

**ALAMEDA COUNTY CHILDREN & FAMILIES
COMMISSION
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2004**

**ALAMEDA COUNTY CHILDREN & FAMILIES
COMMISSION
BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2004**

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Independent Auditors' Report On Financial Statements

California Children and Families State Commission
Sacramento, CA

We have audited the statement of net assets as of June 30, 2004 and statement of activities for the fiscal year ended June 30, 2004 of the Alameda County Children and Families Commission (Commission). These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, including those set forth in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit and reporting requirements set forth by the California Children and Families State Commission. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and changes in fund balance of the Commission for the twelve months ended June 30, 2004, in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Commission taken as a whole. The accompanying supplementary information listed in the foregoing table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Oakland, California
September 24, 2004

ALAMEDA COUNTY CHILDREN & FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Background - The Alameda County Children and Families Commission (the Commission) was established in accordance with California Health and Safety Code Section 130140, which was enacted as a result of the passage of the California Children and Families First Act of 1998 (Proposition 10). This act levies a 50-cent tax on tobacco products, of which 80 percent of the revenues are distributed to county commissions established specifically to fund programs for the purposes of “promoting, supporting, and improving the early development of children from the prenatal stage to five years of age.” Information on the Commission can be found on the Internet at <http://www.ackids.org/>.

Reporting Entity - The Commission’s financial activities are reported as a special revenue fund in the County of Alameda’s financial statements.

Government-wide financial statements (i.e. the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Grant monies received by the Commission prior to incurring eligible expenses are recorded as deferred revenue.

The statement of activities demonstrates the degree to which direct expenses of each program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include grants and contributions that are restricted to meeting the operational requirements of a program. Taxes and other items not properly included among program revenues are reported instead as general revenues

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available within the current period or soon enough thereafter to pay liabilities of the current period. The Commission uses a 30-day availability period for revenue recognition for all governmental fund revenues. All revenues are considered susceptible to accrual. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

ALAMEDA COUNTY CHILDREN & FAMILIES COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first.

Budget Basis of Accounting – The Commission prepares its budget on a cash basis. The actual results of operations are presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) to provide a meaningful comparison of actual results with the budget. The legal level of budgetary control is at the government-wide level. Appropriations lapse at fiscal year end. The Commission made several budget amendments during the year, the most significant of which were - carryover of unspent federal grants, CARES stipends, School Readiness grant and Public Health funds budget revision.

Encumbrance accounting is employed as an extension of the budgetary control process. Purchase orders and contracts outstanding at year end are reported as reservations of net assets and do not constitute expenses or liabilities because the commitments will be reappropriated and honored during the subsequent year.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2004 is composed of the following:

Petty cash	\$ 10,000
Union Bank of California	4,390,029
Cash and investments in County pool	<u>41,085,309</u>
 Total	 <u><u>\$ 45,485,338</u></u>

The County pools cash from all funds, except for restricted funds, including those from the Commission, to maximize investment yield and liquidity. All investments in the pool are carried at fair value, which is determined annually based on current market prices. Interest earned on pooled investments is allocated to the appropriate funds based on the average daily cash balance of each fund for the quarter in which the interest was earned.

ALAMEDA COUNTY CHILDREN & FAMILIES COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

Funds in the County pool are invested pursuant to investment policy established by the County Treasurer and approved by the Board of Supervisors. Authorized instruments in which the Treasurer can invest include debt issued by the County, U.S. Treasury securities, bankers acceptances, federal, state and local government securities, commercial paper, medium term notes, negotiable certificates of deposit, local agency investment fund, money market funds and mortgage backed securities. Credit risk information regarding the cash and investments held by the County Treasurer is included in the Comprehensive Annual Financial Report of Alameda County.

At fiscal year end June 30, 2004 cash balances held at Union Bank of California exceeded FDIC insured limits by \$4,290,029. Per California code (gov:53630-53638) Union Bank is required to collateralize the \$4,290,029.

NOTE 3: TRANSACTIONS WITH COUNTY

Loan Payable In accordance with the provisions of the Children and Families First Act, the County Board of Supervisors authorized the creation of an interest bearing trust account and the operating transfer of \$468,418 of vehicle licensing fees to the Commission. For accounting purposes, this is reported as a loan payable to Alameda County Health Care Services Agency.

The loan does not carry an interest rate and is due and payable in full when requested.

Pension Plan – All the Commission's employees are under the County's employment and payroll processing system. All permanent Commission employees are eligible to participate in the Alameda County Employee Retirement Association ("ACERA"), which is cost sharing, multiple-employee deferred benefit pension plan. Necessary contributions to pension plan for the period under audit were made at County level. The ACERA pension plan funding status and actuarial information is included in the financial statements of the County of Alameda, which can be obtained from the County of Alameda Office of the Auditor – Controller, Oakland.

Support Payments – The Commission reimburses the County for its share of the costs of certain administrative services provided by the County. The Commission paid the County \$435,450 during the year for accounting, human resources, risk management and other services.

Nurses Salaries - The Commission's salaries and benefits for the year of \$6,455,714 includes 28 percent of the 49 nurses' salaries assigned to the Commission as part of its contract with Alameda County Public Health Department. The total also includes

ALAMEDA COUNTY CHILDREN & FAMILIES COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

NOTE 3: TRANSACTIONS WITH COUNTY (CONTINUED)

salaries and benefits for 12 full time Special Start nurses and staff, in accordance with the Commission's contract with the Public Health Department Special Start Program.

NOTE 4: CONTINGENT LIABILITIES

The Commission has received funds from various Federal, State and Local grant programs. It is possible that at some future date, funding sources may be discontinued if the Commission was found not in compliance with any applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although, the Commission does not expect such disallowed amount, if any, to materially affect the financial statements.

NOTE 5: GASB STATEMENT NO. 34

These financial statements conform to the requirement of GASB Statement No. 34 "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments." Statement No. 34 established new financial reporting requirements for all state and local governments. Accordingly, the Commission has presented government-wide financial statements, prepared using the economic resources measurement focus and accrual basis of accounting, and related notes to the financial statements.

NOTE 6: UNRESERVED NET ASSETS

The Board of Commissioners has designated Unreserved net assets for future sustainability funds.

NOTE 7: SUBSEQUENT EVENTS

On May 25, 2004 the Alameda County Board of Supervisors approved First 5's request for independence. July 1, 2004 was Alameda County Children and Families Commission first day as an independent public entity. The new name of the independent entity is First 5 Alameda County. As a result of the independence, human resources and fund accounting systems were added.

Supplemental Information

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

California Children and Families State Commission
Sacramento, CA

We have audited the basic financial statements of the Alameda County Children and Families Commission (the Commission), as of and for the year ended June 30, 2004, and have issued our report thereon dated September 24, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS* (CONTINUED)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended for the information of the audit committee, management, federal, state, and local funding agencies. However, this report is a matter of public record and its distribution is not limited.

Oakland, California
September 24, 2004

Alameda County Children & Families Commission
Statement of Net Assets
June 30, 2004

ASSETS

Cash and Investments (Note 2)	\$	45,485,338
Tobacco Taxes Receivable		3,354,533
Prepaid Expenses		45,481
Capital Assets		9,816
Total Assets		48,895,168

LIABILITIES

Vouchers Payable		6,525
Accrued Payroll		318,263
Other Accrued Liabilities		423,693
Due to Federal Agency		94,575
Deferred Revenue		649,948
Long Term Payable to County (Note 3)		468,418
Total Liabilities		1,961,422

NET ASSETS

Invested in Capital Assets, Net of Related Debt		9,816
Reserved for:		
Another Road to Safety		305,393
Unreserved (Note 6)		46,618,537
Total Net Assets		46,933,746
Total Liabilities and Net Assets	\$	48,895,168

The accompanying notes and accountants' report are an integral part of these financial statements.

Alameda County Children & Families Commission
Statement of Activities
Year Ended June 30, 2004

	<u>Expenses</u>	<u>Program Revenues- Operating Grants and Contributions</u>	<u>Net Expenses</u>
Administration	\$ 1,234,121	\$ 43,143	\$ (1,190,978)
Family Support Services	10,122,663	1,237,828	(8,884,835)
Early Childhood Education	7,079,598	1,781,541	(5,298,057)
Grants & Support Strategies	3,415,150	67,437	(3,347,713)
Evaluation & Technical Support	1,604,224	33,978	(1,570,246)
Totals	<u>23,455,756</u>	<u>3,163,927</u>	<u>(20,291,829)</u>

GENERAL REVENUES

Tobacco Tax	19,186,974
Investment Earnings	978,917
School Readiness	1,564,125
Miscellaneous	67,291
Total General Revenues	<u>21,797,307</u>
Change in Net Assets	1,505,478
Net Assets, July 1, 2003	45,428,268
Net Assets, June 30, 2004	<u>\$ 46,933,746</u>

The accompanying accountants' report and notes are an integral part of these financial statements.

Alameda County Children & Families Commission
Balance Sheet - Governmental Funds
June 30, 2004

ASSETS

Cash and Investments (Note 2)	\$	45,485,338
Tobacco Taxes Receivable		3,354,533
Prepaid Expenses		45,481
		48,885,352
Total Assets		48,885,352

LIABILITIES

Vouchers Payable		6,525
Accrued Payroll		318,263
Other Accrued Liabilities		423,693
Due to Federal Agency		94,575
Deferred Revenue		649,948
Long Term Payable to County (Note 3)		468,418
		1,961,422
Total Liabilities		1,961,422

FUND BALANCES

Reserved for:		
Another Road to Safety		305,393
Unreserved Fund Balance		46,618,537
		46,923,930
Total Fund Balance		46,923,930
Total Liabilities and Fund Balance	\$	48,885,352

The accompanying accountants' report and notes are an integral part of these financial statements.

**Alameda County Children & Families Commission
Reconciliation of Net Assets to Balance Sheet
June 30, 2004**

Total Governmental Fund Balances	\$ 46,923,930
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Amounts reported in governmental activities in the statement of net assets are different because:

Capital assets are reported on the Statement of Net Assets but not in governmental funds.

<u>9,816</u>

Net Assets of Governmental Activities

<u><u>\$ 46,933,746</u></u>

The accompanying accountants' report and notes are an integral part of these financial statements.

Alameda County Children & Families Commission
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Funds
Year Ended
June 30, 2004

REVENUES:	
Prop 10 Tobacco Tax	\$ 19,186,974
Interagency Income	886,638
Grants:	
State	2,311,850
Private	
Sub-total	<u>2,311,850</u>
Fiscal Leveraging:	
Medi-Cal Administrative Activities (MAA)	471,205
Targeted Case Management (TCM)	572,389
Child Health and Disability Prevention (CHDP)	169,803
Title IV-E Pre-Placement Prevention Services	305,393
Sub-total	<u>1,518,790</u>
Interest Income	<u>989,691</u>
Miscellaneous Income	<u>67,291</u>
TOTAL REVENUES	24,961,234
EXPENDITURES:	
Personnel:	
Salaries	2,015,008
Benefits	836,527
Consultants/diversified	464,162
Sub-total	<u>3,315,697</u>
Service Delivery Personnel:	
Salaries	2,617,924
Benefits	986,255
Consultants/diversified	0
Sub-total	<u>3,604,178</u>
Program Contracts/Grants/MOUs:	
Contracts	6,596,992
Grants	7,928,552
Professional Services Contracts	382,280
Sub-total	<u>14,907,824</u>
Training Expenses:	
Copy/Printing	56,185
Equipment	6,842
Food/Hospitality	69,087
Honoraria	14,750
Postage	21,977
Professional Services	58,935
Space Rental	33,907
Supplies	51,509
Travel	5,902
Staff Development/Training	23,947
Sub-total	<u>343,041</u>
General Expenses:	
Communications	29,720
Copying/Printing	30,322
County Charges	435,450
Equipment Leases/Rentals/Maint.	34,579
Equipment Purchase	76,478
Food/Hospitality	618
Honoraria	6,645
Membership and Dues	14,186
Postage	18,643
Professional Services	14,817
Space Rental	497,016
Supplies	109,407
Travel	17,134
Sub-total	<u>1,285,015</u>
Capital Outlay	9,816
TOTAL EXPENDITURES	<u>23,465,572</u>
EXCESS OF REVENUE OVER EXPENDITURES	1,495,662
Fund Balances, June 30, 2003	45,428,268
Fund Balances, June 30, 2004	<u>\$ 46,923,930</u>

The accompanying accountants' report and notes are an integral part of these financial statements.

Alameda County Children & Families Commission
Reconciliation of Statement of Activities to Income Statement
June 30, 2004

Net Change in Governmental Fund Balances \$ 46,923,930

Amounts reported in governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however the government-wide financial statements report capital outlays as increases to capital assets.

9,816

Change in Net Assets of Governmental Activities \$ 46,933,746

The accompanying accountants' report and notes are an integral part of these financial statements.

Alameda County Children & Families Commission
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)
Year ended June 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Prop 10 Tobacco Tax	\$ 18,433,500	\$ 18,433,500	\$ 19,186,974	\$ 753,474
Trust Fund	0	0		0
Interagency Income	1,050,399	1,050,399	886,638	(163,761)
Grants:				
Federal	0	0	0	0
State	1,444,125	1,444,125	2,311,850	867,725
Private	0	0		0
Sub-total	1,444,125	1,444,125	2,311,850	867,725
Fiscal Leveraging:				
Medi-Cal Administrative Activities (MAA)	350,000	350,000	471,205	121,205
Targeted Case Management (TCM)	800,000	800,000	572,389	(227,611)
Child Health and Disability Prevention (CHDP)	150,000	150,000	169,803	19,803
Title IV-E Pre-Placement Prevention Services	200,000	200,000	305,393	105,393
Sub-total	1,500,000	1,500,000	1,518,790	18,790
Interest Income	2,000,000	2,000,000	989,691	(1,010,309)
Miscellaneous Income	0	0	67,291	67,291
TOTAL REVENUES	24,428,024	24,428,024	24,961,234	533,210
BUDGETARY FUND BALANCE, JULY 1, 2003	1,641,696	3,823,550	45,428,268	
TOTAL FUNDS AVAILABLE	26,069,720	28,251,574	70,389,502	533,210
EXPENDITURES:				
Personnel:				
Salaries	2,329,610	2,329,610	2,015,008	314,602
Benefits	698,883	698,883	836,527	(137,644)
Consultants/diversified	323,507	438,507	464,162	(25,655)
Sub-total	3,352,000	3,467,000	3,315,697	151,303
Service Delivery Personnel:				
Salaries	3,331,241	3,331,241	2,617,924	713,317
Benefits	999,372	999,372	986,255	13,117
Consultants/diversified	0	0	0	0
Sub-total	4,330,613	4,330,613	3,604,178	726,435
Program Contracts/Grants/MOUs:				
Contracts	7,072,070	8,767,843	6,596,992	2,170,851
Grants	8,448,939	8,445,020	7,928,552	516,468
Professional Services Contracts	683,847	783,847	382,280	401,567
Sub-total	16,204,856	17,996,710	14,907,824	3,088,886
Training Expenses:				
Copy/Printing	57,000	57,000	56,185	815
Equipment	11,000	11,000	6,842	4,158
Food/Hospitality	45,800	45,800	69,087	(23,287)
Honoraria	29,200	29,200	14,750	14,450
Postage	28,460	28,460	21,977	6,483
Professional Services	110,490	110,490	58,935	51,555
Space Rental	22,500	22,500	33,907	(11,407)
Supplies	57,000	157,000	51,509	105,491
Travel	15,500	15,500	5,902	9,598
Staff Development/Training	36,500	36,500	23,947	12,553
Sub-total	413,450	513,450	343,041	170,409
General Expenses:				
Communications	48,000	48,000	29,720	18,280
Copying/Printing	50,000	50,000	30,322	19,678
County Charges	466,000	466,000	435,450	30,550
Equipment Leases/Rentals/Maint.	30,000	30,000	34,579	(4,579)
Equipment Purchase	50,000	125,000	76,478	48,522
Food/Hospitality	3,000	3,000	618	2,382
Honoraria	1,000	1,000	6,645	(5,645)
Membership and Dues	7,000	7,000	14,186	(7,186)
Postage	60,000	60,000	18,643	41,357
Professional Services	13,500	13,500	14,817	(1,317)
Space Rental	495,301	495,301	497,016	(1,715)
Supplies	40,000	140,000	109,407	30,593
Travel	5,000	5,000	17,134	(12,134)
Sub-total	1,268,801	1,443,801	1,285,015	158,786
Sustainability	500,000	500,000		
TOTAL EXPENDITURES	\$ 26,069,720	\$ 28,251,574	23,455,756	4,295,818
EXCESS OF AMOUNT AVAILABLE OVER EXPENDITURES			\$ 46,933,746	\$ (3,762,608)

The accompanying accountants' report and notes are an integral part of these financial statements.

Alameda County Children & Families Commission
Schedule of State Grants
June 30, 2004

	<u>School Readiness</u>	<u>Retention Incentives (CARES)</u>	<u>Other Programs</u>	<u>Total All Programs</u>
REVENUES				
Prop 10 Tobacco Tax			\$ 19,186,974	\$ 19,186,974
Interagency income			886,638	886,638
Fiscal Leveraging			1,518,790	1,518,790
Interest Income			989,691	989,691
Retention Incentives-Child Development Corps		\$ 747,725		747,725
School Readiness	\$ 1,564,125			1,564,125
Other			67,291	67,291
Total Revenues	1,564,125	747,725	22,649,384	24,961,234
EXPENDITURES - Current:				
Salaries & Employee Benefits	1,109,583		5,346,131	6,455,714
Professional & Specialized Services	47,088		7,396,345	7,443,433
Training & Meeting Expenses	38,864		304,177	343,041
Special Departmental Expenses	518,642	747,725	6,662,185	7,928,552
Office Rental	56,625		440,391	497,016
General	11,929		776,071	788,000
Total Expenditures	1,782,731	747,725	20,925,300	23,455,756
Excess of Revenues over Expenditures	(218,606)	\$ -	\$ 1,724,084	1,505,478
Beginning Fund Balance	218,606			45,428,268
Ending Fund Balance	\$ -			\$ 46,933,746

The accompanying accountants' report and notes are an integral part of these financial statements.

1. To allocate portion of Fiscal Leveraging that is not Family Support Services (471,258):

	<u>04 Expenses</u>	<u>Percentage</u>	<u>Allocation</u>
Administration	2,146,785	9.16%	43,143
Family Support Services	9,466,349	40.37%	190,243
Early Childhood Education	6,969,108	29.72%	140,056
Grants & Support Strategies	3,355,604	14.31%	67,437
Evaluation & Technical Support	1,508,918	6.44%	30,324
Total	23,446,764	100.00%	471,204

2. Reclassified revenue to deferred revenue for grant amounts received but not yet spent:

<u>Description</u>	<u>Amount</u>	<u>Program</u>
Public Health (ECChange)	152,592	Evaluation and Technology
Donation (Haas)	55,000	Early Childhood Education
School Readiness	200,000	
CARES	242,356	Early Childhood Education
	<u>649,948</u>	

3. Reclassified Administration overhead costs to other programs (see Admin Overhead Alloc tab).

4. Reclassified portion of investment income related to deferred revenue:

a. Calculate portion of deferred revenue to total revenues
 Public Health ECChange (Evaluation and Technology)
 Deferred rev. = $\frac{152,592}{40,963,555} = 0.37\%$
 Total Cash in Treas. 40,963,555

CARES (Early Childhood Education)
 Deferred rev. = $\frac{242,356}{40,963,555} = 0.59\%$
 Total Cash in Treas. 40,963,555

Donation (Haas)
 Deferred rev. = $\frac{55,000}{40,963,555} = 0.13\%$
 Total Cash in Treas. 40,963,555

b. Calculate portion of interest income attributable to deferred revenue
 Interest income 981,008
 Allocated to:
 PH ECChange 3,654 Eval Tech
 CARES 5,804 ECE
 Donation (Hass) 1,317 ECE
10,775 970,233

6. Reclassified portion of investment income related to the Hand-in-Hand grant:

HIH Grant	743,112
Expenses through 6/30/03	<u>649,242</u>
Due to Federal Agency +	93,870
Interest = $p \times r \times t =$	
\$93,870 x 3.0025% x .25 (July-Sept.)	<u>705</u>
	<u><u>94,575</u></u>