

ARTICLE I. FUNDS

A. Expenditure of Funds

1. The Contractor shall expend all funds received hereunder in accordance with this Agreement.
2. Funds made available for Ombudsman expansion of volunteer recruitment activities in the Budget Act shall be used by the Contractor to expand the Long-Term Care Ombudsman Program and shall not be used for activities of any other programs.
3. The Area Agency on Aging (AAA) reserves the right to refuse payment to the Contractor or disallow costs for any expenditure, as determined by the AAA to be: out of compliance with this Agreement, unrelated or inappropriate to contract activities, when adequate supporting documentation is not presented, or where prior approval was required but was either not requested or not granted.

B. Accountability for Funds

The Contractor shall maintain accounting records for funds received under the terms and conditions of this Agreement. These records shall be separate from those for any other funds administered by the Contractor, and shall be maintained in accordance with Generally Accepted Accounting Principles and Procedures and the Office of Management and Budget's Cost Principles.

C. Unexpended Funds

Upon termination, cancellation, or expiration of this Agreement, or dissolution of the entity, the Contractor shall return to the AAA immediately upon written demand, any funds provided under this Agreement, which are not payable for goods or services delivered prior to the termination, cancellation, or expiration of this Agreement, or the dissolution of the entity.

D. Availability of Funds

1. It is understood between the parties that this Agreement may have been written before ascertaining the availability of appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays that would occur if this Agreement were executed after that determination was made.
2. This Agreement is valid and enforceable only if sufficient funds are made available to the State by the United States Government or the Budget Acts of the appropriate fiscal years for the purpose of these programs. In addition, this Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress or to any statute

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enacted by the Congress that may affect the provisions, terms, or funding of this Agreement in any manner.

3. Limitation of State Liability

Payment for performance by the Contractor shall be dependent upon the availability of future appropriations by the Legislature or Congress for the purposes of this contract and approval of a Budget. No legal liability on the part of the AAA for any payment may arise under this contract until funds are made available, the budget is received and approved by the AAA, and the Contractor has received an executed contract.

4. Funding Reduction(s)

a. If funding for any State fiscal year is reduced or deleted by the Legislature, or Congress for the purposes of this program, the AAA shall have the option to either:

- Terminate the Contract pursuant to Exhibit D, Article XII, A.
- Offer a contract amendment to the Contractor to reflect the reduced funding for this contract.

b. In the event that the AAA elects to offer an amendment, it shall be mutually understood by both parties that (1) the AAA reserves the right to determine which services, if any, under this program shall be reduced and (2) some programs may be reduced by a greater amount than others, and (3) that the AAA shall determine at its sole discretion the amount that the contract shall be reduced for the fiscal year.

E. Interest Earned

1. If, as a result of advanced funds, the project earns interest on funds awarded by the AAA, that interest shall be identified as income to the program and used for program expenditures, with full documentation on file for all programs.

2. For Title III and VII programs:

a. Nonprofits shall maintain advances of federal funds in interest bearing accounts, unless (1), (2), or (3) apply.

- (1) The recipient receives less than \$120,000 in federal awards per year.

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(2) The best reasonably available interest bearing account would not be expected to earn interest in excess of \$250 per year on federal cash balances.

(3) The depository would require an average or minimum balance so high that it would not be feasible within the expected federal and non-federal cash resources.

b. For nonprofit entities, interest earned in excess of \$250 on federal advances deposited in interest bearing accounts shall be remitted annually to the AAA.

F. Program Income

1. Program Income must be reported and expended under the same terms and conditions as the program funds from which it is generated.
2. Program Income must be used to pay for current allowable costs of the program in the same fiscal year that the income was earned (except as noted in 4).
3. For Title III B, III C, III D, III E, VII Ombudsman, and VII Elder Abuse Prevention programs, Program Income must be spent before contract funds (except as noted in 4) and may reduce the total amount of contract funds payable to the Contractor.
4. For Title III B, III C, III D, III E, VII Ombudsman, and VII Elder Abuse Prevention programs, if Program Income is earned in excess of the amount reported in the Budget, the excess amount may be deferred for use in the first quarter of the following contract period.
5. Program Income may not be used to meet the matching requirements of this Agreement.
6. Program Income must be used to expand services.
7. ADCRC client fees may be retained and expended without regard to fiscal year, provided that the income is shown as restricted funds in the accounting records and financial statements of the Contractor, and used for costs of the ADCRC.

G. One-Time-Only Funds

1. Title III, VII, & III E federal Program One-Time-Only funds shall be used for one-time- only purposes and cannot be used to increase baseline needs. One-Time-Only funds can be used for the following purposes:

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- a. The purchase of equipment which enhances the delivery of services to the eligible service population.
 - b. Home and community-based projects which assist families and/or caregivers to maintain the eligible service population in a home environment, as approved by the AAA.
 - c. Innovative pilot projects as approved by the AAA.
2. NSIP One-Time-Only funds shall be used to purchase food used in the Elderly Nutrition Program.
 3. Title III B, III C-1, III C-2, and III E federal Administration One-Time-Only funds shall be used for one-time-only purposes and cannot be used to increase baseline administrative needs.

H. Matching Contributions

1. Matching means the value of third-party in-kind contributions and that portion of program and administrative costs funded (cash or in-kind) by the Contractor, or other local resources.
2. Third party in-kind contributions are property or services provided which benefit a contract-supported project or program and which are contributed by non-federal third parties without charge to the Contractor.
3. Third party in-kind contributions count towards satisfying a matching requirement only where the payments would be otherwise allowable costs if the party receiving the contributions were to pay for the costs.
4. Third party in-kind contributions must be necessary for the proper and efficient accomplishment of administrative and program activities.
5. Costs incurred by the Contractor must be verifiable from the records of the Contractor.
6. Costs must be allowable as outlined in Office of Management and Budget (OMB) circulars and may be cash or in-kind contributions.
7. Other local resources include cash donations (not including program income) and cash generated from fundraising activities.
8. Non-Matching Contributions are local funding that does not qualify as matching contributions and/or is not being budgeted as matching contributions. (e.g., Title V, Title XX, overmatch, etc.).

ARTICLE II. BUDGET AND BUDGET REVISION

- A. The Contractor shall be compensated for expenses only as itemized in the approved Budget and shall not be entitled to payment for these expenses until the Budget is reviewed and approved by the AAA. The approved Budget is hereby incorporated by reference into this Agreement as a part of Exhibit B.
- B. The Contractor shall electronically submit the original Budget.
- C. The Contractor shall electronically submit a budget revision 30 days after receiving an amended Budget with changes in funding levels, unless otherwise instructed by the AAA.
- D. Matching Requirements
 - 1. The required program matching contributions for Title III B, III C, & III D is 10 percent.
 - 2. Minimum matching requirements are calculated on net costs, which are total costs less program income, non-matching contributions, and State funds.
 - 3. Matching contributions generated in excess of the minimum required are considered overmatch.
 - 4. The required program matching contributions for Alzheimer's Day Care Resource Center program is 25 percent.
 - 5. The required program matching contributions for Brown Bag program is 25 percent cash and 25 percent in-kind.
- E. Indirect Costs
 - 1. The maximum reimbursement amount allowable for indirect costs is 8% of Contractor's direct costs, excluding in-kind contributions and nonexpendable equipment.
 - 2. Contractors requesting reimbursement for indirect costs shall retain on file an approved indirect cost rate or an allocation plan documenting the methodology used to determine the indirect costs.
 - 3. Indirect costs exceeding the 8% maximum may be budgeted as in-kind and used to meet the minimum matching requirements.

ARTICLE III. PAYMENTS

- A. Title III B, III C, III D, VII Ombudsman, VII Elder Abuse Prevention, and Community-Based Services Programs

ARTICLE III. PAYMENTS (Continued)

The Contractor shall prepare and submit by the 15th of each month to the AAA, in electronic format, an Expenditure and Request for Funds Data file, unless otherwise specified by the AAA.

B. The AAA shall review requests for payment to ensure compliance with the approved Budget.

C. Financial Management Systems

The Contractor shall meet the following standards for its financial management systems, as stipulated in 45 CFR 92.20:

1. Financial Reporting
2. Accounting Records
3. Internal Control
4. Budgetary Control
5. Allowable Costs
6. Source Documentation
7. Cash Management

D. The AAA may require financial reports more frequently than indicated above or with more detail (or both), upon written notice to the Contractor, until such time as the AAA determines that the financial management standards are met.

ARTICLE IV. CLOSEOUT

A. No later than forty-five (45) days after the ending date of this Agreement, Contractor shall provide the AAA with a Closeout Report of funds which have remained unexpended at the ending date of the grant. Upon termination or expiration of this Agreement, upon written demand, Contractor shall immediately return to AAA any unencumbered funds received under this Agreement.

B. Federal funds will be reduced proportionately to maintain the required matching ratios if a Contractor fails to report sufficient match in the Closeout Report.