONAL WORKFORCE INVESTMENT BOARD	2125 KERN STREET SUITE 208 FRESNO, CA 93721	06/30/15	61,497.
CITY OF MADERA	209 WEST YOSEMITE AVE MADERA, CA 93637	06/30/15	76,556.
TOTAL INCLUDED ON LINE 3			3,591,455.

FORM 199 OTHER INCOME STATEMENT 2

DESCRIPTION	AMOUNT
RENTAL INCOME	36,578.
PROGRAM SERVICE FEES	58,085.
TOTAL TO FORM 199, PART II, LINE 7	94,663.

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FORM 199	COMPENSATION OF OFFICERS, DIRECTORS AND TRUSTEES	STATEMENT	3
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NAME AND ADDRESS	TITLE AND AVERAGE HRS WORKED/WK	COMPENSATION
DEBI BRAY 441 EAST YOSEMITE AVENUE MADERA, CA 93638	PRESIDENT 1.00	0.
BRETT FRAZIER 441 EAST YOSEMITE AVENUE MADERA, CA 93638	SUPERVISOR 1.00	0.
KELLY WOODARD 441 EAST YOSEMITE AVENUE MADERA, CA 93638	DIRECTOR 1.00	0.
BOB CARLSON 441 EAST YOSEMITE AVENUE MADERA, CA 93638	COMMUNITY MEMBER-AT-LARGE 1.00	0.
ROBYN SMITH 441 EAST YOSEMITE AVENUE MADERA, CA 93638	COORDINATOR 1.00	0.
RICH MOSTERT 441 EAST YOSEMITE AVENUE MADERA, CA 93638	DIRECTOR 1.00	0.
JESSICA ROCHE 441 EAST YOSEMITE AVENUE MADERA, CA 93638	TREASURER 40.00	0.
ELAINE CRAIG 441 EAST YOSEMITE AVENUE MADERA, CA 93638	EXECUTIVE DIRECTOR 40.00	0.
TOTAL TO FORM 199, PART II, LINE 11		0.

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FORM 199	OTHER EXPENSES	STATEMENT	4
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DESCRIPTION	AMOUNT	
CLIENT PROGRAM EXPENSES	1,533,182.	
OVERHEAD	344,564.	
OTHER EMPLOYEE BENEFITS	255,846.	
OFFICE EXPENSES	30,591.	
TOTAL TO FORM 199, PART II, LINE 17		2,164,183.

FORM 199	OTHER ASSETS	STATEMENT	5
DESCRIPTION		BEG. OF YEAR	END OF YEAR
PLEDGES AND GRANTS RECEIVABLE		211,428.	583,723.
TOTAL TO FORM 199, SCHEDULE L, LINE 12		211,428.	583,723.

FORM 199	OTHER LIABILITIES	STATEMENT	6
DESCRIPTION		BEG. OF YEAR	END OF YEAR
ACCRUED PAYROLL AND RELATED EXPENSES		77,848.	109,215.
TOTAL TO FORM 199, SCHEDULE L, LINE 18		77,848.	109,215.

FORM 199	FUND BALANCES	STATEMENT	7
DESCRIPTION		BEG. OF YEAR	END OF YEAR
UNRESTRICTED ASSETS		97,605.	133,524.
TEMPORARILY RESTRICTED ASSETS		5,927.	26,029.
TOTAL TO FORM 199, SCHEDULE L, LINE 21		103,532.	159,553.

**Voucher at bottom of page.**

**DO NOT MAIL A PAPER COPY OF THE CORPORATE OR EXEMPT ORGANIZATION TAX RETURN WITH THE PAYMENT VOUCHER.**  
If the amount of payment is zero, do not mail this voucher.

**WHERE TO FILE:** Using black or blue ink, make check or money order payable to the "Franchise Tax Board." Write the corporation number or FEIN and "2014 FTB 3586" on the check or money order. Detach voucher below. Enclose, but **do not** staple, payment with voucher and mail to:  
**FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-0531**  
Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

**WHEN TO FILE:** **Fiscal Year - See instructions.**  
**Calendar Year - File and Pay by March 16, 2015.**  
When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

**ONLINE SERVICES:** Corporations can make payments online with Web Pay for Businesses. After a one-time online registration, corporations can make an immediate payment or schedule payments up to a year in advance. Go to [ftb.ca.gov](http://ftb.ca.gov) for more information.

439035  
12-04-14

--- DETACH HERE --- IF NO PAYMENT IS DUE OR PAID ELECTRONICALLY, DO NOT MAIL THIS VOUCHER --- DETACH HERE ---

**CAUTION:** You may be required to pay electronically, see instructions.

TAXABLE YEAR **2014** **Payment Voucher for Corps and Exempt Orgs e-filed Returns**

CALIFORNIA FORM  
**3586 (e-file)**

3435527 MADE 45-5243432 000000000000 14 FORM 3  
TYB 07-01-2014 TYE 06-30-2015  
MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

441 EAST YOSEMITE AVENUE  
MADERA CA 93638

(559) 662-4500

Total Payment Amt 10.

MAIL TO:  
 Registry of Charitable Trusts  
 P.O. Box 903447  
 Sacramento, CA 94203-4470  
 Telephone: (916) 445-2021

WEB SITE ADDRESS:  
<http://ag.ca.gov/charities/>

**ANNUAL  
 REGISTRATION RENEWAL FEE REPORT  
 TO ATTORNEY GENERAL OF CALIFORNIA**

Sections 12586 and 12587, California Government Code  
 11 Cal. Code Regs. sections 301-307, 311 and 312

Failure to submit this report annually no later than four months and fifteen days after the end of the organization's accounting period may result in the loss of tax exemption and the assessment of a minimum tax of \$800, plus interest, and/or fines or filing penalties as defined in Government Code section 12586.1. IRS extensions will be honored.

State Charity Registration Number: <b>CT 0197640</b>  <b>MADERA COUNTY WORKFORCE INVESTMENT CORPORATION</b> <small>Name of Organization</small>  <b>441 EAST YOSEMITE AVENUE</b> <small>Address (Number and Street)</small>  <b>MADERA, CA 93638</b> <small>City or Town, State and ZIP Code</small>	<b>Check if:</b> <input type="checkbox"/> Change of address  <input type="checkbox"/> Amended report  Corporate or Organization No. <u>343527</u>  Federal Employer I.D. No. <u>45-5243432</u>
---	---

**ANNUAL REGISTRATION RENEWAL FEE SCHEDULE (11 Cal. Code Regs. sections 301-307, 311 and 312)**  
 Make Check Payable to Attorney General's Registry of Charitable Trusts

Gross Annual Revenue	Fee	Gross Annual Revenue	Fee	Gross Annual Revenue	Fee
Less than \$25,000	0	Between \$100,001 and \$250,000	\$50	Between \$1,000,001 and \$10 million	\$150
Between \$25,000 and \$100,000	\$25	Between \$250,001 and \$1 million	\$75	Between \$10,000,001 and \$50 million	\$225
				Greater than \$50 million	\$300

**PART A - ACTIVITIES**

For your most recent full accounting period (beginning 07/01/2014 ending 06/30/2015 ) list:  
 Gross annual revenue \$ 3,711,513. Total assets \$ 678,360.

**PART B - STATEMENTS REGARDING ORGANIZATION DURING THE PERIOD OF THIS REPORT**

**Note:** If you answer "yes" to any of the questions below, you must attach a separate sheet providing an explanation and details for each "yes" response. Please review RRF-1 instructions for information required.

	Yes	No
1. During this reporting period, were there any contracts, loans, leases or other financial transactions between the organization and any officer, director or trustee thereof either directly or with an entity in which any such officer, director or trustee had any financial interest?		X
2. During this reporting period, was there any theft, embezzlement, diversion or misuse of the organization's charitable property or funds?		X
3. During this reporting period, did non-program expenditures exceed 50% of gross revenues?		X
4. During this reporting period, were any organization funds used to pay any penalty, fine or judgment? If you filed a Form 4720 with the Internal Revenue Service, attach a copy.		X
5. During this reporting period, were the services of a commercial fundraiser or fundraising counsel for charitable purposes used? If "yes," provide an attachment listing the name, address, and telephone number of the service provider.		X
6. During this reporting period, did the organization receive any governmental funding? If so, provide an attachment listing the name of the agency, mailing address, contact person, and telephone number. <b>SEE STATEMENT 8</b>	X	
7. During this reporting period, did the organization hold a raffle for charitable purposes? If "yes," provide an attachment indicating the number of raffles and the date(s) they occurred.		X
8. Does the organization conduct a vehicle donation program? If "yes," provide an attachment indicating whether the program is operated by the charity or whether the organization contracts with a commercial fundraiser for charitable purposes.		X
9. Did your organization have prepared an audited financial statement in accordance with generally accepted accounting principles for this reporting period?	X	

Organization's area code and telephone number (559) 662-4500

Organization's e-mail address \_\_\_\_\_

I declare under penalty of perjury that I have examined this report, including accompanying documents, and to the best of my knowledge and belief, it is true, correct and complete.

**ELAINE CRAIG**

**EXECUTIVE DIRECTOR**

Signature of authorized officer

Printed Name

Title

Date

---

FORM RRF-1

INFORMATION REGARDING GOVERNMENT FUNDING  
PART B, LINE 6

STATEMENT 8

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STATE OF CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT, PO BOX 826880,  
SACRAMENTO, CA. 94280

DRAFT



### Agenda Item 7.3

Consent

Action

Information

**To: Madera County Workforce Investment Corporation**

**From: Elaine Craig, Executive Director**

**Date: January 28, 2016**

**Subject: Approve MCWIC Accounting and Financial Policies and Procedures**

**Recommendation:**

Staff recommend approval of revised Accounting & Financial Policies and Procedures Manual.

**Summary:**

The previous MCWIC Accounting and Financial Policies and Procedures was initially Board approved March 20, 2014 and was based on the previous eight separate OMB circulars (three specific to non-profits – Administrative A-110, Cost Principle A-122, and Single Audit A-133). In February 2013, OMB issued an updated proposed guidance that would combine eight previously separate OMB circulars into one “super-circular” or “omni-circular.” On December 26, 2013, OMB finalized its latest effort at improving the administration of federal assistance agreements, entitled ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards***, and codified it under Title 2 C.F.R. Part 200. This guidance became effective for federal agencies immediately, with an effective date of December 26, 2014 for nonfederal entities and auditors. Therefore, since our funding that was allocated to us this fiscal year falls under the oversight of the new 2 C.F.R. Part 200, the Accounting & Financial Policies and Procedures Manual had to be updated and revised in order for MCWIC to be in compliance. All the new revised language and references are highlighted yellow within the document and all the old non-compliant language and citations have been removed

**Financing:**

Workforce Innovation and Opportunity Act

# **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.

## **History**

The previous MCWIC Accounting and Financial Policies and Procedures was initially Board approved March 20, 2014 and was based on the previous eight separate OMB circulars (three specific to non-profits - Administrative A-110, Cost Principle A-122, and Single Audit A-133). In February 2013, OMB issued an updated proposed guidance that would combine eight previously separate OMB circulars into one “super-circular” or “omni-circular.” On December 26, 2013, OMB finalized its latest effort at improving the administration of federal assistance agreements, entitled *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and codified it under Title 2 C.F.R. Part 200. This guidance became effective for federal agencies immediately, with an effective date of December 26, 2014 for nonfederal entities and auditors.

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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.

If a particular grant or award has provisions that are more restrictive than those in this manual, the more restrictive provisions will be followed only for that grant or award.

The contents of this manual were approved as official policy of 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.

DRAFT

## **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 managers for each of the Organization's departments. Each department Manager reports to the Executive Director.

Department managers 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 three [3] staff who manage and process financial information for MCWIC. The following positions comprise the accounting department:

- Fiscal Manager
- Principal Account Technicians

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 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, MCWIC maintains a financial management system that provides for the following. Specific procedures to carry out these standards are detailed in the appropriate sections of this manual.

1. Identification, in all its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
2. Accurate, current, and complete disclosure of the financial results of each Federally-sponsored project or program in accordance with the reporting requirements of 2 CFR Parts 200.327, Financial Reporting, and 200.328, Monitoring and Reporting Program Performance and/or the award.
3. Records that identify adequately the source and application of funds for Federally-funded activities. These records **must** contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and be fully supported by source documentation.
4. Effective control over and accountability for all funds, property, and other assets. MCWIC **must** adequately safeguard all such assets and **ensure** they are used solely for authorized purposes.
5. Comparison of outlays with budget amounts for each award.
6. Information that relates financial data to performance accomplishments and demonstrates cost effective practices as required by funding sources. (2 CFR Part 301, Performance Measurement)
7. Written procedures to minimize the time elapsing between the transfer of funds and disbursement by MCWIC. Advance payments must be limited to the minimum amount needed

and be timed to be in accordance with actual, immediate cash requirements. **2 CFR Part 200.305 Payment**

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

## **BUSINESS CONDUCT**

### **Practice of Ethical Behavior**

MCWIC requires board members, and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities, and all directors, committee members, and employees to comply with all applicable laws and regulatory requirements. 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. **Parents**, 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).

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

Examples of conflicts of interest include, but are not limited to, situations in which a 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;
6. Receives a substantial gift from a vendor, if the director or employee is responsible for initiating or approving purchases from that vendor.

### **Honoraria Acceptance**

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

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

- All expenses are the total responsibility of the employee or the sponsor of the activity in which the employee is participating.
- The activity has no relationship to the employee's MCWIC duties.

Nothing in this policy shall be interpreted as preventing the payment to MCWIC by an outside source for actual expenses incurred by an employee in an activity, or the payment of a fee to MCWIC (in lieu of an honorarium to the individual) for the services of the employee. Any such payments made to MCWIC should be deposited to the MCWIC account and an appropriate entry should be made coded to the same program or department to which the employee's corresponding time was charged.

### **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. At the inception of employment or volunteer service to the Organization, and 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. During the year, these individuals shall submit a signed, updated disclosure form if any new potential conflict arises.
3. Prior to the preparation of the disclosure statements, the accounting department shall distribute a list of all contractors with whom the Organization has transacted business at any time during the preceding year, along with a copy of the disclosure statement;
4. 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.
5. Prior to management, board, or committee action on a contract or transaction involving a conflict of interest, a staff, director, or committee member having a conflict of interest and who is in attendance at the meeting shall disclose all facts material to the conflict of interest. Such disclosure shall be reflected in the minutes of the meeting.
6. A staff, director, or committee member who plans not to attend a meeting at which he or she has a reason to believe that the management, board, or committee will act on a matter in which the person has a conflict of interest shall disclose to the chair of the meeting all facts material to the conflict of interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
7. A person who has a conflict of interest shall not participate in or be permitted to hear management's, the board's, or the committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter.
8. A person who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining a quorum for purposes of the vote. The person having a conflict of interest may not vote on the contract or transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote and abstention from voting shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the Board of Directors of MCWIC has a conflict of interest when he or she stands for election as an officer or for re-election as a member of the Board of Directors.
9. If a conflict arises during the year, the employee or board member will immediately notify the Executive Director who will determine appropriate resolution.
10. If required by Federal awarding agencies, MCWIC will notify those agencies in writing of any potential conflict of interest. (2 CFR Part 200.112, Conflict of interest)

### **Resolution of Conflicts of Interest**

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/contractors, 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/contractors, or persons providing goods or services to MCWIC. Exception: gifts valued at \$50 or less.
9. Impropriety of the handling or reporting of money in financial transactions.
10. Failure to report known instances of misconduct in accordance with the reporting responsibilities described herein (including tolerance by supervisory employees of misconduct of subordinates).

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

- Theft, embezzlement, or other misappropriation of assets (including assets of or intended for the Organization, as well as those of our clients, subcontractors, vendors/contractors, 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

All 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 **Conflict of Interest Code** 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, Executive Director, and the Fiscal Manager treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Fiscal Manager, Executive Director, 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.

**The Organization will disclose, in a timely manner, in writing to Federal awarding agencies all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. (200.113 Mandatory disclosures)**

## SECURITY

### Accounting Department

MCWIC's blank check stock shall be stored in a fireproof safe. This safe will be locked with a key that is kept in the Executive Director's office. Access to this safe shall be by keys and combination in the possession of the 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. . Information technology staff members only have access to the maintenance of accounting server and software, but are restricted from accessing the subsidiary modules and data within the accounting system.

Accounting personnel are expected to keep their passwords secret and to change their passwords on a regular basis, no less frequently than every 120 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. **On an annual basis, MCWIC performs a review of accounting software users to ensure they have the appropriate access levels. Unnecessary access will be rescinded.**

### Storage of Back-Up Files

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, **including protected personally identifiable information (PII)** 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 as soon as 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, contracted and insured custodial vendor, and contracted and insured IT vendor.

### **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

Example:      xx-xxxx-xxxx-xxx-xxxx-xx / Fund-Funding Source-GL-Activity-Act Desc-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 re-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 or as needed. All conclusions, bases, and other elements associated with each accounting estimate shall be documented in writing. All material estimates, and changes in estimates from one year to the next, will be reviewed with the Executive Director.

### **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.

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## 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. **In-Kind Contributions or Non-Federal Share** – Recognized as income when received. (See the following section titled “Cost Sharing and Matching.”)
3. **Program Income** – Defined as gross income generated by a supported activity or earned as a result of an award, and is recognized as a reduction in expenditures in the period in which it is received.
4. **Nongovernmental Cash Contributions** – Recognized as income when received, unless accompanied by restrictions or conditions. (See the next section on contribution income.)
5. **Fee-for-Service Income** – Recognized as income when services are rendered unless collection of amounts due is in question. In this case, revenue is recognized when payments are received.
6. **Rent income** - Recognized as income when received, based on the terms of each sublease
7. **Assessment Services** - Recognized as income when received
8. **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 Executive 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.

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

### 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 IRS section 501(c)(3), (e) would require the reclassification of unrestricted net assets to temporarily restricted (f) would violate any federal, state or local law or regulation, or (g) 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.

### **Donor Privacy**

MCWIC respects the privacy of its donors and also recognizes that donors wish to be connected to the Organization. MCWIC uses donor information to notify them of information, plans and activities. Donor information is shared with staff, board members, volunteers and consultants on a "need-to-know" basis.

MCWIC does not share their donor list with any third party unless donor permission has been granted. Requests to remain anonymous will be honored.

### **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.

### **Receipt of Donations**

Upon receipt, all monetary donations will be processed according to the Cash Receipts policies contained in this manual. Information on restriction of gifts shall be communicated to the Accounting Department so the gift can be recorded and governed according to the wishes of the donor. After funds are deposited, check copies, cash receipts, source of the gift, intended use and any other information included with the gift is delivered to the Accounting Department. The Accounting Department will acknowledge gifts within 3 business days of receipt. Please see the following section on Receipts.

The accounting system and the donor database must be reconciled to each other at least monthly.

### **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 a payment received by MCWIC

is made both as a contribution and as a payment for goods or services provided by the donor organization. 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 \$10.40 or less and the donor gave the Organization at least \$52.00;
2. The goods provided to the donor in (yr) have a fair market value equal to no more than 2% of the contribution or \$104, 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 \$10.40, as well as a request for contributions and a statement that the recipient may keep the article even if a contribution is not made.

The preceding thresholds are adjusted for inflation by the IRS on an annual basis. Inflation adjustments subsequent to 2014 are incorporated into this policy manual by reference.

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 Noncash Charitable Contributions**

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 (over \$5000) 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, Donee Information Return**

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.

### **Disclosures of Promises to Give**

As stated earlier, MCWIC shall record an asset and an increase in net assets for unconditional promises to give. In addition, in connection with its annual financial statements, MCWIC shall prepare a schedule of unconditional promises to give that discloses the annual amounts to be collected in each of the next five fiscal years, and a total amount due thereafter, less the amount representing interest as a result of discounting long-term promises to give to net present value.

In connection with conditional promises to give, which shall not be recorded on the financial statements, MCWIC shall nonetheless prepare a similar schedule of future payments for disclosure in the Organization's annual financial statements.

### **Endowment Funds**

It is the policy of MCWIC to establish and accept endowments that are permanently restricted for the benefit of one or more programs or purposes within the scope of the Organization's mission, subject to the gift acceptance policies described earlier.

It is also the policy of the Organization to account for all endowments in accordance with any and all explicitly communicated donor-imposed stipulations that have been accepted by the organization, including stipulations associated with the classification of subsequent interest income, dividend income, realized gains and losses, unrealized gains and losses, and other investment income as unrestricted, temporarily restricted, or permanently restricted, as well as future appropriations and expenditure of endowment funds. To the extent the Organization has accepted an endowment that does not include explicit donor stipulations regarding subsequent accounting for and classification of the endowment or investment income or for the appropriation and expenditure of endowment funds, MCWIC shall follow the guidelines described in CA Probation Code 18504.

The interpretation of how CA Probation Code 18504 applies to a particular endowment of MCWIC shall be made by the Fiscal Manager and subject to the review and approval of the Executive Director.

In connection with all endowment funds of the Organization, MCWIC shall disclose in a footnote to its annual financial statements all of the following information:

1. A description of the board's interpretation of relevant state law regarding the net asset classification of donor-restricted endowment funds.
2. A description of the Organization's policies for the appropriation of endowment assets for expenditure.
3. A description of the Organization's endowment investment policies, including, at a minimum:
  - a. The Organization's return objectives and risk parameters.
  - b. How those objectives relate to the Organization's endowment spending policies.
  - c. The strategies employed for achieving those objectives.
4. Endowment fund net asset composition by classification (unrestricted, temporarily restricted, permanently restricted), in total and by type of endowment fund, and cumulative investment return, if any, contained in the permanently restricted net asset class resulting from the Organization's interpretation of relevant state law, beyond the amount required by explicit donor stipulations.
5. A reconciliation of the beginning and ending balance of the Organization's endowments, in total and by net asset class, showing all of the following:
  - a. Investment return, separated into investment income (interest, dividends, rents, etc.) and net appreciation or depreciation of investments
  - b. Contribution income
  - c. Amounts appropriated for expenditure
  - d. Reclassifications
  - e. Other changes in net assets

### **Fund-Raising Events**

The Organization shall maintain a subsidiary record that tracks each special fund-raising event sponsored by the Organization. The accounting department shall be responsible for maintaining this subsidiary record, with assistance from the Fiscal Manager. The following information shall be tracked on an event-by-event basis for purposes of possible disclosure in the Organization's annual Form 990 information return with the IRS:

1. Description and location of the event (including an indication of whether any type of gaming activities took place in connection with the event).
2. Total gross proceeds received in connection with the event.
3. Portion of the proceeds considered to be a contribution (equal to the amount received less the fair value of any benefits provided to donors).
4. Total costs of the event.

5. Portion of the costs attributable to direct donor benefits (i.e., the cost of any benefits provided to donors, such as the cost of green fees or a meal provided to attendees at a fund-raiser).
6. Portion of the total costs associated with:
  - a. Rent or facility costs
  - b. Cash prizes, if any
  - c. Noncash prizes, if any
  - d. Food and beverages
  - e. Entertainment
  - f. Fees paid to (or retained by) an outside fund-raiser
7. The percentage of the overall labor effort involved in the event that was contributed by volunteers (this schedule should show total hours associated with paid employees/contractors and total hours associated with volunteer efforts).
8. The names and addresses of any outside fund-raiser used in connection with the event.
9. An indication of whether any outside fund-raiser ever took custody, even temporarily, of funds raised for MCWIC in connection with any fund-raising event.

In addition to the preceding information, if any fund-raising activities of MCWIC include gaming (e.g., bingo, pull tabs, or any other type of gaming), the Organization shall maintain records of the following:

1. Total compensated and total uncompensated (volunteer) labor hours associated with each event.
2. The name and address of the person or company responsible for running the Organization's gaming activities, as well as a copy of their license to conduct gaming activities.
3. Documentation indicating the percentage of gaming activity operated in the Organization's facility vs. an outside facility.
4. If the Organization utilizes a third party to operate gaming activities, a record shall be kept of the total proceeds of the gaming activity and the amount retained by the third-party operator as its compensation.

If the Organization engages in, or plans to engage in, gaming activities, the Fiscal Manager shall first research and obtain any and all required licenses or permits.

In addition, for any fund-raising or gaming activity operated by a third party, where the third party collects or maintains custody of funds paid by attendees, the Organization shall first gain an understanding of the internal controls of the third party, including the third party's processes for receiving and securing funds and whether individuals employed by the third party are bonded. The Fiscal Manger shall conduct or arrange for this internal control evaluation.

### **State Registrations**

It is the policy of MCWIC to register in each state in which the organization's fund-raising activities would result in a requirement to register. Determination of state-by-state registration requirements shall be with the Fiscal Manager who may consult outside advisors in making such determinations.

Once registered, the Fiscal Manager shall ensure that subsequent periodic filing requirements are met. The Fiscal Manager may delegate the preparation of such periodic state filings to the Accounting Department, subject to the review and approval of the Fiscal Manager.

### **Credit Card Donations**

MCWIC currently does not accept credit cards. If in the future it is decided that accepting credit card is required, it must be approved by the board and policy implemented prior to the implementation of accepting credit cards.

## **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 review all grant proposals.
- 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 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 **2 CFR Part 200 Appendix XI** "Compliance Supplement" (updated annually) published by the Office of Management and Budget (OMB) for compliance requirements unique to the award and for compliance requirements common to all Federal awards.
  - c. Review the section of the Catalog of Federal Domestic Assistance (CFDA) applicable to the award.
  - d. The 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 **2 CFR Part 200 Appendix XI** "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. Copies of program and financial reports
8. Subsequent correspondence to/from the awarding agency
9. Results of any monitoring visits conducted by the awarding agency, including resolution by MCWIC of any findings arising from such visits
10. 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

On the inside front cover of the grant document file shall be a Summary of Critical Award Provisions, prepared by the Program Manager. This summary shall include, at a minimum, the following:

1. Key compliance requirements, including citations of applicable laws and regulations
2. Important deadlines
3. Correspondence contact information at the awarding agency

The original grant document file shall remain in the Accounting Department. 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 2 CFR 200.343 – 345, 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**

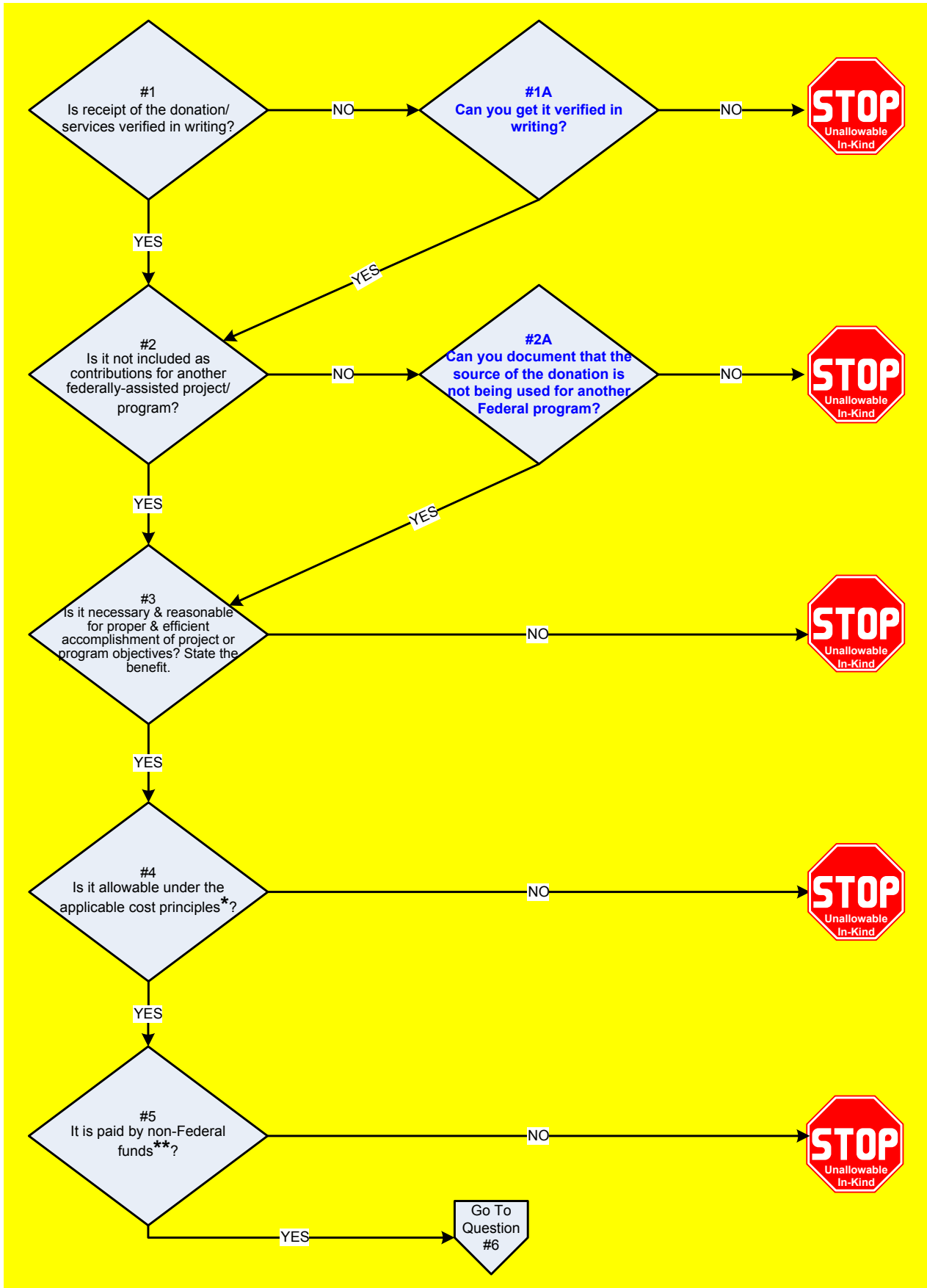
MCWIC values contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or Federal agency regulations identify specific values to be used.

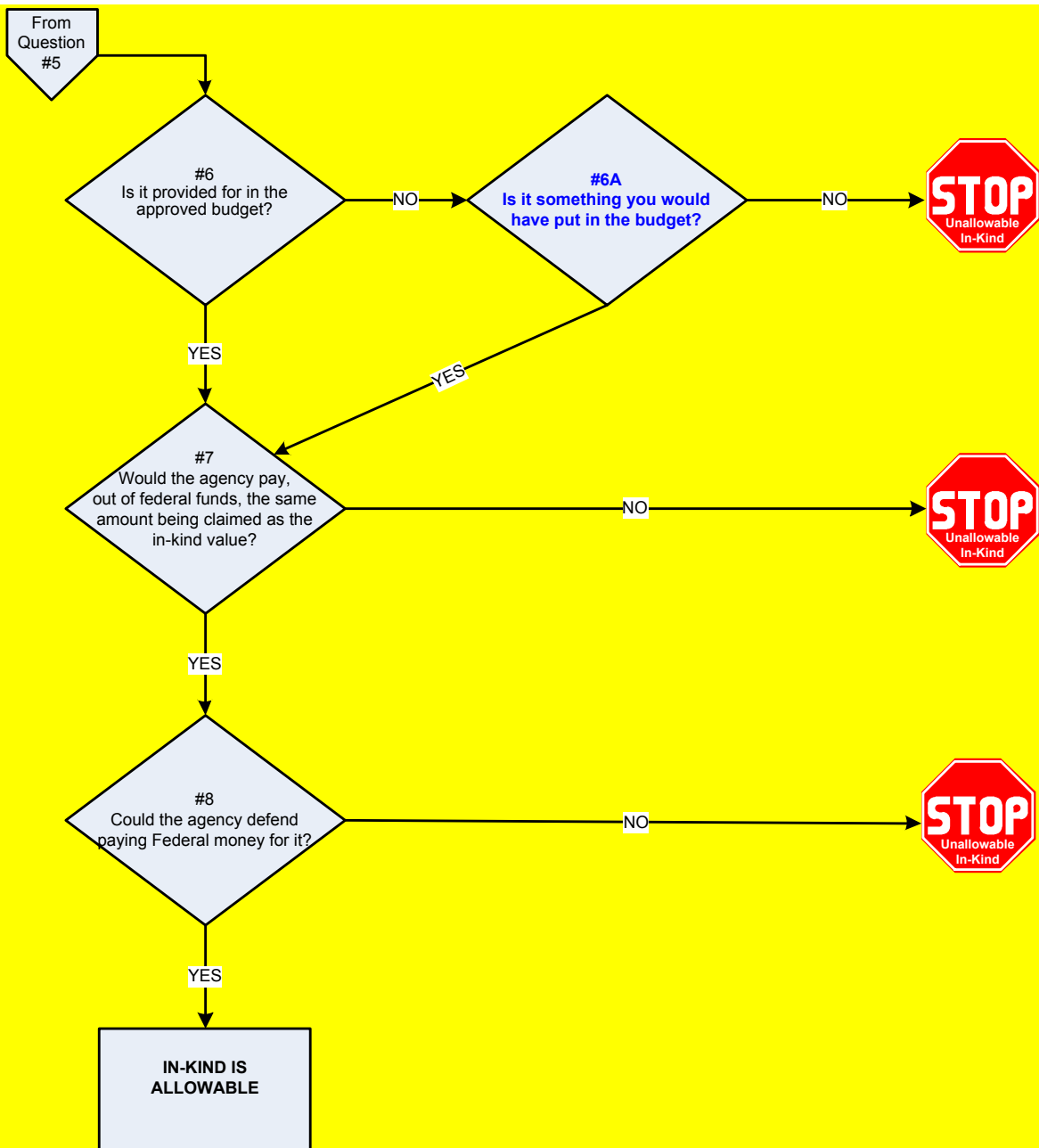
MCWIC shall claim contributions as meeting a cost sharing or matching requirement of a Federal award only if all of the following criteria are met:

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 the federal cost principles, 2 CFR Part 200 Subpart E, Cost Principles.
5. They are not paid by the Federal government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
6. They are provided for in the approved budget when required by the Federal awarding agency.
7. They conform to all provisions of federal administrative regulations, 2 CFR Part 200 Subpart D, Post Federal Awards Requirements.
8. In the case of donated space, (or donated use of space), the space is subject to an independent appraisal performed by a certified appraiser as defined by 2 CFR Part 200.306(i)1 to establish its value.

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

## In-kind Allowability Flowchart





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

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

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

1. USDA funds are of Federal origin and, therefore, cannot be counted as match.
2. Bureau of Indian Affairs - Indian Self-Determination and Education Assistance Act (P.L. 93-638, as amended). The Act authorizes the use of funds for matching purposes as long as the identified use is specifically related to the approved grant activities.
3. Title XX Social Services Block Grant funds are considered to be Federal funds and, therefore, may not be used as match for ACF programs.
4. Expenditure of funds from the Housing and Community Development Act of 1974, P.L. 93-383 may count as allowable match for a Head Start program for renovation of a building. The determination is dependent on whether or not the Head Start grant is included as part of the "Community Development Program," as required by the Housing and Community Development Act. (Grants Administration Manual, Section 3.05.408(b)(1-4))

## **Valuation and Accounting Treatment**

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

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

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

### ***Cash***

- 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, Buildings, Land, and Equipment***

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

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

Equipment, land, or buildings are valued at their fair market value as determined by an independent appraiser. Information on the date of donation and records from the appraisal will be maintained in a property file.

#### ***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 to occupy the facility (e.g. repairs and maintenance, insurance, etc.) not to exceed fair market value

### ***Volunteer Time and Services***

Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor will be included in in-kind if the services are an integral and necessary part of the program.

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

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

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

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

The sign-in sheets will be delivered to the Accounting Department monthly so they can be tallied, valued, and recorded as in-kind in the accounting records.

### ***Supplies***

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

## **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
- Private grants – funds are usually received once funding is approved. Financial expenditure reports, if required, are submitted as required by funding sources.
- Donations/Contributions – may be solicited or unsolicited.

Other lesser sources of income such as transportation fees, meal charges, or child care fees will be collected and recorded when the services are 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.

**At the time invoices (requests for reimbursement) are prepared, revenue and accounts receivable shall be recorded in the accounting records of MCWIC by the Accounting Department.**

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 of Advances (Government Grants)

Cash drawdowns of advances 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 are deposited into a FDIC secured bank 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 determine cash needs for A/P.
2. On Wednesday by 12:00 p.m., the Fiscal Manager review's the cash request, and then cash is drawn from the State by 1:00 p.m.
3. On Thursday, the checks are printed and signed
4. 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.
2. Special endowments received from donors requesting that these funds be permanently restricted for specific purposes.
3. Income earned from endowment funds (e.g., interest and dividends, gains and losses) in connection with endowments where the donor has explicitly stated that earnings on an endowment be temporarily restricted for specific purposes.

From time to time, 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 three business days after the receipts were received. **Un-deposited checks and cash shall be maintained in a locked drawer and kept in a secure area until deposited. Such cash will not be used as petty cash or to make change.**

### Reconciliation of Deposits

**On a 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*

	<b>A</b>	<b>B</b>	<b>C</b>
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 with 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		

## **GRANTS RECEIVABLE MANAGEMENT**

### **Monitoring and Recognition**

MCWIC records grants receivable and income as it is earned and billed during the grant year. The Fiscal Manager is responsible for monitoring budget-to-actual expenditures throughout the grant year, and will meet monthly with the Grant Manager to discuss grant fiscal results.

## **ACCOUNTS RECEIVABLE MANAGEMENT**

### **Monitoring and Reconciliations**

On a monthly basis, the Accounting Department will reconcile a detailed accounts receivable report (showing aged, outstanding invoices by customer) to the general ledger. The Fiscal Manager will review the reconciliation and ensure that all differences are immediately investigated and resolved.

### **Credits and Other Adjustments to Accounts Receivable**

From time to time, credits against accounts receivable from transactions other than payments and bad debts will occur. Examples of other credits include returned products and adjustments for billing errors. An employee who is independent of the cash receipts function will process credits and adjustments to Accounts Receivable, and all credits shall be authorized by the Fiscal Manager.

### **Accounts Receivable Write-Off Authorization Procedures**

All available means of collecting accounts receivable will be exhausted before write-off procedures are initiated. Write-offs are initiated by the department associated with the amount to be written off, in conjunction with the Accounting Department. If an account receivable is deemed uncollectible, the following approvals are required before the write-off is processed:

<b><u>Amount</u></b>	<b><u>Authorized in writing by</u></b>
Less than \$500	Fiscal Manager
\$500 or more	Executive Director

Once a write-off has been processed, appropriate individuals in the originating department will be advised to ensure that further credit is not granted and the master list of bad accounts is updated. Customers listed as poor credit risks will be extended future credit only if the back debt is paid and the customer is no longer deemed a collection problem.

If write-off procedures have been initiated, the following accounting treatment applies:

1. Current year invoices that are written off will either be charged against an appropriate revenue or revenue adjustment account, or against the original account credited.
2. Invoices written off that are dated prior to the current year will be written off against net assets.

## **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 **grant requirements**.

#### **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 (2 CFR Part 200.318 (c)(1))**

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 contractor if a real or apparent conflict of interest would be involved. Such a conflict would arise if an officer, board member, employee or agent, or any member of his/her immediate family, his/her spouse/partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the vendor selected.
- Officers, board members, employees, and agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors/contractors or parties to sub-agreements.
- Unsolicited gifts of a nominal value of less than \$50 may be accepted with the approval of the Executive Director.

#### **Competition (2 CFR Part 200.319)**

**In order to promote open and full competition, purchasers will:**

- **Be alert to any internal potential conflicts of interest.**

- Be alert to any noncompetitive practices among contractors that may restrict, eliminate, or restrain trade.
- Not permit contractors who develop specifications, requirements, or proposals to bid on such procurements.
- Award contracts to bidders whose product or service is most advantageous in terms of price, quality, and other factors.
- Issue solicitations that clearly set forth all requirements to be evaluated.
- Reserve the right to reject any and all bids when it is in the Organization's best interest.
- Not give preference to state or local geographical areas unless such preference is mandated by Federal statute. (200.319(b))
- "Name brand or equivalent" description may be used as a means to define the performance or requirements (200.319(c)(1))

### **Nondiscrimination Policy**

All vendors/contractors or contractors who are the recipients of Organization funds or who propose to perform any work or furnish any goods under agreements with MCWIC, shall agree to these important principles:

1. Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation, or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the contractors.
2. Contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. Notices, advertisements, and solicitations placed in accordance with federal law, rule, or regulation shall be deemed sufficient for meeting the intent of this section.

### **Procurement Procedures**

The following are MCWIC's procurement procedures:

1. MCWIC shall avoid purchasing items that are not necessary or duplicative for the performance of the activities required by a federal award. (2 CFR Part 200.318(d))
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the federal government. (2 CFR Part 200.318(d)). This analysis should only be made when both lease and purchase alternatives are available to the program.
3. Purchasers are encouraged to enter into state and local inter-governmental or inter-entity agreements where appropriate for procurement of use of common or shared goods and services. (2 CFR Part 200.318(e))
4. Purchasers are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. (2 CFR Part 200.318(f))

5. Documentation of the cost and price analysis associated with each procurement decision **in excess of the simplified acquisition threshold (\$150,000)** shall be retained in the procurement files pertaining to each federal award. *(2 CFR Part 200.323)*
6. All pre-qualified lists of persons, firms or products which are used in acquiring goods and services must be current and include enough qualified sources to ensure maximum open and full competition. *(2 CFR Part 200.319(d))*
7. MCWIC will maintain records sufficient to detail the history of procurement, including: *(2 CFR Part 200.318(i))*
  - a. Rationale for the method of procurement;
  - b. Selection of contract type;
  - c. Contractor selection or rejection; and
  - d. The basis for the contract price.
8. MCWIC shall make all procurement files available for inspection upon request by a federal awarding agency.
9. MCWIC shall not utilize the cost-plus-a-percentage-of-costs method of contracting. *(2 CFR Part 200.323(d))*

All staff members with the authority to approve purchases will receive a copy of and be familiar with **2 CFR Part 200.400 – 475**, Cost Principles.

### Authorizations and Purchasing Limits

The following table lists required **requisition** approval levels and solicitation process:

Amount of Purchase	Required Approvals	Required Solicitation	Required Documentation
< \$500	<ul style="list-style-type: none"> <li>• Supervisor or Manager</li> <li>• Fiscal Manager</li> </ul>	<ul style="list-style-type: none"> <li>• Purchases should be distributed among qualified vendors/contractors, if possible. Such purchases do not need to be advertised nor is there a requirement for obtaining quotations, if the nonfederal entity considers the price to be reasonable.</li> </ul>	<ul style="list-style-type: none"> <li>• Two quotes needed if outside of the approved Micro-Purchase vendor/contractor listing (catalogue, Internet, written)</li> </ul>
\$500 ≤ \$25,000	<ul style="list-style-type: none"> <li>• Fiscal Manager</li> <li>• Executive Director</li> <li>• If applicable, State approval</li> </ul>	3 written bids/quotes (catalogue, Internet, written)	<ul style="list-style-type: none"> <li>• Documentation of bids/quotes received</li> <li>• How decision was made</li> </ul>
\$25,001 ≤ \$150,000	<ul style="list-style-type: none"> <li>• Fiscal Manager</li> <li>• Executive Director</li> <li>• If applicable, State approval</li> </ul>	3 written bids (Request for Bids or Request for Proposals)	<ul style="list-style-type: none"> <li>• Copy of RFB or RFP</li> <li>• Proposal scoring grids including who participated in the scoring</li> <li>• Proposal and contract of winning bid</li> </ul>

Amount of Purchase	Required Approvals	Required Solicitation	Required Documentation
> \$150,000	<ul style="list-style-type: none"> <li>• Fiscal Manager</li> <li>• Executive Director</li> <li>• If applicable, State approval</li> </ul>	3 written bids (Request for Bids or Request for Proposals)	<ul style="list-style-type: none"> <li>• Copy of RFB or RFP</li> <li>• Proposal scoring grids including who participated in the scoring</li> <li>• Proposal and contract of winning bidder</li> </ul>

Once the requisition has been completed, a purchase order is created. All completed purchase orders must be signed by the Executive Director or designated authorized representative.

The Executive Director is authorized to enter into any contract on behalf of MCWIC. These policies shall also apply to renewals of existing contracts.

### Approved Vendors/Contractors

MCWIC will develop a list of approved vendors/contractors that can be used throughout the year. The process to identify an approved vendor/contractor is as follows.

1. Develop a list of similar, commonly-purchased items that can be acquired from a single vendor/contractor. Examples are office supplies and other types of micro-purchases.
2. Obtain 2 or 3 quotes, depending on the level of expected spending.
3. Compare the quotes.
4. The vendors/contractors with lowest prices, including shipping, will be approved for use during the year.
5. This process could result in multiple approved vendors/contractors if the prices are within 5% of each other.

This process should be repeated annually, with the approved list produced within 60 days after the fiscal year end. Vendors/contractors may be added throughout the year, but all vendors/contractors will be re-evaluated annually.

### Use of Purchase Orders

MCWIC utilizes a purchase order system. A properly completed purchase order shall be required for each purchase decision 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/contractor name, address, point of contact and phone number
3. Source of funding (if applicable)
4. Delivery, packing, and transportation requirements
5. Special conditions (if applicable)
6. Catalog number, page number, etc. (if applicable)
7. Net price per unit, less discount, if any
8. Total amount of order

9. Authorized signature
10. Date purchase order was prepared

At the end of each accounting period, an aged outstanding purchase order report shall be prepared and reviewed by the Fiscal Manager.

Blanket purchase orders may be established at the start of the fiscal year to authorize purchases from a vendor/contractor up to a set amount, thereby eliminating the need for monthly purchase orders for standard purchases.

### **Required Solicitation of Quotations from Contractors**

Solicitations for goods and services (requests for proposals or RFPs) should provide for all of the following:

1. A clear and accurate description of the technical requirements for the material, product, or service to be procured. Descriptions shall not contain features which unduly restrict competition. (2 CFR Part 200.319(c)(1))
2. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals. (See the next section entitled "Evaluation of Alternative Contractors" for required criteria.) (2 CFR Part 200.319(c)(2))
3. Technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards. (2 CFR Part 200.319(c)(1))
4. The specific features of "brand name or equal" descriptions that bidders are required to meet when appropriate. (2 CFR Part 200.319(c)(1))
5. A description of the format, if any, in which proposals must be submitted, including the name of the person to whom proposals should be sent.
6. The date by which proposals are due.
7. Required delivery or performance dates/schedules.
8. Clear indications of the quantity(ies) requested and unit(s) of measure.

### **Extension of Due Dates and Receipt of Late Proposals**

Solicitations should provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, an extension may be granted if a prospective offeror so requests.

Contractor proposals are considered late if received after the due date and time specified in the solicitation. Late proposals shall be so marked on the outside of the envelope and retained, unopened, in the procurement folder. Contractors that submit late proposals shall be sent a letter notifying them that their proposal was late and could not be considered for award.

### **Evaluation of Alternative Contractors**

Contractors shall be evaluated on a weighted scale that considers some or all of the following criteria as appropriate for the purchase:

1. Adequacy of the proposed methodology
2. Skill and experience of key personnel

3. Demonstrated experience
4. Other technical specifications designated by the department requesting proposals
5. Compliance with administrative requirements of the request for proposal (format, due date, etc.)
6. Contractor's financial stability
7. Contractor's demonstrated commitment to the nonprofit sector
8. Results of communications with references supplied by Contractor
9. Ability/commitment to meeting time deadlines
10. Cost
11. Minority- or women-owned business status of Contractor
12. Other criteria (to be specified by the department requesting proposal)

Not all of the preceding criteria may apply in each purchasing scenario. However, the department responsible for the purchase shall establish the relative importance of the appropriate criteria prior to requesting proposals and shall evaluate each proposal on the basis of the criteria and weighting that have been determined.

After a contractor has been selected and approved by the Executive Director, the final selection shall be approved by others according to MCWIC's purchasing approval policies.

**Affirmative Consideration of Minority, Small Business, Women-Owned Businesses, and Labor Surplus Area Firms**  
*(2 CFR Part 200.321)*

Positive efforts shall be made by MCWIC to utilize small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms whenever possible. Therefore, the following steps shall be taken:

1. Ensure that small business, minority-owned firms, women's business enterprises, and labor surplus area firms are used to the fullest extent practicable. *(2 CFR Part 200.321)*
2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms, women's business enterprises and labor surplus area firms. *(2 CFR Part 200.321(b)(4))*
3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms, and women's business enterprises. *(2 CFR Part 200.321(b)(6))*
4. Encourage contracting with consortiums of small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms when a contract is too large for one of these firms to handle individually. *(2 CFR Part 200.321(b)(3))*
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the minority-owned firms and women's business enterprises. *(2 CFR Part 200.321(b)(5))*

**Availability of Procurement Records (2 CFR Part 200.324(b))**

MCWIC shall, on request, make available for the federal awarding agency, pre-award review and procurement documents, such as requests for proposals, when any of the following conditions apply:

- The process does not comply with the procurement standards **in 2 CFR Part 200**. (2 CFR Part **200.324(b)(1)**)
- The procurement is expected to exceed the federally-defined simplified acquisition threshold (**\$150,000**) and is to be awarded without competition or only one bid is received. (2 CFR Part **200.324(b)(2)**)
- The procurement exceeds the simplified acquisition threshold and specifies a “name brand” product. (2 CFR Part **200.324(b)(3)**)
- The proposed award exceeds the federally-defined simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed-bid procurement. (2 CFR Part **200.324(b)(4)**)
- A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the federally-defined simplified acquisition threshold. (2 CFR Part **200.324(b)(5)**)

### **Provisions Included in All Contracts (2 CFR Part 200 Appendix II)**

MCWIC includes all of the following provisions, as applicable, in all contracts charged to federal awards (including small purchases) with vendors/contractors and subgrants to grantees:

1. **Acquisition Threshold:** Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by **41 U.S.C. 1908**, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
2. **Termination for Cause:** All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.
3. **Equal Employment Opportunity:** All contracts shall contain a provision requiring compliance with E.O. 11246, “Equal Employment Opportunity,” as amended by E.O. 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and as supplemented by regulations at 41 CFR Part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”
4. **Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7):** When required by Federal program legislation, all construction contracts of more than \$2,000 awarded by MCWIC and its subrecipients shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, “Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction”).
5. **Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333):** Where applicable All contracts awarded by MCWIC in excess of \$2,000 for construction contracts and in excess of \$2,500 for other contracts that involve the employment of mechanics or laborers shall include a provision for compliance with Sections 102 and 107 of the Contract Works Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (29 CFR part 5).
6. **Rights to Inventions Made Under a Contract or Agreement:** Contracts or agreements for the performance of experimental, developmental or research work shall provide for the rights of

the Federal Government and the recipient in any resulting invention in accordance with 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organization and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the award agency.

7. **Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended:** Contracts and subgrants of amounts in excess of \$100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
8. **Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201).**
9. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or subgrants of \$100,000 or more, MCWIC shall obtain from the contractor or subgrantee a certification that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. 1352.
10. **Debarment and Suspension (E.O.s 12549 and 12689):** No contract shall be made to the parties listed on the General Services List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with E.O.'s 12549 and 12689, "Debarment and Suspension."

## Special Purchasing Conditions

### *Emergencies:*

Where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff and protection of MCWIC property is involved. The reasons for such purchases will be documented in the procurement file.

### *Single Distributor/Source:*

Sole source purchases **contractors may be made when one or more** of the following conditions applies:

- The item or service is only available from one source;
- The situation is an emergency **and will not permit a delay resulting from competitive solicitation;**
- The awarding agency **expressly authorizes noncompetitive proposals in response to a written request;** or
- **After solicitation,** competition is deemed inadequate (insufficient bidders).

Approval from the awarding agency may be required.

## **Right to Audit Clause**

MCWIC requires a “Right to Audit” clause in all contracts between the Organizations and vendors/contractors that either:

1. Take any form of temporary possession of assets directed for the Organization, or
2. Process data that will be used in any financial function of the Organization.

This Right to Audit clause shall permit access to and review of all documentation and processes relating to the **contractor's** operations that apply to MCWIC, as well as all documents maintained or processed on behalf of MCWIC, for a period of three years. The clause shall state that such audit procedures may be performed by MCWIC employees or any outside auditor or contractor designated by the Organization.

## **Contractor Files and Required Documentation**

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

The Accounting Department shall mail a blank Form W-9 to new **contractor** and request that the **contractor** 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 **contractor's** folder. **Contractor's** who do not comply with this request shall be issued a Form 1099 at the end of each calendar year in accordance with the policies described in the section of this manual on “Government Returns.” See the section on “Payroll and Related Policies” for guidance on determining whether a vendor/contractor should be treated as an employee.

## **Procurement Grievance Procedures**

Any bidder may file a grievance with MCWIC following a competitive bidding process. Once a selection is made, bidders must be notified in writing of the results. The written communication mailed to bidders must also inform them that they may have a right to appeal the decision. Information on the organization's appeal procedures must be made available to all prospective contractors or subgrantees upon request, including the name and address of a contact person, and a deadline for filing the grievance. Grievances are limited to violations of federal laws or regulations, or failure of the Organization to follow its own procurement policies.

## **Receipt and Acceptance of Goods**

A designated individual (who does not process accounts payable or purchasing) shall inspect all goods received. Upon receipt of any item from a **contractor**, 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. Remove the packing slip from each box/container
5. Compare the description and quantity of goods per the purchase order to the packing slip
6. Examine goods for physical damage
7. 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 contractor.

### **Contract Administration**

MCWIC is required to have policies and procedures on contract administration. (2 CFR Part 200.318(b)) Therefore, all contract managers will adhere to the following procedures.

1. Contract administration files shall be maintained:
  - a. For each contract greater than \$5,000 a separate file shall be maintained.
  - b. For contracts less than \$5,000 contract records may be combined in a single file by grant or other funding source.
2. Contract administration files shall contain:
  - a. The required documentation specified in the authorizations and purchasing limits table for the original scope of work and for all amendments.
  - b. Where the contract work is identified in the grant award or budget, the identification and scope of the work contained in the award or budget, and all approved changes.
3. Authorization of work:
  - a. No work shall be authorized until the contract for the work has been approved and fully executed.
  - b. No change in the work shall be authorized until an amendment to the contract for the work has been approved and fully executed, except as permitted for Special Purchasing Conditions.
  - c. No amendment of a contract for work shall be executed until it has been approved and authorized as required in the Authorizations and Purchasing Limits table and, where required by the terms of the grant award or budget, approval by the funding source.
4. Conformance of work:
  - a. For each grant award, based on the applicable laws, regulations and grant provisions, the Executive Director shall establish and maintain a system to reasonably assure contractor:
    - i. Conformance with the terms, conditions, and specifications of the contract, and
    - ii. Timely follow-up of all purchases to assure such conformance and adequate documentation.
5. The Executive Director and Fiscal Manager will authorize payment of invoices to contracts after final approval of work products.

## **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 Organizational.

### **Prohibited Use of Organization Assets and Resources**

No assets or **personnel** of the Organization shall be utilized for political activities, as defined above. This prohibition extends to the use of Organization assets **personnel** 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. **Grant managers and** accounting personnel shall be familiar with the allowability of costs provisions **2 CFR Part 200.400 – 475, Cost Principles**, particularly:
  - a. The list of specifically unallowable costs found in **200.421 – 475** (Selected Items of Cost), such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
  - b. Those costs requiring advance approval from Federal agencies in order to be allowable in accordance with **2 CFR Part 200.407, Prior Written Approval**, such as **participant support costs**, 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 **2 CFR Part 200.400 – 475, Cost Principles**.
4. or 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 **2 CFR Part 200.402 – 406, Basic Considerations**, 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 **2 CFR Part 200 Subpart E Cost Principles**, 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 (**GAAP**).
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 are those costs that can be identified specifically with a particular final cost objective, such as a Federal Award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy (2 CFR Part 200.413(a)). 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 for grant purposes, but will be capitalized and depreciated at year-end for financial statement purposes**).

### **Indirect and Joint Costs**

Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular grant or program. 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.
- Utilities
- General Office Supplies

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 based relative account balance allocation method.

### **Indirect Cost Rate**

MCWIC does not currently have a federally approved indirect cost rate. However, if an indirect cost rate is approved, the following process will be followed:

The federally approved indirect cost rate (ICR) will be reviewed and re-calculated on an annual basis. Each year a new indirect cost budget is prepared and submitted to MCWIC's Cognizant Agency for approval.

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

Note: The assignment of the cognizant agency for indirect costs is usually determined as the agency that provides the greatest amount of federal funding to a nonfederal entity.

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

### **Direct Costing Procedures**

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 (i.e. Workforce Technicians)  
Information Technology Staff

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

Executive Director  
Executive 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 payroll 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 the 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 **contractor** invoice for the related goods or services.
- The **contractor** 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. **Contractor** 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 contractor records. No contractor statements shall be processed for payment.

### **Accounts Payable Cutoff**

For purposes of the preparation of the MCWIC's monthly financial statements, all contractor invoices that are received, approved, and supported with proper documentation shall be recorded as accounts payable as of the end of the immediately preceding month if the invoice pertains to goods or services delivered by month-end.

### **Establishment of Control Devices**

The accounting department establishes control of invoices as soon as they are approved and received.

Upon receipt, 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 contractors. 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/contractor payment. Expenses older than 60 days following the end of the month the expense was incurred, may 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 contractors per the accounts payable subsidiary ledger shall be reconciled to the total per the accounts payable general ledger account (control account). All differences are investigated and adjustments are made as necessary.

The reconciliation and the results of the investigation of differences are reviewed and approved by the 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 Contractors Master File**

Upon the receipt of an invoice from a new contractor that is not already setup in MCWIC's Accounts Payable system, the accounting department shall mail (or email) a Form W-9 and a request for completion of the Form W-9, including the contractor's full address and Federal employer identification number.

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

1. Contractor's legal name and any DBA name(s)
2. Street address (payments may be mailed to a P.O. Box, but a street address 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 contractors whose file does not comply with the preceding requirements.

On an annual basis, contractors that have not been utilized over the preceding 36-month period shall be made inactive from the master vendor/contractor file. In addition, on an annual basis, an internal audit shall be performed of the master contractor file and of payment histories made to each contractor. This analysis, to be performed by the Accounting Department shall consist of the following procedures, at a minimum:

1. Cross-checking of contractors 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

Any unexplained deviations or irregularities noted in connection with the preceding internal audit procedures shall be reported to the Fiscal Manager.

### **Verification of New Contractor**

The accounting department will perform additional procedures to validate the legitimacy of new contractors that shall be paid one-time or cumulative payments in excess of \$25,000. For such contractors, the accounting department shall perform a limited public records search (i.e. www.sam.gov) and shall contact the contractor to validate its existence.

## 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 a travel expense form immediate return from required travel confirming all costs. Any outstanding advances more than 30 days old that have not been confirmed with a travel expense form, will be deducted from an employee's next paycheck.

### Employee and Director Business Travel

At the conclusion of a MCWIC trip, an employee or member of the Board of Directors who has incurred business-related expenses should complete travel reimbursement claim in accordance with the following policies:

1. Documentation must justify that participation of the traveler is necessary for the Federal award and costs are reasonable and consistent with MCWIC's travel policy. (2 CFR Part 200.474(b)(1) and (2))
2. Identify each separately incurred business expense (i.e., do not group all expenses associated with one trip together).
3. With the exception of tips, tolls, reimbursed mileage, and per diems, all business expenses must be supported with invoices/receipts.
4. MCWIC will reimburse employees at per diem rates established annually by the General Services Administration (GSA) for Madera County. Therefore, meal receipts are not required except for business entertainment which is addressed in Point 9 below.
  - a. If the conference or meeting which the traveler attends provides a meal, the meal as determined by per diem will be deducted from that day's per diem.
5. Contractor receipts/invoices must be submitted for all lodging and any expenditure other than meals.
6. For airfare, airline-issued receipts should be obtained. If a traveler fails to obtain a receipt, other evidence must be submitted indicating that a trip was taken and the amount paid (for example, a combination of an itinerary, a credit card receipt, and return trip boarding pass(es)).
7. Mileage may be reimbursed at the standard federal rates currently in effect, as published each year by the IRS.
8. General ledger account coding must be identified for all expenditures.
9. For all meals and other business expenditures, the following must be clearly identified:
  - a. Names, titles, organizations, and business relationships of all persons
  - b. The business purpose of the meal or other business event (topics discussed, etc.)
10. All expense reports must be signed and dated by the employee.

11. All expense reports must be approved by the Executive Director or Fiscal Manager.

12. Only one expense report form should be prepared for each trip.

An employee will not be reimbursed for expense reports not meeting the preceding criteria. If the expense report results in a balance due to 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. If the expense report results in a balance due to the employee, the employee will be reimbursed through the next accounts payable process.

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.
3. When utilizing rental cars, travelers should rent midsize or smaller vehicles. Share rental cars whenever possible.
4. Business-related long-distance telephone calls while away on business travel are permitted, but should be kept to a minimum. Expense reports should explain long-distance charges.
5. 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.
6. 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.
7. Reasonable tips for baggage handling shall be reimbursed. No receipts are required.
8. If required by the funding source, foreign travel charged to Federal grants must be approved in writing by the funding source prior to travel.

### **Special Rules Pertaining to Air Travel**

The following additional rules apply to air travel:

1. Air travel should be at coach class or the lowest commercial discount fare at the time the ticket is purchased except when this fare would:
  - a. Require circuitous routing,
  - b. Require travel during unreasonable hours,
  - c. Excessively prolong travel,
  - d. Result in additional costs that would offset the transportation savings, or
2. Offer accommodations not reasonably adequate for the traveler's medical needs. First class air travel shall not be reimbursed unless there is a medical reason which must be documented and approved by a supervisor.
3. Memberships in airline flight clubs are not reimbursable.

4. Cost of flight insurance is not reimbursable.
5. At least two quotes from a travel agency and/or an airline website should be obtained and attached to the expense report.
6. Cost of upgrade certificates is not reimbursable.
7. The cost of baggage fees required by airlines to either check or carry-on luggage is allowable and reimbursable.
8. Cost of canceling and rebooking flights is not reimbursable, unless it can be documented that it was necessary or required for legitimate business reasons (such as changed meeting dates, etc.).
9. Travelers must identify and pay for all personal flights, even if such flights are incorporated into a flight schedule that serves business purposes (i.e., MCWIC will not reimburse for the personal legs of a trip).
10. Frequent flyer miles will accrue to the traveler, not the Organization.

### **Temporary Dependent Care Costs (2 CFR Part 200.474(c))**

MCWIC does not reimburse for temporary dependent care cost.

### **Spouse/Partner Travel**

MCWIC does not reimburse any employee or board member for separate travel costs (air fare, etc.) associated with his or her spouse or partner. The cost of a shared hotel room need not be allocated between employee/director and spouse/partner for purposes of this policy.

### **Cell Phone Use and Allowance**

Only exempt or designated employees of MCWIC are allowed to use their personal cell phone or similar device for company business. Staff who are authorized to use their personal cell phone for business will receive a monthly allowance. Allowance amount is currently set at \$40 for both phone and data plan use or \$20 for only phone use.

## **CASH DISBURSEMENTS (CHECK-WRITING) POLICIES**

### **Check Preparation**

MCWIC prints contractor 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 contractor 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 contractors 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 a limited amount of unused checks are stored in a locked cabinet in the accounting department. The remaining checks are stored in a fireproof safe in the Executive Director's office.
7. Checks shall never be made payable to "bearer" or "cash."
8. Checks shall never be signed prior to being prepared.

### **Check Signing**

Authorized check signers must be approved by the full board. The Executive Director is the primary check signer, Manager is the secondary, and Fiscal Manager is to be used for emergency purposes only.

Check signers should examine all original supporting documentation to ensure that each item has been properly reviewed 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 or 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 via the online banking system by the Fiscal Manager. A journal entry is made by the accounting staff 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/contractor prior to the check being cancelled and re-issued.

### **Recordkeeping Associated with Independent Contractors**

MCWIC shall obtain a completed Form W-9 or equivalent substitute documentation from all contractors to whom payments are made (see "Accounts Payable Management" policies). A record shall be

maintained of all contractors to whom a Form 1099 is required to be issued at year-end. Payments to such contractors shall be accumulated over the course of a calendar year.

## 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. Manager
- E. Executive Director
- F. Program Supervisor
- G. Executive Assistant

Duty	A	B	C	D	E	F	G
Inputs data into vendor/contractor master file		X					
Obtains Form W-9 from new contractors		X					
Authorizes purchases				X	X		
Prepares requisition for client related items				X		X	
Prepares requisition for operating business related items				X			X
Prepares request for proposal				X			
Administers collection of proposals				X			
Evaluates proposals				X			X
Receives vendor/contractor invoice		X					
Approves vendor/contractor 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 Executive 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 may only be used offsite by the Executive Director.**

**Card User Responsibilities**

**Card users will turn in receipts with appropriate account coding to the Executive Assistant when they return the credit card. The Executive Assistant will deliver the receipts to the accounting department on a weekly basis. If the accounting department is missing a receipt when the monthly statement is reconciled, the accounting department will confer with the Executive Assistant to determine who used the card, and follow up with that employee to get the receipt.**

**Any fraudulent or other unauthorized charges shall be immediately pointed out to the Fiscal manager for further investigation with the card provider.**

**Personal use of corporate credit cards is strictly prohibited. Any personal use will subject the employee to the Organization’s disciplinary actions discussed earlier in this manual and in the Personnel Manual.**

**Loss or theft of a corporate credit card must be immediately notified to the credit card company as well as the Fiscal Manager.**

**Revocation of Corporate Credit Cards or Purchasing Cards**

**Failure to comply with any of these policies associated with the use of MWIC’s corporate credit cards or purchasing cards shall be subject to possible revocation of card privileges. The Fiscal Manager, with the approval of the Executive Director, shall determine whether credit cards or purchasing cards are to be revoked.**

**Employee Credit Cards**

**Employees and officers incurring legitimate Organization business expenses are expected to utilize their personal credit cards for such expenditures. The Organization shall reimburse employees and officers for properly supported and documented business expenditures charged to personal credit cards on the following accounts payable process, following proper completion of an expense report.**

## 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
12. Job Description

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)

Each employee payroll file shall also indicate whether the employee is exempt or non-exempt from the provisions of the Fair Labor Standards Act.

If required by specific grants, the employee payroll file must also include a pre-employment background check.

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.

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 *2 CFR Part 200.430(i), Standards for Documentation of Personnel Expenses*, as well as requirements in specific grants. Therefore, salaries and wages charged to 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 an 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 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 <sup>st</sup>	through	15 <sup>th</sup>	-	pay date 20 <sup>th</sup>
16 <sup>th</sup>	through	End of Month	-	pay date 5 <sup>th</sup> 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
- F. Program Manager/Supervisor

<b>Duty</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
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.

***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. A minimum balance is kept in the payroll account to avoid additional fees charged by the bank.

Transfers from the operating account into the payroll account is requested by the accounting person processing payroll and approved and processed by the Fiscal Manager.

## **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, Manager – 1st Emergency Backup Signature  
Jessica Roche, Fiscal Manager – 2<sup>nd</sup> 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 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 two weeks 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.

Once the accounting department reviews the bank statement, both the Fiscal Manager and the Executive Director shall 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.

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**

For uncashed checks that are more than 6 months old, contact will be made with the payee to resolve the issue. If the checks becomes stale dated based on bank rules, MCWIC will write off the checks and make note within the vendor/contractor file.

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.

## **INVENTORY OF MATERIALS**

### **Description of Inventory**

### **Accounting for Inventory**

**MCWIC accounts for purchased inventory items at cost, using the FIFO method of valuation. Unit cost shall be computed by adding freight, insurance, and other shipping costs to the actual cost of purchased inventory, dividing this total amount by the number of units purchased.**

### **Physical Counts**

**A physical count of inventory will be performed on yearly basis by someone who does not have responsibility for ordering or approving purchases of such items. Any inventory items that appear damaged, obsolete, or otherwise unable to be sold shall be excluded from the counts. A detailed record of the physical count shall be kept by the individuals involved in taking the inventory.**

At the conclusion of the physical count, the inventory count sheets shall be extended by applying the most recent unit costs to the physical quantities of each item on hand. The general ledger balance shall be adjusted to reflect the total inventory on hand as determined by the physical count.

### **Contributed Inventory**

Inventory items donated to MCWIC shall be recorded as assets of the Organization at the fair market value as of the date of the contribution, unless the Organization is acting as an agent in connection with a contribution by a donor through the Organization to another charity specifically identified by the donor. Contributed inventory items shall be subject to the same physical counting and other policies as purchased inventory items.

## **PREPAID EXPENSES**

### **Accounting Treatment**

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. For purposes of this policy, payments of less than \$1,000 shall be expensed as paid and not treated as prepaid expenses, regardless of the existence of a future benefit.

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/contractor 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 \$500 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 \$500 (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 (CFR Part 200.313)**

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. (2 CFR Part 200.313(e))

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 **(2 CFR part 200.313(d)(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, use and condition
8. Depreciation method
9. Estimated useful life
10. Ultimate disposition data including the date of disposal and sale price

A physical inventory of all assets capitalized under the preceding policies will be taken at least once every two years 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 **contractor** immediately.

In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies should be resolved with the **contractor** immediately.

#### **Depreciation and Useful Lives**

All capitalized assets are maintained in the special property and equipment account group and are not included as an operating expense. Property and equipment are depreciated over their estimated useful lives using the straight-line method.

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month (Example: an asset purchased on the 15<sup>th</sup> 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 (which exceed the capitalization threshold)	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 an annual 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 2 CFR Part 200.465, Rental Costs of Real Property and Equipment 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. For leases with firm commitments for lease payments that vary over the term of the lease (i.e., a lease with fixed annual increases that are determinable upon signing the lease), the amount that MCWIC shall recognize as monthly lease expense shall equal the average monthly lease payment over the entire term of the lease. Differences between the average monthly payment and the actual monthly payment shall be accounted for as an asset or liability.

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

## **Changes in Lease Terms**

As described in earlier policies, leasehold improvements and deferred rent incentives are amortized over the initial lease term. If such lease term is changed prior to the expiration of the initial lease term, MCWIC will revise amortization to reflect the remaining lease term as of the effective date of the lease modification.

## **SOFTWARE ACQUISITION AND DEVELOPMENT COSTS**

### **Costs to Be Capitalized**

Certain costs incurred in connection with the acquisition or development of internal-use software shall be capitalized and reported as an asset of the Organization. The costs that shall be capitalized are those that are in excess of the Organization's capitalization threshold (explained earlier) and that meet any one of the following criteria:

1. External direct costs (i.e., amounts paid to vendors/contractors) of materials and services for developing or obtaining internal-use software ("developing" to include design, coding, installation, and testing).
2. Internal payroll and related benefit costs for employees who are directly associated with, and who devote time to, an internal-use software project (i.e., the same types of software development costs described above).
3. Interest costs incurred in developing software.
4. Costs associated with upgrades and enhancements when it is probable that these expenditures will result in additional functionality.

Costs that are capitalized in connection with the preceding policy shall be included as assets on the Organization's property and equipment listing, and shall be amortized over an estimated useful life in accordance with the previously stated policies on depreciation and amortization

### **Costs to Be Expensed As Incurred**

Many costs associated with 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/contractors
  - 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).

## **ASSET IMPAIRMENTS**

Long-lived assets of the Organization include personal property and equipment, land, buildings, intangible assets, and other noncurrent assets. In connection with long-lived assets, the organization shall record an impairment loss when the carrying amount (book value, net of any accumulated depreciation or amortization) is both:

1. Not recoverable (through sale, etc.); and
2. In excess of the asset's fair value.

Long-lived assets shall be tested for impairment whenever events or changes in circumstances indicate that an asset's carrying value may be impaired. Examples of such events or circumstances that the organization shall consider include:

1. A significant decrease in the market price of a long-lived asset.
2. A significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition.
3. A significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset, including an adverse action by a regulator.
4. An accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset.
5. A current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that indicates continuing losses associated with the use of a long-lived asset.
6. A current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

If the organization records an impairment loss in connection with a long-lived asset subject to depreciation or amortization, the reduced basis resulting from recording the loss shall be used as a new basis for calculating future periods' depreciation or amortization.

## **FAIR VALUE ACCOUNTING**

### **Scope**

Throughout this manual, numerous references are made to fair value accounting issues. Examples include the valuation of publicly-traded securities held as investments, valuation of contributed services, other contributed noncash assets, recording of asset impairment losses based on fair value declining below book value.

For purposes of this manual, the term “fair value” shall be defined as it is in SFAS 157: the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Determination of fair value shall be performed by the individuals identified in this manual associated with each type of fair value accounting issues. All fair value determinations in excess of \$500 shall be reviewed and approved by the Fiscal Manager.

### **Disclosures**

MCWIC shall comply with the disclosure requirements of SFAS 157, in that it will disclose information in the footnotes to the financial statements that enable readers of the financial statements to assess the inputs used to develop all material fair value measurements associated with assets and liabilities of the organization.

For any asset impairment losses recorded as a result of the policy described earlier, the organization shall disclose the reason for recording the impairment, in addition to the preceding disclosures.

## **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. . (See the preceding Gift Acceptance policy for procedures for determining whether to accept a gift that requires reclassification of net assets from unrestricted to temporarily restricted.)

### **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.

## 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 **and net assets by category (unrestricted, temporarily restricted, and/or permanently restricted.)**
2. **Statement of Activities** - presents support, revenues, expenses, and other changes in net assets of the 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 20<sup>th</sup> 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 accrual method of accounting, including all receivables and accounts payable.

## **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.

### **Quarterly 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 for review and approval, prior to being finalized.

## **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 may 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. **Form 990-T** – Annual tax return to report MCWIC’s unrelated trade or business activities (if any), filed with IRS. Form 990-T is due on the fifteenth day of the fifth month following year-end. An automatic 6-month extension of time to file Form 990-T may be obtained by filing Form 8868.
3. **Form 5500** – Annual return for MCWIC’s employee benefit plans. Form 5500 is due on the last day of the seventh month after the end of the plan year, but a 2½-month extension of time to file may be requested using Form 5558.
4. **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.
5. **Form 940** – Annual federal unemployment tax return filed with IRS, for all employers other than charitable organizations exempt from FUTA (but not necessarily state unemployment tax) under IRC section 501(c)(3), due January 31.
6. **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 and Form 990-T, if applicable), excluding the list of significant donors (Schedule B) that is attached to the Form 990, but including the accompanying Schedule A, and
2. 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 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.

## **OTHER TAX CONSIDERATIONS**

### **State and Local Property, Sales, Use & Income Taxes**

MCWIC will monitor state and local tax laws in locations where the Organization conducts business to ensure that it is complying with all applicable tax laws. Organizations that qualify as tax-exempt charitable entities under Section 501(c)(3) of the Internal Revenue Code for income tax purposes may need to apply separately for exemptions from state and local property and/or sales tax in the various locations where they conduct business. State and local tax rules vary widely from state to state

### **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
6. A donor or donor advisor to a donor-advised fund
7. An investment advisor of a sponsoring organization.

#### **Record of Transactions With Interested Persons**

The 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 subject to public access and disclosure requirements. Please see Public Access to Information Returns above. 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.

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## **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 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. **Budgets proposed and submitted by each department manager should be accompanied by a narrative explanation of the sources and uses of funds and should explain all material fluctuations in budgeted amounts from prior years.**

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, monthly performance (non-financial) reports are submitted to department managers and to the Executive Director.

### **Budget and Program Revisions**

MCWIC will request prior approval from federal awarding agencies for any of the following program or budget revisions: (2 CFR Part 200.308)

1. Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.
2. Change in a key person (Project Director, etc.) specified in the application or award document.
3. Disengagement for more than three months, or a 25% reduction in time devoted to the project, by the approved Project Director or principal investigator.
4. The need for additional federal funding.
5. The inclusion, unless waived by the federal awarding agency, of costs that require prior approval in accordance with 2 CFR Part 200.407, Prior written approval.
6. The transfer of funds allotted for participant support costs to other categories of expense.
7. Unless described in the application and funded in the approved awards, the subaward, transfer, or contracting out of any work under an award. (However, this provision does not apply to purchases of supplies, materials, equipment, or general support services.)

Changes in the amount of the approved cost-sharing or matching provided by the Organization

### **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 2 CFR Part 200.
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 2 CFR Part 200.500 – 521 and the appropriate Compliance Supplements.
10. Other information considered appropriate
11. Description of proposal and format requirements
12. Due date of proposals
13. Overview of selection process (i.e., whether finalists will be interviewed, when a decision shall be made, etc.)
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, and, if in concurrence, record them in the general ledger.

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 Board of Directors, 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.

**Definitions**

**“C + x”:** Refers to a retention period, in which “C” refers to the year of the Record's creation or acquisition, and “x” refers to the number of additional years the Record is to be kept after its creation or receipt. For example, a retention period indicated as *C + 3 years* means that a Record is to be kept for three years after the year of creation or acquisition.

**“A + x”:** Refers to a retention period, in which “A” refers to the year the Record's Active period expires (or when the Record becomes Inactive), and “x” refers to the number of additional years the Record is to be kept after the expiration of its Active period. For example, a retention period indicated as *A + 3 years* means that a Record is to be kept for three years after the year the Active period expires (i.e., three years after the Record becomes Inactive).

The formal records retention policy of MCWIC is as follows:

Accident reports/claims (settled Cases)	A + 7 Years
Accounts payable ledgers and schedules	A + 7 Years
Accounts receivable ledgers and schedules	A + 7 Years
Audit reports	Permanently
Bank reconciliations	C + 3 Years
Bank Statements	C + 3 Years
Chart of Accounts	Permanently
Cancelled Checks	C + 7 Years
Contracts, mortgages, notes and leases:	
Expired	C + 7 Years
Still in effect	Permanently
Correspondence:	
General	A + 2 Years
Legal and important matters only	Permanently
Routine with customers and/or vendors/contractors	A + 2 Years
Deeds, mortgages and bills of sales	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	A + 3 Years
Employment applications	A + 1 3/4 Years
Expense analyses/expense distribution schedule	A + 7 Years

Federal Grants Supporting Documentation (e.g. participant file)	A + 3 Years
Financial statements:	
Year end	Permanently
Other	Optional
Garnishments	A + 3 7 Years
General ledgers/year end trial balance	Permanently
Insurance policies (expired)	A + 3 Years
Insurance records (policies, claims, etc.)	Permanently
Internal audit reports	A + 3 Years
Internal reports	A + 3 Years
Inventories of products, materials and supplies	A + 7 Years
Invoices (to customers, from vendors/contractors)	A + 7 Years
Journals	Permanently
Minute books of directors, bylaws and charters	Permanently
Notes receivable ledgers and schedules	A + 7 Years
Payroll records and summaries	A + 7 Years
Personnel records (terminated)	A + 7 Years
Petty cash vouchers	A + 3 Years
Physical inventory tags	A + 3 Years
Property records (incl. depreciation schedules)	Permanently
Purchase orders:	
Purchasing department copy	C + 7 Years
Other copies	A + 1 Year
Receiving sheets	A + 1 Year
Retirement and pension records	Permanently
Requisitions	C + 1 Year
Sales records	C + 7 Years
Subsidiary ledgers	A + 7 Years
Tax returns and worksheets, examination reports and other documents relating to determination of income tax liability	Permanently
Time sheets/cards	A + 7 Years
Trademark registrations and copyrights	Permanently
Training manuals	Permanently
Voucher register and schedules	C + 7 Years
Withholding tax statements	C + 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 agency 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.

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

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

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 **2 CFR Part 200.500 – 521**, 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 2 CFR Part 200.501 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 **2 CFR Part 220.501**. For subrecipients that properly obtain an audit in accordance with **2 CFR Part 200.501**, 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. Requiring documentation of changes made to policies or forms used in administering the subaward
  - e. Arranging for on-site (at the subrecipient's office) oversight on a periodic basis by a member of 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. Reimbursing after-the-fact, and not provide advances.
  - i. Requiring review and approval for each disbursement and all out-of-area travel
  - j. Terminating the subaward relationship and seeking an alternative.



## Agenda Item 7.4

Consent

Action

Information

**To: Madera County Workforce Investment Corporation**

**From: Elaine Craig, Executive Director**

**Date: January 28, 2016**

**Subject: Approve Ethics Training**

**Recommendation:**

Staff recommend approval requiring MCWIC Board of Directors to bi-annually complete a two hour ethics training as currently required through the California Fair Political Practices Commission, or some other industry recognized ethics training.

**Summary:**

Due to the recent reassignment of Directors between the WDB and the MCWIC, staff are recommending maintaining the requirements related to ethics training as is, and was, required for the WDB Directors. The MCWIC Board of Director's has primary responsibility for financial oversight of public funds granted to the Corporation so it is essential that all possible steps are taken to maintain financial integrity and transparency.

**Financing:**

Workforce Innovation and Opportunity Act



## Agenda Item 7.5

Consent

Action

Information

**To: Madera County Workforce Investment Corporation**

**From: Elaine Craig, Executive Director**

**Date: January 28, 2016**

**Subject: Approve Form 700**

**Recommendation:**

Staff recommend approval of requiring MCWIC Board of Directors completing the Statements of Economic Interest - Form 700 as required by the California Fair Political Practices Commission on an annual basis.

**Summary:**

Due to the recent reassignment of Directors between the WDB and the MCWIC, staff are recommending maintaining the requirements related to the Form 700 as is, and was, required for the WDB Directors. The MCWIC Board of Director's has primary responsibility for financial oversight of public funds granted to the Corporation so it is essential that all possible steps are taken to maintain financial integrity and transparency. Staff determined that the statement of economic interest completed during the single audit is not satisfactory. An opinion from the Fair Political Practices Commission clearly determined, even though we are a non-profit, we receive funds from a government agency and thus the Form 700 should be completed. This was not an issue until we reassigned Directors from the WDB as the Form 700 was completed for that Board. Also, MCWIC Board of Directors must annually sign a statement that affirms they have received the Conflict of Interest Policy and read, agree to comply with and understand the Corporations tax exemption status.

**Financing:**

Workforce Innovation and Opportunity Act



## Agenda Item 7.6

Consent

Action

Information

**To: Madera County Workforce Investment Corporation**

**From: Elaine Craig, Executive Director**

**Date: January 28, 2016**

**Subject: Approve Financial Reports**

**Recommendation:**

Staff recommend approval of the year to date financial reports for the period ending September 2015 through December 2015.

**Summary:**

Attached are the financial reports for the periods ending September 2015 through December 2015. The reports include the Balance Sheet, Statement of Cash Flows, Statement of Revenues and Expenditures, Encumbrance Budget Report (Dec only), and bank reconciliation summary sheets for both the main and payroll accounts.

The Statement of Revenues and Expenditure report attached is a new report being added to the monthly financial report listing. The Statement of Revenue and Expenditure report is a snapshot of MCWIC's net assets resulting from income and expenses that have occurred during the period noted for the fiscal year. The report is grouped by grant purpose/activity, so instead of 19 separate funding categories being listed, they are grouped into 9 categories.

Rescission: On November 16, 2015, a Workforce Services Information Notice (WSIN15-16) was released by EDD advising all the LWDB's that the formula allotments were being revised due to a rescission passed down from DOL. The rescission reflected a .2108 percent and was only applied to round 2 formula allotments. Fortunately the rescissions were fairly insignificant for our local area and only equated to a total of \$2,251. Therefore, a budget adjustment will not be necessary.

**Financing:**

Workforce Innovation and Opportunity Act

## Madera County Workforce Investment Corporation

### Balance Sheet - Board Report FY 2015-2016

As of 10/31/2015

(In Whole Numbers)



	Current FY 2015-2016	Beginning Year Balance
<b>Assets</b>		
<b>Cash</b>		
Cash in BA - Main	243,665	44,147
Cash in BA - Payroll	14,517	17,414
<b>Total Cash</b>	258,181	61,562
Accounts Receivable	83,280	593,394
<b>Fixed Assets</b>		
Computer & Software	52,115	52,115
Office Equipment	12,904	12,904
Vehicles	2,125	2,125
Furniture & Fixtures	229	229
Accumulated Depreciation	(43,968)	(43,968)
<b>Total Fixed Assets</b>	23,406	23,406
<b>Total Assets</b>	364,867	678,362
<b>Liabilities and Net Assets</b>		
Accounts Payable	18,223	409,592
Employee Payroll and Taxes Payable		
Vacation Payable	48,565	30,642
Other	51,020	66,456
<b>Total Employee Payroll and Taxes Payable</b>	99,585	97,098
Employer Payroll Taxes Payable	6,025	6,123
Workers Compensation Payable	(15)	543
Dependent Benefits Payable	(632)	0
457 Plan Payable	6,062	5,449
<b>Net Income and Expenditures</b>		
Fund Balance	95,109	95,109
Net Assets - Capital Assets	64,448	64,448
Grant Revenue	1,432,922	0
Other Income	191,678	0
Interest Revenue	0	0
Software Maintenance	(4,672)	0
Other	(1,543,866)	0
<b>Total Net Income and Expenditures</b>	235,619	159,557
<b>Total Liabilities and Net Assets</b>	364,867	678,362

**Madera County Workforce Investment Corporation**

## Statement of Cash Flows

As of 10/31/2015

	Current Month	Current Year 2015-2016
Cash Flows from Operating Activities		
Increase in Net Assets	68,275.41	76,061.90
Increase in accounts receivable		
Accounts Receivable	<u>316,153.65</u>	<u>510,114.66</u>
Total Increase in accounts receivable	316,153.65	510,114.66
Increase in accounts payable		
Accounts Payable	<u>(232,548.18)</u>	<u>(391,368.40)</u>
Total Increase in accounts payable	(232,548.18)	(391,368.40)
Increase in accrued payroll and related expenses		
FIT Withholding Payable EE	121.43	(154.35)
Medicare Withholding Payable EE	29.73	34.67
Medicare Payable ER	29.76	34.65
Social Security Tax Payable ER	127.24	148.14
SIT Withholding Payable EE	59.16	(41.66)
CA SDI Payable EE	18.46	21.43
CA SUI Payable ER	54.66	(275.62)
CA Training Tax Payable ER	1.05	(5.30)
Social Security Withholding Payable EE	127.28	148.17
Worker's Compensation Payable	0.00	(558.35)
457 Withholding Payable	107.11	613.33
Payroll Payable	(4,169.73)	(15,370.87)
Vacation Payable	6,335.02	17,923.29
Dependent Medical Payable	(0.01)	(0.04)
Dependent Dental Payable	0.09	(551.55)
Dependent Vision Payable	0.02	(80.26)
EE Withholding Order	<u>(15.12)</u>	<u>(73.93)</u>
Total Increase in accrued payroll and related expenses	<u>2,826.15</u>	<u>1,811.75</u>
Total Cash Flows from Operating Activities	<u>154,707.03</u>	<u>196,619.91</u>
Cash Flows from Financing Activities	<u>154,707.03</u>	<u>196,619.91</u>
Cash and Cash Equivalents at the Beginning of Year		
Cash in BA - Main	95,180.83	44,147.45
Cash in BA - Payroll	<u>8,293.61</u>	<u>17,414.11</u>
Total Cash and Cash Equivalents at the Beginning of Year	<u>103,474.44</u>	<u>61,561.56</u>
Cash and Cash Equivalents as of Current Period End Date	<u>258,181.47</u>	<u>258,181.47</u>

**Madera County Workforce Investment Corporation**  
 Statement of Revenues and Expenditures - Board Report  
 From 7/1/2015 Through 10/31/2015

	Total	WIOA Grants	NEG/Prop 39	Rapid Response Layoff Aversion	Disability Employment Grants	CDBG
<b>Operating Revenue</b>						
Federal Revenue	1,432,921.54	766,198.20	635,506.00	12,062.34	19,155.00	0.00
Other Local & State Revenue	191,678.27	0.00	1,800.00	0.00	2,502.97	1,384.68
Other Income						
Interest Revenue	0.47	0.00	0.00	0.00	0.00	0.00
Total Other Income	0.47	0.00	0.00	0.00	0.00	0.00
<b>Total Operating Revenue</b>	<b>1,624,600.28</b>	<b>766,198.20</b>	<b>637,306.00</b>	<b>12,062.34</b>	<b>21,657.97</b>	<b>1,384.68</b>
<b>Total Revenue</b>	<b>1,624,600.28</b>	<b>766,198.20</b>	<b>637,306.00</b>	<b>12,062.34</b>	<b>21,657.97</b>	<b>1,384.68</b>
<b>Expenditures</b>						
Salaries	(558,112.80)	(371,037.11)	(2,414.32)	(9,602.47)	(16,697.17)	0.00
Payroll Taxes	(49,780.87)	(30,122.94)	(183.28)	(770.84)	(1,401.28)	0.00
Benefits	(54,452.17)	(46,467.41)	(166.53)	(802.01)	(2,837.65)	0.00
Materials & Supplies	(18,129.13)	(15,793.22)	0.00	(559.11)	(101.08)	(781.68)
Overhead/Operating Expenses	(141,805.55)	(123,895.59)	(3,234.59)	(2,062.67)	(5,605.50)	0.00
Client Program Contracts (SS, ITA, OJT, Contracts, etc.)	(726,257.86)	(242,963.22)	(481,663.64)	0.00	(820.00)	(811.00)
<b>Total Expenditures</b>	<b>(1,548,538.38)</b>	<b>(830,279.49)</b>	<b>(487,662.36)</b>	<b>(13,797.10)</b>	<b>(27,462.68)</b>	<b>(1,592.68)</b>
<b>Net Revenue Over Expenditures</b>	<b>76,061.90</b>	<b>(64,081.29)</b>	<b>149,643.64</b>	<b>(1,734.76)</b>	<b>(5,804.71)</b>	<b>(208.00)</b>

**Madera County Workforce Investment Corporation**

Statement of Revenues and Expenditures - Board Report

From 7/1/2015 Through 10/31/2015

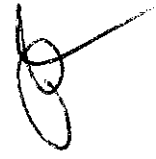
	<u>Dept. of Social Service Contracts</u>	<u>Foundation Grants</u>	<u>Realignment Grants</u>	<u>Unrestricted Corporate</u>
Operating Revenue				
Federal Revenue	0.00	0.00	0.00	0.00
Other Local & State Revenue	147,377.61	0.00	34,214.82	4,398.19
Other Income				
Interest Revenue	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.47</u>
Total Other Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.47</u>
Total Operating Revenue	<u>147,377.61</u>	<u>0.00</u>	<u>34,214.82</u>	<u>4,398.66</u>
Total Revenue	<u>147,377.61</u>	<u>0.00</u>	<u>34,214.82</u>	<u>4,398.66</u>
Expenditures				
Salaries	(124,089.55)	(1,073.24)	(21,939.05)	(11,259.89)
Payroll Taxes	(14,504.96)	(95.63)	(1,790.24)	(911.70)
Benefits	(393.15)	(220.75)	(3,340.68)	(223.99)
Materials & Supplies	(3.04)	(9.61)	(855.32)	(26.07)
Overhead/Operating Expenses	(3,697.34)	(232.24)	(6,289.53)	3,211.91
Client Program Contracts (SS, ITA, OJT, Contracts, etc.)	0.00	0.00	0.00	0.00
Total Expenditures	<u>(142,688.04)</u>	<u>(1,631.47)</u>	<u>(34,214.82)</u>	<u>(9,209.74)</u>
Net Revenue Over Expenditures	<u>4,689.57</u>	<u>(1,631.47)</u>	<u>0.00</u>	<u>(4,811.08)</u>

Madera County Workforce Investment Corporation  
Reconcile Cash Accounts

Summary

Cash Account: 1020 Cash in BA - Payroll  
 Reconciliation ID: Reconciliation for 1020 for 10/31/2015  
 Reconciliation Date: 10/31/2015  
 Status: Open

Bank Balance	14,821.31
Less Outstanding Checks/Vouchers	304.53
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	14,516.78
Balance Per Books	<u>14,516.78</u>
Unreconciled Difference	<u><u>0.00</u></u>



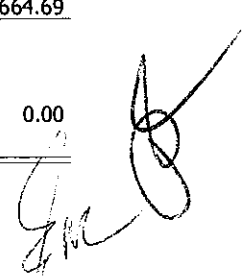

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Madera County Workforce Investment Corporation  
 Reconcile Cash Accounts

Summary

Cash Account: 1010 Cash in BA - Main  
 Reconciliation ID: Bank Reconciliation for 1010 for October 2015  
 Reconciliation Date: 10/31/2015  
 Status: Open

Bank Balance	414,535.50
Less Outstanding Checks/Vouchers	170,870.81
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	243,664.69
Balance Per Books	<u>243,664.69</u>
Unreconciled Difference	<u><u>0.00</u></u>



Click the Next Page toolbar button to view details.

**Madera County Workforce Investment Corporation****Balance Sheet - Board Report FY 2015-2016**

As of 11/30/2015

(In Whole Numbers)

*GM*

	Current FY 2015-2016	Beginning Year Balance
<b>Assets</b>		
<b>Cash</b>		
Cash in BA - Main	112,032	44,147
Cash in BA - Payroll	74,452	17,414
<b>Total Cash</b>	<b>186,484</b>	<b>61,562</b>
Accounts Receivable	68,933	593,394
<b>Fixed Assets</b>		
Computer & Software	52,765	52,115
Office Equipment	12,904	12,904
Vehicles	2,125	2,125
Furniture & Fixtures	229	229
Accumulated Depreciation	(43,968)	(43,968)
<b>Total Fixed Assets</b>	<b>24,056</b>	<b>23,406</b>
<b>Total Assets</b>	<b>279,473</b>	<b>678,362</b>
<b>Liabilities and Net Assets</b>		
Accounts Payable	231,142	409,592
<b>Employee Payroll and Taxes Payable</b>		
Vacation Payable	52,472	30,642
Other	40,356	66,456
<b>Total Employee Payroll and Taxes Payable</b>	<b>92,828</b>	<b>97,098</b>
Employer Payroll Taxes Payable	5,384	6,123
Workers Compensation Payable	(15)	543
Dependent Benefits Payable	(634)	0
457 Plan Payable	5,719	5,449
<b>Net Income and Expenditures</b>		
Fund Balance	95,109	95,109
Net Assets - Capital Assets	64,448	64,448
Grant Revenue	1,645,984	0
Other Income	231,455	0
Interest Revenue	1	0
Software Maintenance	(4,672)	0
Other	(2,087,275)	0
<b>Total Net Income and Expenditures</b>	<b>(54,951)</b>	<b>159,557</b>
<b>Total Liabilities and Net Assets</b>	<b>279,473</b>	<b>678,362</b>

**Madera County Workforce Investment Corporation**  
 Statement of Revenues and Expenditures - Board Report  
 From 7/1/2015 Through 11/30/2015

	Total	WIOA Grants	NEG/Prop 39	Rapid Response Layoff Aversion	Disability Employment Grants	CDBG
<b>Operating Revenue</b>						
Federal Revenue	1,645,983.54	920,267.20	682,787.00	14,453.34	28,476.00	0.00
Other Local & State Revenue	231,455.31	0.00	1,800.00	0.00	2,502.97	1,384.68
Other Income						
Interest Revenue	0.71	0.00	0.00	0.00	0.00	0.00
Total Other Income	0.71	0.00	0.00	0.00	0.00	0.00
<b>Total Operating Revenue</b>	<b>1,877,439.56</b>	<b>920,267.20</b>	<b>684,587.00</b>	<b>14,453.34</b>	<b>30,978.97</b>	<b>1,384.68</b>
<b>Total Revenue</b>	<b>1,877,439.56</b>	<b>920,267.20</b>	<b>684,587.00</b>	<b>14,453.34</b>	<b>30,978.97</b>	<b>1,384.68</b>
<b>Expenditures</b>						
Salaries	(690,406.98)	(460,640.88)	(2,414.32)	(10,785.65)	(22,556.81)	0.00
Payroll Taxes	(61,844.56)	(37,887.93)	(183.28)	(873.32)	(1,909.09)	0.00
Benefits	(74,525.42)	(63,767.46)	(166.53)	(1,058.20)	(4,100.75)	0.00
Materials & Supplies	(20,102.13)	(17,151.46)	0.00	(566.14)	(196.83)	(1,177.60)
Overhead/Operating Expenses	(165,689.71)	(144,170.13)	(3,234.59)	(2,323.05)	(6,978.01)	0.00
Client Program Contracts (SS, ITA, OJT, Contracts, etc.)	(1,079,377.89)	(318,453.61)	(758,393.28)	0.00	(960.00)	(1,571.00)
<b>Total Expenditures</b>	<b>(2,091,946.69)</b>	<b>(1,042,071.47)</b>	<b>(764,392.00)</b>	<b>(15,606.36)</b>	<b>(36,701.49)</b>	<b>(2,748.60)</b>
<b>Net Revenue Over Expenditures</b>	<b>(214,507.13)</b>	<b>(121,804.27)</b>	<b>(79,805.00)</b>	<b>(1,153.02)</b>	<b>(5,722.52)</b>	<b>(1,363.92)</b>

**Madera County Workforce Investment Corporation**  
 Statement of Revenues and Expenditures - Board Report  
 From 7/1/2015 Through 11/30/2015

	<u>Dept. of Social Service Contracts</u>	<u>Foundation Grants</u>	<u>Realignment Grants</u>	<u>Unrestricted Corporate</u>
Operating Revenue				
Federal Revenue	0.00	0.00	0.00	0.00
Other Local & State Revenue	180,842.29	0.00	39,971.82	4,953.55
Other Income				
Interest Revenue	0.00	0.00	0.00	0.71
Total Other Income	0.00	0.00	0.00	0.71
Total Operating Revenue	<u>180,842.29</u>	<u>0.00</u>	<u>39,971.82</u>	<u>4,954.26</u>
Total Revenue	<u>180,842.29</u>	<u>0.00</u>	<u>39,971.82</u>	<u>4,954.26</u>
Expenditures				
Salaries	(152,160.55)	(1,973.75)	(25,850.32)	(14,024.70)
Payroll Taxes	(17,548.49)	(172.23)	(2,119.15)	(1,151.07)
Benefits	(538.40)	(388.50)	(4,118.50)	(387.08)
Materials & Supplies	(20.74)	(50.76)	(907.29)	(31.31)
Overhead/Operating Expenses	(6,546.65)	(395.05)	(6,976.56)	4,934.33
Client Program Contracts (SS, ITA, OJT, Contracts, etc.)	0.00	0.00	0.00	0.00
Total Expenditures	<u>(176,814.83)</u>	<u>(2,980.29)</u>	<u>(39,971.82)</u>	<u>(10,659.83)</u>
Net Revenue Over Expenditures	<u>4,027.46</u>	<u>(2,980.29)</u>	<u>0.00</u>	<u>(5,705.57)</u>

Madera County Workforce Investment Corporation  
Reconcile Cash Accounts

Summary

Cash Account: 1020 Cash in BA - Payroll  
Reconciliation ID: Bank Reconciliation for 1020 for November 2015  
Reconciliation Date: 11/30/2015  
Status: Open

Bank Balance	76,254.90
Less Outstanding Checks/Vouchers	1,802.49
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	74,452.41
Balance Per Books	<u>74,452.41</u>
Unreconciled Difference	<u><u>0.00</u></u>



Click the Next Page toolbar button to view details.

Madera County Workforce Investment Corporation  
Reconcile Cash Accounts

Summary

Cash Account: 1010 Cash in BA - Main  
 Reconciliation ID: Bank Reconciliation for 1010 for November 2015  
 Reconciliation Date: 11/30/2015  
 Status: Open

Bank Balance	153,927.51
Less Outstanding Checks/Vouchers	41,895.59
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	112,031.92
Balance Per Books	<u>112,031.92</u>
Unreconciled Difference	<u><u>0.00</u></u>

Click the Next Page toolbar button to view details.

**Madera County Workforce Investment Corporation****Balance Sheet - Board Report FY 2015-2016**

As of 12/31/2015

(In Whole Numbers)

	Current FY 2015-2016	Beginning Year Balance
<b>Assets</b>		
Cash		
Cash in BA - Main	56,683	44,147
Cash in BA - Payroll	77,092	17,414
Total Cash	<u>133,774</u>	<u>61,562</u>
Accounts Receivable	78,275	593,394
Fixed Assets		
Computer & Software	57,996	52,115
Office Equipment	12,904	12,904
Vehicles	2,125	2,125
Furniture & Fixtures	229	229
Accumulated Depreciation	(43,968)	(43,968)
Total Fixed Assets	<u>29,287</u>	<u>23,406</u>
Total Assets	<u><u>241,337</u></u>	<u><u>678,362</u></u>
<b>Liabilities and Net Assets</b>		
Accounts Payable	10,429	409,592
Employee Payroll and Taxes Payable		
Vacation Payable	61,068	30,642
Other	32,828	66,456
Total Employee Payroll and Taxes Payable	<u>93,896</u>	<u>97,098</u>
Employer Payroll Taxes Payable	7,253	6,123
Workers Compensation Payable	(15)	543
Dependent Benefits Payable	(665)	0
457 Plan Payable	5,681	5,449
Net Income and Expenditures		
Fund Balance	95,109	95,109
Net Assets - Capital Assets	64,448	64,448
Grant Revenue	2,226,937	0
Other Income	282,245	0
Interest Revenue	1	0
Software Maintenance	(4,852)	0
Other	(2,539,129)	0
Total Net Income and Expenditures	<u>124,758</u>	<u>159,557</u>
Total Liabilities and Net Assets	<u><u>241,337</u></u>	<u><u>678,362</u></u>

**Madera County Workforce Investment Corporation**

## Statement of Cash Flows

As of 12/31/2015

	Current Month	Current Year 2015-2016
Cash Flows from Operating Activities		
Increase in Net Assets	179,708.32	(34,798.81)
Increase in accounts receivable		
Accounts Receivable	<u>(9,342.38)</u>	<u>515,119.39</u>
Total Increase in accounts receivable	(9,342.38)	515,119.39
Increase in accounts payable		
Accounts Payable	<u>(220,712.75)</u>	<u>(399,163.05)</u>
Total Increase in accounts payable	(220,712.75)	(399,163.05)
Increase in accrued payroll and related expenses		
FIT Withholding Payable EE	(63.45)	(671.77)
Medicare Withholding Payable EE	12.74	(46.99)
Medicare Payable ER	12.74	(47.08)
Social Security Tax Payable ER	54.47	(201.30)
SIT Withholding Payable EE	(54.37)	(214.19)
CA SDI Payable EE	7.90	(29.27)
CA SUI Payable ER	1,744.21	1,328.47
CA Training Tax Payable ER	57.52	49.52
Social Security Withholding Payable EE	54.49	(201.30)
Worker's Compensation Payable	0.00	(558.35)
457 Withholding Payable	(37.97)	232.29
Payroll Payable	(7,668.34)	(32,528.91)
Vacation Payable	8,595.57	30,425.97
Dependent Medical Payable	(2.56)	(5.16)
Dependent Dental Payable	0.09	(551.37)
Dependent Vision Payable	(28.15)	(108.39)
EE Withholding Order	<u>183.49</u>	<u>64.56</u>
Total Increase in accrued payroll and related expenses	<u>2,868.38</u>	<u>(3,063.27)</u>
Total Cash Flows from Operating Activities	<u>(47,478.43)</u>	<u>78,094.26</u>
Cash Flows From Investing Activities:		
Purchase of property and equipment		
Computer & Software	<u>(5,231.52)</u>	<u>(5,881.44)</u>
Total Purchase of property and equipment	<u>(5,231.52)</u>	<u>(5,881.44)</u>
Total Cash Flows From Investing Activities:	<u>(5,231.52)</u>	<u>(5,881.44)</u>
Net Cash used in investing activities	<u>(5,231.52)</u>	<u>(5,881.44)</u>
Cash Flows from Financing Activities	<u>(52,709.95)</u>	<u>72,212.82</u>
Cash and Cash Equivalents at the Beginning of Year		
Cash in BA - Main	112,031.92	44,147.45
Cash in BA - Payroll	<u>74,452.41</u>	<u>17,414.11</u>
Total Cash and Cash Equivalents at the Beginning of Year	<u>186,484.33</u>	<u>61,561.56</u>
Cash and Cash Equivalents as of Current Period End Date	<u>133,774.38</u>	<u>133,774.38</u>

**Madera County Workforce Investment Corporation**

Statement of Revenues and Expenditures - Board Report

From 7/1/2015 Through 12/31/2015

	<u>Total</u>	<u>WIOA Grants</u>	<u>NEG/Prop 39</u>	<u>Rapid Response Layoff Aversion</u>	<u>Disability Employment Grants</u>	<u>CDBG</u>
<b>Operating Revenue</b>						
Federal Revenue	2,226,936.54	1,211,174.20	952,023.00	18,644.34	41,928.00	0.00
Other Local & State Revenue	282,244.53	0.00	5,876.50	0.00	2,502.97	2,930.60
Other Income						
Interest Revenue	0.95	0.00	0.00	0.00	0.00	0.00
Total Other Income	0.95	0.00	0.00	0.00	0.00	0.00
<b>Total Operating Revenue</b>	<u>2,509,182.02</u>	<u>1,211,174.20</u>	<u>957,899.50</u>	<u>18,644.34</u>	<u>44,430.97</u>	<u>2,930.60</u>
<b>Total Revenue</b>	<u>2,509,182.02</u>	<u>1,211,174.20</u>	<u>957,899.50</u>	<u>18,644.34</u>	<u>44,430.97</u>	<u>2,930.60</u>
<b>Expenditures</b>						
Salaries	(822,252.42)	(541,128.67)	(2,414.32)	(14,891.21)	(29,569.95)	0.00
Payroll Taxes	(75,617.93)	(46,202.76)	(183.28)	(1,296.48)	(2,628.96)	0.00
Benefits	(94,386.50)	(79,112.82)	(166.53)	(1,901.93)	(5,795.78)	0.00
Materials & Supplies	(29,987.44)	(22,609.74)	(3,127.50)	(830.85)	(648.64)	(1,177.60)
Overhead/Operating Expenses	(183,399.46)	(161,575.46)	(3,234.59)	(3,141.11)	(8,545.38)	0.00
Client Program Contracts (S5, ITA, OJT, Contracts, etc.)	(1,338,337.08)	(397,627.57)	(937,736.51)	0.00	(1,220.00)	(1,753.00)
<b>Total Expenditures</b>	<u>(2,543,980.83)</u>	<u>(1,248,257.02)</u>	<u>(946,862.73)</u>	<u>(22,061.58)</u>	<u>(48,408.71)</u>	<u>(2,930.60)</u>
<b>Net Revenue Over Expenditures</b>	<u>(34,798.81)</u>	<u>(37,082.82)</u>	<u>11,036.77</u>	<u>(3,417.24)</u>	<u>(3,977.74)</u>	<u>0.00</u>

**Madera County Workforce Investment Corporation**  
 Statement of Revenues and Expenditures - Board Report  
 From 7/1/2015 Through 12/31/2015

	<u>Dept. of Social Service Contracts</u>	<u>Foundation Grants</u>	<u>Realignment Grants</u>	<u>Unrestricted Corporate</u>
Operating Revenue				
Federal Revenue	0.00	0.00	0.00	3,167.00
Other Local & State Revenue	216,316.33	0.00	49,109.22	5,508.91
Other Income				
Interest Revenue	0.00	0.00	0.00	0.95
Total Other Income	0.00	0.00	0.00	0.95
Total Operating Revenue	216,316.33	0.00	49,109.22	8,676.86
<b>Total Revenue</b>	<u>216,316.33</u>	<u>0.00</u>	<u>49,109.22</u>	<u>8,676.86</u>
Expenditures				
Salaries	(182,262.44)	(2,635.22)	(31,469.51)	(17,881.10)
Payroll Taxes	(20,822.19)	(240.76)	(2,694.75)	(1,548.75)
Benefits	(654.45)	(558.08)	(5,578.79)	(618.12)
Materials & Supplies	(186.31)	(96.49)	(1,242.22)	(68.09)
Overhead/Operating Expenses	(8,882.06)	(532.60)	(8,123.95)	10,635.69
Client Program Contracts (SS, ITA, OJT, Contracts, etc.)	0.00	0.00	0.00	0.00
Total Expenditures	(212,807.45)	(4,063.15)	(49,109.22)	(9,480.37)
<b>Net Revenue Over Expenditures</b>	<u>3,508.88</u>	<u>(4,063.15)</u>	<u>0.00</u>	<u>(803.51)</u>

Madera County Workforce Investment Corporation  
 Encumbrance Budget - Board Report - Budget Balance  
 From 7/1/2015 Through 12/31/2015

GL	Activity	Account Title	FY 15-16 Budget		Encumbrances	Budget Balance
			Board Approved 10.22.15	Revenue & Expenditures		
<b>Revenue</b>						
4000		Federal Grant Revenue	5,718,456	2,226,937	-	3,491,519
4100		Contribution Revenue	-	-	-	-
4300		State/Local Grant Revenue	1,163,484	282,245	-	881,239
4500		Interest Revenue	-	1	-	(1)
<b>Total Revenue</b>			<b>6,881,940</b>	<b>2,509,182</b>	<b>-</b>	<b>4,372,758</b>
<b>Expenditures</b>						
5100		Staff Salaries (Reg & Vac)				
	0000	General Operations	1,295,910	648,761	-	647,149
	9039	Paid Work Experience	797,135	173,491	-	623,644
5111		Employer Medicare Expense				
	0000	General Operations	18,791	9,332	-	9,459
	9039	Paid Work Experience	11,553	2,516	-	9,037
5112		Social Security Employer Exp				
	0000	General Operations	80,346	39,902	-	40,444
	9039	Paid Work Experience	49,399	10,756	-	38,643
5115		CA Unemployment Insurance Exp				
	0000	General Operations	8,736	1,814	-	6,922
	9039	Paid Work Experience	41,431	6,726	-	34,705
5116		CA Training Tax Expense				
	0000	General Operations	168	54	-	114
	9039	Paid Work Experience	797	134	-	663
5120		Workers Compensation Expense	15,846	6,063	-	9,783
5130		Group Health Insurance Expense	176,180	86,280	64,568	25,332
5140		Employers 457 Expense	77,755	38,240	-	39,515
5160		Group Dental Insurance	8,910	5,954	4,710	(1,753)
5170		Group Vision Insurance	2,211	1,328	1,013	(130)
5180		Group Life Insurance	792	462	369	(39)
5200		Materials and Supplies	46,058	9,497	608	35,953
5300		Rent Expense	78,672	44,668	32,558	1,446
5320		Telephone Expense	5,600	2,813	3,405	(618)
5330		Utilities Expense	24,500	14,678	10,522	(700)
5400		Postage Expense	400	149	149	102
5410		Printing Expense	14,600	302	1,316	12,982
5420		Advertising Expense	20,000	3,981	-	16,019
5430		Bank Charges	250	252	-	(2)
5440		Dues and Membership Expense	7,000	4,625	930	1,445
5450		Publications Expense	1,500	760	168	571
5500		Auditing Fees	18,500	11,500	3,750	3,250

Madera County Workforce Investment Corporation  
 Encumbrance Budget - Board Report - Budget Balance  
 From 7/1/2015 Through 12/31/2015

AGENDA ITEM 7.6

GL	Activity	Account Title	FY 15-16 Budget			
			Board Approved 10.22.15	Revenue & Expenditures	Encumbrances	Budget Balance
5510		Legal Fees	20,000	1,043	747	18,211
5520		Consulting Fees				
	0000	General Operations	10,000	4,223	-	5,778
	9040	Subrecipient Contract	144,754	-	45,695	99,059
5530		Taxes and Fees	530	97	352	81
5600		Office Equipment	5,000	3	-	4,997
5610		Equipment Maintenance	14,000	5,372	6,729	1,898
5620		Equipment Rental	7,240	3,123	3,443	674
5630		Software Expense	14,500	1,632	-	12,868
5631		Software Maintenance	-	4,852	-	(4,852)
5640		Internet Expense	3,500	1,764	2,428	(692)
5650		Computer Hardware	20,000	5,881	-	14,119
5660		Furniture & Fixtures	5,000	-	-	5,000
5710		Employee Education Expense	7,500	5,991	60	1,449
5720		Staff Travel Expense	23,861	4,342	843	18,676
5730		Conference, Conventions & Meetings	5,000	4,514	644	(157)
5800		Subcontracted Program Services				
	9021	Skills Training (ITA)	461,260	112,373	85,832	263,055
	9022	On-The-Job (OJT) Training	87,561	66,172	33,227	(11,838)
	9036	Kings View-Subrecipient Contract	602,871	235,919	366,952	0
	9039	Paid Work Experience	20,589	1,678	-	18,911
	9040	Subrecipient	2,331,544	903,939	1,381,447	46,158
	9052	Support Services - Other	68,843	10,526	4,203	54,114
	9054	Supportive Service-Transportation Assista	20,000	16,746	18,006	(14,752)
	9055	Supportive Service-Medical	-	-	66	(66)
5810		General Outside Services	61,034	27,758	33,711	(435)
5900		Insurance Expense	6,306	6,873	2,887	(3,454)
5950		Allocation of Common Costs	-	-	-	-
5980		Fixed Assets - Expense Offset	-	(5,881)	-	5,881
<b>Total Expenses</b>			<u>6,743,933</u>	<u>2,543,981</u>	<u>2,111,336</u>	<u>2,088,617</u>
<b>Balance Revenue less Expenses</b>			<u>138,007</u>	<u>(34,799)</u>		

Madera County Workforce Investment Corporation  
Reconcile Cash Accounts

Summary

Cash Account: 1010 Cash in BA - Main  
Reconciliation ID: Bank Reconciliation for 1010 for 12/31/2015  
Reconciliation Date: 12/31/2015  
Status: Open

Bank Balance	145,475.62
Less Outstanding Checks/Vouchers	88,793.11
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	56,682.51
Balance Per Books	<u>56,682.51</u>
Unreconciled Difference	<u><u>0.00</u></u>



Click the Next Page toolbar button to view details.

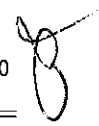


**Madera County Workforce Investment Corporation  
Reconcile Cash Accounts**

**Summary**

**Cash Account: 1020 Cash in BA - Payroll**  
**Reconciliation ID: Bank Reconciliation for 1020 for 12/31/2015**  
**Reconciliation Date: 12/31/2015**  
**Status: Open**

Bank Balance	77,359.36
Less Outstanding Checks/Vouchers	267.49
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	77,091.87
Balance Per Books	<u>77,091.87</u>
Unreconciled Difference	<u>0.00</u>




**Click the Next Page toolbar button to view details.**



## Agenda Item 8.1

Consent

Action

Information

**To: Madera County Workforce Investment Corporation**

**From: Elaine Craig, Executive Director**

**Date: January 28, 2016**

**Subject: Grants/Projects Update**

### **Information:**

- We have completed the contract with California Department of Corrections and Rehabilitation (CDCR) and did not renew the contract.
- CCP/AB109: This contract was renewed for 2015-2016 with an increase in funding. We continue to provide in custody job readiness workshops at the Madera County Department of Corrections facility. Evaluations from the participants, and DOC staff, have been excellent, and some of the participants have started to come into the Center after they are released from the facility and are ready to begin training or job search. We are also conducting specialized, 3 hour orientation sessions twice per month for individuals referred from County Corrections and Probation. The sessions assist these customers to access the services they need to become employed.
- Unfortunately we were not successful in our application to the Department of Labor to provide a One Stop at the DOC. Staff would like it noted that all grantees from the DoL were in urban areas, however, we have recently been notified of another round of funding for this project and will be resubmitting an application. The previous stakeholders and partners are still interested in participating in this project.
- Dislocated Worker – Additional Assistance Grant: We continue to work with and assist impacted employees from Chukchansi Gold Resort & Casino with the \$500,000 grant we applied for and received. This funding expires March 31, 2016 and we will be successful in expending the entire amount.
- Wells Fargo Grants: We have received an additional \$10,000 from Wells Fargo to continue to provide resources and assistance to veterans in the community. The intent for use of this second round of funding is to continue with the work started last year. We will continue to recruit Veteran Mentors, increase advertising and outreach to the Veteran community, participate in all Veteran-oriented community events, and continue to add resources and options to improve our web-based Veteran Resource Center, including the addition of an on-line interest form. Planning is also underway for Veteran-focused Financial Literacy

workshops, as well as an Employer Panel/Forum event to provide interaction opportunities between our Veteran customers and local employers. We have met with a veteran consultant that we have worked with on other projects to consult in order to provide the best services and resources to the veteran community. We are considering using these funds to pay for a dedicated Veterans sign on the old Chicago Title sign and have recently received a quote. We have also received \$15,000 to assist single parent female households with a staff navigator and mentor to identify community resources and navigate barriers and challenges faced by this particular population. We were again invited to submit a letter of interest and subsequently an application for a rural workforce development \$75,000 grant (this is invitation only). This project, if funded, will continue the preliminary work for the single female households. Unfortunately, even though we were a finalist in the review process, ultimately we were not one of the successful applicants.

- **Veteran Power Pathways Grant:** We successfully completed this project. This grant was in collaboration with Fresno and Kings County. A cohort of 20 veterans and one veteran spouse completed the training in gas and electric through Pacific Gas and Electric at the Madera Center. We also had three veterans attend either the Kings or Fresno cohort in addition to the 21 in Madera. We added a pre-apprenticeship component in electrical and pipefitter/plumber after the completion of the PG&E training. FCC CTE provided a week long forklift certification training. The veterans will receive certification in OSHA 10, First Aid/CPR/AED, Flagger, Mark and Locate and Traffic Control as well as the completion certification for the PG&E training. We provided personal protection equipment and items such as boots and gloves, safety glasses, etc. They also received mileage reimbursement.
- **PG&E Call Center OJT Project:** PG&E has asked if we would participate in a project providing 20 veterans with direct placement at the Fresno Call Center using the OJT mechanism. We would subsidize 50% of the approximate \$20 per hour wage for 12 weeks. These veterans, if successful in the OJT, would have full time employment with PG&E, full benefits, and the ability to move up in the company in different department and jobs. This project is continuing and 6 candidates have been identified from Madera and Fresno and are currently working at the PG&E Call Center. This project was completed in December 2015 and was highly successful. All 16 original veterans hired under the OJT were retained by PGE.
- **Staff have also reached out to PG&E in order to apply for grant monies for their 2016 award period and received a positive response for us to be an applicant for community education and training. We have subsequently held a conference call with PG&E and have identified an area where there is mutual interest for an application and project working with Individuals with a Disability.**
- **Disability Employment Initiative:** We have successfully completed this project and continue to increase our Ticket to Work assignments and revenue. We received funding to provide Technical Assistance to Merced County, as they are a recent DEI grant recipient.
- **Disability Employment Accelerator Grant:** We have been awarded funds through this grant of approximately \$166,000 to assist individuals with a disability gain employment and/or receive upgrade skills training for retention or advancement and to educate, inform and engage employers.
- **Prop 39 Pre-Apprenticeship Grant:** We recently completed a cohort of 17 customers who received training in several trades from the labor halls. This was a grant with Fresno and

Kings County.

- Community Development Block Grant: We received \$13,000 from the City of Madera for 2015-16 to serve adult low-income City of Madera residents. We are to enroll at least ten (10) participants. This is third year we have been awarded these funds.
- We are constantly searching for funding opportunities through various Foundations and other institutions due to our non-profit status. We are building a system in that we are notified of grant opportunities and the deadline dates so we do not miss appropriate and viable opportunities. We are currently reviewing the Strengthening Working Families Initiative and Grant where child care and other supportive services are paid for in order for working parent(s) to attend and successfully complete training for employment or advancement.
- The Central California Workforce Collaborative, with Madera as the lead, received \$20,000 for the Governor's Office Slingshot Initiative which is being administered by the State Board for the planning phase of this project, which has been successfully developed. Fresno will be the lead for the \$1m implementation phase. This initiative is to regionalize and enhance collaboration and partnerships with stakeholders for training and employment of valley residents. While the Valley is known for its collaboration and regional efforts around workforce development, the approach of this initiative is unique in that it encourages and allows for out of the box and risk taking projects to enhance access to career pathways and self-sufficiency. The planning phase brought numerous partners together such as EDC, Community Colleges and manufacturing employers to determine the need of the workforce specific to manufacturing, advanced manufacturing, value added manufacturing with the intent to utilize the \$1m funds to implement and/or resolve the challenges and needs identified by the Compact with strategies such as prior learning assessment and reciprocity for demand curriculum across community college campuses.
- National Emergency Jobs Driven Grant: The Central California Workforce Collaborative have been successfully implementing this grant for long-term unemployed customers across the region, with Madera as the lead. This project requires 30% of the total funds, which is approximately \$3m for the region, to be spent on work-based learning activities such as OJT, Intern/Extern, PWEX, Job Shadow. This grant will also fund a regional economic and skills gap analysis with local data also being provided. This will assist in the local and regional plans that are required but also will benefit employers and partners to determine needs and gaps in the local communities. We have recently requested an extension of six months and a modification to the eligibility criteria in order to expend the dollars associated with this grant and to increase the number of participants regionally. We are waiting to hear from DoL on this request.
- The California Workforce Investment Board has approved our application to be designated a High Performing Workforce Board.
- The California Workforce Investment Board has also approved our application for designation as a local workforce investment area under WIOA as well as certification of the Workforce Development Board under WIOA. This is a requirement of WIOA and will be for a two year period for the local area and we will be required to reapply in March 2016 for continued certification of the WDB. We have recently received the Directive to begin the process for recertification of the WDB with the application due to EDD by March 31, 2016. Staff do not believe there will be any issue with this application as we have successfully met and complied with all requirements.

- Under the auspices and umbrella of the WDB, staff will be facilitating and hosting employer resource events. In October staff will be facilitating an employer event sponsored by PGE and SBDC/Fresno State with a number of partner agencies such as EDC and GoBiz, where in information and resources will be provided to local employers. This was a very successful event with over 30 employers attending.
- Staff are also assisting the currently funded Youth provider with the transition to WIOA for Out of School Youth. This transition is going well and the Youth provider, previously Kings View Ready Set Go has rebranded to Skills 4 Success (S4S) for a young adult program.

**Financing:**

Workforce Innovation and Opportunity Act



**MADERA COUNTY  
WORKFORCE  
INVESTMENT CORPORATION**

**Agenda Item 8.2**

Consent

Action

Information

**To: Madera County Workforce Investment Corporation**

**From: Elaine Craig, Executive Director**

**Date: January 28, 2016**

**Subject: Facilities Update**

**Information:**

The County completed letting an RFP to better determine costs associated with the construction of the County Campus building. The Executive Director was recently contacted by the County to confirm our continued interest in being a tenant in the facility and, in fact, is participating on the review panel for the five proposals received. The panel recently provided a "short list" of three proposals to interview and we have subsequently held confidential interviews with the three companies. There has recently been a delay due to some changes to the scope of work and final interviews are now pushed out to March 2016.

In the interim, staff have been exploring the possibility of moving to the old RMA building on Cleveland next to WalMart. Staff were provided with a tour of the building by the new owner. It is 37,000 sq. ft. and the owner would prefer to lease the entire building to one tenant (One Stop and partners) vs having several non-related tenants. The building is essentially turn-key with partitions still in place. This causes a challenge in that, can staff reasonably identify enough appropriate partners who can and would relocate to that building and would occupy the entire 37,000 sq. ft. EDD/DSG recently toured the building with the owner for a preliminary architectural design to determine the viability of EDD relocating to the building. Staff have been meeting with various possible partners and have notified the County about this possibility but without removing us as possible tenants from the County building. We are still in the process of meeting with potential partners and are hoping that one of the partners that would need a considerable amount of space is able to join us. They hope to take the proposal for the move to their Board the first part of February. We also have a developer who indicated interest in building a One Stop for us on property he already owns and we are trying to schedule a meeting to further discuss. Staff will continue to update the Board and will seek direction and guidance as necessary for a final determination.

**Financing:**

Workforce Innovation and Opportunity Act



### Agenda Item 8.3

Consent

Action

Information

**To: Madera County Workforce Investment Corporation**

**From: Elaine Craig, Executive Director**

**Date: January 28, 2016**

**Subject: Workforce Development Board Update**

**Information:**

The Workforce Development Board of Madera County, newly named from the Madera County Workforce Investment Board to align with WIOA, has held a facilitated strategic planning session and at the December 2015 Board meeting approved numerous changes, such as ByLaws, Policies, MOU Development, CLEO, Committee Structure, a Dashboard tool to assist with continued strategic planning. The Board is forming ad-hoc work groups to work on the many areas for successful transition to WIOA. The WDB continued to be in compliance with the WIOA required composition of partners and private sector majority.

**Financing:**

Workforce Innovation and Opportunity Act



## Agenda Item 8.4

Consent

Action

Information

**To: Madera County Workforce Investment Corporation**

**From: Elaine Craig, Executive Director**

**Date: January 28, 2016**

**Subject: CLEO Update**

**Information:**

The Chief Local Elected Official (CLEO) agreement between the County of Madera, the Madera County Workforce Investment Corporation and the Workforce Development Board (WDB) was approved by the WDB on December 17, 2015 and has been submitted to the County Board of Supervisors for final approval and signature. The agreement is scheduled to be approved at the January 26, 2016 Board of Supervisors meeting.

**Financing:**

Workforce Innovation and Opportunity Act



## Agenda Item 8.5

Consent

Action

Information

**To: Madera County Workforce Investment Corporation**

**From: Elaine Craig, Executive Director**

**Date: January 28, 2016**

**Subject: One Stop Procurement Update**

### **Information:**

The One Stop Procurement is currently a required process in the law and is reinforced in the Notice of Proposed Rulemaking (NPRM). In the State of California there are 36 of the 48 local workforce development boards that operate their One Stops. Under the previous law, WIA, there was the ability to establish a Consortium of three of the mandatory partners with an MOU in order for the local board to operate the One Stop. The other two options were procurement and a request for a Governor waiver. Under WIA, there had not ever been a waiver by the Governor either requested and/or approved. We are hoping that the final regulations, due in February 2016, will provide some relief or other alternatives to the procurement process. If not, the process will require the hiring of a facilitator who will work with the WDB ad hoc work group to develop the RFP document, let the RFP, hold bidders conferences, accept and review proposals and make a final determination of award. Staff, except for the Confidential Executive Assistant, will have to remove themselves entirely from the process as we would be writing a proposal in response to the RFP on behalf of the MCWIC to continue to operate the One Stop. Discussions have been held both locally and regionally, to submit a request to the Governor for a waiver to the One Stop procurement process but the California Workforce Development Board will need to be in support of this request. We will continue to update the MCWIC Board of Directors of the status of this requirement.

### **Financing:**

Workforce Innovation and Opportunity Act