DATE: May 29, 2024
TIME: 12:00 pm
LOCATION: KCSOS City Centre, Room 1B
1300 17th St.
Bakersfield, CA 93301

Board of Directors Meeting Agenda

I. Call to Order

a. Moment of Silence / Pledge of Allegiance (Please Stand)

b. Reading of the Promise of Community Action (Please Stand)

Community Action changes people's lives, embodies the spirit of hope, improves communities, and makes America a better place to live. We care about the entire community, and we are dedicated to helping people help themselves and each other.

c. Roll Call

Fred Plane (Chair)	Jimmie Childress	Gina Martinez
Maritza Jimenez (Vice Chair)	Mia Cifuentes	Jonathan Mullings
Ana Vigil (Secretary)	Fatima Echeverria	Yolanda Ochoa
Michelle Jara-Rangel (Treasurer)	Jeff Flores	Guadalupe Perez
Denise Boshers	Curtis Floyd	Lily Pimentel-Stratton

II. Introduction of Guests / Public Forum

The public may address the Board of Directors on items not on the agenda but under the jurisdiction of the Board. Speakers are limited to 3 minutes. If more than one person wishes to address the same topic, the total group time for the topic will be 10 minutes. Please state your name before making your presentation.

III. Special Presentation

Photo Presentation from Staff Development Day, April 25, 2024 – Savannah Oates, Advocacy & Public Relations Manager.

IV. Consent Agenda

The Consent Agenda consists of items that are considered routine and non-controversial. These items are approved in one motion unless a member of the Board or the Public requests removal of a particular item. If comment or discussion is requested, the item will be removed from the Consent Agenda and will be considered in the order listed – ***Action Item***

a. **Minutes from April 23, 2024, Board of Directors Meeting *(p. 4-9)***
b. **Minutes from the May 17, 2024 Personnel Committee Meeting *(p. 10-12)***
c. Resolution to Change Pension Trustee for 401(a) Plan from Charles Schwab to Nationwide Trust Company ***(p. 13-15)***
d. Adoption of Competency-Based Compensation Schedule with Proposed COLA ***(p. 16-28)***
e. Finance Department Salary Grade and Revised Job Descriptions ***(p. 29-121)***

f. WIC Program Restructure ***(p. 122-132)***
g. New Position for Family Child Care Program ***(p. 133-139)***
h. Head Start Personnel Update ***(p. 140-141)***
i. **Minutes from the May 15, 2024, Program Review & Evaluation Committee Meeting *(p. 142-145)***
j. M Street Navigation Center Presentation ***(p. 146-153)***
k. April 2024 Program Reports ***(p. 154-196)***
l. April 2024 Application Status Report & Funding Profiles ***(p. 197-202)***
m. San Joaquin County of Education Funding Application for California State Preschool Program Funding ***(p. 203)***
n. April 2024 Head Start / State Child Development Division / Program Monthly Activity Report ***(p. 204-205)***
o. CY 2023 Community Services Block Grant (CSBG) Annual Report ***(p. 206-241)***
p. ***Agenda Items from the May 22, Budget & Finance Committee Meeting (p. 242-245)***
q. Head Start / Early Head Start Budget to Actual Reports for March 2024 ***(p. 246-259)***
r. Cost of Living Adjustment (COLA) ***(p. 260-274)***
s. Agency-Wide Budget Revision #1 ***(p. 275-287)***
t. 2-1-1 Call Center FY 2024-27 Kings County United Way Service Agreement ***(p. 288-292)***
u. Resolution to Approve the Submission of the 2024 Supplemental Low-Income Home Energy Assistance Program (SLIHEAP) Contract 24Q-2561 ***(p. 293-397)***
v. Accounting & Financial Policies & Procedures Manual DRAFT ***(p. 398-576)***

V. New Business

a. Selection of Insurance Broker – ***Action Item (p. 577-578)*** — Emilio Wagner, Chief Facilities & Technology Officer

b. Resolution to Change Pension Trustee for 401(a) Plan from Charles Schwab to Nationwide Trust Company – ***Action Item (p. 579-940)*** — Tracy Webster, Chief Financial Officer

c. March 2024 Financial Reports – ***Action Item (p. 941-1,040)*** — Tracy Webster, Chief Financial Officer

VI. Advisory Board Reports

a. Head Start Policy Council Report – ***Info Item (p. 1,041-1,050)*** — Fatima Echeverria, PC Representative
   1. May 2024 Policy Council Report
   2. Minutes from March 26, 2024
   3. Minutes from April 23, 2024

VII. Chief Executive Officer Report

a. Update on State of California Budget & Potential Impacts on CAPK Programs – ***Info Item (Verbal Report)*** — Jeremy Tobias, Chief Executive Officer

VIII. Board Member Comments

IX. Closed Session

a. CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION - (Government Code Section 54956.9(b)(1)) Number of cases: One (1) - in the opinion of the legislative body and on advice of its legal counsel, there is a significant exposure to litigation if matters related to specific facts and circumstances are discussed in open session.

X. Closed Session Report

XI. Next Scheduled Meeting

Board of Directors Meeting
12:00 pm
Wednesday, June 26, 2024
KCSOS City Centre, Conference Room 1B
1300 17th St.
Bakersfield, CA 93301

XII. Adjournment

This is to certify that this Agenda Notice was posted in the lobby of the CAPK Administrative Office at 1300 18th Street, Bakersfield, CA and online at www.capk.org by 12:00 pm, May 24, 2024. Paula Daoutis, Executive Assistant.

DATE	April 23, 2024
TIME	12:00 pm
LOCATION	KCSOS City Centre, Room 1B 1300 17th St. Bakersfield, CA 93301

Board of Directors Meeting Minutes

I. Call to Order

Chairman Fred Plane called the meeting to order at 12:05 pm KCSOS City Centre Building, Room 1B, located at 1300 17th Street, Bakersfield, CA.

a. Roll Call was taken with a quorum present:

Present: Fred Plane (Chair), Maritza Jimenez (Vice Chair), Michelle Jara-Rangel (Treasurer), Mia Cifuentes, Fatima Echeverria, Curtis Floyd, Gina Martinez, Jonathan Mullings, Yolanda Ochoa, Lily Pimentel Stratton

Absent: Denise Boshers, Jim Childress, Jeff Flores, Guadalupe Perez, Ana Vigil

Others present: Jeremy Tobias, Chief Executive Officer; Pritika Ram, Chief Business Development Officer; Emilio Wagner, Chief Facilities & Technology Officer; Tracy Webster, Chief Financial Officer; Gabrielle Alexander, Director of Finance; Catherine Anspach, Director of Development; Freddy Hernandez, Director of Youth & Community Services; other CAPK staff

II. Introduction of Guests / Public Forum

None

III. Consent Agenda

Board Chair Fred Plane asked members of the Board, and the public, if they would like to remove any items from the Consent Agenda for further discussion. No items were removed.

Motion was made and seconded to approve all items on the Consent Agenda. Carried by unanimous vote (Ochoa/Jara-Rangel).

IV. New Business

a. Bezos Day 1 Families Fund: Affordable Housing Project MOU Between CAPK & Housing Authority of the County of Kern – Jeremy Tobias, Chief Executive Officer – **Action Item**

Jeremy Tobias presented the above action item for approval and stated that this item is an update on the Bezos Day Families Fund, awarded to CAPK last year and the MOU attached is regarding a project known as the Pioneer Drive Project. Jeremy provided a recap on how the $5 million grant with the 5-year term was awarded. At the time, we were working on the County and Housing Authority and had looked at property in Oildale that met the aspects of the grant. But we later received information from the Housing Authority that there were difficulties obtaining the property. The Housing Authority reached out to inquire if we wanted to shift our focus to a project known as the Pioneer Drive Apartments, a project that includes a larger number of low-income units. The site acquisition is complete, and some of the funding is in place. The State tax credit component is being finalized and is expected to be approved by August 2024, with construction commencing in March 2026. The attached MOU between CAPK and the Housing Authority calls for a 15-year partnership between CAPK and the Housing Authority,

allowing CAPK to provide onsite services to residents. Funds to operate the services would be paid from the Bezos grant funding and the Housing Authority reserve account, and staff has verified there is adequate funding to provide services for a period of 15 years. The total project construction cost is $26 million, along with the $1.7 million from CAPK Bezos funding. The MOU is a requirement for the State Tax Credit application by the Housing Authority, which is due today. The project will focus on low-income individuals and families facing homelessness. Staff recommends approval to authorize the CEO to execute the MOU. Jeremy emphasized that this MOU is the initial first step, and noted additional contractual agreements would be forthcoming.

Curtis Floyd asked if CAPK has ever entered into a 15-year MOU. Jeremy said no, not that he could remember, most agreements are in 3 or 5-year increments. He stated that the formalized agreement would be more specific than this initial MOU. Curtis asked if the Housing Authority would be controlling the $5 million funds from the Bezos Day 1 grant. Jeremy said no and verified that the $5 million had been received by CAPK and deposited in a separate bank account, is earning interest and CAPK has full control of those funds. Jeremy said the Housing Authority is the lead on the project, CAPK would contribute a portion of the Bezos funds for construction. The remaining Bezos funds will be used to provide resident services for the first 5 years ($238,000 per year), which is the minimum amount needed based on the State Tax Credit. We will go beyond that minimum, and will use the remainder of the $5 million over the 5-year period and CAPK staff will be responsible for budgeting and expending the funds. After those funds are exhausted at the end of the initial 5 years, funds from the Housing Authority will be utilized for the onsite services.

Curtis asked if the funds include hiring additional staff. Jeremy replied that the level of staffing will be determined in the final contract for services. Curtis asked if our attorneys have reviewed this MOU, Jeremy said no. Jeremy said this is meant to be a simple agreement to provide services onsite. Once the final state tax credit funding is in place, a much more detailed and final agreement will be drafted by the attorney and brought to the Board.

Gina Martinez asked if the 15-year term will include an opt-out option in the final contract. Jeremy confirmed that the Board, along with CAPK's legal counsel, will be involved with the crafting of the agreement and we can look into that option. As the project proponent and applicant, the Housing Authority must make the commitment to provide services for 15 years on site, and they are looking at CAPK to provide those services.

Pastor Mullings asked about the number of units and Jeremy replied there are 44 units that CAPK will utilize.

Michelle Jara-Rangel asked about the original scope and wanted to know how the rental amounts per unit will be determined. Jeremy said the rates are dictated through the Housing Authority and he does not know if the rates have been set at this time but did confirm they will be low-income rates.

Curtis said he is in favor of providing services but does not like the MOU and stated his concern about the 15-year commitment. Curtis stressed the need for agreements such as this MOU to be vetted by CAPK's attorney. Jeremy confirmed that the attorneys will be involved in drafting the final contract. This MOU started with a request for a simple Letter of Support from CAPK for the project, but at the last moment as we prepared to post the agenda, the Housing Authority indicated they needed it in a MOU format, and we simply didn't have time to vet it through our attorney as we normally would have. Fred Plane asked if we agree to authorize you to sign the MOU, is CAPK bound to provide services if we cannot reach a formal agreement, and Curtis also expressed concern about this issue. Jeremy said the Housing Authority has asked us to be part of the project and the formalized agreement will likely include 2 sections to it, the first 5 years will include the Bezos funds and the last 10 years with Housing Authority funding. I don't believe the Housing Authority is in the business of forcing us to partner and provide services, they would simply find someone else to take our place. CAPK's goal for the first 5 years is to spend down the $5 million Bezos funds. The purpose of the more informal MOU is to get the state tax credit approved, with the limited threshold that meets the state requirements.

Fred Plane asked Jeremy and staff to take Curtis' questions and comments into consideration as we move forward.

Motion was made and seconded to approve staff's recommendation. Carried by a vote of 8 in favor and 2 not in favor (Mullings/Pimentel-Stratton).

b. Board of Directors Travel Policy – Jeremy Tobias, Chief Executive Officer – ***Action Item***

Fred Plane addressed the Board and said he asked Jeremy & Paula to come up with a policy to control Board travel costs. Jeremy Tobias said that we have been working off the historical policy to allow 1 member from each sector attend conferences, along with the Board Chair for a total of 4 Board Members attending each conference, but this is open to suggestions and discussion.

Michelle Jara-Rangel said that she thought there was already a policy in place and Jeremy replied that there is an "unwritten" and historical policy that we have been trying to follow.

Yolanda Ochoa said in the past, a Board member was allowed to attend an out-of-state conference every other year, but all could attend conferences in California. Jeremy added that yes, in-state conferences have been given more leeway for more members to attend. Also, if there is a particular sector that is not represented by any interest to attend, others from outside the sector would be considered. If the member had attended the conference the prior year, we use that info as a tie breaker. Yolanda also added that when there was a tie, in the past, they drew names from a hat.

Historically staff have prepared information for the Chair's review, which included the list of conferences members are interested in attending, who attended the prior year, and estimated costs.

Motion was made and seconded to approve the Board of Directors Travel Policy. Carried by unanimous vote (Floyd/Jara-Rangel).

c. Kern Health Systems Contract: CalAIM Incentive Payment Program (IPP) East Kern Family Resource Center (EKFRC) – Freddy Hernandez, Director of Youth & Community Services – ***Action Item***

Freddy Hernandez presented the above action item for approval and said the contract scope is to improve the quality of life and health outcomes of Medi-Cal beneficiaries by implementing broad delivery of system, programmatic, and payment system reforms and provide basic services to those facing homelessness. The annual budget of $555,000 will support .50 FTE Program Supervisor, .50 FTE Office Assistant, 2.0 FTE Housing Navigators, .50 FTE Facility Technician, and 1.0 FTE Claims Coordinator. The effective date is retroactive to January 1, 2024 and has an end date of December 31, 2024.

Fred Plane asked if there were any costs incurred or if this is a requirement from Kern Health System (KHS). Freddy Hernandez reported that milestones have already been met and reimbursement costs are covered under a different funding stream, which can bring in additional staff. Fred Plane asked why the grant is retroactive, Freddy said KHS required it, and likes the work we are doing in the community and believes we can expend the funds by the end of the contract term.

Motion was made and seconded to approve staff's recommendation. Carried by unanimous vote (Floyd/Mullings).

d. California Department of Financial Protection and Innovation: CalMoneySmart FY 2024-26 Funding Application – Karen Vazquez, Sr. Community Development Specialist – ***Action Item***

Karen Vazquez presented the above action item for approval and said a partnership with Citizen's Bank presents an opportunity to provide financial education to support low-income individuals through a financial education project. Citizen's Bank will provide financial education and offer a monetary match to the clients, approximately 25% of deposited funds, which the clients can access if they maintain their deposit without withdrawing their funds during the contract term, ranging from 6-10 months. Staff will continue to explore this opportunity and will provide additional details if CAPK's application is accepted and funded. The funded award is expected to be $200,000 for a 2-year term. Staff recommends approval to submit the program application.

Fred Plane asked why Citizen's Bank was selected. Karen Vazquez said Citizen's Bank approached CAPK to be a partner. Maritza Jimenez asked if we wanted to explore other banks, and Karen said we are interested in approaching others and there may be opportunities for other banks to enter into similar partnerships and to grow the network. Karen confirmed that this is a re-application for a 2-year term.

Motion was made and seconded to approve staff's recommendation. Carried by unanimous vote (Jimenez/Floyd).

e. February 2024 Financial Reports – Tracy Webster, Chief Financial Officer – ***Action Item***

Tracy Webster presented the above action item for approval and reported that the report was not presented at Budget & Finance Committee due to lack of quorum. Tracy reported that we did not draw from the line of credit and reported highlights from the February report. Tracy was happy to report that this last budget year was the best year of performance in the 6 years she has been with CAPK.

Michelle Jara-Rangel noted that the check register was included in the financial report for the first time and saw that there were approximately 2,000 checks issued during the month. Jeremy Tobias added that the inclusion of the check register is an additional layer of transparency for the Board Members to review and to ask questions. Jeremy said Board Members can ask questions at the meetings or reach out in advance of the meeting if they prefer.

Maritza Jimenez asked if checks for individuals are included in the register. Tracy confirmed that some are included, but personal information is redacted.

Motion was made and seconded to approve the February 2024 Financial Statements. Carried by unanimous vote (Ochoa/Cifuentes).

f. 211 Update – Sabrina Jones Roberts, 211 Kern Administrator – ***Info Item***

Jeremy Tobias reminded the Board that the 211 program was hit hard with low staffing levels during COVID, along with skyrocketing call volume and the call wait time far exceeded acceptable levels. The Board tasked staff and Program lead Sabrina Jones-Roberts with getting the issues resolved and Jeremy said that Sabrina is here to report on the current status and provide a close out report to the Board.

Sabrina Jones-Roberts said the program was experiencing very high volume with unusually high wait times when she took over as the Program Administrator and it became apparent that we needed to retain staff and grow the team in order to efficiently manage the increased call volume. Systematic, programmatic, and operational changes were implemented and with the leadership staff (Pritika Ram, the HR and Finance Teams), there was an opportunity to make changes for the Information & Referral Specialists. Changes were made to the job descriptions which allowed raises for staff. A 2-tier position was incorporated so an entry level person has an opportunity for growth. Recruitment efforts show that people hired at entry level positions are looking for growth opportunities. While the HR staff was actively recruiting for open positions, we also began working with contracted staffing agencies to secure temporary employees, many of whom have gone on to become permanent

employees. Expanded office hours also helped to make a difference in the services provided by 2-1-1 staff. Another beneficial change is that callers no longer hear "hold music" while they wait, an integrated messaging system has been initiated that provides details about CAPK programs. The 2-1-1 Kern program is currently functioning with 17 full-time employees, plus 5 temporary contract employees, with the expectation that all 5 will be onboarded to permanent positions in the near future.

Sabrina also called attention to page 339 of the agenda packet that highlights the program's performance from January – March of this year. Sabrina was happy to report that there has been nearly a complete reversal from this time last year. The report shows how many calls were received, how many were handled, and how many calls were abandoned. 90% of the calls are handled and wait times are down to less than 1.5 minutes for all 7 campaigns, and talk time is about 5-6 minutes for all campaigns.

Maritza Jimenez asked about the expanded office hours. Sabrina said the program operates 24/7, 365 days per year and the office is open M-F from 8-6 pm and the remote workers handle calls after-hours, weekends and holidays. Curits Floyd noted that the report says that Mountain Valley has the highest abandonment rate and Sabrina responded that the callers hang up often, in less than a minute, and don't give time for our staff to answer calls.

Gina Martinez acknowledged the many improvements and thanked staff for their great work, and asked if there is any way for staff to follow up on abandoned calls. Sabrina said yes, we can follow up, and some of the abandoned callers will hang up very quickly if they don't want to wait, and then they will call back.

Curtis Floyd asked if there is staffing across the board or more staff during busy times. Sabrina said that the busiest time is during the standard business hours, and we have higher staffing levels during that time.

V. CAPK Foundation Report

Catherine Anspach presented the above action item for approval and provided notable highlights on the financial statements and an updated report on the Gourmet for Good event. The event is sold out, but it is expected that some sponsors may give up some of their seats for the event. Catherine also reported that Valley Strong Credit Union has once again signed up for the Huggy Heart campaign to kick off in June.

Motion was made and seconded to approve the report and all items. Carried by unanimous vote (Jara-Rangel/Martinez).

VI. Advisory Board Reports

a. Head Start Policy Council Report – Fatima Echeverry, Policy Council Representative – ***Action Item***

Fatima Echeverry presented the above action item for approval.

Motion was made and seconded to approve the Head Start Policy Council report and all items. Carried by unanimous vote (Ochoa/Floyd).

VII. Chief Executive Officer Report

a. Staff Development Day Update – Jeremy Tobias, Chief Executive Officer – ***Info Item***

Jeremy Tobias reminded the Board that tomorrow at 9:00 am CAPK is hosting a welcome reception for Board Members and executive staff to meet Denise Harlow, CEO of the National Community Action Partnership (NCAP), prior to the CAA Roundtable.

Savannah Oates provided an update and handout of the events planned for the Staff Development Day planned for Thursday from 11:30 am to 4:30 pm at Stramler Park and encouraged Board Members to attend.

VIII. Board Member Comments

Michelle Jara-Rangel said thanks to staff from Head Start Enrollment who provided an overview on ERSEA and Michelle suggested that all Board Members receive the training. Jeremy Tobias said we will look into adding the training to an upcoming Board Agenda.

Maritza Jimenez congratulated the 2-1-1 call center staff and thanked Fred for taking on the task to review and approve conferences for Board Members.

Yolanda Ochoa said thanks to the Food Bank for the recent Food Bank conference and asked staff to notify the Board when events come up so they can attend if they are available.

IX. Next Scheduled Meeting

Board of Directors Meeting
12:00 pm
Wednesday, May 29, 2024
KCSOS City Centre, Conference Room 1B
2000 K St.
Bakersfield, CA 93301

X. Adjournment

The meeting was adjourned at 1:56 pm.

DATE:	May 17, 2024
TIME:	12:00 PM
LOCATION:	CAPK Administrative Office Executive Conference Room 1300 18th Street, 3rd Floor Bakersfield, CA 93301

Personnel Committee Minutes

1. **Call to Order**

   Committee Chair Maritza Jimenez called the meeting to order at 12:07 PM at the Community Action Partnership of Kern Administrative Office, located at 1300 18th Street, 3rd Floor, Bakersfield, CA.

2. **Roll Call**

   Roll Call was taken with a quorum present.

   Present: Maritza Jimenez (Chair), Jonathan Mullings

   Absent: Lily Pimentel-Stratton and Guadalupe Perez

   Others present: Jeremy Tobias, Chief Executive Officer; Tracy Webster, Chief Financial Officer; Emilio Wagner, Chief Facilities and Technology Officer; Lisa McGranahan, Director of Human Resources; Susana Magana, Director of Health & Nutrition; and other CAPK staff.

3. **Public Comments**

   No one addressed the Committee.

4. **New Business**

   a. Resolution to Change Pension Trustee for 401(a) Plan from Charles Schwab to Nationwide Trust Company – Tracy Webster, Chief Financial Officer – ***Action Item***

      Tracy Webster presented the above action item for approval.

      Maritza Jimenez asked if this step is just part of the initial transfer process. Tracy confirmed that it is.

      Jonathan Mullings inquired about the purpose of this change. Tracy Webster responded that the purpose and primary focus was reducing administrative fees. Tracy added that the previous arrangement wasn't financially prudent. Nationwide offers a more robust platform and a higher level of service that will benefit CAPK employees.

      Jeremy Tobias mentioned that last year CAPK conducted a routine market check with Pensionmark to evaluate our fees. Nationwide was found to provide significantly lower fees, which will have a favorable impact on the participants/employees.

Martiza Jimenez inquired about the timing of the next fee review. Tracy Webster responded that reviews are conducted every two to three years. Pensionmark is responsible for ensuring we pay the lowest fees while receiving the highest quality service.

Motion was made and seconded to approve staff's recommendation. Carried by unanimous vote (Mullings/Jimenez).

b. Adoption of Competency-Based Compensation Schedule with Proposed COLA – Tracy Webster, Chief Financial Officer, and Lisa McGranahan, Director of Human Resources – ***Action Item***

Tracy Webster and Lisa McGranahan presented the above action item for approval.

Jonathan Mullings commented, expressing gratitude, and thanking the team for the work which was needed and appreciated.

Maritza Jimenez inquired why some positions are listed as exempt and wanted to understand why these positions do not receive the COLA. Lisa McGranahan clarified that "exempt" refers to their FSLA status only and does not impact their qualification to receive the COLA.

Motion was made and seconded to approve staff's recommendation. Carried by unanimous vote (Mullings/Jimenez).

c. Finance Department Salary Grade and Revised Job Descriptions – Tracy Webster, Chief Financial Officer - ***Action Item***

Tracy Webster presented the above action item for approval.

Jonathan Mullings questioned why the grades for accountant I and II remained unchanged. Tracy Webster responded that the grade range was adjusted to align with market standards.

Maritza Jimenez inquired about the significant increase in grades, asking whether it was due to the position not being up to market standards or if more responsibilities had been added. Tracy Webster responded that we had been struggling to stay competitive with the market, making it difficult to recruit accountants, so we reviewed the wages and grades to ensure we can meet market standards. Lisa McGranahan added that the system collects data nationwide, and it determined that the appropriate pay level was higher than what we were currently offering.

Maritza Jimenez inquired about viewing the comparison for those moving up two grades to determine the corresponding pay increase. Jeremy Tobias responded that a grade increase does not necessarily result in an immediate pay increase. The goal is to ensure the grade range is appropriate. While in some cases it may warrant a pay adjustment, most do not receive an immediate increase because the grades overlap, and their current wage might still be within the new grade.

Motion was made and seconded to approve staff's recommendation. Carried by unanimous vote (Mullings/Jimenez).

d. WIC Program Restructure – Susana Magana, Director of Health and Nutrition – ***Action Item***

Susana Magana presented the above item for approval.

Motion was made and seconded to approve staff's recommendation. Carried by unanimous vote (Mullings/Jimenez).

e. New Position for Family Childcare Program – Esperanza Contreras, Program Services Administrator – ***Action Item***

Esperanza Contreras presented the above action item for approval.

Maritza Jimenez observed there is one position available and asked Esparanza to provide insight into the workload associated with this position. Esperanza responded that regarding our funding structure, we will start with 30 slots initially. As operations expand, we will consider increasing the number of available positions. Additionally, there is potential for expansion into San Joaquin County.

Motion was made and seconded to approve staff's recommendation. Carried by unanimous vote (Mullings/Jimenez).

f. Head Start Personnel Update – Robert Espinosa, Program Design and Management Administrator – ***Info Item***

Robert Espinosa presented the above informational item.

Martiza Jimenez noted that there is a considerable number of open positions (102 vacancies) and asked if there is a plan to host another job fair. Robert replied that there is one scheduled for tomorrow, and another is planned for late June.

5. <u>Committee Member Comments</u>

- Maritza Jimenez expressed gratitude, thanking everyone for their efforts.

6. <u>Next Scheduled Meeting</u>

Personnel Committee
12:00 pm
June 5, 2024
1300 18th Street, 3rd Floor
Bakersfield, CA 93301

7. <u>Adjournment</u>

The meeting was adjourned at 12:35 PM.

MEMORANDUM

To: Personnel Committee

From: Tracy Webster, Chief Financial Officer

Date: May 8, 2024

Subject: *Agenda Item 4(a):* Resolution to Change Pension Trustee for 401(a) Plan from Charles Schwab to Nationwide Trust Company – **Action item**

In August 2023, the Board of Directors approved the transition of pension plans from The Standard to Nationwide. Since then, CAPK leadership has been actively collaborating with Nationwide to ensure a seamless transition. The completion of the pension plan switch is slated for the end of August 2024.

Accordingly, we are required to change pension trustees for the 401(a) plan from Charles Schwab to Nationwide Trust Company effective August 15, 2024. This action must be memorialized with a Board resolution.

The following represents the schedule for implementation:

January – July 2024	Weekly meetings with Nationwide
May 31, 2024	All governing documents completed
June 19, 2024	Transition letters and ERISA notices sent to all participants
August 6, 2024	Final payroll submitted to The Standard
August 8, 2024	Blackout period starts at 4 PM
August 15, 2024	Plan liquidation
August 16, 2024	Files sent to Nationwide
	Funds wired from The Standard to Nationwide
August 22, 2024	Final files received after liquidation and new plan goes live

Recommendation:

Staff recommends approving the switch of pension trustees for the 401(a) plan from Charles Schwab to Nationwide Trust Company, effective August 15, 2024, with resolution.

Attachment:

Resolution No. 2024-03

RESOLUTION # 2024-03

A Resolution of the Board of Directors of the Community Action Partnership of Kern Approving the Change of Trustee for the 401(a) Plan From Charles Schwab to Nationwide Trust Company Effective August 15, 2024

The Board of Directors of Community Action Partnership of Kern located at 1300 18th Street, Suite 200, Bakersfield, CA 93301, met on May 29, 2024, and resolved as follows:

WHEREAS, Community Action Partnership of Kern (CAPK) is a private, non-profit 501(c)(3) corporation established as a result of the Economic Opportunity Act of 1964, and is the federally designated community action agency serving the low-income, elderly and disadvantaged residents of Kern County; and

WHEREAS, CAPK is charged with the responsibility of continuing the battle to alleviate poverty in Kern County by developing and implementing creative and innovative programs, and has adopted the philosophical position of "Helping People, Changing Lives" in its quest to assist people in need, and families with minimal or no resources; and

WHEREAS, the CAPK Board of Directors approved the change of pension plan providers for plans 401(a), 403(b), and 457(b) in August 2023.; and

WHEREAS, the trustee of the 401(a) pension plan must be changed from Charles Schwab to Nationwide Trust Company effective August 15, 2024, to facilitate a full transfer of the pension plan.

NOW, THEREFORE, be it resolved that the CAPK Board of Directors hereby authorizes Jeremy T. Tobias, Chief Executive Officer, to initiate the transfer of Charles Schwab as the 401(a) trustee to Nationwide Trust Company effective August 15, 2024.

APPROVED by a majority vote of the Board of Directors of Community Action Partnership of Kern, this 29th day of May 2024.

Fred Plane, Chair
CAPK Board of Directors

Date

ADOPTING RESOLUTION

The undersigned authorized representative of Community Action Partnership of Kern (the Employer) hereby certifies that the following resolution was duly adopted by the Employer on _____, and that such resolution has not been modified or rescinded as of the date hereof:

RESOLVED, that the form of amended Plan and Trust effective _____, ___ 2024, presented to this meeting is hereby approved and adopted and that an authorized representative of the Employer is hereby authorized and directed to execute and deliver to the Administrator of the Plan one or more counterparts of the Plan.

The undersigned further certifies that attached hereto are true copies of Community Action Partnership of Kern 403(b) Plan as amended and restated, and the Summary of Plan Provisions, which are hereby approved and adopted.

Date: _____

Signed: _____

_____
[print name/title]

MEMORANDUM

To: Personnel Committee

From: Tracy Webster, Chief Financial Officer
Lisa McGranahan, Director of Human Resources

Date: May 8, 2024

Subject: *Agenda Item 4(b):* Adoption of Competency-Based Compensation Schedule with Proposed COLA – **Action item**

Over the past several months, CAPK leadership has worked collaboratively with Human Resources, Finance, and Programs to develop a competency-based compensation schedule alongside proposed cost-of-living adjustments (COLA) of 2.35%. Utilizing CompEase, the team engaged in a process that involved assessing competencies, job responsibilities, and market trends aimed at ensuring fair and competitive compensation for employees. By leveraging CompEase to inform our decision-making, we ensure transparency and equity across our agency.

Summary of Proposed Changes

Over time, all departments will undergo evaluation through the CompEase system and transition to the proposed compensation schedule. Each evaluation will involve a review and update of job descriptions, competencies, and compensation, with all changes brought to the Personnel Committee. Collaboration with Finance will ensure alignment within budgetary constraints.

Fiscal Impact and Timeframe

The fiscal impact is expected to be minimal, as the majority of compensation falls within the designated grade levels, and budgets were planned with cost-of-living adjustments in consideration. In cases where positions fall outside the designated grades, collaboration with the Finance department is required, particularly if grade adjustments are necessary. The transition is anticipated to be finalized by the conclusion of the fourth quarter of 2024.

Recommendation:

Staff recommend approval of the proposed Competency-Based Compensation Schedule with a 2.35% COLA increase.

Attachments:
Current Comp Schedule
New Comp Schedule

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPETENCY-BASED COMPENSATION STRUCTURE

2024-25

Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
Administrative Analyst	9	
Administrative Assistant - HS/SCD	6	
Adminstrative Coordinator	9	
Assistant Director - San Joaquin	14	X
Assistant Director of HS/SCD - Program	14	X
Attendance Specialist	8	
Attendance Supervisor	10	
Attendance Technician	6	
CACFP Monitor	9	
Center Based Administrator	14	X
Content Area Specialist - Inclusion	8	
Content Area Specialist - Nutrition	8	
Content Area Specialist- Health	8	
Content Area Specialist- Wellness	8	
Data Analyst Supervisor	10	
Data Entry Clerk	5	
Early Head Start Education Manager	12	X
Early Head Start Partnership Supervisor	10	
Education Supervisor	10	
Enrollment and Attendance Manager	12	X
Enrollment Coordinator	9	
Enrollment Specialist	8	
Enrollment Supervisor	10	
Enrollment Technician	6	
Facility Manager	12	X
Family Engagement Specialist- CAS	8	
Family Engagement Supervisor	10	
Head Start Education Manager	12	X
Health and Nutrition Supervisor	10	
Home Base Manager	12	X
Home Base Supervisor	10	
Home Visiting Coordinator	10	
Home Visiting Initiative Liason	9	
Home Visiting Initiative Program Manager	12	X
Maintenance Manager	12	X
Mentor Coach	9	
Professional Development Coordinator	9	X

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPETENCY-BASED COMPENSATION STRUCTURE

2024-25

Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
Professional Development Manager	12	X
Professional Development Technician	6	
Program Assistant	6	
Program Design and Management Administrator	14	X
Program Governance Coordinator	9	
Program Manager HS/SCD	12	X
Program Services Administrator	14	X
Quality Assurance Administrator	14	X
Quality Assurance Coordinator	9	
Quality Assurance Manager	12	X
Quality Assurance Specialist	8	
Quality Assurance Technician	6	
Site Supervisor I	11	
Site Supervisor II	11	
Support Services Manager	12	X
Wellness and Inclusion Supervisor	10	

Community Action Partnership of Kern
Competency-Based Compensation Schedule
2024-25 - PROPOSED 2.35% COLA

Board Approved: TBD

Compensation Structure							
Grade	Annual Breakdown*				Hourly Breakdown		
	Minimum	Midpoint	Maximum		Minimum	Midpoint	Maximum
18	$159,785.60	$199,721.60	$221,900.00		$76.82	$96.02	$106.68
17	$137,155.20	$171,454.40	$205,753.60		$65.94	$82.43	$98.92
16	$119,475.20	$149,344.00	$179,212.80		$57.44	$71.80	$86.16
15	$105,643.20	$132,038.40	$158,433.60		$50.79	$63.48	$76.17
14	$94,910.40	$118,643.20	$142,355.20		$45.63	$57.04	$68.44
13	$83,137.60	$103,916.80	$124,696.00		$39.97	$49.96	$59.95
12	$74,006.40	$92,497.60	$111,009.60		$35.58	$44.47	$53.37
11	$66,019.20	$82,534.40	$102,336.00		$31.74	$39.68	$49.20
10	$59,051.20	$73,819.20	$88,587.20		$28.39	$35.49	$42.59
9	$52,936.00	$66,164.80	$79,414.40		$25.45	$31.81	$38.18
8	$47,548.80	$59,467.20	$71,344.00		$22.86	$28.59	$34.30
7	$42,868.80	$53,601.60	$64,313.60		$20.61	$25.77	$30.92
6	$39,291.20	$49,129.60	$58,947.20		$18.89	$23.62	$28.34
5	$35,131.20	$43,908.80	$52,707.20		$16.89	$21.11	$25.34
4	$33,280.00	$39,936.00	$47,923.20		$16.00	$19.20	$23.04
3	$33,280.00	$36,420.80	$43,700.80		$16.00	$17.51	$21.01
2	$33,280.00	$33,280.00	$39,977.60		$16.00	$16.00	$19.22
1	$33,280.00	$33,280.00	$33,280.00		$16.00	$16.00	$16.00

Updated 4/30/2024

SEIU BARGAINING UNIT COMPENSATION SCHEDULE
2024-25 PROPOSED 2.35% COLA

Board Approved: TBD

UNIT A								
Head Start Teacher	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Teacher I (Permit)	22.23	22.57	22.91	23.24	23.59	-	-	-
Teacher I	26.11	26.50	26.90	27.31	27.72	-	-	-
Teacher II	30.19	30.64	31.10	31.57	32.05	32.53	33.02	33.51
EHS Teacher								
Teacher I (Permit)	22.23	22.57	22.91	23.24	23.59	-	-	-
Teacher I	26.11	26.50	26.90	27.31	27.72	-	-	-
Teacher II	30.19	30.64	31.10	31.57	32.05	32.53	33.02	33.51
Family Service Worker	23.24	25.64	23.95	24.31	24.68	-	-	-
Family Service Worker (AA/BA)	26.11	26.50	26.90	27.31	27.72	-	-	-
Assistant Teacher	18.64	18.91	19.20	-	-	-	-	-
Classroom Aide	16.75	-	-	-	-	-	-	-
Food Service Worker	17.40	-	-	-	-	-	-	-

UNIT B	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Food Production Driver	18.25	18.52	18.79	19.08	19.36	-	-	-
Lead Production Driver	19.34	19.63	19.93	20.23	20.52	-	-	-
Shift Leader	19.34	19.63	19.93	20.23	20.52	-	-	-
Cook	17.69	17.95	18.22	18.49	18.77	-	-	-
Custodian	16.75	-	-	-	-	-	-	-

UNIT C	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Maintenance Tech I	19.34	19.63	19.93	20.23	20.52	-	-	-
Maintenance Tech II	21.55	21.87	22.21	22.54	22.89	-	-	-

HEAD START DIVISION EDUCATION BASED COMPENSATION SCHEDULE
2024-25 PROPOSED 2.35% COLA

Board Approved: TBD

Head Start Teacher	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Teacher I (Permit)	22.23	22.57	22.91	23.24	23.59	-	-	-
Teacher I	26.11	26.50	26.90	27.31	27.72	-	-	-
Teacher II	30.19	30.64	31.10	31.57	32.05	32.53	33.02	33.51
EHS Teacher								
Teacher I (Permit)	22.23	22.57	22.91	23.24	23.59	-	-	-
Teacher I	26.11	26.50	26.90	27.31	27.72	-	-	-
Teacher II	30.19	30.64	31.10	31.57	32.05	32.53	33.02	33.51
Family Service Worker	23.24	25.64	23.95	24.31	24.68	-	-	-
Family Service Worker (AA/BA)	26.11	26.50	26.90	27.31	27.72	-	-	-
Assistant Teacher	18.64	18.91	19.20	-	-	-	-	-
Classroom Aide	16.75	-	-	-	-	-	-	-
Food Service Worker	17.40	-	-	-	-	-	-	-
Custodian	16.75	-	-	-	-	-	-	-
Early Childhood Educator (Permit)	22.23	22.57	22.91	23.24	23.59	-	-	-
Early Childhood Educator I	26.11	26.50	26.90	27.31	27.72	-	-	-
Early Childhood Educator II	30.19	30.64	31.10	31.57	32.05	32.53	33.02	33.51
Home Visitor - HVP Permit	22.23	22.57	22.91	23.24	23.59	-	-	-
Home Visitor - HVP AA	26.11	26.50	26.90	27.31	27.72	-	-	-
Home Visitor - HVP BA	30.19	30.64	31.10	31.57	32.05	32.53	33.02	33.51
Family Advocate	23.24	25.64	23.95	24.31	24.68	-	-	-
Family Advocate (AA/BA)	26.11	26.50	26.90	27.31	27.72	-	-	-

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPENSATION SCHEDULE
2024-25
Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
211 Program Specialist	6	
211 Supervisor - 211/Operations	9	X
Accountant I - Finance	10	
Accountant II - Finance	11	
Accounting Administrator	12	X
Accounting Clerk - Finance	6	
Accounting Manager - Finance	11	X
Accounting Specialist	8	
Accounting Technician	8	
Accounts Payable Supervisor	10	X
Activity Specialist - FHCC SYC - Community Development	4	
Administrative Analyst	9	
Administrative Assistant - Community Development	1	
Administrative Assistant - Executive	6	
Administrative Assistant - FHCC	6	
Administrative Assistant - VITA	1	
Administrative Assistant - Youth and Community Services	6	
Administrative Clerk	5	
Administrative Clerk - MCAP - Health & Nutrition	1	
Administrative Coordinator	9	
Advocacy & Public Relations Manager	11	X
Agency Relations Coordinator - Food Bank	8	
Assessor I - Energy	7	
Assessor II - Energy	8	
Assistant Director of Operations	13	X
Assistant Risk Manager	9	
Associate Director of Development	12	
Attendance Supervisor	9	
Attendance Technician	5	
Benefits Specialist - HR	9	
Billing Technician - Energy	8	
Breastfeeding Education Coordinator/Peer Counselor Supervisor - WIC	11	
Business Contracts Specialist - Operations	9	
Business Manager - Operations	11	X
Business Technician - Operations	8	
CalAIM Claims Analyst	10	
CalAIM Program Coordinator	8	
Cal Fresh Health Living Health Educator	8	

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPENSATION SCHEDULE
2024-25
Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
Cal Fresh Health Living Program Administrator	12	X
Cal Fresh Health Living Program Assistant	4	
Cal Fresh Health Living Program Coordinator	10	
CalVIP Outreach Worker	8	
Case Manager - Eastern Kern Resource Center - Health& Nutrition	6	
Chief Business Development Officer	16	X
Chief Facilities and Technology Officer	16	X
Chief Financial Officer	16	X
Chief Program Officer	16	X
Community Development Specialist - Comm. Development	8	
Cook - Central Kitchen - Health & Nutrition	2	
Coordinated Entry Services (CES) Manager	10	X
Coordinated Entry Services (CES) Supervisor	9	X
CSFP Coordinator	7	
CSFP Program Assistant - Food Bank - Health & Nutrition	4	
Data Analyst - HVP	8	
Data Entry Technician - Energy	2	
Development Specialist - 211	6	
Director of Administration	14	X
Director of Community Development	14	X
Director of Finance	14	X
Director of Head Start / State Child Development	15	X
Director of Health & Nutrition	14	X
Director of Human Resources	14	X
Director of Operations	14	X
Drafting GIS Specialist	10	
Driver - Food Bank - Health & Nutrition	1	
Early Childhood Educator/Case Manager - EKFRC - Health & Nutrition	6	
East Kern Family Resource Center Program Supervisor - Health & Nutrition	9	
Eligibility Specialist - Energy	8	
Eligibility Technician - Energy	5	
Energy Program Assistant	4	
Enrollment and Attendance Coordinator	8	
Enrollment and Attendance Manager	10	X
Enrollment Specialist	8	
Enrollment Technician	5	
Nutrition Education Technician - WIC	5	
Executive Assistant	10	

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPENSATION SCHEDULE
2024-25
Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
Facilities Specialist - Operations	9	X
Facility Manager - Operations	10	X
Family Advocate	5	
Family Service Coordinator - MCAP - Health & Nutrition	9	
Family Service Specialist - MCAP - Health Nutrition	8	
Family Service Specialist II - MCAP - Health Nutrition	8	
Finance Administrator - Head Start	12	X
Fiscal Coordinator - Energy	9	X
Fiscal Specialist - Head Start	9	
Fiscal Specialist - Operations	7	
Fiscal Technician - Energy	8	
Food Bank Administrative Supervisor	9	
Food Bank Pantry Technician	5	
Food Bank Volunteer Technician	5	
Food Production Driver - Central Kitchen - Health & Nutrition	2	
Food Production Supervisor	7	
Food Service Administrator - Central Kitchen - Health & Nutrition	12	
Food Service Clerk - Central Kitchen - Health & Nutrition	2	
Food Service Manager - Central Kitchen - Health & Nutrition	11	X
Food Service Technician - Central Kitchen - Health & Nutrition	5	
Food Services Supervisor - Central Kitchen - Health & Nutrition	7	
Food Sourcer - Food Bank - Health & Nutrition	7	
Grant Administrator	12	X
Health & Safety Supervisor - HR	10	X
Health Educator - SYC - Community Development	8	
Homeless Food Prep Assistant	2	
Homeless Food Prep Coordinator	6	
Homeless Food Prep Lead	4	
Homeless Services Operations Manager	10	X
Homeless Program Coordinator	8	
Homeless Program Administrator	12	X
Homeless Program Supervisor	9	X
Homeless Shelter Worker	3	
Homeless Volunteer Coordinator	8	
Housing Navigator - CES	6	
Housing Services Navigator	6	
Housing Services Program Manager	10	X
Housing Services Program Specialist	7	

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPENSATION SCHEDULE
2024-25
Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
HR Specialist - HR San Joaquin	9	
Human Resources Administrator - HR	12	X
Human Resources Generalist/Recruiting Supervisor - HR	10	X
Human Resources Manager	11	X
Human Resources Technician - HR	6	
Information and Referral Coordinator - 211/Operations	7	
Information & Referral Specialist I - 211/Operations	4	
Information & Referral Specialist II - 211/Operations	5	
Information Systems Business Analyst I	10	X
Information Systems Business Analyst II	11	X
Information Systems Developer	10	
Information Systems Manager	11	X
Information Systems Specialist I - Operations	8	
Information Systems Specialist II - Operations	9	
Information Technology Administrator	12	X
Information Technology Infrastructure Manager	11	X
Lead Administrative Clerk - Food Bank - Health & Nutrition	3	
Lead Driver- Central Kitchen - Health & Nutrition	3	
Lead Transport Driver	3	
Lead Warehouse Specialist - Food Bank - Health & Nutrition	6	
Local Vendor Specialist - WIC	7	
Maintenance Supervisor - Operations	9	X
Maintenance Technician I - Operations	6	
Maintenance Technician II - Operations	7	
Migrant Childcare Family Services Manager	11	X
Migrant Childcare Outreach Coordinator	9	
Migrant Childcare Outreach Specialist	8	
Migrant Childcare Outreach Technician	6	
Migrant Childcare Subsidized Reimbursement Manager	11	X
Migrant Childcare Quality Assurance Coordinator	9	
Migrant Childcare Quality Assurance Specialist	8	
Migrant Childcare Quality Assurance Technician	5	
Multimedia Specialist	9	
Network Engineer	10	X
Nutrition Education Coordinator - WIC	10	X
Office Assistant - EKFRC - Health Nutrition	1	
Quality Assurance Coordinator - WIC	10	
Operations Supervisor - Food Bank - Health & Nutrition	9	

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPENSATION SCHEDULE
2024-25
Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
Operations Technician - Energy	6	
Outreach & Communications Supervisor	10	
Outreach Specialist - WIC	7	
Outreach Specialist - Energy	6	
Outreach Specialist - Food Bank - Health & Nutrition	6	
Outreach Specialist - VITA	6	
Outreach Specialist - CalFresh	8	
Outreach Specialist - Community Development	8	
Partnership Administrator	12	X
Payroll Specialist - Finance	8	
Payroll Supervisor - Finance	10	X
Payroll/HRIS Administrator - Finance	12	X
Process Improvement Manager	11	
Program Administrator - 211	12	X
Program Administrator - Energy	12	X
Program Administrator - FHCC	12	X
Program Administrator - Food Bank	12	X
Program Administrator - MCAP	12	X
Program Administrator - WIC	14	X
Program Coordinator Coordinated Entry Systems	9	X
Program Educator - FHCC - Comm. Development	8	
Program Educator - Housing Services	6	
Program Manager - Americorps	10	X
Program Manager - Energy	11	X
Program Manager - SYC - Comm. Development	9	X
Program Manager - WIC	12	X
Program Manager VITA - Comm. Development	9	X
Program Specialist Coordinated Entry System	6	
Quality Reviewer - VITA	4	
Receptionist - Administration	3	
Regional Breast Feeding Specialist - WIC	7	
Regional Breast Feeding Liaison Assistant - WIC	4	
Rental Assistance Program Supervisor	9	X
Risk Manager	10	X
Senior Community Development Specialist I	10	X
Senior Community Development Specialist II	11	X
Service Desk Lead	10	
Services Clerk - MCAP - Health & Nutrition	1	

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPENSATION SCHEDULE
2024-25
Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
Shift Leader - Central Kitchen - Health & Nutrition	2	
Site Coordinator - VITA - Community Development	6	
Staff Development Supervisor - WIC	11	
Staffing Specialist - HR	8	
Subsidized Reimbursement Coordinator - MCAP - Health & Nutrition	9	
Subsidized Reimbursement Specialist - MCAP - Health & Nutrition	8	
Utility Assistance & Outreach Manager - Energy	11	X
Utility Assistance Supervisor - Energy	8	
Warehouse Operations Coordinator Food Bank	8	
Warehouse Specialist - Food Bank - Health & Nutrition	5	
Weatherization Assistant Manager - Energy	10	
Weatherization Inspector I - Energy	9	
Weatherization Inspector II - Energy	9	
Weatherization Installer I - Energy	6	
Weatherization Installer II - Energy	7	
Weatherization Manager - Energy	11	X
Weatherization Scheduler	4	
WIC Administrative Coordinator	10	
WIC Degreed Nutritionist - WIC	10	
WIC Nutrition Specialist - WIC	7	
WIC Training Coordinator	10	

Community Action Partnership of Kern
2023-24 - 5.6% COLA

Board Approved: 5/31/2023

Compensation Structure							
Grade	Annual Breakdown*				Hourly Breakdown		
	Minimum	Midpoint	Maximum		Minimum	Midpoint	Maximum
17 ***	$154,148.80	$192,670.40	$221,900.00		$74.11	$92.63	$106.68
16	$134,056.00	$167,523.20	$201,052.80		$64.45	$80.54	$96.66
15	$116,563.20	$145,683.20	$174,844.80		$56.04	$70.04	$84.06
14	$101,337.60	$126,692.80	$152,048.00		$48.72	$60.91	$73.10
13	$88,129.60	$110,156.80	$132,184.00		$42.37	$52.96	$63.55
12	$76,648.00	$95,784.00	$114,961.60		$36.85	$46.05	$55.27
11	$66,664.00	$83,324.80	$99,985.60		$32.05	$40.06	$48.07
10	$57,990.40	$72,446.40	$86,944.00		$27.88	$34.83	$41.80
9 **	$50,356.80	$63,024.00	$75,628.80		$24.21	$30.30	$36.36
8	$43,867.20	$54,787.20	$65,748.80		$21.09	$26.34	$31.61
7	$40,476.80	$47,611.20	$54,787.20		$19.46	$22.89	$26.34
6	$37,648.00	$44,324.80	$50,960.00		$18.10	$21.31	$24.50
5	$35,027.20	$41,225.60	$47,382.40		$16.84	$19.82	$22.78
4	$33,280.00	$38,396.80	$44,137.60		$16.00	$18.46	$21.22
3	$33,280.00	$35,672.00	$41,059.20		$16.00	$17.15	$19.74
2	$33,280.00	$33,280.00	$38,147.20		$16.00	$16.00	$18.34
1	$33,280.00	$33,280.00	$35,464.00		$16.00	$16.00	$17.05

* Based on 2,080 annual hours

** As of 1/1/2022 - Grade 9 is the minimum an exempt employee can be classified

*** Maximum of grade may not exceed Level II of the Federal Executive Schedule (EX)

Updated: 4/30/2024

MEMORANDUM

To: Personnel Committee

From: Tracy Webster, Chief Financial Officer
Gabrielle Alexander, Director of Finance

Date: May 8, 2024

Subject: *Agenda Item 4(c)*: Finance Department Salary Grade and Revised Job Descriptions – **Action Item**

CAPK Human Resources has been meeting with departments over the past few months to review and update job descriptions. The job descriptions have been reviewed utilizing the CompEase salary grading tool to ensure that positions are paid market wages.

The Finance leadership team met with Human Resources in April and reviewed each job description within the department. The competency of each position was evaluated against the established competency matrix within CompEase. Fair and equitable compensation for all staff members based on competencies was prioritized.

As part of the restructuring, the leadership team conducted a comprehensive review of salary structures to ensure pay equity across all roles. Ultimately, the goal of this restructuring is to enhance our ability to meet the evolving needs of our clients. By optimizing our operations, we can deliver higher-quality services in a timelier manner. Our leadership team will provide ongoing communication, resources, and assistance to help navigate these changes effectively.

Summary of Proposed Changes
Below is a description of the proposed position changes:

Position Title	Proposed Changes	Current Grade	Proposed Grade
Accountant I	Grade change and supervision received.	10 Min: $28.54 Mid: $35.65 Max: $42.78	10 Min: $28.39 Mid: $35.49 Max: $42.59
Accountant II	Grade change and supervision received.	11 Min: $32.80 Mid: $41.00 Max: $49.20	11 Min: $31.74 Mid: $39.68 Max: $49.20
Accounting Administrator - Finance	Grade change and responsibilities updated.	12 Min: $37.72 Mid: $47.13 Max: $56.57	14 Min: $45.63 Mid: $57.04 Max: $68.44

Accounting Administrator - Energy	Grade change and responsibilities updated.	12 Min: $37.72 Mid: $47.13 Max: $56.57	14 Min: $45.63 Mid: $57.04 Max: $68.44
Accounting Clerk	No changes.	6 Min: $18.53 Mid: $21.81 Max: $25.08	6 Min: $18.89 Mid: $23.62 Max: $28.34
Accounting Specialist	Supervision received, language refined, and updated education requirements.	8 Min: $21.59 Mid: $26.96 Max: $32.35	8 Min: $22.86 Mid: $28.59 Max: $34.30
Accounting Technician - Finance	Supervision received, language refined, and updated education requirements.	8 Min: $21.59 Mid: $26.96 Max: $32.35	8 Min: $22.86 Mid: $28.59 Max: $34.30
Accounts Payable Supervisor	Updated education and experience requirements.	10 Min: $28.54 Mid: $35.65 Max: $42.78	10 Min: $28.39 Mid: $35.49 Max: $42.59
Administrative Coordinator	No changes.	9 Min: $24.78 Mid: $31.01 Max: $37.21	9 Min: $25.45 Mid: $31.81 Max: $38.18
Billing Technician - Energy	Supervision received, language refined, and updated education requirements.	8 Min: $21.59 Mid: $26.96 Max: $32.35	8 Min: $22.86 Mid: $28.59 Max: $34.30
Procurement Manager	Formerly Business Manager, title change to Procurement Manager and language refined.	11 Min: $32.80 Mid: $41.00 Max: $49.20	12 Min: $35.58 Mid: $44.47 Max: $53.37
Procurement Contract Specialist	Formerly Business Contracts Specialist, title change to Procurement Contract Specialist, grade change and language refined.	9 Min: $24.78 Mid: $31.01 Max: $37.21	9 Min: $25.45 Mid: $31.81 Max: $38.18
Procurement Technician	Formerly Business Technician, title change to Procurement Technician, education updated and language refined.	8 Min: $21.59 Mid: $26.96 Max: $32.35	8 Min: $22.86 Mid: $28.59 Max: $34.30
Director of Finance	Grade and responsibilities updated.	12 Min: $37.72 Mid: $47.13 Max: $56.57	14 Min: $45.63 Mid: $57.04 Max: $68.44
Finance Administrator	Grade and responsibilities updated.	12 Min: $37.72 Mid: $47.13 Max: $56.57	14 Min: $45.63 Mid: $57.04 Max: $68.44
Billing Supervisor – Energy	Formerly Fiscal Coordinator, title change to Billing Supervisor-Energy, grade change and updated supervision exercised.	9 Min: $24.78 Mid: $31.01 Max: $37.21	10 Min: $28.39 Mid: $35.49 Max: $42.59
Fiscal Technician – Energy	Updated supervision received, responsibilities, and education requirements.	8 Min: $21.59 Mid: $26.96 Max: $32.35	8 Min: $22.86 Mid: $28.59 Max: $34.30

Operations Technician – Energy	Grade changed.	6 Min: $18.53 Mid: $21.81 Max: $25.08	7 Min: $20.61 Mid: $25.77 Max: $30.92
Payroll Specialist	Language refined.	8 Min: $21.59 Mid: $26.96 Max: $32.35	8 Min: $22.86 Mid: $28.59 Max: $34.30
Payroll Supervisor	Language refined.	10 Min: $28.54 Mid: $35.65 Max: $42.78	10 Min: $28.39 Mid: $35.49 Max: $42.59
Payroll/HRIS Administrator	Grade change, supervision exercised, updated requirements, and updated responsibilities.	12 Min: $37.72 Mid: $47.13 Max: $56.57	13 Min: $39.97 Mid: $49.96 Max: $59.95

Fiscal Impact and Timeframe

The updated job descriptions have been reviewed and approved by Human Resources. Employees whose positions have been re-evaluated are compensated within the salary range corresponding to the new grade. The budget for 2024-25 has been adopted and approved by the Board, including projected salary increases.

Strategic Plan Impact

As part of the 2021-25 Strategic Plan, specifically under Goal 4: *CAPK seeks to be an employer of choice and attract and retain a high-quality workforce to achieve the organization's desired results*, and as part of following objectives, the proposal supports staff development, growth, and retention:

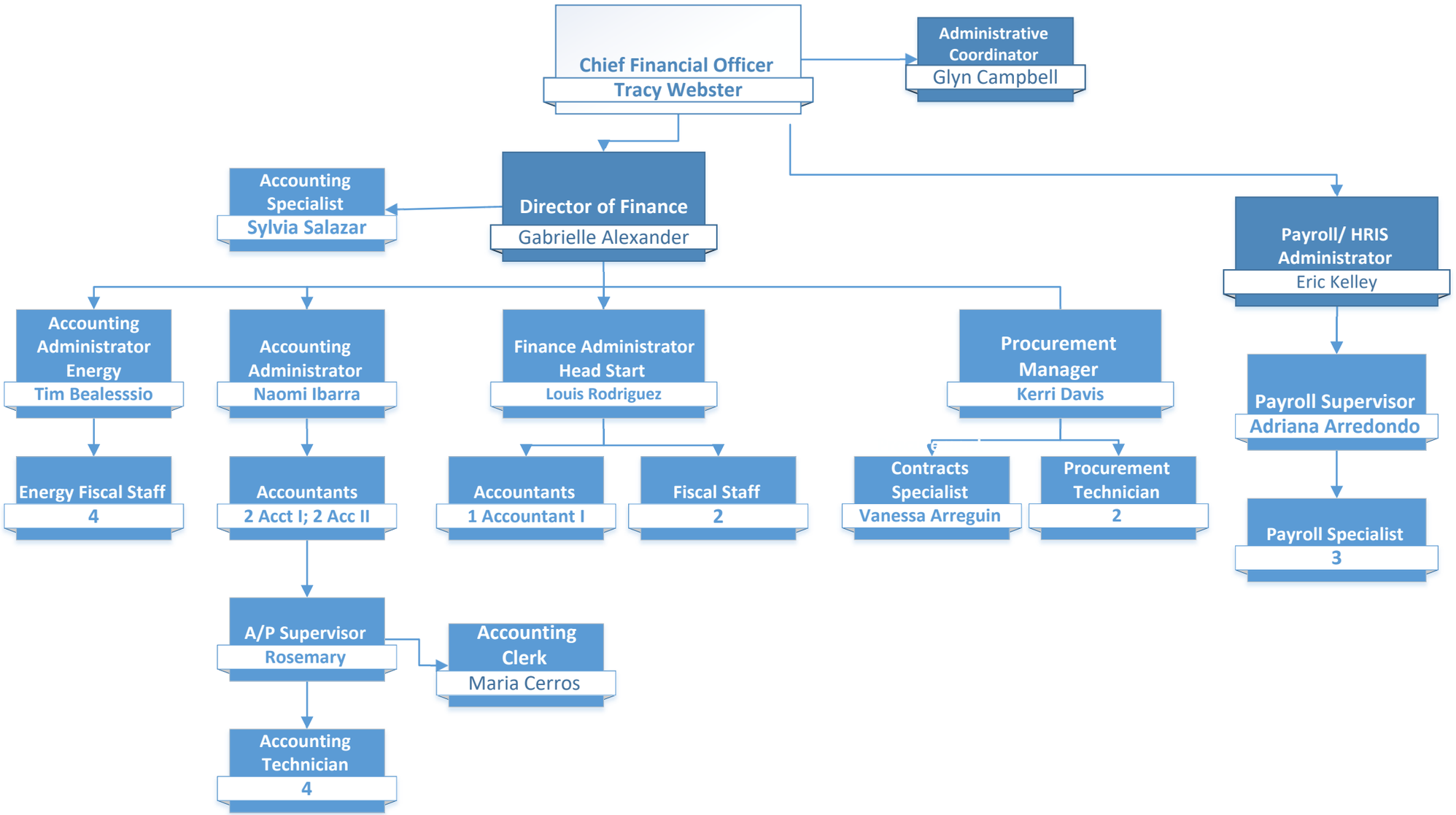
- Objective 4.2: Increase employee engagement, morale, and retention.
    - 4.2.1 Conduct an internal and external equity analysis to evaluate the labor market and fiscal impacts; (b) b) Complete development and consolidation of revised job descriptions.

Recommendation:

Staff recommends the Personnel Committee approve the revisions to the Finance Department job descriptions and proposed salary grades assigned to each position.

Attachments:

Organizational Chart
Accountant I Job Description
Accountant II Job Description
Accounting Administrator - Finance Job Description
Accounting Administrator - Energy Job Description
Accounting Clerk Job Description
Accounting Specialist Job Description
Accounting Technician - Finance Job Description
Accounts Payable Supervisor Job Description
Administrative Coordinator Job Description
Billing Technician - Energy Job Description
Procurement Manager Job Description
Procurement Contract Specialist Job Description
Procurement Technician Job Description
Director of Finance Job Description
Finance Administrator Job Description
Billing Supervisor - Energy Job Description
Fiscal Technician - Energy Job Description
Operations Technician – Energy Job Description
Payroll Specialist Job Description
Payroll Supervisor Job Description
Payroll/HRIS Administrator Job Description



Revised 04.30.24

Administrative Coordinator

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 09 **FLSA Status:** Non-Exempt **Date Approved:** 09/27/2023

SUMMARY:
Under the direction of the Chief and/or Division Director, performs sensitive and confidential administrative assistant/secretarial functions for the Chief and/or Director with special assistance to the Division's team. Maintains official records and provides administrative support to the Division.

SUPERVISION RECEIVED:
Receives supervision from Chief and/or Division Director.

SUPERVISION EXERCISED:
None

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:
- Performs a wide variety of duties for the Chief and/or Director that are complex, detailed, and highly confidential.
- Maintains official records system for the division.
- Coordinates, plans, and serves as the primary point of contact for Chief and/or Director's management team meetings.
- Manages and coordinates the Chief's and/or Director's calendar, meetings, phone calls, and other administrative tasks to help manage the priorities of the Chief and/or Director.
- Acts as the primary liaison for communication within the Agency's departments and responds to queries for general information.
- Provides general information to the public as required.
- Monitors budget for department managed by the Chief and/or Director.
- Prepares a variety of internal and external correspondence and completes forms and memos for distribution as needed.
- Reviews and assembles information and documents for Committee agendas in accordance with the Ralph M. Brown Act.
- Responsible for preparing committee packets and correspondence, takes minutes at various Board and Committee meetings, and transcribes into final minutes for distribution.

Other Job Specific Duties:
- Attends all meetings, trainings, and conferences as assigned.
- Is proactive in the effort to recruit and enroll families that qualify for CAPK programs.
- Performs any other like duties as assigned or as needed.

DRAFT

- Schedules and organizes activities such as meetings, training, and travel for the Chief and/or Director and staff.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Agency policies and procedures.
- Applicable federal, state, and local laws, codes, and regulations.
- Departmental policies and procedures.
- Correspondence and report writing practices and procedures.
- Modern office practice, procedures, and equipment, including computers.
- Record-keeping and report writing techniques.
- Current problems of socially and economically challenged families.
- The contributions of parents and volunteers who may be non-professional.
- Word processing, spreadsheet, database, and other related software applications.
- Organizational and procedure principles and research techniques.
- Basic budgetary principles.
- Language translation and interpretation strategies and techniques.

Ability to:

- Deal with conceptual matters.
- Demonstrate excellent problem-solving skills.
- Communicate effectively, verbally and in writing.
- Communicate orally in public.
- Prepare official agendas, meeting minutes, and public and other legal notices.
- Compose professional letters, memos, reports, and a variety of internal and external correspondence.
- Organize and maintain office files, records, and logs.
- Work with minimal supervision.
- Maintain confidentiality of sensitive documents and information.
- Plan, organize, allocate, and control substantial resources.
- Exercise independent discretionary judgment in a professional manner.
- Demonstrate good interpersonal skills.
- Attend evening and weekend meetings.
- Effectively present program information to the public.
- Establish professional working relationships with staff, agencies, and parents.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Completion of two (2) years of college or equivalent level course work in business or public administration, record management, or a related field
- Minimum of four (4) years of responsible administrative assistant work, including document and records management.

- Any combination of education and or experience that demonstrates a high degree of competency.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Bilingual language fluency (English/Spanish) desirable.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Administrative Coordinator			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	

Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x					

DRAFT

Chief Financial Officer

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 16 **FLSA Status:** Exempt **Date Approved:** 04/20/2020

SUMMARY:
The Chief Financial Officer is responsible coordinating the activities of the Finance department to include, but not limited to, planning, organizing, and guiding efficiencies and compliance of the financial and accounting functions of the organization, efficient and accountable procurement, and general business operations of the agency.

SUPERVISION RECEIVED:
Receives supervision from Chief Executive Officer (CEO).

SUPERVISION EXERCISED:
Director of Finance, HRIS/Payroll Administrator, and Administrative Coordinator. Indirect supervision of all subordinate Finance staff.

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Plan, organize, coordinate, guide, and control the overall financial and accounting functions of the organization.
- Drives best financial practices within the agency by publicizing standard operating procedures, keeping the senior leadership team, board, and staff up to date on agency financial status, and by generally serving as a point of reference for all growth plans and projects within the agency.
- Ensure that accounting policies, procedures, and controls comply with generally accepted accounting principles, government regulations, and guidelines.
- Develops and directs the implementation of goals, objectives, policies, procedures, and work standards for the finance department; directs the preparation and administration of the agency's budget. Provides oversight for and manages all budgets, forecasts and internal financial plans and processes.
- Design and implement financial reporting systems and human resource information systems (HRIS).
- Make decisions to modify or adapt procedures to strengthen the overall financial control environment of the organization to meet different or changing circumstances.
- Make decisions to ensure a vibrant workforce in compliance with state and federal law.
- Align resources to ensure operations meet the needs of Agency programs.
- Prepare and present monthly, quarterly, and annual financial reports that accurately reflect the financial position of the organization.
- Provide technical support in developing and preparing budgets, budget modifications and

DRAFT

amendments, and other supporting financial analyses and schedules required for ongoing grant/contracts and proposals for additional funding.

- Identify and present financial issues. Make recommendations on appropriate action for resolution.
- Identify and present matters concerning employee relations and changing employment law.
- Explores and suggests how the agency can invest its reserves and resources to generate passive income.
- Reviews short and long-term goals considering existing and projected financial resources available.
- Creates data-based long- and short-term goals, budgets, and forecasts.
- Participates in all internal planning regarding agency's proposed program expansion, to ensure alignment of program, outreach, and training plans with financial projections.
- Establishes annual priorities and benchmarks and conducts regular reporting, measuring projections against actual performance.
- Generates weekly, monthly, quarterly, and annual reports as needed to monitor, evaluate, and optimize cash-flow and liquidity.
- Act as a liaison with funding sources in resolving budget, financial, and reporting issues.
- Oversee and facilitate the annual organization-wide audit as well as funding source fiscal monitoring visits.
- Provide general business, financial, and operational advice to the CEO, board, executive team, and other stakeholders on all financial matters, making recommendations and suggesting pro-active strategies to keep the agency on track.
- Provide technical support and direction to senior management staff to ensure compliance with government rules and regulations and grant/contract requirements.
- Maintain effective working relationships and communications with senior management, the Board of Directors, funding source representatives, banks, auditors, and others as needed to keep close to agency's major expenditures and sources of revenue.
- Utilizes technology to optimize all reporting and analytical functions. Directs the conducting of analytical studies, develops and review reports of findings, alternatives, and recommendations.
- Represents the interests of the agency in meetings with representatives of governmental agencies, professional and business organizations, employee organizations, and the public. Monitors developments and legislation related to financial matters, evaluates their impact upon agency operations, and recommends and implements policy and procedural improvements.
- Serve as primary support staff contact to the Budget & Finance and Audit & Pension Committees of the Board of Directors.
- Analyze and interpret legislation and other financial directives issued by the Controller General of the United States and the Office of Management and Budget (OMB).
- Train staff on effective use of the accounting software applications/modules.

Other Job Specific Duties:

- Attend all meetings, trainings, and conferences as assigned.
- Maintain a safe and functional work environment.
- Work alternative hours as required, including nights and weekends.
- Perform any other like duties as assigned.

DRAFT

- Builds top-tier internal finance team by actively recruiting, training, and developing talented accountants, analysts, technicians, and payroll staff, as needed.
- Selects assigned staff and provides for their training and professional development; is responsible for morale, productivity, review, and discipline of department staff.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Generally accepted accounting principles.
- Applicable federal, state, and local laws, codes, and regulations.
- Organization and Finance division policies and procedures.
- Modern office practices, methods, procedures, and equipment.
- Word processing, spreadsheet, general ledger database, and related software applications.

Ability to:

- Plan, organize, allocate, and control confidential data and organizational resources.
- Communicate effectively, verbally and in writing.
- Work under frequent time pressures or deadlines.
- Supervise and motivate a diverse group of individuals.
- Research and resolve financial issues and problems.
- Analyze financial data with successful results.
- Prepare accurate and concise financial statements, reports, and budgets.
- Establish and maintain good working relationships, internally and externally, with funding sources, banks, board of directors, and auditors.
- Exercise good and independent judgment.
- Demonstrate initiative and ingenuity.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Bachelor's degree in accounting, business administration, or related field.
- CPA (Certified Public Accountant) or master's degree preferred.
- Minimum of 15 years of progressive financial accounting experience, including seven (7) years of supervisory experience.
- Experienced in integrating IT systems to improve accounting productivity and accuracy.
- Experienced at working with external auditors, compliance, and regulatory oversight; commitment to results; "can-do" mindset; outstanding problem-solving ability.
- Experience in change leadership and change management.
- Knowledge of principles, practices, and techniques of non-profit fiscal administration, including recruitment and selection, equal employment, financial analysis, and employee development; knowledge of Office Suite and Excel and familiarity with accounting software platforms.
- Knowledge and understanding of OMB requirements for non-profits.

- Experience in making public presentations clearly and concisely before large stakeholder groups.
- Financial accounting experience in a non-profit organization or governmental entity is desirable, including familiarity with governmental accounting standards and regulations.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and have such records filed with the State Department of Social Services.
- Credit check with satisfactory history.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Chief Financial Officer			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x

DRAFT

Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Director of Finance

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 16 **FLSA Status:** Exempt **Date Approved:** 03/25/2020

SUMMARY:
Responsible for assisting the Chief Financial Officer (CFO) in overseeing and directing the coordination and implementation of financial management systems that ensure efficiencies and compliance on an organization-wide basis, including planning, organizing, guiding, and monitoring the overall financial and accounting functions of the organization.

SUPERVISION RECEIVED:
Receives supervision from the Chief Financial Officer.

SUPERVISION EXERCISED:
Direct supervision of the Accounting Administrators, Finance Administrator-Head Start, Procurement Manager, and Accounting Specialist. Indirect supervision of all subordinate Finance staff.

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Assist with the financial management and accounting functions of the Finance division.
- Ensure that accounting policies, procedures, and controls comply with generally accepted accounting principles, governmental regulations, and guidelines.
- Act as a liaison with funding sources in resolving budget, financial, and reporting issues.
- Assist the CFO in developing and implementing policies and procedures to ensure corporate assets are safeguarded, including confidential data.
- Assist the CFO in designing and implementing financial reporting systems.
- Assist in the preparation of monthly financial reports that accurately reflect the financial status of the organization for presentation to the Board of Directors.
- Design and recommend the use of financial dashboards for management decisions.
- Assist in developing and establishing budgeting standards to evaluate expenditures for all grants/contracts and programs.
- Identify and present financial issues and recommend appropriate action to strengthen and enhance the financial environment.
- Assist in the approval of expenditures within grant/program budget limits.
- Assist in the development and preparation of budgets, budget modifications, amendments, and other supporting financial analyses and schedules required for ongoing grants/contracts and proposals for additional funding.
- Assist in establishing and maintaining all banking relationships.
- Provide general business and financial advice to the CFO on the overall operations and

DRAFT

financial condition of the organization.
- Provide technical support and direction to senior management staff to ensure compliance with government rules and regulations and grant/contract requirements.
- Analyze and interpret legislation and other financial directives issued by the Controller General of the United States and the Office of Management and Budget (OMB).
- Establish and maintain effective relationships with senior management, the Board of Directors, funding source representatives, banks, and auditors.
- Train staff on effective use of the accounting software applications/modules.
- Perform other financial and accounting duties as assigned.

Other Job Specific Duties:
- Attend all meetings, trainings, and conferences as assigned.
- Maintain a safe and functional work environment.
- Work alternative hours as required, including nights and weekends.

MINIMUM QUALIFICATIONS:
The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:
- Generally accepted accounting principles.
- Applicable federal, state, and local laws, codes, and regulations.
- Organization and Finance Division policies and procedures.
- Modern office practices, methods, procedures, and equipment.
- Word processing, spreadsheet, general ledger database, and related software applications.

Ability to:
- Plan, organize, allocate, and control confidential data and organizational resources.
- Communicate effectively, verbally and in writing.
- Maintain and organize a variety of files, records, and logs.
- Work under frequent time pressures or deadlines.
- Supervise and motivate a diverse group of individuals.
- Research and resolve financial issues and problems.
- Analyze financial data with successful results.
- Prepare accurate and concise financial statements, reports, and budgets.
- Exercise good and independent judgment.

EDUCATION AND EXPERIENCE:
The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Bachelor's degree in accounting, business administration, or related field.
- CPA (Certified Public Accountant) preferred.
- Eight (8) years of progressive financial accounting experience, including four (4) years of supervisory experience.
- Financial accounting experience in a non-profit organization or governmental entity is

DRAFT

desirable, including familiarity with governmental accounting standards and regulations.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and have such records filed with the State Department of Social Services.
- Credit check with acceptable history.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Director of Finance			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	

DRAFT

Pushing &Pulling (left hand)					x	
Reaching (above shoulder level)					x	
Reaching (below shoulder level)					x	
	LIFTING		CARRYING			
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Billing Supervisor – Energy

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 10 **FLSA Status:** Non-Exempt **Date Approved:** TBD

SUMMARY:
Responsible for assisting the Energy Accounting Administrator with fiscal requirements of the Energy program, including monitoring, and analyzing general ledger accounts, particularly regarding inventory and contracts. Coordinates the work of the billing department to ensure that reports are accurate and submitted in a timely manner to the finance department. Assists management with the day-to-day operations of the program, including participation in and review of all regulations and reporting, funding source requirements, and procedures.

SUPERVISION RECEIVED:
Receives direct supervision from the Energy Accounting Administrator.

SUPERVISION EXERCISED:
Energy Billing Technicians.

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Responsible for managing the program's inventory, including working with various inventory vendors, and ensuring that the inventory policies and procedures are being implemented.
- Responsible for ensuring all inventory purchases are entered into energy billing software and the Perpetual Inventory.
- Responsible for review of monthly activity to ensure that Perpetual Inventory and Real Time Inventory are accurately tracked.
- Supervises the billing technicians, including planning, coordinating, and monitoring their work to ensure there are no discrepancies in billing reports.
- Reviews monthly Material Usage Reports prior to submission to the Program Administrator for submission to the Finance department.
- Ensures all subcontractor invoices and materials used are entered and coded to the appropriate funding source for each dwelling.
- Evaluates billing technicians' performance, provides mentoring, coaching, and necessary disciplinary action when warranted.
- Provides training and technical assistance to billing technicians.
- Reviews, maintains, and enforces internal control procedures for inventory, fiscal, and billing departments.
- Responsible for reviewing and/or maintaining a review system for all documents, e.g., check requests, purchase orders, timesheets (for payroll allocation), mileage reports, and

DRAFT

other fiscal documentation for accuracy, completeness, and reasonableness of purchases to ensure that Energy contracts are appropriately allocated and billed.
- Responds to and implements changes in procedures consistent with Weatherization Installations Standards, state, federal, and local regulations.
- Assists with reconciliation of various program accounts, including but not limited to, inventory and sub-contractors monthly.
- Assists with the procurement of goods and services, as needed.
- Assists with audits and state reviews.
- Prepares responses to inquiries from the finance department.

Other Job Specific Duties:
- Works on special projects as assigned.
- Maintains a safe and functional work environment.
- Conducts and attends meetings, training, and professional growth activities, as required.
- Performs other like duties as assigned.

MINIMUM QUALIFICATIONS:
The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:
- Agency policies and procedures.
- Procurement policies and procedures.
- Applicable federal, state, and local laws, codes, and regulations.
- Departmental policies and procedures.
- Modern office procedures and equipment.
- Word processing and related software applications.

Ability to:
- Plan, organize, allocate, and control substantial resources.
- Research and resolve accounting issues.
- Work independently.
- Exercise sound, independent judgment within general policy guidelines.
- Provide guidance and interpret and explain policies and procedures.
- Gather and analyze data and prepare clear and concise reports.
- Meet and interview individuals and groups to provide accurate reports.
- Communicate effectively, verbally and in writing.
- Work with accuracy and attention to detail.
- Effectively organize and prioritize assigned work.
- Establish and maintain effective working relationships.

EDUCATION AND EXPERIENCE:
The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Associate degree in accounting, finance, or related field from any accredited college or university.

DRAFT

- Four (4) years of accounting/finance experience, including inventory experience.
- Any equivalent combination of education and/or experience may be accepted.

OTHER REQUIREMENTS:

- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Billing Supervisor - Energy			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

DRAFT

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Billing Supervisor – Energy

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 10 **FLSA Status:** Non-Exempt **Date Approved:** TBD

SUMMARY:
Responsible for assisting the Energy Accounting Administrator with fiscal requirements of the Energy program, including monitoring, and analyzing general ledger accounts, particularly regarding inventory and contracts. Coordinates the work of the billing department to ensure that reports are accurate and submitted in a timely manner to the finance department. Assists management with the day-to-day operations of the program, including participation in and review of all regulations and reporting, funding source requirements, and procedures.

SUPERVISION RECEIVED:
Receives direct supervision from the Energy Accounting Administrator.

SUPERVISION EXERCISED:
Energy Billing Technicians.

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Responsible for managing the program's inventory, including working with various inventory vendors, and ensuring that the inventory policies and procedures are being implemented.
- Responsible for ensuring all inventory purchases are entered into energy billing software and the Perpetual Inventory.
- Responsible for review of monthly activity to ensure that Perpetual Inventory and Real Time Inventory are accurately tracked.
- Supervises the billing technicians, including planning, coordinating, and monitoring their work to ensure there are no discrepancies in billing reports.
- Reviews monthly Material Usage Reports prior to submission to the Program Administrator for submission to the Finance department.
- Ensures all subcontractor invoices and materials used are entered and coded to the appropriate funding source for each dwelling.
- Evaluates billing technicians' performance, provides mentoring, coaching, and necessary disciplinary action when warranted.
- Provides training and technical assistance to billing technicians.
- Reviews, maintains, and enforces internal control procedures for inventory, fiscal, and billing departments.
- Responsible for reviewing and/or maintaining a review system for all documents, e.g., check requests, purchase orders, timesheets (for payroll allocation), mileage reports, and

DRAFT

other fiscal documentation for accuracy, completeness, and reasonableness of purchases to ensure that Energy contracts are appropriately allocated and billed.
- Responds to and implements changes in procedures consistent with Weatherization Installations Standards, state, federal, and local regulations.
- Assists with reconciliation of various program accounts, including but not limited to, inventory and sub-contractors monthly.
- Assists with the procurement of goods and services, as needed.
- Assists with audits and state reviews.
- Prepares responses to inquiries from the finance department.

Other Job Specific Duties:
- Works on special projects as assigned.
- Maintains a safe and functional work environment.
- Conducts and attends meetings, training, and professional growth activities, as required.
- Performs other like duties as assigned.

MINIMUM QUALIFICATIONS:
The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:
- Agency policies and procedures.
- Procurement policies and procedures.
- Applicable federal, state, and local laws, codes, and regulations.
- Departmental policies and procedures.
- Modern office procedures and equipment.
- Word processing and related software applications.

Ability to:
- Plan, organize, allocate, and control substantial resources.
- Research and resolve accounting issues.
- Work independently.
- Exercise sound, independent judgment within general policy guidelines.
- Provide guidance and interpret and explain policies and procedures.
- Gather and analyze data and prepare clear and concise reports.
- Meet and interview individuals and groups to provide accurate reports.
- Communicate effectively, verbally and in writing.
- Work with accuracy and attention to detail.
- Effectively organize and prioritize assigned work.
- Establish and maintain effective working relationships.

EDUCATION AND EXPERIENCE:
The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Associate degree in accounting, finance, or related field from any accredited college or university.

DRAFT

- Four (4) years of accounting/finance experience, including inventory experience.
- Any equivalent combination of education and/or experience may be accepted.

OTHER REQUIREMENTS:

- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Billing Supervisor - Energy			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

DRAFT

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Billing Technician - Energy

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 08 **FLSA Status:** Non-Exempt **Date Approved:** 02/22/2023

SUMMARY:
Performs appropriate billing activities to ensure that reports are accurate and submitted to the Billing supervisor in a timely manner for review.

SUPERVISION RECEIVED:
Fiscal Coordinator-Weatherization

SUPERVISION EXERCISED:
None

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:
- Checks client file to determine if an appliance was installed and coded correctly.
- Reviews inspection form to ensure all data was collected and all appropriate documents are attached to the file.
- Reviews job material list to ensure all materials installed are listed in CSD 540 form.
- Enters all inventory material installed in the dwelling onto the in-house billing sheet.
- Calculates and enters all hours worked for the assessors, installers, and inspectors onto the in-house billing sheet.
- Calculates the hours per measure for installers and enters onto the in-house billing sheet.
- Enters inventory material onto the Material Usage Report.
- Enter all data into energy billing software.
- Prints summary report and compares it to in-house summary sheet to ensure accuracy.
- Attends staff development activities, training, meetings, seminars, conferences, etc., as deemed necessary by supervisor.
- Maintains effective communications with supervisor, co-workers, and funding sources, as necessary.
- Participates in a cooperative team environment.
- Meets assigned contractual productivity goals monthly.
- Submits accurate and detailed files and records in a timely manner to supervisor.
- Manages time effectively for maximum productivity.

Other Job Specific Duties:
- Attends all meetings, trainings, and conferences as assigned.
- Maintains a safe and functional work environment.
- Works alternative hours as required, including nights and weekends.

DRAFT

- Performs other like duties as assigned.

MINIMUM QUALIFICATIONS:
The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:
- Agency policies and procedures.
- Applicable federal, state, and local laws, codes, and regulations.
- Departmental policies and procedures.

Ability to:
- Successfully complete energy billing software database training.
- Capable of multitasking and tracking multiple projects.
- Analyze problems and identify alternative solutions.
- Work independently.
- Exercise sound, independent judgment within general policy guidelines.
- Work with accuracy and attention to detail.
- Operate and use modern office equipment, including ten-key calculator.
- Effectively organize and prioritize assigned work.
- Establish and maintain effective working relationships.
- Attend evening and weekend meetings.
- Communicate effectively, verbally and in writing.

EDUCATION AND EXPERIENCE:
The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Associate degree in business studies or related field.
- Two (2) years of billing and data entry experience.
- Two (2) years of experience working in a social service environment.
- Any equivalent combination of education and/or experience may be acceptable on a year-to-year basis.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Bilingual language fluency (Spanish/English) desirable.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:
The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.

DRAFT

- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Billing Technician - Energy			
Activity Hours Per Day	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x					

DRAFT

Billing Technician - Energy

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 08 **FLSA Status:** Non-Exempt **Date Approved:** 02/22/2023

SUMMARY:
Performs appropriate billing activities to ensure that reports are accurate and submitted to the Billing supervisor in a timely manner for review.

SUPERVISION RECEIVED:
Fiscal Coordinator-Weatherization

SUPERVISION EXERCISED:
None

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:
- Checks client file to determine if an appliance was installed and coded correctly.
- Reviews inspection form to ensure all data was collected and all appropriate documents are attached to the file.
- Reviews job material list to ensure all materials installed are listed in CSD 540 form.
- Enters all inventory material installed in the dwelling onto the in-house billing sheet.
- Calculates and enters all hours worked for the assessors, installers, and inspectors onto the in-house billing sheet.
- Calculates the hours per measure for installers and enters onto the in-house billing sheet.
- Enters inventory material onto the Material Usage Report.
- Enter all data into energy billing software.
- Prints summary report and compares it to in-house summary sheet to ensure accuracy.
- Attends staff development activities, training, meetings, seminars, conferences, etc., as deemed necessary by supervisor.
- Maintains effective communications with supervisor, co-workers, and funding sources, as necessary.
- Participates in a cooperative team environment.
- Meets assigned contractual productivity goals monthly.
- Submits accurate and detailed files and records in a timely manner to supervisor.
- Manages time effectively for maximum productivity.

Other Job Specific Duties:
- Attends all meetings, trainings, and conferences as assigned.
- Maintains a safe and functional work environment.
- Works alternative hours as required, including nights and weekends.

DRAFT

- Performs other like duties as assigned.

MINIMUM QUALIFICATIONS:
The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:
- Agency policies and procedures.
- Applicable federal, state, and local laws, codes, and regulations.
- Departmental policies and procedures.

Ability to:
- Successfully complete energy billing software database training.
- Capable of multitasking and tracking multiple projects.
- Analyze problems and identify alternative solutions.
- Work independently.
- Exercise sound, independent judgment within general policy guidelines.
- Work with accuracy and attention to detail.
- Operate and use modern office equipment, including ten-key calculator.
- Effectively organize and prioritize assigned work.
- Establish and maintain effective working relationships.
- Attend evening and weekend meetings.
- Communicate effectively, verbally and in writing.

EDUCATION AND EXPERIENCE:
The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Associate degree in business studies or related field.
- Two (2) years of billing and data entry experience.
- Two (2) years of experience working in a social service environment.
- Any equivalent combination of education and/or experience may be acceptable on a year-to-year basis.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Bilingual language fluency (Spanish/English) desirable.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:
The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.

DRAFT

- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Billing Technician - Energy			
Activity Hours Per Day	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x					

DRAFT

Operations Technician

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 08 **FLSA Status:** Non-exempt **Date Approved:** 02/22/2023

SUMMARY:
Under the direction of the Accounting Administrator-Energy, responsible for inventory control and distribution, building, warehouse, diagnostic equipment, and fleet maintenance.

SUPERVISION RECEIVED:
Receives supervision from the Accounting Administrator-Energy.

SUPERVISION EXERCISED:
None

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Ensures compliance with inventory control standards per Agency and grant specifications.
- Ensures that proper procedures are followed in the warehouse with respect to receiving, stocking, distributing inventory, and maintaining adequate stock levels, as determined by the Accounting Administrator-Energy.
- Conducts physical inventory of weatherization materials, supplies, and equipment monthly or as requested.
- Retrieves and distributes weatherization materials and supplies from crews daily.
- Following Agency procurement procedures, purchases materials from local vendors and obtains pricing for new materials when needed.
- Receives and stocks incoming weatherization materials and supplies.
- Reconciles daily inventory control sheets, enters the information into the RTI spreadsheet, Dwelling/Job Summary Report, and uploads to weatherization software.
- Research material discrepancies and coordinate with billing, as needed.
- Responsible for preparing and sizing materials into distribution portions.
- Handles disposal of damaged inventory following standard procedures.
- Assists Accounting Administrator-Energy with maintaining monthly perpetual inventory control report.
- Maintains calibration of diagnostic equipment, including updating the calibration logs, per procedures.
- Maintains the upkeep of the energy fleet vehicles, including updating the vehicle maintenance logs.
- Monitors upkeep and maintenance of the energy building under the guidance of the Accounting Administrator-Energy.

- Maintains a clean and safe work environment.
- Maintains effective communication with program staff and funding sources, as necessary.
- Performs other duties as assigned.

MINIMUM QUALIFICATIONS:
The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:
- Agency policies and procedures.
- Departmental policies and procedures.
- Applicable state, federal and local laws, codes, and regulations.
- Current problems of socially and economically challenged families.
- Modern office practices, methods, procedures, and equipment.
- Word processing, spreadsheet, database, and related software applications **(**Windows, MS Office, MS Access, MS Excel, and the Internet)**.**

Ability to:
- Plan, organize, allocate, and control substantial resources.
- Communicate effectively, verbally and in writing.
- Demonstrate good interpersonal skills.
- Effectively present Energy program information to the public.
- Establish professional working relationships with staff, outside vendors, and other agencies.

EDUCATION AND EXPERIENCE:
The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- High school diploma or GED certificate required.
- Two (2) years' responsible experience in inventory control and database management preferred.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Bilingual language fluency (Spanish/English) highly desirable.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:
The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.

DRAFT

- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be provided to enable employees with disabilities to perform their essential duties.

POSITION TITLE Operations Technician			
Activity Hours Per Day	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Accountant II

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 11 **FLSA Status:** Non-Exempt **Date Approved:** 11/30/2022

SUMMARY:
Responsible for the high level and complex accounting and financial reporting functions of the organization, including preparing financial statements, preparing budget to actual reports, reconciling bank accounts, and monitoring and analyzing assets, liabilities, revenue, and expenditures accounts.

SUPERVISION RECEIVED:
Receives supervision from the Accounting Administrator or Finance Administrator (Head Start).

SUPERVISION EXERCISED:
None

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodations may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Manage the centralized accounting software system, including understanding its capabilities and maximizing the use of its modules/application.
- Train key management staff and division staff on effective use of the accounting software modules/applications.
- Prepare organization-wide financial statements.
- Prepare financial reports for grants/contracts in accordance with funding source requirements.
- Prepare organization-wide budget to actual reports.
- Analyze general ledger accounts for propriety and accuracy.
- Maintain fixed assets subsidiary ledger in accordance with regulatory requirements.
- Reconcile bank accounts monthly.
- Analyze organization cash balances daily by grant and program.
- Prepare U.S. Treasury cash drawdown supporting schedules.
- Monitor expenditures on an ongoing basis to ensure that expenditures do not exceed the established budget.
- Prepare periodic and special reports for financial, statistical, and other purposes for use by management staff.
- Prepare annual audit schedules.
- Provide technical support to program staff in resolving budget, financial, and reporting issues.
- Keep the Accounting Administrator and Director of Finance informed on all accounting and financial issues affecting grants/programs and recommend solutions for improvement.

DRAFT

- Manage position control data to ensure that positions are appropriately budgeted by funding source.
- Perform other financial and accounting duties as assigned.

Other Job Specific Duties:
- Attend all meetings, trainings, and conferences as assigned.
- Maintain a safe and functional work environment.
- Work alternative hours as required, including nights and weekends.

MINIMUM QUALIFICATIONS:
The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:
- Generally accepted accounting principles.
- Applicable federal, state, and local laws, codes, and regulations.
- Organization and Finance division policies and procedures.
- Modern office practices, methods, procedures, and equipment, Word processing, spreadsheet, general ledger database, and related software applications.

Ability to:
- Prepare financial statements and reports.
- Analyze financial data.
- Research and resolve accounting issues.
- Work independently.
- Work under frequent time pressures and deadlines.
- Plan, organize, allocate, and control confidential data and organizational resources.
- Communicate effectively, verbally and in writing.
- Use good organizational methods and procedures.
- Establish and maintain effective working relationships, internally and externally.

EDUCATION AND EXPERIENCE:
The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Bachelor's degree in accounting, business administration, or related field.
- Minimum of five (5+) years of progressive financial accounting experience.
- Financial accounting experience in a non-profit organization or governmental entity is desirable, including familiarity with governmental accounting standards and regulations.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

DRAFT

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Accountant II			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		

DRAFT

100+ lbs	x					

DRAFT

Accountant I

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 10 **FLSA Status:** Non-Exempt **Date Approved:** 11/30/2022

SUMMARY:
Responsible for complex general accounting and financial reporting functions of the organization to include preparing financial statements, reconciling bank accounts, and monitoring and analyzing assets, liabilities, revenues, and expenditures accounts.

SUPERVISION RECEIVED:
Receives supervision from the Accounting Administrator or Finance Administrator (Head Start).

SUPERVISION EXERCISED:
None

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:
- Prepare organization financial statements.
- Prepare financial reports for grants/contracts in accordance with funding source requirements.
- Analyze general ledger accounts for propriety and accuracy.
- Maintain fixed assets subsidiary ledger in accordance with regulatory requirements.
- Reconcile bank accounts monthly.
- Analyze organization cash balances daily by grant and program.
- Prepare U.S. Treasury cash drawdown supporting schedules.
- Monitor expenditures on an ongoing basis to ensure that expenditures do not exceed the established budget.
- Prepare periodic and special reports for financial, statistical, and other purposes for use by management staff.
- Prepare annual audit schedules.
- Provide technical support to program staff in resolving budget, financial, and reporting issues.
- Keep supervisor(s) informed on all accounting and financial issues affecting grants/programs and recommend solutions for improvement.
- Train key management staff and division staff on effective use of the accounting software applications/modules.
- Perform other financial and accounting duties as assigned.

Other Job Specific Duties:
- Attend all meetings, trainings, and conferences as assigned.

DRAFT

- Maintain safe and functional work environment.

MINIMUM QUALIFICATIONS:
The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:
- Generally accepted accounting principles.
- Applicable federal, state, and local laws, codes, and regulations.
- Organization and Finance division policies and procedures.
- Modern office practices, methods, procedures, and equipment,
- Word processing, advanced spreadsheet, general ledger database, and other related software applications.

Ability to:
- Prepare financial statements and reports.
- Analyze financial data.
- Research and resolve accounting issues.
- Work independently.
- Work under frequent time pressures and deadlines.
- Plan, organize, allocate, and control confidential data and organizational resources.
- Communicate effectively, verbally and in writing.
- Use good organizational methods and procedures.
- Establish and maintain effective working relationships, internally and externally.

EDUCATION AND EXPERIENCE:
The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Bachelor's degree in accounting, business administration or related field.
- 3-5 years of progressive financial accounting experience.
- Financial accounting experience in a non-profit organization or governmental entity is desirable, including familiarity with fund accounting and governmental accounting standards and regulations.

OTHER REQUIREMENTS:
- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:
The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.

- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Accountant I			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Accounting Administrator

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 14 **FLSA Status:** Exempt **Date Approved:** 01/26/2022

SUMMARY:
Maintains and enhances the organization's finance department by planning, implementing directing, and coordinating the day-to-day accounting operations of the organization. Assists the Director of Finance with strategic leadership, implementation, and coordination of Finance activities and internal communications to ensure a positive culture and work environment, as well as appropriate fiscal compliance and accountability. Additionally, responsible for specialized accounting, auditing, and monitoring tasks.

SUPERVISION RECEIVED:
Receives supervision from the Director of Finance or Chief Financial Officer (CFO) in the absence of the Director of Finance.

SUPERVISION EXERCISED:
Directly supervises Accountant II's, Accountants I's, and Accounts Payable Supervisor.

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Assist Director in strategic planning and implementation of best practices and processes with respect to Generally Accepted Accounting Principles, policies and procedures, and funding guidelines. Position is a hands-on leadership role.
- Train key management staff and division staff on effective use of the accounting and project management software modules/applications.
- Manage, plan, and coordinate the day-to-day accounting operations of the organization to include cash disbursements, cash receipts, and recording of all accounting transactions to the general ledger.
- Ensure the accuracy of the financial records of the organization.
- Review and analyze general ledger accounts to ensure reliability and accuracy.
- Review voucher packages to ensure completeness and accuracy, including proper authorizations and proper coding of transactions in accordance with the established chart of accounts.
- Assist with cash flow analysis to determine vendor payments to be processed in conjunction with cash availability.
- Maintain effective working relationships and communication with vendors of the organization.
- Ensure the timely depositing and recording of all cash and cash equivalents.
- Prepare audit schedules and financial schedules and reports as assigned.

- Assist with facilitating the annual organization-wide audits and funding source financial onsite monitoring reviews.
- Provide technical support to program managers on use of the chart of accounts and maximizing use of grant/program funds.
- Direct the work of accountants charged with managing and monitoring program grant/contract spending.
- Coordinate with the Procurement on purchase orders and contract services agreements.
- Coordinate with Payroll on the recording of payroll related transactions.
- Ensure that the established general ledger, cash receipts, accounts payable and payroll accounting procedures and processes are followed.
- Make recommendations to streamline the organization's accounting processes for enhanced effectiveness and efficiency and ensure that adequate accounting controls are in place.
- Ensure that supporting documentation is adequate to support all accounting transactions of the organization.
- Maintain original documentation for grant/award letters, lease agreements, contract services agreements, memorandums of understanding, general ledger journal entries and funding source correspondence.
- Supervise and evaluate Finance staff in performance of duties.
- Keep the Director of Finance and Chief Financial Officer informed on all issues affecting the accounting activities of the organization in a timely manner.
- Provide divisional oversight on all areas of the Finance Division in the absence of the CFO and/or Director of Finance.
- Stays current with relevant federal and state regulations and policies.
- Perform other financial and accounting duties as assigned.

Other Job Specific Duties:

- Attend all meetings, trainings, and conferences as assigned.
- Maintain safe and functional work environment.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Organization and Finance Division policies and procedures.
- Applicable federal, state, and local laws, codes, and regulations.
- Principles, methods, practices, and procedures concerning financial record management and reporting systems.
- Computer-assisted accounting systems, system analysis techniques, computer accounting and financial forecasting programs and data processing related equipment.
- Accounting, budget planning, and fiscal record management, storage, and retrieval systems.
- Advanced accounting concepts: cost and general accounting, fiscal planning, audit procedures, management systems and organizational analysis.

Ability to:

- Work under frequent time pressures or deadlines.
- Research and resolve accounting issues.
- Plan, organize, allocate, and control confidential data and organizational resources.
- Use good organizational methods and procedures.
- Supervise and motivate a diverse group of individuals.
- Coordinate work requiring attention to detail.
- Communicate effectively, verbally and in writing.
- Establish and maintain effective working relationships, both internally and externally.
- Exercise good and independent judgment.
- Demonstrate initiative and ingenuity.
- Prepare fiscal, statistical, and written reports in a clear and concise manner.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Bachelor's degree in accounting, business administration or related field with at least 24 units in accounting and accounting related courses.
- Master's degree preferred but not required.
- Five (5) years of progressive accounting experience, including two (2) years of supervisory experience.
- Financial accounting experience in a non-profit organization or governmental entity is desirable, including familiarity with governmental accounting standards and regulations.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Accounting Administrator				
Activity	**Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**

Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Accounting Administrator - Energy

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 14 **FLSA Status:** Exempt **Date Approved:** 01/26/2022

SUMMARY:
Responsible for financial monitoring and reporting functions of program budgets/grants, including monitoring and analyzing assets, liabilities, revenue, and expenditures accounts, reviewing financial data, preparing budget to actual reports, and using findings to assist management with the day-to-day operations of the program.

SUPERVISION RECEIVED:
Receives supervision from the Director of Finance, or Chief Financial Officer (CFO) in the absence of the Director of Finance.

SUPERVISION EXERCISED:
Fiscal Coordinator-Energy, Operations Technicians, and indirect supervision of Fiscal Technician, Billing Supervisor, and Billing Technicians.

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Assists and provides guidance to the Energy Program Administrator and Division Director responsible for Energy programs for all fiscal issues affecting grants/programs.
- Assist Director of Finance in strategic planning and implementation of best practices and processes with respect to Generally Accepted Accounting Principles, policies and procedures, and funding guidelines. Position is a hands-on leadership role.
- Manages the preparation and finalization of budgets and budget revisions.
- Train key management staff and division staff on effective use of the accounting and project management software modules/applications.
- Creates, maintains, and monitors a budget to actual report for each funding source along with an overall program budget and provides proposed budget modifications if expenditures are projected to exceed or underspend the budget.
- Establishes, maintains, and enforces internal control procedures for inventory, fiscal, and billing departments.
- Prepares a monthly financial/statistical report for use by the Energy Program Administrator and Division Director responsible for Energy programs.
- Prepares annual program audit schedules.
- Monitors inventory policies and procedures including review of monthly inventory reports for accuracy.
- Reconciles various program accounts, including but not limited to, inventory and sub-contractors monthly.

- Review data entered in program software, state database(s), and the general ledger.
- Responsible for entering data into the State of California Department of Community Services and Development Expenditure Activity Reporting System.
- Provides recommendations for improving and/or streamlining processes.
- Prepares financial reports for grants/contracts in accordance with funding source requirements.
- Analyzes general ledger accounts for propriety and accuracy.
- Keeps Division Director of Energy Programs and Energy Program Administrator informed on all financial issues affecting grants/programs and recommends solutions for improvement.
- Provides support to key program management staff on the effective use of the accounting software applications/modules.
- Provides technical support to staff in resolving budget, financial, and reporting issues.
- Make recommendations to streamline the organization's accounting processes for enhanced effectiveness and efficiency and ensure that adequate accounting controls are in place.
- Ensure that supporting documentation is adequate to support all accounting transactions of the organization.
- Maintain original documentation for grant/award letters, lease agreements, contract services agreements, memorandums of understanding, general ledger journal entries and funding source correspondence.
- Keep the Director of Finance and Chief Financial Officer informed on all issues affecting the accounting activities of the organization in a timely manner.
- Stays current with relevant federal and state regulations and policies.

Other Job Specific Duties:

- Attends all meetings, trainings, and conferences as assigned.
- Maintains a safe and functional work environment.
- Performs any like duties as assigned.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Generally accepted accounting principles.
- Applicable state, federal, and local laws, codes, and regulations.
- Organization and division policies and procedures.
- Modern office practices, methods, procedures, and equipment,
- Word processing, spreadsheet, general ledger database, and related software applications.
- Department policies and procedures.

Ability to:

- Analyze financial data and prepare financial statements and reports.
- Research and resolve accounting issues.
- Work independently.

DRAFT

- Work under frequent time pressures and deadlines.
- Plan, organize, allocate, and control confidential data and organizational resources.
- Communicate effectively, verbally and in writing.
- Use good organizational methods and procedures.
- Establish and maintain effective working relationships, internally and externally.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Bachelor's degree in accounting, business administration, or related field with at least 24 units in accounting and accounting related courses.
- Master's degree preferred but not required.
- Five (5) years of progressive financial accounting experience, including two (2) years of supervisory experience.
- Financial accounting experience in a non-profit organization or governmental entity is desirable, including familiarity with governmental accounting standards and regulations.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Accounting Administrator - Energy			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	

Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Accounting Clerk

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 06 **FLSA Status:** Non-Exempt **Date Approved:** 10/25/2023

SUMMARY:
Responsible for the overall clerical accounting duties of the Finance Division including regular communication with vendors, inventory, file maintenance, and overall administrative support of the department.

SUPERVISION RECEIVED:
Receives supervision from the Accounts Payable Supervisor.

SUPERVISION EXERCISED:
None

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Receive, sort, and distribute to appropriate division personnel all incoming correspondence, including but not limited to mail, packages, and internal communications.
- Call vendors and communicate with leadership on various financial matters.
- Transport all bank deposits to the bank and run other deliveries as needed.
- Order and maintain division supplies keeping adequate inventory of office supplies to meet the needs of the division.
- Maintain all vendor files and assist with all other division files such as payroll and organizational documents.
- Assist in the accounts payable and general ledger areas of the division as needed.
- Assist in compiling supporting documentation for funding source monitors and auditors.
- Scan documents and file them appropriately in the electronic file systems.
- File and organize any paper documents.
- Coordinate year end document transportation to long term storage offsite.
- Perform other accounting clerical duties as assigned.

Other Job Specific Duties:

- Attend all meetings, trainings, and conferences as assigned.
- Maintain safe and functional work environment.
- Perform any other like duties as assigned.

DRAFT

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Organization and Finance division policies and procedures.
- Modern office practices, methods, procedures, and equipment including computers.
- Word processing, spreadsheet, general ledger database, and other related software applications.

Ability to:

- Work under frequent time pressures or deadlines.
- Use good organizational methods and procedures.
- Communicate effectively both orally and in writing.
- Follow instructions given by supervisor.
- Demonstrate strong organizational skills.
- Maintain effective working relationships with co-workers.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- High school diploma or equivalent
- Two (2) years of clerical experience, preferably in an accounting environment

OTHER REQUIREMENTS

- Possession of a valid California Driver's License and State automobile insurance, and acceptable driving record substantiated by a DMV printout.
- Be fingerprinted and pass the pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be provided to enable employees with disabilities to perform the essential duties.

POSITION TITLE Accounting Clerk				
Activity	**Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**

Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Accounting Specialist

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 08 **FLSA Status:** Non-Exempt **Date Approved:** 08/03/2018

SUMMARY:
Under supervision, coordinates and performs duties related to preparing, processing, maintaining and reviewing financial, statistical, and accounting documents and records. Work is performed under general supervision but requires considerable independent judgment on technical matters.

SUPERVISION RECEIVED:
Receives supervision from the Accounting Administrator and/or Director of Finance.

SUPERVISION EXERCISED:
None

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:
- Reconciles general ledger accounts.
- Verifies accuracy of coding for disbursement transactions using the established chart of accounts.
- Serves as point of contact for program staff regarding the status of program transactions and facilitates closure of fiscal transactions as requested by the programs.
- Processes cash receipts to record in the general ledger.
- Prepares documents to support bank transactions.
- Compiles cash receipts and general ledger supporting documentation for funding source monitors and external auditors.
- Monitors and follows up on stale dated checks.
- Performs transaction allocations and prepares allocation journal entries.
- Maintains filing system for grants, contract service agreements, leases, cash receipts, journal entries and other financial documents.
- Prepares audit schedules as needed.
- Monitors compliance for internal controls.
- Assists in the preparation of financial schedules and reports.
- Provides technical support to staff in related fiscal areas.
- Performs Accounting Technician duties as needed during absences.

Other Job Specific Duties:
- Attends all meetings, trainings, and conferences as assigned.
- Maintains safe and functional work environment.
- Works on special projects as assigned.

DRAFT

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Modern office practices, methods, procedures, and equipment.
- Word processing, spreadsheet, general ledger database, and other related software applications.
- Accounts payable, accounts receivable and general ledger functions.
- Proper grammar, punctuation, and spelling.

Ability to:

- Effectively manage multiple tasks and deadlines.
- Maintain accurate fiscal and administrative records and reports.
- Review fiscal and related documents quickly and accurately.
- Make computations and tabulations quickly and accurately.
- Work with attention to detail.
- Read and interpret rules, policies, and procedures.
- Use good organizational methods and procedures.
- Communicate effectively, verbally and in writing.
- Establish and maintain effective working relationships with internal and external customers.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Associate degree in business administration, accounting, or related field.
- Three (3) years of increasingly responsible experience in fiscal record keeping, accounting, and reporting, including computer-assisted processes.
- Any equivalent combination of education, training, and experience which will provide the capabilities to perform the described duties.
- Accounting experience in a non-profit or governmental entity is desirable.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.

DRAFT

- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be provided to enable employees with disabilities to perform the essential duties.

POSITION TITLE Accounting Specialist			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Accounting Technician

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Grade: Grade 08 **FLSA Status:** Non-exempt **Date approved:** 08/21/2019

SUMMARY:

Responsible for the accounting activities to include, but not limited to, accounts payable and accounts receivable.

SUPERVISION RECEIVED:

Receives supervision from the Accounts Payable Supervisor.

SUPERVISION EXERCISED:

None

DUTIES AND RESPONSIBILITIES:

Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Establish, balance, verify, adjust, and maintain accounting and fiscally related records and reports.
- Process a variety of documents pertaining to financial transactions.
- Prepare documents to support bank transactions.
- Process general ledger data entry transaction into the accounting system.
- Analyze travel advances and liquidations for compliance with organization policies and procedures.
- Allocate transactions and prepare journal entries as needed.
- Maintain filing system for grants, contract service agreements, leases, journal entries, and other financial documents.
- Prepare audit schedules as needed.
- Assist in the preparation of financial schedules and reports.
- Make complex arithmetical calculations and verify computations.
- Aid in compiling cash receipts and general ledger supporting documentation for funding source monitors and auditors.
- May perform accounts payable and/or accounts receivable functions.
- Match purchase requisitions, purchase orders, receiving documents, and vendor invoices.
- Receive, review, and verify financial documents and reports for accuracy and adherence to legal mandates, policies, and operational guidelines.
- Review accuracy of coding for disbursement and receipt transactions using the established chart of accounts.

DRAFT

- Prepare checks and disbursement packages.
- Ensure that the aging of accounts payable is within the organization guidelines.
- Reconcile vendor statements and resolve any discrepancies in a timely manner.
- Maintain a filing system for all unpaid invoices.
- Research and resolve any problems or inquiries associated with disbursement transactions.
- Assist in compiling cash disbursement supporting documentation for funding source monitors and auditors.

Other Job Specific Duties

- Attend all meetings, trainings, and conferences as assigned.
- Maintain safe and functional work environment.
- Perform any other like duties as assigned.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Methods, practices, and procedures of accounting and fiscally related record management systems.
- Auditing, account and fund monitoring, and reconciliation processes.
- Organization and Finance Division policies and procedures.
- Modern office practices, methods, procedures, and equipment,
- Word processing, spreadsheet, general ledger database, and other related software applications.

Ability to:

- Perform detailed accounting functions.
- Audit, review, and prepare financial reports, records, and related summaries.
- Make mathematical calculations with speed and accuracy.
- Work under frequent time pressures or deadlines.
- Use good organizational methods and procedures.
- Communicate effectively, verbally and in writing.
- Follow instructions given by supervisor.
- Maintain effective working relationships with co-workers.

EDUCATION AND EXPERIENCE

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- High school diploma or equivalent and six (6) semester units of post high school coursework in general accounting, bookkeeping, business math, and/or accounting related courses.
- Three (3) years of increasingly responsible experience in fiscal record keeping, accounting, and reporting, including computer-assisted processes.
- One (1) year of demonstrated experience working with spreadsheet applications.

DRAFT

- Accounting experience in a non-profit or governmental entity is desirable.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of the job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be provided to enable employees with disabilities to perform their essential duties.

POSITION TITLE Accounting Technician			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	

DRAFT

Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Accounts Payable Supervisor

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Grade: 10 **FLSA Status:** Exempt **Date Approved:** 11/30/2022

SUMMARY:

Under the direction of the Accounting Administrator, the Accounts Payable Supervisor will be responsible for the accounting activities to include, but not limited to, the approval and organization of accounts payable activities and the execution of weekly payables tasks. Responsible for processing and general supervision of accounts payable tasks. Responsible for general guidance and training of Accounts Payable staff and processes.

SUPERVISION RECEIVED:

Receives supervision from the Accounting Administrator or Director of Finance.

SUPERVISION EXERCISED:

Accounting Technicians

DUTIES AND RESPONSIBILITIES:

Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Train and supervise accounts payable accounting technicians in agency policies and procedures addressing expenditures.
- Monitor requests for payment to ensure that expenditures are approved and allowable.
- Establish, balance, verify, adjust, and maintain accounting and fiscally related records and reports.
- Process a variety of documents pertaining to fiscally related transactions.
- Prepare documents to support bank transactions.
- Process general ledger data entry transaction into the accounting system.
- Analyze travel advances and liquidations for compliance with organization policies and procedures.
- Allocate transactions and prepare journal entries as needed.
- Maintain filing system for grants, contract service agreements, leases, journal entries, and other financial documents.
- Prepare audit schedules as needed.
- Assist in the preparation of financial schedules and reports.
- Make complex arithmetical calculations and verify computations.
- Aid in compiling cash receipts and general ledger supporting documentation for funding source monitors and auditors.
- May perform accounts payable and accounts receivable functions.
- Match purchase requisitions, purchase orders, receiving documents, and vendor invoices.

DRAFT

- Receive, review, and verify financial documents and reports for accuracy and adherence to legal mandates, policies, and operational guidelines.
- Review accuracy of coding for disbursement and receipt transactions using the established chart of accounts.
- Prepare checks and disbursement packages.
- Monitor and ensure that the aging of accounts payable is within the organization guidelines.
- Reconcile vendor statements and resolve any discrepancies in a timely manner.
- Maintain a filing system for all unpaid invoices.
- Research and resolve any problems or inquiries associated with disbursement transactions.
- Assist in compiling cash disbursement supporting documentation for funding source monitors and auditors.

Other Job Specific Duties

- Attend all meetings, trainings, and conferences as assigned.
- Maintain safe and functional work environment.
- Perform any other like duties as assigned.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Methods, practices, and procedures of accounting and fiscally related record management systems.
- Auditing, account and fund monitoring, and reconciliation processes.
- Organization and Finance Division policies and procedures.
- Modern office practices, methods, procedures, and equipment.
- Word processing, spreadsheet, general ledger database, and other related software applications.
- MS Office Suite, specifically MS Excel.

Ability to:

- Perform detailed accounting functions.
- Audit, review, and prepare financial reports, records, and related summaries.
- Make mathematical calculations with speed and accuracy.
- Work under frequent time pressures or deadlines.
- Use good organizational methods and procedures.
- Communicate effectively, verbally and in writing.
- Follow instructions given by supervisor.
- Maintain effective working relationships with co-workers.

EDUCATION AND EXPERIENCE

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

DRAFT

- High school diploma or equivalent; AA degree in business, accounting, or equivalent work experience highly preferred.
- Minimum of two (2) years supervisory experience or progressive responsibilities.
- Five (5) years of accounts payable or related experience.
- Experience working at a non-profit agency to include budgets, grants, detailed statistical reports, and position control desirable.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of the job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be provided to enable employees with disabilities to perform the essential duties.

POSITION TITLE Accounts Payable Supervisor			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	

DRAFT

Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Finance Administrator

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 14 **FLSA Status:** Exempt **Date Approved:** 06/30/2021

SUMMARY:
Maintains and enhances the organization's Finance department by planning, implementing directing, and coordinating the day-to-day accounting operations of the organization as it pertains to the Head Start programs. Assists the Director of Finance with strategic leadership, implementation, and coordination of Finance activities and internal communications to ensure a positive culture and work environment, as well as appropriate fiscal compliance and accountability. Additionally, responsible for specialized accounting, auditing, and monitoring tasks.

SUPERVISION RECEIVED:
Receives supervision from the Director of Finance or Chief Financial Officer in the absence of the Director of Finance.

SUPERVISION EXERCISED:
Directly supervises Accountant I and Accounting Technicians.

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Maintains an effective working relationship with the Head Start/State Child Development Division in implementing agency accounting policies, procedures, and controls within the program division; facilitates communication and coordination between the program division and Finance Division; in conjunction with the Director of Finance, acts as a liaison with funding sources in resolving budget, financial, and reporting issues.
- Supervises, monitors, directs, and reviews performance of subordinate staff.
- Trains key management staff and division staff on effective use of the accounting software modules/applications.
- Prepares financial reports for grants/contracts in accordance with funding source requirements.
- Prepares and analyzes budget to actual reports monthly.
- Reviews and analyzes general ledger accounts to ensure reliability and accuracy.
- Analyze organization cash balances daily by grant and program.
- Prepares U.S. Treasury cash drawdown supporting schedules.
- Monitor revenues and expenditures of a diverse variety of grants, awards, and contracts under the program division, including Head Start, Early Head Start (Kern County and San Joaquin County), Childcare Partnerships, California Department of Education, County of Kern Home Visit Program, and Child and Adult Care Food Program.

- Prepares periodic and special reports for financial, statistical, and other purposes for use by management staff.
- Prepares annual audit schedules, special purpose audit, and year-end adjustments.
- Provides technical support to program staff in resolving budget, financial, and reporting issues.
- Prepares and presents various reports of financial status to advise the Board of Directors, Policy Council, and staff of program progress; works with the Board of Directors and Policy Council in addressing the program division's budget and financial concerns; provides staff support to the Finance Committee.
- Stays current with relevant federal and state regulations and policies.
- Make recommendations to streamline the organization's accounting processes for enhanced effectiveness and efficiency and ensure that adequate accounting controls are in place.
- Ensure that supporting documentation is adequate to support all accounting transactions of the organization.
- Maintain original documentation for grant/award letters, lease agreements, contract services agreements, memorandums of understanding, general ledger journal entries and funding source correspondence.
- Supervise and evaluate subordinate Finance staff in performance of duties.
- Keeps Chief Financial Officer and Director of Finance informed on all accounting and financial issues affecting grants/programs and recommends solutions for improvement.
- Performs other financial and accounting duties as assigned.

Other Job Specific Duties:

- Attend all meetings, trainings, and conferences as assigned.
- Maintain safe and functional work environment.
- Performs any other like duties as assigned.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Organization and Finance Division policies and procedures.
- Applicable federal, state, and local laws, codes, and regulations.
- Principles, methods, practices, and procedures concerning financial record management and reporting systems.
- Computer-assisted accounting systems, system analysis techniques, computer accounting and financial forecasting programs, and data processing related equipment.
- Accounting, budget planning, and fiscal record management, storage, and retrieval systems.
- Advance accounting concepts, cost and general accounting, fiscal planning, audit procedures, management systems and organizational analysis.

Ability to:

- Prepare financial statements and reports.
- Analyze financial data.

DRAFT

- Research and resolve accounting issues.
- Work independently.
- Work under frequent time pressures and deadlines.
- Plan, organize, allocate, and control confidential data and organizational resources.
- Communicate effectively, verbally and in writing.
- Use good organizational methods and procedures.
- Establish and maintain effective working relationships, both internally and externally.
- Supervise and motivate a diverse group of individuals.
- Coordinate work requiring attention to detail.
- Exercise good and independent judgment.
- Demonstrate initiative and ingenuity.
- Prepare fiscal, statistical, and written reports in a clear and concise manner.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Bachelor's degree in accounting, business administration or related field with at least 24 units in accounting and accounting related courses.
- Five (5) years of progressive accounting experience, including two (2) years of supervisory experience.
- Financial accounting experience in a non-profit organization or governmental entity is desirable, including familiarity with governmental accounting standards and regulations.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Finance Administrator			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			X

DRAFT

Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Fiscal Technician - Energy

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 08 **FLSA Status:** Non-Exempt **Date Approved:** 02/22/2023

SUMMARY:
Under supervision, performs duties related to preparing, processing, maintaining, and reviewing financial, statistical, or fiscal documents and records.

SUPERVISION RECEIVED:
Receives supervision from Accounting Administrator-Energy.

SUPERVISION EXERCISED:
None

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:
- Establish, balance, verify, adjust, and maintain accounting and fiscally related records and reports.
- Process a variety of documents pertaining to financial transactions.
- Reviews various fiscal documents, reports, and payments for accuracy and completeness.
- Compiles periodic, monthly, and quarterly fiscal and statistical reports.
- Provides technical support to staff in related fiscal and administrative areas.
- Maintains records and files.
- Makes travel arrangements and prepares travel advances and liquidations.
- Responsible for Energy procurement and the tabulation of allocated payroll for all Energy staff
- Match purchase requisitions, purchase orders, receiving documents, and vendor invoices.
- Receive, review, and verify financial documents and reports for accuracy and adherence to legal mandates, policies, and operational guidelines.
- Review accuracy of coding for disbursement and receipt transactions using the established chart of accounts.
- Reconcile vendor statements and resolve any discrepancies in a timely manner.
- Performs Clerk duties as needed.

Job Specific Duties:
- Attends all meetings, trainings, and conferences as assigned.
- Maintains a safe and functional work environment.
- Performs any other like duties as assigned.

DRAFT

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Modern office practices, methods, procedures, and equipment,
- Word processing, spreadsheet, database, and related software applications.
- Accounts payable, general ledger, and payroll functions.
- Proper grammar, punctuation, and spelling.

Ability to:

- Effectively manage multiple tasks and deadlines.
- Communicate effectively, verbally and in writing.
- Demonstrate good interpersonal skills.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- High school diploma or equivalent and six (6) semester units of post high school coursework in general accounting, bookkeeping, business math, and/or accounting related courses.
- Three (3) years of increasingly responsible experience in fiscal record keeping, accounting, and reporting, including computer-assisted processes.
- One (1) year of demonstrated experience working with spreadsheet applications.
- Accounting experience in a non-profit or governmental entity is desirable.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Bilingual language fluency (Spanish/English) desirable.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be provided to enableemployees with disabilities to perform the essential duties.

DRAFT

POSITION TITLE Fiscal Technician			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Payroll Specialist

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 08 **FLSA Status:** Non-Exempt **Date Approved:** 11/30/2022

SUMMARY:

Under the supervision of the Payroll Supervisor, the Payroll Specialist is responsible for preparing and disbursement of the Agency's bi-weekly payroll using payroll and time and attendance software. The Payroll Specialist works in a team to perform detailed administrative support work establishing and maintaining the Agency's position control system, maintains electronic and hardcopy employee demographic and pay data, and calculates and submits manual check payment requests. The Payroll Specialist reviews and tracks position incumbencies and vacancies and ensures they are correctly related to current and former employees as appropriate. The Payroll Specialist routinely interfaces with Agency employees and managers regarding payroll and time and attendance activities and procedures.

SUPERVISION RECEIVED:

Receives supervision from the Payroll Supervisor.

SUPERVISION EXERCISED:

None

DUTIES AND RESPONSIBILITIES:

Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Functions and Duties:

- Work closely with other payroll specialists, Human Resources, and Accounting staff on all payroll-related issues to ensure bi-weekly payrolls are processed promptly and accurately.
- Work closely with the Director of Human Resources, Chief Financial Officer, Director of Finance, Accountants, and delegates on issues of FTE and personnel status as they relate to position control.
- Maintains electronic and hardcopy employee demographic and pay data, and calculates and submits manual check, benefit, and accrual payout requests.
- Process time and attendance transactions utilizing Agency payroll software.
- Review computed wages and correct errors to ensure the accuracy of earnings.
- Ensure all employee positions and payroll data is recorded, processed, and edited correctly within payroll software systems.
- Prepare/provide reporting from position control as needed for leadership to evaluate staffing and compensation.
- Maintain fringe benefit calculations per Agency and taxation requirements.
- Work with Finance staff to run salary projections and reconcile position information.
- Extract and transform data from various systems sufficient to complete accurate uploads into various software tools; build tracking systems/spreadsheets to analyze data.

DRAFT

- Maintain accurate payroll records and employee payroll files, including manual check log and reconciliation of payroll accounts.
- Maintain and update fiscal year position budgets.
- Support Human Resources to ensure accurate benefit deductions and record keeping, including share of cost reconciliation.
- Define and review personnel data with program managers of all Agency programs to confirm Human Resources and position control system accuracy.
- Reconcile payroll transactions in support of Agency general ledger activity.
- Compile documents to support banking, employee benefit transactions, and audit processes.
- Support administration of tax-deferred annuity and employer-paid pension plan; ensures accurate and timely contributions are submitted per Agency policy and procedure and plan design.
- Review and audit master file and pay data entries, YTD totals, and file amendments.
- Prepare various payroll, allocation, tax, and management reports, journal entries, and workers' compensation summaries.
- Monitor Finance department-provided budgets and costs of all Agency approved positions, including unfilled positions.
- Review and process wage garnishments, deductions, and benefit accruals.
- Maintain filing system for labor costs, post-payroll journal entries, and other financial documents.
- Support funding source and internal audit activities as needed.
- Routinely interface with Agency employees and managers providing accurate and timely feedback regarding all payroll inquiries.
- Process manual checks as requested by Human Resources.
- Maintain employee confidence and protect operations by keeping information confidential.
- Assist in the completion of mandatory reporting (example: EEO, Economic Census, Multiple Worksite reporting, and reporting required to complete internal audit functions).

Other Job Specific Duties:

- Attend all meetings, training, and conferences as assigned.
- Maintain a safe and functional work environment.
- Perform any other like duties and special projects as assigned.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Organization and Human Resource Division policies and procedures.
- General payroll practices.
- Modern office practices, methods, procedures, and equipment,
- Word processing, spreadsheet, and human resources and payroll processing systems (ADP or other).

DRAFT

Ability to:

- Work independently, under frequent time pressures or deadlines and manage work time effectively.
- Use good organizational methods and procedures.
- Communicate effectively, verbally, and in writing.
- Maintain effective working relationships with co-workers.
- Listen and communicate (written and verbal) with excellent grammar, spelling, and proofreading skills to all levels of Agency.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- High school diploma or equivalent; AA degree in business, accounting, or equivalent work experience highly preferred.
- Three (3) years of payroll or related experience.
- Experience with HRIS and position control systems.
- Certified Payroll Professional certification desired.
- Experience with agency adopted payroll systems (any version), or e-Time Professional desired.
- Experience working at a not-for-profit agency to include budgets, grants, detailed statistical reports, and position control.
- Proficient in MS Office Suite, specifically MS Excel.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion, physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderate.
- Work is in an open office environment with persistent conversation and interruption.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE	Payroll Specialist			
Activity	**Hours Per Day**	**NEVER**	**OCCASIONALLY**	**FREQUENTLY**

DRAFT

	0 HOURS	UP TO 4 HOURS	4-8 HOURS
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	OCCASIONALLY UP TO 4 HOURS	FREQUENTLY 4-8 HOURS	NEVER 0 HOURS	OCCASIONALLY UP TO 4 HOURS	FREQUENTLY 4-8 HOURS
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Payroll Supervisor

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Grade: Grade 10 **FLSA Status:** Exempt **Date Approved:** 11/30/2022

SUMMARY:

Under the direction of the Payroll/HRIS Administrator, the Payroll Supervisor will be responsible for the preparation and disbursement activities of the payroll team, to include, but not limited to, oversight of the bi-weekly payroll process and ensuring payroll time and attendance software is maintained accurately. The Payroll Supervisor will routinely provide direction to Agency employees and managers regarding timekeeping procedures and will be responsible for payroll review and reconciliation. In addition, the Payroll Supervisor oversees the organization's data maintenance and reporting requirements of position control and supports accountants and Finance and Human Resource Department leadership in budget-to-actual cost reporting and tracking position vacancies. A thorough understanding of Agency employee policies and how to apply them to payroll timekeeping is required.

SUPERVISION RECEIVED:

Receives supervision from the Payroll/HRIS Administrator or Chief Financial Officer.

SUPERVISION EXERCISED:

Payroll Specialists

DUTIES AND RESPONSIBILITIES:

Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Train and supervise payroll specialists in agency policies and procedures addressing payroll and position control.
- Monitor timekeeping data to ensure payroll is processed accurately and with sufficient justification to meet audit requirements.
- Verify, adjust, balance, and maintain payroll, position control, and fiscally related records and reports.
- Assure the completion of mandatory reporting (example: EEO, Economic Census, Multiple Worksite reporting, and reporting required to complete internal audit functions).
- Maintain a general ledger data reporting tool and ensure it is compatible with entry transaction into the accounting system.
- Analyze supplemental and stipend pay requests for compliance with organization policies and procedures and ensure they are paid and terminated as specified.
- Allocate payroll transactions and prepare support for journal entries as needed.
- Assist the Chief Financial Officer or designee with staffing projections and allocations to funding sources.

- Ensure integrity, compliance, and accuracy of information by maintaining knowledge of Agency policies, procedures, union contracts, and federal and state regulations.
- Supervise maintenance of the filing system for payroll records, ensuring documentation can be easily retrieved for audit and accountability purposes.
- Participate in and provide direction to payroll specialists for preparing auditor requests as needed.
- Review computed wages and correct errors to ensure the accuracy of earnings.
- Maintain fiscal year position budgets annually and update them from year-to-year.
- Monitors budgets and costs of all Agency approved positions, including unfilled positions.
- Oversee fringe benefit calculations per Agency and taxation requirements.
- Perform payroll and timecard record reviews on a bi-weekly basis.
- Be present and available to provide direction during the bi-weekly payroll submission process. Must delegate or assume Payroll Specialist responsibilities to complete payroll submission on time if required.
- Ensure accurate payroll records and employee payroll files, including manual check log and reconciliation of payroll accounts.
- Receive, review, and verify payroll documents and reports for accuracy and adherence to legal mandates, policies, and operational guidelines.
- Maintain strict confidentiality of employee data and pay records.
- Oversee and ensure compliance with employee garnishment requirements.
- Prepare manual check requests and ensure timely delivery of prepared payments to Human Resources.
- Support administration of tax-deferred annuity and employer-paid pension plan ensuring accurate and timely contributions are submitted per Agency policy and procedure and plan design.
- Review and ensure proper completion of master file and pay data entries, YTD totals, and file amendments.
- Oversee preparation of various payroll, allocation, tax, and management reports, journal entries, and workers' compensation summaries.
- Routinely interface with Agency employees and managers, provide accurate and timely feedback regarding all payroll inquiries, and define and review personnel budget and actuals data with programs to confirm position control system accuracy.
- Regularly monitor and assess payroll staff performance and provide verbal and written feedback as required.

Other Job Specific Duties

- Attend all meetings, training, and conferences as assigned.
- Maintain a safe and functional work environment.
- Perform any other like duties as assigned.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills and abilities required to satisfactorily perform the essential duties and responsibilities.

DRAFT

Knowledge of:

- Organization, Finance Division, and Human Resource Division policies and procedures.
- Payroll auditing and reconciliation processes.
- Modern office practices, methods, procedures, and equipment.
- Word processing, spreadsheet, human resources, and payroll systems (ADP or other).

Ability to:

- Supervise effectively and work independently, under frequent time pressures or deadlines and manage the work time of others.
- Audit, review, and prepare payroll reports, records, and related summaries.
- Make mathematical calculations with speed and accuracy.
- Work under frequent time pressures and deadlines.
- Use good organizational methods and procedures.
- Communicate effectively, verbally, and in writing.
- Follow instructions given by the supervisor.
- Maintain effective working relationships with co-workers and subordinates.

EDUCATION AND EXPERIENCE

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- High school diploma or equivalent; AA degree in business, accounting, or equivalent work experience highly preferred.
- Minimum of two (2) years supervisory experience or progressive responsibilities
- Five (5) years of payroll or related experience.
- Certified Payroll Professional Certification is required within one year of assuming the position.
- Experience with payroll and agency systems (any version), or e-Time Professional desired.
- Experience working at a not-for-profit agency to include budgets, grants, detailed statistical reports, and position control desirable.
- Proficient in MS Office Suite, specifically MS Excel

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of the job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

DRAFT

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Payroll Supervisor			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Payroll/HRIS Administrator

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 13 **FLSA Status:** Exempt **Date Approved:** 11/20/2019

SUMMARY:

Manages the Payroll function for the CAPK bi-weekly payroll, which includes timely and accurate payments to CAPK employees. Ensure proper time recording procedures are in place. Manages the time and attendance system and transfer of data to payroll. Responsible for proper accrual tracking and pay-outs of vacation time, sick leave, and/or floating holidays when required. Manage payroll adjustments. Acts as primary Administrator for all agency Payroll and Human Resources (HRIS) systems. This position is the primary point of contact and subject matter expert, ensuring data integrity, testing of payroll system changes/upgrades, testing, report writing, and analyzing data flows for process improvement opportunities. Prepares various reports and reviews system specifications and data interfaces to identify irregularities and troubleshoot issues. Acts as systems/technical point-of-contact for the Human Resources (HR) and Payroll team. Focuses on initiatives to automate and streamline system analysis, data integration, and reporting capabilities. Responsible for being current on Payroll and HR law.

SUPERVISION RECEIVED:

Receives supervision from the Chief Financial Officer.

SUPERVISION EXERCISED:

Payroll Supervisor and Payroll Specialists.

DUTIES AND RESPONSIBILITIES:

Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties: Payroll/HRIS Responsibilities

- Manages the Payroll function for the CAPK bi-weekly payroll, which includes timely and accurate payments to CAPK employees. Ensure proper time recording procedures are in place. Controls the time and attendance system and transfers data to payroll. Manage payroll adjustments.
- Responsible for proper accrual tracking and pay-outs of vacation time, sick leave, and/or floating holidays when required. Ensures timely processing of termination checks. Ensures accurate payroll deductions, including state and federal taxes, benefit deductions, garnishments, etc.
- Ensures that all local, state, and government laws relating to the payment of employees are followed. Responsible for payroll tax reports and paying the employer's share of applicable taxes.
- Acts as primary Administrator for all HR software systems and is the primary point of contact for the HRIS/payroll systems.
- Responsible for all payroll/HR software integration of the HRIS system: Benefits, Time & Attendance, Recruitment, Background Checks, Compensation, Performance

Evaluations, Organizational Structure in payroll system, and other applications that may be added.
- Administers reviewing, testing, and implementing HRIS/payroll system upgrades or patches. Collaborates with functional and technical staff to coordinate the application of connections, upgrades, or fixes. Maintain HRIS/payroll system validation tables.
- Researches and resolves HRIS/payroll problems, unexpected results, or process flaws; performs scheduled activities; recommends solutions or alternate methods to meet requirements.
- Guides and trains staff in tasks, data entry, and HRIS/payroll system functions. Trains and guides users in utilizing HRIS/payroll and Time & Attendance. Documents processes/procedures for department use. Creates training documents for payroll system Time & Attendance, Performance Evaluation tool, and other documentation.
- Liaison with third parties and other stakeholders (e.g., payroll, benefit vendors, etc.). Works with HR to resolve billing issues regarding benefit carriers. Maintains awareness of current trends in HRIS/payroll system with a focus on product and service development, delivery, and support, and applying key technologies.
- Ensure confidentiality of employees, business, HRIS, and other sensitive data. Represents CAPK at required trainings/meetings as needed.
- Administers retirement plan eligibility determination, enrollment, and employee and employer plan contributions.
- Special projects as assigned.

Other Job-Specific Duties: Payroll HRIS
- Ensures that high-quality key metric reports are developed and implemented in a timely manner and data is presented in a logical and understandable format for the user via HRIS interface, MS Office tools, or Power BI/SharePoint/Tableau.
- Manages day-to-day reporting requests while maintaining various tables/codes in the system.
- Ensures data integrity and identifies opportunities for improvement.
- Detects, troubleshoots, and resolves data anomalies in a time-critical environment.
- Identifies issues and initiates resolution. Generates reports from HRIS/Payroll and/or other systems to assist in compensation analysis.
- Supports the annual performance management program, including annual merit increases and performance review tracking.
- Recommends process/customer service improvements, innovative solutions, policy changes, and/or major variations from established policy that must be approved by appropriate leadership before implementation.
- Assists with various surveys by retrieving the appropriate data, completing questionnaires, and coordinating with survey vendors.
- Special projects, as assigned.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

DRAFT

- HRIS/payroll system database, design, structure, functions, and processes, such as ADP or other platform, talent acquisition management, background check software, and HRIS/payroll system/payroll time management systems.
- MS, Excel, Word, and PowerPoint (Advanced).
- Demonstrated knowledge of mathematical/statistical methods to develop reports and design presentations and graphs utilizing Microsoft Excel and Microsoft PowerPoint.
- HRIS software, including integrations of HR data between multiple systems such as HR and Payroll.
- Previous exposure to project-related activities through active participation in system-related projects.
- Payroll processing standards and state and federal laws.

Ability to:

- Manage multiple projects simultaneously.
- Adhere to strict confidentiality standards.
- Detect, troubleshoot, and foresee anomalies in data.
- Manage a heavy workload, prioritize work, and meet deadlines.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Bachelor's degree in business, information systems, human resources, or related field or equivalent combination of education and experience.
- Three (3) to five (5) years of payroll experience.
- A minimum of three (3) years of functional experience in Human Resources HRIS software and/or three (3) years of experience with an agency-wide payroll system HRIS system is required.
- Two (2) to three (3) years of benefits management experience.
- Five (5) years' experience with progressive responsibility, including personnel functions and supervision.
- Certified Payroll Professional (CPP) is desired.

OTHER REQUIREMENTS:

- Possession of a valid California driver license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.

DRAFT

- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Payroll/HRIS Administrator			
Activity Hours Per Day	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing &Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

Procurement Contract Specialist

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 09 **FLSA Status:** Non-Exempt **Date Approved:** 08/08/2016

SUMMARY:
Under the supervision of the Procurement Manager, the Procurement Contract Specialist is responsible for preparing and reviewing basic contracts for services, contracts for goods, professional consultant agreements, and leases and memorandums of understanding, in addition to recurring business activities.

SUPERVISION RECEIVED:
Receives supervision from the Procurement Manager.

SUPERVISION EXERCISED:
None.

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list of meant to be representative, not exhaustive. Some incumbents may not perform all of the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Prepares and reviews basic contracts for services, contracts for goods, professional consultant agreements, leases, and memorandums of understanding (MOUs) based on recommended awards.
- Monitors contract terms/performance for renewal or expirations and renews as appropriate.
- Coordinates and is responsible for all activities related to leases for all buildings and/or land space agreements.
- Ensures all contracts and leases comply with federal and state regulations.
- Works with management to finalize lease agreements for new locations, renewals, or terminations and coordinates lease activity with the Facilities Manager and program staff.
- Manages and coordinates the purchase of a widely varied and diverse selection of commodities, including but not limited to, heavy equipment, vehicles, instructional items, office supplies, food service items, janitorial supplies, and many other supplies and equipment for purchases.
- Communicates effectively with coworkers, suppliers, salespersons, and the public to establish and maintain effective working relationships.
- Participates in cross-functional teams assigned to develop or evaluate contracts and proposals.

DRAFT

- Assists in developing a variety of purchasing-related documents, which may include contract terms, conditions, specifications, and other contractual agreements.
- Prepares bid specifications and other required documents (including requests for quotations and requests for proposals) to solicit price quotations.
- Research/investigates vendor sources for product information to include evaluation and quality/suitability of supplies.
- Maintains electronic files on vendors, purchase orders, check requests, contracts, packing slips, and receipts for transactions.
- Contacts vendors to discuss products and resolve any delivery or order problems on orders.
- Assists the Procurement Manager in gathering, updating, and maintaining Agency inventory database and reports.
- Performs other duties as assigned.

Other Job Specific Duties:

- Attends all meetings, trainings and conferences as assigned.
- Maintains a safe and functional work environment.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Contracts/business law.
- Applicable federal, state, and local laws, codes, and regulations.
- Administration, insurance, types of insurance, leases, and risk management.
- Modern office practices, methods, procedures, and equipment.
- Word processing, spreadsheet, database, and related software applications

Ability to:

- Analyze and interpret Agency and department policies and procedures and applicable federal, state, and local laws, codes, and regulations.
- Communicate effectively, verbally, and in writing to employees at all levels of the organization.
- Deal with conceptual matters.
- Demonstrate good interpersonal skills.
- Effectively present Agency program information to the public.
- Establish professional working relationships with staff, other agencies, and parents.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Associate or bachelor's degree in business administration, public administration, legal or paralegal studies, planning, finance, or a closely related field.

DRAFT

- Three (3) years of administrative experience in purchasing and contracts, preferably with a non-profit organization, public agency, government funded agency, or similar type program.
- Experience as a paralegal preparing and reviewing contracts in a law firm or corporate legal department may be substituted.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be provided to enable employees with disabilities to perform their essential duties.

POSITION TITLE Procurement Contracts Specialist			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	

DRAFT

Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x					

DRAFT

Procurement Manager

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 11 **FSLA Status:** Exempt **Date Approved:** TBD

SUMMARY:
Under the direction of the Director of Finance, the Procurement Manager coordinates all aspects of procurement, contracts, leases, inventory and assets, memorandum of understandings (MOUs), and risk management in accordance with funding source regulations and internal policies and procedures. This position is responsible for the continuity of service to support CAPK programs and to ensure the purchase of goods and services are at the lowest cost consistent with quality needed. The Procurement Manager ensures compliance with Code of Federal Regulations 2 CFR 200 – Uniform Administrative requirements, Cost Principles and Audit Requirement for federal awards.

SUPERVISION RECEIVED:
Receives supervision from the Director of Finance.

SUPERVISION EXERCISED:
Directly supervises the Procurement Contracts Specialist and Procurement Technician.

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Identify, control, and develop purchasing processes and practices to ensure the best value for expenditure on goods and services. Procurement procedures must reflect the applicable state and local laws and regulations, as well as conform to applicable federal law.
- Communicate effectively with coworkers, suppliers, salespersons, and the public to establish and maintain effective working relationships.
- Participate in or lead cross-functional teams assigned to develop or evaluate contracts and proposals.
- Assist in developing a variety of purchasing-related documents including contract terms, conditions, specifications, and contractual agreements.
- Manage and coordinate preparation of bid proposals and construction and service contracts. Preside over public bid openings and analyzes and recommends award of contracts.
- Analyze requisitions for new service contracts and evaluate the efficiency of existing service contracts. Perform research to assist in determining the best method for procuring a wide variety of services. Evaluate proposals and assist other employees with proposal evaluation.
- Coordinate, monitor, track, and process all activities related to liability insurance policies for general liability, fire, automobile, and other insurance coverage. Process any required

policy changes. Communicate with insurance carriers regarding insurance coverage and ensuring that proper insurance requirements are met.

- Coordinate and handle all activities related to Agency leases for all buildings and/or land space agreements. Ensure leases comply with federal, state, and local regulations. Assist Directors and/or Program Managers in negotiation or re-negotiation of leases, space agreements, contracts, or MOUs. Serve as liaison between tenants and landlords concerning complaints or problems. Track, update, and coordinate renewal of leases, space agreements, contracts, or MOUs.
- Gather, update, and maintain Agency inventory database and reports. Train staff on inventory policies and procedures. Assist program management staff with the disposition of state and federal assets.
- Process DMV transactions, including renewals, stolen or lost tag replacement, and smog notification.
- Mentor and supervise Procurement Contracts Specialist and Procurement Technicians.

Other Job Specific Duties:

- Attend all meetings, trainings, and conferences as assigned, including evenings and weekends.
- Maintain a safe and functional work environment.
- Perform any other like duties as assigned.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Agency policies and procedures.
- Applicable federal, state, and local laws, codes, and regulations.
- Departmental policies and procedures.
- Modern office practices, methods, procedures, and equipment.
- Word processing, spreadsheet, database, and related software applications.
- OMB Uniform Guidance.

Ability to:

- Communicate effectively, verbally and in writing, to employees at all levels of the organization.
- Plan, organize, allocate, and control substantial resources.
- Demonstrate good interpersonal skills.
- Effectively present program information to the public.
- Establish professional working relationships with staff, agencies, and parents.
- Use computer software programs, such as Microsoft Office.
- Capable of conducting agency-wide training to improve procurement processes and procedures.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

DRAFT

- Bachelor's degree with a major in business administration, public administration, planning, finance, or a closely related field.
- Four (4) years' procurement experience in purchasing, contracts, and budgets, administering and managing employees, preferably in a non-profit organization, public agency, government funded agency, or similar program.
- Experience may be substituted for the education requirement on a year for year basis.
- Certification from the Universal Public Purchasing Council as a Certified Public Purchasing Buyer (CPPB) within one (1) year of hire is required.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be provided to enable employees with disabilities to perform the essential duties.

POSITION TITLE Procurement Manager			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	

Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs		x			x	
76-100 lbs	x			x		
100+ lbs	x					

DRAFT

Procurement Technician

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 08 **FLSA Status:** Non-Exempt **Date Approved:** 08/26/2020

SUMMARY:
Under the supervision of the Procurement Manager, the Procurement Technician is responsible for day-to-day recurring procurement activities, including review of purchase order requests to ensure that Agency procurement guidelines are followed and issuing purchase orders using accounting software, as well as performing other recurring business activities.

SUPERVISION RECEIVED:
Receives supervision from the Procurement Manager.

SUPERVISION EXERCISED:
None

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Research and/or investigate vendor sources for product information, including evaluation and quality/suitability of supplies.
- Contact vendors to discuss products and resolve any delivery or order problems.
- Helps coordinate the purchase of a varied and diverse selection of commodities, including, but not limited to, instructional items, heavy equipment, vehicles, office supplies, food service items, janitorial supplies, and many other supplies and equipment.
- Reviews purchase order requests and inputs data into the purchasing module of the accounting system.
- With final review provided by the Procurement Manager, finalizes and issues purchase orders to requestors.
- Maintains titles and licenses on all Agency vehicles, renewing licenses with DMV as appropriate.
- Maintains log of all Agency contracts and maintains electronic files of contracts.
- Monitors insurance renewal or expirations for contracts and leases and requests renewal policies as appropriate.
- Maintains business licenses for all Agency locations, renewing as appropriate.
- Assists the Procurement Contract Specialist, Procurement Manager, and Director of Finance, as needed.
- Maintains electronic files on vendors, purchase orders, check requests, contracts, titles, licenses, packing slips, receipts, inventory, etc.

DRAFT

Other Job Specific Duties:

- Attends all meetings, trainings, and conferences as assigned.
- Maintains a safe and functional work environment.
- Performs any other duties as assigned.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Agency policies and procedures.
- Applicable federal, state, and local laws, codes, and regulations.
- Departmental policies and procedures.
- Modern office practices, methods, procedures, and equipment,
- Word processing, spreadsheet, database, and related software applications.

Ability to:

- Communicate effectively, verbally and in writing, to employees at all levels of the organization.
- Demonstrate good interpersonal skills.
- Effectively present Agency program information to the public.
- Establish professional working relationships with staff, other agencies, and parents.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- High school diploma or equivalent and six (6) semester units of post high school coursework in general accounting, bookkeeping, business math, and/or accounting related courses.
- Three (3) years of increasingly responsible experience in fiscal record keeping, accounting, and reporting, including computer-assisted processes.
- One (1) year of demonstrated experience working with spreadsheet applications.
- Accounting experience in a non-profit or governmental entity is desirable.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.

DRAFT

- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be made to enable employees with disabilities to perform the essential duties.

POSITION TITLE Procurement Technician			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x					

DRAFT

MEMORANDUM

To: Personnel Committee

From: Susana Magana, Director of Health & Nutrition

Date: May 8, 2024

Subject: *Agenda Item 4(d)*: Women, Infants & Children (WIC) Program Restructure – **Action Item**

As you may recall, over the past few months, WIC leadership has been diligently reviewing processes and operations to identify areas for improvement. Through this evaluation, it became evident that restructuring the department was necessary to optimize our performance and ensure compliance with contractual obligations.

As the program administration staff initiated the implementation process for the WIC restructuring changes approved by the Board on March 27, 2024, an error was found in the grade for the Breastfeeding Education Coordinator and the Nutrition Education Coordinator positions. The position competencies in CompEase were reviewed by the Director of Human Resources and program administration staff and it was concluded that these roles should be supervisor positions rather than coordinator positions. This determination was made due to the supervisory responsibilities exercised and the FLSA exempt status of these positions.

Summary of Proposed Changes

Below is a description of the proposed position changes and fiscal sustainability:

Position Title	Proposed Changes	Current Grade	Proposed Grade
Breastfeeding Education Supervisor	Formerly the Breastfeeding Education Coordinator. Grade change due to supervisory responsibilities exercised and FSLA status change.	10 Min: $27.88 Mid: $34.83 Max: $41.80	11 Min: $31.01 Mid: $38.77 Max: $46.54
Nutrition Education Supervisor	Formerly the Nutrition Education Coordinator. Grade change due to supervisory responsibilities exercised and FSLA status change.	10 Min: $27.88 Mid: $34.83 Max: $41.80	11 Min: $31.01 Mid: $38.77 Max: $46.54

Fiscal Impact and Timeframe

The adjustments in title and grade enable our program to align with market standards, enhancing our competitiveness in recruitment to fill existing vacancies and enhance retention efforts for the current fiscal year of 2023-2024. These modifications to the supervisor positions are endorsed by the WIC budget, which was thoroughly reviewed by the Chief Financial Officer. The restructuring proposal was presented to the Personnel

Committee on March 6, 2024, and subsequently approved by the Board on March 27, 2024.

Strategic Plan Impact

As part of the 2021-25 Strategic Plan, specifically under Goal 4: *CAPK seeks to be an employer of choice and attract and retain a high-quality workforce to achieve the organization's desired results*, and as part of following objectives, the proposal supports staff development, growth, and retention:

- Objective 4.2: Increase employee engagement, morale, and retention.
    - 4.2.1 Conduct an internal and external equity analysis to evaluate the labor market and fiscal impacts; (b) Complete development and consolidation of revised job descriptions.

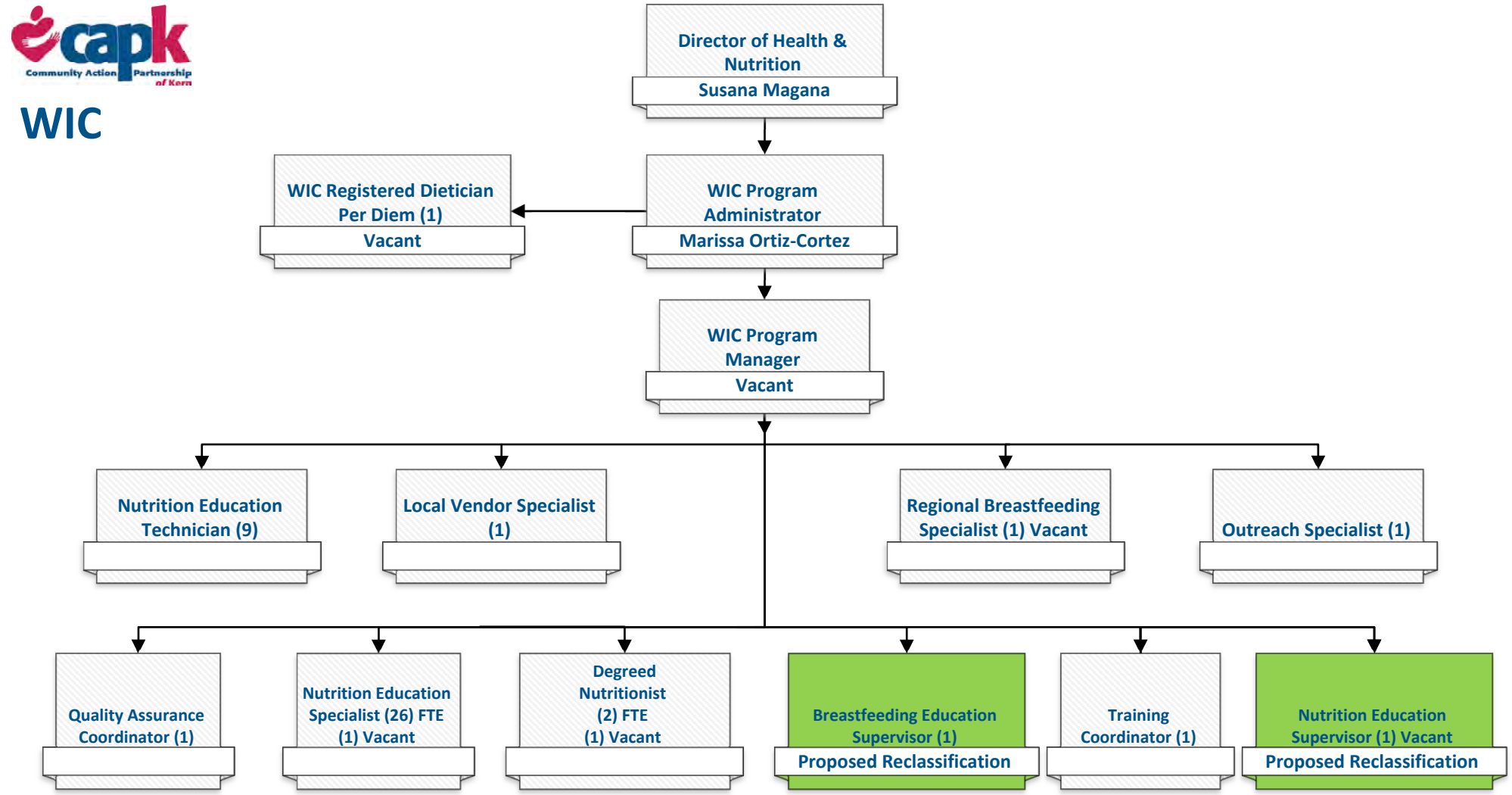
Recommendation:

Staff recommends the Personnel Committee approve the WIC Program reclassification of the Breastfeeding Education Supervisor and the Nutrition Education Supervisor job descriptions.

Attachments:

Organizational Chart
Breastfeeding Education Supervisor Job Description
Nutrition Education Supervisor Job Description

WIC



Legend



Rev. 05/2024

WIC Breastfeeding Education Supervisor

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 11 **FLSA Status:** Exempt **Date Approved:** TBD

SUMMARY:
The WIC Breastfeeding Education Supervisor develops and implements the Community Action Partnership of Kern WIC policy and plan for the promotion and support of breastfeeding. Develops the breastfeeding education plan for staff. Provides nutrition assessment and counseling for high-risk WIC and high-risk Peer Counselor (PC) participants. Provides overall management and supervision to the WIC Breastfeeding Education and Peer Counselor program.

SUPERVISION RECEIVED:
Receives supervision from WIC Program Manager.

SUPERVISION EXERCISED:
Assigned WIC Nutrition Education Specialists, WIC Nutrition Education Technicians, and Degreed Nutritionists.

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Responsible for the development of the policy and plan for breastfeeding support and promotion:
  - Develops the lesson plans for breastfeeding classes for WIC participants and instructs staff in their use.
  - Provides 20 hours of breastfeeding instruction to all new counseling staff.
  - Provides breastfeeding in-services for staff and hub meetings.
  - Oversees the breast pump inventory and distribution.
  - Oversees the inventory of breastfeeding supplies.
  - Develops and implements breastfeeding support activities.
  - Prepares and presents breastfeeding information to community organizations.
  - Attends/participates in meetings/conferences pertinent to WIC and/or breastfeeding support.
- International Board-Certified Lactation Consultant (IBCLC) for the Peer Counselor (PC) program:
  - Works with Program Manager to provide overall management for the PC program.
  - Provides peer counselors with basic and current information on breastfeeding.
  - Provides breastfeeding counseling for high-risk PC participants.
  - Prepares the records and reports required by State WIC Branch Peer Counselor program.
- Provides oversight and assistance to the Regional Breastfeeding Specialist (RBS):
  - Assists with the development of the RBS action plan.

DRAFT

- Acts as a resource for the RBS
- Provide services to high-risk participants:
  - Assess nutrition status and diet histories of participants on an individual basis, provides nutritional counseling, and assists participant in setting priorities.
  - Documents counseling session to provide an inventory of problems, recommendations, and follow-up.
  - At appropriate intervals, re-evaluates the participant's dietary/nutritional progress and needs to determine continued eligibility.
- Maintains regular contact with health care providers.
- Understands the function of each WIC position and performs the function, if necessary, to deliver WIC services.
- Stays abreast of high-risk criteria and other federal and state regulations used in determining eligibility of WIC sites.
- Attends/participates in meetings/conferences pertinent to the WIC Program.
- Prepares and presents WIC information to community organizations.
- Responsible for reports necessary for WIC operations under the automated system.
- Assists with internal compliance protocols and special projects.

Other Job Specific Duties:

- Transports WIC equipment, and/or supplies using a WIC vehicle or personal vehicle (with mileage reimbursement) if a WIC vehicle is not available.
- Attends meetings and conferences as assigned.
- Maintains a safe and functional work environment.
- Works alternative hours as required.
- Is proactive in the effort to recruit and enroll families that qualify for CAPK programs.
- Performs any other duties and special projects as assigned.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- The benefits and physiology of breastfeeding.
- Agency policies and procedures.
- Applicable federal, state, and local laws, codes, and regulations.
- Departmental policies and procedures.
- Modern office practices, methods, procedures, and equipment, including computers.
- Word processing, spreadsheet, database, and related software applications.
- Regulations governing the administration federal and state programs.

Ability to:

- Develop interactive lesson plans.
- Communicate effectively, verbally and in writing.
- Demonstrate good interpersonal skills.
- Attend evening and weekend meetings.
- Effectively present program information to the public.
- Establish professional working relationships with staff, agencies, and parents.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Bachelor's degree in nutrition, dietetics, public health, marketing, communication, nursing, health education, health care administration, psychology, or related field required.
- Five (5) years of working with various socio-economic populations, families with infants and children, social services, health/nutrition education, or related field.
- Five (5) years working in a health/nutrition field with experience working with community groups as a nutritionist and developing education curriculum.
- Two (2) years of progressive administrative/management experience with emphasis in social services, health/nutrition, or related field.
- Two (2) years of experience staff supervising.
- Any equivalent combination of education, training and/or experience will provide the ability to perform the described duties.

OTHER REQUIREMENTS:

- Possession of current certification as a Registered Dietitian.
- Possession of current certification as International Board-Certified Lactation Consultant (IBCLC).
- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Bilingual language fluency (Spanish/English) preferred.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be provided to enable employees with disabilities to perform the essential duties.

POSITION TITLE WIC Breastfeeding Education Supervisor			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x

Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x
Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x			x		

DRAFT

WIC Nutrition Education Supervisor

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 11 **FLSA Status:** Exempt **Date Approved:** TBD

SUMMARY:
Responsible for developing, implementing, and monitoring the training process for all WIC staff. Develops and implements Community Action Partnership of Kern WIC Program's Nutrition Education plan. Provides oversight and supervision for staff training. Provides nutrition assessment and counseling for high-risk WIC participants. Supports various WIC sites as needed.

SUPERVISION RECEIVED:
Receives supervision from the WIC Program Manager.

SUPERVISION EXERCISED:
WIC Nutrition Education Specialists and WIC Nutrition Education Technicians.

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enable individuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Responsible for the development and implementation of the Nutrition Services Plan (NSP) as required by California Department of Public Health, WIC Division.
  - Review plan with WIC Program Administrator.
  - Successfully complete the NSP Plan and implement activities.
  - Maintain documentation of NSP activities.
- Responsible for the development and oversight of the Nutrition Education training plan for WIC staff:
  - Responsible for assisting in the development of individual training plans for new hire WNAs that facilitate certification within a year of hire.
  - Works with the Program Manager to develop and present in-services and workshops for staff development.
  - Coordinate activity with quantitative outcome of WIC CQI as reported by the Quality Assurance Coordinator.
- Develop the lesson plans for WIC participant classes and teach staff how to present the class.
  - Develop and maintain a system of objective observation to ensure that class material is being presented correctly and effectively by staff.
- Provide services to high-risk participants:
  - Assess nutrition status and diet histories of participants on an individual basis, provide nutritional counseling and assist participants in setting priorities.
  - Records to provide an inventory of problems, recommendations, and follow-up.

DRAFT

- At appropriate intervals, re-evaluate the participant's dietary/nutritional progress and needs to determine continued eligibility.
- Understand the function of each WIC position and perform the function, if necessary, to deliver WIC services.
- Stay abreast of the high-risk criteria, and other federal and state regulations used in determining eligibility of the WIC sites.
- Prepare and present WIC information to community organizations.
- Responsible for reports necessary for WIC operations under the automated system.
- Responsible for the supervision of direct reports

Other Job Specific Duties:

- Attends all meetings, trainings, and conferences as assigned.
- Provides transportation for herself, WIC equipment and/or supplies using a WIC vehicle or personal vehicle (with mileage reimbursement) if a WIC vehicle is not available.
- Maintains safe and functional work environment.
- Work alternative hours as required, including nights and weekends.
- Is proactive in the program effort to recruit and enroll families that qualify for CAPK programs.
- Performs any other duties and special projects as assigned.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Agency policies and procedures.
- Applicable federal, state, and local laws, codes, and regulations.
- Departmental policies and procedures.
- Modern office practices, methods, procedures, and equipment, including computers.
- Word processing, spreadsheet, database, and other related software applications.

Ability to:

- Develop interactive lesson plans.
- Communicate effectively, verbally and in writing.
- Demonstrate good interpersonal skills.
- Attend evening and weekend meetings.
- Effectively present program information to the public.
- Establish professional working relationships with staff, agencies, and parents.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Bachelor's degree in nutrition or a related field.
- Possess and maintain the Registered Dietitian credential as approved by the Academy of Nutrition and Dietetics.
- Five (5) years of working with various socio-economic populations, families with infants

and children, social services, health/nutrition education, or related field.

- Five (5) years working in a health/nutrition field with experience working with community groups as a nutritionist and developing education curriculum.
- Two (2) years of progressive administrative/management experience with emphasis in social services, health/nutrition, or related field.
- Comprehensive knowledge of regulations governing the administration federal and state programs highly desirable.
- Any equivalent combination of education, training and/or experience will provide the ability to perform the described duties.
- Minimum of two (2) years supervisory experience.

OTHER REQUIREMENTS:

- Possession of a valid California driver's license and state automobile insurance with an acceptable driving record, substantiated by a DMV printout.
- Bilingual Fluency (English/Spanish) preferred.
- Must be fingerprinted and pass pre-employment background check.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level is quiet to moderately quiet.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be provided to enable employees with disabilities to perform the essential duties.

POSITION TITLE WIC Nutrition Education Supervisor			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x

Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x					

DRAFT

MEMORANDUM

To: Personnel Committee

From: Esperanza Contreras, Program Services Administrator

Date: May 8, 2024

Subject: *Agenda Item 4(e)*: New Position for Family Child Care Program – **Action Item**

In 2023, the Board of Directors approved the addition of a new position within our Head Start Division. This position will play a crucial role in the addition of the Family Child Care program operations and ensuring the highest standards of service delivery.

The Family Child Care Coordinator will be responsible for monitoring, training, and ensuring compliance among our in-home child care providers. This role will involve working closely with our providers to uphold the quality of care and adherence to our organization's standards. The position will be reporting directly to the Program Manager.

This new position is a direct result of additional funding allocated to support our Family Child Care (FCC) program. By bolstering our resources in this area, we aim to further enhance our services and ensure the well-being of those we serve. We believe that the addition of this position will significantly contribute to the effectiveness and efficiency of our operations.

Summary of Proposed Changes

Below is a description of the proposed new position and fiscal sustainability:

Position Title	Proposed Changes	Current Grade	Proposed Grade
Family Child Care (FCC) Coordinator	New Position	-	09 Min: $31.01 Mid: $38.77 Max: $46.54

Fiscal Impact and Timeframe

This position has been budgeted in the Head Start FY 2024 and is expected to be filled by July 1, 2024.

Strategic Plan Impact

As part of the 2021-25 Strategic Plan, specifically under Goal 2 and 4:

Goal 2: All families in the communities we serve have access to high-quality early learning and care choices to meet their diverse needs. 2.1 Expand access to services and resources for health and safety of children and youth by providing a safe environment.

- Objective: 2.1.1 Identify and leverage emerging funding opportunities to expand services for both early childcare and youth services.
  a) Assess needed investment required to increase opportunities for all families needing extended hours of service for children ages 0-17 years of age.
  b) Increase capacity to provide slots by taking advantage of emerging

Goal 4: CAPK seeks to be an employer of choice and attract and retain a high-quality workforce to achieve the organization's desired results, and as part of following objectives, the proposal supports staff development, growth, and retention:

- Objective 4.2: Increase employee engagement, morale, and retention.
  - 4.2.1 Conduct an internal and external equity analysis to evaluate the labor market and fiscal impacts; (b) b) Complete development and consolidation of revised job descriptions.

Recommendation:
Staff recommends the Personnel Committee approve the new Family Child Care Coordinator position at a grade 9.

Attachment:
Family Child Care (FCC) Coordinator Job Description

Family Child Care (FCC) Coordinator

Disclaimer: Job descriptions are written as a representative list of the ADA essential duties performed by a job class. They cannot include nor are they intended to include all duties performed by all positions occupying a class.

Salary Range: Grade 09 **FLSA Status:** Non-exempt **Date Approved:** TBD

SUMMARY:
Under the direction of the FCC Program Manager, the Family Child Care (FCC) Coordinator implements the Family Child Care program, aimed at enhancing knowledge, skill sets, and ongoing learning opportunities for licensed child care providers to share with families. This role supports performance standards, the School Readiness agency plan, and Community Care Licensing requirements. The FCC Coordinator conducts regular site visits, coordinates training/workshops, maintains and builds relationships with community resource and referral agencies to assist licensed child care providers and families. Additionally, they oversee the involvement of Head Start/Early Head Start parents in governance activities.

SUPERVISION RECEIVED:
Receives supervision from the Family Child Care (FCC) Program Manager.

SUPERVISION EXERCISED:
None

DUTIES AND RESPONSIBILITIES:
Disclaimer: This list is meant to be representative, not exhaustive. Some incumbents may not perform all the duties listed or may perform related duties as assigned. Reasonable accommodation may be made to enableindividuals with disabilities to perform essential functions.

Essential Job Specific Duties:

- Provide ongoing professional development through child development, role modeling, mentoring, and training that supports Parent, Family and Community Engagement Framework and School Readiness Agency Plan for staff and parents.
- Identify and provide training to parents, licensed child care providers and community partners,
- Analysis of a variety of data sources to facilitate consistent comprehensive quality program operations.
- Collaborate with management to ensure regulations are being followed and create and implement appropriate monitoring systems and reports to include service area plans, and goals and objectives.
- Collaborate with community agencies to ensure services to families are met.
- Assist with facilitating Policy Council and parent committees in communicating with parents to ensure that they understand their rights, responsibilities, and opportunities in the program and to encourage their participation in the program and volunteer their services for in-kind.
- Responsible for assisting with the interpretation and implementation of all aspects of Head Start/Early Head Start (HS/EHS) Performance Standards, state and federal regulations, funding source requirements, and policies and procedures.

- Model communication and interactions that respects all individuals and their languages, abilities, religions, and cultures.
- Recruits, enrolls and re-certifies children in the Family Child Care Program in each service area according to the EHS and HS eligibility criteria. Conducts family intakes to enroll or refer as appropriate.
- Promotes parent involvement and provides program orientation to all parents.
- Supports EHS and/or HS families by helping identify problems and concerns. Meets with parents to fill out the Family Survey or Family Partnership Agreements and helps them to locate and connect with community resources. Engages with the families to determine strengths and areas for growth. Works on goal setting with the families.
- Assists in identifying special needs children and referring for assessment and appropriate services. Obtains pertinent medical and educational information needed for documentation for special needs children.
- Assures all child and provider files and records are in compliance with Head Start performance standards.
- Provides training and support for licensed child care providers to complete the Desired Results Developmental Profile (DRDP) assessment and develops educational goals for each child enrolled.
- Assists families in obtaining a medical home and resources for health, nutrition, and dental care. Participates with special health screenings and assists the Health Specialist with medical and dental data gathering and entry.
- Works closely with the Program Manager, coordinators and specialists on day-to-day operations as needed.
- Conducts home visits and conferences with parents as required and needed in service areas.

Work with licensed child care providers:

- Conducts site visits to monitor providers in the assigned areas using a monitoring tool at least twice monthly.
- Recruits and contracts licensed child care providers to provide child care services for eligible children in the EHS and/or HS Program.
- Provides technical assistance for all child care providers in the assigned areas.
- Develops and provides educational materials and curriculum activities for all child care providers which includes; child nutrition, child abuse reporting procedures, health and safety information in collaboration with the Content Area Specialists.
- Completes the Family Child Care Rating Scale and develops improvement goals for each contracted provider.
- Distributes supplies and equipment during the program year. Maintains a log of all equipment lent out and picks up all equipment at the end of the program year.
- Assists in conducting a regular program self-assessment as it pertains to the Family Child Care option.
- Ensures that providers are trained on program standards requirements.
- Supports providers in obtaining a Child Development Associate Credential (CDA) and/or other state educational requirements.
- Reviews child attendance monthly.

Other Job Specific Duties:

- Performs a variety of administrative and clerical tasks, including data entry, creating documents and spreadsheets, running reports from ChildPlus or other databases, etc.
- Assists Administrators, Program Manager and Content Area teams with updating and implementing related program policies and procedures.
- Maintains funded enrollment for the Family Child Care program.
- Ensures parents and community meet the non-federal match (in-kind). Collects and records incoming in-kind documentation.
- Conducts monthly parent meetings and monthly provider meetings.
- Maintains knowledge of various agency child care programs and requirements.
- Attends all meetings, trainings, and conferences as assigned.
- Maintains safe and functional work environment.
- Work alternative hours as required, including nights and weekends.
- Is proactive in the program effort to recruit and enroll families that qualify for Head Start programs.
- Performs any other like duties as assigned.

MINIMUM QUALIFICATIONS:

The requirements listed below are representative of the knowledge, skills, and abilities required to satisfactorily perform the essential duties and responsibilities.

Knowledge of:

- Agency policies and procedures.
- Applicable federal, state, and local laws, codes, and regulations.
- Departmental policies and procedures.
- Correspondence and report writing practices and procedures.
- Current problems of socially and economically diverse families.
- Modern office practices, methods, procedures, and equipment including computers.
- Word processing, spreadsheet, database, and other related software applications.

Ability to:

- Work with conceptual matters.
- Plan, organize, allocate and control confidential data and organizational resources.
- Communicate effectively, verbally and in writing.
- Demonstrate good interpersonal skills.
- Effectively present Head Start program to the public.
- Establish and maintain professional working relationships with staff, agencies, parents, and both internal and external stakeholders.

EDUCATION AND EXPERIENCE:

The following requirements generally demonstrate possession of the minimum requisite knowledge and ability necessary to perform the duties of the position.

- Bachelor's degree from any accredited college or university with a major in one of the following disciplines is desired: human development, family development, or related field required.
- Must have a minimum of twelve (12) ECE/CD core units.
- Must have three (3) infant/toddler development units.

- Two (2) years of case management experience in family services with Head Start, Early Head Start, social service program, or related group work and community organizations highly desirable.
- Previous experience in public relations is highly desirable, including public contact and liaison activity, giving presentations, training, and workshops.
- Experience working with young children and their families is highly desirable.

OTHER REQUIREMENTS:

- Possession of a valid California Driver's License and State automobile insurance, and acceptable driving record substantiated by a DMV printout.
- Must have reliable transportation during work hours.
- Must be fingerprinted if required by funding source or state licensing and have such records filed with the State Department of Social Services, Community Care Licensing.
- Must have a current First Aid/CPR Certificate or will obtain one within 90 days of employment.
- Successful completion of physical, substance abuse screening, TB, and all required vaccinations.
- Bilingual language fluency in English/Spanish required.

WORK ENVIRONMENT:

The work environment characteristics described are representative of those an employee encounters in performing the essential functions of this job.

- Work is primarily performed indoors.
- Noise level varies.
- Hazards are minimal.

ESSENTIAL PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodation may be provided to enable employees with disabilities to perform their essential duties.

POSITION TITLE Family Child Care Coordinator			
Activity **Hours Per Day**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
Sitting			x
Walking			x
Standing			x
Bending (neck)			x
Bending (waist)			x
Squatting		x	
Climbing	x		
Kneeling		x	
Crawling	x		
Twisting (neck)			x
Twisting (waist)			x
Is repetitive use of hand required?			x

Simple Grasping (right hand)			x
Simple Grasping (left hand)			x
Power Grasping (right hand)		x	
Power Grasping (left hand)		x	
Fine Manipulation (right hand)			x
Fine Manipulation (left hand)			x
Pushing & Pulling (right hand)		x	
Pushing & Pulling (left hand)		x	
Reaching (above shoulder level)		x	
Reaching (below shoulder level)		x	

	LIFTING			CARRYING		
	NEVER 0 HOURS	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**	**NEVER 0 HOURS**	**OCCASIONALLY UP TO 4 HOURS**	**FREQUENTLY 4-8 HOURS**
0-10 lbs			x			x
11-25 lbs		x			x	
26-50 lbs		x			x	
51-75 lbs	x			x		
76-100 lbs	x			x		
100+ lbs	x					

DRAFT

MEMORANDUM

To: Personnel Committee

From: Jerry Meade, Assistant Director of Head Start, Program
Robert Espinosa, Program Design and Management Administrator

Date: May 8, 2024

Subject: *Agenda Item 4(f):* Head Start Personnel Update – **Info Item**

The Head Start and State Child Development Division remains dedicated to providing regular updates on personnel challenges impacting the Head Start program.

For the month of April 2024, the following information is provided to the Personnel Committee:

- 599 staff currently employed.
- 102 vacant positions.
- Onboarded seven (7) new staff members.
- Twelve (12) resignations
- Conducted five (5) days of interviews for six (6) open requisitions.

Job postings continue to be listed on the Head Start California website, and ongoing recruitment endeavors persist for our direct service roles. We are actively promoting recruitment incentives to attract qualified personnel.

Attached is a document outlining closed classrooms and staff vacancies for both closed and open classrooms as of April 30, 2024.

Attachment:
Enrollment Staffing Data Sheet

Enrollment Staffing Data Sheet

Site	Funded	Reportable Enrollment	% Enrolled	Budgeted Staffed	Currently Staffed	Staff Vacancies	% Staffed
Alberta Dillard (PY)	40	40	100%	9	8	1	89%
Alicante	20	20	100%	5	5	0	100%
Angela Martinez EHS	24	20	83%	9	6	3	67%
Angela Martinez HS	60	59	98%	19	11	8	58%
Bakersfield College	32	23	72%				
Blanton	16	14	88%				
Broadway (PY)	40	37	93%	9	9	0	100%
California City (PY)	20	20	100%	4	4	0	100%
California Street	24	24	100%	14	14	0	100%
Cleo Foran EHS	8	8	100%	3	3	0	100%
Cleo Foran HS	15	14	93%	6	5	1	83%
Delano (PY)	76	68	89%	19	17	2	89%
E. Cal	40	34	85%	13	12	1	92%
E. Cal EHS	12	10	83%	6	3	3	50%
Escuelita Hernandez	16	15	94%				
Fairfax (PY)	39	33	85%	9	6	3	67%
Garden Pathways	11	11	100%				
Gianone	16	0	0%	8	2	6	25%
Harvey L. Hall EHS	60	42	70%	24	18	6	75%
Harvey L. Hall	80	40	50%	25	19	6	76%
Heritage (PY)	20	19	95%	4	4	0	100%
Kennedy	16	13	81%	9	8	1	89%
Lamont (PY)	20	20	100%	4	4	0	100%
Lathrop	24	16	67%	14	12	2	86%
Lodi	24	24	100%	13	11	2	85%
M. Massei	16	13	81%	9	7	2	78%
MJM EHS	16	0	0%	6	4	2	67%
MJM HS	55	0	0%	14	9	5	64%
McFarland (PY)	20	17	85%	5	5	0	100%
Mojave (PY)	20	16	80%	4	4	0	100%
Oasis EHS (PY)	8	6	75%	3	1	2	33%
Oasis (PY)	37	20	54%	11	9	2	82%
Pete Parra EHS	48	23	48%	20	11	9	55%
Pete Parra HS	80	50	63%	23	16	7	70%
Primeros Pasos EHS	16	14	88%	6	6	0	100%
Primeros Pasos HS	60	34	57%	15	11	4	73%
Rosamond (PY)	60	39	65%	16	13	3	81%
San Diego EHS	32	27	84%	17	16	1	94%
Seibert (PY)	20	20	100%	4	4	0	100%
Shafter EHS	24	15	63%	12	10	2	83%
Shafter	20	20	100%	5	5	0	100%
St. Mary's	24	24	100%	13	13	0	100%
Stockdale HS	60	0	0%	17	1	16	6%
Sterling EHS	64	36	56%	26	20	6	77%
Sterling HS	60	60	100%	18	16	2	89%
Sunrise Villa (PY)	20	19	95%	5	5	0	100%
Taft (PY)	60	57	95%	14	14	0	100%
Taft College	42	13	31%				
Tehachapi (PY)	34	27	79%	4	4	0	100%
Vineland (PY)	20	11	55%	5	4	1	80%
Virginia (PY)	20	20	100%	4	4	0	100%
Wesley (PY)	60	39	65%	17	13	4	76%
Willow (PY)	40	39	98%	9	9	0	100%
Home Base Kern 152	152	98	64%	14	14	0	100%
SJC EHS HB 130	142	77	54%	12	9	3	75%
Total	**2083**	**1458**	**70%**	**554**	**438**	**116**	**79%**

Closed Classrooms	Funded Enrollment	Staff Vacancies
Bakersfield College ~ 32		
Class 1	8	0
Gianone ~ 16		
Class 1 & 2	16	6
Harvey Hall EHS ~ 60		
Class 7 & 8	16	5
Harvey Hall HS ~ 80		
Class C-FD	20	3
Class D-FD	20	3
*MJM EHS ~ 16		
Class 1	8	3
Class 2	8	3
MJM HS ~ 55		
*Class A- FD	20	3
Class B- FD	17	2
Class C- FD	15	2
Oasis EHS ~ 8		
Class 1 (HB)	2	2
Oasis HS ~ 37		
Class B-SS	17	3
Class C- SS	20	2
Pete Parra EHS ~ 48		
Class 3	5	2
Class 4	3	2
Class 5	20	2
Class 6	20	2
Pete Parra HS ~ 80		
Class B-FD	8	1
Class D-FD	20	3
Prim. Pasos HS ~ 60		
Class C- FD	20	3
Rosamond ~ 60		
Class A-PD	20	2
San Diego ~ 32		
Class 2 & 3	4	1
Shafter EHS ~ 24		
Class 2	4	0
Stockdale HS ~ 60		
Class A-D-PD	60	11
Sterling EHS ~ 64		
Class 3	4	1
Class 7	8	1
Class 8	8	3
Vineland ~20		
Class A	8	1
Taft College ~ 60		
Class 5	8	0
SJC EHS HB ~ 130		
Lathrop 3	11	1
Stockton 6	12	1
Wesley ~60		
Class A-D	12	4
Classrooms Fully Closed	**Total Slots**	**Staff Vac.**
40	**442**	**78**

* MJM slots moved to Angela Martinez and Sterling

Funded Enrollment	2083	1458 70%	
Active Enrollment	1641	1458 89%	

	Slots	Staff Vac.
Closed Enrollment	**21%**	**67.24%**
Open Enrollment	**79%**	**32.76%**

Enrollment Data Run Date 4/30/2024 Staffing Data Run Date

DATE	May 15, 2024
TIME	12:00 pm
LOCATION	CAPK Administrative Office Executive Conference Room 1300 18th Street, 3rd Floor Bakersfield, CA 93301

Program Review & Evaluation Committee Minutes

1. **Call to Order**

   Committee Chair Ana Vigil called the meeting to order at 12:08 pm at the Community Action Partnership of Kern Administrative Building, located at 1300 18th Street, 3rd Floor, Bakersfield, CA.

2. **Roll Call**

   Roll call was taken with a quorum present.

   Present: Ana Vigil, Yolanda Ochoa, Gina Martinez

   Absent: Fatima Echeverria, Jimmie Childress

   Others Present: Jeremy Tobias, Chief Executive Officer, Pritika Ram, Chief Business Development Office, Karen Vasquez, Senior Community Development Specialist, Carol Hendricks, Enrollment and Attendance Manager, Jerry Meade, Assistant Director of Head Start - Program, Susana Magana, Director of Health & Nutrition, Kelly Lowery, Food Bank Administrator

   Public Comments

   No one addressed the Committee.

3. **Program Presentation**

   a. M Street Navigation Center presented by Laurie Hughey, Program Administrator

      Laurie Hughey presented an overview on the M St. Navigation Center and announced that the center celebrated its 4th anniversary on May 14th. Laurie reported the shelter currently has 147 beds, serves clients ages 18 years and older, provides 3 meals per day, clothing, hygiene items, laundry services, personal storage spaces and pet care with kennels. Other partners are on site offering services, which include financial literacy, substance abuse, mental health services with therapists & recovery specialists, portable dental and medical services once a month, bible study, relapse prevention, and public defender assistance. When clients are matched with permanent housing, they are required to have a background check and if they are not cleared, the public defender will assist with moving the process forward.

      Ana Vigil asked if clients still go to homeless court if they have public defender services on site. Laurie responded that they still go to homeless court, however, the public defender helps clients that have open warrants or have a history of missing court date appearances.

      Laurie continued sharing the services available and said that anger management services are available at no cost as some of the clients have court mandated orders to attend. Other services include Medi-Cal assistance, DHS Partnership,

Recycling Lives (on the job paid training), project Hire-up (partnership with BC and City Serve), VITA Tax Services, and the M St. café which is open 4 days a week and run by volunteers.

Since the opening date in May of 2020, a total of 4,116 clients have been served, which is an average of 200 clients served per month. Since the opening of the Safe Camping in June of 2022, the Safe Camping has served 445 clients, with 344 of those clients having been placed in permanent supportive housing. A barrier to providing housing is due to the current housing crisis and finding placement for registered sex offenders. Jeremy Tobias added to the barrier with permanent housing is finding available units and Laurie added that other programs are also attempting to place their clients into the same limited available housing.

Laurie also shared a success story about a client with autism that ran away and showed up at the safe camp site in January of 2023 and stayed for two nights. A few weeks later he was referred to M St. Navigation Center. Due to his autism and strict diet (Vegan), the center took him under their wing and went the extra mile to get him back on his feet. They later discovered his mother was actively looking for him and was reunited and is reportedly doing very well now.

Gina Martinez asked if CAPK works with Veterans. Laurie replied that some of the clients are Veterans and they are referred to the Veteran's Center next door.

Ana Vigil asked if clients are provided with appliances and other necessary home items when they are transitioned into housing, and also asked about clients receiving assistance with Social Security benefits. Laurie responded that in the past, they were able to offer move out kits with basic home essentials gathered by volunteers, however, they are now trying to work with City Serve to get supplies to provide to the clients transitioning into permanent housing. Laurie also said that staff does provide assistance to the clients to retrieve their Social Security cards and screening to determine if they are eligible for benefits as well as connecting them with the SOAR (SSI/SSDI Outreach Access and Recovery) program.

Yolanda Ochoa asked if anger management services is only offered on site. Laurie confirmed that other providers exist, but on-site services offer more convenience for clients and that City Serve provides a free program on Fridays at 8:30 AM. Yolanda added that in Lake Isabella, Clinica Sierra Vista offers free assistance on Wednesdays but there are no other providers in the area that accepts Medi-Cal for anger management.

4. <u>New Business</u>

a. April 2024 Program Reports Pritika Ram, Chief Business Development Officer – ***Action Item***

Pritika Ram presented the April 2024 Program Reports for approval and provided highlights from each of the Divisions. Pritika requested that Emilio Wagner provide an update in a few months regarding the upcoming move of the Central Kitchen move. Jeremy added that the construction is currently on hold as they are waiting for approval of the 1303 from Head Start Region IX to move forward.The design work is essentially complete. The new Central Kitchen will be co-located between Pete Para Childcare Center and the Food Bank, in the existing warehouse and maintenance building.

The Community Development Division reported on the RFP process for the new strategic plan that has begun. The goal is to find a consultant firm a year prior to when the required in-person engagement begins. Staff will be sending emails soon to schedule training and begin the pre-work.

Motion was made and seconded to approve the April 2024 Program Reports. Carried by unanimous vote (Martinez/ Ochoa).

b. April 2024 Application Status Reports & Funding Profiles – Karen Vasquez, Senior Community Development Specialist – ***Action Item***

Karen Vazquez presented the April 2024 Application Status Report and began by highlighting two awards during the month of April. One for $1,000,000 from the City of Bakersfield for tenant based rental assistance. The second award was for $8,000 from the California Coastal Commission for the Kids Ocean Day Program to organize field trips through the Friendship House and Shafter Youth Center to learn about marine debris and participate in a beach cleanup day.

Karen also presented information on the three Funding Profile requests.

Motion was made and seconded to approve the April 2024 Application Status Reports & Funding Profiles. Carried by unanimous vote (Ochoa/Martinez).

c. San Joaquin County of Education Funding Application for California State Preschool Program Funding – ***Action Item***

Jerry Meade presented the funding application for San Joaquin County Office of Education and discussed the opportunity that was presented to CAPK to offer pre-k services in San Joaquin County. The Head Start Division agreed there is a need for full-day services for children transitioning out of the Early Head Start program. The application will allow the agency to become a state funded partner with the California State Preschool Program (CSPP) and begin the Head Start partnership with their grant. This model will support full-day services.

The St. Mary Center is the potential location for the pre-k services. The RFA is published and due Monday May 20th. Approval is requested to submit the application to be considered for the contract, and if accepted, then staff will return to the Board requesting approval for the contract, which is not to exceed $200,000.

Motion was made and seconded to approve the San Joaquin County of Education Funding Application. Carried by unanimous vote (Ochoa/Martinez)

d. April 2024 Head Start/State Child Development Division/Program Monthly Activity Report – Carol Hendricks, Enrollment and Attendance Manager - ***Action Item***

Carol Hendricks presented the above action item for approval and provided the committee with highlights from the April 2024 report.

Motion was made and seconded to approve the April 2024 Head Start/State Child Development Program Activity Report. Carried by unanimous vote (Ochoa/Martinez).

e. CY 2023 Community Services Block Grant (CSBG) Annual Report – ***Info Item***

Pritika Ram and Ryan Dozier presented on the CSBG Annual Report and noted that CSBG previously focused only on programs that received their funding (about 6-8 programs). CSBG later asked for the entire agency information. The report period is January 1 - December 31 and is typically due at the end of February. Pritika reported that each year, the submission process has been smoother, and the reporting is more accurate thanks to the enhancements in capturing data.

Pritika provided some of the Module 1 highlights and management accomplishments, solutions, and continuous improvement. One successful accomplishment was the Food Bank Expansion and Food Insecurity Assessment which aligns with Goal 1 of the agencies Strategic Plan. The second highlight was onboarding the CalAIM program to offer targeted services at risk of homelessness alongside their health plan.

Ana Vigil asked if CAPK has a FISH program (Financial Independence Starts Here) which is a program from United Way. Pritika responded that the agency is actively pursuing funding for a financial education program.

Ryan Dozier presented the unduplicated data of 114,670 clients served and 66,447 households served in 2023. More programs are being digitized to improve data collection. Demographic data tracking is still under development since most programs are not required to track that information which is why there is a relatively large amount of unknown data. The un-duplication process is led by the IS team and is heavily reliant on unique Identifiers. Some barriers are paper tracking, technical issues, and data quality (missing identifiers). In 2024, the IS team requested data on monthly basis to alleviate the millions of data files compiled at the end of the year.

Gina Martinez asked if military service is tracked, and if unique identifying numbers are requested to help eliminate the duplication of clients. Ana Vigil also suggested tracking nicknames (aka) to help eliminate duplications in the system. Ryan shared that those fields are available but not required by all programs to report, however, they are looking to implement specific PI's required across the board.

5. Committee Member Comments

Yolanda Ochoa said that she felt the board volunteer hours reported seem low. Pritika Ram said the data reported is validated so only validated hours are reported, even though there may be other volunteer hours that are not tracked or recorded. All hours must be verified, and staff will work with Board Members to input additional volunteer hours in the Volunteer Management System.

6. Next Scheduled Meeting

Program Review & Evaluation Committee
12:00 pm
June 12, 2024
CAPK Administrative Office, Executive Conference Room
1300 18th Street, 3rd Floor
Bakersfield, CA 93301

7. Adjournment

The meeting was adjourned at 1:13 pm

capk

Community Action Partnership of Kern

























Helping People...Changing Lives.



M Street Navigation Center

2900 M Street, Bakersfield, CA 93301

Program Summary

147 beds & Shelter Services	Adults 18 & Up	Food	Clothing
Personal hygiene items	Laundry services	Personal possession storage	Pet care and Kennels

Ending the Homeless Crisis in Kern

- Financial Literacy
- Substance Abuse
- Mental Health services
- Dental/Medical
- Bible Study, Relapse Prevention
- Public Defender
- Seeking Safety, Anger Management
- M Street Café
- Medi-Cal Assistance
- Department of Human Services
- Recycling Lives
- Project Hire-Up
- Vita

Program Highlights— Housing IS THE GOAL! 5/2020-4/2023

- TOTAL CLIENTS SERVED: 4116
- M STREET-3671
- SAFE CAMP-445
- TOTAL PLACED IN PERMANENT SUPPORTIVE HOUSING: 344
- M STREET-310
- SAFE CAMP-34









Welcome Home!


Jesus
Rock



Laurie Hughey
Program Administrator
(661) 501-2601,
lhughey@capk.org

May 2024 PRE Committee

April 2024 Program Monthly Reports

Housing and Supportive Services

Coordinated Entry Services
M Street Homeless Navigator Center
CalAIM - Homeless Services
Adult Re-entry Program

Community Action Partnership of Kern

Monthly Report 2024

Month	April-24	**Program/Work Unit**	Coordinated Entry Services (CES)
Division/Director	Rebecca Moreno	**Program Manager**	Joseph Aguilar
Reporting Period	January 1, 2024 - December 31, 2024		

Program Description

Coordinated Entry Services (CES) is the system to assist communities in ending homelessness by providing a clear and systematic pattern for helping individuals to quickly access the most appropriate services available through standardized access, a standardized assessment process, and a coordinated referral (match) process for individuals to preventions, housing, and/or other related services. The following counties are currently being served by CAPK CES, Kern County.
The Coordinated Entry System (CES) process will support the encampment proposal. The strategy will expedite the housing process by creating an Encampment by Name List and an encampment match call with collaborating partners to review status, barriers, and match encampment residents to permanent housing units and/or housing resources identified.

Homeless Referrals/Assessments (SRV 7c)	Month	YTD	YTD Goal	Month Progress	Annual Progress
Kern County	2,864	10,823	20,000	14%	54%
Number of applicants who received a response within 24 Hours	**Month**	**YTD**	**YTD Goal**	**Month Progress**	**Annual Progress**
Kern County	2,290	7,858	16,000	14%	49%
Pending Assessments	**Month**	**YTD**	**YTD Goal**	**Month Progress**	**Annual Progress**
Number of clients without initial contact by the end of the month.	30	47	240	13%	20%
Among clients from the preceding month, the average duration (days) to reach those who are still pending.					

Encampment Resolution - Pending	Month	YTD
Number of Clients Served	68	68
Matched to Housing Subsidy (i.e., voucher, rapid rehousing or physical location) (SRV 4m, 4o)	27	27

Explanation (Over/Under Goal Progress)

Program Strategic Goals	Progress Towards Goal
1. Optimize the use of existing access points in rural areas of Kern County.	East Kern is now a drop in center and will be serving Cal-AIM. Training staff member will begin in May.
2. Increase staff recruitment and retention.	Received notice of funding for more staff

3. Among clients from the prior month, the average time taken to reach pending clients is currently 15 days, attributed to high call volume and limited staff. The objective is to achieve client contact within 5 days of the initial request.	Received notice of funding for more staff

Program Highlights

Community Action Partnership of Kern
Monthly Report 2024

Month	April-24	Program/Work Unit	M Street Navigation Center
Division/Director	Rebecca Moreno	Program Manager	Laurie Hughey
Reporting Period	January 1, 2024 - December 31, 2024		

Program Description

CAPK operates the 147-bed homeless Low Barrier Navigation Center in partnership with the County of Kern. This 24-hour shelter offers housing, meals, showers, laundry and an array of mental health, medical care, dental and economic resources to un- sheltered individuals with pets and partners.

Shelter Services	Month	YTD	YTD Goal	Month Progress	Annual Progress
Overnight Residents (Assigned Beds) (FNPI 4a & SRV 7b, SRV 4m)	119	481	1,500	8%	32%
Total Clients Served	190	794	2,400	8%	33%
Pets (i.e., kennel, emotional support assistance and service pet)	8	52	75	11%	69%
Residents Under 90 days length of stay	73	293	800	9%	37%
Exits to Permanent Housing (FNPI 4b)	6	27	114	5%	24%
Exits-Self	18	88	150	12%	59%
Exits-Involuntary	54	204	700	8%	29%
Case Management Services (SRV 7a)	853	2,452	8,000	11%	31%
Critical Incidents	41	171	250	16%	68%
Shelter Residents Meals (SRV 5ii)	6,859	29,904	70,000	10%	43%
Number of Volunteers *(duplicated)*	126	461	100	126%	461%
Volunteers Hours *(duplicated)*	201	746	3,000	7%	25%

Safe Camping	Month	YTD	YTD Goal	Month Progress	Annual Progress
Total clients served (SRV 7b)	84	328	500	17%	66%
Current client census	50	214	300	17%	71%
Meals (SRV 5ii)	2,736	11,261	20,000	14%	56%
Pets	16	57	75	21%	76%
Clients moved to Shelter (SRV 4m)	1	5	15	7%	33%
Exits to Permanent Housing (FNPI 4b)	3	7	20	15%	35%
Exits-Self	16	28	50	32%	56%
Exits-Involuntary	4	34	75	5%	45%
Critical Incidents	6	21			

Safe Parking	Month	YTD	YTD Goal	Month Progress	Annual Progress
Total clients served	12	50	30	40%	167%
Current client census	12	50	25	48%	200%
Clients moved to Shelter (SRV 4m)	1	2	10	10%	20%

Explanation (Over/Under Goal Progress)

One client transferred into M street this month.

Program Strategic Goals	Progress Towards Goal
1. Number of clients participating in job training program, (i.e., Project Hire-Up, financial Literacy, Recycling Lives, Open Door Network).	3 clients working in the community.

2. Increase job retention/recruitment at M street by (1) developing job descriptions that accurately reflect job performance and (2) regrading/classification of job descriptions.	Job Descriptions are under review.
3. Increase the number of clients who transition to permanent housing by 10% from the prior year (2023 - 114 clients) to 120 clients.	Pending

M Street Navigation Center - Client Demographic Information

Race Demographic	Month
18 - 24	9
25 - 34	36
35 - 44	49
45 - 54	36
55 - 61	38
62+	22
Total:	**190**

Race Demographic	Month
American Indian or Alaska Native	3
Asian	1
Black or African American	41
Hispanic/Latina/e/o	24
White	66
Multiple races	55
Client Don't know / Refused	
No Answer	
Total:	**190**

Gender	Month
Female	78
Male	112
Trans Female and Male (Male to Female, Female to Male)	
Gender Non-Conforming (i.e. not exclusively male or female)	
Client doesn't know	
Client refused	
No Answer	
Total:	**190**

Zip Code	Month	Zip Code	Month
93301	26	90044	1
93302	1	93250	1
93304	13	93501	1
93305	19	93022	1
93306	8	93257	1
93307	22	96001	2
93308	16	93555	1
93309	8	94964	1
93311	1	93263	1
93312	1	93268	1
93313	3	93561	2
93314	3	93280	3
93385	1	30011	1
90212	1	86351	1
93504	1		
93212	1		
93215	2		
93711	1		
93714	1		
93241	1		
93534	1		
Not specified	41		
Total			**190**

Safe Camping - Client Demographic Information

Race Demographic	Month
18 - 24	5
25 - 34	17
35 - 44	18

Zip Code	Month	Zip Code	Month
93301	16		
93304	8		
93305	12		

Community Action Partnership of Kern
Monthly Report 2024

45 - 54	30
55 - 61	8
62+	6
Total:	**84**

Race Demographic	Month
American Indian or Alaska Native	2
Asian	0
Black or African American	8
Hispanic/Latina/e/o	5
White	46
Multiple races	23
Client Don't know / Refused	
No Answer	
Total:	**84**

Gender	Month
Female	33
Male	51
Trans Female and Male (Male to Female, Female to Male)	
Gender Non-Conforming (i.e. not exclusively male or female)	
Client doesn't know	
Client refused	
No Answer	
Total:	**84**

93306	2		
93307	7		
93308	11		
93309	6		
93311	1		
93312	3		
93314	1		
93215	1		
95322	1		
93501	1		
94804	1		
93555	1		
93263	3		
93275	1		
Not specified	8		
Total			**84**

Program Highlights
Three individuals were housed from Safe Camp and one transferred into M Street, and one from Safe Park transferred into M Street.

Community Action Partnership of Kern

Monthly Report 2024

Month	April-24	**Program/Work Unit**	California Advancing and Innovating Medi-Cal (CalAIM)
Division/Director	Rebecca Moreno Director of Community Services	**Program Manager**	Joseph Aguilar
Reporting Period	January 1, 2024 to December 31, 2024		

Program Description

CalAIM is a new initiative by the Department of Health Care Services (DHCS) to improve the quality of life and health outcomes of Medi-Cal beneficiaries by implementing broad delivery of system, programmatic, and payment system reforms. A key feature of CalAIM is the introduction of a new menu of "in lieu of services" (ILOS), or Community Supports, which, at the option of a MediCal managed care health plan (MCP) and a Member, can substitute for covered Medi-Cal services as cost-effective alternatives. MCPs will be responsible for administering Community Supports. For this partnership, CAPK would serve as a Community Support providing rental assistance.

Housing Transition Navigation Services	Month	YTD Goal	Annual Progress		
Number of Clients Currently Served	502	1,800	28%		
Number of Referrals Received (SRV 7c)	101				
Number of Enrollments	48				
Number of services per client per month (i.e., one-on-one case management, landlord engagement, obtaining vital documents) (SRV 7a)	883	1,950	8,100	11%	24%
Housing & Furnishing Deposits (SRV4d)	**Month**	**YTD**	**YTD Goal**	**Month Progress**	**Annual Progress**
One-time use up-to $5000 per client (includes housing deposits, furnishing, appliances)	12	28	40	30%	70%
Housing Tenancy and Sustaining Services	**Month**	**YTD**	**YTD Goal**	**Month Progress**	**Annual Progress**
Number of clients secured placement (SRV 4o)	12	25	110	11%	23%

Explanation (Over/Under Goal Progress)

Program Strategic Goals	Progress Towards Goal
1.) 3 FTE HN to establish caseload (1:35) by 2/1/2024	Completed
2.) 3 FTE HN to establish caseload (1:75) by 3/1/2024	Goal underway as exits from CalAim were processed.
3.) Increase staff recruitment and retention	CalAim is fully staffed; Day services began 4/1/2024 to better support sustainability within case management and provide more support to our clients in long term housing plan.

Program Highlights

Day services began 4/1/2024 to better support sustainability within case management and provide more support to our clients in long term housing plan.

Community Action Partnership of Kern

Monthly Report 2024

Month	March-24	**Program/Work Unit**	Adult Re-entry Program
Division/Director	Rebecca Moreno Director of Housing & Supportive Services	**Program Manager**	Rosario Miranda
Reporting Period	March 1, 2024 to March 31, 2024		

Program Description

Community Action Partnership of Kern's (CAPK) Adult Reentry Grant Warm Handoff and Reentry Services Program (ARG WHO) is designed to reduce rates of homelessness and recidivism in the reentering AB 128 population, CAPK proposes a multi-modal intervention strategy with complementary reentry service line targeting known dynamic risk factors for homelessness and recidivism including housing stability, employment, and mental health. Case Management services will be provided using a Strengths-Based approach model that addresses immediate needs upon release and facilitates individual change to ensure self-sufficiency upon program exit. Case Management activities may include Housing Search Services, Housing Plan Development, Landlord Engagement, Financial Capability Skill Training, Financial Coaching/Counseling, Tenant Rights Education, and Rental Counseling. CAPK will use interagency referral to determine eligibility to any of its 16 unique anti-poverty programs. Community partners such as Kern Behavioral Health and Recovery Services and Employers' Training Resource will provide intensive specialized services around Mental Health/Substance Use and Employment Training, respectively.

Client Services	Month	YTD	YTD Goal	Month Progress	Annual Progress
Case Management Services (SRV 7a)	33	33	100	33%	33%
Number of Client Contacts	43	43	720	6%	6%
Client Outcomes	**Month**	**YTD**			
Number of individuals who obtained safe and affordable housing (FNPI 4b), such as Housing Subsidy or Permanent Supportive Housing (PSH)	4	4			
Number of unemployed clients who obtained employment (up to a living wage) FNPI 1b, such as Workforce Development, Education, or Employment Services	-	-			
Referrals	**Month**	**YTD**			
Number of Clients referred to Mental Health Services or Substance Abuse Services (SRV 5v)	33	33			
Financial Management Programs (including budgeting, credit management, credit repair, credit counseling) SRV 3c	33	33			
Transitional Housing Placements (SRV 4n)	-	-			
Permanent Housing Placements (SRV 4o)	25	25			
Job Readiness Training (SRV 1f)	24	24			
Job Referrals (SRV 1l)	24	24			
Incentives (e.g., food vouchers, gift cards) SRV 5hh	-	-			

Food Distribution (food bags/boxes, food share program, bags of groceries) SRV 5jj	1	1
Parenting Classes SRV 5mm	-	-
Kits/boxes (i.e., toiletries, hygiene kits) SRV 5nn	-	-

Explanation (Over/Under Goal Progress)

Program Strategic Goals	Progress Towards Goal
1.) Enhance recruitment initiatives and bolster staff retention strategies.	Two Housing Navigator hired.
2.) Create a comprehensive program policy and procedure manual, including documents such as referral forms and intake/assessment forms.	Parole Agency Referral created and distributed. Intake/Assessment created and in use.
3.) Building robust relationships by engaging in outreach activities to connect with the Parole and Probation Departments.	Continuously attending PACT meeting attended and various resource fairs, including Women's Empowerment, CSUB Project Rebound, Kern River Valley Connection, Wasco State Prison, Rising Scholars, Blano Resource Fair

Program Highlights

Four (4) Clients were placed in housing.

Health and Nutrition Services

Cal-Fresh Health Living Program
Food Bank
Migrant Childcare Alternative Payment
Women, Infant, and Children

Community Action Partnership of Kern

Monthly Report 2024

Month	April-24	**Program/Work Unit**	CalFresh Healthy Living
Division/Director	Susana Magana	**Program Manager**	Alan Rodriguez
Reporting Period	January 1, 2024 - December 31, 2024		

Program Description

The CalFresh Healthy Living (CFHL) program, Funded by the USDA and administered by CDSS, improves the nutritional health of low-income Kern County residents by providing access to nutrition education, physical activity education, and leadership within community collaboratives that focus on health and nutrition. The program does this by providing Direct Education classes, Indirect Education materials and resources, and Policy Systems and Environmental Changes (PSE's). The CFHL program has three (3) subcontractors that assist in carrying out the goal of educating the student population.

Supplemental Nutrition Assistance Program-Education(SNAP-Ed) eligible participants, receiving Nutrition Education 10/1/2022-9/30/2023 (SRV 5ff)	Month	YTD	YTD Goal	Month Progress	Annual Progress
Community Action Partnership of Kern (CAPK) Direct Education provided.	0	691	1,100	0%	63%
Kern County Superintendent of Schools (KCSOS) Subcontractor Direct Education provided.	1095	4,655	6,000	18%	78%
Kernville Unified School District (KUSD) Subcontractor Direct Education provided.	486	1,978	2,000	24%	99%
Lamont Elementary School District (LESD) Subcontractor Direct Education provided.	1438	2,539	2,500	58%	102%
Cumulative Indirect Education: Indirect education, for SNAP-Ed purposes, is defined as the distribution or display of information and resources which involve no participant interaction with an instructor or multimedia.	2606	6,143	30,000	9%	20%
Policy Systems and Environmental Changes (PSE's)	**Month**	**YTD**	**YTD Goal**	**Month Progress**	**Annual Progress**
Partner with 6 agencies/program to evaluate/implement the Nutrition Pantry Program (NPP) to implement Trauma Informed Care practices with-in the food pantry.	1	4	6	17%	67%
Partner with 3 Clinics to implement Food Insecurity screening practices.	0	1	3	0%	33%

Explanation (Over/Under Goal Progress)

Direct Education Numbers internally decreased this month due to there being an increase in Outreach Events and a stronger focus on PSE efforts. Additionally, Taft College rescheduled pre-planned nutrition classes. PSE is progressing as expected and the California Department of Public Health commended the program on the progress being made. The Subcontractor's numbers are progressing as expected.

Community Action Partnership of Kern

Monthly Report 2024

Program Strategic Goals	Progress
Minimize staff turn-over and become fully staffed.	The CFHL Program is fully staffed as of March 2024.
Partner with community agencies and collaboratives that are SNAP-Ed approved, including other CAPK Programs, to increase the amount of Direct and indirect Education to improve the opportunities for the SNAP-Ed eligible population to choose healthier food choices, physical activity, and review nutrition information.	During April 2024 the CFHL program attended community outreach events at BC's Farmers Market, Cal City's Farmers Market, GROW Academy Shafter Health and Wellness Fair, The CAPK Food Bank Agency Partner Conference, and CSUB's CalFresh Awareness Carnival.
Progress with Policy Systems and Environmental Changes (PSE) Initiatives.	Policy Systems and Environmental Changes (PSE) are longer-term projects that are aimed at implementing and sustaining long-term changes. The PSEs that we want to highlight this month are that the conversations with PVMG are continuing to progress in continuing the pilot and potentially expanding to another 4 sites. PVMNG staff completed the staff assessments and the CFHL Team evaluated the data to continue the conversation to jointly decide how the process would be implemented. The CFHL Team also received the opportunity to speak at the Food Bank Partner Conference which included a call to action to invite other pantries to start the NPP process and to become a client choice pantry. 19 pantries signed an interest form to receive information and express interest in NPP and will be contacted soon.

Program Highlights
The CAPK CFHL program is progressing as expected with PSE in the community and is continually developing additional relationships to progress the work. In April 2024 CAPK CFHL attended the First Kern Health Equity Partnership Meeting which focused on bringing equity to health initiatives within the county. This group is perfect to help develop and implement PSE efforts at the community level. Additionally, the Newly Formed Food Policy Council met for the first time and the CFHL Administrator was voted in to have a seat at the council. Again, being a part of a crucial group that can promote PSE work. Interestingly enough, when the council met some of the topics/work they were discussing were things that CFHL is currently working towards which is a positive indicator that our efforts are moving positively. CAPK Staff Development was also a highlight!


WILDCATS


Kern County
Food Policy
Council

Community Action Partnership of Kern
Monthly Report 2024

Month	March-24	Program/Work Unit	Food Bank
Division/Director	Health & Nutrition, Susana Magana	Program Manager	Kelly Lowery
Reporting Period	January 1, 2024 - December 31, 2024 *(Note: The data represents information from two months earlier.)*		

Program Description

The Food Bank provides food assistance to low-income families and individuals through a network of more than 200 agency partner distribution sites across Kern County. The CAPK Food Bank is the primary organization responsible for distributing State and Federal emergency food assistance for Kern County neighbors in need. Additionally, the Food Bank is the Feeding America affiliate food bank for Kern, facilitating grocery rescue [Fresh Rescue Program] to support the network of more than 150 Pantries across the county. Every month, the food bank distributes between more than 1.5 million pounds of food which reaches tens of thousands of Kern County food insecure neighbors.

The Emergency Food Assistance Program (TEFAP)	Month	YTD	Annual Goal	Month Progress	Annual Progress
Individuals Served	50,767	151,662	600,000	8%	25%
Pounds Distributed	714,181	2,291,630	10,000,000	7%	23%
Pantry Program	**Month**	**YTD**	**Annual Goal**	**Month Progress**	**Annual Progress**
Individuals Served	105,561	286,753	1,000,000	11%	29%
Pounds Distributed	396,650	1,189,176	5,000,000	8%	24%
Fresh Rescue	**Month**	**YTD**	**Annual Goal**	**Month Progress**	**Annual Progress**
Individuals Served *(Not included in Pantry Prgm)*	23,895	55,577	150,000	16%	37%
Pounds Distributed *(total)*	186,681	434,197	1,250,000	15%	35%
Commodity Supplemental Food Program (CSFP)	**Month**	**YTD**	**Annual Goal**	**Month Progress**	**Annual Progress**
Individuals Served	5,199	15,113	60,000	9%	25%
Pounds Distributed	200,021	563,342	2,000,000	10%	28%
Free Farmers Markets	**Month**	**YTD**	**Annual Goal**	**Month Progress**	**Annual Progress**
Individuals Served *(includes some connected to TEFAP distributions)*	16,107	45,964	175,000	9%	26%
Pounds Distributed	122,198	305,525	1,200,000	10%	25%
Brighter Bites	**Month**	**YTD**	**Annual Goal**	**Month Progress**	**Annual Progress**
Individuals Served	2,634	9,171	30,000	9%	31%
Pounds Distributed	20,577	98,191	450,000	5%	22%
Snack Attack	**Month**	**YTD**	**Annual Goal**	**Month Progress**	**Annual Progress**
Individuals Served	1,519	4,898	15,000	10%	33%
Pounds Distributed	1,100	3,045	12,500	9%	24%
Community Events & Other	**Month**	**YTD**	**Annual Goal**	**Month Progress**	**Annual Progress**
Individuals Served	1,735	3,763	15,000	12%	25%
Pounds Distributed	166,586	361,272	1,200,000	14%	30%

Community Action Partnership of Kern
Monthly Report 2024

Totals	Month	YTD	Annual Goal	Month Progress	Annual Progress
Total Individuals Served	207,417	572,902	2,045,000	10%	28%
Total Pounds Distributed (SRV 5jj)	1,807,994	5,246,378	21,112,500	9%	25%
Volunteers (SRV 6f)	**Month**	**YTD**	**Annual Goal**	**Month Progress**	**Annual Progress**
Volunteers who received job skill training (e.g., paid partnership though service providers, duplicated)	48	139	350	14%	40%
Other Volunteers (i.e., general public, duplicated)	138	442	1,750	8%	25%

Explanation (Over/Under Goal Progress)
The March numbers came within anticipated goal ranges.

Program Strategic Goals	Progress Towards Strategic Goals
In light of a potential change in funding, Food Bank staff are reconsidering the program's strategic goals.	

Program Highlights
In March, the CAPK Food Bank was honored to receive the 2024 BC Sterling Award in recognition of it's partnership with Bakersfield College Renegade Pantry and Free Farmer's Market.

Community Action Partnership of Kern
Monthly Report 2024

Month	April-24	**Program/Work Unit**	Migrant Childcare Alternative Payment (MCAP)
Division/Director	Susana Magana	**Program Administrator**	Laura Porta
Reporting Period	January 01, 2024 to December 31, 2024		

Program Description

The Migrant Childcare Alternative Payment (MCAP) program provides childcare subsidies to migrant, agriculturally working families. Once families are authorized, their services are certified based on their verified need for childcare services. MCAP maximizes parental choice for services and utilizes the approved childcare providers in our communities to satisfy the family's need for services. Families can apply for childcare services in six entry counties: Kern, Kings, Madera, Merced, Tulare, and Fresno. Once a family is enrolled in the program, they can migrate anywhere in California to follow agricultural work, and their childcare services can continue.

Program Reimbursements (CY Jan - Dec 2024) Note: duplicated below for program fiscal year.	**Current Month**	**YTD**	**Goal**	**Annual Progress**
Provider Payments-Subsidies Expended (SRV7e)	2,614,116	7,484,537	23,000,000	33%

Program FY Reimbursements Progress (FY Jul 2023- Jun 24)	**Current Month**	**YTD**	**Goal**	**Annual Progress**
Provider Payments-Subsidies Expended (SRV7e)	2,614,116	22,906,460	29,000,000	79%

Services	**Current Month**
Active Child Enrollment	2,856
Active Childcare Providers (SRV 7f)	542

	Prev- Month	**Add (+)**	**Drop (-)**	**Current Month**
Waiting List Totals (children)	17	5	3	19

Explanation (Over/Under Goal Progress)

The Migrant Childcare Alternative Payment (MCAP) is currently fully enrolled and expected to earn 100% of the current contract amount. Our program is focused in continuing to increase our waiting list pool and enhancing our program's compliance level.

Program Strategic Goals	**Progress Towards Strategic Goal**
1. Fill Staff Vacancies.	In the month of March 2024, our program welcomed two new Subsidized Reimbursement Specialists and promoted one of our team members to the Subsidized Reimbursement Coordinator position. These positions will help us ensure the growth of our program is effectively managed and allow for better distribution and supervision of our workload.
2. Staff Retention and Professional Development (Training).	Our team continues to provide monthly trainings and support sessions to ensure the MCAP team is able to learn and master the new CDSS requirements and recently implemented program policies and procedures.

3. Contingency Staffing Plan & Solidify Program Growth.	Management continues working on stablishing a robust waiting list of MCAP eligible families. We are now able to report an increasing waiting list, currently with a robust 369 children actively waiting to receive services, once additional funding becomes available.

Program Highlights

The Migrant Childcare Alternative Payment (MCAP) is currently fully enrolled and expected to earn 100% of the current contract amount. Enrollment goals have been higher than expected due to changes in regulatory requirements, and additional funding in the amount of $7.7 million dollars was awarded by CDSS. This brings our current contract amount total to $37.1 million dollars for the current FY 2023-2024 contract year.

Community Action Partnership of Kern

Monthly Report 2024

Month	April-24	**Program/Work Unit**	Women Infants & Children (WIC) Nutrition
Division/Director	Susana Magana	**Program Administrator**	Marissa Ortiz-Cortez
Reporting Period	January 1, 2024 - December 31, 2024		

Program Description

The Women Infants & Children (WIC) program provides education, breastfeeding support and food vouchers for families with infants, children up to age 5, and women who are pregnant, postpartum or breast feeding. CAPK WIC operates in 21 sites throughout Kern County, 5 locations in San Bernardino County, and through one mobile WIC clinic to reach hard-to-serve populations.

Services	Month	YTD	Annual Goal	Month Progress	Annual Progress
Caseload (SRV 5g)	14,530		14,610		99%
Breast Feeding 30% of infants are breastfed (i.e., some, mostly or fully breastfeeding compared to formula)	1,118		900		124%
Local Vendor Liaison-Contact Stores (contact 67 vendors 1 contact required per quarter totaling 268 contacts per year)	25	67	268	9%	25%
Outreach	**Month**	**YTD**	**Goal**	**Month**	**Annual**
Online Enrollment	174	706	1,200	15%	59%
WIC Presentations and Outreach Events	11	31	100	11%	31%
Publication in newspaper, television, and/or social media postings (English and Spanish)	38	130	350	11%	37%
Regional Breast Liaison (RBL)	**Month**	**YTD**	**Goal**	**Month Progress**	**Annual Progress**
Meet with key community stakeholders (i.e., medical managed care, hospital staff, lactation support, health care providers, other WIC agencies) in Region 24 to increase breastfeeding awareness and referrals to the WIC program, as well as share WIC digital materials and utilization.	0	0	120	0%	0%
Peer Counseling Program (PCP)	**Month**	**YTD**	**Goal**	**Month Progress**	**Annual Progress**
Provide basic breastfeeding education and encouragement to WIC PCP participants.	254	1,013	1000	25%	101%

Explanation (Over/Under Goal Progress)

RBL position vacant since Jan 2024.

Community Action Partnership of Kern

Monthly Report 2024

Program Strategic Goals	Progress
Restructure WIC Program staffing model to improve recruitment and retention of staff. Increase participation caseload to 100%	The WIC program has implemented cross functional training which has improved performance and increased participation caseload.

Program Highlights
In the month of April, WIC CAPK reached 99.45% of the participation caseload requirement



Youth and Community Services

East Kern Family Resource Center
Oasis Family Resource Center
Energy, Weatherization, and Utility Assistance
Friendship House Community Center
Shafter Youth Center
Volunteer Income Tax Assistance

Community Action Partnership of Kern

Monthly Report 2024

Month	April-24	**Program/Work Unit**	East Kern Family Resource Center (EKFRC)
Division/Director	Fred Hernandez Youth & Community Services	**Program Manager**	Anna Saavedra
Reporting Period	January 1, 2024 - December 31, 2024		

Program Description

East Kern Family Resource Center (EKFRC) is a regional resource center based in Mojave, Ca. The EKFRC provides assistance to low-income individuals and families from the desert and Tehachapi Mountain communities. The primary focus is to assist individuals and families who are facing housing insecurities and to prepare children 0-5 years of age to enter kindergarten successfully. The EKFRC also provides individuals and families with basic need services, clothing, diapers, food, household items, hygiene kits, blankets, business services, VITA, and assistance with HEAP applications.

Homeless Housing Assistance and Prevention (HHAP) Rural Drop-in Center	Month	YTD	Annual Goal	Month Progress	Annual Progress
Case Management Services (SRV 7a)	0	0	60	0%	0%
Street Outreach and Education	0	0	75	0%	0%

HHAP Linkages to Services (Referrals)	Month	YTD
California Driver's License (SRV 7j)	0	1
Social Security Insurance (SSI) (SRV 7i)	0	0
Medical Services (SRV 7c)	2	16
Mental Services (SRV 7c)	2	7
Housing Placement (e.g., transitional, temporary, permanent) (SRV 4m, 4n, 4o)	0	6
Educational and Career Development (SRV 7c)	0	4

HHAP Distribution of Supplies	Month	YTD
Food Assistance (SRV 5jj)	37	109
House Hold Items	10	47
Hygiene Kits (SRV 5oo)	7	41
Emergency Clothing (SRV 7n)	44	125
Administrative Services & Copies	1	30
Transportation Services (SRV 7d)	0	5
Educational Supplies (SRV 2k)	0	0

Covid - 19 Supplies (SRV 5oo)	1	17			
First 5 Kern	**Month**	**YTD**	**Annual Goal**	**Month Progress**	**Annual Progress**
Parents Receiving Case Management Services (SRV 7a)	1	3	30	3%	10%
Children Receiving Case Management Services (SRV 7a)	1	2	30	3%	7%
Parents Participating in Court Mandated Classes (FNPI 5d & SRV 5mm)	4	8	10	40%	80%
Children Educational Center Base Activities (FNPI 2b)	1	6	30	3%	20%
Children Educational Home Base Activities (FNPI 2b)	1	7	30	3%	23%
Children Summer Bridge Activities (FNPI 2b)	0	0	15	0%	0%
Collaborative Meetings Participated	1	4	12	8%	33%
Family Support Services for non-clients with children 5 and under	14	100			
First 5 Total	**23**	**130**			
First 5 Kern/ Department Health Services	**Month**	**YTD**	**Annual Goal (12 Mo)**	**Month Progress**	**Annual Progress (12 Mo)**
Family Support Services for non-clients with children 6-18 (SRV 2e K-12)	52	193			
CalCapa Diaper Supply Bank	**Month**	**YTD**	**Annual Goal**	**Month Progress**	**Annual Progress**
Diaper Supply Management Enrollment **Unduplicated** (NPI5.5)	18	108	150	12%	72%
Monthly Diaper Kit Supply Delivery **Duplicated** (SRV5.nn)	73	257	1800	4%	14%
Walk-In Community Services (Duplicated Clients & Case Managed Clients)	**Month**	**YTD**			
Administrative Services & Copies	172	487			
Baby Supplies (SRV 2w)	61	193			
Covid - 19 Supplies (SRV 5oo)	3	37			
Court Mandated Parenting Correspondence (SRV 2w)	4	11			
Educational Supplies (SRV 2k)	5	38			
Emergency Clothing (SRV 7n)	152	470			

Food Assistance (SRV 7c)	167	578
Household Items (SRV 7c)	52	221
Hygiene Kits (SRV 7c)	10	50
Referrals (SRV 7c)	37	157
Transportation Services (SRV 7d)	9	14

Explanation (Over/Under Goal Progress)

During the month of April, EKFRC brought on board a new Housing Navigator. Our Navigator is currently receiving training through CES and HMIS, our new hire will begin to enroll new homeless clients which will increase our Homeless numbers in all areas.

Program Strategic Goals	Progress Towards Goal
1. Secure additional funding to cover operational costs and improve the delivery of services.	The board of directors approved our Kern Health Systems grant that will allow us to provide additional homeless services at the East Kern Family Resource Center.
2. Partner with private enterprises to boost program visibility and foster meaningful relationships.	During the month of April we met with the HEADSTART team of Mojave. We shared updated information regarding our center and provided them with new flyers of any upcoming events. HEADSTART informed us that their doors will be closing as of June 30, 2024.
3. Improve on-site services to more effectively connect with the East Kern target population.	Since our grand opening, the EKFRC office continues to expand services and collaborate with community partners in order to provide the services the community needs.

Program Highlights

Community Action Partnership of Kern

Monthly Report 2024

Month	April-24	**Program/Work Unit**	Oasis Family Resource Center
Division/Director	Youth & Community Services Freddy Hernandez	**Program Manager**	Eric Le Barbé
Reporting Period	January 1, 2024 - December 31, 2024		

Program Description

The Oasis Family Resource Center provides resources, education, and crisis assistance to individuals, families, and children in Ridgecrest and surrounding communities. They focus on providing case management and educational support to families to build resilience.

First 5	Month	YTD	Annual Goal	Month Progress	Annual Progress
Parents Receiving Case Management Services (SRV 7a)	0	3	30	0%	10%
Children Receiving Case Management Services (SRV 7a)	0	4	30	0%	13%
Parents Participating in Court Mandated Classes (FNPI 5d, and SRV 5mm)	0	7	10	0%	70%
Children Educational Home Base Activities (FNPI 2b)	0	3	15	0%	20%
Children Summer Bridge Activities (FNPI 2b)	0	0	10	0%	0%
Family Support Services for non-clients with children 5 and under (SRV 2w)	14	108			
First 5 Total	**14**	**125**			

First 5 Kern/ Department Health Services	Month	YTD	Annual Goal	Month Progress	Annual Progress
Family Support Services for non-clients with children 6-18 (SRV 2e K-12)	48	124			

Planned Parenthood	Month	YTD	Annual Goal	Month Progress	Annual Progress
LiFT Delivery Seminar to 10 Parents/Guardians (SRV 5l, and SRV 5mm)	10	10	10	100%	100%
LiFT Delivery Seminar to 10 Youth 13-19 (SRV 5l)	14	14	10	140%	140%
Plan A Sex Education Kits for qualifying youth 16-19 (SRV 5m)	20	56	75	27%	75%

CalCAPA Diaper Supply Bank	Month	YTD	Annual Goal (12 Mo)	Month Progress	Annual Progress (12 Mo)
Diaper Supply Management Enrollment **Unduplicated** (NPI5.5)	21	199	150	14%	133%
Monthly Diaper Kit Supply Delivery **Duplicated** (SRV5.nn)	104	645	1800	6%	36%

Walk-In Community Services (Duplicated & Non First 5 Clients)	Month	YTD
Administrative Support (SRV 7c)	50	302
Baby Supplies (SRV 2w)	105	373
Copies	20	133

Court Mandated Parenting Correspondence (SRV 2w)	6	19
Educational Supplies (SRV 2k)	16	128
Emergency Clothing (SRV 7n)	12	46
Food (SRV 7c)	172	533
Household Items (SRV 7c)	162	571
Referrals(SRV 7c)	76	342
Transportation Assistance (SRV 7d)	31	119
Total Community Services	**650**	**2566**

Explanation (Over/Under Goal Progress)

The Oasis FRC met all its First 5 Kern goals for the fiscal year 2023-2024. The first Planned Parenthood LiFT seminar was implemented in April 2024 and the goal was met.

Program Strategic Goals	Progress Towards Goal
1. Apply for three funding opportunities that would help extend range of services outside First 5 clients for under served families (Parenting, Children 6-18, seniors, and homeless individuals).	No grant applications were submitted in April.
2. Participate in community outreach activities to promote CAPK & Oasis FRC services and seek donations from local business partners (in-kind and monetary).	The Oasis FRC conducted several outreach activities in April including: A presentation to the Play and Learn program at the Ridgecrest library. A presentation to the Navy Relief to promote services to military families. Attending the Kiwanis Key Club banquet recognizing the high school students who volunteered at the OFRC during the school year. Attending the Cerro Coso Annual Access Awards Ceremony congratulating college students who are clients of the OFRC. The Oasis FRC received a large donation of brand new baby items including car seats, strollers, baby high chairs from Newell Brand donated by a member of Hope City Church.

Program Highlights

The Oasis Family Resource Center provided community services responding to a total of 322 inquiries in the month of April 2024. This was yet another new record for the busiest month ever since the OFRC opened in May 2021.

Community Action Partnership of Kern
Monthly Report 2024

Month	April-24	Program/Work Unit	Energy & Utility Assistance
Division/Director	Fred Hernandez	Program Administrator	Wilfredo Cruz Jr.
Reporting Period	January 1, 2024 - December 31, 2024		

Program Description

The Energy Program assists income-eligible Kern County residents with utility bill payment, free weatherization, and energy education at no cost to the participant. Weatherization services include weather stripping; repair or replacement of windows and doors, heating/ cooling appliances, stoves, refrigerators, and more.

Low-Income Household Water Assistance Program (LIHWAP) 2021 Ends March 2024	Month	YTD	Goal	Month Progress	Annual Progress
Households Served - Utilities Assistance	0	1,551	700	0%	222%
Utility Payments	$ -	$ 502,583	$302,457	0%	166%
Low-income Home Energy Program (LIHEAP) 2024	**Month**	**YTD**	**Goal**	**Month Progress**	**Annual Progress**
Households Served - Utilities Assistance	917	2,698	3,200	29%	84%
Utility Payments	$ 844,263	$ 3,142,210	$ 4,947,219	17%	64%
Households Served - Weatherization	14	61	200	7%	31%
Emergency Supplemental Low-Income Energy Assistance Program (ESLIHEAP) 2023 Ends May 2025	**Month**	**YTD**	**Goal**	**Month Progress**	**Annual Progress**
Households Served - Utilities Assistance	31	298	450	7%	66%
Utility Payments	$ 29,349	$ 534,603	$ 744,877	4%	72%
Department of Energy (DOE) Bi-partisan Infrastructure Law (BIL) - Weatherization Assistance Program (WAP)	**Month**	**YTD**	**Goal**	**Month Progress**	**Annual Progress**
Households Served - Weatherization	0	0	54	0%	0%
Totals	**Month**	**YTD**	**Goal**	**Month Progress**	**Annual Progress**
Total Households Served - Utility Assistance (FNPI 4z, SRV 4i, SRV 7b)	**948**	**4,547**	**4,350**	22%	105%
Total Utility Payments	**$ 873,612**	**$ 4,179,396**	**$ 5,994,553**	15%	70%
Total Households Weatherized (FNPI4h, FNPI 4z, SRV 4q, SRV 7b, & SRV 4t)	**14**	**61**	**254**	6%	24%
Weatherized Homes (Note: The data represents work submitted to CSD for reimbursement - delayed by 2 months)	**Month**	**YTD**	**Goal**	**Month Progress**	**Annual Progress**
(Note: The data represents work submitted to CSD for reimbursement - delayed by 2 months)	**16**	**44**	**200**	8%	22%
Total Weatherized Homes Payments	**$ 202,956**	**$ 635,001**	**$ 2,677,067**	8%	24%

Explanation (Over/Under Goal Progress)

1) LIHWAP contract is officially completed and closed
2) DOE WAP contract is currently underway - anticipate jobs to start closing within next couple of months

Program Strategic Goals	Progress Towards Goal
1) Successfully implement online client self-application tool for Utility Assistance (UA) services.	The tool is currently in the test phase in Eastern Kern - 4 months in.

2) Effectively initiate and manage the City of Bakersfield - Transformative Climate Communities (TCC) grant, focusing on providing weatherization and solar services to residents in Southeast Bakersfield. This endeavor involves a collaborative partnership with GRID Alternatives and Kern Community College District (KCCD).	Currently in the process of developing program and receiving contract. Anticipated to start program during second half of 2024.
3) Continue to build partnerships with community to fully administer the Low-Income Household Water Assistance Program (LIHWAP) grant.	Contract is completed (108%) and closed

Program Highlights

Community Action Partnership of Kern

Monthly Report 2024

Month	April-24		Friendship House Community Center (FHCC)
Division/Director	Fred Hernandez	**Program Manager**	Lois Hannible
Reporting Period	January 1, 2024 - December 31, 2024		

Program Description

Located in Southeast Bakersfield, the program serves children, adults, and families through after-school, summer and mentor programs, nutrition education, sports, access to social services, and more.

Youth Programs	Month	YTD	YTD Goal	Month Progress	Annual Progress
Youth Mentoring (FNPI 2c.2., FNPI 2c.3, SRV 2p) Reporting ends June 30, 2023	18	123	100	15%	123%
Summer Program (Max Capacity due to COVID) (SRV 2m)	N/A	-	35	-	-
After School/Learning Pods Enroll (FNPI 2c.2., FNPI 2c.3, SRV 2p)	0	43	50	0%	86%

Medi-Cal Outreach	Month	YTD	YTD Goal	Month Progress	Annual Progress
Social media emails and impressions	2,495,162	2,506,330	15,000,000	100%	17%
Canvasing phone calls and flyers	1,536	5,402	12,000	28%	45%

California Violence Intervention Program (CalVIP)	Month	YTD
Incident Response (SRV 5w)	1	1
Outcome/Case Managed Families (SRV 7a)	0	10
Provided Food Assistance (SRV 7c)	6	48
Assisted with Energy/HEAP Services (SRV 7c)	0	2
Provided Assistance with Medi-Cal (SRV 7c)	0	-
Provided Mentoring Services (SRV 2p, 7c)	34	48
Deposit Payments (SRV 4d)	0	1
Temporary Housing Placements (SRV 4m)	0	-

Explanation (Over/Under Goal Progress)

In April of 2024, the Friendship House Mentor & CalVIP programs started providing Aggression Replacement (ART) classes to 18 students at CLC Tech. There were no new enrollments for the FHCC afterschool program during the month of April. The Friendship House is currently accepting applications for the Summer Program, which starts June 3rd.

Program Strategic Goals	Progress Towards Strategic Goals
Plan and facilitate Friendship House (FHCC) Advisory Board fundraising event to benefit the Friendship House.	The Friendship House Mixer Fundraiser is scheduled to take place at The Collective on Thursday, October 24th.
Recruit and secure staffing for the Friendship House.	The FHCC is fully staffed.
Work with the CAPK Executive Team to increase the number of grants researched/submitted for the CAPK Friendship House.	The FHCC received a Kids Adopt A Beach grant, which starts May 1st.

Program Highlights

Thanks to the Women & Girls Fund the Friendship House will now be offering a Girls Leading the Way Through STEM project for girls ages 6-18. The program will offer insight & mentoring from female engineers, provide hands-on robotics activities, fieldtrips, and leadership skills.

Community Action Partnership of Kern

Monthly Report 2024

Month	April-24		Shafter Youth Center (SYC)
Division/Director	Fred Hernandez	**Program Manager**	Angelica Nelson
Reporting Period	January 1, 2024 - December 31, 2024		

Program Description

The Shafter Youth Center (SYC) serves children, adults, and families through youth after-school, summer and pre-employment programs, parenting classes, nutrition education, sports, access to social services, and more.

Youth Programs	Month	YTD (unduplicated)	Goal	Month Progress	Annual Progress
Summer Program (SRV 2m) June/July		0	60	0%	0%
After School Program Enroll (FNPI 2c &SRV 2l) (hours of operation: 2-5pm; 1230p - 5pm for minimum day)	5	25	35	14%	71%

Community Programs	Month	YTD (unduplicated)
Fitness Boot Camp, Zumba and Adult Basketball (individual counts)	24 new	
Girls Scouts, Community Meeting Space, Citizenship Classes, etc. (group count)	2	
On Site Collaboration: Energy, VITA, Food Bank	3	

Outreach Activities	Month	YTD	Goal	Month Progress	Annual Progress
Outreach Events (presentations/informational updates, distributions (e.g., food, diapers)	1	2	6	17%	33%

Explanation (Over/Under Goal Progress)

Program Strategic Goals	Progress
1. Monitor and assess students' academic advancement through regular school progress and grade reports. Utilize the gathered data to refine and modify individual student learning plans.	Progress reports have been collected and are being analyzed for student academic trends.
2. Improve the attainment of program funding to broaden the scope of program offerings. This involves working in partnership with the CAPK Foundation to integrate funding that facilitates the introduction of new services.	SYC continues to work with the CAPK Foundation on attaining grant applications for funding future programs.
3. Improve the attainment of program funding to broaden the scope of program offerings. This involves working in partnership with the CAPK Foundation to integrate funding that facilitates the introduction of new services.	We are currently working to find new funding opportunities.

Community Action Partnership of Kern

Monthly Report 2024

Month	April-24	**Program/Work Unit**	Volunteer Income Tax Assistance (VITA)
Division/Director	Fred Hernandez	**Program Manager**	Jacqueline Guerra
Reporting Period	January 1, 2024 - December 31, 2024		

Program Description

The Volunteer Income Tax Assistance (VITA) program provides free tax preparation and electronic filing services for individuals and families with low to moderate incomes. VITA also aids eligible clients in maximizing benefits from the Earned Income Tax Credit (EITC), thereby enhancing their tax returns and contributing to the local economy. All VITA services are delivered by IRS-certified staff and volunteers.

Completed Tax Returns (SRV 3o)	Month	YTD	Goal Adjusted	Month Progress	Annual Progress
Federal	1,927	6,631	7,400	26%	90%
Social Security Number (SSN)	1,732				
Individual Taxpayer Identification Number (ITIN)	195				
State	2,082	6,794	7,400	28%	92%
Social Security Number (SSN)	1,811				
Individual Taxpayer Identification Number (ITIN)	271				

Refunds and Credits (SRV 3o)	Month	YTD
Federal Refunds	$995,930	$4,099,847
State Refunds	$507,010	$3,253,564
Federal Earned Income Tax Credit (EITC) *(income limit $63,398 household)*	$622,562	$2,584,452
California Earned Income Tax Credit (CalEITC) *(income limit $30,950/household)*	$225,310	$2,058,470
Total Refunds and Credits	**$2,350,812**	**$11,996,333**

Individual Taxpayer Identification Number (ITIN) (SRV 3o) Applications *(Note: duplicate of Federal Tax Returns Completed)*	Month	YTD	Goal Adjusted	Month Progress	Annual Progress
Applications (New/Renewal)	83	176	150	55%	117%

Explanation (Over/Under Goal Progress)

ITIN goal has been met and exceeded expectations. With three staff who are certified in this area, we were able to extend ITIN application services to 4 of our seasonal sites: Wasco, Taft, Delano and McFarland. 19th Street is our primary location for ITIN assistance.

Program Strategic Goals	Progress Towards Goal
Persist in fostering connections within rural communities to extend outreach and engage with a larger number of clients.	After a presentation through KCNC collaborative, Grow Academy in Shafter is interested in hosting a site for VITA services.

Program Highlights

On April 3rd CAPK's VITA program was invited to discuss tax filing on Eyewitness News. Please see link to interview in box below.

Tax deadline to pay taxes is fast approaching; how VITA may be able to help file (bakersfieldnow.com)



Operations

Data Services
Facilities & Maintenance
Information Technology
Information Systems
Risk Management

Community Action Partnership of Kern

Monthly Report 2024

Month	April-24	**Program/Work Unit**	Operations Division
Division/Director, Assistant Director	Emilio Wagner CFTO, Maria Contreras Assistant Director	**Program Managers**	Ryan Dozier, Laurie Sproule, Maria Contreras
Reporting Period	January 1, 2024 - December 31, 2024		

Division Description

The Operations Division is a dynamic and multifaceted division that plays a pivotal role in ensuring the seamless functioning of our organization. This division is responsible for spearheading new construction projects, overseeing fleet management, maintaining our physical facilities, mitigating risks, and managing all aspects of Information Technology (IT) and Information Systems (IS).

Data Services

Activity	Requested	In-Progress	Processed	Processed YTD
IS Tickets	30	5	34	73
Dynamic 365 Enhancements	1	0	1	3

Projects	*Description of Status*	*Current % Status*
Universal Intake	Implementation plan being created	18%
In-kind Management	Deployed to UAT. Head Start team testing from May 2- May 16	80%
CalAIM - KHS Version 3.0	Orchestration finalized by IS. Pending action items from KHS	80%
Referral Management Enhancements	Corresponding applications under development	35%
Energy-Weatherization	Application deployed to UAT. Weatherization team testing from May 6 -May 20	80%
FRC Platform Updates	Delayed- Pending actions items from Program	80%
M Street Application	Application development in progress. Expecting to deploy to UAT in May	50%
Food Bank Front Desk Application	Development finalized moving to UAT in May	60%
Volunteer Management Application Enhancements	Application enhancements under development	30%
CSPP Enhancements	New features being deployed to UAT 5/10	80%
Feeding America Service Insights Project	Training Hub for agency partners under development	23%
CSBG-CDP	Meetings with Program to commence 5/1	30%

Facilities

Activity	Requested	In-Progress	Processed	Processed YTD
Facility Work Orders	260	608	300	1204

Construction Projects	*Description of Status*	*Current % Status*
Food Bank Expansion	Awaiting Generator installation	99%
Central Kitchen	Pending 1303 Approval from OHS for construction	50%
18th Street Admin	3rd floor finishes / 2nd floor plumbing, framing, dry wall & Finishes	95% / 75%

Major Maintenance Projects		*Description of Status*	*Current % Status*
Oasis		Playground Installation to begin May 06, 2024	95%
Angela Martinez		Staff Development Room - staff are nearing completion	65%
Stockdale HS		Plumbing is on contract Electrical & North Side Classrooms under remodel	75%
Planz Modular Disposal		On contract	15%
Playgrounds		Martha J Morgan and Stockdale	15%

Community Action Partnership of Kern

Monthly Report 2024

Information & Technology				
Activity	**Requested**	**In-Progress**	**Processed**	**Processed YTD**
Help Desk Work Orders	466	117	455	1753

Information & Technology Projects	*Description of Status*	*Current % Status*
Mitel Phone System Upgrade	Leverage a replacement unified communications system solution to replace and/or upgrade current Mitel system.	35%
MDM Mobility Project	Upgrade the current MDM software for centrally manage, monitor, and secure Cap K Mobile Devices.	5%
Software License Project	Obtain software license tracking tool to maintain, centralize, and track inventory of all Cap K supported software license information.	5%
Asset Management Tracking	Update all assets within Asset Tiger Management tool for tracking, and tagging of all assets across CAPK.	40%

Risk Management		
Workers Compensation Claims	**Reported**	**Reported YTD**
For Report Only	6	37
First Aid	2	4
Medical	0	0
Modified Duty	1	1
Lost Time	0	0
Under Investigation / Non-Industrial / Students / Parents / Volunteers / Clients	1	2
Property	4	12
Vehicle Incident / Grand Theft Auto	1	4
Motor Vehicle Accident	0	1
Work Place Violence / Over Doses / Death	0	0
Total	**15**	61

Program Strategic Goals	Progress Towards Goal	
Description	**Description of Status**	**Current % Status**
Develop a facility deferred maintenance program.	Developing scope of work to create an RFP for a commercial building inspector.	10%
Develop and implement a Data Governance strategy.		
Improve the customer experience by assessing it through factors such as response time and customer sentiment.	Investigating ITSM software that will be used for both Facilities & IT.	5%

Program Highlights

Community Development

Grant Development
CAPK Foundation
Outreach & Marketing
2-1-1 Kern Call Center
CenterCommunity Schools Partnership Program (CSPP)

Community Action Partnership of Kern

Monthly Report 2024

Month	April-24	**Program/**	Community Development
Division/Director	Pritika Ram	**Program Manager**	Catherine Anspach, Vanessa Mendoza, Savannah Maldonado-Oates
Reporting Period	January 1, 2024 - December 31, 2024		

Program Description

The services under the Community Development Division range from fund and grant development/research to outreach and media/public relations, as well as new business development. This includes project management of agency level initiatives, such as the 2021-25 Strategic Plan and CAA-related plans, and special projects.

Outreach Social Media	Month	YTD	Annual Goal	Month Progress	Annual Progress
Website User Sessions	23,540	102,409	250,000	113%	41%
Facebook Impressions (i.e., number of times users see content)	119,630	1,205,544	1,250,000	115%	96%
Other Social Media Impressions	15,072	67,743	250,000	72%	27%

Highest Performing Post



https://www.facebook.com/capkern/posts/pfbid02acK2fef1xEwrP6AcGcC6ktmnTXh1Zmn9dPURabMhv4Q6CnRXyWXeyeqiNmXTZsUYl__cft__[0]=AZW7WeiR2CRGK6Iwm2kOxa4ne4qNggMGI2OAhjYCVBRw99JThKEqnJqcHYnSEpzAbi3hju41dicuvuAV5XtZgn8Av6exrs46foqazhSDsBsT2PggRNYgTJ6BgDn8fADAPQZkRNn124QFz2QALvylsDEMo7W9kNdqAEvo4TErKZUR3tlH2xQC2eQ0T23UUlsC32xAJhqqdyPtxOGaXoD1J&__tn__=%2CO%2CP-R

1,902 impressions How many times the post came across screens)
1,860 reach (how many individuals saw the post)
61 interactions (how many liked, commented, or shared)

Outreach Special Projects

Senior Food Box Website Calendar Updating
Finished out collateral building for CSPP, dual language banners, posters, and flyers. Along with swag items for community outreach
Head Start lunch menu's website update
Highlight video for Food Banks Agency Partner Conference, and various animated awardee videos.
VITA Tacos and Taxes event provided media support
Preparing for Staff Development Day
Attending CSUB's Migrant Education Day for Outreach
Attended Standard Middle School Family Resource Fair
Produced Media Requirements for the CalCAPA Supply Bank Diaper grant for MCAP: Video and Photo Gallery
Eyewitness News Day of Service at CAPK Food Bank; media support and recognition
Wendy Wayne Day at CAPK Food Bank, media support and recognition
Creating New Feeding Kern Website
VITA Website Request on updated blurbs
Producing Updated Agency Video project; currently in Editing Process.
Designing and Ordering ongoing Business Card Requests
Designing new general business cards for VITA program to include EITC branding

Running social media campaigns for VITA Program, and providing analytic reports.
Producing and sending out CAPKinAction Newsletter
Producing Annual Report; currently in copyediting process
Starting collateral building for housing and supportive services division: ARG Program Flyer, Cal Aim Program Flyer, and new CES Rack Cards all dual language; along with items for community outreach
PR and marketing support for CalFresh's upcoming event "Re-Think Your Drink": push on social media, website, newsletter, and press release. Creating event flyer
Marketing assistance for Gourmet for Good fundraising event; SM recognition graphics, designing program, and supporting with logistics
Prepared Community Action Month Social Media campaign
Planning of Community Action Month Proclamations
Execution of Staff Development Day
Outreach Advocacy
Provided letter of support for Groves Bill SB1414
Provided letter of support for AB 3020 211 infrastructure act
Preparing talking points and collateral for CalCAPA legislative day at the end of the month
Advocacy Watch-list
AB 3020 -211 infrastructure act
Farm Bill Package
CalFoods
SB 1220 (211)
Projects
The Kern Coalition has chosen Dalberg: Global Consulting Firm to finalize the Regional Plan Pt. 1 Addendum, originally due on April 30th. The state granted a two-week extension to allow for a more comprehensive report addressing all their feedback and suggestions. The report is now due May 15th, 2024. Dalberg has been collaborating with the coalition throughout April and has provided drafts of all four report sections with their input incorporated. The coalition is currently reviewing and providing feedback on the drafts. Dalberg is also addressing any final comments from both the coalition & State as well as finalizing the report's design and visual elements. Discussions regarding Regional Plan Pt. 2 has commenced, and Dalberg has shared a workload timeline for the coming months.
Inter-agency Referral Management (IRM) troubleshooting and program assistance continues. Pending referral lists are shared with program managers every other week if referrals are not being properly followed up on.

Community Services Block Grant (CSBG)	Results Oriented Management & Accountability (ROMA)
Ongoing performance indicator reporting	A two day ROMA training session will be offered in July for the CSPP and our Chiefs and Directors.

Foundation
Continued coordination of fundraising event, GOURMET FOR GOOD, planning menu, event layout and run of show including meetings with all vendors.
Secured in-kind donations for Gourmet For Good including food items from Sysco, produce from FreshPoint and Liquor and Bartending service from Eye Street Pub.
Collaborated with Outreach & Marketing to coordinate Event Program, Marketing Materials and Mission Moment Video and script.
Secured 90 birthday kits for donation to Oasis FRC and East Kern FRC's.
Participated in the weekly planning meeting for FHCC Fall Mixer including developing sponsorship packages and event webpage.
Conducted a meeting with Oasis to discuss their upcoming baby shower event in June.

Community Action Partnership of Kern

Monthly Report 2024

Participated in initial Food Bank Fundraising Goal discussion.
Created the Foundation's Give Big Kern profile an page development for May 7th.
Attended the Women & Girls Fund Luncheon.

Explanation (Over/Under Goal Progress)

Program Strategic Goals	Progress Towards Goal
Proactively identify and pursue new funding opportunities to support and enhance our organization's mission and projects.	Utilizing the Foundation's fundraising event, Gourmet For Good, to bring awareness and build donor cultivation. In developmental stages to coordinate a Food Bank specific fundraiser.
Dedicate the upcoming year to thorough planning efforts, ensuring the successful completion of the new five-year strategic plan.	The RFP for a Strategic Plan Consultant will be published this week - 5/6.
Increase trust among elected officials, partner agency leaders, and corporate partners in CAPK as a partner-of-choice for implementation of anti-poverty and comms development programs. Raise awareness among civic influencers of poverty and CAPK's work to help families achieve self-sufficiency.	Ongoing

Program Highlights

Community Action Partnership of Kern

Monthly Report 2024

Month	April-24	Program/Division	2-1-1 Call Center Program
Division/Director	Pritika Ram	Program Manager	Sabrina Jones-Roberts
Reporting Period	January 1, 2024 - December 31, 2024		

Program Description

The 2-1-1 Kern is a 24/7 information and referral service that provides local residents with comprehensive information and links to community health and human services at no cost. The 2-1-1 Kern has a database of 1,500 social service agencies that are available to the public through the 2-1-1 Kern Online Resource Directory at www.211KernCounty.org. The program has over 25 years of experience in providing and linking community members to vital services, and currently serves multiple communities in the Central Valley including Kings, Tulare, Stanislaus, Fresno, and Madera through the United Way partnerships.

Most Requested Services	Homeless Diversion Programs	Food Pantries	Utility Service Payment
Top 3 Unmet Needs	Food Stamps	Rent Payment Assistance	Homeless Shelter

Information and Referral Services Calls Handled (SRV 7c)	Month	YTD	Annual Goal	Month Progress	Annual Progress
Kern County	5834	25,162	90,000	6%	28%
Kings County	236	934	4,000	6%	23%
Tulare County	766	3,573	10,000	8%	36%
Stanislaus County	840	3,253	10,000	8%	33%
Fresno & Madera	3323	14,377	20,000	17%	72%
Merced & Mariposa	79	282	900	9%	31%
Total I&R Calls Handled	**11,078**	**47,581**	**134,900**	**99%**	**35%**
Average Wait Time	**0:24**				
Average Handle Time	**5:19**				

Staffing vs. Call Volume	Current Staff	Staff Needed Per Call	Staff Over/ Short
2-1-1 staff designated for calls handled across all counties contracts with the expectation of 42 calls per staff for an 8-hour shift.	14	19.2	**(5.23)**

Grant Funded Services	Activity	Month	YTD	Annual Goal	Month Progress	Annual Progress
CalFresh Application (SRV 3l)	75	35	104	300	34%	35%
Medi-Cal Application (MNP) (SRV 3h)	57	27	106	100	25%	106%
Medi-Cal Redetermination- KP (SRV 3h)	21	0	0	70	#DIV/0!	0%
First 5 Help Me Grow (HMG) Ages & Stages New Children Screened (SRV 5c)	145	66	153	300	43%	51%

2-1-1 Website Visitors	Month	YTD	Annual Goal	Month Progress	Annual Progress
Duplicated Visitors *(i.e., accessing 2-1-1 e-services and database resources)*	28,868	92,082	225,000	13%	41%

Other Calls	Month	YTD
LIHEAP (SRV 7b)	3117	15,233
Utility Assistance Calls- Discount Internet or Utility (SRV 7c)	592	2,568
Mental Health (SRV 7c)	438	1,676
Food-related Calls (SRV 7c)	1581	6,092
Housing and Homelessness Calls (SRV 7c)	2351	9,000

Health and Human Service Referrals (SRV 7c)	1996	9,615	
Total Other Services	10,075	44,184	

Explanation (Over/Under Goal Progress)
211 is aiming to meet its standard call handling goals for all campaigns. The program is closely monitored for changes that may impact call volumes. Recent months have produced consistent performance and the overall number of calls have began to decrease as less callers are reaching out for tax preparation needs. It is anticipated calls will remain within a consistent range with a potential for an increase during months that have a high probability for warm weather. The program initiates efforts to assist Medi-Cal recipients with renewal applications by attending outreach events and traveling to resource centers to educate and support the community and offer walk-ins and appointments for one-on-one guidance.

Program Strategic Goals	**Progress Towards Goal**
1. Enhance recruitment initiatives to attract and hire well-qualified candidates.	The program seeks to captivate skilled candidates by streamlining the recruitment process of internal Human Resources and external Staffing Agency efforts. The program is in a position currently to offer competitive wages, language fluency and competency incentives, and opportunities for growth.
2. Enhance employee retention and foster opportunities for professional growth.	2-1-1 remains staffed with 17 Full Time and 5 temporary Information and Referral (IR) Specialists. The program enriches employees through strategic schedule planning, honoring traditions, and celebrating achievements or milestones. The program offers opportunities for professional development and an incentive for IR's who obtain certification as a Community Resource Specialist. The Program is experiencing growth and has an existing vacancy for an additional Information and Referral Coordinator.
3. Focus on retaining current contracts, such as those with United Ways, and explore growth opportunities to enhance the impact on clients.	2-1-1 aims to achieve strengthened partnerships by effectively communicating, and meeting with partners and contract grantors to share performance data and discuss progress relative to its objectives, deliverables, and goals. The program is consistently working on meeting the reporting expectations of all funding sources and maintaining a trusting relationship to increase the opportunity for existing contracts to be retained.

Program Highlights
The program had an average of 95% calls handled and 5% abandoned calls amongst seven (7) campaigns for the month of April 2024 which lends itself to overall improvement. In upcoming months the program plans to renew contracts with three (3) of its county partners.

Community Action Partnership of Kern

Monthly Report 2024

Month	April-24	**Program/Work Unit**	Community School Partnership Program
Division/Director	Sabrina Jones-Roberts	**Program Manager**	Que'Mesha Banner
Reporting Period	January 1, 2024 - December 31, 2024		

Program Description

The Community School Partnership Program (CSPP) provides direct wrap around case management to student-families enrolled within Bakersfield City School District's (BCSD) Community Schools. CSPP is designed to receive referrals from the community schools' Multi-Tiered System of Support and Family and Community Engagement (FACE) Liaisons. The program links student-families to community-based services addressing food insecurities, housing stability, or other related basic services. The program is modeled after the Four Pillars of a successful Community School designed to mitigate academic and social impacts of emergencies affecting its local communities and improve school responsiveness to student and family needs.

Additional Requested Services	Resume Building	Education Resources	N/A
BCSD Referral Type	M.T.S.S (1)	F.A.C.E (32)	OTHER (26)

Direct Services	**Month**	**YTD**	**Annual Goal**	**Month Progress**	**Annual Progress**
Families referred to Program (SRV 7c) One-time services	59	217	650	9%	33%
Families Receiving Case Management Services (SRV 7a)	10	56	488	2%	11%

Results-Oriented Management and Accountability (ROMA) Assessment	**Month**	**YTD**
Families that completed Pre-assessment	10	61
Families that completed Post-assessment	0	7

Internal Referral Services (SRV 7c)	**Month**	**YTD**
Total Families referred internally for Food and Nutrition (2-1-1 or CalFresh)	7	35
Total Families referred internally for Housing (CES)	2	24
Total families referred for Employment Resources (2-1-1 or external)	4	19
Total Families referred internally for Childcare (Head Start)	2	13
Total Families referred internally for Utility Assistance (Energy)	5	27
Total Families referred to Friendship House afterschool/ mentorship program	2	8
Families Receiving Emergency Food Boxes through CAPK Food Bank Pantry Partnership (SRV 5jj)	19	80
Home Visits (SRV 2cc)	4	14

Community Action Partnership of Kern

Monthly Report 2024

Explanation (Over/Under Goal Progress)
Community Schools Partnership Program is in the 9th month of the 2023-2024 academic year. On 3/28/24, the Case Manager stationed at Stella Hills Elementary, submitted a letter of resignation and their last day is set for 4/12/24. On 4/15/24, CSPP onboarded a new case manager and there is 1 vacancy left to fill. MTSS meetings are not being held consistently at the school sites and majority of referrals come from FACE Liaisons and outreach within the community schools. The parents are less engaged as the academic year comes to an end.

Program Strategic Goals	Progress Towards Goal
1. Elevate program standards and effectiveness by providing a minimum of 3-months and up to one year of case management services to families referred to program and ensure the case management flow chart is being followed and conducted promptly.	Supervisor continues to conduct caseload audits and monitoring progress. Supervisor also conducts observations during intakes and family goal plans.
2. Implement Specific, Measurable, Achievable, Relevant, and Time-Bound (SMART) goals with participating families based on their needs outlined in ROMA assessment to reduce barriers and increase successful outcomes.	Case Managers have shown improvement with completing initial Family Goal Plans with SMART goals. Case managers need improvement with 30-60-90 follow ups.
3. Increase access to housing support and financial educational opportunities for families experiencing or at-risk of homelessness.	CSPP is collaborating with Chase Bank Community Manager to provide financial education courses to community school parents. At Stella Hills Elementary School.
4. Be fully staffed	On 4/15/24, case manager attended new hire orientation and completed training. The second candidate had a delay in the onboarding process and is schedule to attend the next orientation on 5/6/24.

Program Highlights
CSPP attended its first Staff Development Day and won 2nd place in costume/theme contest.

Application Status Report
April 2024

Name	Description	Funder	Amount Requested	Amount Awarded	Decision Date	Status
City of Bakersfield HUD Funding: HOME	CES will hire 2.5 full-time Housing Navigators to extend staffing schedule. Operating hours will span Monday to Friday from 7:30 am to 4:30 pm and Saturday from 8 am to 12 pm, covering six days a week, including holidays. The CES team will serve additional clients with 2.5 full-time staff and be available outside of the workdays to help clients reach a safe housing situation.	City of Bakersfield	$ 1,500,000.00	$ 1,000,000.00	4/1/2024	Awarded
Emergency Food and Shelter Program Phase 41 Launch	Kern County has been allocated $703,823 in federal funds through the Department of Homeland Security (DHS)/Federal Emergency Management Agency's Phase 41 Emergency Food and Shelter National Board Program, administered by the United Way of Central Eastern California. This initiative aims to supplement emergency food and shelter programs, enhancing support for high-need areas. Within this framework, the Community Action Partnership of Kern (CAPK) is applying for $75,000 of these funds. CAPK plans to leverage this funding to significantly bolster its emergency food distribution efforts, addressing the heightened demand within the community.	United Way of Kern County (UWKC)	$ 75,000.00	$ -		Pending
CA Farm to School Incubator Project	This project will fund two Head Start Centers, Primeros Pasos, and Sterling Center with an on-site garden. Our Food Bank will assist in supplying produce boxes for families with funds from CDFA.	California Department of Food and Agriculture	$ 199,242.56	$ -		Pending
Nourishing Neighbors	CAPK is currently in the pre-application phase and has submitted a Letter of Intent (LOI) for a grant opportunity. We are awaiting the invitation to submit a full proposal. The project aims to establish a downtown food incubator program for street food vendors, providing them with resources to grow their businesses and access to ServSafe and health code certifications. The City of Bakersfield owns a suitable building for a commissary kitchen build-out, which CAPK will use to facilitate program delivery. The grant will support both the planning and implementation phases, with the first year dedicated to planning and the following three years to implementation.	Albertsons Community Foundation	$ 3,000,000.00	$ -		LOI-Submitted

Application Status Report
April 2024

Kids Ocean Day Program	Programs: SYC and FHCC. Status: Awarded The 2024 Kid's Adopt-A-Beach School Program and Beach Fieldtrip consists of conducting marine debris presentations at the Shafter Youth Center and Friendship House Youth Center and organizing a Kid's Ocean Day event in San Luis Obispo County during the summer of 2023	California Coastal Commission	$ 8,000.00	$ 8,000.00	4/15/2024	Awarded
Better Food Policy Funds	The Better Food Policy will awards 10 US-based groups working to effect better food policy through civic collaboration. Each agency will receive $30,000 each for unrestricted use for a one-year period. An additional $30,000 may be available for a year 2 term. CAPK submitted an application alongside Blue Zones Project Bakersfield, and United Way of Central Eastern Kern to fund a consultant to support our Food Policy Council, specifically taking on an administrative role for our agencies as we get started with recruitment, planning agendas, and scheduling meetings.	Better Food Policy	$ 30,000.00	$ -	4/30/2024	Denied

Community Action Partnership of Kern
Funding Profile

Funding Information			
Funding Type	Federal	**CAPK Program**	VITA
Funding Agency	Internal Revenue Service (IRS)	**Project Name**	VITA Matching Grant
CFDA	21.009	**Target Population**	Low to moderate income tax payers
Reapplication (Y/N)	Y	**Number to be served**	Pending
Estimated Request	$ 350,000	**Division Director**	Freddy Hernandez
Award Period	10/1/24-9/30/25	**Program Manager**	Jacquelyn Guerra

Project Goal (One sentence goal statement)

To provide free federal tax return preparation to targeted segments of taxpayers including, low to moderate income taxpayers, persons with disabilities, persons with limited English proficiency, Native Americans, individuals living in rural areas, and the elderly.

Project Description (Brief one paragraph description)

This is a reapplication for year 2 of 3. Project activities will be geared towards promoting free tax preparation assistance. Staff will focus on volunteer recruitment. The grant allows IRS partners to, 1.) Increase VITA services to the undeserved across the country; 2.) Increase the number of returns filed electronically; and 3.) enhance volunteer training.

Estimated Budget Summary

Awarded $325,000 for year one. Expecting an approximate 10% increase for year 2. A budget is currently being drafted for this submission.

Recommendation

Staff recommends approval to submit the funding application and authorize the Chief Executive Officer to execute the contract if awarded, and any subsequent amendments throughout the duration of the contract term.

Approvals:

Freddy Hernandez — May 3, 2024
Freddy Hernandez (May 3, 2024 16:26 PDT)
1. Division Director — Date

Pritika Ram — 05/06/2024
2. Chief Business Development Officer — Date

May 6, 2024
3. Chief Program Officer — Date

Tracy Webster — May 6, 2024
4. Chief Financial Officer — Date

Emilio G. Wagner — 05/06/2
5. Chief Facilities and Technology Officer — Date

Jeremy Tobias — May 6, 2024
6. Chief Executive Officer — Date

Date Presented / Approved:

PRE Approval: _____ B&F Approval: _____ Executive Approval: _____ Board Approval: _____

Community Action Partnership of Kern
Funding Profile

Funding Information			
Funding Type	Private	**CAPK Program**	TBD
Funding Agency	Albertsons Companies Foundation	**Project Name**	Nourishing Neighbors
CFDA	NA	**Target Population**	Low income and food insecure
Reapplication (Y/N)	No	**Number to be served**	TBD
Estimated Request	$ 3 million	**Division Director**	NA
Award Period	4 Years	**Program Manager**	TBD

Project Goal (One sentence goal statement)

We aim to partner with the city of Bakersfield to build out a commissary kitchen and food incubator program in Old Town Kern.

Project Description (Brief one paragraph description)

CAPK is currently in the pre-application phase and has submitted a Letter of Intent (LOI) for a grant opportunity. We are awaiting the invitation to submit a full proposal. The project aims to establish a downtown food incubator program for street food vendors, providing them with resources to grow their businesses and access to ServSafe and health code certifications. The City of Bakersfield owns a suitable building for a commissary kitchen build-out, which CAPK will use to facilitate program delivery. The grant will support both the planning and implementation phases, with the first year dedicated to planning and the following three years to implementation.

Estimated Budget Summary

Budget TBD.

Recommendation

Staff recommends approval to submit the funding application and authorize the Chief Executive Officer to execute the contract if awarded, and any subsequent amendments throughout the duration of the contract term.

Approvals:

1. Division Director	Date	4. Chief Financial Officer	Date
DP Pritika Ram	May 6, 2024	Emilio G. Wagner	May 8, 2024
2. Chief Business Development Officer	Date	5. Chief Facilities and Technology Officer	Date
	May 6, 2024	Jeremy Tobias	05/08/24
3. Chief Program Officer	Date	6. Chief Executive Officer	Date

Stacy Webster May 6, 2024

Date Presented / Approved:

PRE Approval: _____ B&F Approval: _____ Executive Approval: _____ Board Approval: _____

Community Action Partnership of Kern
Funding Profile

Funding Information			
Funding Type	Private	**CAPK Program**	Energy
Funding Agency	Pacific Gas and Electric Company	**Project Name**	Community-Based Organization Arrears Pilot Program
CFDA	NA	**Target Population**	Clients in Arrears
Reapplication (Y/N)	No	**Number to be served**	TBD
Estimated Request	$ TBD	**Division Director**	Freddy Hernandez
Award Period	24 Months	**Program Manager**	Wilfredo Cruz

Project Goal (One sentence goal statement)

PG&E will be contracting with community-based organizations (CBOs) for a 24-month CBO Arrears Case Management Pilot (CBO Pilot or Pilot) program intended to serve customers who would otherwise continue to face difficulty in resolving their utility bill debt.

Project Description (Brief one paragraph description)

Community Action Partnership of Kern (CAPK) will implement a Case Management Plan as part of PG&E's 24-month CBO Arrears Case Management Pilot program, aimed at assisting customers who struggle with their utility bill debt. This program entails financial and energy education, quarterly status check-ins, and follow-up sessions once debts are resolved. Following the intake process and agreement signing, customers can access multi-tiered arrearage case management services tailored to their needs, categorized into three tiers. These tiers offer services ranging from immediate relief and assistance, continued support with education and program enrollment, to ongoing monitoring and wrap-around services, ensuring customers receive comprehensive support in managing their utility arrearages. One strategy will involve offering clients financial support through the Low Income Home Energy Assistance Program, in addition to CAPK's additional service lines, ensuring a holistic approach to support. Specific zip codes in Bakersfield, such as 93304, 93305, 93306, and 93307, are eligible for these

Estimated Budget Summary

Currently, the budget for the program is being drafted, taking into account specific guidelines provided by the funder. These guidelines include maintaining case manager hourly wages at $50 or less and allocating a maximum of 30% of the budget towards pre-planning and set-up costs. The budget will also cover a portion of Wilfredo's time to supervise the program, space/utility costs, local travel, supplies, and indirect costs, ensuring comprehensive financial planning for the program's implementation.

Recommendation

Staff recommends approval to submit the funding application and authorize the Chief Executive Officer to execute the contract if awarded, and any subsequent amendments throughout the duration of the contract term.

Approvals:

Freddy Hernandez — Freddy Hernandez (May 7, 2024 16:28 PDT) — 05/07/2024
1. Division Director — Date

Pritika Ram — 05/07/2024
2. Chief Business Development Officer — Date

05/08/2024
3. Chief Program Officer — Date

Gracy Webster — 05/08/2024
4. Chief Financial Officer — Date

05/08/2024
5. Chief Facilities and Technology Officer — Date

05/08/2024
6. Chief Executive Officer — Date

Date Presented / Approved:

PRE Approval: _____ B&F Approval: _____ Executive Approval: _____ Board Approval: _____

Community Action Partnership of Kern
Small Funding Request ($50,000 or less per year)
April 2024

Funding Type	Private	**CAPK Program**	OFRC and EKFRC
Funding Agency	Baby2Baby	**Project Name**	NA
CFDA	NA	**Target Population**	Children 0-5
Request	TBD	**Division Director**	Freddy Hernandez
Award Period	1 year	**Program Manager**	Eric LeBarbe and Anna Saavedra
Description	CAPK has requested a donation of the following items from Baby2Baby: Diapers size newborn and size 7, Pull ups any sizes, Strollers. Last year, Baby2Baby donated over $7,000 worth of car seats to OFRC and EKFRC.		

Recommendation	Staff recommends approval to submit the small funding application(s) up to $50,000 per year and authorize the Chief Executive Officer to execute the contract if awarded, and any subsequent amendments throughout the duration of the contract term.

Date Presented/Approved

Policy Council:	_____	PRE Presentation:	_____	B&F Approval:	_____	Board Approval:	_____

MEMORANDUM

To: Program Review and Evaluation

From: Jerry Meade, Assistant Director - Program

Date: May 15, 2024

Subject: *Agenda Item:* San Joaquin County of Education Funding Application for Californias State Preschool Program funding– **Action Item**

The Head Start and State Child Development Division is requesting approval from the Board of Directors to submit an application for the San Joaquin County Office of Education (SJCOE) California State Preschool Program (CSPP) funds. This funding supports blending CSPP funding with Head Start (HS) funds to provide center-based services for children of families needing childcare for 8 hours or more to work, attend school, or job-training.

This new application for San Joaquin County Office of Education will conduct activities of the California State Preschool Program, (CSPP) and is for the period of **July 1, 2024, through June 30, 2025.**

The funding award amount is not to exceed $200,000 and will be used to serve 17 kids in San Joaquin County (SJC). SJC Head Start is expecting to reach full enrollment and fully earn the contract in the new school year. With the approval from the board, staff will submit the application with the amount identified above.

Recommendation

Staff recommends the Board of Directors approve the San Joaquin County Office of Education funding application for California State Preschool Program funding for the SJC HS program.

Attachment: n/a

Community Action Partnership of Kern
Monthly Report 2024

Month	April-24	Program/Work Unit	Head Start & Early Head Start
Division/Director	Head Start/State Child Development Division/ Yolanda Gonzales	Enrollment and Attendance Manager	Carol Hendricks
Reporting Period	April 1, 2024 - April 30, 2024		

Program Description

Head Start provides high-quality, early childhood education to children ages zero to five years old through part-day, full-day, and home-based options. The program has a holistic approach, not only addressing the needs of the child but teaching parents to become advocates and skilled providers for their children through its Parent Policy Council and Family Engagement programs. CAPK offers Head Start and Early Head Start services throughout Kern and San Joaquin counties.

Early Head Start (ages 0-3) (FNPI 2a, 2b, 2c, 2c.1,2d, SRV 2b, 7a)	Month	Target	Annual Goal	Annual Progress	Closed Classrooms Slots
Reportable/Funded Enrollment (14 fully closed classrooms/7 partially closed classroom)	569	829	829	69%	167
Disabilities	197 (YTD)	10%	10%	24%	n/a
Over Income 101%-130% (up to 35%)	30	n/a	n/a	5%	n/a
Over Income 131% and up (up to 10%)	48	n/a	n/a	8%	n/a

Head Start (ages 3-5) (FNPI 2a, 2b, 2c, 2c.1,2d,SRV 2b, 7a)	Month	Target	Annual Goal	Annual Progress	Closed Classrooms Slots
Reportable/Funded Enrollment (14 fully closed classrooms/7 partially closed classrooms)	915	1242	1242	74%	284
Disabilities	81 (YTD)	10%	10%	7%	n/a
Over Income 101%-130% (up to 35%)	36	n/a	n/a	4%	n/a
Over Income 131% and up (up to 10%)	55	n/a	n/a	6%	n/a

Home Visiting Program (SRV 2cc, 7a)	Monthly	Year-To-Date	Annual Goal (Contract Limit 400)	Annual Progress	
Enrollment	242	344	312	110%	

Central Kitchen	Total Number Prepared	Breakfast	Lunch	Snack
Meals and Snacks	59,823	22,866	17,940	19,017

Child and Adult Care Food Program (CACFP) (Note: The data represents information from March 2024)	Total Meals Delivered	Meals Allocated (CACFP/HS)	# of Meals Served	% of Meals Served
Meals and Snacks (SRV 5ii)	62,423	19,926/43,837	46,817	75%

Household Services	Month	YTD
Eligibility Determination (SRV 7b)	153	531
Total Community Services	**153**	**531**

Explanation (Over/Under Goal Progress)
The current challenges we are facing regarding enrollment is due to staffing shortages. To address our staffing shortages, ongoing efforts to recruit and retain staff are underway, including but not limited to the following: Education waivers, job fair, and recruitment events. We are still pending our Oasis Center to be licensed; however, Sterling and Harvey Hall have been licensed and we are working on a transition plan to fill the classrooms. We are still completing the play yard for the Martha J. Morgan center but all children are still being served at various center locations.

	Progress Towards Goal
1. School Readiness	Objective: The program will develop a dual-language framework and will strengthen the ability of staff to work with dual-language learners. Progress: Dual Language training remains an integral component for our direct service personnel, with ongoing emphasis on fostering partnerships with families to underscore the significance of preserving their native language..

1. One ReadyRosie Family Workshop was offered at Heritage Center.
2. Kern County Children's Dental Network had dental clinics at the Sterling Center on 4/10/24, and Pete Parra on 4/25/24, where children received a free dental screening and fluorine application with parent's consent.
3. The Nutrition team participated in the Parent Meeting a Cleo Foran by offering families recipes and creating infused water with fresh fruit and herbs. Additionally, a nutritional experience was provided where parents made fruit and granola parfaits.
4. The Parent Training with Dr. Kirk on Zoom took place on Monday, April 15, 2024.
5. Staff training with Dr. Kirk was on Wednesday, April 10, 2024.
6. The Transition to Kindergarten Newsletter was shared. Preschool and kindergarten transition kits have been distributed to preschool children.
7. The Loose Parts pilot centers hosted an invitation to play for all teaching staff on April 17th.
8. The Spring DRDP assessment s were finalized April 12th and Site Supervisors developed the classroom Summary of Findings to ensure that all practices are elevated.
9. Garden Pathways recently announced that they are the recipient of a two-million-dollar grant from Lever for Change, which sought community led, community focused organizations with the purpose of advancing opportunities of individuals and families with systemic obstacles. Garden Pathways plans to utilize some of these funds to expand their childcare services to infants and toddlers.
10. Kern and SJC staff participated in the Social Emotional Workshop on April 10 and April 17, 2024. In this workshop, staff learned more about the Pyramid Model and strategies to support children's social emotional development.

MEMORANDUM

To: Program, Review, and Evaluation (PRE) Committee

From: Pritika Ram, Chief Business Development Officer
Ryan Dozier, Information Technology Administrator

Date: May 15, 2024

Subject: Agenda Item 5e: CY 2023 Community Services Block Grant (CSBG) Annual Report – ***Info Item***

As part of our contract with the Department of Community Services and Development (CSD), we administer the Community Services Block Grant (CSBG) contract. Annually, we report on the performance of the agency using the framework of the Community Development Block Grant (CSBG) domains and indicators, which includes number of individuals served (unduplicated), types of services offered, and financial review.

The annual reporting covers the programmatic activities from January 1 through December 31 and are broken into the following modules, as well as a section of success stories:

Module 1: State Administration
Module 2: CSBG Eligible Entity Expenditures, Capacity, and Resources
Module 3: Community National Performance Indicators
Module 4: Individual and Family (FNPIs), Services, and Characteristics

In the calendar year 2023, the agency provided services to 114,670 unique individuals and 66,147 distinct households. The enclosed presentation will offer an overview of the services received by clients, trend data including programmatic and fiscal information, and areas identified for enhancement in the upcoming reporting cycle.

Attachment
CY 2023 Community Services Block Grant (CSBG) Annual Report presentation

capk

Community Action Partnership of Kern



Helping People... Changing Lives.

Community Services Block Grant (CSBG) 2023 Final Report

CSBG is designed to provide a range of services to assist low-income families and individuals attain the skills, knowledge, and motivation necessary to achieve self-sufficiency. CSBG funds services and activities that have a measurable impact on the causes and conditions of poverty in local communities across the state.

January 01, 2023 to December 31, 2023

Date Submitted: February 01, 2023 (v.1)

February 20, 2023 (v.2)

Date Approved: February 28, 2023

CSBG Outline

Module 1: State Administration

- Agency Success Stories
- Innovative Solutions Highlights
- State and CSBG Eligible Continuous Improvement

Module 2: CSBG Eligible Entity Expenditures, Capacity, and Resources

- Section A: CSBG Expenditures
- Section B: Capacity Building
- Section C: Allocated Resources

Module 3: CNPIs Community National Performance Indicators (initiatives)

- Community Level Initiatives, National Performance Indicators (NPIs), and Community Strategies

Module 4: Individual and Family (FNPIs), Services, and Characteristics

- National Performance Standards (NPIs)
- Services Indicators (SRVs)
- Characteristics – Client Demographics

Seven (7) Main CSBG Domains

- Employment
- Education and Cognitive Development
- Income and Asset Building
- Housing
- Health and Social/Behavioral Development
- Civic Engagement and Community Involvement
- Serves Supporting Multiple Domains

Module 1: State Administration

CSBG Eligible Entity Management Accomplishments

- 2021-25 Strategic Plan Update
  - Goal 1 –
    - Food Bank Expansion fully-funded
    - Food Insecurity Assessment

Innovative Solutions Highlight

- California Advancing and Innovating Medi-Cal (CalAIM) initiative
  - Housing Trio
  - Diversify funding
  - Wholistic approach for client services

State and CSBG Eligible Entity Continuous Improvement

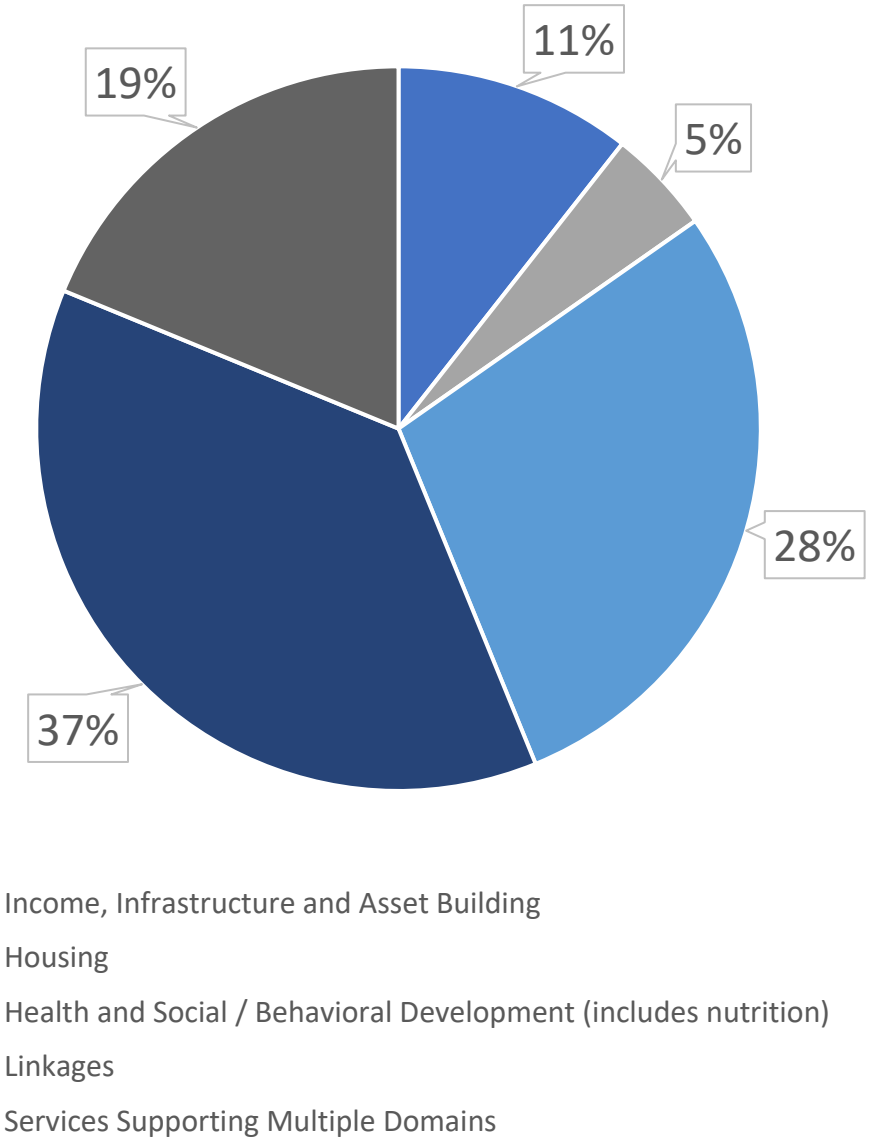
- ROMA model to assess performance and meeting deliverables.
  - Food Bank – Food Insecurity Assessment & GIS mapping
  - Changes to service model
  - Capacity-building agency partners



CSBG Module 2, Section A & C
Financial Summary

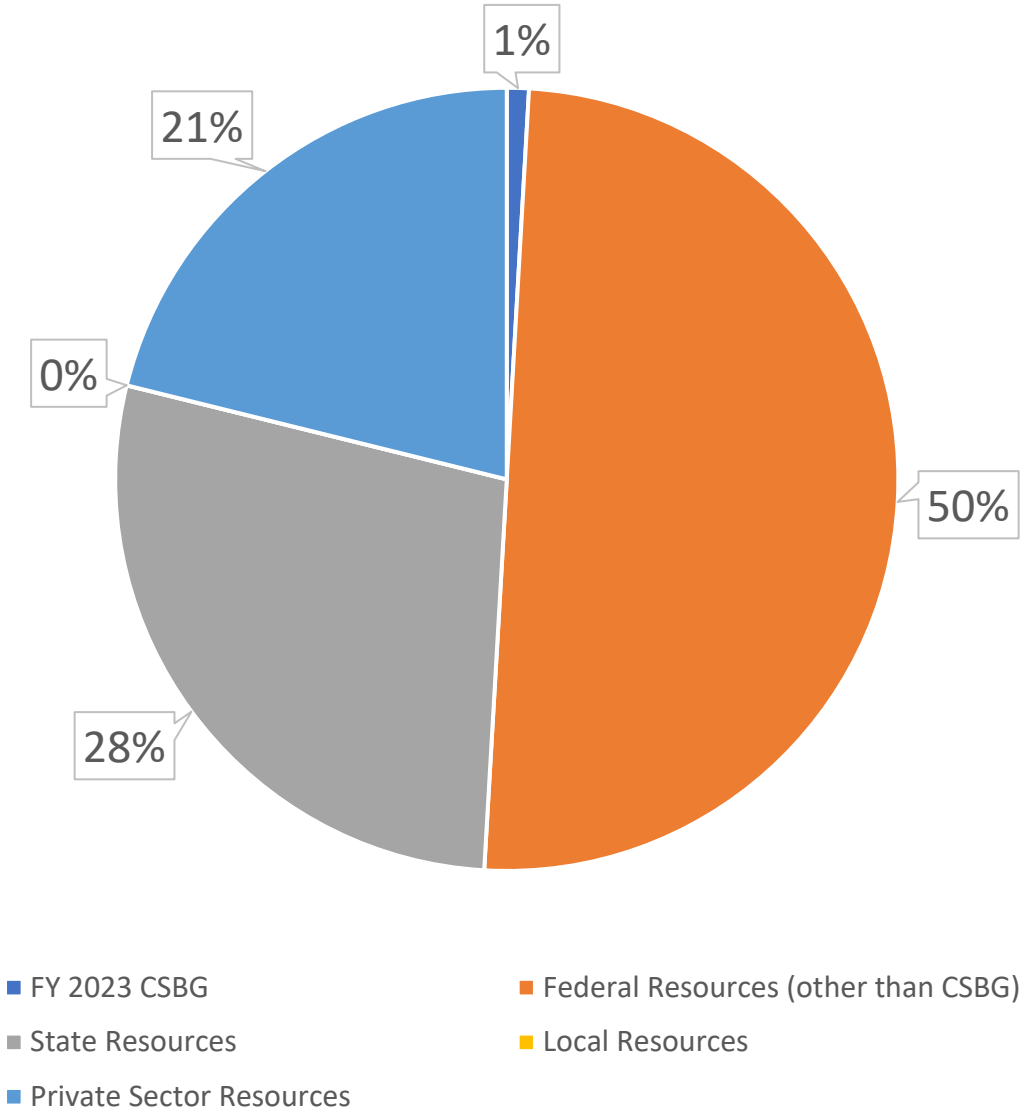
2023 Section A - CSBG Expenditures

CSBG Expenditures Domains	Amount
Income, Infrastructure and Asset Building	$189,859
Housing	83,889
Health and Social / Behavioral Development (includes nutrition)	511,229
Linkages (e.g partnerships that support multiple domains)	669,933
Services Supporting Multiple Domains	336,417
Total CSBG Expenditures	**$1,791,327**



2023 Section C - Allocated Resources

Source	Amount
FY 2023 CSCG allocated	$1,791,327
Federal Resources (Other than CSBG)	98,609,995
State Resources	55,095,048
Local Resource	0
Private Sector Resources	41,682,727
Total Resources	**$197,179,097**



Year by Year Comparison – Sources of Funding

Source	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
FY 2023 CSCG allocated	$1,489,531	$2,275,164	$2,281,826	$2,305,039	$1,791,327
Federal Resources (Other than CSBG)	70,829,451	69,981,694	75,161,721	92,019,499	98,609,995
State Resources	10,804,836	14,247,090	20,091,128	34,262,222	55,095,048
Local Resource	87,833	47,774	45,000	45,036	-
Private Sector Resources	17,509,861	28,631,881	37,048,608	22,099,196	41,682,727
Total Resources	**$100,721,512**	**$115,183,603**	**$134,628,283**	**$150,730,992**	**$197,179,097**

96% Growth in Revenue from 2019 to 2023

CSBG Module 2, Section B
Capacity Building

The number of staff who hold certifications that increase agency capacity to achieve family and community outcomes, as measured by one or more of the following:	Number
Number of Nationally Certified ROMA Implementers	8
Number of Certified Community Action Professionals(CCAP)	4
Number of Staff with a child development certification	318
Number of Staff with a family development certification	12
Number of Staff with Home Energy Professional Certifications	8
Number of Energy Auditors	8
Number of Quality Control Inspectors(QCI)	3
Number of Building Performance Institute(BPI) certified professionals	3
Number of Classroom Assessment Scoring System(CLASS) certified professionals	37
Other (Please specify others below):	
Certified Information and Referral Specialist (CIRS) 2-1-1	1
Certified Community Resource Specialist- Database Curator (CRS) 2-1-1	2
Volunteer Standards of Conduct Certificate (VITA)	39
Intake interview and quality review certificate (VITA)	39
Advance Tax Preparer Certificate (VITA)	39
Site Coordinator Training Completion Certificate (VITA)	8
Food Handler Certificate	26
Safe Serve Certificate	10
Forklift Certification (Food Bank)	20
Food Handler Certificate (CalFresh Healthy Living)	8
Civil Rights Certificate (CalFresh Healthy Living)	30
Lead Safe Renovaters Certifications (Energy)	10
CSD Approved Assessors (Energy)	2
CSD Approved Inspectors (Energy)	2
CSD approved on the job training (OJT) Peer Experts (Energy)	2
Power Platform Fundamentals (Information Systems)	1
WIC Nutrition Assistant (WNA) Certification (WIC)	21
Certified Lactation Educators (WIC)	3
Degreed Nutritionist (WIC)	4
International board certified lactation consultant (WIC)	2

The number of staff who hold certifications that increase agency capacity to achieve family and community outcomes (Module 2, B.4)

Number of organizations, both public and private, that the CSBG Eligible Entity actively works with to expand resources and opportunities in order to achieve family and community outcomes:	Number
Non-Profit	714
Faith Based	114
Local Government	44
State Government	8
Federal Government	3
For-Profit Business or Corporation	31
Consortiums / Collaborations	44
School Districts	22
Institutions of Post-Secondary Education/ Training	14
Financial / Banking Institutions	13
Health Service Organizations	25
Statewide Associations or Collaborations	15

The Number of organizations, both public and private, that the CSBG Eligible Entity actively works with to expand resources and opportunities to achieve family and community outcomes (Module 2, B.5)

Hours of Agency Capacity Building & Volunteer Hours (Module 2, B.3 & B.4)

Hours of Agency Capacity Building	Hours
Hours of Board Members in capacity building activities	638
Volunteer Hours	**Hours**
Total number of volunteer hours donated to the agency	46,283
Of the above, the total number of volunteer hours donated by individuals with low incomes	121

CSBG Module 3
Community-level Initiative

Module 3 CNPIs Community National Performance Indicators (initiatives)

- **Homeless Services:** M Street Navigation Center – Follow up: Lack of shelter and housing security for the unsheltered population. Increase the number of beds to house homeless individuals in Kern County, make supportive services available to the homeless population, and open a Low Barrier Homeless Navigation Center. This site was opened during the COVID-19 pandemic, May 2020, and has been operational since.

  To address ending the homeless crisis in Kern County the County, in partnership with the local Continuum of Care (CoC), developed an alternative to congregate sleeping to better serve homeless individuals that are shelter resistant**.** In June 2022, the agency expanded the M Street Navigation Center to include Safe Camping and Safe Parking options for individuals experiencing homelessness.

  Goal: Increase stability and access. The goal of the program is to build trust, increase community engagement, support local businesses by providing alternatives, and provide a safe place for individuals who are shelter resistant. Additionally, it was designed to connect individuals to services to eventually transition to permanent housing or shelter environment. The establishment and maintenance of a congregate low-barrier homeless shelter have led to several notable impacts. We were able to add and maintain the total count of shelter beds of 986, of which the CAPK M Street Navigation Center has 147 shelter/congregate beds and 42 non-congregate beds (safe camping).

  - Domains & Indicators
    - **Housing**
      - CNPI 3a.6 Other Public Assets/Physical Improvements.
      - CNPI 4d Number of shelter beds maintained in the identified community.
      - CNPI 5c Number of public safety assets and resources created in the identified community.
      - CNPI 5e Number of activities designed to improve police and community relations within the identified community.

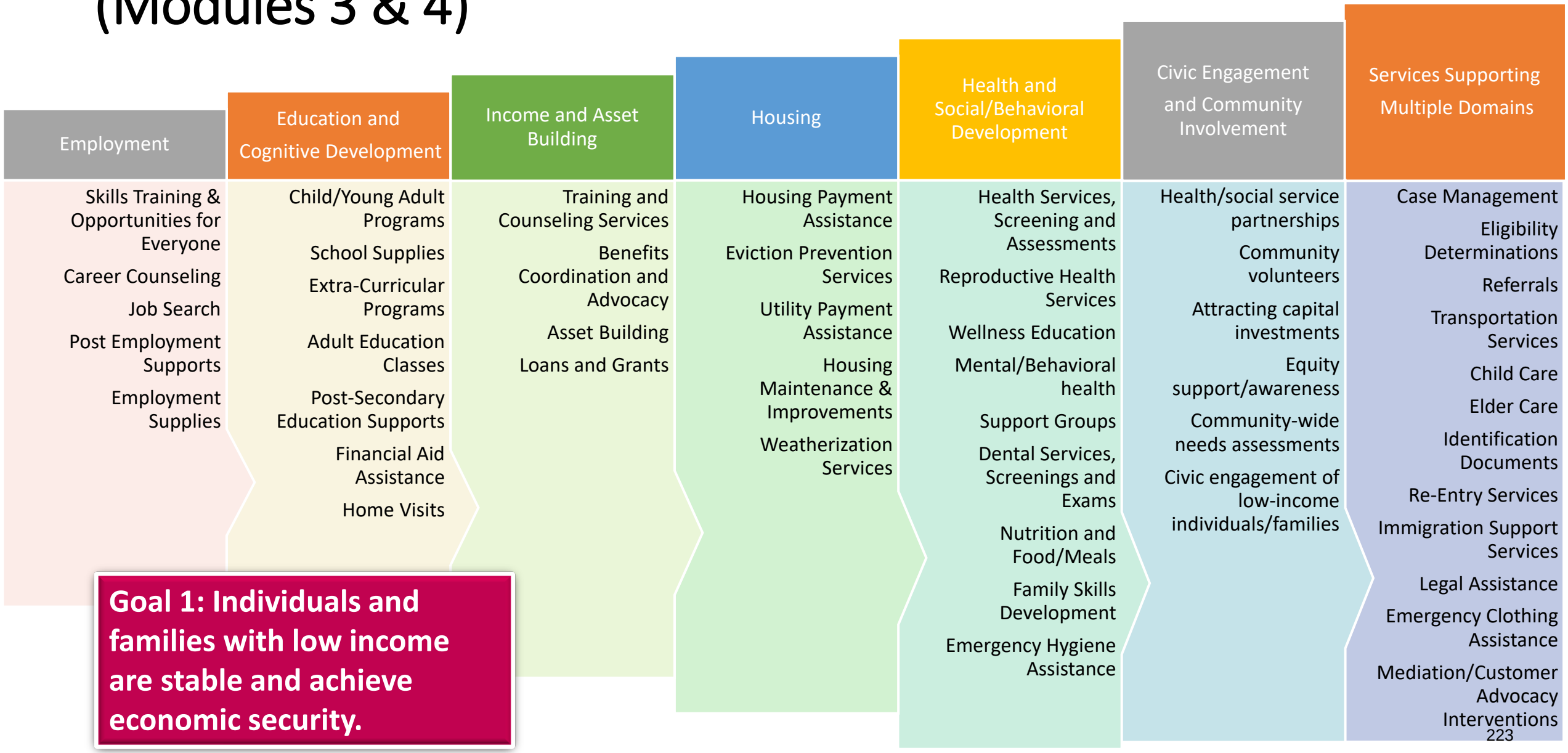
- **Summary:** As we guide individuals through our center and available services, we've encountered a group of homeless individuals who are not yet prepared to engage with traditional shelter or services. Recognizing that residing in a shelter or communal setting might hinder their progress at this stage, we identified a need to connect with this shelter-resistant population. Consequently, we collaborated with the County and CoC service providers to explore alternative models to traditional shelter setups, such as accommodating individuals to park their vehicles on-site and allocating space for tents. Presently, we have 42 tents available for individuals in need. What initially posed a challenge has evolved into an opportunity for us to reassess client needs and adapt our service model accordingly.



CSBG Module 4, Section A

National Performance Indicators (NPIs)

CSBG Individual and Family Performance Indicators (FNPI) (Modules 3 & 4)



Goal 1: Individuals and families with low income are stable and achieve economic security.

Module 4 National Performance Indicators

*Section **A** FNPIs*

Domain: Education & Cognitive Development

FNPI Education and Cognitive Development Indicators	I.) Number of Individuals Served	II.) Target	III.) Actual Results	IV.) Percentage Achieving Outcome	V.) Performance Target Accuracy
FNPI 2a. The number of children (0 to 5) who demonstrated improved emergent literacy skills.	2,385	2,500	2,385	100%	95.4%
FNPI 2b. The number of children (0 to 5) who demonstrated skills for school readiness.	2,422	2,500	2,422	100%	96.9%
FNPI 2c. The number of children and youth who demonstrated improved positive approaches toward learning, including improved attention skills. (auto total).	2,749	2,500	2,749	100%	110.0%
FNPI 2c.1. Early Childhood Education (ages 0-5)	2,749	2,500	2,749	100%	110.0%
FNPI 2d. The number of children and youth who are achieving at basic grade level (academic, social, and other school success skills). (auto total).	2,077	2,500	2,077	100%	83.1%
FNPI 2d.1. Ages 0-5 in Early Childhood Education	2,077	2,500	2,077	100%	83.1%
FNPI 2g. The number of individuals who obtained a high school diploma and/or obtained an equivalency certificate or diploma.	1	1	1	100%	100.0%
FNPI 2j. The number of individuals who obtained a Bachelor's degree	1	1	1	100%	100.0%

Module 4 National Performance Indicators

*Section **A** FNPIs*

Domain: Housing & Health and Social/Behavioral Development

Domain: Health and Social/Behavioral Development

FNPI Housing Indicators	I.) Number of Individuals Served	II.) Target	III.) Actual Results	IV.) Percentage Achieving Outcome	V.) Performance Target Accuracy
FNPI 4a. The number of individuals experiencing homelessness who obtained safe temporary shelter.	1,505	1,100	1,505	100%	136.8%
FNPI 4b. The number of individuals who obtained safe and affordable housing.	204	96	204	100%	212.5%
FNPI 4h. The number of individuals with improved energy efficiency and/or energy burden reduction in their homes.	198	120	198	100%	165.0%
FNPI 4z. Number of individuals who obtained utilities.	5,023	9,000	5,023	100%	55.8%
FNPI 4z. Number of individuals who avoided a utility shut-off.	4,635	4,170	4,635	100%	111.2%
FNPI 4z. The number of individuals: (please specify) LIHWAP low-income household water assistance program	2,289	2,000	2,060	111%	114.5%

FNPI Health and Social/Behavioral Development (includes nutrition) Indicators	I.) Number of Individuals Served	II.) Target	III.) Actual Results	IV.) Percentage Achieving Outcome	V.) Performance Target Accuracy
FNPI 5d. The number of individuals who improved skills related to the adult role of parents/ caregivers.	22	45	22	100%	49%

CSBG Module 4, Section B
Services (SRVs)

Module 4 Service Indicators
*Section **B** SRVs*

SRV Education and Cognitive Development Indicators	Unduplicated Number of Individuals Served
SRV 2a. Early Head Start	1,083
SRV 2b. Head Start	1,627
SRV 2c. Other Early Childhood (0 5 yr. old) Education	322
SRV 2l. Before and After School Activities	69
SRV 2m. Summer Youth Recreational Activities	126
SRV 2n. Summer Education Programs	24
SRV 2z. Financial Literacy Education	89
SRV 2cc. Home Visits	764

SRV Income, Infrastructure, and Asset Building Indicators	Unduplicated Number of Individuals Served
SRV 3h. Health Insurance	56
SRV 3l. SNAP Benefits	92
SRV 3o. VITA, EITC, or Other Tax Preparation programs	6,001

SRV Services Supporting Multiple Domains Indicators	Unduplicated Number of Individuals Served
SRV 7a. Case Management	26,038
SRV 7b. Eligibility Determinations	11,587
SRV 7f. ChildCare payments	3,414
SRV 7n. Emergency Clothing Assistance	144

Module 4 Service Indicators *Section **B** SRVs*

SRV Housing Indicators	Unduplicated Number of Individuals Served
SRV 4d. Deposit Payments	42
SRV 4i. Utility Payments (LIHEAP includes Emergency Utility Payments)	5,023
SRV 4m. Temporary Housing Placement (includes Emergency Shelters)	119
SRV 4t. Energy Efficiency Improvements (e.g. insulation, air sealing, furnace repair, etc.)	198

SRV Health and Social/Behavioral Development (includes nutrition) Indicators	Unduplicated Number of Individuals Served
SRV 5c. Developmental Delay Screening	3,052
SRV 5g. Maternal/Child Health	21,138
SRV 5ff. Skills Classes (Gardening, Cooking, Nutrition)	325
SRV 5hh. Incentives (e.g. gift card for food preparation, rewards for participation, etc.)	7
SRV 5ii. Prepared Meals	3,592
SRV 5jj. Food Distribution (Food Bags/Boxes, Food Share Program, Bags of Groceries)	12,233
SRV 5mm. Parenting Classes	22
SRV 5oo. Hygiene Facility Utilizations (e.g. showers, toilets, sinks	1,560



CSBG Module 4, Section C

Client & Household Characteristics

Module 4 Characteristics

Section C

Client Demographics

Agency Level, including all programs and service areas

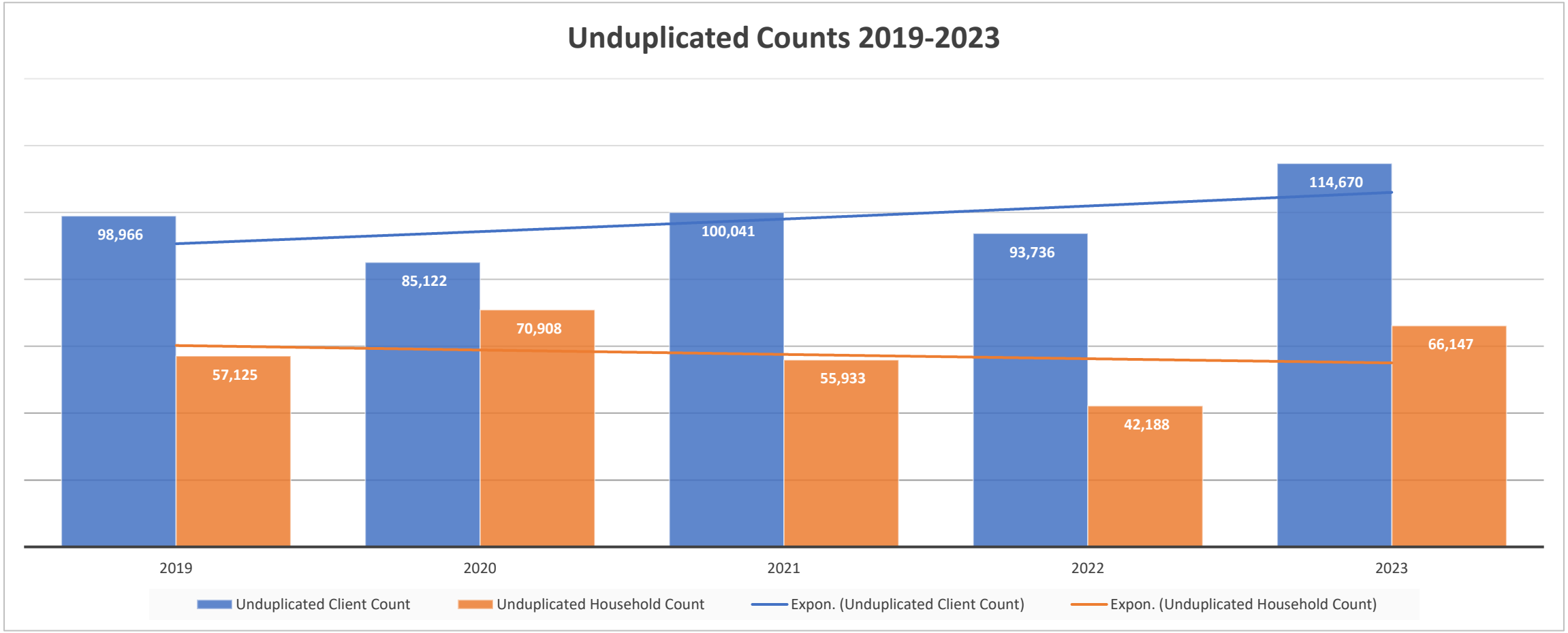
Unduplicated Individuals

114,670

Unduplicated Household

66,147

Counts over the Years



Client Demographic Categories

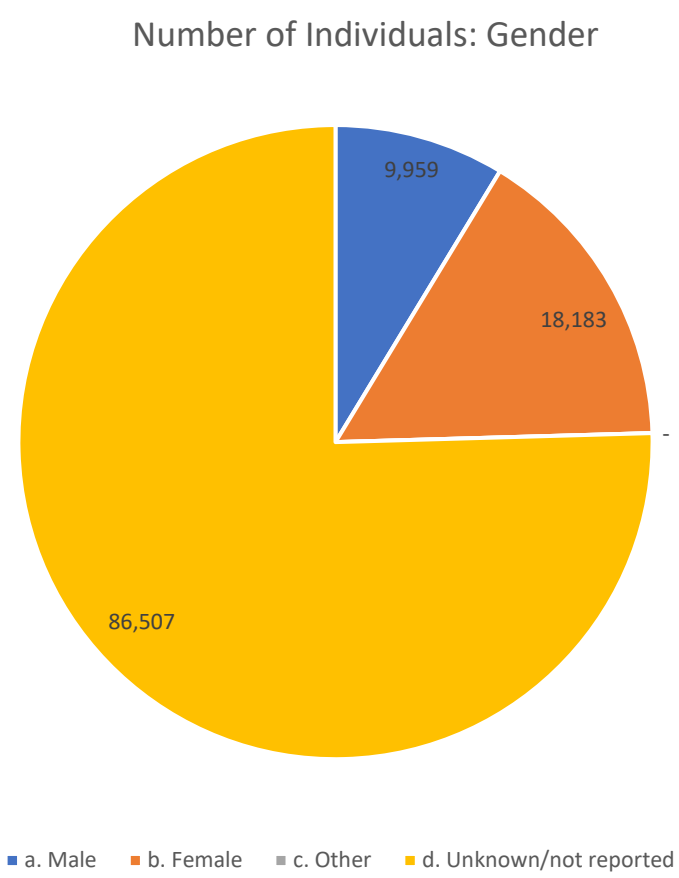
INDIVIDUAL LEVEL CHARACTERISTICS

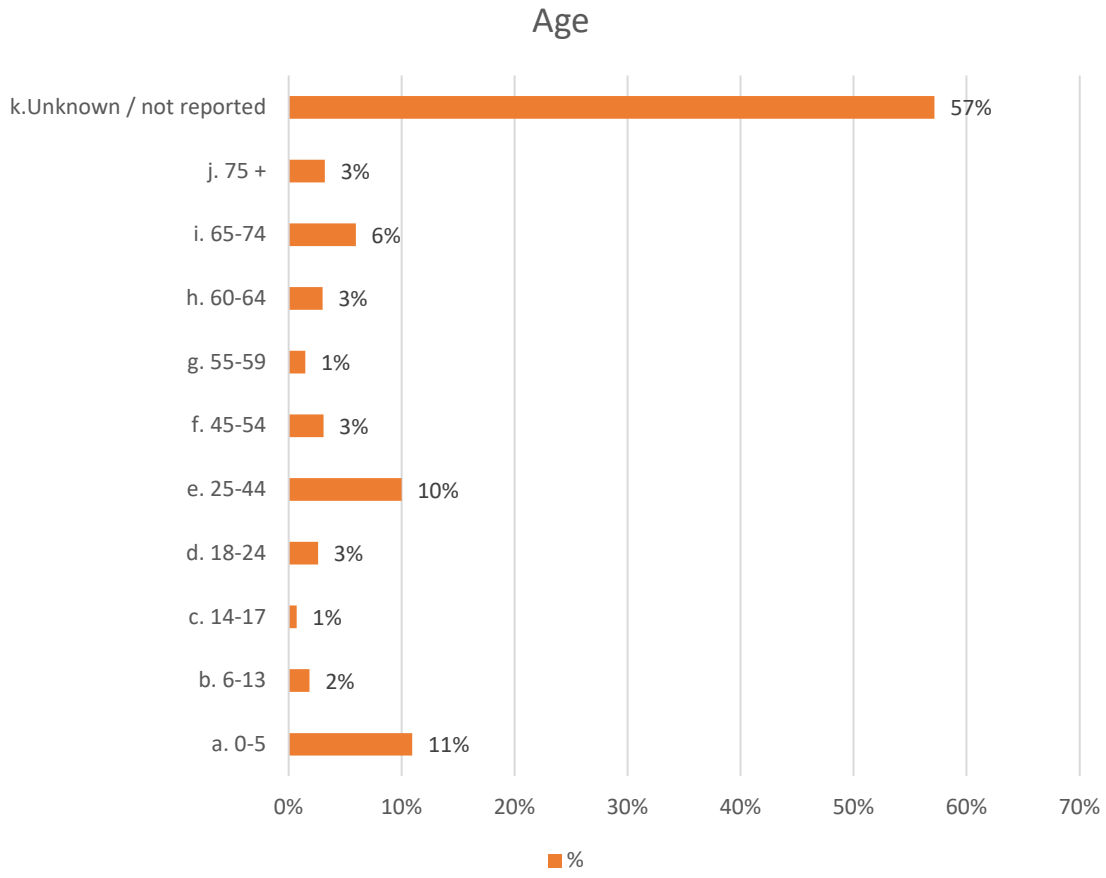
- Gender and Age
- Education
- Health
- Health Insurance
- Ethnicity
- Race
- Military Status
- Work Status

HOUSEHOLD LEVEL CHARACTERISTICS

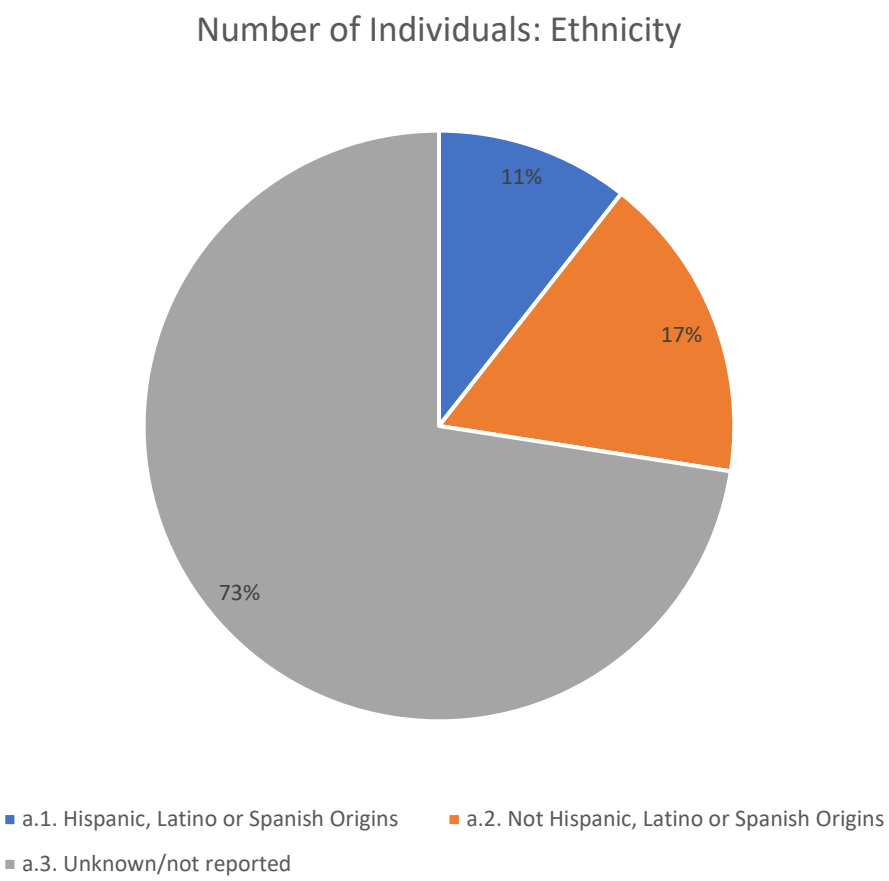
- Type
- Size
- Housing (situation)
- Income Level
- Source of Income
- Other Source
- Non-cash Benefits

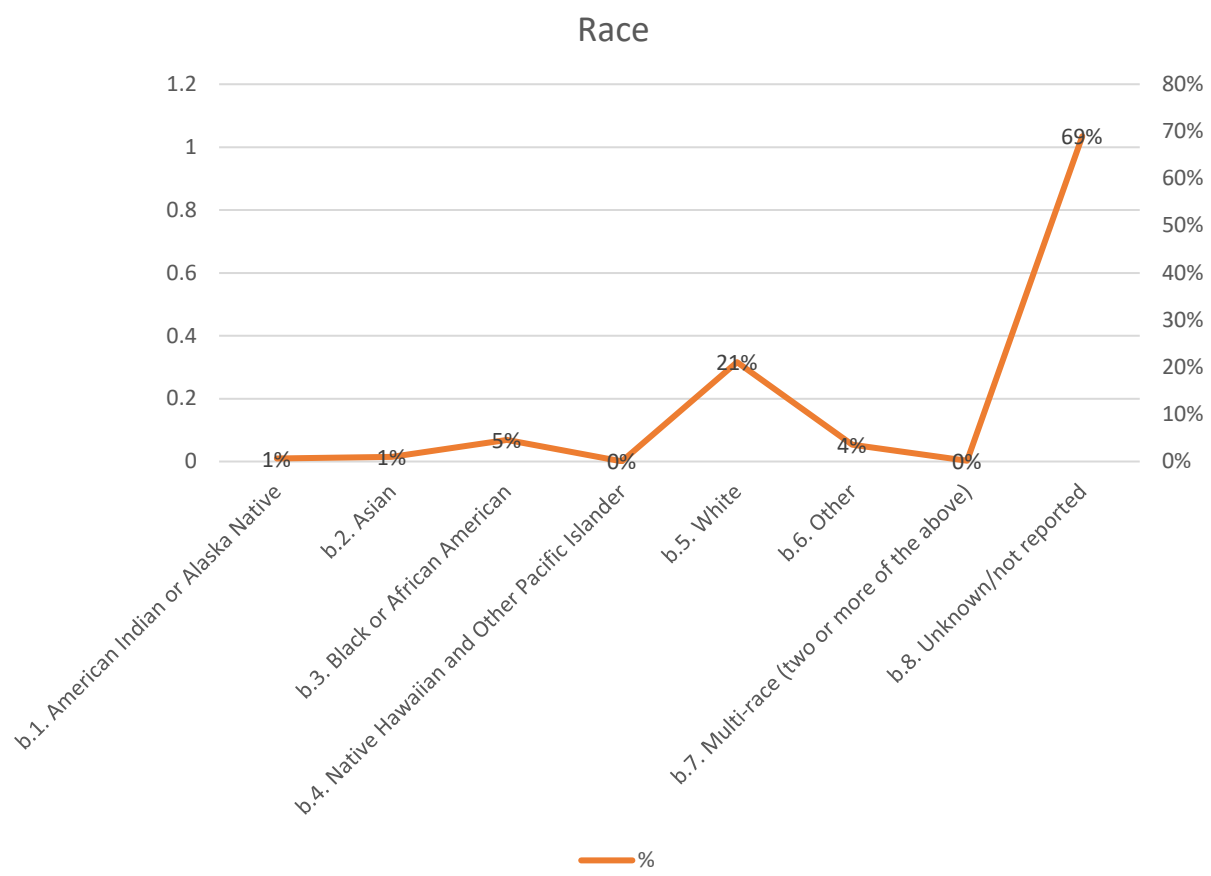
Individual Level Characteristic





Individual Level Characteristic





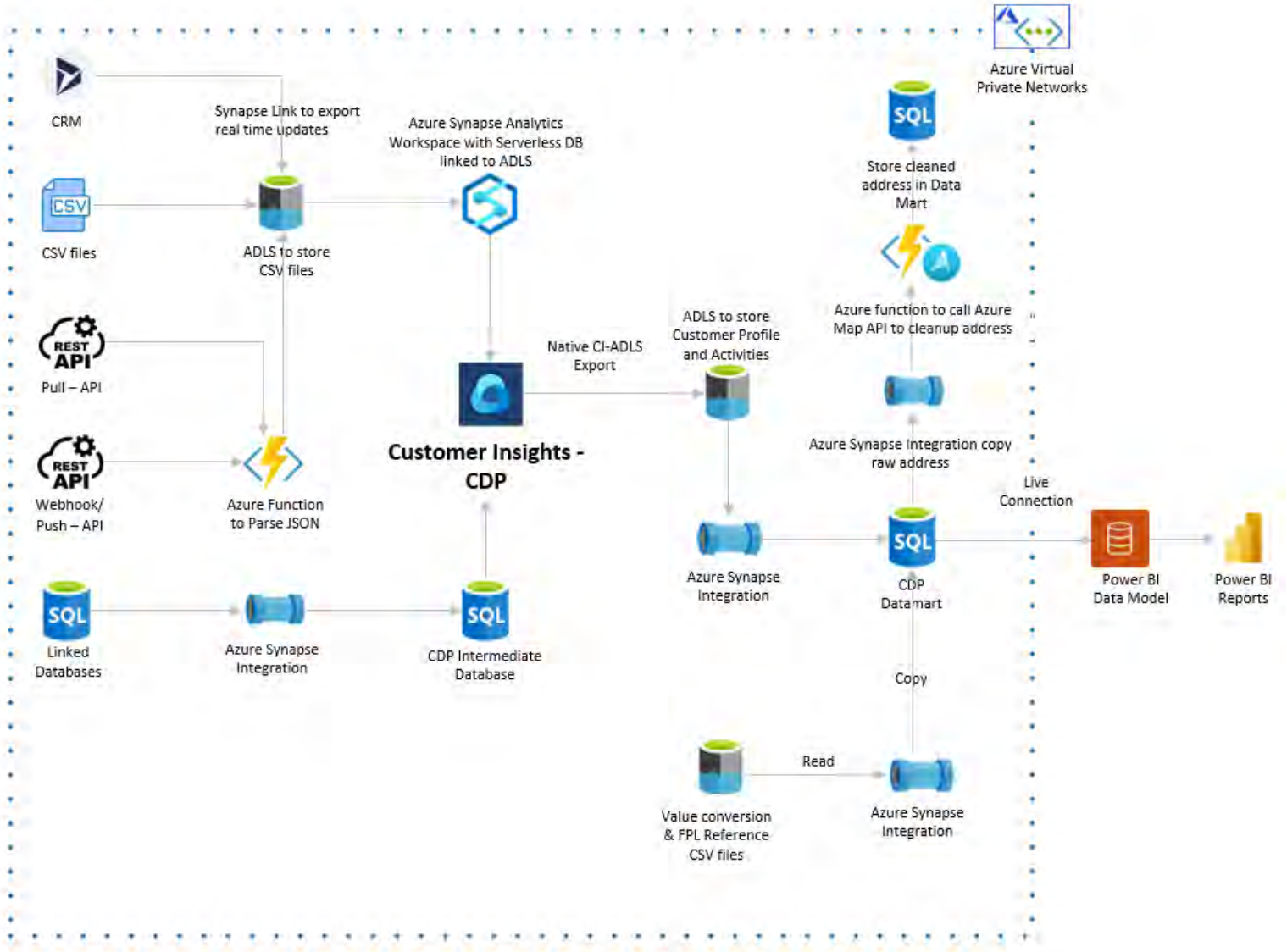
Household Level Characteristic



Non Applicable - Data was not available for the Household Level Characteristic count

CSBG 2023 Annual Report Data Recap

Architecture



How did we get these numbers?

B. **Total unduplicated number of all HOUSEHOLDS about whom one or more characteristics were obtained**

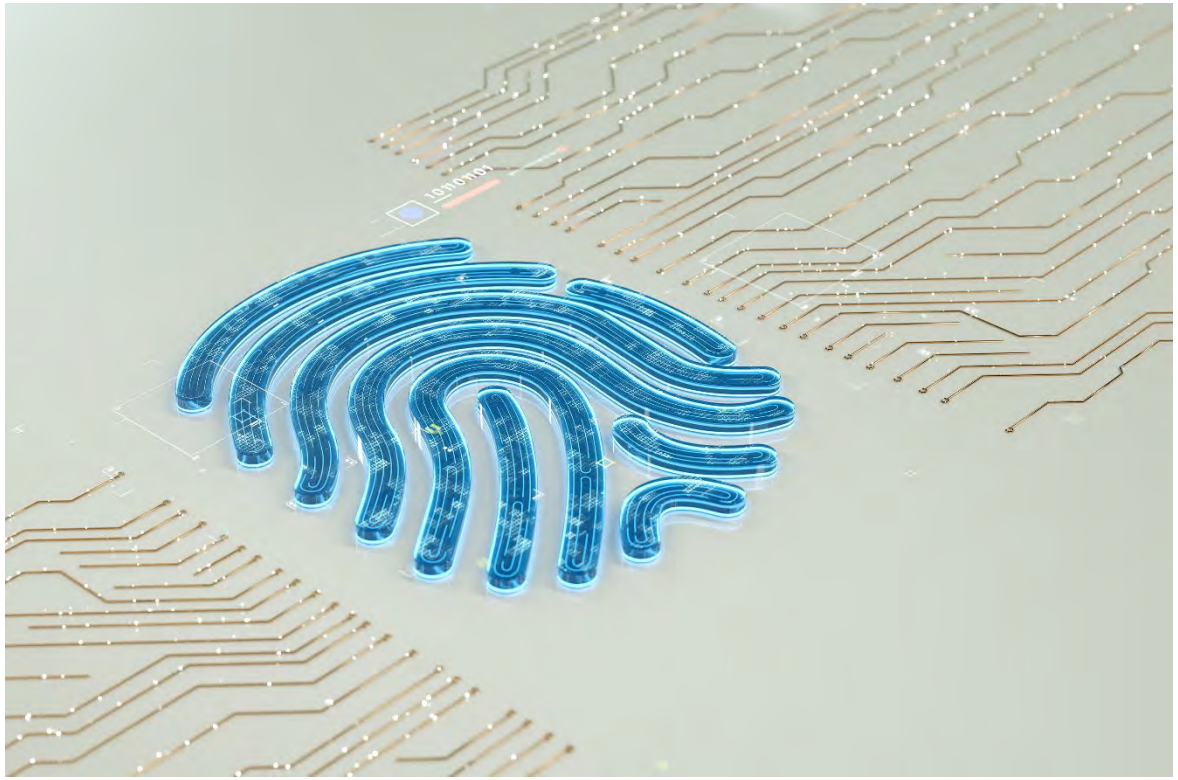
- Group all the Clients by Addresses and set the One Client as " **Household**" and remaining all clients of that Address as "**CrossProgramSecondaryRecord**" in the **HouseholdCrossProgramClientKey** field.

Client Name	Program	Phone	**Address**	**HouseholdCrossProgramClientKey**
Client -1	211	1113333333	**Baker Street**	Household
Client -4	CES	1113333334	**Baker Street**	CrossProgramSecondaryRecord
Client -2	FoodBank	1113333335	**Baker Street**	CrossProgramSecondaryRecord
Client -1	CES	1113333333	**Baker Street**	CrossProgramSecondaryRecord

A. **Total unduplicated number of all INDIVIDUALS about whom one or more characteristics were obtained**

- Group all the Clients by Phone Numbers and set the One Client as " **Individual** " and remaining all clients of that Phone Number as "**CrossProgramSecondaryRecord**" in the **IndividualsCrossProgramClientKey** field.

Client Name	Program	**Phone**	Address	**IndividualsCrossProgramClientKey**
Client -1	211	**1113333333**	Baker Street	Individual
Client -4	CES	**1113333334**	Baker Street	Individual
Client -2	FoodBank	**1113333335**	Baker Street	Individual
Client -1	CES	**1113333333**	Baker Street	CrossProgramSecondaryRecord





Challenges we faced consolidating data

- Data Quality
- Paper Data
- Technical Issues
- Special Grants/Programs Data
- Missing Key identifiers for deduplication
- Receiving Data Late

CDP-CSBG Action Items

Monthly Data Upload

- CalFresh, M Street Navigation Center, M Street Safe Camping, CSFP, Food Bank Pantry and Commodity (TEFAP), VITA, CES, MCAP, WIC

Program Meeting with IS Team

- Calendar invites to be sent by end of April 2024

New Program/Service Notification

- Microsoft Form in Directors and Managers Toolkit

Minimum Data Requirements

- First Name, Last Name, Phone Number, Date of Birth, Address



Helping People...
Changing Lives.

DATE	May 22, 2024
TIME	12:00 pm
LOCATION	CAPK Administrative Office 1300 18th St., 3rd Floor Bakersfield, CA 93301

Budget & Finance Committee Minutes

1. **Call to Order**

   Committee member Denise Boshers called the meeting to order at 12:02 pm at the Community Action Partnership of Kern Administrative Building, 1300 18th St., Bakersfield, CA 93301

2. **Roll Call**

   Roll call was taken with a quorum present.

   Present: Denise Boshers, Mia Cifuentes

   Absent: Michelle Jara-Rangel and Fatima Echeverria

   Others present: Jeremy Tobias, Chief Executive Officer; Tracy Webster, Chief Financial Officer; Gabrielle Alexander, Director of Finance; Emilio Wagner, Chief Facilities & Technology Officer; Pritika Ram, Chief Business Development Officer; and other CAPK staff.

3. **Public Comments**

   No one addressed the Committee.

4. **New Business**

   a. Head Start / Early Head Start Budget to Actual Reports for January 2024 – Tracy Webster, Chief Financial Officer – ***Info Item***

      Tracy Webster presented the above info item and provided a summary of the attached reports and noted this current period is the contract period of year 1 of a 5-year contract that commenced on March 1, of 2024.

      Tracy reported that for the Head Start building sale proceeds for Central Kitchen, Region IX allowed us to take the property sale proceeds from Mall View Road and Business Park North and deposit the funds into an interest-bearing account. We are required to provide monthly bank statements and show any drawdowns or expenses against these funds. Jeremy Tobias added the current expenditures are for design work, but we cannot proceed with construction until we have final approval from the Office of Head Start (OHS) to move forward.

      Mia Cifuentes asked if we will issue RFP's once approval is received from OHS. Jeremy Tobias responded and said that the notice for bids is complete, and bids have been received, but we cannot award until the form 1303 is approved by the Office of Head Start.

Emilo Wagner added that there is also an outstanding permit with the City of Bakersfield. Once that is finalized, and the 1303 has been approved, we will be able to move forward.

Denise Boshers asked for clarity, and wanted to know if the money in the account is designated for Head Start. Tracy Webster said all designated Head Start proceeds are in this account. The Central Kitchen building actually had a percentage of discretionary funds, and those funds have been deposited back into the discretionary account. All Head Start funds were originally received from the Federal Government for the OHS, and the proceeds from the sale of the properties, as well as interest earned, are included in this total.

Denise Boshers asked about the 11.6 % expenditures and asked if those funds can be spent as needed or is there a cap in place. Tracy Webster said the account needs to be treated as if it's part of the Federal Treasury. Every month we have to show bank statements to show funds are still in the designated account. We are required to show documentation and invoices via the portal as we draw down on the account.

b. March 2024 Financial Report– Gabrielle Alexander, Director of Finance – ***Action Item***

Gabrielle Alexander reported the agency did not draw from the line of credit during the month of March as we were able to sustain an adequate unrestricted cash balance to cover programs such as Energy, which currently has a negative balance of $1,586,474. The Central Kitchen expenditures are currently 6.5% at the end of 03/31/24 and USDA revenue is at 6.2%. Expenditures are below the target of 8.3% (1 out of 12 months).

CMAP is currently earning 92% as of 3/31/24. The target for this period should be 75%.

Center based state programs (CSPP, CMIG and CCTR) reflect average attendance/enrollment for the current period. CCTR is at 66.3%, CSPP is at 61.4%, and CMIG is at 10%. Additionally, we have been operating a CCTR program in San Joaquin County sponsored by SJCOE and the current attendance is 59.1% with a target of 75.0%.

Denise Boshers asked what the expectation is of the Board with regard to the check register. Gabrielle Alexander answered if there is anything you need us to follow up on, we are happy to get you more information. The Board has asked to see this information in lieu of a Board Member signing checks, and our books are open for review.

Jeremy Tobias added this is an extra layer of transparency. There is no requirement to do anything with it, it's included to provide additional information and transparency for the Board and public.

Motion was made and seconded to approve staff's recommendation. Carried by unanimous vote (Boshers/ Cifuentes).

c. Cost of Living Adjustment (COLA)Reports – Tracy Webster, Chief Financial Officer – ***Action Item***

Tracy presented the above action item for approval and mentioned this has been presented in several different ways in the past. Recently the Office of Head Start has changed the way COLA's were awarded and we want to make sure we grant the staff a COLA and have made provisions in the budget for 2024/2025 for the COLA.

Denise Boshers asked if the March 1st effective date for is for Head Start staff only or is it the same for all staff or varies by program.

Tracy Webster said once the Board approves at the May 29th meeting, our payroll team will be able to input in the COLA for retroactive pay for every employee as of March 1, 2024.

Denise Boshers asked if terminated employees will receive the COLA.

Jeremy Tobias answered no, only currently active employees are eligible for the COLA.

Motion was made and seconded to approve staff's recommendation. Carried by unanimous vote (Boshers/Cifuentes).

d. Agency-Wide Budget Revision #1 – Tracy Webster, Chief Financial Officer – ***Action Item***

Tracy Webster presented the above action item for approval and noted CAPK's annual operating budget has been increased from $115,646,059 to $125,923,752. The increase is attributed to the following: Head Start COLA, no-cost extension for Head Start, Central Kitchen construction, and an increase to the CalFood one-time funds that must be spent by April 2025.

The Indirect Budget has been revised from $9,843,096 to $9,903,301 due to anticipated costs associated with Uninterruptable Power Supply (UPS) system and maintenance vehicle.

Motion was made and seconded to approve staff's recommendation. Carried by unanimous vote (Boshers/Cifuentes).

e. 2-1-1 Call Center FY 2024-27 Kings County United Way Service Agreement, Pritika Ram, Chief Business Development Officer – ***Action Item***

Pritika Ram presented the above action item and requested approval of the 3-year renewal contract with United Way of Kings County.

Mia Cifuentes asked if it's possible to increase invoices monthly if necessary and if we did not partner with United Way, would we partner with others.

Pritika Ram answered yes, we can adjust monthly invoicing as needed and said that United Way has been a good partner.

On a side not, the United Way is currently looking for a similar scope in 5 other counties in California.

Jeremy Tobias added when the 211 program was first implemented statewide, the United Way signed on and promoted it as a nationwide endeavor.

Denise Boshers asked if the rates are based on Kern County rates as it is assumed the Bay Area rates would be more expensive to run the program and less expensive in Kern County.

Jeremy Tobias said it is very similar to a private sector call center located in an offsite location. It can be run less expensive if located elsewhere, which is what we are offering. Pritika Ram added its more appealing to others because they don't have to pay premium market rates, as is in the Bay Area.

Motion was made and seconded to approve staff's recommendation. Carried by unanimous vote (Cifuentes /Boshers).

f. Resolution to Approve the Submission of the 2024 Supplemental Low-Income Home Energy Assistance Program (SLIHEAP) Contract 24Q-2561 – Wilfredo Cruz, Program Administrator – ***Action Item***

Wilfredo Cruz presented the above action item for approval and reported that because CAPK is listed as a "Category A" agency in terms of our energy program, we received this contract which provides an additional $325,163 of funding for the Supplemental Low-Income Home Energy Assistance (SLIHEAP) program. This contract is from the monies that were not spent by other agencies and provided to those that were listed as Category A, and will allow CAPK to assist eligible low-income Kern County households with their heating and cooling energy payments at no cost to the participants

Denise Boshers was happy to hear that the community will benefit from this contract because of how good your team is at being efficient and effective. Jeremy Tobias agreed and said that when you are seen as an effective program, you have more opportunities to receive funds like this as well as supplemental funds for existing contracts.

Motion was made and seconded to approve staff's recommendation. Carried by unanimous vote (Cifuentes /Boshers).

g. Accounting & Financial Policies & Procedures Manual DRAFT – Tracy Webster, Chief Financial Officer - ***Info Item***

Tracy Webster noted to this item is presented as an info item to allow time for the Board to approve prior to being added as an action item for approval at the June meeting and noting that some of the changes will not be included in the revision.

Committee Member Comments

No comments.

Next Scheduled Meeting
12:00 pm
Tuesday, June 18, 2024
CAPK Administration Office
1300 18th St., 3rd Floor
Bakersfield, CA 93301

Adjournment

The meeting was adjourned at 12:47 pm.

o

MEMORANDUM

To: Budget and Finance Committee

From: Tracy Webster, CFO/ Louis Rodriguez, Finance Administrator

Date: May 22, 2024

Subject: *4a Head Start* Budget to Actual Report for the period ended March 31, 2024 – **Info Item**

The Office of Head Start has awarded CAPK the full amount of its Head Start and Early Head Start grant for a five-year budget period, the first-year budget period is March 1, 2024, through February 28, 2025.

The following are highlights of the Head Start Budget to Actual Report for the period of March 1, 2024, through March 31, 2024. One month (8.3%) of the 12-month budget period have elapsed.

Base Funds

Overall expenditures are at 3% of the budget.

Training & Technical Assistance Funds

Overall expenditures are at 6% of the budget.

Non-Federal Share (Head Start and Early Head Start combined)

The non-Federal share is at 9% of the budget.

Community Action Partnership of Kern
Head Start
Budget to Actual Report
Budget Period: March 1, 2024 - February 28, 2025
Report Period: March 1, 2024 - March 31, 2024
Month 1 of 12 (8.3%)

Prepared 05/03/2024

BASE FUNDS	BUDGET	ACTUAL	REMAINING	% SPENT	% REMAINING
PERSONNEL	8,135,302	73,319	8,061,983	1%	99%
FRINGE BENEFITS	2,601,970	137,172	2,464,798	5%	95%
TRAVEL	-	-	-		
EQUIPMENT	-	-	-		
SUPPLIES	535,017	58,308	476,709	11%	89%
CONTRACTUAL	192,811	8,916	183,895	5%	95%
CONSTRUCTION	-	-	-		
OTHER	3,752,064	197,456	3,554,608	5%	95%
INDIRECT	1,443,154	41,436	1,401,718	3%	97%
TOTAL BASE FUNDING	**16,660,318**	**516,608**	**16,143,710**	**3%**	**97%**

TRAINING & TECHNICAL ASSISTANCE					
TRAVEL	60,904	2,650	58,254	4%	96%
SUPPLIES	23,986	-	23,986	0%	100%
CONTRACTUAL	12,800	-	12,800	0%	100%
OTHER	63,752	7,565	56,187	12%	88%
INDIRECT	16,144	-	16,144	0%	100%
TOTAL TRAINING & TECHNICAL ASSISTANCE	**177,586**	**10,215**	**167,371**	**6%**	**94%**

GRAND TOTAL HS FEDERAL FUNDS	**16,837,904**	**526,822**	**16,311,082**	**3%**	**97%**

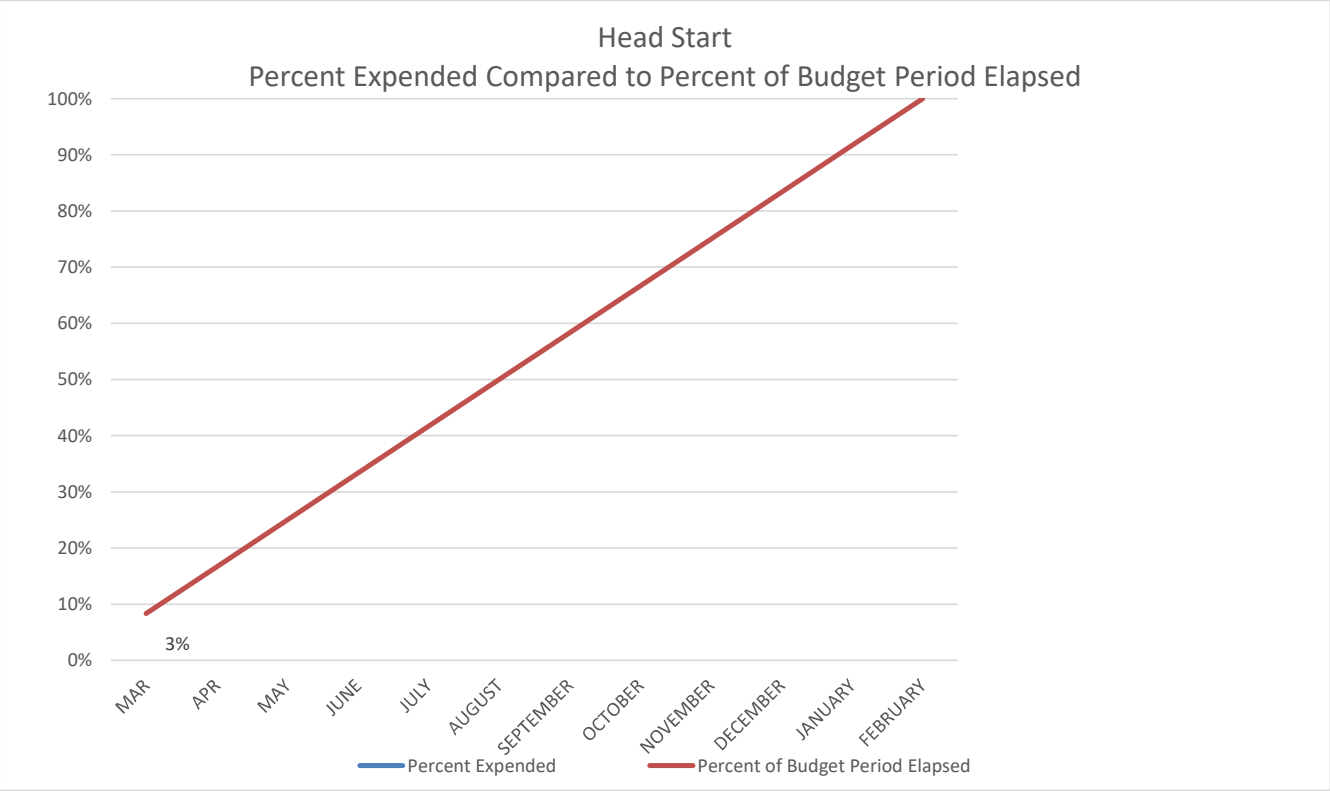
HEAD START and EARLY HEAD START COMBINED NON-FEDERAL SHARE

SOURCE	BUDGET	ACTUAL	REMAINING	% SPENT	% REMAINING
IN-KIND	2,252,076	84,965	2,167,111	4%	96%
CALIF DEPT OF ED	10,925,665	1,101,278	9,824,387	10%	90%
TOTAL NON-FEDERAL	**13,177,741**	**1,186,243**	**11,991,498**	**9%**	**91%**

Budget reflects Notice of Award #09CH012489-01-00
Actual expenditures include posted expenditures and estimated adjustments through 03/31/2024
Administrative Cost for HS and EHS Combined **0.2%**

Agency-Wide Credit Card Report

	CURRENT	1 TO 30	31 TO 60	61 TO 90	TOTAL	STATEMENT DATE
Wells Fargo	61,582	-	-	-	**61,582**	4/4/2024
Lowe's	4,348	40,293	26,252	(171)	**70,721**	4/2/2024
Smart & Final	639	-	-		**639**	4/1/2024
Save Mart	1,387	-	-	-	**1,387**	4/8/2024
Chevron & Texaco Business Card	8,724	-	-	-	**8,724**	4/1/2024
Home Depot	14,487	2,461	227	13	**17,189**	4/5/2024
	91,167	**42,754**	**26,479**	**(158)**	**160,242**	


Head Start
Percent Expended Compared to Percent of Budget Period Elapsed
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
3%
MAR
APR
MAY
JUNE
JULY
AUGUST
SEPTEMBER
OCTOBER
NOVEMBER
DECEMBER
JANUARY
FEBRUARY
Percent Expended
Percent of Budget Period Elapsed

4

MEMORANDUM

To: Budget and Finance Committee

From: Tracy Webster, CFO / Louis Rodriguez, Finance Administrator

Date: May 22, 2024

Subject: *Early Head Start*
Budget to Actual Report for the period ended March 31, 2024 – **Info Item**

The Office of Head Start has awarded CAPK the full amount of its Head Start and Early Head Start grant for a five-year budget period, the first-year budget period is March 1, 2024, through February 28, 2025.

The following are highlights of the Early Head Start Budget to Actual Report for the period of March 1, 2024, through March 31, 2024. One month (8.3%) of the 12-month budget period has elapsed.

Base Funds

Overall expenditures are at 3% of the budget.

Training & Technical Assistance Funds

Overall expenditures are at 4% of the budget.

Community Action Partnership of Kern
Early Head Start
Budget to Actual Report
Budget Period: March 1, 2024 - February 28, 2025
Report Period: March 1, 2024 - March 31, 2024
Month 1 of 12 (8.3%)

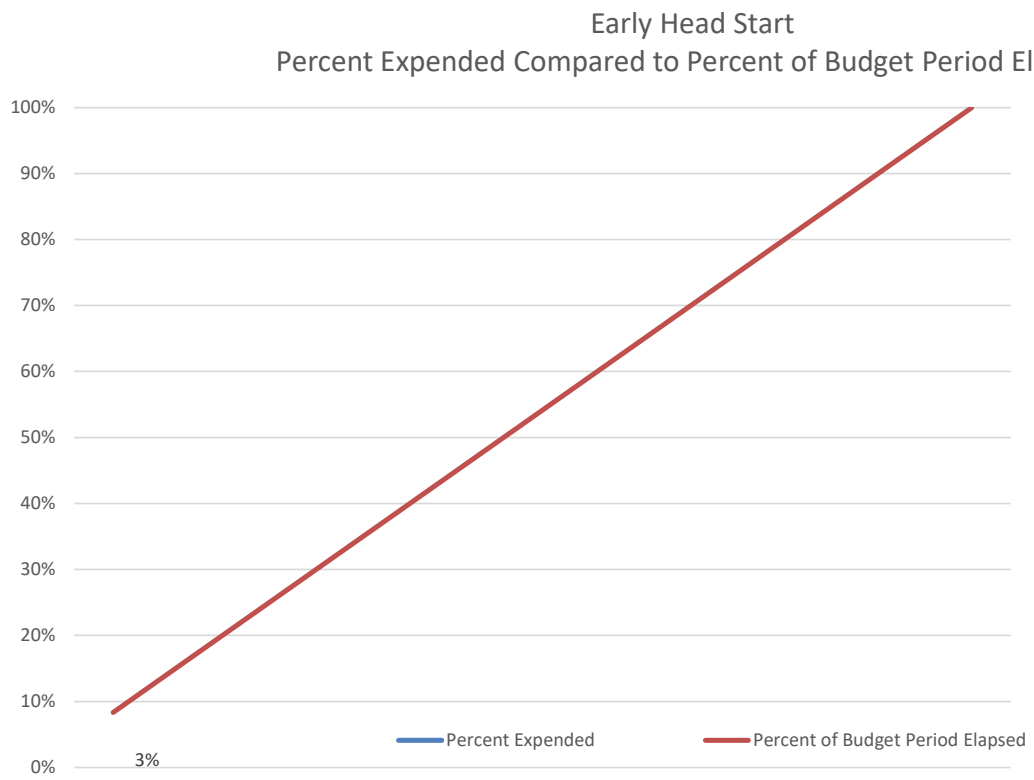
Prepared 05/03/2024

BASE FUNDS	BUDGET	ACTUAL	REMAINING	% SPENT	% REMAINING
PERSONNEL	12,030,370	186,728	11,843,642	2%	98%
FRINGE BENEFITS	3,730,806	133,300	3,597,506	4%	96%
TRAVEL	-	-	-		
EQUIPMENT	-	-	-		
SUPPLIES	761,608	45,708	715,900	6%	94%
CONTRACTUAL	1,006,585	15,484	991,101	2%	98%
CONSTRUCTION	-	-	-		
OTHER	2,517,894	116,800	2,401,094	5%	95%
INDIRECT	1,953,770	66,076	1,887,694	3%	97%
TOTAL BASE FUNDING	**22,001,033**	**564,096**	**21,436,937**	**3%**	**97%**

TRAINING & TECHNICAL ASSISTANCE					
PERSONNEL	-	-	-		
FRINGE BENEFITS	-	-	-		
TRAVEL	118,632	6,956	111,676	6%	94%
SUPPLIES	30,013	45	29,968	0%	100%
CONTRACTUAL	26,080	667	25,413	3%	97%
OTHER	137,953	6,037	131,916	4%	96%
INDIRECT	31,268	1,266	30,002	4%	96%
TOTAL TRAINING & TECHNICAL ASSISTANCE	**343,946**	**14,971**	**328,975**	**4%**	**96%**

GRAND TOTAL EHS FEDERAL FUNDS	**22,344,979**	**579,067**	**21,765,912**	**3%**	**97%**

Budget reflects Notice of Award #09CH012489-01-00
Actual expenditures include posted expenditures and estimated adjustments through 03/31/2024


Early Head Start
Percent Expended Compared to Percent of Budget Period Elapsed
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
3%
Percent Expended
Percent of Budget Period Elapsed

Community Action Partnership of Kern
Head Start and Early Head Start Kern
Year-to-Date Non-Federal Share and In-Kind Report
Budget Period: March 1, 2024 through February 28, 2025
Report for period ending March **31, 2024** (Month 1 of 12)

Percent of budget period elapsed: 8.3%

LOCATION	Enroll-ment	March	April	May	YTD Totals	Kern/SJC	IN-KIND GOAL	% OF GOAL MET
Alberta Dillard	34	10,121	0	0	10,121	Kern	43,028	24%
Alicante	17	162	0	0	162	Kern	21,514	1%
Angela Martinez	75	21,440	0	0	21,440	Kern	94,916	23%
Broadway	37	2,621	0	0	2,621	Kern	46,825	6%
California City	17	115	0	0	115	Kern	21,514	1%
Cleo Foran	23	8,026	0	0	8,026	Kern	29,107	28%
Delano	60	20,091	0	0	20,091	Kern	75,933	26%
East California	52	9,701	0	0	9,701	Kern	65,808	15%
Fairfax	34	6,774	0	0	6,774	Kern	43,028	16%
Harvey L. Hall	146	525	0	0	525	Kern	184,769	0%
Heritage	17	95	0	0	95	Kern	21,514	0%
Home Base	160	227	0	0	227	Kern	202,487	0%
Lamont	20	310	0	0	310	Kern	25,311	1%
Martha J. Morgan	50	239	0	0	239	Kern	63,277	0%
McFarland	20	215	0	0	215	Kern	25,311	1%
Mojave	20	162	0	0	162	Kern	25,311	1%
Oasis	42	60	0	0	60	Kern	53,153	0%
Pete H. Parra	116	787	0	0	787	Kern	146,803	1%
Primeros Pasos	67	592	0	0	592	Kern	84,791	1%
Rosamond	34	145	0	0	145	Kern	43,028	0%
San Diego	32	119	0	0	119	Kern	40,497	0%
Seibert	20	0	0	0	0	Kern	25,311	0%
Shafter	17	119	0	0	119	Kern	21,514	1%
Shafter HS/EHS	24	64	0	0	64	Kern	30,373	0%
Sterling	134	107	0	0	107	Kern	169,583	0%
Stockdale Head Start	45							
Sunrise Villa	17	95	0	0	95	Kern	21,514	0%
Taft	54	227	0	0	227	Kern	68,339	0%
Tehachapi	15	567	0	0	567	Kern	18,983	3%
Vineland	17	191	0	0	191	Kern	21,514	1%
Virginia	17	84	0	0	84	Kern	21,514	0%
Wesley	60	413	0	0	413	Kern	75,933	1%
Willow	37	161	0	0	161	Kern	46,825	0%
Governance		0	0	0	0	Kern	15,000	0%
Program Services		0	0	0	0	Kern/SJC	74,265	0%
California Street	24	72	0	0	72	SJC	30,373	0%
Chrisman	16	0	0	0	0	SJC	20,249	0%
Gianone	0	0	0	0	0	SJC	0	0%
Kennedy	16	143	0	0	143	SJC	20,249	1%
Lodi Home Base	30	48	0	0	48	SJC	37,966	0%
Lodi UCC	24	0	0	0	0	SJC	30,373	0%
Manteca Home Base	11	0	0	0	0	SJC	13,921	0%
Marci Massei	16	0	0	0	0	SJC	20,249	0%
St. Mary's	24	0	0	0	0	SJC	30,373	0%
Stockton Home Base	27	76	0	0	76	SJC	34,170	0%
Tracy Home Base	12	0	0	0	0	SJC	15,187	0%
Lathrop (old Walnut)	24	72	0	0	72	SJC	30,373	0%
SUBTOTAL IN-KIND	**1,754**	**84,965**	**0**	**0**	**84,965**	**0**	**2,252,076**	**4%**
						x		
State General Child Care*		261,877	0	0	261,877	Kern	3,481,300	8%
State Preschool*		620,606	0	0	620,606	Kern	6,219,213	10%
State Migrant Child Care*		4,433	0	0	4,433	Kern	50,000	9%
SUBTOTAL CA DEPT of ED		**886,916**	**0**	**0**	**886,916**		**9,750,513**	**9%**
						x		
State General Child Care*		209,012	0	0	209,012	SJC	1,175,152	**18%**
SUBTOTAL CA DEPT of ED		**209,012**	**0**	**0**	**209,012**		**1,175,152**	**18%**
GRAND TOTAL		**1,180,893**	**0**	**0**	**1,180,893**		**13,177,741**	**9%**
					5,350			
					1,186,243			

Community Action Partnership of Kern
Early Head Start Child Care Partnerships
Non-Federal Share and In-Kind Year-to-Date Report
Budget Period: March 1, 2024 through February 28, 2025
Report for period ending March 31, 2024 (Month 01 of 12)

Percent of year elapsed: 8.3%

LOCATION	FUNDED ENROLL-MENT	Mar 2023	Apr 2023	May 2023	YTD Totals	IN-KIND GOAL	% OF GOAL MET
Angela Martinez	24	5,030	0	0	5,030	103,398	5%
Kern Community College District - BC	32	0	0	0	0	137,864	0%
KCSOS - Blanton	16	262	0	0	262	68,932	0%
Garden Pathways	11	0	0	0	0	47,391	0%
Taft College	42	57	0	0	57	180,947	0%
Escuelita Hernandez	16	0	0	0	0	68,932	0%
TBD	11	0	0	0	0	47,391	0%
Program Services		0	0	0	0		
Admin Services		0	0	0	0		
GRAND TOTAL	**152**	**5,350**	**0**	**0**	**5,350**	**654,854**	**1%**

Budget reflects Notice of Award #09CH012489-01-00

MEMORANDUM

To: Budget and Finance Committee

From: Tracy Webster, CFO/ Louis Rodriguez, Finance Administrator

Date: May 22, 2024

Subject: *Head Start (No Cost Extension)*
Budget to Actual Report for the period ended March 31, 2024 – **Info Item**

The following are highlights of the Head Start Budget to Actual Report for the period of March 1, 2023, through March 31, 2024. Thirteen months (54.2%) of the 24-month budget period have elapsed. The office of Head Start processed a no cost extension to the prior year contract through February 28, 2025. This will allow CAPK to complete ongoing capital projects to benefit the Head Start program.

Base Funds

Overall expenditures are 92% of the budget.

Training & Technical Assistance Funds

Overall expenditures are 98% of the budget.

Carryover Funds

Overall expenditures are 24% of the budget.

Non-Federal Share (Head Start and Early Head Start combined)

The non-Federal share is at 114% of the budget.

Community Action Partnership of Kern
Head Start
Budget to Actual Report
Budget Period: March 1, 2023 - February 28, 2025 *(No Cost Extension)*
Report Period: March 1, 2023 - March 21, 2024
Month 13 of 24 (54.2%)

Prepared 05/06/2024

BASE FUNDS	BUDGET	ACTUAL	REMAINING	% SPENT	% REMAINING
PERSONNEL	9,442,036	8,716,020	726,016	92%	8%
FRINGE BENEFITS	3,650,298	2,348,212	1,302,086	64%	36%
TRAVEL	70,000	105	69,895	0%	100%
EQUIPMENT	-	(7,406)	7,406		
SUPPLIES	744,041	1,120,582	(376,541)	151%	-51%
CONTRACTUAL	171,839	252,754	(80,915)	147%	-47%
CONSTRUCTION	-	-	-		
OTHER	4,036,858	4,372,685	(335,827)	108%	-8%
INDIRECT	1,752,938	1,567,452	185,486	89%	11%
TOTAL BASE FUNDING	**19,868,010**	**18,370,404**	**1,497,606**	**92%**	**8%**

TRAINING & TECHNICAL ASSISTANCE					
TRAVEL	41,904	41,904	-	100%	0%
SUPPLIES	23,986	23,986	-	100%	0%
CONTRACTUAL	22,800	22,800	-	100%	0%
OTHER	72,752	72,752	-	100%	0%
INDIRECT	16,144	13,404	2,740	83%	17%
TOTAL TRAINING & TECHNICAL ASSISTANCE	**177,586**	**174,846**	**2,740**	**98%**	**2%**

CARRYOVER					
PERSONNEL	216,462	216,462	-	100%	0%
FRINGE BENEFITS	8,000	8,000	-	100%	0%
TRAVEL	25,133	25,123	10	100%	0%
SUPPLIES	53,386	53,386	-	100%	0%
EQUIPMENT	314,100	-	314,100	0%	100%
CONSTRUCTION	1,000,000	(69,069)	1,069,069	-7%	107%
CONTRACTUAL	4,505	4,505	-	100%	0%
OTHER	165,483	165,483	-	100%	0%
INDIRECT	49,259	43,158	6,101	88%	12%
TOTAL CARRYOVER	**1,836,328**	**447,048**	**1,389,280**	**24%**	**76%**

GRAND TOTAL HS FEDERAL FUNDS	**21,881,924**	**18,992,299**	**2,889,625**	**87%**	**13%**

HEAD START and EARLY HEAD START COMBINED NON-FEDERAL SHARE

SOURCE	BUDGET	ACTUAL	REMAINING	% SPENT	% REMAINING
IN-KIND	1,958,398	3,993,841	(2,035,443)	204%	-104%
CALIF DEPT OF ED	11,131,398	11,261,048	(129,650)	101%	-1%
TOTAL NON-FEDERAL	**13,089,796**	**15,254,889**	**(2,165,093)**	**117%**	**-17%**

Budget reflects Notice of Award #09CH011132-05-02
Actual expenditures include posted expenditures and estimated adjustments through 03/31/2024
Administrative Cost for HS and EHS Combined **8.6%**

MEMORANDUM

To: Budget and Finance Committee of Policy Council

From: Tracy Webster, CFO / Louis Rodriguez, Finance Administrator

Date: May 22, 2024

Subject: *Early Head Start (No Cost Extension)*
Budget to Actual Report for the period ended March 31, 2024 – **Info Item**

The following are highlights of the Early Head Start Budget to Actual Report for the period of March 1, 2023, through March 31, 2024. Thirteen months (54.2%) of the 24-month budget period have elapsed. The office of Head Start processed a no cost extension to the prior year contract through February 28, 2025. This will allow CAPK to complete ongoing capital projects to benefit the Head Start program.

Base Funds

Overall expenditures are 89% of the budget.

Training & Technical Assistance Funds

Overall expenditures are 101% of the budget.

Carryover Funds

Overall expenditures are 28% of the budget.

Community Action Partnership of Kern
Early Head Start
Budget to Actual Report
Budget Period: March 1, 2023 - February 28, 2025 *(No Cost Extension)*
Report Period: March 1, 2023 - March 31, 2024
Month 13 of 24 (54.2%)

Prepared 05/06/2024

BASE FUNDS	BUDGET	ACTUAL	REMAINING	% SPENT	% REMAINING
PERSONNEL	8,889,652	8,740,935	148,717	98%	2%
FRINGE BENEFITS	2,516,917	2,454,456	62,461	98%	2%
TRAVEL	50,000	-	50,000	0%	100%
EQUIPMENT	-	(47,014)	47,014		
SUPPLIES	1,205,123	831,707	373,416	69%	31%
CONTRACTUAL	1,091,221	945,367	145,854	87%	13%
CONSTRUCTION	-	(9,715)	9,715		
OTHER	3,374,545	2,255,243	1,119,302	67%	33%
INDIRECT	1,665,883	1,469,771	196,112	88%	12%
TOTAL BASE FUNDING	**18,793,341**	**16,640,750**	**2,152,591**	**89%**	**11%**

TRAINING & TECHNICAL ASSISTANCE					
PERSONNEL	-	-	-		
FRINGE BENEFITS	-	-	-		
TRAVEL	44,192	44,192	-	100%	0%
SUPPLIES	30,013	30,013	-	100%	0%
CONTRACTUAL	26,080	26,080	-	100%	0%
OTHER	212,393	214,148	(1,755)	101%	-1%
INDIRECT	31,268	33,029	(1,761)	106%	-6%
TOTAL TRAINING & TECHNICAL ASSISTANCE	**343,946**	**347,462**	**(3,516)**	**101%**	**-1%**

CARRYOVER					
PERSONNEL	92,769	92,769	-	100%	0%
FRINGE BENEFITS	-	-	-		
TRAVEL	37,198	37,190	8	100%	0%
SUPPLIES	13,347	13,322	25	100%	0%
EQUIPMENT	100,000	44,517	55,483	45%	55%
CONSTRUCTION	700,000	12,970	687,030	2%	98%
CONTRACTUAL	1,320	1,320	-	100%	0%
OTHER	74,009	74,009	-	100%	0%
INDIRECT	23,470	19,406	4,064	83%	17%
TOTAL CARRYOVER	**1,042,113**	**295,504**	**746,609**	**28%**	**72%**

GRAND TOTAL EHS FEDERAL FUNDS	**20,179,400**	**17,283,716**	**2,895,684**	**86%**	**14%**

Budget reflects Notice of Award #09CH011132-05-02
Actual expenditures include posted expenditures and estimated adjustments through 03/31/2024

MEMORANDUM

To: Budget and Finance Committee

From: Tracy Webster, CFO/ Louis Rodriguez, Finance Administrator

Date: May 22, 2024

Subject: *Head Start*
Building Proceeds for Central Kitchen as of March 31, 2024 – **Info Item**

CAPK received authorization from the Office of Head Start (OHS) to sell the properties located at 3100 Mall View Road and 5005 Business Park North. Accordingly, OHS requested that the proceeds from the sale of these buildings be held in an interest-bearing account for the purpose of funding the construction of a new central kitchen.

The remodel of the new central kitchen will be largely funded from the funds in this account and by the funds from the no cost extension grant 09CH011132-05. CAPK submits regular reporting to OHS each time funds are expended for this construction project.

The following are highlights of the funds held from the proceeds of sale of buildings designated for the New Central Kitchen remodel for the period ended March 31, 2024.

Overall expenditures are 11.6% of the Building Proceeds.

Community Action Partnership of Kern

Building Proceeds

Report Period: March 1, 2023 - March 31, 2024

Prepared 05/03/2024

BUILDING PROCEDES (For Central Kitchen Remodel)	BUILDING PROCEEDS	EARNINGS (INTEREST)	TOTAL	EXPENSES	REMAINING	% REMAINING
	3,329,792	8,009	3,337,801	387,931	2,949,870	88.4%

% Spent 11.6%

Sale Central Kitchen - 10/31/2023	1,105,128
Sale BPN - 02/14/2024	2,224,664
Total Proceeds	**3,329,792**
Plus Interest	8,009
	3,337,801
Less Expenses	387,931
Remaining Balance	2,949,870

MEMORANDUM

To: Budget and Finance Committee

From: Tracy Webster, Chief Financial Officer

Date: May 22, 2024

Re: *Agenda Item 4c:* Cost of Living Adjustment (COLA) for all Employee Wages – **Action Item**

The recently approved federal budget includes funding for a 2.35% Cost-of-Living Adjustment (COLA) for our Head Start group of contracts. This will provide for a 2.35% wage adjustment for all employees in the Head Start family of programs. The Head Start family of programs, comprising Head Start, Early Head Start, State Childcare, Central Kitchen, Partnerships and San Joaquin County includes approximately 600 employees of the CAPK total 950 employees.

Unlike previous years, the COLA no longer requires a supplemental application request. Instead, each Head Start recipient will receive a Notice of Award for an amount proportionate to the COLA increase appropriated by Congress. Therefore, the COLA amount is guaranteed and incorporated as a permanent increase effective March 1, 2024.

Historically, we have not been able to offer a regular schedule of COLA increases to our employees. We are bound by federal and state budgets and ultimately contracts that dictate our funding levels. Occasionally one of our funding sources approves a budget increase specifically designated for an employee wage COLA. When that does occur, especially in a large group such as Head Start, we utilize and leverage the increase to spread COLA to the entire CAPK staff. The most recent COLA approved for employee wages was a 5.6% increase effective March 2023, 2.28% increase effective March 2022, and a 2.0% increase effective March 2021.

The Division Directors and Program Managers routinely work on planning and budgeting for a possible COLA. All program budgets include a wage COLA in their operational budgets for the 2024-25 budget year. The effective date of the COLA for each program or contract may vary, depending on each contract's requirements and funding levels.

Recommendation:

Staff recommends approval to implement the agency-wide COLA of 2.35%. This increase would not apply to the Chief Executive Officer. Staff recommends that the COLA be applied with the attached effective dates subject to each individual contract requirements and funding levels.

Attachments:
Resolution No. 2024-05
Attachment A
2024-25 CAPK Compensation Schedule
2024-25 Competency Based Compensation Schedule

RESOLUTION # 2024-05

A Resolution of the Board of Directors of the Community Action Partnership of Kern Approving the Cost-of-Living Adjustment (COLA) For CAPK Head Start Staff And Staff Not Covered with the Head Start / Early Head Start COLA

The Board of Directors of Community Action Partnership of Kern located at 1300 18th Street, Suite 200, Bakersfield, CA 93311, met on May 29, 2024, and resolved as follows:

WHEREAS, Community Action Partnership of Kern (CAPK) is a private, non-profit 501(c)(3) corporation established as a result of the Economic Opportunity Act of 1964, and is the federally designated community action agency serving the low-income, elderly and disadvantaged residents of Kern County; and

WHEREAS, CAPK is charged with the responsibility of continuing the battle to alleviate poverty in Kern County by developing and implementing creative and innovative programs, and has adopted the philosophical position of "Helping People, Changing Lives" in its quest to assist people in need, and families with minimal or no resources; and

WHEREAS, the Head Start / Early Head Start programs has received notification of the 2024-25 2.35 percent Cost of Living Adjustment (COLA) for the Head Start / Early Head Start program (09CH012489); and

WHEREAS, the Executive Leadership Staff identified all employees are not covered by the Head Start / Early Head Start COLA, and recommends a similar COLA as detailed in Attachment "A".

NOW, THEREFORE, be it resolved that the CAPK Board of Directors hereby authorizes Jeremy T. Tobias, Chief Executive Officer, to initiate a wage COLA for CAPK staff covered by the Head Start funding and staff not covered by the Head Start / Early Head Start COLA, and as detailed in Attachment "A".

APPROVED by a majority vote of the Executive Committee of the Board of Directors of Community Action Partnership of Kern, this 29th day of May 2024.

Fred Plane, Chair
CAPK Board of Directors

Date

RESOLUTION # 2024-05

A Resolution of the Board of Directors of the Community Action Partnership of Kern Approving the Cost-of-Living Adjustment (COLA) For CAPK Head Start Staff And Staff Not Covered with the Head Start / Early Head Start COLA

The Board of Directors of Community Action Partnership of Kern located at 1300 18th Street, Suite 200, Bakersfield, CA 93311, met on May 29, 2024, and resolved as follows:

WHEREAS, Community Action Partnership of Kern (CAPK) is a private, non-profit 501(c)(3) corporation established as a result of the Economic Opportunity Act of 1964, and is the federally designated community action agency serving the low-income, elderly and disadvantaged residents of Kern County; and

WHEREAS, CAPK is charged with the responsibility of continuing the battle to alleviate poverty in Kern County by developing and implementing creative and innovative programs, and has adopted the philosophical position of "Helping People, Changing Lives" in its quest to assist people in need, and families with minimal or no resources; and

WHEREAS, the Head Start / Early Head Start programs has received notification of the 2024-25 2.35 percent Cost of Living Adjustment (COLA) for the Head Start / Early Head Start program (09CH012489); and

WHEREAS, the Executive Leadership Staff identified all employees are not covered by the Head Start / Early Head Start COLA, and recommends a similar COLA as detailed in Attachment "A".

NOW, THEREFORE, be it resolved that the CAPK Board of Directors hereby authorizes Jeremy T. Tobias, Chief Executive Officer, to initiate a wage COLA for CAPK staff covered by the Head Start funding and staff not covered by the Head Start / Early Head Start COLA, and as detailed in Attachment "A".

APPROVED by a majority vote of the Executive Committee of the Board of Directors of Community Action Partnership of Kern, this 29th day of May 2024.

Fred Plane, Chair
CAPK Board of Directors

Date

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPENSATION SCHEDULE
2024-25
Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
211 Program Specialist	6	
211 Supervisor - 211/Operations	9	X
Accountant I - Finance	10	
Accountant II - Finance	11	
Accounting Administrator	12	X
Accounting Clerk - Finance	6	
Accounting Manager - Finance	11	X
Accounting Specialist	8	
Accounting Technician	8	
Accounts Payable Supervisor	10	X
Activity Specialist - FHCC SYC - Community Development	4	
Administrative Analyst	9	
Administrative Assistant - Community Development	1	
Administrative Assistant - Executive	6	
Administrative Assistant - FHCC	6	
Administrative Assistant - VITA	1	
Administrative Assistant - Youth and Community Services	6	
Administrative Clerk	5	
Administrative Clerk - MCAP - Health & Nutrition	1	
Administrative Coordinator	9	
Advocacy & Public Relations Manager	11	X
Agency Relations Coordinator - Food Bank	8	
Assessor I - Energy	7	
Assessor II - Energy	8	
Assistant Director of Operations	13	X
Assistant Risk Manager	9	
Associate Director of Development	12	
Attendance Supervisor	9	
Attendance Technician	5	
Benefits Specialist - HR	9	
Billing Technician - Energy	8	
Breastfeeding Education Coordinator/Peer Counselor Supervisor - WIC	11	
Business Contracts Specialist - Operations	9	
Business Manager - Operations	11	X
Business Technician - Operations	8	
CalAIM Claims Analyst	10	
CalAIM Program Coordinator	8	
Cal Fresh Health Living Health Educator	8	

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPENSATION SCHEDULE
2024-25
Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
Cal Fresh Health Living Program Administrator	12	X
Cal Fresh Health Living Program Assistant	4	
Cal Fresh Health Living Program Coordinator	10	
CalVIP Outreach Worker	8	
Case Manager - Eastern Kern Resource Center - Health& Nutrition	6	
Chief Business Development Officer	16	X
Chief Facilities and Technology Officer	16	X
Chief Financial Officer	16	X
Chief Program Officer	16	X
Community Development Specialist - Comm. Development	8	
Cook - Central Kitchen - Health & Nutrition	2	
Coordinated Entry Services (CES) Manager	10	X
Coordinated Entry Services (CES) Supervisor	9	X
CSFP Coordinator	7	
CSFP Program Assistant - Food Bank - Health & Nutrition	4	
Data Analyst - HVP	8	
Data Entry Technician - Energy	2	
Development Specialist - 211	6	
Director of Administration	14	X
Director of Community Development	14	X
Director of Finance	14	X
Director of Head Start / State Child Development	15	X
Director of Health & Nutrition	14	X
Director of Human Resources	14	X
Director of Operations	14	X
Drafting GIS Specialist	10	
Driver - Food Bank - Health & Nutrition	1	
Early Childhood Educator/Case Manager - EKFRC - Health & Nutrition	6	
East Kern Family Resource Center Program Supervisor - Health & Nutrition	9	
Eligibility Specialist - Energy	8	
Eligibility Technician - Energy	5	
Energy Program Assistant	4	
Enrollment and Attendance Coordinator	8	
Enrollment and Attendance Manager	10	X
Enrollment Specialist	8	
Enrollment Technician	5	
Nutrition Education Technician - WIC	5	
Executive Assistant	10	

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPENSATION SCHEDULE
2024-25
Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
Facilities Specialist - Operations	9	X
Facility Manager - Operations	10	X
Family Advocate	5	
Family Service Coordinator - MCAP - Health & Nutrition	9	
Family Service Specialist - MCAP - Health Nutrition	8	
Family Service Specialist II - MCAP - Health Nutrition	8	
Finance Administrator - Head Start	12	X
Fiscal Coordinator - Energy	9	X
Fiscal Specialist - Head Start	9	
Fiscal Specialist - Operations	7	
Fiscal Technician - Energy	8	
Food Bank Administrative Supervisor	9	
Food Bank Pantry Technician	5	
Food Bank Volunteer Technician	5	
Food Production Driver - Central Kitchen - Health & Nutrition	2	
Food Production Supervisor	7	
Food Service Administrator - Central Kitchen - Health & Nutrition	12	
Food Service Clerk - Central Kitchen - Health & Nutrition	2	
Food Service Manager - Central Kitchen - Health & Nutrition	11	X
Food Service Technician - Central Kitchen - Health & Nutrition	5	
Food Services Supervisor - Central Kitchen - Health & Nutrition	7	
Food Sourcer - Food Bank - Health & Nutrition	7	
Grant Administrator	12	X
Health & Safety Supervisor - HR	10	X
Health Educator - SYC - Community Development	8	
Homeless Food Prep Assistant	2	
Homeless Food Prep Coordinator	6	
Homeless Food Prep Lead	4	
Homeless Services Operations Manager	10	X
Homeless Program Coordinator	8	
Homeless Program Administrator	12	X
Homeless Program Supervisor	9	X
Homeless Shelter Worker	3	
Homeless Volunteer Coordinator	8	
Housing Navigator - CES	6	
Housing Services Navigator	6	
Housing Services Program Manager	10	X
Housing Services Program Specialist	7	

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPENSATION SCHEDULE
2024-25
Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
HR Specialist - HR San Joaquin	9	
Human Resources Administrator - HR	12	X
Human Resources Generalist/Recruiting Supervisor - HR	10	X
Human Resources Manager	11	X
Human Resources Technician - HR	6	
Information and Referral Coordinator - 211/Operations	7	
Information & Referral Specialist I - 211/Operations	4	
Information & Referral Specialist II - 211/Operations	5	
Information Systems Business Analyst I	10	X
Information Systems Business Analyst II	11	X
Information Systems Developer	10	
Information Systems Manager	11	X
Information Systems Specialist I - Operations	8	
Information Systems Specialist II - Operations	9	
Information Technology Administrator	12	X
Information Technology Infrastructure Manager	11	X
Lead Administrative Clerk - Food Bank - Health & Nutrition	3	
Lead Driver- Central Kitchen - Health & Nutrition	3	
Lead Transport Driver	3	
Lead Warehouse Specialist - Food Bank - Health & Nutrition	6	
Local Vendor Specialist - WIC	7	
Maintenance Supervisor - Operations	9	X
Maintenance Technician I - Operations	6	
Maintenance Technician II - Operations	7	
Migrant Childcare Family Services Manager	11	X
Migrant Childcare Outreach Coordinator	9	
Migrant Childcare Outreach Specialist	8	
Migrant Childcare Outreach Technician	6	
Migrant Childcare Subsidized Reimbursement Manager	11	X
Migrant Childcare Quality Assurance Coordinator	9	
Migrant Childcare Quality Assurance Specialist	8	
Migrant Childcare Quality Assurance Technician	5	
Multimedia Specialist	9	
Network Engineer	10	X
Nutrition Education Coordinator - WIC	10	X
Office Assistant - EKFRC - Health Nutrition	1	
Quality Assurance Coordinator - WIC	10	
Operations Supervisor - Food Bank - Health & Nutrition	9	

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPENSATION SCHEDULE
2024-25
Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
Operations Technician - Energy	6	
Outreach & Communications Supervisor	10	
Outreach Specialist - WIC	7	
Outreach Specialist - Energy	6	
Outreach Specialist - Food Bank - Health & Nutrition	6	
Outreach Specialist - VITA	6	
Outreach Specialist - CalFresh	8	
Outreach Specialist - Community Development	8	
Partnership Administrator	12	X
Payroll Specialist - Finance	8	
Payroll Supervisor - Finance	10	X
Payroll/HRIS Administrator - Finance	12	X
Process Improvement Manager	11	
Program Administrator - 211	12	X
Program Administrator - Energy	12	X
Program Administrator - FHCC	12	X
Program Administrator - Food Bank	12	X
Program Administrator - MCAP	12	X
Program Administrator - WIC	14	X
Program Coordinator Coordinated Entry Systems	9	X
Program Educator - FHCC - Comm. Development	8	
Program Educator - Housing Services	6	
Program Manager - Americorps	10	X
Program Manager - Energy	11	X
Program Manager - SYC - Comm. Development	9	X
Program Manager - WIC	12	X
Program Manager VITA - Comm. Development	9	X
Program Specialist Coordinated Entry System	6	
Quality Reviewer - VITA	4	
Receptionist - Administration	3	
Regional Breast Feeding Specialist - WIC	7	
Regional Breast Feeding Liaison Assistant - WIC	4	
Rental Assistance Program Supervisor	9	X
Risk Manager	10	X
Senior Community Development Specialist I	10	X
Senior Community Development Specialist II	11	X
Service Desk Lead	10	
Services Clerk - MCAP - Health & Nutrition	1	

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPENSATION SCHEDULE
2024-25
Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
Shift Leader - Central Kitchen - Health & Nutrition	2	
Site Coordinator - VITA - Community Development	6	
Staff Development Supervisor - WIC	11	
Staffing Specialist - HR	8	
Subsidized Reimbursement Coordinator - MCAP - Health & Nutrition	9	
Subsidized Reimbursement Specialist - MCAP - Health & Nutrition	8	
Utility Assistance & Outreach Manager - Energy	11	X
Utility Assistance Supervisor - Energy	8	
Warehouse Operations Coordinator Food Bank	8	
Warehouse Specialist - Food Bank - Health & Nutrition	5	
Weatherization Assistant Manager - Energy	10	
Weatherization Inspector I - Energy	9	
Weatherization Inspector II - Energy	9	
Weatherization Installer I - Energy	6	
Weatherization Installer II - Energy	7	
Weatherization Manager - Energy	11	X
Weatherization Scheduler	4	
WIC Administrative Coordinator	10	
WIC Degreed Nutritionist - WIC	10	
WIC Nutrition Specialist - WIC	7	
WIC Training Coordinator	10	

Community Action Partnership of Kern
2023-24 - 5.6% COLA

Board Approved: 5/31/2023

Compensation Structure							
Grade	Annual Breakdown*				Hourly Breakdown		
	Minimum	Midpoint	Maximum		Minimum	Midpoint	Maximum
17 ***	$154,148.80	$192,670.40	$221,900.00		$74.11	$92.63	$106.68
16	$134,056.00	$167,523.20	$201,052.80		$64.45	$80.54	$96.66
15	$116,563.20	$145,683.20	$174,844.80		$56.04	$70.04	$84.06
14	$101,337.60	$126,692.80	$152,048.00		$48.72	$60.91	$73.10
13	$88,129.60	$110,156.80	$132,184.00		$42.37	$52.96	$63.55
12	$76,648.00	$95,784.00	$114,961.60		$36.85	$46.05	$55.27
11	$66,664.00	$83,324.80	$99,985.60		$32.05	$40.06	$48.07
10	$57,990.40	$72,446.40	$86,944.00		$27.88	$34.83	$41.80
9 **	$50,356.80	$63,024.00	$75,628.80		$24.21	$30.30	$36.36
8	$43,867.20	$54,787.20	$65,748.80		$21.09	$26.34	$31.61
7	$40,476.80	$47,611.20	$54,787.20		$19.46	$22.89	$26.34
6	$37,648.00	$44,324.80	$50,960.00		$18.10	$21.31	$24.50
5	$35,027.20	$41,225.60	$47,382.40		$16.84	$19.82	$22.78
4	$33,280.00	$38,396.80	$44,137.60		$16.00	$18.46	$21.22
3	$33,280.00	$35,672.00	$41,059.20		$16.00	$17.15	$19.74
2	$33,280.00	$33,280.00	$38,147.20		$16.00	$16.00	$18.34
1	$33,280.00	$33,280.00	$35,464.00		$16.00	$16.00	$17.05

* Based on 2,080 annual hours

** As of 1/1/2022 - Grade 9 is the minimum an exempt employee can be classified

*** Maximum of grade may not exceed Level II of the Federal Executive Schedule (EX)

Updated: 4/30/2024

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPETENCY-BASED COMPENSATION STRUCTURE

2024-25

Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
Administrative Analyst	9	
Administrative Assistant - HS/SCD	6	
Adminstrative Coordinator	9	
Assistant Director - San Joaquin	14	X
Assistant Director of HS/SCD - Program	14	X
Attendance Specialist	8	
Attendance Supervisor	10	
Attendance Technician	6	
CACFP Monitor	9	
Center Based Administrator	14	X
Content Area Specialist - Inclusion	8	
Content Area Specialist - Nutrition	8	
Content Area Specialist- Health	8	
Content Area Specialist- Wellness	8	
Data Analyst Supervisor	10	
Data Entry Clerk	5	
Early Head Start Education Manager	12	X
Early Head Start Partnership Supervisor	10	
Education Supervisor	10	
Enrollment and Attendance Manager	12	X
Enrollment Coordinator	9	
Enrollment Specialist	8	
Enrollment Supervisor	10	
Enrollment Technician	6	
Facility Manager	12	X
Family Engagement Specialist- CAS	8	
Family Engagement Supervisor	10	
Head Start Education Manager	12	X
Health and Nutrition Supervisor	10	
Home Base Manager	12	X
Home Base Supervisor	10	
Home Visiting Coordinator	10	
Home Visiting Initiative Liason	9	
Home Visiting Initiative Program Manager	12	X
Maintenance Manager	12	X
Mentor Coach	9	
Professional Development Coordinator	9	X

COMMUNITY ACTION PARTNERSHIP OF KERN

COMPETENCY-BASED COMPENSATION STRUCTURE

2024-25

Effective March 1, 2024

Job Classification/Position Title	Salary Grade	Exempt Status
Professional Development Manager	12	X
Professional Development Technician	6	
Program Assistant	6	
Program Design and Management Administrator	14	X
Program Governance Coordinator	9	
Program Manager HS/SCD	12	X
Program Services Administrator	14	X
Quality Assurance Administrator	14	X
Quality Assurance Coordinator	9	
Quality Assurance Manager	12	X
Quality Assurance Specialist	8	
Quality Assurance Technician	6	
Site Supervisor I	11	
Site Supervisor II	11	
Support Services Manager	12	X
Wellness and Inclusion Supervisor	10	

Community Action Partnership of Kern
Competency-Based Compensation Schedule
2024-25 - PROPOSED 2.35% COLA

Board Approved: TBD

Compensation Structure							
Grade	Annual Breakdown*				Hourly Breakdown		
	Minimum	Midpoint	Maximum		Minimum	Midpoint	Maximum
18	$159,785.60	$199,721.60	$221,900.00		$76.82	$96.02	$106.68
17	$137,155.20	$171,454.40	$205,753.60		$65.94	$82.43	$98.92
16	$119,475.20	$149,344.00	$179,212.80		$57.44	$71.80	$86.16
15	$105,643.20	$132,038.40	$158,433.60		$50.79	$63.48	$76.17
14	$94,910.40	$118,643.20	$142,355.20		$45.63	$57.04	$68.44
13	$83,137.60	$103,916.80	$124,696.00		$39.97	$49.96	$59.95
12	$74,006.40	$92,497.60	$111,009.60		$35.58	$44.47	$53.37
11	$66,019.20	$82,534.40	$102,336.00		$31.74	$39.68	$49.20
10	$59,051.20	$73,819.20	$88,587.20		$28.39	$35.49	$42.59
9	$52,936.00	$66,164.80	$79,414.40		$25.45	$31.81	$38.18
8	$47,548.80	$59,467.20	$71,344.00		$22.86	$28.59	$34.30
7	$42,868.80	$53,601.60	$64,313.60		$20.61	$25.77	$30.92
6	$39,291.20	$49,129.60	$58,947.20		$18.89	$23.62	$28.34
5	$35,131.20	$43,908.80	$52,707.20		$16.89	$21.11	$25.34
4	$33,280.00	$39,936.00	$47,923.20		$16.00	$19.20	$23.04
3	$33,280.00	$36,420.80	$43,700.80		$16.00	$17.51	$21.01
2	$33,280.00	$33,280.00	$39,977.60		$16.00	$16.00	$19.22
1	$33,280.00	$33,280.00	$33,280.00		$16.00	$16.00	$16.00

Updated 4/30/2024

SEIU BARGAINING UNIT COMPENSATION SCHEDULE
2024-25 PROPOSED 2.35% COLA

Board Approved: TBD

UNIT A								
Head Start Teacher	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Teacher I (Permit)	22.23	22.57	22.91	23.24	23.59	-	-	-
Teacher I	26.11	26.50	26.90	27.31	27.72	-	-	-
Teacher II	30.19	30.64	31.10	31.57	32.05	32.53	33.02	33.51
EHS Teacher								
Teacher I (Permit)	22.23	22.57	22.91	23.24	23.59	-	-	-
Teacher I	26.11	26.50	26.90	27.31	27.72	-	-	-
Teacher II	30.19	30.64	31.10	31.57	32.05	32.53	33.02	33.51
Family Service Worker	23.24	25.64	23.95	24.31	24.68	-	-	-
Family Service Worker (AA/BA)	26.11	26.50	26.90	27.31	27.72	-	-	-
Assistant Teacher	18.64	18.91	19.20	-	-	-	-	-
Classroom Aide	16.75	-	-	-	-	-	-	-
Food Service Worker	17.40	-	-	-	-	-	-	-

UNIT B	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Food Production Driver	18.25	18.52	18.79	19.08	19.36	-	-	-
Lead Production Driver	19.34	19.63	19.93	20.23	20.52	-	-	-
Shift Leader	19.34	19.63	19.93	20.23	20.52	-	-	-
Cook	17.69	17.95	18.22	18.49	18.77	-	-	-
Custodian	16.75	-	-	-	-	-	-	-

UNIT C	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Maintenance Tech I	19.34	19.63	19.93	20.23	20.52	-	-	-
Maintenance Tech II	21.55	21.87	22.21	22.54	22.89	-	-	-

HEAD START DIVISION EDUCATION BASED COMPENSATION SCHEDULE
2024-25 PROPOSED 2.35% COLA

Board Approved: TBD

Head Start Teacher	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Teacher I (Permit)	22.23	22.57	22.91	23.24	23.59	-	-	-
Teacher I	26.11	26.50	26.90	27.31	27.72	-	-	-
Teacher II	30.19	30.64	31.10	31.57	32.05	32.53	33.02	33.51
EHS Teacher								
Teacher I (Permit)	22.23	22.57	22.91	23.24	23.59	-	-	-
Teacher I	26.11	26.50	26.90	27.31	27.72	-	-	-
Teacher II	30.19	30.64	31.10	31.57	32.05	32.53	33.02	33.51
Family Service Worker	23.24	25.64	23.95	24.31	24.68	-	-	-
Family Service Worker (AA/BA)	26.11	26.50	26.90	27.31	27.72	-	-	-
Assistant Teacher	18.64	18.91	19.20	-	-	-	-	-
Classroom Aide	16.75	-	-	-	-	-	-	-
Food Service Worker	17.40	-	-	-	-	-	-	-
Custodian	16.75	-	-	-	-	-	-	-
Early Childhood Educator (Permit)	22.23	22.57	22.91	23.24	23.59	-	-	-
Early Childhood Educator I	26.11	26.50	26.90	27.31	27.72	-	-	-
Early Childhood Educator II	30.19	30.64	31.10	31.57	32.05	32.53	33.02	33.51
Home Visitor - HVP Permit	22.23	22.57	22.91	23.24	23.59	-	-	-
Home Visitor - HVP AA	26.11	26.50	26.90	27.31	27.72	-	-	-
Home Visitor - HVP BA	30.19	30.64	31.10	31.57	32.05	32.53	33.02	33.51
Family Advocate	23.24	25.64	23.95	24.31	24.68	-	-	-
Family Advocate (AA/BA)	26.11	26.50	26.90	27.31	27.72	-	-	-

MEMORANDUM

To: Budget and Finance Committee

From: Tracy Webster, Chief Financial Officer

Date: May 22, 2024

Subject: *Agenda Item 4d*: Agency-Wide Budget Revision #1 – **Action Item**

The proposed revised annual budget for the 2024/25 fiscal year is presented using the following functional categories:

1. Program Services
    - Education
    - Nutrition
    - Energy Conservation
    - Community Services
    - CSBG
2. Support Services
    - Discretionary & Fund Raising
3. Indirect

The annual operating budget (program services and support services) has been revised from $115,646,059 to $125,923,752. The increase is attributed to the following: Head Start COLA, recognition of the no-cost extension for Head Start, Central Kitchen construction, and an increase to CalFood one-time funds for the Food Bank. Attached is the 2024/25 annual budget with category support schedules.

The Indirect budget has been revised from $9,843,096 to $9,903,301 for the five support divisions: Executive, Human Resources, Finance, Operations and Community Development. A projected cost of $115.205 has been added for the anticipated costs associated with the replacement of a UPS system and a maintenance vehicle.

Recommendation

Staff recommends that the Executive Committee approve the revised annual budget for FY 2024/25.

Attachments:

Revised Annual Budget for FY 2024/25
Detail of Budget Revision Changes for FY 2024/25

COMMUNITY ACTION PARTNERSHIP OF KERN
PROPOSED ANNUAL BUDGET 2024/25

	Program Services					Support Services		Indirect
	Education	**Nutrition**	**Energy Conservation**	**Community Services**	**CSBG**	**Discretionary & Fund Raising**	**TOTAL**	
Revenue								
Government Revenue	$ 94,463,892	$ 12,534,655	$ 6,808,169	$ 9,330,767	$ 1,791,327	$ -	$ 124,928,810	$ -
Head Start Subsidy for CACFP	(1,503,663)	1,503,663	-	-	-	-	-	-
Private Revenue	-	50,000	-	-	-	-	50,000	-
Other Revenue	20,000	253,247	-	-	-	99,065	372,312	10,463,856
Donations	-	222,935	-	-	-	2,486	225,421	-
Total Revenue	**$ 92,980,229**	**$ 14,564,500**	**$ 6,808,169**	**$ 9,330,767**	**$ 1,791,327**	**$ 101,551**	**$ 125,576,543**	**$ 10,463,856**
Expenditures								
Salaries	35,316,810	4,921,710	2,341,392	3,941,869	965,801	199,565	47,687,147	5,701,891
Benefits	10,806,110	1,528,360	702,424	1,185,464	255,251	64,865	14,542,474	1,575,103
Travel	685,926	118,007	75,000	66,604	40,290	10,000	995,827	117,750
Space Cost	11,356,609	777,795	238,000	1,401,039	276,199	4,981	14,054,623	180,500
Supplies	1,511,872	147,218	125,000	234,696	26,615	18,850	2,064,251	297,772
Equipment	414,100	-	174,425	7,000	-	-	595,525	122,205
Consultant/Contract	1,378,236	648,910	1,815,857	650,904	10,750	6,000	4,510,657	964,000
Other Operating Costs	1,335,691	451,389	505,338	344,696	44,380	108,975	2,790,469	924,080
Program Costs	22,197,906	4,778,760	227,662	729,421	3,000	-	27,936,749	-
Depreciation	282,174	5,000	-	-	-	(5,000)	282,174	75,000
Indirect	7,694,795	1,187,351	603,071	769,074	169,041	40,524	10,463,856	-
Total Expenditures	**$ 92,980,229**	**$ 14,564,500**	**$ 6,808,169**	**$ 9,330,767**	**$ 1,791,327**	**$ 448,760**	**$ 125,923,752**	**$ 9,958,301**
Gain/(Loss)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (347,209)**	**$ (347,209)**	**$ 505,555**

COMMUNITY ACTION PARTNERSHIP OF KERN
PROPOSED ANNUAL BUDGET 2024/25
BUDGET REVISION #1 (PROPOSED CHANGES)

	Program Services					Support Services		Indirect
	Education	Nutrition	Energy Conservation	Community Services	CSBG	Discretionary & Fund Raising	TOTAL	
Revenue								
Government Revenue	$ 9,238,367	$ 1,019,326	$ -	$ -	$ -	$ -	$ 10,257,693	$ -
Head Start Subsidy for CACFP	-	-	-	-	-	-	-	-
Private Revenue	-	-	-	-	-	-	-	-
Other Revenue	20,000	-	-	-	-	-	20,000	175,261
Donations	-	-	-	-	-	-	-	-
Total Revenue	**$ 9,258,367**	**$ 1,019,326**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 10,277,693**	**$ 175,261**
Expenditures								
Salaries	761,855	84,883	-	-	-	-	846,738	-
Benefits	129,332	26,314	-	-	-	-	155,646	-
Travel	-	-	-	-	-	-	-	-
Space Cost	8,349,825	-	-	-	-	-	8,349,825	-
Supplies	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	115,205
Consultant/Contract	(11,872)	-	-	-	-	-	(11,872)	-
Other Operating Costs	(53,368)	-	-	-	-	-	(53,368)	-
Program Costs	-	815,463	-	-	-	-	815,463	-
Depreciation	-	-	-	-	-	-	-	-
Indirect	82,595	92,666	-	-	-	-	175,261	-
Total Expenditures	**$ 9,258,367**	**$ 1,019,326**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 10,277,693**	**$ 115,205**
Gain/(Loss)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 60,056**

COMMUNITY ACTION PARTNERSHIP OF KERN
APPROVED ANNUAL BUDGET 2024/25

	Program Services					Support Services		Indirect
	Education	**Nutrition**	**Energy Conservation**	**Community Services**	**CSBG**	**Discretionary & Fund Raising**	**TOTAL**	
Revenue								
Government Revenue	$ 85,225,525	$ 11,515,329	$ 6,808,169	$ 9,330,767	$ 1,791,327	$ -	$ 114,671,117	$ -
Head Start Subsidy for CACFP	(1,503,663)	1,503,663	-	-	-	-	-	-
Private Revenue	-	50,000	-	-	-	-	50,000	-
Other Revenue	-	253,247	-	-	-	99,065	352,312	10,288,595
Donations	-	222,935	-	-	-	2,486	225,421	-
Total Revenue	**$ 83,721,862**	**$ 13,545,174**	**$ 6,808,169**	**$ 9,330,767**	**$ 1,791,327**	**$ 101,551**	**$ 115,298,850**	**$ 10,288,595**
Expenditures								
Salaries	34,554,955	4,836,827	2,341,392	3,941,869	965,801	199,565	46,840,409	5,701,891
Benefits	10,676,778	1,502,046	702,424	1,185,464	255,251	64,865	14,386,828	1,575,103
Travel	685,926	118,007	75,000	66,604	40,290	10,000	995,827	117,750
Space Cost	3,006,784	777,795	238,000	1,401,039	276,199	4,981	5,704,798	180,500
Supplies	1,511,872	147,218	125,000	234,696	26,615	18,850	2,064,251	297,772
Equipment	414,100	-	174,425	7,000	-	-	595,525	7,000
Consultant/Contract	1,390,108	648,910	1,815,857	650,904	10,750	6,000	4,522,529	964,000
Other Operating Costs	1,389,059	451,389	505,338	344,696	44,380	108,975	2,843,837	924,080
Program Costs	22,197,906	3,963,297	227,662	729,421	3,000	-	27,121,286	-
Depreciation	282,174	5,000	-	-	-	(5,000)	282,174	75,000
Indirect	7,612,200	1,094,685	603,071	769,074	169,041	40,524	10,288,595	-
Total Expenditures	**$ 83,721,862**	**$ 13,545,174**	**$ 6,808,169**	**$ 9,330,767**	**$ 1,791,327**	**$ 448,760**	**$ 115,646,059**	**$ 9,843,096**
Gain/(Loss)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (347,209)**	**$ (347,209)**	**$ 445,499**

COMMUNITY ACTION PARTNERSHIP OF KERN
PROPOSED ANNUAL BUDGET 2024/25
EDUCATION

	Head Start	State Dept. of Education	San Joaquin COE	County of Kern Home Visit Initiative	Migrant Alternative Payment	TOTAL
Revenue						
Community Services Block Grant (CSBG)	$ -	$ -	$ -	$ -	$ -	**$ -**
Other Government Revenue	48,421,250	11,349,485	2,006,425	4,874,043	27,812,689	**94,463,892**
Head Start Subsidy for CACFP	(1,503,663)	-	-	-	-	**(1,503,663)**
Private Revenue	-	-	-	-	-	**-**
Other Revenue	20,000	-	-	-	-	**20,000**
Donations	-	-	-	-	-	**-**
Total Revenue	**$ 46,937,587**	**$ 11,349,485**	**$ 2,006,425**	**$ 4,874,043**	**$ 27,812,689**	**$ 92,980,229**
Expenditures						
Salaries	20,927,527	7,932,053	1,402,190	2,785,694	2,269,346	**35,316,810**
Benefits	6,462,108	2,364,679	443,732	894,331	641,260	**10,806,110**
Travel	437,326	-	-	232,000	16,600	**685,926**
Space Cost	11,094,609	-	-	96,000	166,000	**11,356,609**
Supplies	1,332,724	-	-	110,148	69,000	**1,511,872**
Equipment	414,100	-	-	-	-	**414,100**
Consultant/Contract	1,307,154	20,982	3,600	25,000	21,500	**1,378,236**
Other Operating Costs	1,113,107	-	-	78,284	144,300	**1,335,691**
Program Costs	29,882	-	-	196,000	21,972,024	**22,197,906**
Depreciation	267,774	-	-	14,400	-	**282,174**
Indirect	3,551,276	1,031,771	156,903	442,186	2,512,659	**7,694,795**
Total Expenditures	**$ 46,937,587**	**$ 11,349,485**	**$ 2,006,425**	**$ 4,874,043**	**$ 27,812,689**	**$ 92,980,229**
Gain/(Loss)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Benefit Rate	30.9%	29.8%	31.6%	32.1%	28.3%	30.6%

COMMUNITY ACTION PARTNERSHIP OF KERN
PROPOSED ANNUAL BUDGET 2024/25
NUTRITION

	WIC	Snap-ED	Child and Adult Care Food Program (CACFP)			Food Bank	TOTAL
			Kern Central Kitchen	San Joaquin Vended Meals	Subtotal CACFP		
Revenue							
Commuity Services Block Grant (CSBG)	$ -	$ -	$ -	$ -	$ -	$ 401,831	**$ 401,831**
Other Government Revenue	4,409,835	1,824,793	1,823,278	203,206	2,026,484	4,273,543	**12,534,655**
Head Start Subsidy for CACFP	-	-	1,282,683	220,980	1,503,663	-	**1,503,663**
Private Revenue	-	-	-	-	-	50,000	**50,000**
Other Revenue	-	-	-	-	-	253,247	**253,247**
Donations	-	-	-	-	-	222,935	**222,935**
Total Revenue	**$ 4,409,835**	**$ 1,824,793**	**$ 3,105,961**	**$ 424,186**	**$ 3,530,147**	**$ 5,201,556**	**$ 14,966,331**
Expenditures							
Salaries	2,553,500	655,319	845,440	-	845,440	1,148,452	**5,202,711**
Benefits	791,585	206,245	258,814	-	258,814	356,016	**1,612,660**
Travel	10,000	33,307	27,000	-	27,000	47,700	**118,007**
Space Cost	420,368	49,627	121,700	-	121,700	186,100	**777,795**
Supplies	43,500	16,887	6,000	-	6,000	80,831	**147,218**
Equipment	-	-	-	-	-	-	**-**
Consultant/Contract	-	648,910	-	-	-	-	**648,910**
Other Operating Costs	177,489	48,608	62,600	-	62,600	162,692	**451,389**
Program Costs	7,500	-	1,618,654	36,247	1,654,901	2,746,894	**4,409,295**
- Vended Meals	-	-	-	369,465	369,465	-	**369,465**
Depreciation	5,000	-	-	-	-	-	**5,000**
Indirect	400,893	165,890	165,753	18,474	184,227	472,871	**1,223,881**
Total Expenditures	**$ 4,409,835**	**$ 1,824,793**	**$ 3,105,961**	**$ 424,186**	**$ 3,530,147**	**$ 5,201,556**	**$ 14,966,331**
Gain/(Loss)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Benefit Rate	31.0%	31.5%	30.6%		30.6%	31.0%	31.0%

COMMUNITY ACTION PARTNERSHIP OF KERN
PROPOSED ANNUAL BUDGET 2024/25
ENERGY CONSERVATION

	Energy Conservation
Revenue	
Community Services Block Grant (CSBG)	$ -
Other Government Revenue	**6,808,169**
Private Revenue	**-**
Other Revenue	**-**
Donations	**-**
Total Revenue	**$ 6,808,169**
Expenditures	
Salaries	**2,341,392**
Benefits	**702,424**
Travel	**75,000**
Space Cost	**238,000**
Supplies	**125,000**
Equipment	**174,425**
Consultant/Contract	**1,815,857**
Other Operating Costs	**505,338**
Program Costs	**227,662**
Depreciation	**-**
Indirect	**603,071**
Total Expenditures	**$ 6,808,169**
Gain/(Loss)	**$ -**
Benefit Rate	**30.0%**

COMMUNITY ACTION PARTNERSHIP OF KERN
PROPOSED ANNUAL BUDGET 2024/25
COMMUNITY SERVICES

	211	Housing Services	E Kern Family Resource Center	Ridgecrest Resource Center	VITA	Vaccine Equity Project	School Community Partnership	Diaper Distribution Pilot	KCCD CERF	Youth Centers	TOTAL
Revenue											
Community Services Block Grant (CSBG)	$ 267,826	$ 225,054	$ 47,732	$ -	$ 192,413	$ -	$ -	$ -	$ -	$ 594,963	**$ 1,327,988**
Other Government Revenue	1,299,790	5,468,477	297,799	176,248	1,163,056	48,333	500,000	83,333	65,090	228,641	**9,330,767**
Private Revenue	-	-	-	-	-	-	-	-	-	-	**-**
Other Revenue	-	-	-	-	-	-	-	-	-	-	**-**
Donations	-	-	-	-	-	-	-	-	-	-	**-**
Total Revenue	**$ 1,567,616**	**$ 5,693,531**	**$ 345,531**	**$ 176,248**	**$ 1,355,469**	**$ 48,333**	**$ 500,000**	**$ 83,333**	**$ 65,090**	**$ 823,604**	**$ 10,658,755**
Expenditures											
Salaries	953,639	2,237,596	187,034	121,503	405,470	8,003	276,069	52,252	41,336	314,328	**4,597,230**
Benefits	288,127	689,990	56,762	30,376	80,194	3,430	85,581	16,198	12,778	86,502	**1,349,938**
Travel	2,370	27,347	10,000	2,000	17,655	-	16,176	500	1,733	14,113	**91,894**
Space Cost	78,000	1,258,207	39,917	9,000	40,625	-	1,325	4,800	1,173	244,191	**1,677,238**
Supplies	45,339	147,500	200	1,500	20,645	-	8,650	-	2,151	32,326	**258,311**
Equipment	-	-	-	-	7,000	-	-	-	-	-	**7,000**
Consultant/Contract	-	7,500	-	-	554,153	32,506	66,745	-	-	750	**661,654**
Other Operating Costs	75,985	135,650	15,125	5,090	99,944	-	-	2,007	-	53,275	**387,076**
Program Costs	-	674,884	-	-	53,237	-	-	-	-	4,300	**732,421**
Depreciation	-	-	-	-	-	-	-	-	-	-	**-**
Indirect	124,156	514,857	36,493	6,779	76,546	4,394	45,454	7,576	5,919	73,819	**895,993**
Total Expenditures	**$ 1,567,616**	**$ 5,693,531**	**$ 345,531**	**$ 176,248**	**$ 1,355,469**	**$ 48,333**	**$ 500,000**	**$ 83,333**	**$ 65,090**	**$ 823,604**	**$ 10,658,755**
Gain/(Loss)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Benefit Rate	30.2%	30.8%	30.3%	25.0%	19.8%	42.9%	31.0%	31.0%	30.9%	27.5%	**29.4%**

COMMUNITY ACTION PARTNERSHIP OF KERN
PROPOSED ANNUAL BUDGET 2024/25
COMMUNITY SERVICES BLOCK GRANT (CSBG)

	Food Bank	211	E Kern	VITA	Youth Ctrs	Housing Services	Program Admin	TOTAL
Revenue								
Community Services Block Grant (CSBG)	$ 401,831	$ 267,826	$ 47,732	$ 192,413	$ 594,963	$ 225,054	$ 61,508	**$ 1,791,327**
Other Government Revenue	-	-	-	-	-			-
Private Revenue	-	-	-	-	-			-
Other Revenue	-	-	-	-	-			-
Donations	-	-	-	-	-			-
Total Revenue	**$ 401,831**	**$ 267,826**	**$ 47,732**	**$ 192,413**	**$ 594,963**	**$ 225,054**	**$ 61,508**	**$ 1,791,327**
Expenditures								
Salaries	281,001	194,782	11,070	87,421	235,135	126,953	29,439	**965,801**
Benefits	84,300	48,696	2,214	19,233	58,784	35,547	6,477	**255,251**
Travel	-	-	4,000	11,000	5,790	4,500	15,000	**40,290**
Space Cost	-	-	15,000	24,400	206,720	30,079	-	**276,199**
Supplies	-	-	200	9,220	9,695	4,500	3,000	**26,615**
Equipment	-	-	-	-	-	-	-	**-**
Consultant/Contract	-	-	-	5,000	750	5,000	-	**10,750**
Other Operating Costs	-	-	-	16,575	25,055	750	2,000	**44,380**
Program Costs	-	-	-	3,000	-	-	-	**3,000**
Depreciation	-	-	-	-	-	-	-	**-**
Indirect	36,530	24,348	15,248	16,564	53,034	17,725	5,592	**169,041**
Total Expenditures	**$ 401,831**	**$ 267,826**	**$ 47,732**	**$ 192,413**	**$ 594,963**	**$ 225,054**	**$ 61,508**	**$ 1,791,327**
Gain/(Loss)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Benefit Rate	**30.0%**	**25.0%**	**20.0%**	**22.0%**	**25.0%**	**28.0%**	**22.0%**	**26.4%**

COMMUNITY ACTION PARTNERSHIP OF KERN
PROPOSED ANNUAL BUDGET 2024/25
DISCRETIONARY FUND & FUND RAISING FUND

	Discretionary	CAPK Foundation	Total
Revenue			
Community Services Block Grant (CSBG)	$ -	$ -	**$ -**
Other Government Revenue	-	-	**-**
Private Revenue	-	-	**-**
Other Revenue	-	66,065	**66,065**
Donations	2,486	-	**2,486**
Transfer Released From Restriction	(347,209)	347,209	**-**
Total Revenue	**$ (344,723)**	**$ 413,274**	**$ 68,551**
Expenditures			
Salaries	-	199,565	**199,565**
Benefits	-	64,865	**64,865**
Travel	-	10,000	**10,000**
Space Cost	2,000	2,981	**4,981**
Supplies	-	18,850	**18,850**
Equipment	-	-	**-**
Consultant/Contract	-	6,000	**6,000**
Other Operating Costs	5,260	103,715	**108,975**
Program Costs	-	-	**-**
Depreciation	(5,000)	-	**(5,000)**
Indirect	226	40,298	**40,524**
Total Expenditures	**$ 2,486**	**$ 446,274**	**$ 448,760**
Fund Balance	-	33,000	**33,000**
Gain/(Loss)	**$ (347,209)**	**$ -**	**$ (347,209)**
Benefit Rate	0.0%	32.5%	**32.5%**

COMMUNITY ACTION PARTNERSHIP OF KERN
PROPOSED ANNUAL BUDGET 2024/25
INDIRECT FUND

	Human Resources	Operations	Executive	Finance	Community Development	TOTAL
Revenue						
Community Services Block Grant (CSBG)	$ -	$ -	$ -	$ -		**$ -**
Other Government Revenue	-	-	-	-		**-**
Private Revenue	-	-	-	-		**-**
Other Revenue	-	-	-	-		**10,463,856**
Donations	-	-	-	-		**-**
Total Revenue	**$ -**	**$ -**	**$ -**	**$ -**		**$ 10,463,856**
Expenditures						
Salaries	981,292	1,734,146	429,259	1,888,413	668,781	**5,701,891**
Benefits	294,388	468,220	133,070	472,103	207,322	**1,575,103**
Travel	9,000	37,000	27,200	21,000	23,550	**117,750**
Space Cost	-	180,500	-	-	-	**180,500**
Supplies	87,000	108,000	17,500	40,000	45,272	**297,772**
Equipment	-	115,205	-	-	7,000	**122,205**
Consultant/Contract	103,500	248,000	16,500	523,000	73,000	**964,000**
Other Operating Costs	83,630	551,850	95,900	55,900	136,800	**924,080**
Program Costs	-	-	-	-		**-**
Depreciation	-	75,000	-	-		**75,000**
Indirect	-	-	-	-		**-**
Total Expenditures	**$ 1,558,810**	**$ 3,517,921**	**$ 719,429**	**$ 3,000,416**	**$ 1,161,725**	**$ 9,958,301**
Gain/(Loss)						**$ 505,555**
Benefit Rate	30.0%	27.0%	31.0%	25.0%	31.0%	**27.6%**

COMMUNITY ACTION PARTNERSHIP OF KERN
PROPOSED ANNUAL BUDGET 2024/25
INDIRECT FUND - FIVE YEAR HISTORY

Line Items	FY 2019/20 Budget	FY 2020/21 Budget	FY 2021/22 Budget	FY 2022/23 Budget	FY 2023/24 Budget	PROPOSED FY 2024/25 Budget	% Change 2024/25 Budget to 2023/24 Budget
Revenue	$ 5,799,844	$ 6,862,349	$ 7,471,110	$ 7,917,489	$ 10,107,416	$ 10,463,856	3.5%
Expenditures							
Personnel Costs							
Salaries	3,070,550	3,601,982	3,983,144	4,342,212	4,684,733	5,701,891	21.7%
Benefits	756,241	875,486	931,312	982,302	1,216,557	1,575,103	29.5%
Benefit Rate	*24.6%*	*24.3%*	*23.4%*	*22.6%*	*26.0%*	*27.6%*	
Total Personnel Costs	$ 3,826,791	$ 4,477,468	$ 4,914,456	$ 5,324,514	$ 5,901,290	$ 7,276,994	23.3%
	72.5%	*71.2%*	*71.9%*	*70.0%*	*59.3%*	*73.1%*	
Operating Costs							
Travel	93,650	56,750	62,350	71,150	88,000	117,750	33.8%
Space Costs	186,800	193,300	206,370	215,700	386,450	255,500	-33.9%
Supplies	166,500	119,400	150,200	195,000	264,650	297,772	12.5%
Equipment	-	-	196,000	-	200,000	122,205	-38.9%
Consultant/Contract	659,100	1,144,066	956,000	1,288,000	1,049,000	964,000	-8.1%
Other Operating Costs	345,050	298,600	352,750	511,107	780,300	924,080	18.4%
Total Operating Costs	$ 1,451,100	$ 1,812,116	$ 1,923,670	$ 2,280,957	$ 2,768,400	$ 2,681,307	-3.1%
	27.5%	*28.8%*	*28.1%*	*30.0%*	*31.9%*	*26.9%*	
Total Expenditures	$ 5,277,891	$ 6,289,584	$ 6,838,126	$ 7,605,471	$ 8,669,690	$ 9,958,301	14.9%
Excess Indirect Revenue	$ 521,953	$ 572,765	$ 632,984	$ 312,018	$ 1,437,726	$ 505,555	-64.8%

RECAP - EXPENDITURES BY SUPPORT DIVISION	FY 2019/20 Budget	FY 2020/21 Budget	FY 2021/22 Budget	FY 2022/23 Budget	FY 2023/24 Budget	PROPOSED FY 2024/25 Budget	% Change 2024/25 Budget to 2023/24 Budget
Operations	$ 1,355,800	$ 2,113,869	$ 2,324,790	$ 2,272,794	$ 2,952,565	$ 3,517,921	19.1%
Human Resources	1,034,632	917,844	1,262,307	1,288,307	1,302,127	1,558,810	19.7%
Finance	1,563,775	1,757,619	1,786,550	2,256,840	2,550,906	3,000,416	17.6%
Community Development	705,930	-	-	-	1,329,568	1,161,725	-12.6%
Executive	612,204	1,145,335	1,133,815	1,337,079	534,524	719,429	34.6%
TOTAL	$ 5,272,341	$ 5,934,667	$ 6,507,462	$ 7,155,020	$ 8,669,690	$ 9,958,301	14.9%

COMMUNITY ACTION PARTNERSHIP OF KERN
PROPOSED ANNUAL BUDGET 2024/25
AGENCY-WIDE - FIVE YEAR HISTORY

EXPENDITURES BY PROGRAM SERVICE	FY 2019/20 Budget	FY 2020/21 Budget	FY 2021/22 Budget	FY 2022/23 Budget	FY 2023/24 Budget	PROPOSED FY 2024/25 Budget	% Change 2024/25 Budget to 2023/24 Budget
Education	$ 54,886,617	$ 60,024,566	$ 61,574,517	$ 61,141,000	$ 88,094,416	$ 92,980,229	5.5%
Nutrition	8,687,954	9,221,197	9,378,845	24,852,123	19,219,609	14,564,500	-24.2%
Energy Conservation	5,746,308	6,867,228	6,424,164	6,322,316	5,421,814	6,808,169	25.6%
Community Services	1,549,312	4,715,591	4,764,987	6,414,298	9,562,696	9,330,767	-2.4%
CSBG	1,489,531	1,489,531	1,535,543	1,530,496	1,791,327	1,791,327	0.0%
Discretionary & Fund Raising	41,233	203,689	284,270	311,758	3,423,525	448,760	-86.9%
COVID Response	-	-	4,259,035	3,602,032	-	-	0.0%
Total Annual Budget	$ 72,400,955	$ 82,521,802	$ 88,221,361	$ 104,174,023	$ 127,513,387	$ 125,923,752	-1.2%

RECAP - EXPENDITURES BY CATEGORY	FY 2019/20 Budget	FY 2020/21 Budget	FY 2021/22 Budget	FY 2022/23 Budget	FY 2023/24 Budget	PROPOSED FY 2024/25 Budget	% Change 2024/25 Budget to 2023/24 Budget
Salaries	$ 30,816,989	$ 33,631,062	$ 38,932,538	$ 38,578,242	$ 46,717,452	$ 47,687,147	2.1%
Benefits	9,792,653	10,374,228	11,352,568	11,160,531	14,052,314	14,542,474	3.5%
Travel	604,666	814,611	723,003	721,930	943,184	995,827	5.6%
Space Cost	7,496,553	10,436,885	8,378,137	23,204,587	16,448,026	14,054,623	-14.6%
Supplies	2,343,556	2,061,180	2,639,488	3,253,861	3,090,339	2,064,251	-33.2%
Equipment	99,000	92,760	291,353	831,379	1,806,455	595,525	-67.0%
Consultant/Contract	2,765,704	4,177,786	4,224,507	3,795,550	3,767,972	4,510,657	19.7%
Other Operating Cost	2,805,782	2,720,184	2,571,193	3,452,283	2,800,371	2,790,469	-0.4%
Program Costs	9,513,508	11,039,753	11,336,024	11,277,182	27,462,618	27,936,749	1.7%
Depreciation	362,700	311,004	301,440	301,440	317,240	282,174	-11.1%
Indirect	5,799,844	6,862,349	7,471,110	7,597,038	10,107,416	10,463,856	3.5%
TOTAL	$ 72,400,955	$ 82,521,802	$ 88,221,361	$ 104,174,023	$ 127,513,387	$ 125,923,752	-1.2%

MEMORANDUM

To: Budget and Finance Committee

From: Pritika Ram, Chief Business Development Officer

Date: May 22, 2024

Subject: *Agenda 4e:* 2-1-1 Call Center - United Way of Kings County FY 2024-2027 Service Agreement - **Action Item**

The 2-1-1 Kern Call Center program operates around the clock, providing residents with free, comprehensive information and connections to health and human services in Kern County and beyond. They extend support to other United Way partnerships in the Central Valley, like the United Way of Kings County, by offering back-office assistance. Through a services agreement, trained specialists ensure coverage for 211 calls during off-hours, holidays, and weekends.

Currently, the program is in the process of renewing its services contract for another three years, spanning from July 1, 2024, to June 31, 2027. Detailed information regarding the scope of services, reporting, and pricing based on call volume can be found in the enclosed service contract.

Recommendation:

Staff recommend the Budget and Finance Committee authorize the entry into a services contract with the United Way of Kings County for 2-1-1 Call Center services for the fiscal years 2024-2027.

Attachment

FY 2024-27 United Way of Kings County Service Agreement

Community Action Partnership of Kern
1300 18th Street, Suite 200 • Bakersfield, CA 93301
P: (661) 336-5236 F: (661) 336-5228

CONTRACT FOR SERVICES AGREEMENT

This Contract for Services Agreement ("Agreement") is made and entered into as of July 1, 2024, by and between: Kings United Way ("KUW"), and Community Action Partnership of Kern ("CAPK"). This agreement assumes that call, text, and chat volume will remain within the Tier 1 Pricing metrics (see attachment/exhibit A). When inquiries handled exceed Tier 3 range, 211 Kern will initiate discussions with KUW for renegotiation of the annual fee.

In consideration of mutual promises and agreements of the parties as herein set forth, Contractor (CAPK) and Client (KUW) agrees as follows:

1. DESCRIPTION OF SERVICES.

CAPK:

A. CAPK agrees to provide trained Information & Referral (I&R) Specialists who will provide 211 call center coverage for the Client after hours, holidays, and weekends at CAPK's Kern County site.

B. Pay all required payroll taxes including, but not limited to, Workers' Compensation, for all staff providing 211 Call Center Coverage for CAPK.

C. Maintain a campaign for the Client in its Telephony System domain. CAPK will submit invoices to the Client no later than the fifteenth (15th) of the month for the preceding month.

D. CAPK will allow time for the Client to provide training for 211 Kern staff that is specific to Kings County needs and requirements and to provide information about Kings County communities. CAPK will work with the Client to schedule training dates and times.

E. CAPK will provide KUW Supervisor with telephony system monthly reports which include but are not limited to:

a. Call Log Reports

i. Number of Calls Received

ii. Number of Calls Handled

iii. Number of Calls Dropped

iv. Average Handle Time

v. Average Speed of Answer

F. CAPK 211 Kern Program Manager and/or Division Director are available for conference calls and in-person meetings when needed. Both parties will work to schedule dates and times that are most convenient.

Client:

A. Provide CAPK with access to 211 Kings County resource database. Different levels of access will include Trainee, Standard, Enhanced, Supervisor and Administration.

B. Update its iCarol database so 211 Kern I&R Specialists can provide updated and accurate referrals/resources to Kings County residents.

C. Conduct follow-up calls for Kings County callers and will be responsible for outreach.

D. Provide CAPK with Client Language Line account number to access this service for non-English/Spanish Kings County callers.

E. Inform CAPK of any relevant marketing, outreach or Public Information Campaign efforts that would result in an increase in calls from the Client's home county.

F. Participate in meetings/conference calls, as needed, with CAPK staff to discuss issues/concerns relating to the implementation of this agreement.

2. COMMUNICATIONS REGARDING SYSTEM ISSUES

- CAPK will notify KUW immediately when the Telephony System, or CRM or goes down. Whether the issue originates within CAPK (internet outage), Five9, or iCarol, KUW will be informed about action being taken and the anticipated time service is expected to be resumed. If the issue originated within CAPK and it is expected that a resolution will take more than 30 minutes, CAPK 211 staff will be relocated to an alternate CAPK location and will perform work using laptops.
- Primary Contact for CAPK: Chief Business Development Officer, Pritika Ram

  Secondary Contact for CAPK: 211 Program Administrator, Sabrina Jones-Roberts
- Primary Contact for KUW: Executive Director, Nanette Villarreal

  Secondary Contact for KUW: Program Coordinator, Erika Lopez

3. DISASTER EVENT IN KINGS COUNTY UNITED WAY

- In the event of a disaster or KUW anticipates that a disaster is likely in Kings County, KUW will contact CAPK to provide local information and updates in an easy to relate format for staff.
- If a major event/disaster affecting Kings County leads to a substantial call surge, CAPK will attempt to contact both primary and secondary KUW contacts.
  - Disaster Mode will be confirmed to CAPK by KUW. CAPK is not able to activate Disaster Mode without confirmation from KUW.
  - KUW will maintain updated disaster resources in its iCarol database and will also provide CAPK, via e-mail to 211@capk.org, with real time information as it becomes available.
  - CAPK commits to upholding the primary relationship of KUW and Kings County local emergency services organizations and will only contact the emergency organizations directly when KUW contacts are not available or when advised to do so by KUW staff.
  - Data collection for calls during Disaster Mode will be limited to the following information:
    - ✓ Date of Call
    - ✓ Time of Call
    - ✓ Caller's city
    - ✓ Reason for call
  - CAPK will make every effort to provide a high level of service during disaster, but service level expectation will be suspended during periods of unexpected call surges.
  - KUW and CAPK agree that activating in Disaster Mode may result in additional expenses being incurred by CAPK to support disaster level services for Kings County. KUW agrees to reimburse CAPK for reasonable expenses incurred by CAPK related to the provision of services to 211 Kings County while in Disaster Mode.

4. ADDITIONAL PROJECTS

- KUW commits to providing ample advance warning on activities that may lead to changes in call volume (outreach, etc.) and on special project development.
- If/when special project is developed, KUW commits to providing the following information to CAPK so a budget for the project can be developed if it is determined that the project will lead to a change in call volume during/after the project period and/or will lead to longer handle time for Kings County callers:
  - ✓ Description of special project including any outreach
  - ✓ Description of any additional data collection requirements
  - ✓ Anticipated change in call volume during/after the project period
  - ✓ If there are budget implications, it will be approved ahead of time by KUW and CAPK. A startup fee may apply to all additional service requests.

5. **LOCATION FOR SERVICES.** CAPK's 211 Call Center is located at 300 18th Street, Suite 200, Bakersfield, CA 93301.

6. **PAYMENT FOR SERVICES.** Payment for services shall be $26,413 in the first year invoiced at $2,201 per month for the scope (see attachment/Exhibit A). This fee will increase annually by 5% per 1,000 calls over contracted amount (year 2 fee is $27,205 and year 3 fee is $28,021). CAPK will send all invoices to:

   Nanette Villarreal, Executive Director nanettev@kingsunitedway.org
   Kings United Way, (KUW)
   125 W. Seventh Street, Hanford, CA 93274

7. **TERM/TERMINATION.** The term of this Agreement shall begin on 7/1/2024 through 06/31/2027. This contract may be terminated with or without case upon (90) days written notice of either party to this agreement. Amendments to this agreement shall be made by written mutual agreement between CAPK and the Client.

8. **OPTION TO RENEW.** This agreement may be renewed for an additional thirty-six (36) months upon agreement between CAPK and KUW.

9. **HOLDING OVER.** Any hold-over after the expiration date of this Agreement shall be construed as a month-to-month agreement until the Description of Services has been completed, or otherwise in accordance with the terms hereof as applicable.

10. **INSURANCE.** CAPK maintains General Liability Insurance and is responsible for maintaining any public liability, property damage, Workers' Compensation Coverage, and fire insurance.

11. **HOLD HARMLESS/INDEMNIFICATION.** CAPK agrees to indemnify, defend and hold harmless KUW from any and all liabilities, including attorney's fees, arising out of or in any way related to CAPK's performance of services for KUW, as fully as is permitted by the laws of the State of California. KUW agrees to indemnity, defend, and hold harmless CAPK from any and all liabilities, including attorney's fees, arising out of or in any way related to KUW performance, as fully as is permitted by the laws of the State of California.

12. **NOTICES.** Any notice or notices required or permitted to be given pursuant to this agreement may be personally served on the other party by the party giving such notice, or may be served via certified mail, return receipt requested, to the address set forth in this Agreement.

13. **RELATIONSHIP OF PARTIES.** While engaged in carrying out and complying with terms and conditions of this Agreement, the Client is an independent organization and not an officer, employee, or agent of CAPK.

14. **APPLICABLE LAW.** The Laws of the State of California shall govern this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date hereinabove first written.

COMMUNITY ACTION PARTNERSHIP OF KERN (CAPK)	**KINGS UNITED WAY (KUW)**
Signature: _____	**Signature**_____
Printed Name: _____	**Printed Name:** _____
Title:_____	**Title:**_____
Date:_____	**Date:**_____

Exhibit A

Community Action Partnership of Kern | 2-1-1 Call Center
United Way of Kings County Proposed Fee Schedule

Year 1 - United Way Kings County Proposed New Fee Schedule

	Calls Handled/Year	Annual Contract Amount	Monthly Invoice Amt
Tier 1	0 to 3,000	$ 26,413	$ 2,201
Tier 2	3,001 to 5,000	$ 27,205	$ 2,267
Tier 3	5,001 to 8,000	$ 28,021	$ 2,335
Tier 4	8,001 +	$ 29,422	$ 2,452

Year 2 - United Way Kings County Proposed New Fee Schedule

	Calls Handled/Year	Annual Contract Amount	Monthly Invoice Amt
Tier 1	0 to 3,000	$ 27,205	$ 2,267
Tier 2	3,001 to 5,000	$ 28,021	$ 2,335
Tier 3	5,001 to 8,000	$ 28,862	$ 2,405
Tier 4	8,001 +	$ 30,305	$ 2,525

Year 3 - United Way Kings County Proposed New Fee Schedule

	Calls Handled/Year	Annual Contract Amount	Monthly Invoice Amt
Tier 1	0 to 3,000	$ 28,021	$ 2,335
Tier 2	3,001 to 5,000	$ 28,862	$ 2,405
Tier 3	5,001 to 8,000	$ 29,728	$ 2,477
Tier 4	8,001 +	$ 31,214	$ 2,601

MEMORANDUM

To: Budget & Finance Committee



From: Wilfredo Cruz, Energy Program Administrator

Date: May 22, 2024

Subject: *Agenda Item 4f:* Resolution to Approve the Submission of the 2024 Supplemental Low-Income Home Energy Assistance Program (SLIHEAP) Contract 24Q-2561 – **Action Item**

On May 16, 2024, our agency received the 2024 SLIHEAP grant award from the Department of Community Services and Development (CSD). This grant is supported by the United States Department of Health and Human Services under the Infrastructure Investment and Jobs Act (IIJA). The contract period will run from May 1, 2024, through May 31, 2025 with a total allocation of $325,163.00.

The contract allows CAPK's Energy Program to assist eligible low-income Kern County households with their heating and cooling energy costs payment assistance at no cost to the participants. This contract does not provide funds for weatherization, only utility assistance. The contract supports federal and state efforts to address the concerns of rising energy prices and to assist low-income households with heating and cooling costs. The work being completed connects to CAPK's mission and Strategic Goal 3, advancing economic empowerment and financial stability for low-income people in the community we serve.

In order to execute this contract a Board Resolution must be submitted with the contract package.

Recommendation:

Staff recommends that the Board of Directors approve, with Resolution, the 2024 SLIHEAP contract number 24Q-2561 and authorize the Chief Executive Officer to execute the contract and any future amendments throughout the duration of the contract term.

Attachments:

Resolution #2024-04
CSD 2022 SLIHEAP Contract #24Q-2561

RESOLUTION #2024-04

A Resolution of the Board of Directors of Community Action Partnership of Kern Approving the Submission of the 2024 SLIHEAP Contract

The Board of Directors of Community Action Partnership of Kern located at 1300 18th St., Suite 200, Bakersfield, CA 93301, met on May 29, 2024, in Bakersfield, California at a regular scheduled Board meeting and resolved as follows:

WHEREAS, Community Action Partnership of Kern (CAPK) is a private, non-profit 501(c)(3) corporation established as a result of the Economic Opportunity Act of 1964, and is the federally designated community action agency serving the low-income, elderly and disadvantaged residents of Kern County; and

WHEREAS, CAPK is charged with the responsibility of continuing the battle to alleviate poverty in Kern County by developing and implementing creative and innovative programs, and has adopted the philosophical position of "Helping People, Changing Lives' in its quest to assist people in need, and families with minimal or no resources; and

WHEREAS, the State of California Department of Community Services and Development has made available SLIHEAP funds for 2024; and

WHEREAS, the State of California Department of Community Services and Development has offered a 2024 SLIHEAP Contract to the Partnership; and

WHEREAS, the State of California Department of Community Services and Development requires that an authorized signatory be named for the 2024 SLIHEAP contract.

NOW, THEREFORE, be it resolved that the CAPK Board of Directors hereby authorizes the Chief Executive Officer, to act on behalf of the Board as the Partnership's representative signatory with regard to the submission of the 2024 SLIHEAP Contract and any subsequent amendments during the contract period.

APPROVED by a majority vote of the Board of Directors of Community Action Partnership of Kern, this 29th day of May 2024.

Fred Plane, Chair
CAPK Board of Directors

Date

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

State of California-Health and Human Services Agency
DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT
2389 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833
Telephone: (916) 576-7109 | Fax: (916) 263-1406
www.csd.ca.gov

JASON WIMBLEY
ACTING DIRECTOR

GAVIN NEWSOM
GOVERNOR

May 14, 2024

Dear Executive Director:

The purpose of this letter is to inform Local Service Providers (LSPs) that the Department of Community Services and Development (CSD) is releasing contracts for the 2024 Supplemental Low Income Home Energy Assistance Program (2024 SLIHEAP). With the issuance of the 2024 SLIHEAP contract CSD is releasing the full grant amount of $5,660,966 to LSPs.

To prepare for the issuance of 2024 SLIHEAP contracts, CSD contacted LSPs who were scheduled to receive a reduced SLIHEAP allocation based on expenditure performance determinations under the 2023 SLIHEAP contract, to confirm preference for accepting or declining the modified (reduced) 2024 SLIHEAP contract allocation. For LSPs who elected to decline a 2024 SLIHEAP contract allocation, the contract allocation will be redistributed to LSPs achieving an “A” performance status in accordance with expenditure performance provisions of the 2023 SLIHEAP contract. For LSPs that did not respond to the communication, CSD will move to issue a 2024 SLIHEAP contract in the amount of the modified allocation.

If you have any questions, please contact your Field Representative.

Sincerely,

Daphne Hunt

DAPHNE HUNT
Deputy Director of Programs

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

2024 SLIHEAP Contract Checklist

General Comments and Requirements:

Please contact your assigned Field Operations Representative immediately for assistance if this Agreement requires corrections. Agencies are required to utilize DocuSign to sign this Agreement. Please fill out and submit CSD 489 (DocuSign Contact Update Form) if you have not yet initialized DocuSign® with the California Department of Community Services and Development (CSD).

Contract Packet:

The following completed documents/forms must be returned to CSD in the Agreement packet within 30 days (45 days for public agencies). Please use the checkboxes below to indicate the documents/forms are included:

- ☐ Contract Face Sheet (STD 213) signed by individual authorized on Board Resolution.
- ☐ Federal Funding Accountability and Transparency Act (FFATA) Form
- ☐ Certification Regarding Lobbying Form
- ☐ Contractor Certification Clauses (CCC) Form
- ☐ Insurance or Self-Insurance. Please attach current evidence of insurance if not already on file with CSD.
- ☐ Board resolution. (Not applicable if a general board resolution has already been submitted and is not specific to the program, program year, or contract number, and does not contain any changes.)

Programmatic Contract Requirements (as applicable):

- ☐ SLIHEAP Production Plan (CSD 622S).

Please return both completed contract packets within 30 days (45 days for public agencies) to:

All forms are located on the Forms page under the Energy Contract tab on the Local Agencies Portal at https://agencies.csd.ca.gov.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

INFRASTRUCTURE INVESTMENT & JOBS ACT ALLOCATION SPREADSHEET

State of California
Department of Community Services and Development
Total 2024 SLIHEAP Allocation
Facesheet

County/Service Territory	Contract Number	Direct Services: Weatherization: Initial WX Program	Direct Services: Weatherization: Delayed WX Program	Direct Services: Weatherization: WX Program Subtotal	Direct Services: Administration/Assurance 16/ECIP/HEAP: Allowable Admin	Direct Services: Administration/Assurance 16/ECIP/HEAP: Allowable A16	Direct Services: Administration/Assurance 16/ECIP/HEAP: ECIP/HEAP Program	Direct Services: Administration/Assurance 16/ECIP/HEAP: Admin/A16/ ECIP/HEAP Subtotal	Utility Assistance: ECIP FT/HEAP G&E Program Subtotal	Total Contract Allocation
1 Alameda County - Spectrum Community Services, Inc.	24Q-2550	0	0	0	2,722	2,722	7,349	12,793	41,642	54,435
2 Amador/Tuolumne Service Territory - Amador-Tuolumne CAA										
Amador County		0	0	0	526	526	1,419	2,471	8,043	10,514
Calaveras County		0	0	0	778	778	2,100	3,656	11,899	15,555
Tuolumne County		0	0	0	1,470	1,470	3,969	6,909	22,492	29,401
Service Territory Total	24Q-2551	0	0	0	2,774	2,774	7,488	13,036	42,434	55,470
3 Butte County - CAA of Butte County, Inc.	24Q-2552	0	0	0	4,168	4,168	11,254	19,590	63,770	83,360
4 Colusa Service Territory - Glenn County Community Action Department										
Colusa County		0	0	0	235	235	634	1,104	3,590	4,694
Glenn County		0	0	0	333	333	900	1,566	5,103	6,669
Trinity County		0	0	0	248	248	669	1,165	3,790	4,955
Service Territory Total	24Q-2553	0	0	0	816	816	2,203	3,835	12,483	16,318
5 Contra Costa Co. - Contra Costa Employment & Human Services Dept/CSB	24Q-2554	0	0	0	5,578	5,578	15,062	26,218	85,349	111,567
6 Del Norte County - Del Norte Senior Center, Inc.	24Q-2555	0	0	0	1,523	1,523	4,113	7,159	23,310	30,469
7 El Dorado Service Territory - El Dorado Co. Health & Human Services Agency										
Alpine County		0	0	0	51	51	138	240	783	1,023
El Dorado County		0	0	0	3,632	3,632	9,806	17,070	55,567	72,637
Service Territory Total	24Q-2556	0	0	0	3,683	3,683	9,944	17,310	56,350	73,660
8 Fresno County - Fresno County Economic Opportunities Commission	24Q-2557	0	0	0	13,484	13,484	36,407	63,375	206,306	269,681
9 Humboldt Service Territory - Redwood CAA										
Humboldt County		0	0	0	3,758	3,758	10,146	17,662	57,490	75,152
Modoc Co. (WEATHERIZATION/ASSURANCE 16)		0	0	0	0	0	0	0	0	0
Service Territory Total	24Q-2558	0	0	0	3,758	3,758	10,146	17,662	57,490	75,152
10 Imperial Service Territory - Campesinos Unidos, Inc.										
Imperial County		0	0	0	1,773	1,773	4,788	8,334	27,129	35,463
San Diego County - Area A		0	0	0	9,715	9,715	26,229	45,659	148,633	194,292
Service Territory Total	24Q-2559	0	0	0	11,488	11,488	31,017	53,993	175,762	229,755
11 Inyo Service Territory - Inyo Mono Advocates for Community Action, Inc.										
Inyo County		0	0	0	349	349	944	1,642	5,348	6,990
Mono County		0	0	0	439	439	1,186	2,064	6,722	8,786
Service Territory Total	24Q-2560	0	0	0	788	788	2,130	3,706	12,070	15,776
12 Kern County - Community Action Partnership of Kern	24Q-2561	0	0	0	16,258	16,258	43,897	76,413	248,750	325,163
13 Kings County - Kings Community Action Organization, Inc.	24Q-2562	0	0	0	1,631	1,631	4,403	7,665	24,953	32,618
14 Lake Service Territory - North Coast Energy Services, Inc.										
Lake County		0	0	0	2,165	2,165	5,845	10,175	33,123	43,298
Mendocino County		0	0	0	2,614	2,614	7,058	12,286	39,994	52,280
Napa County		0	0	0	1,085	1,085	2,931	5,101	16,602	21,703
Solano County		0	0	0	2,851	2,851	7,698	13,400	43,625	57,025
Sonoma County		0	0	0	4,561	4,561	12,316	21,438	69,788	91,226
Yolo County		0	0	0	2,277	2,277	6,149	10,703	34,842	45,545
Service Territory Total	24Q-2563	0	0	0	15,553	15,553	41,997	73,103	237,974	311,077
15 Lassen County - Lassen Economic Development Corporation	24Q-2564	0	0	0	1,177	1,177	3,178	5,532	18,008	23,540
Los Angeles County										
16 Area A - Maravilla Foundation	24Q-2565	0	0	0	21,676	21,676	58,523	101,875	331,628	433,503
17 Area B - Pacific Asian Consortium in Employment	24Q-2566	0	0	0	17,783	17,783	48,015	83,581	272,079	355,660
18 Area C - Long Beach Community Action Partnership	24Q-2567	0	0	0	15,212	15,212	41,072	71,496	232,742	304,238
19 Madera County - Community Action Partnership of Madera County, Inc.	24Q-2568	0	0	0	1,958	1,958	5,286	9,202	29,952	39,154

INFRASTRUCTURE INVESTMENT & JOBS ACT ALLOCATION SPREADSHEET

State of California
Department of Community Services and Development
Total 2024 SLIHEAP Allocation
Facesheet

County/Service Territory	Contract Number	Direct Services: Weatherization: Initial WX Program	Direct Services: Weatherization: Delayed WX Program	Direct Services: Weatherization: WX Program Subtotal	Direct Services: Administration/Assurance 16/ECIP/HEAP: Allowable Admin	Direct Services: Administration/Assurance 16/ECIP/HEAP: Allowable A16	Direct Services: Administration/Assurance 16/ECIP/HEAP: ECIP/HEAP Program	Direct Services: Administration/Assurance 16/ECIP/HEAP: Admin/A16/ ECIP/HEAP Subtotal	Utility Assistance: ECIP FT/HEAP G&E Program Subtotal	Total Contract Allocation
20 Marin County - Community Action Marin (NON WEATHERIZATION/ASSURANCE 16)	24Q-2569	0	0	0	1,089	1,089	2,941	5,119	16,666	21,785
21 Mariposa County - County of Mariposa Health and Human Services Agency	24Q-2570	0	0	0	0	0	0	0	0	0
22 Merced County - Merced County CAA	24Q-2571	0	0	0	3,333	3,333	8,998	15,664	50,988	66,652
23 Modoc - T.E.A.C.H. Inc. (NON WEATHERIZATION/ASSURANCE 16)	24Q-2572	0	0	0	142	142	383	667	2,167	2,834
24 Orange County - Community Action Partnership of Orange County	24Q-2573	0	0	0	11,897	11,897	32,123	55,917	182,029	237,946
25 Placer Service Territory - Project GO, Inc.										
Nevada County		0	0	0	2,876	2,876	7,764	13,516	43,996	57,512
Placer County		0	0	0	3,388	3,388	9,147	15,923	51,834	67,757
Service Territory Total	24Q-2574	0	0	0	6,264	6,264	16,911	29,439	95,830	125,269
26 Plumas Service Territory - Plumas Co. Community Development Commission										
Plumas County		0	0	0	318	318	860	1,496	4,870	6,366
Sierra County		0	0	0	58	58	156	272	880	1,152
Service Territory Total	24Q-2575	0	0	0	376	376	1,016	1,768	5,750	7,518
27 Riverside County - Community Action Partnership of Riverside County	24Q-2576	0	0	0	15,717	15,717	42,437	73,871	240,473	314,344
28 Sacramento Service Territory - Community Resource Project, Inc.										
Sacramento County		0	0	0	14,133	14,133	38,160	66,426	216,243	282,669
Sutter County		0	0	0	1,250	1,250	3,376	5,876	19,132	25,008
Yuba County		0	0	0	1,381	1,381	3,728	6,490	21,125	27,615
Service Territory Total	24Q-2577	0	0	0	16,764	16,764	45,264	78,792	256,500	335,292
29 San Benito Co. - HHSA, Comm. Svcs. & Wkfs. Dev. (NON WEATHERIZATION/A16)	24Q-2578	0	0	0	499	499	1,348	2,346	7,634	9,980
30 San Bernardino County - Community Action Partnership of San Bernardino Co.	24Q-2579	0	0	0	18,588	18,588	50,187	87,363	284,391	371,754
31 San Diego County - Area B - Metropolitan Area Advisory Committee	24Q-2580	0	0	0	2,734	2,734	7,380	12,848	41,823	54,671
32 San Joaquin Co. - San Joaquin Co. Dept. of Aging & Community Services	24Q-2581	0	0	0	7,141	7,141	19,281	33,563	109,257	142,820
33 San Luis Obispo Co. - Community Action Partnership of San Luis Obispo Co., Inc.	24Q-2582	0	0	0	1,975	1,975	5,331	9,281	30,212	39,493
34 Santa Barbara Co. - Community Action Commission of Santa Barbara County	24Q-2583	0	0	0	2,878	2,878	7,770	13,526	44,033	57,559
35 Santa Clara Co. - Sacred Heart Community Service (NON WEATHERIZATION/A16)	24Q-2584	0	0	0	7,682	7,682	20,741	36,105	117,529	153,634
36 Santa Cruz Service Territory - Central Coast Energy Services, Inc.										
Monterey County		0	0	0	4,051	4,051	10,938	19,040	61,984	81,024
San Francisco County		0	0	0	3,640	3,640	9,830	17,110	55,700	72,810
San Mateo County		0	0	0	3,136	3,136	8,468	14,740	47,988	62,728
Santa Cruz County		0	0	0	2,423	2,423	6,543	11,389	37,076	48,465
Marin County (WEATHERIZATION/ASSURANCE 16)		0	0	0	0	0	0	0	0	0
San Benito County (WEATHERIZATION/ASSURANCE 16)		0	0	0	0	0	0	0	0	0
Santa Clara County (WEATHERIZATION/ASSURANCE 16/EHCS)		0	0	0	0	0	0	0	0	0
Service Territory Total	24Q-2585	0	0	0	13,250	13,250	35,779	62,279	202,748	265,027
37 Shasta/Tehama Service Territory - Self-Help Home Improvement Project, Inc.										
Shasta County		0	0	0	3,860	3,860	10,423	18,143	59,062	77,205
Tehama County		0	0	0	1,641	1,641	4,431	7,713	25,107	32,820
Service Territory Total	24Q-2586	0	0	0	5,501	5,501	14,854	25,856	84,169	110,025
38 Siskiyou County - Great Northern Services	24Q-2587	0	0	0	2,770	2,770	7,479	13,019	42,384	55,403
39 Stanislaus County - Central Valley Opportunity Center, Incorporated	24Q-2588	0	0	0	7,417	7,417	20,027	34,861	113,486	148,347
40 Tulare County - Community Services & Employment Training, Inc.	24Q-2589	0	0	0	10,271	10,271	27,730	48,272	157,139	205,411
41 Ventura County - Community Action of Ventura County, Inc.	24Q-2590	0	0	0	4,730	4,730	12,772	22,232	72,374	94,606
TOTALS		0	0	0	283,048	283,048	764,236	1,330,332	4,330,634	5,660,966

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

INFRASTRUCTURE INVESTMENT & JOBS ACT ALLOCATION SPREADSHEET

State of California
Department of Community Services and Development
Total 2024 SLIHEAP Allocation
Facesheet

County/Service Territory	Initial WX Intake 8%	Initial WX Outreach 5%	Initial WX Training 5%	Approved Waiver Total WX Intake 8%	Approved Waiver Total WX Outreach 5%	Approved Waiver Total WX Training 5%	ECIP/HEAP Intake 8%	ECIP/HEAP Outreach 5%	ECIP/HEAP Training 2%
1 Alameda County - Spectrum Community Services, Inc.	0	0	0	0	0	0	3,919	2,450	980
2 Amador/Tuolumne Service Territory - Amador-Tuolumne CAA									
Amador County	0	0	0	0	0	0	757	473	189
Calaveras County	0	0	0	0	0	0	1,120	700	280
Tuolumne County	0	0	0	0	0	0	2,117	1,323	529
Service Territory Total	0	0	0	0	0	0	3,994	2,496	998
3 Butte County - CAA of Butte County, Inc.	0	0	0	0	0	0	6,002	3,751	1,500
4 Colusa Service Territory - Glenn County Community Action Department									
Colusa County	0	0	0	0	0	0	338	211	84
Glenn County	0	0	0	0	0	0	480	300	120
Trinity County	0	0	0	0	0	0	357	223	89
Service Territory Total	0	0	0	0	0	0	1,175	734	293
5 Contra Costa Co. - Contra Costa Employment & Human Services Dept/CSB	0	0	0	0	0	0	8,033	5,021	2,008
6 Del Norte County - Del Norte Senior Center, Inc.	0	0	0	0	0	0	2,194	1,371	548
7 El Dorado Service Territory - El Dorado Co. Health & Human Services Agency									
Alpine County	0	0	0	0	0	0	74	46	18
El Dorado County	0	0	0	0	0	0	5,230	3,269	1,307
Service Territory Total	0	0	0	0	0	0	5,304	3,315	1,325
8 Fresno County - Fresno County Economic Opportunities Commission	0	0	0	0	0	0	19,417	12,136	4,854
9 Humboldt Service Territory - Redwood CAA									
Humboldt County	0	0	0	0	0	0	5,411	3,382	1,353
Modoc Co. (WEATHERIZATION/ASSURANCE 16)	0	0	0	0	0	0	0	0	0
Service Territory Total	0	0	0	0	0	0	5,411	3,382	1,353
10 Imperial Service Territory - Campesinos Unidos, Inc.									
Imperial County	0	0	0	0	0	0	2,553	1,596	638
San Diego County - Area A	0	0	0	0	0	0	13,989	8,743	3,497
Service Territory Total	0	0	0	0	0	0	16,542	10,339	4,135
11 Inyo Service Territory - Inyo Mono Advocates for Community Action, Inc.									
Inyo County	0	0	0	0	0	0	503	315	126
Mono County	0	0	0	0	0	0	633	395	158
Service Territory Total	0	0	0	0	0	0	1,136	710	284
12 Kern County - Community Action Partnership of Kern	0	0	0	0	0	0	23,412	14,632	5,853
13 Kings County - Kings Community Action Organization, Inc.	0	0	0	0	0	0	2,348	1,468	587
14 Lake Service Territory - North Coast Energy Services, Inc.									
Lake County	0	0	0	0	0	0	3,117	1,948	779
Mendocino County	0	0	0	0	0	0	3,764	2,353	941
Napa County	0	0	0	0	0	0	1,563	977	391
Solano County	0	0	0	0	0	0	4,106	2,566	1,026
Sonoma County	0	0	0	0	0	0	6,568	4,105	1,642
Yolo County	0	0	0	0	0	0	3,279	2,050	820
Service Territory Total	0	0	0	0	0	0	22,397	13,999	5,599
15 Lassen County - Lassen Economic Development Corporation	0	0	0	0	0	0	1,695	1,059	424
Los Angeles County									
16 Area A - Maravilla Foundation	0	0	0	0	0	0	31,212	19,508	7,803
17 Area B - Pacific Asian Consortium in Employment	0	0	0	0	0	0	25,608	16,005	6,402
18 Area C - Long Beach Community Action Partnership	0	0	0	0	0	0	21,905	13,691	5,476
19 Madera County - Community Action Partnership of Madera County, Inc.	0	0	0	0	0	0	2,819	1,762	705

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

INFRASTRUCTURE INVESTMENT & JOBS ACT ALLOCATION SPREADSHEET

State of California
Department of Community Services and Development
Total 2024 SLIHEAP Allocation
Facesheet

County/Service Territory	Initial WX Intake 8%	Initial WX Outreach 5%	Initial WX Training 5%	Approved Waiver Total WX Intake 8%	Approved Waiver Total WX Outreach 5%	Approved Waiver Total WX Training 5%	ECIP/HEAP Intake 8%	ECIP/HEAP Outreach 5%	ECIP/HEAP Training 2%
20 Marin County - Community Action Marin (NON WEATHERIZATION/ASSURANCE 16)	0	0	0	0	0	0	1,569	980	392
21 Mariposa County - County of Mariposa Health and Human Services Agency	0	0	0	0	0	0	0	0	0
22 Merced County - Merced County CAA	0	0	0	0	0	0	4,799	2,999	1,200
23 Modoc - T.E.A.C.H. Inc. (NON WEATHERIZATION/ASSURANCE 16)	0	0	0	0	0	0	204	128	51
24 Orange County - Community Action Partnership of Orange County	0	0	0	0	0	0	17,132	10,708	4,283
25 Placer Service Territory - Project GO, Inc.									
Nevada County	0	0	0	0	0	0	4,141	2,588	1,035
Placer County	0	0	0	0	0	0	4,878	3,049	1,220
Service Territory Total	0	0	0	0	0	0	9,019	5,637	2,255
26 Plumas Service Territory - Plumas Co. Community Development Commission									
Plumas County	0	0	0	0	0	0	458	287	115
Sierra County	0	0	0	0	0	0	83	52	21
Service Territory Total	0	0	0	0	0	0	541	339	136
27 Riverside County - Community Action Partnership of Riverside County	0	0	0	0	0	0	22,633	14,146	5,658
28 Sacramento Service Territory - Community Resource Project, Inc.									
Sacramento County	0	0	0	0	0	0	20,352	12,720	5,088
Sutter County	0	0	0	0	0	0	1,801	1,125	450
Yuba County	0	0	0	0	0	0	1,988	1,243	497
Service Territory Total	0	0	0	0	0	0	24,141	15,088	6,035
29 San Benito Co. - HHSA, Comm. Svcs. & Wkfs. Dev. (NON WEATHERIZATION/A16)	0	0	0	0	0	0	719	449	180
30 San Bernardino County - Community Action Partnership of San Bernardino Co.	0	0	0	0	0	0	26,766	16,729	6,692
31 San Diego County - Area B - Metropolitan Area Advisory Committee	0	0	0	0	0	0	3,936	2,460	984
32 San Joaquin Co. - San Joaquin Co. Dept. of Aging & Community Services	0	0	0	0	0	0	10,283	6,427	2,571
33 San Luis Obispo Co. - Community Action Partnership of San Luis Obispo Co., Inc.	0	0	0	0	0	0	2,843	1,777	711
34 Santa Barbara Co. - Community Action Commission of Santa Barbara County	0	0	0	0	0	0	4,144	2,590	1,036
35 Santa Clara Co. - Sacred Heart Community Service (NON WEATHERIZATION/A16)	0	0	0	0	0	0	11,062	6,914	2,765
36 Santa Cruz Service Territory - Central Coast Energy Services, Inc.									
Monterey County	0	0	0	0	0	0	5,834	3,646	1,458
San Francisco County	0	0	0	0	0	0	5,242	3,277	1,311
San Mateo County	0	0	0	0	0	0	4,516	2,823	1,129
Santa Cruz County	0	0	0	0	0	0	3,490	2,181	872
Marin County (WEATHERIZATION/ASSURANCE 16)	0	0	0	0	0	0	0	0	0
San Benito County (WEATHERIZATION/ASSURANCE 16)	0	0	0	0	0	0	0	0	0
Santa Clara County (WEATHERIZATION/ASSURANCE 16/EHCS)	0	0	0	0	0	0	0	0	0
Service Territory Total	0	0	0	0	0	0	19,082	11,927	4,770
37 Shasta/Tehama Service Territory - Self-Help Home Improvement Project, Inc.									
Shasta County	0	0	0	0	0	0	5,559	3,474	1,390
Tehama County	0	0	0	0	0	0	2,363	1,477	591
Service Territory Total	0	0	0	0	0	0	7,922	4,951	1,981
38 Siskiyou County - Great Northern Services	0	0	0	0	0	0	3,989	2,493	997
39 Stanislaus County - Central Valley Opportunity Center, Incorporated	0	0	0	0	0	0	10,681	6,676	2,670
40 Tulare County - Community Services & Employment Training, Inc.	0	0	0	0	0	0	14,790	9,243	3,697
41 Ventura County - Community Action of Ventura County, Inc.	0	0	0	0	0	0	6,812	4,257	1,703
TOTALS	0	0	0	0	0	0	407,590	254,747	101,894

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT STD. 213 (Rev 03/2019) CSD (Rev 07/2019)	AGREEMENT NUMBER **24Q-2561**	PURCHASING AUTHORITY NUMBER (if applicable)

1. This Agreement is entered into between the Contracting Agency and the Contractor named below

CONTRACTING AGENCY NAME
Department of Community Services and Development

CONTRACTOR NAME
Community Action Partnership of Kern

2. The term of this Agreement is: May 1, 2024 through May 31, 2025

3. The maximum amount of this Agreement is: Total $325,163.00

4. The parties agree to comply with the terms and conditions of the following exhibits that are by this reference made a part of the Agreement:

Preamble*
Article 1 - Scope of Work
Article 2 - Contract Administration and Procedure
Article 3 - Contract Changes
Article 4 - Administrative Policies and Procedures
Article 5 - Administrative and Program Expenditures Requirements
Article 6 - Reporting Policies and Procedures
Article 7 - Program Policies and Procedures
Article 8 - Program Implementation
Article 9 - Compliance Policies and Procedures
Article 10 - Federal and State Policy Provisions
Article 11 - General Terms and Conditions GTC 04/2017
Article 12 - Definitions
Article 13 - Table of Forms and Documents Incorporated by Reference

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO

CONTRACTOR				**California Department of General Services Approval (or exemption, if applicable)**
CONTRACTOR NAME *(If other than an individual, state whether a corporation, partnership, etc.)* **Community Action Partnership of Kern**				
CONTRACTOR BUSINESS ADDRESS, CITY, STATE ZIP 1300 18TH ST STE 200, Bakersfield, CA 93301-4537				
PRINTED NAME OF PERSON SIGNING		TITLE		
CONTRACTOR AUTHORIZED SIGNATURE		DATE SIGNED		**I hereby certify that all conditions for exemption have been complied with, and the document is exempt from the Department of General Services approval.**
STATE OF CALIFORNIA				
CONTRACTING AGENCY NAME **Department of Community Services and Development**				
CONTRACTING AGENCY ADDRESS **2389 Gateway Oaks Drive, Suite 100**	CITY **Sacramento**	STATE **CA**	ZIP **95833**	
PRINTED NAME OF PERSON SIGNING **Chris Vail**	TITLE **Chief Financial Officer**			
CONTRACTING AGENCY AUTHORIZED SIGNATURE		DATE SIGNED		

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

CERTIFICATION REGARDING LOBBYING

DEPARTMENT OF HEALTH AND HUMAN SERVICES
FAMILY SUPPORT ADMINISTRATION

PROGRAM: **Supplemental Low Income Home Energy Assistance Program**

PERIOD: **May 1, 2024 through May 31, 2025**

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award document for subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Title	**Signature**
Agency/Organization	**Date**

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB
0348-0046

Complete the form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure.)

1. Type of Federal Action:	2. Status of Federal Action:	3. Report Type:
☐ a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	☐ a. bid/offer/application b. initial award c. post-award	☐ a. initial filing b. material change For Material Change Only: year _____quarter date of Last report

4. Name and Address of Reporting Entity:	5. If Reporting Entity in No. 4 is Subawardee, Enter Name and Address of Prime:
☐ Prime ☐ Subawardee Tier _____, *if known:* Congressional District, *if known:*	Congressional District, *if known:*
6. Federal Department/Agency:	7. Federal Program Name/Description: CFDA Number, *If applicable:*
8. Federal Action Number, *if known:*	9. Award Amount, *if known:* $
10. a. Name address of Lobbying Entity *(if individual, last name, first, name, MI):*	b. Individuals Performing Services *(including address if different from No. 10a)* *(last name, first name, MI):*

(attach Continuation Sheet(s) SF-LLL-A, *if necessary*)

11. Amount of Payment *(check all that apply)*:	13. Type of Payment *(check all that apply)*:
$ _____ ☐ actual ☐ planned	☐ a. retainer ☐ b. one-time fee ☐ c. commission ☐ d. contingent fee ☐ e. deferred ☐ f. other; specify:
12. Form of Payment *(check all that apply)*: ☐ a. cash ☐ b. in-kind; specify: nature value	

14. Brief Description of Services Performed or to be Performed and Date(s) of Services, including officer(s), employee(s), or Member(s), contacted, for Payment indicated in Item 11:

(attach Continuation Sheet(s) SF-LLL-A, *if necessary*)

15. Continuation Sheet(s) SF-LLL-A attached: ☐ Yes ☐ No

16 Information requested through this form is authorized by Title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1353. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty for not less than $10,000 and not more than $100,000 for each such failure.	Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____

Federal Use Only:	Authorized for Local Reproductions Standard Form – LLL

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

DISCLOSURE OF LOBBYING ACTIVITIES

CONTINUATION SHEET

Approved by OMB
0348-0046

Reporting Entity: _____ **Page** _____ **of**

Authorized for Local Reproduction
Standard Form - LLL-A

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

INSTRUCTION FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Use the SF-LLL-A Continuation Sheet for additional information if the space on the form is inadequate. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. **Identity the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.**

2. **Identify the status of the covered Federal action.**

3. **Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.**

4. **Enter the full name, address, city, state and ZIP Code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.**

5. **If the organization filing the report in Item 4 checks "Subawardee", then enter the full name, address, city, state and zip code of the prime Federal recipient. Include Congressional District, if known**

6. **Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.**

7. **Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.**

8. **Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."**

9. **For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.**

10. **(a) Enter the full name, address, city, state and zip code of the lobbying entity engaged by the reporting entity identified in item 4 to influence the covered Federal action.**

(b) Enter the full name of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).

11. **Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (item 4) to the lobbying entity (item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.**

12. **Check the appropriate box(es). Check all boxes that apply. If payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.**

13. **Check the appropriate box(es). Check all boxes that apply. If other, specify nature.**

14. **Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with Federal officials. Identify the Federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.**

15. **Check whether or not a SF-LLL-A Continuation Sheet(s) is attached.**

16. **The certifying official shall sign and date the form, print his/her name, title, and telephone number.**

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budgets. Paperwork Reduction Project (0348-0046), Washington, D.C. 20503.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

Department of Community Services and Development
CSD 279 (Rev. 4/2022)

Community Services and Development
Federal Funding Accountability and Transparency Act Report Form

Return with the Contract

As of October 1, 2010, CSD is required to comply with sub-award reporting requirements of the Federal Funding Accountability and Transparency Act (FFATA). CSD must file the FFATA sub- award report by the end of the month following the month in which CSD awards funds greater than or equal to $25,000 to any agency/service provider. In accordance with terms of the CSD agreement, agencies are required to provide the information requested in this form on or beforethe above due date. Failure to timely submit the completed form may result in "high-risk" designation and/or imposition of additional special terms and conditions on the agency's eligibility for CSD funds.

Please e-mail completed report form to the program e-mail address listed below:

Department of Energy Weatherization Assistance Program: Wx@csd.ca.gov
Community Services Block Grant: csbg.div@csd.ca.gov
Low Income Home Energy Assistance Program: Wx@csd.ca.gov

AGENCY/SUB-AWARDEE INFORMATION

Agency Name		
Program Type **(Check One)**	☐**CSBG** ☐**LIHEAP** ☐**DOE WAP** ☐**OTHER** SLIHEAP	
Contract Number		
Performance Period(s) (mm/dd/yy - mm/dd/yy)		
Agency Unique Entity ID (SAM.gov) **NEW**		
Agency Primary Contact Information *(person responsible for completing thisform)*	Name:	
	Title:	
	E-Mail:	
	Phone:	
Location of Agency	Mailing Address:	
	State:	
	Zip + 4 Digits (+4 digit is required)	
	U.S. Congressional District:	
	State Assembly District:	
	State Senate District:	

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

Department of Community Services and Development
CSD 279 (Rev. 4/2022)

Place of Performance *(where program funds are primarily spent, if different from agency location above)*	Mailing Address:	
	State:	
	Zip + 4 Digits (+4 digit is required)	
	U.S. Congressional District:	
	State Assembly District:	
	State Senate District:	
Agency (Sub-Awardee) Executive Compensation Reporting	Is more than 80% of your agency's annual gross revenue from the Federal government? ☐ Yes ☐ No (If YES, continue to the next question. **If NO, you are now finished completing this form.)**	
	Does your agency's total annual federal funding exceed $25 million? ☐ Yes ☐ No (If YES, continue to the next question. **If NO, you are now finished completing this form.)**	
	Is your agency one of the entities described below? ☐ Yes ☐ No ▪ A tax-exempt nonprofit entity required to file an annual Form 990 return with the Internal Revenue Service (IRS). ▪ A publicly owned corporation required to file annual reports with the Securities and Exchange Commission (SEC).	
	(If NO, please list the names and compensation of your agency's top five highest compensated employees in the spaces below. If YES, you are now finished completing this form.)	
Five Highest Compensated Executives/Employees	Name	
	Compensation	
	Name	
	Compensation	
	Name	
	Compensation	
	Name	
	Compensation	
	Name	
	Compensation	

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

Description of Information Requested

Place of Performance

Address represents where the prime recipient is performing the majority of work funded. If the award fundsmultiple projects in different locations, then an address such as a city hall or county seat may be the most appropriate if it represent where the majority of funds are being used.

Agency/Sub-Awardee Executive Compensation Reporting

Sub-awardees must report the total compensation and names of the top five executives in the organization if:

a) More than 80% of the annual gross revenues are from the Federal government, and those revenues aregreater than $25 million annually; and

b) Compensation information is not readily available through reporting to the to the IRS on a Form 990 (section6104 of the Internal Revenue Code of 1986), or through reporting to Securities and Exchange Commission (SEC).SEC reporting is required for publicly owned/traded corporations.

Exemptions: Refer to 2 CFR
Part 170 for exemption criteria. http://www.gpo.gov/fdsys/pkg/CFR-2012-title2-vol1/pdf/CFR-2012-title2-vol1-part170.pdf

Additional Resources

Unique Entity ID (UEI Number)	
On April 4, 2022, the D-U-N-S® Number will be removed and the Unique Entity ID (SAM) will be the authoritative identifier. This ID is used within SAM.gov and other government award and financial systems to identify a unique entity. The transition to the Unique Entity ID (SAM) is a federal governmentwide initiative.	https://sam.gov/content/home https://gsa.gov/entityid
Zip Code + 4 Digit Zip	
Use the United States Postal Service website to identify your +4 digit zip	https://tools.usps.com/go/ZipLookupAction!input.action
Congressional District	
Use the following sites to identify your congressional district	
U.S. Congressional District	http://www.house.gov/representatives/find/
State Assembly and Senate District	http://findyourrep.legislature.ca.gov/
Reporting Requirement Regulations	
The Federal Funding Accountability and Transparency Act of 2006	http://www.gpo.gov/fdsys/pkg/PLAW-109publ282/html/PLAW-109publ282.htm
FFATA Subaward Reporting System (FSRS) website	https://www.fsrs.gov/

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

CCC 04/2017

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

Contractor/Bidder Firm Name (Printed)	*Federal ID Number*
By (Authorized Signature)	
Printed Name and Title of Person Signing	
Date Executed	*Executed in the County of*

CONTRACTOR CERTIFICATION CLAUSES

1. STATEMENT OF COMPLIANCE: Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 11102) (Not applicable to public entities.)

2. DRUG-FREE WORKPLACE REQUIREMENTS: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

b. Establish a Drug-Free Awareness Program to inform employees about:

1) the dangers of drug abuse in the workplace;
2) the person's or organization's policy of maintaining a drug-free workplace;
3) any available counseling, rehabilitation and employee assistance programs; and,
4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

1) receive a copy of the company's drug-free workplace policy statement; and,
2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

4. CONTRACTS FOR LEGAL SERVICES $50,000 OR MORE- PRO BONO REQUIREMENT: Contractor hereby certifies that Contractor will comply with the requirements of Section 6072 of the Business and Professions Code, effective January 1, 2003.

Contractor agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the contract equal to the lessor of 30 multiplied by the number of full time attorneys in the firm's offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its contract with the State.

Failure to make a good faith effort may be cause for non-renewal of a state contract for legal services, and may be taken into account when determining the award of future contracts with the State for legal services.

5. EXPATRIATE CORPORATIONS: Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

6. SWEATFREE CODE OF CONDUCT:

a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at www.dir.ca.gov, and Public Contract Code Section 6108.

b. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations,

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

or the Department of Justice to determine the contractor's compliance with the requirements under paragraph (a).

7. DOMESTIC PARTNERS: For contracts of $100,000 or more, Contractor certifies that Contractor is in compliance with Public Contract Code section 10295.3.

8. GENDER IDENTITY: For contracts of $100,000 or more, Contractor certifies that Contractor is in compliance with Public Contract Code section 10295.35.

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

1. CONFLICT OF INTEREST: Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (Pub. Contract Code §10410):

1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (Pub. Contract Code §10411):

1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

2). For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (Pub. Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Pub. Contract Code §10430 (e))

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

2. LABOR CODE/WORKERS' COMPENSATION: Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

3. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.

b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. RESOLUTION: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION: Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other governmental entity.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

SUBVENTION CONTRACT

Contents

PREAMBLE 1

ARTICLE 1 - SCOPE OF WORK 1

1.1 General 1

1.2 Service Area 1

1.3 Term and Amount of Contract 2

1.4 Service Area Expenditure Requirements 2

1.5 Program Authorities – Requirements, Standards and Guidance 2

ARTICLE 2 - C ONTRACT ADMINISTRATION AND PROCEDURE 6

2.1 State Contracting Requirements – "General Terms and Conditions, GTC 04/2017" 6

2.2 Contractor's Option of Termination 6

2.3 Budget Contingencies 6

2.4 Miscellaneous Provisions 8

ARTICLE 3 - CONTRACT CHANGES 9

3.1 Amendment 9

3.2 Minor Modifications 9

ARTICLE 4 - ADMINISTRATIVE POLICIES AND PROCEDURES 10

4.1 Board Roster, By Laws, Resolution, and Minutes 10

4.2 Internal Controls Requirements 10

4.3 Record Retention Requirements 11

4.4 Insurance and Fidelity Bond 11

4.5 System Security Requirements 14

4.6 Travel and per diem 16

4.7 Conflict of Interest 17

4.8 Procurement Standards 18

4.9 Use and Disposition of Vehicles and Equipment 19

4.10 Subcontracts 20

4.11 Complaint Management Policies and Procedures 21

4.12 Fair Hearing Process for Applications for Denial of Benefits by Contractor 22

4.13 Fraud, Waste, and Abuse 22

ARTICLE 5 - ADMINISTRATIVE AND PROGRAM EXPENDITURES REQUIREMENTS 24

5.1 Budget Guidelines 24

5.2 Utility Assistance Expenditure Requirements 25

5.3 Working Capital Advance and Major Purchase Advances 25

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

5.4 Program Income 27
5.5 Wood, Propane and Oil Returned Payments 27
5.6 Allowable Costs 28
5.7 Service Area Expenditures Requirements 33
5.8 Reimbursement Guidelines 35
ARTICLE 6 - REPORTING POLICIES AND PROCEDURES 36
6.1 Reporting Requirements 36
ARTICLE 7 - PROGRAM POLICIES AND PROCEDURES 39
7.1 Program Standards and Regulatory Requirements 39
7.2 Prioritization of Services 39
7.3 Service Priority Guidelines 39
7.4 Outreach and Intake Activity Guidelines 40
7.5 Assurance 16 Activity Guidelines 42
7.6 Record-Keeping Responsibilities 43
ARTICLE 8 - PROGRAM IMPLEMENTATION 46
8.1 HEAP/WPO Activity Guidelines 46
8.2 Energy Crisis Intervention Program (ECIP) Services Activity Guidelines 47
8.3 ECIP Fast Track and HEAP Electric and Gas Pledge Guidelines 52
8.4 Mandatory Training 52
ARTICLE 9 - COMPLIANCE POLICIES AND PROCEDURES 53
9.1 Right to Monitor, Audit, and Investigate 53
9.2 Auditing Standards and Reports 53
9.3 Compliance Monitoring 56
9.4 Enforcement Process - Noncompliance with Requirement of this Contract 59
9.5 Service Delivery and Expenditure Requirements 65
ARTICLE 10 - FEDERAL AND STATE POLICY PROVISIONS 67
10.1 Certifications 67
10.2 Provisions for Federally Funded Grants 68
10.3 Federal Certifications Regarding Debarment, Suspension, and Related Matters 70
10.4 Affirmative Action Compliance 70
10.5 Nondiscrimination Compliance 71
10.6 Contractor Fair Hearing - Civil Rights Act Violation 71
10.7 Specific Assurances 72
ARTICLE 11 - GENERAL TERMS AND CONDITIONS GTC 04/2017 74

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

SUBVENTION CONTRACT

ARTICLE 12 - DEFINITIONS 75

ARTICLE 13 - TABLE OF FORMS AND DOCUMENTS INCORPORATED BY REFERNCE 81

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

SUBVENTION CONTRACT

PREAMBLE

This subvention Contract, for the implementation of the Supplemental Low Income Home Energy Assistance Program (SLIHEAP) funded under the Infrastructure Investment and Jobs Act in program year 2024 ("Contract"), is entered into between the Department of Community Services and Development ("CSD" or "Department") and the contractor named on Form STD. 213, the face sheet of this document ("Contractor") and shall be enforceable on the date last signed.

NOW THEREFORE, in consideration of the promises and of the mutual agreements and covenants hereinafter set forth, CSD and Contractor hereby agree as follows:

ARTICLE 1 - SCOPE OF WORK

1.1 General

1.1.1 Contractor shall provide Supplemental Home Energy Assistance Program (SHEAP) assistance, and Energy Crisis Intervention Program (ECIP) assistance to eligible participants residing in the service area described in Section 1.2, pursuant to all applicable federal and state statutes and regulations, including the Public Law 117-58 (Title VII of the Infrastructure Investment and Jobs Act of 2021), Low-Income Home Energy Assistance Act of 1981 (42 USC §§ 8621 et seq., as amended) (the Act) and California Government Code Section 16367.5 et seq., as amended. Contractor shall administer SLIHEAP services to eligible low-income households in accordance with both need and the Contractor's service delivery plan approved by CSD. Contractor shall ensure that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs or needs in relation to income, and that the services and activities funded by this Contract shall also meet all other assurances specified in Section 8624 of the Act.

1.1.2 The SLIHEAP Catalog of Federal Domestic Assistance number is 93.568. The award is fully funded through the United States Department of Health and Human Services (HHS).

1.2 Service Area

1.2.1 The services shall be performed in the Service Territory comprised of the following service area(s):

The 2024 SLIHEAP Numbers, Contractors, and Service Territories listing may be accessed under the Supporting Documents section at https://agencies.csd.ca.gov/home/Energy/Pages/Contracts.aspx.

1.2.2 Contractors that provide services in Los Angeles and San Diego counties shall refer to the ZIP Codes listing located at under the Supporting Documents section

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

https://agencies.csd.ca.gov/home/Energy/Pages/Contracts.aspx to determine the zip codes for their respective area.

1.3 Term and Amount of Contract

1.3.1 The term of this Contract shall be for the period represented on the face sheet (Form STD 213). Contractor shall perform all work under this contract prior to, or up to December 31, 2024, in accordance with Article 9.5 section 9.5.2, regardless of the contract term end date.

1.3.2 The contract amount as represented on Form STD. 213 consists of Contractor's total allocation to include the "Wood Propane and Oil (WPO)" and "Utility Assistance" portions attributable to Contractor's service area(s).

1.3.3 WPO and Utility Assistance funding, as defined in Article 12, Definitions, that are allocated to Contractor, shall be expended, reported and accounted for in accordance with the provisions of this Contract.

1.4 Service Area Expenditure Requirements

Contractor shall be subject to special expenditure requirements as provided in Article 5, Section 5.7 of the Contract, if Contract involves funding for SLIHEAP services provided by Contractor in multiple counties or service areas.

1.5 Program Authorities – Requirements, Standards and Guidance

1.5.1 All services and activities are to be provided in accordance with applicable federal, state, and local laws and regulations, which may be amended from time to time, including but not limited to, the following:

1.5.1.1 The Infrastructure Investment and Jobs Act of 2021 (Public Law 117-58);

1.5.1.2 The Low-Income Home Energy Assistance Act of 1981 (42 USC §§ 8621 et seq.), and the Low-Income Home Energy Assistance Program (45 CFR Part 96, Subpart H);

1.5.1.3 The California Government Code (Cal. Gov. Code) §§ 16367.5 et seq., as amended, and Title 22 of the California Code of Regulations (CCR) §§ 100800 et seq.; and

1.5.1.4 The Single Audit Act (31 USC §§ 7501 et seq.), and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR Part 75).

1.5.2 *Conflict of Laws.* Contractor shall comply with all of the requirements, standards, and

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

guidelines contained in the authorities listed below, as they may be amended from time to time, regarding procurement, administrative, and other costs claimed under this Contract, including those costs incurred pursuant to subcontracts executed by Contractor, notwithstanding any language contained in the following authorities that might otherwise exempt Contractor from their applicability. To the extent that the requirements, standards, or guidelines in this Contract directly conflict with any State law or regulation at Government Code §§16367.5 et seq. or 22 CCR §§100800 et seq., or any provision of this Contract, then federal law or regulation or provision shall take precedence, and then state law; unless, under specified circumstances, a provision of federal law applicable to block grants, such as 45 CFR § 96.30, allows for the application of state law.

1.5.2.1 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR Part 75); and

1.5.2.2 Contractor further agrees to abide by all requirements in California Contractor Certification Clauses 04/2017 (CCC-04/2017).

1.5.3 CSD shall provide Contractor with specific program guidance which shall be binding on the Contractor as a condition of the Contractor's participation in SLIHEAP, and as a condition of receipt of funds under the program, PROVIDED:

1.5.3.1 That such guidance shall be issued by CSD in writing in the form of "CSD Program Notice (CPN) No. XX-XX" posted at https://agencies.csd.ca.gov/home/Energy/Pages/Contracts.aspx;

1.5.3.2 That such guidance shall be issued by CSD in writing in the form of "CSD Program Advisory (CPA) No. XX-XX posted at https://agencies.csd.ca.gov/home/Energy/Pages/Contracts.aspx;

1.5.3.3 That such guidance shall be issued by CSD in the most timely and expeditious manner practicable;

1.5.3.4 That such guidance shall be reasonably necessary to realize the purposes of SLIHEAP;

1.5.3.5 That major and material changes in the program and/or requirements which substantially affect the Contractor's and/or CSD's ability to fulfill their obligations or otherwise serve to create a substantial hardship on either the Contractor or CSD shall be subject to an amendment to this Contract;

1.5.3.6 Contractor shall notify CSD within 10 business days of issuance of a CPN or CPA, if Contractor is unable to fulfill its obligations under the new guidance;

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

1.5.3.7 That the parties' failure to execute a mutually acceptable amendment or CPN or CPA, as contemplated in subsection 1.5.3.5 and 1.5.3.6, in a reasonable period of time, shall result in this Contract being without force and effect subject only to such provisions contained herein as are intended to survive the Contract in accordance with the express and implied provisions of applicable federal and state law; and

1.5.3.8 That upon CSD's good faith determination, delivered to the Contractor by written notice that this Contract between the parties to any necessary amendment CPN, or CPA as contemplated in subsection 1.5.3.5 and 1.5.3.6 cannot be achieved, then this Contract shall be "closed out" and the funds disposed in accordance with established CSD procedure and policy and as required under federal and state law.

1.5.4 The federal and state laws, regulations and other authorities referenced in this Section are hereby incorporated by reference into this Contract. Copies may be accessed for reference at https://agencies.csd.ca.gov/home/Energy/Pages/Resources.aspx.

1.5.5 Contract Elements Integral to Contract and Enforceability Conditions

1.5.5.1 Contractor shall provide the following documents, satisfactory to CSD in form and substance, together with an executed copy of this Contract before CSD executes and returns the Contract to Contractor for implementation:

1.5.5.1.1 Federal Funding Accountability and Transparency Act Report (CSD 279);

1.5.5.1.2 Certification Regarding Lobbying/Disclosure of Lobbying Activities;

1.5.5.1.3 Contractor Certification Clauses (CCC-04/2017);

1.5.5.1.4 Current Insurance or Self-Insurance Authority Certification;

1.5.5.1.5 Board Resolution authorizing execution of this Contract;

1.5.5.1.6 Agency Local Plan (incorporated by referenced in Article 7.2);

1.5.5.1.7 SLIHEAP Production Plan (CSD 622) (referenced in Article 5.7); and

1.5.5.1.8 Agency Staff and Board Roster (CSD 188).

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

1.5.5.2 All required forms must be completed by Contractor before CSD will execute the Contract and Contractor is authorized to commence work. CSD may execute this Contract pending its review and final approval of Contractor's submission, provided Contractor acts in good faith to rectify any outstanding issues associated with the documents submitted pursuant to Section 1.5.5.1. All documents submitted pursuant to Section 1.5.5.1 shall become part of this Contract.

1.5.6 Contractor's signature shall constitute a certification that to the best of Contractor's ability and knowledge it will, unless exempted, comply with the provisions set forth in Article 10, Section 10.1, "Certifications" of this Contract.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

ARTICLE 2 - CONTRACT ADMINISTRATION AND PROCEDURE

2.1 State Contracting Requirements – "General Terms and Conditions, GTC 04/2017"

In accordance with State contracting requirements, specified contracting terms and conditions are made a part of this Contract. The provisions in their entirety are found in Article 11 of this Contract and are fully binding on the parties in accordance with state law.

2.2 Contractor's Option of Termination

2.2.1 Notwithstanding the provisions of Section 1.5.3, Contractor may, at Contractor's sole option, elect to terminate this contract rather than adhere to the procedures set out in Section 1.5.3, should Contractor determine that any subsequent program guidance or proposed amendment to the contract is unjustifiably onerous or otherwise counter to Contractor's legitimate business interests and ability to implement the Contract in an effective and reasonable manner, PROVIDED:

2.2.1.1 The notice of termination is in writing, delivered by U.S. Certified Mail, Return Receipt Requested, and will be effective 30 calendar days after receipt by CSD; and

2.2.1.2 The notice contains a statement of the reasons for termination with reference to the specific provision(s) in the program guidance or proposed amendment in question.

2.2.2 Contractor shall be entitled to reimbursement for all allowable costs incurred prior to termination of the contract. Such reimbursement shall be in accordance with the program guidance and contract provisions in effect at the time the cost was incurred.

2.2.3 Contractor shall, within 60 calendar days of termination, close-out the contract in accordance with contractual close-out procedures.

2.2.4 CSD may at its option procure a temporary replacement provider, and may at its option, designate a permanent replacement provider for Contractor's service area in accordance with federal and state law.

2.3 Budget Contingencies

2.3.1 Federal Budget Contingency

2.3.1.1 Because of uncertainty in the federal budget process, this Contract may be executed before the availability and amounts of federal funding can be ascertained, in order to minimize delays in the provision of services and the distribution of funds. The obligations of the parties under this Contract

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

are expressly contingent on adequate funding being made available to CSD by the United States government.

2.3.1.2 If federal funding for any fiscal year is reduced to such degree that CSD reasonably determines that the program cannot be implemented effectively, CSD shall at its sole discretion have the option either to terminate this Contract upon written notice to Contractor or, in the alternative, to offer an amendment addressing the reduced funding. If the parties fail to reach an agreement on such amendment, CSD may at its option give written notice of termination without further obligation by either party except for contract close-out obligations and final settlement.

2.3.1.3 If federal funding authorities condition funding on any obligations, restrictions, limitations, or conditions not in existence when this Contract was executed, this Contract shall be amended by mutual agreement for compliance with such obligations, restrictions, limitations or conditions. Failure of the parties to reach an agreement on such amendment shall render this Contract without force and effect.

2.3.1.4 Subject to the provisions of subsection 2.3.1.2, CSD shall authorize expenditures of funds under this Contract based on any Continuing Resolution appropriations that are adequate for the purpose. CSD shall notify the Contractor in writing of authorized interval funding levels.

2.3.2 State Budget Contingency

2.3.2.1 If funds are not appropriated for implementation of SLIHEAP through the State budget process or otherwise, whether in the current year and/or any subsequent year covered by this Contract, this Contract shall be of no further force and effect. Upon written notice to Contractor by CSD that no funds are available for contract implementation, the Contract shall be terminated, and CSD shall have no obligation to pay Contractor or to furnish other consideration under this Contract and Contractor shall not be obligated for performance.

2.3.2.2 If program funding for any fiscal year is reduced to such degree that CSD reasonably determines that the program cannot be implemented effectively, CSD shall at its sole discretion have the option either to terminate this Contract upon written notice to Contractor or, in the alternative, to offer and negotiate an amendment addressing the reduced funding. If the parties fail to reach an agreement on such amendment, CSD may at its option give written notice of termination without further obligation by either party except for contract close-out obligations and final settlement.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

2.4 Miscellaneous Provisions

2.4.1 Assignment. Neither this Contract nor any of the rights, interests, or obligations under this Contract shall be assigned by any party without the prior written consent of the other parties, except in the case where responsibility for program implementation and oversight may be transferred by CSD to another State agency. In the event of such transfer, this Contract is binding on the agency to which the program is assigned.

2.4.2 Merger/Entire Contract. This Contract (including the attachments, documents and instruments referred to in this Contract) constitutes the entire Contract and understanding of the parties with respect to the subject matter of this Contract and supersedes all prior understandings and contracts, whether written or oral, among the parties with respect to such subject matter.

2.4.3 Severability. If any provision of this Contract is found to be invalid or unenforceable in any respect for any reason, the validity and enforceability of any such provision in any other respect and of the remaining provisions of this Contract will not be in any way impaired and shall remain in full force and effect.

2.4.4 Notices. Unless otherwise provided herein, notice given by the parties shall be in writing, delivered personally, by United States mail, or by overnight delivery service (with confirmation). Certain reporting and other communications may be delivered electronically as specified by CSD or as is customary between the parties. Notice shall be delivered as follows:

2.4.4.1 To Contractor’s address of record; and

2.4.4.2 To CSD at:
Department of Community Services and Development
2389 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

SUBVENTION CONTRACT

ADMINISTRATIVE REQUIREMENTS

ARTICLE 3 - CONTRACT CHANGES

3.1 Amendment

3.1.1 Changes to this Contract shall be made by formal amendment with exceptions specified in Article 1 subsection 1.5.3 and in Section 3.2, below.

3.1.2 Contractor shall notify CSD in writing when any proposed amendment or change will significantly impact Contractor's Program Budget and/or Operations. CSD will afford Contractor a reasonable opportunity and sufficient time in which to phase-in the mandated change.

3.2 Minor Modifications

3.2.1 Contractor may request modifications to make minor adjustments during the contract term. Minor Modifications shall not affect the Maximum Amount payable under this Contract.

3.2.2 Minor Modifications shall not alter the maximum limits established for specific budget line items, e.g., administrative costs, Assurance 16, intake, outreach, and training and technical assistance costs, except as otherwise provided herein.

3.2.3 Allowable modifications to this Contract include the minor budget modifications and expenditure requirements, specified in Article 5.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

ARTICLE 4 -ADMINISTRATIVE POLICIES AND PROCEDURES

4.1 Board Roster, By Laws, Resolution, and Minutes

4.1.1 Contractor shall submit to CSD an Agency Staff and Board Roster form (CSD 188) listing the current Agency Staff and roster of members of its governing board, including contact information for each board member at a location other than the Contractor's offices, and the most recent version of the organizational bylaws. Contractor is responsible to notify CSD of any changes to the Executive Director, Program Manager, Chief Financial Officer and board roster within 30 calendar days of such occurrence.

4.1.2 Contractor's governing board must authorize the execution of this Contract. Contractor has the option of demonstrating such authority by the signature of a Board member, affixed to the signature page of this Contract, or by any lawful delegation of such authority that is consistent with Contractor's bylaws.

4.1.3 Where Contractor elects to delegate the signing authority to the chief executive officer or designated officials, CSD will accept either a resolution specific to this Contract or a resolution passed by the governing board that applies to any contract entered into by Contractor. Where Contractor provides a general resolution, Contractor shall maintain documentation that the chief executive officer provided timely and effective communication of the execution and terms of this Contract to the Board. Either a specific or current general resolution must be on file with CSD before execution of this Contract by CSD.

4.1.4 If the Contractor's board is both tripartite and advisory to the elected members governing a local government, the Contractor shall submit to CSD the approved minutes from any meeting of the elected officials where matters relating to this Contract are heard, including but not limited to discussions about or decisions affecting SLIHEAP. Such minutes shall be submitted to CSD no later than 30 calendar days after the related meeting.

4.2 Internal Controls Requirements

Contractor shall ensure the establishment and maintenance of a system of internal accounting and administrative control. This responsibility includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. The system of internal accounting and administrative control shall be attested to within the Contractor's independent audit conducted pursuant to this Contract and shall include:

4.2.1 Segregation of duties appropriate to safeguard state assets;

4.2.2 Limited access to agency assets to authorized personnel who require these assets in

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

the performance of their assigned duties;

4.2.3 Authorization and recordkeeping procedures adequate to provide effective accounting controls over assets, liabilities, revenues, and expenditures;

4.2.4 Established practices to be followed in the performance of duties and functions;

4.2.5 Personnel of a quality commensurate with their responsibilities; and

4.2.6 Effective internal reviews.

4.3 Record Retention Requirements

4.3.1 All records maintained by Contractor shall meet the requirements contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR Part 75).

4.3.2 Contractor shall maintain all records pertaining to this Contract for a minimum period of three years after submission of the final report or until resolution of all related audit or monitoring findings, enforcement actions, including cost disallowance, legal proceedings or other pending matters, whichever is later.

4.3.3 Contractor shall retain and secure all employee and client/applicant records and information in compliance with the Federal Privacy Act of 1974, as amended (5 USC § 552a) and Information Practices Act of 1977, as amended. (Civ. Code §§ 1798 et seq.)

4.3.4 To the extent Contractor maintains records in an electronic format, Contractor shall ensure that all records are "backed-up" or copied, utilizing appropriate, secure technology and operational procedures in order to avoid unauthorized access, permanent loss or destruction, occasioned by theft, accident, willful acts or negligence, or by fire, flood, earthquake or other natural disaster.

4.4 Insurance and Fidelity Bond

4.4.1 General Requirements

4.4.1.1 Contractor agrees that the required insurance policies and bonds, specified below, shall be in effect at all times during the term of this Contract.

4.4.1.2 Contractor shall provide CSD with written notice at least 30 calendar days prior to cancellation or reduction of insurance coverage to an amount less than that required in this Contract and, prior to any lapse or reduction in coverage, provide CSD with documentation, as specified in subsection 4.4.1.3, showing substitute coverage has been obtained or alternative

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

measures have been taken to ensure compliance with the requirements of this Contract.

4.4.1.3 In the event insurance coverage expires during the term of this Contract Contractor agrees to provide within 30 calendar days of the expiration date, a new Certificate of Insurance (ACORD 25) for not less than the remainder of the term of this Contract. The new Certificate of Insurance (ACORD 25) shall evidence no lapse in coverage. The Certificate of Insurance (ACORD 25) shall identify and name CSD as the Certificate Holder.

4.4.1.4 New Certificates of Insurance are subject to review for content and form by CSD.

4.4.1.5 In the event Contractor fails to keep in effect at all times the specified insurance and bond coverage as herein provided, CSD may, in addition to any other remedies it may have, suspend this Contract.

4.4.1.6 With the exception of workers' compensation and fidelity bond, CSD shall be named as an additional insured on all certificates of insurance required under this Contract.

4.4.1.7 The issuance of other CSD contracts, as well as reimbursement payments, to the Contractor may be suspended until evidence of the required current insurance coverage has been submitted to CSD.

4.4.1.8 Should Contractor utilize a subcontractor(s) to provide services under this Contract, Contractor shall indemnify and hold CSD harmless against any liability incurred by that subcontractor(s).

4.4.2 Self-Insurance

4.4.2.1 When Contractor is a self-insured governmental entity, CSD, upon receipt of satisfactory proof of the entity's self-insurance authority, may waive the insurance requirements. A duly authorized county or city risk manager shall provide signed certification of the governmental entity's ability to cover any potential losses under this Contract.

4.4.2.2 Governmental contractors shall specify in writing a list of which coverage(s) will be self-insured under this Contract and shall list all applicable policy numbers, expiration dates, and coverage amounts for coverage which is not self-insured.

4.4.2.3 If a governmental contractor's self-insurance coverage does not contain any changes from the prior year, CSD will accept a certified letter signed

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

by authorized personnel, stating that no changes have occurred from the previous year. This letter is due at the time of contract execution or within 30 calendar days of coverage.

4.4.3 Workers' Compensation Insurance

4.4.3.1 During the term of this Contract Contractor shall maintain legally sufficient workers' compensation insurance issued by an insurance carrier licensed to underwrite workers' compensation insurance in the State of California.

4.4.3.2 Contractor will not be paid an advance or any reimbursement of expenses unless it has first submitted to CSD either a Certificate of Insurance (ACORD 25) or a Certificate of Consent to Self-Insure, issued by the Director of the Department of Industrial Relations, as evidence of compliance with the workers' compensation insurance requirement.

4.4.4 Commercial or Government Crime Coverage (Fidelity Bond)

4.4.4.1 Contractor shall maintain commercial crime coverage. If Contractor is a public entity that elects to self-insure, Contractor shall make provision for adequate coverage to insure against crime risks. The commercial crime policy or government crime self-insurance coverage (hereinafter "fidelity bond") shall include the following coverage or the substantial equivalent: Employee Dishonesty/Theft, Forgery or Alteration, and Computer Fraud.

4.4.4.2 Contractor's fidelity bond coverage limits shall not be less than a minimum amount of four (4) percent of the total contract amount, excluding Utility Services, as set forth under this Contract.

4.4.4.3 Contractor will not be paid an advance or any reimbursement of expenses unless it has first submitted to CSD an applicable Certificate of Insurance (ACORD 25) as evidence of compliance with the fidelity bond requirement.

4.4.5 General Liability Insurance

4.4.5.1 Contractor shall maintain for the term of this Contract general liability and property damage insurance for a combined single limit of not less than $500,000 per occurrence.

4.4.5.2 Contractor will not be paid an advance or any reimbursement of expenses unless it has first submitted to CSD an applicable Certificate of Insurance (ACORD 25), designating CSD as an additional insured as evidence of compliance with general liability insurance requirements.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

4.4.6 Vehicle Insurance

4.4.6.1 Contractor shall maintain for the term of this Contract vehicle insurance in the amount of $500,000 for each person and each accident for bodily injury and in the amount of $500,000 for each person and each accident for property damage.

4.4.6.2 When employees use their own vehicles to perform duties within the scope of their employment, Contractor shall have and maintain for the term of this Contract non-owned and hired-auto liability insurance in the amount of $500,000 for each person and each accident for bodily injury and $500,000 for each person and each accident for property damage. Driving to and from work shall not be considered to be within the scope of employment.

4.4.6.3 Contractor will not be paid an advance or any reimbursement of expenses unless it has first submitted to CSD an applicable Certificate of Insurance (ACORD 25), designating CSD as an additional insured, to CSD as evidence of compliance with the stated vehicle insurance requirements.

4.5 System Security Requirements

Contractor shall, in cooperation with CSD, institute measures, procedures, and protocols designed to ensure the security of data and to protect information in accordance with the Information Practices Act of 1977 (Civ. Code §§1798 et seq.), and such other State and Federal laws and regulations as may apply. In the event there are different system security standards that may be applied to this Article, Contractor shall endeavor to use the strictest security standard that complies with state and federal requirements. The parties hereto agree to the following requirements, obligations, and standards in accordance with regulations set in the State Administrative Manual (SAM) and Statewide Information Management Manual (SIMM):

4.5.1 Data Protection

4.5.1.1 Data exchanged between CSD and Contractor must be limited to the data fields included on Data Transfer Rules (DTR) documents posted at https://agencies.csd.ca.gov/home/Energy/Pages/Resources.aspx. No personal financial information, e.g., credit card, bank account numbers, shall be stored or exchanged in the data exchange sessions.

4.5.1.2 Access to the above-mentioned data included in the DTR must only be given to authorized personnel to complete essential duties. Authorized personnel are to log into these systems using their own assigned credentials (i.e., no login account sharing). Upon departure of personnel with assigned credentials, the Contractor will remove the employee's

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

access to the systems as soon as possible.

4.5.1.3 To the extent Contractor utilizes tablet or other internet-based or mobile devices for client intake and application purposes ("Electronic Intake") in lieu of paper forms and documents, Contractor shall comply with all federal and state information security requirements and with such guidance and protocols as CSD may from time to time issue for the purpose of ensuring the integrity of Electronic Intake, including, but not limited to, the use of electronic signatures, data privacy, security, transfer, and retention requirements.

4.5.1.4 Data exchanged between CSD and Contractor via email communication must have all personally identifying information (PII) and other sensitive information redacted before the document is sent. Alternately, Contractor must encrypt any attachments that have sensitive data using encryption tools and configurations as required by CSD.

4.5.2 Contractor Systems Security

4.5.2.1 The physical location of the computing and data storage devices (e.g., servers) shall be within access-controlled facilities. Individual users may not have access to the data except through their systems that are specifically credentialed for Contractor business. All access will be controlled by authentication methods to validate the approved users.

4.5.2.2 Standards for secure transmission may be accomplished through such means as certificates, secure socket layer, etc., and storage of the data with encryption.

4.5.2.3 Both CSD and Contractor shall keep security patches and anti-virus and anti-malware software up to date on all systems on which data may be used.

4.5.2.4 Contractor shall securely destruct data by sanitizing media prior to disposal.

4.5.3 Trusted Behavior Expectations

CSD's application system and users shall protect Contractor's application system/data and the Contractor's application system and users shall protect CSD's application system/data in accordance with the Privacy Act of 1974 (5 USC § 552a), and Trade Secrets Act (18 USC § 1905), the Stored Communications Act (18 USC §§ 2701 et seq.). Technology and systems code and functionality are owned by the respective parties and may not be shared with anyone else or used without written consent of the owner.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

4.5.4 Incident Reporting

Any party discovering a security incident shall report it in accordance with its incident reporting procedures. Contractor shall, within 24 hours of discovery, report to CSD's Information Security Office at ISO@csd.ca.gov any security incident contemplated herein. Examples include, but are not limited to, stolen or lost equipment, malware/ransomware detection, suspected hacking, etc. Contractor further agrees CSD shall have the right to participate in the investigation of a security incident involving CSD's data, and to cooperate fully with CSD and other relevant State entities during independent investigation of the security incident.

4.5.5 Audit Trail Responsibilities

Both parties are responsible for auditing application processes and user activities. Activities that will be recorded include event type, date and time of event, user identification, workstation identification, success or failure of access attempts, and actions taken by system administrators.

4.5.6 Data Sharing Responsibilities

Contractor shall ensure that all primary and delegated secondary organizations that share, exchange, or use personal, sensitive, or confidential data, pursuant to this Contract and subcontracts issued by Contractor, shall adhere to these security requirements and applicable state and federal law, in addition to further data sharing guidance as may be issued by CSD during the term of this Contract. If data sharing is accomplished via interconnectivity of an application system, then data sharing must be certified to be secure by both parties.

4.5.7 Security Assessment

Contractor shall work with CSD to develop a Memorandum of Understanding (MOU) to further clarify privacy and information security requirements for ensuring the security of personal information of SLIHEAP participants and technology systems supporting program administration and service delivery. In addition, the MOU will specify security requirements for Contractor information technology systems storing and transmitting personal information of program participants, to include specific security assessments and audits of Contractor systems that interconnect with CSD in accordance with federal and state requirements.

4.6 Travel and per diem

4.6.1 Contractor shall not be reimbursed for out-of-state travel. Contractor's employee travel costs and per diem reimbursement rates shall be reimbursed in accordance with Contractor's written policies and procedures not to exceed federal per diem requirements and are subject to the requirements of the Uniform Administrative

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR Part 75, including 45 CFR § 75.474).

4.6.2 In the absence of a written travel reimbursement policy, Contractor shall receive reimbursement rates not to exceed federal per diem limits.

4.7 Conflict of Interest

4.7.1 Contractor shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts or subcontracts. No employee, officer, or agent of the Contractor shall participate in the selection, award, or administration of a subcontract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her 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 firm selected for an award. The officers, employees, and agents of the Contractor shall neither solicit nor accept gratuities, favors, or anything of monetary value from subcontractors or parties to sub-contracts. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipients.

4.7.2 Contractor shall not pay Federal funds received from CSD to any entity in which it or one of its employees, officers, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein has an interest. As ownership constitutes a financial interest, Contractor shall not subcontract with a subsidiary. Similarly, Contractor shall not subcontract with an entity that employs or is about to employ any person described in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR Part 75, including 45 CFR §§ 75.112 & 75.327).

4.7.3 Contractor shall ensure that its employees and the officers of its governing body do not engage in actual or potential conflicts of interest and that no officer or employee who has responsibility for any activity or function with respect to SLIHEAP and the implementation of this Contract shall have any personal financial interest in such activity or function or otherwise personally benefit or gain from the activity or function.

4.7.4 Contractor shall establish safeguards to prohibit its employees or its officers from using their positions for a purpose that could result in private gain or that gives the appearance of being motivated for private gain for themselves or others, particularly those with whom they have family, business, or other ties.

Contractor shall not provide SLIHEAP benefits in situations where an actual or perceived conflict of interest exists, unless the activity is explicitly allowed under

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

Contractor's conflict of interest policies and procedures that are compliant with federal requirements.

4.8 Procurement Standards

4.8.1 Contract Administration

4.8.1.1 *Maintenance of written procurement procedures.* Contractor shall administer this Contract in accordance with all federal and state rules and regulations governing LIHEAP block grants pertaining to procurement, including the Code of Federal Regulations' Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards and amendments thereto, consistent with the general Code of Federal Regulations compliance requirement in Section 1.5, Article 1 of this Contract 45 CFR Part 75, and pursuant to CPA-A-12-01. Contractor shall establish, maintain, and follow written procurement procedures consistent with the procurement standards in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR Part 75) or any subsequent amendments to these standards, and the applicable provisions in this Contract, including but not limited to a code of conduct for the award and administration of contracts and a procedure that provides, to the maximum extent practical, open and free competition.

4.8.1.2 *Eligible Bidders.* Contractor shall not permit any organizational conflicts of interest or noncompetitive practices that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective subcontractor performance and eliminate unfair competitive advantage, individuals or firms that develop or draft specifications, requirements, statements of work, invitations for bids, and/or requests for proposals shall be excluded from competing for such procurements. Contractor shall only award a subcontract to the bidder or offer or whose bid or offer is responsive to the solicitation and is most advantageous to Contractor when considering price, quality, and other factors relevant to the procurement. Contractor's solicitations shall clearly set forth all requirements that the bidder or offer or must fulfill in order for the bid or offer to be adequately and fairly evaluated by the recipient.

4.8.1.3 All supplies, materials, equipment, or services purchased or leased with funds provided pursuant to this Contract shall be used solely for the activities allowed under this Contract, unless the fair market value for such use is charged to the benefiting program and treated as program income earned under this Contract.

4.8.1.4 Contractor shall provide for an open and free competition, to include a

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

cost analysis, in accordance with federal and state law, for the procurement of materials, supplies, equipment, or services.

4.8.1.5 *Non-Competitive bid justification.* If a service or product is of a unique nature, is in response to a public exigency or emergency, or more than one potential vendor/provider cannot reasonably be identified, Contractor shall document adequate justification for the absence of competitive bidding. "Adequate justification" must include but is not limited to:

4.8.1.5.1 Explanation of why the acquisition of goods or services is limited to one vendor or supplier;

4.8.1.5.2 Description of sole vendor/supplier's unique qualifications to provide the goods or services in question; and

4.8.1.5.3 Analysis of cost(s) to demonstrate reasonability.

4.8.1.6 In all procurements, whether requiring CSD pre-approval or not, Contractor is solely responsible for maintaining adequate procurement records demonstrating compliance with Federal and State requirements.

4.8.1.7 Noncompliance with any of the provisions in this section may result in a disallowance of costs related to the procurement transaction.

4.9 Use and Disposition of Vehicles and Equipment

4.9.1 To ensure compliance with the requirements for vehicles and equipment, Contractor shall comply with Uniform Administrative Requirement, Cost Principles, and Audit Requirements for HHS Awards governing the acquisition of equipment with federal funds set forth in 45 CFR Part 75 (including 45 CFR §§ 75.320 & 75.439).

To ensure compliance with the requirements for equipment, vehicles, and the maintenance of equipment and vehicle records, Contractor shall adhere to CPN-A 17-01 or as revised. Contractor shall include information relevant to any purchase/lease pre-approval documented in the CSD 558 submitted to, and approved by, CSD, including the date the request was sent to CSD, the item(s) requested, and date of CSD approval in Contractor's property records.

4.9.2 Contractor shall provide the information specified in CPN-A-17-01, including any supporting documents, to CSD upon request.

4.9.3 *Limitation on Use of Funds.* Contractor shall assure that funds received under this Contract shall not be used for the purchase or improvement of land or for the purchase, construction, or permanent improvement of any building or other facility other than low-income weatherization or energy-related home repairs.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

4.10 Subcontracts

4.10.1 Contractor may enter into subcontract(s) to provide services pursuant to this Contract in the service area(s) specified in Section 1.2 of Article 1. Subcontracts must require that parties comply with all applicable provisions of this Contract. Such requirement shall not relieve Contractor from any performance obligation created herein, nor from liability for a subcontractor's failure of performance.

4.10.2 If Contractor elects to subcontract for services, the Contractor's Board authorization and approval must be obtained and communicated to CSD in writing together with notice of execution of the subcontract as provided in Section 4.10.3. Contractor's Board, through a resolution or other official documentation, may elect to delegate the signing authority for the approval of subcontractors to the Chief Executive Officer or designated authority unless such delegation is set forth in the bylaws of the agency and a copy of the provision is communicated to CSD.

4.10.3 Within 60 calendar days of the execution of any subcontract, Contractor shall provide written notification to CSD of the execution of the subcontract as well as identifying information, to include the name of the subcontractor entity, its address, telephone number, contact person, contract amount, and program description of each subcontractor activity to be performed by the subcontractor.

4.10.4 Notification of subcontract execution shall contain certification by Contractor that to the best of Contractor's knowledge, the subcontractor is not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any federal department or agency. For purposes of this certification of subcontractor eligibility, Contractor may rely on information available at https://www.sam.gov/SAM/pages/public/index.jsf.

4.10.5 If CSD determines that Contractor has executed a subcontract with an individual or entity listed as disbarred, suspended, or otherwise ineligible on the Excluded Parties List System as of the effective date of the subcontract, costs Contractor has incurred under the subcontract may be disallowed.

4.10.6 Contractor must ensure that funds expended pursuant to this Contract are allowable and allocable. Contractor must adopt fiscal control and accounting procedures sufficient to enable the tracing of funds paid to any subcontractor to a level of expenditure adequate to establish that such funds have not been used in violation of this Contract. Contractor shall ensure that any subcontracts under this Contract contain all provisions necessary to ensure adequate substantiation and controls of the expenditure of such funds. Contractor may achieve this through detailed invoices, by periodic monitoring of subcontractor's program activities and fiscal accountability, by retaining a right of reasonable access to the subcontractor's books and records, or by any other method sufficient to meet Contractor's responsibility to substantiate costs required by the Uniform Administrative Requirements, Cost Principles, and Audit

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

Requirements for HHS Awards (45 CFR Part 75).

4.10.7 Contractor shall notify subcontractor(s) in writing within five business days of such action in the event CSD suspends, terminates, and/or makes changes to services to be performed that materially alter the obligation of the subcontractor under this Contract.

4.10.8 Contractor is liable for the failure of performance of the terms, conditions, assurances, and certifications of this Contract, without recourse against CSD over matters involving subcontracts entered into for the implementation of this Contract, including but not limited to disputes, claims, or other legal action for breach of contract, negligence, torts, or criminal acts and other misconduct.

4.10.9 Nothing in this Contract creates or implies a contractual relationship between CSD and any subcontractor or creates any obligation by CSD to any subcontractor. Contractor is liable to CSD for damages to CSD for the acts and omissions of its subcontractors that occur in connection with the implementation of this Contract. Contractor's obligation to pay its subcontractors is independent of any obligation of CSD to pay Contractor, and Contractor shall not represent to subcontractors any such obligation of CSD to pay or ensure payments to subcontractors.

4.10.10 All subcontractors shall be subject to applicable training requirements and shall maintain records of completion and certification in accordance with record-keeping provisions in this Contract. In addition, subcontractors whose training is provided at Contractor's expense will be subject to a retention contract, as indicated in Section 9.1.4.

4.11 Complaint Management Policies and Procedures

4.11.1 Contractor shall establish and maintain policies and procedures for handling complaints and provide applicants an opportunity to register a complaint based on their experience with attempts to obtain services under SLIHEAP. The policies and procedures shall be in writing and Contractor shall provide the complaint process to interested individuals upon request.

4.11.2 Contractor shall ensure that all formal complaints are documented and include the date, time, client name and address, and nature of the complaint and the actions undertaken by the Contractor to resolve the issue. For purposes of this section, "formal complaint" means a written complaint filed with the Contractor by the complainant.

4.11.3 If the Contractor's efforts did not result in a resolution, the Contractor may refer the applicant or client to CSD. The Contractor shall contact CSD and explain the issue, actions taken to resolve the issue, and provide CSD with all supporting documentation that indicates the nature and extent of Contractor's effort to resolve the issue.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

4.11.4 CSD shall immediately be notified if the Contractor has reason to believe that the complainant will contact the media, a State or Federal oversight agency, or the Governor's Office regarding the complaint.

4.12 Fair Hearing Process for Applications for Denial of Benefits by Contractor

4.12.1 Contractor shall establish a written appeals process to enable applicants who are denied benefits or services, or who receive untimely response or unsatisfactory performance, the right to appeal the decision or performance to the Contractor. Contractor's process shall include, at a minimum, all of the requirements of 22 CCR § 100805 (b) plus:

4.12.1.1 Provisions that ensure that each applicant is notified in writing of the right to appeal a denial of or untimely response to an application, or to appeal unsatisfactory performance. At the time the applicant applies for services, applicant shall be informed of appeal rights and appeal procedures, to include the right to appeal to both the Contractor and to CSD;

4.12.1.2 Provisions that ensure that Contractor will make a good faith effort to resolve each appeal;

4.12.1.3 Provisions that ensure that Contractor shall notify the applicant in writing of the Contractor's final decision within 15 business days after the appeal is requested. If the appeal is denied, the written notification shall include instructions on how to appeal the decision to CSD. Whenever Contractor notifies an applicant of a denial of an appeal, Contractor shall at the same time provide a copy of the final decision to the Manager of CSD's Energy Services Division; and

4.12.1.4 Provisions to track information on denials and appeals.

4.12.2 Upon receipt of an applicant's appeal of a Contractor's denial of benefits or services, CSD may conduct a hearing in accordance with established procedures. CSD's decision following the appeal and hearing shall be final.

4.13 Fraud, Waste, and Abuse

4.13.1 Contractor shall submit a written report to CSD within 30 calendar days of discovery of incidents and activities, or suspected incidents and activities, involving fraud, waste, and abuse of SLIHEAP funds by Contractor's employees, subcontractors, clients, or other parties affiliated with Contractor. Incidents and activities subject to reporting under this section include, but are not limited to, criminal acts and other violations of law constituting a misuse of funds that could result in cost disallowance. Contractor shall inform CSD within 30 calendar days of any reports or complaints submitted to law enforcement officials by Contractor, Contractor's employees,

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

subcontractors, clients, or other parties affiliated with Contractor, concerning the misuse of SLIHEAP funds.

4.13.2 Contractor shall provide employees, subcontractors, clients, and other parties affiliated with the Contractor the information necessary to report fraud, waste, and abuse to the U.S. Department of Health and Human Services Office of Inspector General Fraud hotline.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

SUBVENTION CONTRACT

FINANCIAL REQUIREMENTS

ARTICLE 5 - ADMINISTRATIVE AND PROGRAM EXPENDITURES REQUIREMENTS

5.1 Budget Guidelines

5.1.1 Budget and Allocation Forms

5.1.1.1 Upon execution of this Contract, CSD shall release the 2024 SLIHEAP allocation as reflected in the allocation spreadsheet.

5.1.1.2 If the SLIHEAP grant award is yet to be determined and CSD must fund this Contract based on Continuing Resolution appropriations, CSD shall amend the Contract and update the allocation spreadsheet to reflect the Final allocation.

5.1.2 Minor Modifications

If Contractor intends to request a minor modification to this Contract, Contractor shall submit a Request for Amendment/Modification Energy (CSD 509), by completing a CSD 509 with a justification supporting the fund transfer or change request. Contractor may submit the signed request for amendment/modification to CSD via email, fax, or hard copy with signature via Mail.

Minor modifications which Contractor may propose for approval by CSD include the following:

5.1.2.1 Transferring funds to increase or decrease the Utility Assistance total allocation within Service Territories;

5.1.2.2 Transferring funds to increase or decrease the WPO total allocation (ECIP WPO or HEAP WPO);

5.1.2.3 Fund Transfer in Service Territory with Multi-Service Areas

If Contractor transfers funds from Administrative, Intake, Outreach, and other Support costs to WPO/Utility Assistance for a specific service area, then later transfer funds from the remaining service areas to replenish the Administrative, Intake, Outreach, or other Support costs such transfer of funds should not unduly impair the equitable provision of services or otherwise disadvantage potential recipients of benefits in any Service Area.

Subsequent transfer of funds to replenish the Support line(s) with Utility

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

Assistance funds shall be limited to fund transfer from Service Area(s) that benefited from the preceding transfer.

5.2 Utility Assistance Expenditure Requirements

5.2.1 The Utility Assistance portion of Contractor's grant shall be retained by CSD to enable CSD to make direct utility assistance payments to clients and/or to utility companies. Contractor's Administrative and Assurance 16 budget line item shall be based on Contractor's total allocation, including Utility Assistance.

5.2.1.1 Energy Crisis Intervention Program (ECIP): Electric and Gas (Fast Track)

The total amount allocated to the ECIP Fast Track Program shall be administered by Contractor in accordance with the terms of this Contract, with payments to recipients issued by CSD.

5.2.1.2 Home Energy Assistance Program (HEAP): Electric and Gas Allocation

The total amount allocated to the HEAP Electric and Gas Program shall be administered by Contractor in accordance with the terms of this Contract, with payments to recipients issued by CSD.

5.2.2 ECIP Payments - Electric and Gas (Fast Track)

Payment for applicant's electric and/or gas energy bills shall be made by CSD directly to the utility company or in the form of a dual-party warrant, payable to the applicant and the utility company. All payments shall be deducted from Contractor's Utility Assistance allocation.

5.2.3 HEAP Payments - Electric and Gas

Payment for applicant's electric and/or gas energy bills shall be made by CSD directly to the utility company or in the form of either a dual-party warrant, payable to the applicant and utility company; or, in the case where the cost of energy is included in applicant's rent, a single-party warrant shall be issued, payable to the applicant. All payments shall be deducted from Contractor's Utility Assistance allocation.

5.3 Working Capital Advance and Major Purchase Advances

5.3.1 Working Capital Advance (WCA)

Contractor may, in accordance with applicable law, receive WCA payments of allowable program costs per this Contract, provided Contractor complies with the provisions of this section and guidance issued by CSD as is needed to implement this section. In order to receive a WCA, Contractor's financial management systems shall

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

be compliant with the provisions of this Contract, WCA Requirements, applicable CPNs and CPAs, and the standards for fund control and accountability as established in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR Part 75).

5.3.1.1 WCA Requirements include the following standards:

5.3.1.1.1 The WCA shall be for the minimum amounts necessary, timed in accordance with Contractor's immediate cash requirements, which will enable Contractor to carry out the purposes of this Contract;

5.3.1.1.2 WCA Requirements issued by CSD to Contractor, while conforming to the requirements of this Section 5.3.1, shall take into account the practical requirements and limitations of efficient administration and the effective implementation of this Contract by both Contractor and the CSD;

5.3.1.1.3 Interest on Advances. Contractor shall deposit all advances in an interest-bearing account. Interest earned, up to $500 per year, may be retained by Contractor for administrative expenses. The account shall be sufficiently segregated to enable the tracking and accounting of WCA funds issued by CSD. Any interest earned on SLIHEAP advances shall be accounted for and expended pursuant to 2 CFR § 200.305(b)(9) (45 CFR § 75.305(b)(9)); and

5.3.1.1.4 Non-advance Payments and Offsets. If Contractor elects not to request a WCA, payment for allowable expenses under this Contract shall be made upon approval by CSD of Contractor's monthly Expenditure Activity Report. If Contractor owes CSD any outstanding balances for overpayments under any contract, current or previous, the balance may be offset, based on arrangements made with the Contractor.

5.3.1.2 Contractor shall adhere to the WCA Requirements outlined in CPN-E-19-001, which is available online at: https://agencies.csd.ca.gov/home/Energy/Pages/CPNCPA-Energy.aspx.

5.3.2 WCA Limits

Pursuant to 22 CCR § 100840 (a) the total amount advanced to Contractor at any time, in the form of a WCA, shall not exceed 25 percent of Contractor's total contract amount, excluding the Utility Assistance allocation amount. If the WCA request exceeds the remaining balance, then CSD shall only provide Contractor with the

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

amount of the remaining balance. Advance amounts repaid by Contractor may be replaced by additional advances at any time as allowed in this Section 5.3 and corresponding guidance.

5.4 Program Income

5.4.1 Contractor shall maintain records of the receipt and disposition of all "program income" defined in 22 CCR § 100855(c) and pursuant to CPN-A-18-01, as income that is generated or earned as a result of SLIHEAP activities.

5.4.2 Determining Net Program Income

5.4.2.1 Except as provided below in Section 5.4.2.2, any costs Contractor incurs in generating program income may be deducted from gross program income to determine net program income.

5.4.2.2 Contractor shall not deduct from gross program income any allowable program expenses for which Contractor has been, or will be, reimbursed from the SLIHEAP grant award.

5.4.3 Expenditure, Reporting, and Rollover of Program Income

5.4.3.1 Program income must be expended in accordance with the requirements for expenditure of regular SLIHEAP funds, for allowable program purposes.

5.4.3.2 Contractor may expend program income during the term of this Contract. Contractor shall report all such expenditures, along with remaining unexpended program income, at the close-out of this Contract or at such other time(s) as CSD reasonably requires.

5.4.3.3 Contractor's unexpended program income at the close-out of this Contract shall roll over to subsequent SLIHEAP contract(s).

5.4.3.4 If Contractor has generated program income with leveraged funding source(s) in addition to SLIHEAP, the SLIHEAP portion of rollover program income must be tracked by Contractor and can be used for allowable SLIHEAP expenditures.

5.5 Wood, Propane and Oil Returned Payments

5.5.1 Contractor shall maintain a tracking-log of returned payments for services provided. Returned payments must not be entered into the Expenditure Activity Reporting System (EARS) or CSD's Combined Outcome Reporting Engine (CORE). Upon receipt of the returned payment Contractor shall make the following attempts to

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

contact client:

5.5.1.1 Make every reasonable attempt to contact client within five business days of receiving the returned payment during the contract term. The following shall constitute a reasonable effort and be maintained in the client file:

5.5.1.1.1 One phone call attempt stating the client has the option to reclaim the returned payment and provide Contractor with the updated vendor information to reissue the returned payment amount; or

5.5.1.1.2 One letter to the client stating the option to reclaim the repayment and provide Contractor with the updated vendor information to reissue the returned payment amount.

5.5.1.2 Hold the returned payment for the client for 10 business days subsequent to all attempts to contact the client.

5.5.1.3 If the client does not contact Contractor within the above time frames the returned payment shall be added to the current WPO allocation tracking log.

5.5.1.4 If Contractor is unable to identify the client of the returned payment the payment can be added to the current WPO allocation tracking log.

5.5.2 Contractor may expend returned payments on WPO services during the term of this Contract. Contractor shall report all such expenditures, along with remaining unexpended returned payments, at the close-out of this Contract or at such other time(s) as CSD reasonably requires.

5.5.3 Contractor's unexpended returned payments at the close-out of this Contract shall be returned to CSD.

5.5.4 Returned payments received after the close-out of the contract shall be promptly returned to CSD.

5.5.5 If Contractor is unable to determine whether the returned payment is funded from the current contract, the returned payment shall be promptly returned to CSD.

5.6 Allowable Costs

5.6.1 Cost Reporting

5.6.1.1 All costs shall be reported using a "modified accrual" or "accrual" method of accounting.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

5.6.1.2 Pursuant to the federal block grant and applicable regulations, Contractor may only claim reimbursements for actual, allowable, and allocable direct and indirect costs.

5.6.1.3 Contractor shall report all expenditures at actual cost and shall maintain records and source documentation in such a manner as to substantiate all costs reported.

5.6.2 Administrative

5.6.2.1 General

5.6.2.1.1 Administrative costs shall not exceed the amounts as set forth in allocation spreadsheet.

5.6.2.1.2 Administrative Costs shall mean actual costs for auxiliary functions such as salaries, wages, workers compensation, and fringe benefits for administrative staff, as well as for facilities, utilities, equipment, telephone, travel, accounting, auditing, monitoring assistance, office supplies, and like services necessary to sustain the direct effort involved in administering a grant program or an activity providing services to the grant program.

5.6.2.2 Contractor shall use Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR Part 75) as a guide for determining administrative costs.

5.6.2.3 Contractor's acquisition costs shall not exceed $10,000 per unit cost.

5.6.3 Program Costs

5.6.3.1 General

Program costs are all allowable costs other than Administrative Costs. Program costs include those actual costs that are directly attributable to the performance of this Contract and that are reasonable and necessary as determined by CSD for the purpose of delivering services.

5.6.3.2 Assurance 16

Assurance 16 costs shall not exceed the total amount set forth in the allocation spreadsheet.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

5.6.3.3 Intake

Intake shall be allocated at eight (8) percent of the ECIP/HEAP and Utility Assistance Budgets based on the total Contract allocation as set forth in the allocation spreadsheet Reimbursement shall not exceed these limits and shall be reimbursed at actual cost. Intake in excess of eight (8) percent may be charged as an administrative cost not to exceed allowable administrative cost maximum.

5.6.3.4 Outreach

Outreach shall be allocated at five (5) percent each of the ECIP/HEAP and Utility Assistance budgets based on the total Contract allocation as set forth in the allocation spreadsheet. Reimbursement shall not exceed these limits and shall be reimbursed at actual cost.

5.6.3.5 Training and Technical Assistance

Training and technical assistance shall be allocated up to two (2) percent of the total ECIP/HEAP allocation based on the total contract allocation as set forth in the allocation spreadsheet. Training and technical assistance shall not exceed these limits and shall be reimbursed at actual cost.

5.6.3.5.1 If Contractor determines that an increase in the allowable allocation for training and technical assistance is needed to cover the cost of the software database collection system or related automation training as specified below, then Contractor must submit a request to, and obtain prior approval from, CSD.

5.6.3.5.2 Associated training and technical assistance costs may include costs related to travel, admission, materials, and actual salaries/wages.

5.6.3.5.3 Training may include, but is not limited to, internal contractor training, software database collection system or other forms of training to aid in the development and skill of staff in utilizing and supporting internal program automation systems, related workshops sponsored by utility companies, or CSD training. CSD training may include Local Service Provider’s Meetings and Association of California Community and Energy Services Roundtable Meetings, and/or other organizations offering a component of WPO or Utility Assistance training, and/or is necessary to carry out the direct delivery of services.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

5.6.3.6 Acquisition Costs

5.6.3.6.1 Minor Equipment Less Than $10,000 – Acquisition Costs.

Minor Equipment costs under $10,000 per unit must follow all federal and state rules and regulations governing LIHEAP pertaining to procurement standards.

5.6.3.6.2 Acquisition costs shall not exceed $10,000 per unit cost.

5.6.3.7 Liability Insurance

Liability Insurance shall mean those actual costs allocated for insurance bonds, general liability, vehicle insurance, and pollution occurrence insurance (if applicable).

5.6.3.8 General Operating Costs

General Operating Costs may be charged to the program and are for costs that are directly allocable to those activities defined as related facilities, office and computer equipment, office supplies, telephone, travel, and materials and activities to prevent exposure related to COVID-19 as allowable program costs.

5.6.3.9 Automation Costs

5.6.3.9.1 Contractor can expend funds to the Automation Costs (AC) in an amount not to exceed $50,000, to be used to meet contract program startup requirements such as IT automation needs to comply with updated or new Expenditure Activity Reporting System, Core (“CSD System”) requirements or contractual reporting requirements programmatic in nature, related to CSD System IT expenses, and with ongoing programmatic IT expenses. AC funds are not limited exclusively to CSD System-related IT expenditures, but any IT expense related to CSD System costs incurred including necessary training on upgrades to Contractor’s system.

5.6.3.9.2 If Contractor expended funds in a prior year for a system and now wants to purchase a new system with AC funds, Contractor must utilize unrestricted funds and bear the full cost of the conversion to such an alternative system. Contractor may be granted a variance from this requirement provided Contractor’s AC plan is appropriately revised and CSD gives its written approval of the plan and request for variance.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

5.6.3.9.3 Contractor shall report all automation and IT expenditures related to compliance with the reporting requirements under this Contract in the Automation Costs line item. Such expenditures may include, but is not limited to, computer and IT equipment; approved front-end database acquisition and ongoing subscription costs; IT security implementation costs; and IT systems training. All costs reported in this line item must be directly related to program functions. IT costs related to administrative functions shall be reported as administrative costs pursuant to the Uniform Administrative Requirements, Cost Principles and Audit Requirements for HHS Awards (45 CFR Part 75).

5.6.3.9.4 Contractors with multiple LIHEAP contracts for the same contract year are limited to reimbursement up to $50,000 per contract. Contractor shall allocate costs among contracts when permitted and may not charge the same costs to more than one contract.

5.6.3.9.5 CSD System-related IT costs charged to the AC shall be submitted for reimbursement in accordance with CSD's normal reporting and accounting procedures.

5.6.3.9.6 CSD System-related IT costs that exceed the maximum AC amount of $50,000 may not be reimbursed by CSD.

5.6.3.9.7 Contractors that remain in contract with their front-end vendor are not required to conduct a procurement for ongoing maintenance, updates or process improvements performed by the front-end vendor.

5.6.3.9.8 Upon approval by CSD, Contractor may procure, from CAP 60 ©, Hancock™ or ServTraq©, a new automated reporting system with supplemental functionality beyond basic CSD System reporting requirements. The following provisions apply to CAP 60 ©, Hancock™ and ServTraq© System Users:

5.6.3.9.8.1 If Contractor elects to procure a new automated IT reporting system, it is the Contractor's obligation to ensure that the system procured is fully compliant with CSD System requirements. CSD's responsibility is limited to providing Contractor or its vendor with the applicable system specifications, interface and security protocols;

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

5.6.3.9.8.2 If Contractor expended funds in a prior year for a system and now wants to purchase a new system with AC funds, Contractor must utilize unrestricted funds, to bear the full cost of the conversion to such an alternative system. Similarly, Contractor may not use future annual AC funding for such conversion. Any alteration to this provision requires prior written approval from CSD and must include the submission of a revised AC plan; and

5.6.3.9.8.3 Systems and services procured by Contractor in order to obtain and implement CAP 60 ©, Hancock™ or ServTraq© system shall be conducted in compliance with Contractor's procurement policy and with all applicable SLIHEAP contract requirements and the provisions of federal and state law. Contractor may, at Contractor's option, participate in a consortium of local service providers to procure jointly an automated reporting system from CAP 60 ©, Hancock™ or ServTraq©, provided Contractor's procurement policy is not violated in such a manner as to render the process flawed or unfair. Contractor may rely on any SLIHEAP local service provider subject to this Amendment to conduct the procurement on Contractor's behalf provided, however, that: 1) Contractor shall not be absolved from fulfilling applicable procurement obligations and requirements; 2) Contractor shall review all pertinent procurement documentation for sufficiency; and 3) make such documentation available to CSD upon request.

5.7 Service Area Expenditures Requirements

5.7.1 For purposes of this section the following definitions apply:

"Service Area" means the geographical area for which Contractor receives a discrete grant allocation, whether in a contract pertaining to that geographical area alone, or in a contract covering multiple geographical areas, as for example, multiple counties.

"Service Territory" means the totality of Contractor's Service Area(s), whether: 1) a single county; 2) a portion of a single county; 3) multiple counties; or 4) a single county in combination with a portion of another county. Accordingly, the single Service Area or combined Service Areas for which Contractor provides services constitutes Contractor's Service Territory.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

"Target Allocation" means the sum of money from the SLIHEAP state grant designated by CSD for expenditure in a designated Service Area.

"Target Service Area" means the service area for which a grant allocation has been designated on the SLIHEAP Allocation Spreadsheet attached to this Contract.

5.7.2 This section shall apply to Contractor if any of the following pertain:

5.7.2.1 This Contract involves funding for SLIHEAP services provided by Contractor in multiple Service Areas;

5.7.2.2 Contractor provides only some of the SLIHEAP services in multiple Service Areas under the terms of this Contract; or

5.7.2.3 Some combination of 5.7.2.1 and 5.7.2.2 above.

5.7.3 The Target Allocation(s) specified in this Contract shall be used either: a) to provide services within the geographical boundaries of Target Service Area(s) to which the allocation applies; or b) on behalf of the recipients of benefits who reside within the Target Service Area(s), thereby ensuring that the low-income persons in each Target Service Area receive their appropriate share of the grant award and that program funds designated for a particular Target Service Area are not expended for services in another Service Area without good cause.

5.7.3.1 Contractor is required to expend at least 90 percent of the applicable Target Allocation(s) in each Target Service Area(s).

5.7.3.2 Contractor shall, as requested by CSD, submit a SLIHEAP Production Plan estimating the number of households served by the designated allocation for each Target Service Area, identify service needs in Target Service Areas and track expenditures.

5.7.3.3 At the time of close-out, Contractor shall submit a report comparing Contractor's production estimates, by Service Area, to actual expenditures, what lessons were learned, and what changes in operations are anticipated in coming years.

5.7.4 Notwithstanding the provisions of Section 5.7.3, Contractor is authorized under the terms of this Contract to combine the Administrative, Intake, Outreach, Assurance 16, and other program support costs, including liability insurance, workers' compensation, and general operating portion of grant allocations for multiple Service Areas for purposes of efficiency and effective contract implementation, provided such combining of funds does not unduly impair the equitable provision of services or otherwise disadvantage potential recipients of benefits in any Service Area.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

5.8 Reimbursement Guidelines

5.8.1 Claims for Reimbursement

Pursuant to the federal block grant and applicable regulations, Contractor may only claim reimbursements for actual, allowable, and allocable direct and indirect costs. Contractor shall report actual costs incurred for actual expenditures up to any applicable maximum amounts set by this Contract.

5.8.2 Assurance 16

5.8.2.1 Assurance 16 costs and its related services include those actual costs that are directly attributable to the performance of this Contract and that are reasonable and necessary as determined by the CSD for the purpose of delivering services. Assurance 16 costs shall include needs assessment, client education, budget counseling, and coordination with utility companies.

5.8.2.2 Contractor may claim Assurance 16 costs for client education only once when LIHEAP, DOE and other CSD Program funds and services are provided concurrently for the same applicant.

5.8.3 Wood, Propane, and Oil Assistance

5.8.3.1 HEAP WPO

Contractor may claim reimbursement for HEAP WPO expenditures and activities expenditures as required in accordance with the terms of this Contract.

5.8.3.2 ECIP WPO

Contractor may claim reimbursement for ECIP WPO expenditures as required in accordance with the terms of this Contract.

5.8.3.3 Tank Repair

Contractor may claim reimbursement for the cost of tank repair separate from the HEAP WPO, ECIP WPO and Supplemental WPO payment as outlined in CPA E-21-04 WPO Benefit Formula Implementation and subsequent CPA modifications.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

ARTICLE 6 - REPORTING POLICIES AND PROCEDURES

6.1 Reporting Requirements

6.1.1 General

6.1.1.1 Contractor shall request reimbursement for expenditures associated with all Contract activities (excluding ECIP Fast Track and HEAP Electric and Gas) by reporting in the EARS, in accordance with CPN-E-19-002; Energy Policies and Procedures, which is available online at: https://agencies.csd.ca.gov/home/Energy/Pages/Resources.aspx.

6.1.1.1.1 Expenditures for Admin, Assurance 16, Intake, ECIP WPO, HEAP WPO, and EHA-16 program costs shall be reimbursed through the SLIHEAP Monthly EHA 16 Expenditure Activity Report via EARS.

6.1.1.1.2 Contractor shall submit adjustments in accordance with CPN-E-19-002.

6.1.1.1.3 Payment to Contractor for any given month shall be contingent upon receipt and approval by CSD of the preceding monthly submission.

6.1.1.2 Contractor shall submit client details electronically to CORE for ECIP Fast Track, HEAP Electric and Gas, ECIP WPO, and HEAP WPO.

Contractor shall submit to CORE, applications that have received a pledge for ECIP Fast Track or HEAP Electric and Gas to CORE, within the timeframe specified in the Direct Pay Utility Pledge Timeframe document located on the contract page of the CSD Local Agencies Portal.

6.1.1.3 Contractor shall submit requested client files, records, and documents to the File Transfer Protocol (FTP) Server as requested by CSD. CSD shall use Contractor submitted documents to perform an in-house desk review to verify compliance with financial, administrative, and programmatic requirements.

6.1.1.4 Reporting System Requirements

6.1.1.4.1 CSD will provide Contractor with specifications of minor IT reporting changes or other minor changes, and upon receipt of the specifications, Contractor shall implement system changes in their local system within 30 calendar days. Minor changes are those that are routine in nature to begin performance under

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

the Contract such as but not limited to adjustments to the Expenditure Activity Report layout, adding or deleting measures and adjusting eligibility guidelines.

6.1.1.4.2 Major reporting changes, upon receipt of the specifications, shall be implemented in Contractor's local system as negotiated by CSD. Major IT system changes are those changes made to the business rule validations as listed in the most current Utility and Water Assistance Data Transfer Business Rules. The most current Utility and Water Assistance Data Transfer Business Rules are located on the CSD Local Agencies Portal on the System Specification website page.

6.1.2 CSD Review and Approval of Reports

6.1.2.1 CSD shall review and approve Contractor's monthly reimbursement/activity reports before offsets to advances or reimbursement payments are issued. CSD will conduct an ongoing evaluation of Contractor's performance related to program and fiscal operations and its demonstrated ability to effectively utilize all funds available under this Contract.

6.1.2.2 The issuance of other CSD contracts, including reimbursement payments to the Contractor, shall be contingent upon timely receipt of the required reports and/or compliance with the material requirements of this Contract.

6.1.3 Close-out Report

6.1.3.1 Contractor shall submit on appropriate CSD forms, a close-out report, verifying all actual, allowable, and allocable costs earned during the term of this Contract and return all excess reimbursement and unexpended funds to CSD within 60 calendar days of the expiration of this Contract. If Contractor fully expends funds prior to the end of the contract term, all appropriate CSD close-out forms shall be submitted within 60 calendar days of final expenditure.

6.1.3.1.1 Administrative costs, outreach, intake, Assurance 16, Training and Technical Assistance shall not exceed the maximum allowable amounts.

6.1.3.1.2 Administrative and Assurance 16 costs shall remain proportionate to the cumulative allowable program expenditures for WPO and Utility Assistance. Any Administrative and Assurance 16 costs that exceed these limits shall be disallowed.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

6.1.3.1.3 Subsequent payments, including advance payments, for SLIHEAP or other CSD contracts may be withheld, absent timely receipt of the close-out report of this Contract.

6.1.3.2 The issuance of other CSD contracts, and reimbursement and advance payments for existing contracts, may be withheld, absent receipt of the close-out report which is due no later than 60 calendar days after Contractor fully expends or the end of the Contract term.

6.1.3.3 The close-out report shall include the following:

6.1.3.3.1 Close-out checklist with authorized signature (CSD 733);

6.1.3.3.2 Interest and Program Income Earned Reconciliation Report (CSD 733F);

6.1.3.3.3 Report comparing production estimates, by Service Area, to actual expenditures, what lessons were learned, and what changes in operations and service delivery are anticipated in coming years; and

6.1.3.3.4 Equipment Inventory Schedule (CSD 733G).

6.1.3.4 Interest and Program Income-Earned

Contractor shall use a CSD 733F, SLIHEAP Interest and Program Income Earned Close-out Reconciliation, to report actual costs and/or interest income earned and expended. Pursuant to 22 CCR § 100855 and in accordance with CPN-A-18-01 Program Income, program income earned and expended are subject to the expenditure and reimbursement guidelines for the program year in which expenditures occurred.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

SUBVENTION CONTRACT

PROGRAMMATIC REQUIREMENTS

ARTICLE 7 - PROGRAM POLICIES AND PROCEDURES

7.1 Program Standards and Regulatory Requirements

7.1.1 Program Standards

7.1.1.1 Contractor shall adhere to all CSD program standards pursuant to the following documents which have been incorporated by reference and made part of this Contract as if attached hereto:

7.1.1.1.1 ECIP Policy and Procedures;

7.1.1.1.2 Official State and Federal Program Notices and Guidance Documents;

7.1.1.1.3 Current Eligibility and Verification Guide; and

7.1.1.1.4 Utility Assistance and Water Data Transfer Business Rules.

7.1.1.2 Upon signing the CSD contract, Contractor is acknowledging receipt of all current technical manuals, policies, and protocols.

7.2 Prioritization of Services

7.2.1 Contractor assures that ECIP (Fast Track and WPO) and HEAP activities are conducted in accordance with the current Agency Local Plan, hereby incorporated by reference.

7.2.2 Contractor assures activities shall be designed to provide assistance to low-income households in meeting their home energy costs, particularly those with the lowest incomes that pay a high proportion of household income for home energy, and that such methods to be utilized, and that eligible households, particularly those households with elderly individuals, disabled individuals, or children five years and under are made aware of the assistance available under this Contract.

7.3 Service Priority Guidelines

7.3.1 Contractor shall give first priority for services to those households with the lowest income and highest energy burden. In addition, Contractor shall factor into its first priority for services those households with the following vulnerable populations: young children (ages five years or under), disabled, and elderly persons (ages 60 years or older), in accordance with the current Agency Local Plan.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

7.3.2 Contractor may give first priority for services to those households whose members have life-threatening emergencies.

For the ECIP Fast Track, HEAP Electric and Gas, ECIP WPO and HEAP WPO program components, Contractor shall assign prioritization points consistent with the current Agency Local Plan in Article 13.

7.3.3 Due to limited funding, contractors are discouraged from providing energy assistance benefits to households with substantial credit(s) on its utility bills.

7.3.4 Equitable Treatment

Contractor shall ensure that owners and renters receive equitable treatment under this program.

7.4 Outreach and Intake Activity Guidelines

7.4.1 Outreach

Contractor shall perform appropriate outreach activities to ensure that households in the service area(s) are informed about all SLIHEAP services and have an opportunity to apply for such services.

7.4.2 Intake

Contractor shall use intake program funds for determining eligibility of applicants seeking SLIHEAP services. Services include the process of completing an intake application and reviewing applicant documentation. Contractor shall:

7.4.2.1 Establish reasonable hours whereby applicants will have access during regular business hours to seek program information with an assurance that the Contractor shall respond to the applicant's request within a reasonable amount of time;

7.4.2.2 Ensure applicants have access to applications, whether in hardcopy, electronic format, during regular business hours. Contractors whose offices are not staffed Monday through Friday must arrange for alternative points of access to SLIHEAP applications. Contractor may satisfy this requirement by posting their application for download on their website or post a link directing applicants to an application posted at CSD's website at www.csd.ca.gov or at alternate location(s) or by mailing applications;

7.4.2.3 Accept applications for assistance during regular business hours;

7.4.2.4 Accept applications for ECIP Fast Track and WPO at sites that are

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

geographically accessible to all households in the area served by Contractor;

7.4.2.5 Provide low-income individuals who are physically infirm with the means to submit applications for HEAP and ECIP without leaving their residences;

7.4.2.6 All sites where intake is conducted must be accessible to the disabled;

7.4.2.7 Contractor shall utilize the Energy Intake Form (CSD 43), or approved Contractor's equivalent, as a multipurpose form for referrals to the LIHEAP Weatherization program, the ECIP EHCS program, HEAP program, and DOE program; and

7.4.2.8 If Contractor opts to "pre-screen" applicants for benefits by discussing eligibility criteria and by counseling potential clients in advance of their completing and submitting an Energy Intake Form (CSD 43) or approved Contractor's equivalent, Contractor must apply income guidelines and Contractor's Priority Plan when prescreening applicants. If the applicant appears to be ineligible, Contractor must so inform the applicant but must nevertheless notify prescreened applicants of the right to apply for benefits upon changes in the prescreened applicant's circumstances and status. Energy Intake Form (CSD 43) or approved Contractor's equivalent must be provided to a potential client upon request, whether or not a prescreening process is employed.

7.4.3 Applicant Written Notification of Benefits

Within 15 business days of receiving an application Contractor shall provide the applicant written or electronic notification of the application status, indicating whether the application has been approved, denied, deemed incomplete, or is still pending review.

7.4.3.1 If approved, the notice shall indicate the nature and an approximate timeframe in which the utility assistance payment will be provided and if a referral was made to for weatherization services. The name of the utility company and the amount of the benefits also shall be included in the notification for Utility Assistance.

7.4.3.2 If denied, the notice shall indicate the reason for the denial and information regarding the appeal process.

7.4.3.3 If incomplete, the notice shall indicate what additional information or documentation is required.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

7.4.3.4 If pending review, the notice shall provide a revised estimate of when the status of the application will be determined. Contractor must follow-up with a notification when a determination has been made.

7.5 Assurance 16 Activity Guidelines

Assurance 16 program funds shall be used for services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance such as needs assessment, client education and budget counseling, and coordination with utility companies. These funds may not be used to identify, develop, and/or demonstrate leveraging programs.

7.5.1 Needs Assessment

Contractor must conduct a needs assessment for each client who submits an application that shall include computing the energy burden of each applicant's household and prioritizing households in accordance with the current Agency Local Plan in Article 13.

7.5.2 Client Education/Budget Counseling – General Requirements

Contractor shall provide all recipients of energy assistance under this Contract with applicable energy conservation information and budget counseling in accordance with the Contractor's approved current Agency Local Plan in Article 13. As a minimum Contractor shall include the following:

7.5.2.1 Information regarding the importance of applying for energy assistance prior to falling behind in utility payments and information concerning various utility company budget payment plan(s) and other forms of energy assistance offered within the State;

7.5.2.2 Written information that describes energy-saving behavioral adjustments that will decrease the energy consumption of the household; and

7.5.2.3 Resource information, referral, family, and budget counseling in order to assist clients in achieving self-sufficiency.

7.5.3 Coordination

7.5.3.1 Contractor shall refer all potentially eligible applicants, including HEAP applicants, to the LIHEAP Weatherization Program, ECIP EHCS, California Alternative Rates for Energy Program (CARE), Reduced Rate Program (RRP), Arrearage Management Payment (AMP) Plan, DOE, or other energy or conservation programs. Contractor shall coordinate its activities with other federal, state, or local energy conservation programs

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

with the goal of conserving energy, improving thermal efficiency, or defraying energy costs of low-income households.

7.5.3.2 Contractor shall provide assistance in coordinating the payment of client's energy/utility bill with the appropriate energy vendor or utility company. Contractor may also perform other coordinative activities with energy vendors/utility companies to provide input relative to the energy assistance needs of California's low-income households and a proactive educational concept in serving clients. This includes attending the California Public Utilities Commission's Low-Income Oversight Board Committee meetings.

7.6 Record-Keeping Responsibilities

7.6.1 Contractor shall maintain client intake/needs assessment form(s) for HEAP, and ECIP, together with appropriate supporting documentation and shall maintain separate client files containing supporting documents related to disqualifications, denials, and appeals for each applicant who is not certified as being eligible to receive assistance.

7.6.2 Contractor shall ensure that the ECIP Home Energy Supplier Assurance (CSD 416) or approved Contractor's equivalent is completed by each nonregulated utility company, e.g., propane suppliers, wood suppliers, etc., providing services to clients of this Contract.

7.6.3 Contractor shall make a reasonable effort to collect the completed Client/Customer Consent Form and Authorization to collect energy usage data when the client applying for services is not the person listed as the account holder of the utility bill. Client services shall not be denied if the client or bill account holder refuses to sign the consent form.

7.6.4 All Client Files – General Requirements

Contractor shall maintain a separate file for each applicant by either a hard copy or electronic file, or a combination of both. Contractor must ensure that the method selected to maintain files does not impose unreasonable effort in CSD's ability to review any files. These files shall include, the following documentation, when applicable:

7.6.4.1 For Public Agencies only: Statement of Citizenship, Alienage and Immigration Status for Public Benefits, (CSD 600), and supporting documents;

7.6.4.2 Energy Intake Form (CSD 43) or approved Contractor's equivalent. Priority points must be written in the designated space on the Intake form;

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

7.6.4.3 Utility/energy bill(s) for all sources of energy used by qualified households;

7.6.4.4 Documentation supporting eligibility in accordance with the Eligibility and Verification Guide;

7.6.4.5 Client Education Confirmation of Receipt (CSD 321) or approved Contractor's equivalent that substantiates that the client was provided services in accordance with Assurance 16 requirements;

7.6.4.6 Client denial or approval notification; and

7.6.4.7 Client/Customer Consent Form and Authorization (CSD 081) – Only requested when the client is not the account holder of the utility bill.

7.6.5 Client Files - ECIP Fast Track, ECIP WPO, HEAP, and WPO

Contractor shall maintain the following documents for each applicant receiving cash assistance services, as applicable:

7.6.5.1 Documentation that substantiates the requested ECIP Fast Track supplemental payment including the total amount due (at the time of intake) to the utility company, reconnection fees, and any other assessed utility fees/surcharges; it shall provide the condition(s) that establishes eligibility for benefits in accordance with ECIP Fast Track Benefit Determination Section 8.2 in subsection 8.2.3.3; and

7.6.5.2 Documentation substantiating the portion of rent that is allocated toward energy costs.

7.6.6 Translation of Forms

Contractor shall use a certified translator deemed qualified by the Contractor when translating CSD forms that require a client/customer signature into a foreign language.

7.6.7 Automation

Contractor shall use an automated application system capable of supporting SLIHEAP's (ECIP WPO, and HEAP WPO) data collection, reporting requirements, and client data transmission to CSD. No database transfer will be accepted prior to the completion of successful data file transfer testing to CSD. Contractor shall submit the data in accordance with CSD's Utility Assistance and Water Data Transfer Rules layout found at https://agencies.csd.ca.gov/home/Energy/Pages/Resources.aspx.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

Contractor shall adhere to best practices and perform a daily backup of all client data/application systems that capture SLIHEAP service detail.

7.6.7.1 Contractor shall also be responsible for monitoring the CORE online reports and for resolving payment issue(s) related to the delivery of benefits. The Agency Allocations/System Maintenance screen shall display historical and current detail level of program allocation information, summarizing Contractor's annual program allocation, expenditures, and returned benefits eligible for reissuance, if any. The Variance Report shall display the detail level of benefit information whereby the eligible benefit amount differs from the paid benefit amount. For resolution of partial credit returns, Contractor shall be responsible for following up with the client to resolve payment issue(s) and for providing CSD with the necessary information to reissue benefit(s). For full credit returns and warrant redeposits, Contractor shall be responsible for resolving and updating client data in CORE to reissue benefit(s).

7.6.7.2 Utilizing reporting options available within the CORE On-Line System, Contractor shall be responsible for generating HEAP and ECIP (Fast Track) reports to attain data specific to the following: rejected records, intake data, client and payment status, expenditures and current allocation balance, returned benefits, summarized county energy costs and burden, and a year-to-date goal status.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

SUBVENTION CONTRACT

ARTICLE 8 - PROGRAM IMPLEMENTATION

8.1 HEAP/WPO Activity Guidelines

8.1.1 Applicant Eligibility

8.1.1.1 Assistance shall be available only to households with incomes that do not exceed an amount equal to 60 percent of the State median income.

8.1.1.2 Income verification must be for one month. For acceptable types of documentation and processing timeframes, refer to the current LIHEAP Eligibility and Verification Guide at https://agencies.csd.ca.gov/home/Energy/Pages/Contracts.aspx.

8.1.1.3 Contractor shall collect copies of all of the household's energy utility bills for the current month, and if applicable, receipt(s) for WPO to determine the client's energy burden.

8.1.2 Eligible households may receive only one ECIP Fast Track/WPO, or HEAP/WPO payment per program year. However, Contractor can use program income to provide a supplemental ECIP Fast Track/WPO or HEAP/WPO for clients experiencing an extenuating circumstance. In addition to receiving one ECIP (Fast Track/WPO) or HEAP/WPO payment and/or supplemental program income benefit payment.

8.1.3 Contractor may establish a maximum benefit for HEAP WPO payments; such maximum shall be consistently applied. ECIP WPO payments cannot exceed $1,000.

8.1.4 Contractor must exercise due care to ensure that duplication of ECIP Fast Track/WPO or HEAP/WPO payments does not occur at any time during the term of this Contract.

8.1.5 Once applicants meet the eligibility and prioritization criteria and funds are available:

8.1.5.1 Contractor shall complete the ECIP/HEAP Payment Request Confirmation (CSD 415) or approved Contractor's equivalent form or approved Contractor's equivalent process that confirms payment was made to the client's account. If the client does not have an account, confirmation of the delivery of the benefit to the client is required;

8.1.5.2 Contractor shall make payments directly to energy vendors on behalf of clients whose energy sources are wood, propane, or oil;

8.1.5.3 CSD will not make payments to clients for WPO assistance; and

8.1.5.4 Before paying energy vendors, Contractor shall verify that charges for the services and goods provided are reasonable and within fair market value.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

8.1.6 Contractor shall notify the applicant of the recipient household, in writing, when payments are made directly to an energy vendor for wood, propane, or oil on their behalf.

8.1.7 Contractor shall forward payments for WPO on behalf of applicants to corresponding energy vendor within 60 calendar days from the date obligation was incurred, unless a formal contract, approved by CSD, between Contractor and vendor provides for other terms.

8.2 Energy Crisis Intervention Program (ECIP) Services Activity Guidelines

8.2.1 Purpose of ECIP Funds

ECIP funds may only be used to resolve emergencies that fit the federal definition [42 USC § 8622(1)], including:

8.2.1.1 A natural disaster (whether or not officially declared),

8.2.1.2 A significant home energy supply shortage or disruption,

8.2.1.3 An official declaration of a significant increase in:

8.2.1.3.1 Home energy costs;

8.2.1.3.2 Home energy disconnections;

8.2.1.3.3 Enrollment in public benefit programs; or

8.2.1.3.4 Unemployment and layoffs.

8.2.1.4 An official emergency declaration by the Secretary of Health and Human Services.

8.2.1.5 In those situations where there is not an official federal, state, or local declaration of emergency, e.g., an undeclared natural disaster or a significant home energy supply shortage or disruption that affects a low-income individual, an emergency will be deemed to exist by CSD where there is imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.

8.2.2 Capacity and Responsibility to Provide Emergency Assistance

8.2.2.1 In accordance with federal and state law and ECIP Policy and Procedures, Contractor must be qualified and capable of carrying out an energy crisis

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

intervention program that provides timely and effective emergency assistance, not later than the timeframes stated in 42 USC § 8623(c), that resolves the energy crisis. Contractor must meet minimum program requirements for timing and ensuring accessibility to eligible applicants as further defined at 42 USC § 8623(c).

Once applicants meet the eligibility and prioritization criteria and funds are available, Contractor shall:

8.2.2.1.1 Within 48 hours after a household applies and is determined to be eligible for ECIP, provide assistance in the form of a payment guarantee to the appropriate gas or electric vendor or a WPO payment that will resolve the energy crisis; and

8.2.2.1.2 Within 18 hours after a household applies and is determined to be eligible for ECIP, provide assistance in the form of a payment guarantee to the appropriate gas or electric vendor or a WPO that will resolve the energy crisis if such household is in a life-threatening situation.

8.2.2.2 Contractor agrees to provide all reasonable information requested by CSD during the term of this Contract in order to enable CSD to assess the adequacy of Contractor's current energy crisis intervention program and Contractor's ability to implement the program.

8.2.2.3 Federal and state law permit the allowability of costs to the ECIP only where the costs are used to provide emergency assistance in an energy crisis. In addition to all other provisions in this Contract permitting, restricting, or otherwise relating to ECIP costs, such costs are allowable only upon adequate demonstration by the Contractor that the related activities meet the definition of "emergency" as specified in federal law and this Contract.

8.2.3 ECIP Fast Track and WPO

8.2.3.1 ECIP Fast Track and WPO Services shall be provided in accordance with the current Agency Local Plan in Article 13.

8.2.3.2 Applicant Eligibility

8.2.3.2.1 Assistance shall be available only to households with incomes that do not exceed an amount equal to 60 percent of the State median income.

8.2.3.2.2 Income verification must be for one month and current within

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

six weeks of the application intake date or an annual award letter. For acceptable types of documentation, refer to the LIHEAP Eligibility and Verification Guide. Contractor shall maintain appropriate documents in each applicant's file.

8.2.3.2.3 Contractor shall collect copies of all of the household's energy utility bills for the current month, and if applicable, receipt(s) for (WPO) to determine the client's energy burden.

8.2.3.2.4 Conditions for ECIP services must meet the criteria for an emergency as defined in 42 USC §8622 (1), ECIP Policy and Procedures and Article 12, Definitions.

8.2.3.2.5 ECIP Fast Track Utility Assistance

8.2.3.2.5.1 The applicant must receive energy services and be billed directly by one of the following energy providers: a utility company and/or a mobile home park that owns its own power source(s) or a submetering billing service with the statutory authority to shut off utility services.

8.2.3.2.5.2 For purposes of the present Section 8.2.3, an emergency energy-related crisis does not exist if the cost of energy is included in the applicant's rent, and Contractor may not make ECIP Fast Track payment(s).

8.2.3.2.6 In addition to the applicant eligibility criteria listed above, services for ECIP Fast Track and ECIP WPO may not be provided unless at least one of the following criteria pursuant to Government Code § 16367.5 (e) pertains and is documented or certified by Contractor:

8.2.3.2.6.1 Proof of utility shutoff notice;

8.2.3.2.6.2 Proof of energy termination;

8.2.3.2.6.3 Insufficient funds to establish a new energy account;

8.2.3.2.6.4 Insufficient funds to pay a delinquent utility bill;

8.2.3.2.6.5 Insufficient funds to pay for essential firewood, oil, or propane; or

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

8.2.3.2.6.6 CSD further defines WPO crisis as 30 days or less of fuel.

8.2.3.3 ECIP Fast Track Benefit Determination

ECIP Fast Track benefits shall be determined using the base benefit amount and, when applicable, a Contractor-determined supplemental benefit amount. Contractors shall issue ECIP Fast Track benefits in accordance with the following:

8.2.3.3.1 Contractor shall ensure that the total ECIP Fast Track benefit amount (Base benefit amount plus supplemental benefit amount) is limited to and does not exceed the total amount due (at the time of intake) to the utility company for energy charges, reconnection fees, and other assessed utility fees/surcharges in order to alleviate the crisis situation.

8.2.3.3.2 When only issuing the base benefit amount (no supplemental payment), Contractor may exceed the total amount due to the utility company in energy charges, reconnection fees, delinquent utility bill establishing arrearages and/or past due balances, and other assessed utility fees/surcharges to alleviate the crisis situation.

8.2.3.3.3 Contractor shall ensure that the maximum total ECIP Fast Track benefit amount (Base benefit amount plus supplemental benefit amount) does not exceed $3,000. If Contractor uses program income to provide a supplemental ECIP Fast Track payment, the total payment cannot exceed $3,000.

8.2.3.3.4 Contractor shall provide full justification for benefits paid by documenting the client file(s) to include the amount of charges and verification by the utility company.

8.2.3.3.5 Contractor shall review, check for duplicates, and approve applications in accordance with Contractor’s approved Agency Local Plan in Article 13 and the current LIHEAP Eligibility and Verification Guide.

8.2.3.4 ECIP Fast Track/WPO Payment Guidelines

8.2.3.4.1 Eligible households may receive only one ECIP Fast Track/WPO, or HEAP/WPO payment per program year; however, Contractor can use program income to provide a supplemental ECIP Fast Track/WPO or HEAP/WPO for clients

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

experiencing an extenuating circumstance.

8.2.3.4.2 Contractor shall ensure that the maximum total ECIP WPO benefit does not exceed $1,000. If Contractor uses program income to provide a supplemental ECIP WPO payment, the total payment cannot exceed $1,000.

8.2.3.4.3 Contractor shall exercise due care to ensure that duplication of ECIP Fast Track/WPO or HEAP/WPO payments does not occur at any time during the term of this Agreement.

8.2.3.4.4 When a HEAP payment or ECIP Fast Track payment has been made directly to an energy vendor, notification of payment(s) shall be shown as a credit on the utility bill(s).

8.2.3.5 ECIP WPO Payment Guidelines Specific

8.2.3.5.1 Contractor shall complete the ECIP/HEAP Payment Request Confirmation (CSD 415) or approved Contractor's equivalent form or approved Contractor's equivalent process that confirms payment was made to the client's account. If the client does not have an account, confirmation of the delivery of the benefit to the client is required.

8.2.3.5.2 Contractor shall make payments directly to energy vendors on behalf of clients whose energy sources are wood, propane, or oil.

8.2.3.5.3 CSD will not make payments to clients for WPO assistance.

8.2.3.5.4 Before paying energy vendors, Contractor shall verify that charges for the services and goods provided are reasonable and within fair market value.

8.2.3.5.5 Contractor shall notify the applicant of the recipient household, in writing, when payments are made directly to an energy vendor for wood, propane, or oil on their behalf.

8.2.3.5.6 Contractor shall forward payments for WPO on behalf of applicants to corresponding energy vendor within 60 calendar days from the date obligation was incurred, unless a formal contract, approved by CSD, between Contractor and vendor provides for other terms.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

8.3 ECIP Fast Track and HEAP Electric and Gas Pledge Guidelines

8.3.1 Contractor shall pledge all applications where the Contractor has determined the applicant has a qualifying emergency as specified in subsection 8.2.3.2.6 of Section 8.2, regardless of if the benefit is issued under ECIP Fast Track or HEAP Electric and Gas, provided that the application meets the eligibility and prioritization criteria and Contractor's Utility Assistance funds are available.

8.3.2 After a pledge has been made, Contractor shall submit the application to CORE as specified in subsection 6.1.1, of Section 6.1.

8.3.3 Contractor shall determine the applicant has met the eligibility requirements prior to pledging. If an eligible applicant is subsequently determined to be ineligible, Contractor shall cancel the ineligible applicant's pledge with the Utility Company within five business days upon such determination.

8.3.4 If the applicant's pledge amount changes, Contractor shall adjust the pledge amount with the Utility Company.

8.4 Mandatory Training

Contractor must participate in mandatory training such as eligibility start-up training, contract review webinars, monitoring trainings and other trainings CSD deems mandatory. CSD will notice Contractor with a minimum of 10 business days prior to training.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

SUBVENTION CONTRACT

COMPLIANCE REQUIREMENTS

ARTICLE 9 - COMPLIANCE POLICIES AND PROCEDURES

9.1 Right to Monitor, Audit, and Investigate

9.1.1 Any duly authorized representative of the federal or state government, which includes but is not limited to the federal offices of inspectors general, the State Auditor, CSD staff, and any entity selected by CSD to perform inspections and/or investigations, shall have the right to monitor and audit Contractor and all subcontractors providing services under this Contract through on-site visits, audits, and any other appropriate means CSD deems necessary.

9.1.2 Contractor shall, upon reasonable notice, make available all information and materials reasonably necessary for CSD to substantiate to its satisfaction that expenditures incurred under this Contract are allowable and allocable, including, but not limited to files, books, documents, papers, and records. Contractor agrees to make such information and materials available to the federal government, the State, or any of their duly authorized agents or representatives, for purpose of examination, copying, or mechanical reproduction, on or off the premises of the subject entity.

9.1.3 Any duly authorized agent or representative of the federal or state government shall have the right to undertake investigations in accordance with 42 USC § 8627, as amended, and 45 CFR Part 75 (including § 75.342 and § 75.352).

9.1.4 All contracts entered into by Contractor with audit firms for purposes of conducting independent audits under this Contract shall contain a clause allowing CSD or any duly authorized agent or representative of the federal or state government timely access to the working papers of the audit firm(s).

9.2 Auditing Standards and Reports

9.2.1 Auditing Standards

9.2.1.1 *Applicability.* The standards set forth in 45 CFR Part 75 Subpart F – Audit Requirements are hereby incorporated by reference.

9.2.1.2 *Supplemental Audit Guide.* In addition to the audit requirements specified above, Contractor must follow the most current CSD Supplemental Audit Guide, incorporated into this Contract by reference in Article 13. The Supplemental Audit Guide may be accessed at https://agencies.csd.ca.gov/home/Energy/Pages/Resources.aspx.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

9.2.2 Audit Reports

9.2.2.1 Funds provided under this Contract shall be included in an audit conducted in accordance with the provisions of 45 CFR Part 75 Subpart F – Audit Requirements, standards promulgated by the American Institute of Certified Public Accountants (AICPA), and those standards included in The U.S. Government Accountability Office's "Government Auditing Standards," December 2011 Revision, as amended.

9.2.2.2 *Organizations below audit threshold.* Contractors falling below the federal funding threshold that mandates a single audit may be subject to an audit and/or other fiscal- or program-specific review conducted by CSD or its agents, upon 30-day written notice.

9.2.2.3 The financial and compliance audit report shall contain the following supplementary financial information: a Schedule of Expenditures of Federal Awards (SEFA) in accordance with 2 CFR § 200.510. All SLIHEAP grants shall be reported separately on the SEFA by program component, i.e., ECIP/HEAP/Assurance 16 (EHA16). In addition, a separate Supplemental Statement of Revenues and Expenditures (SSRE) for each contract whose term ends during the single-audit fiscal year shall be included in that year's single audit. The SSRE shall report revenue and expenditures for CSD funding by contract line item and fiscal year. The SSRE shall cover the entire contract term as required in CSD's Supplemental Audit Guide.

9.2.3 *Submission of Audit Reports.* Contractor shall submit to CSD one electronic copy of the required audit report(s) and any management letter(s) issued by the accountant, within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the Contractor's fiscal year.

9.2.4 *Failure to File IRS Form 990 for Tax-Exempt Organizations* If Contractor fails to file Form 990 timely, Contractor must provide:

9.2.4.1 Evidence of an extension request with an estimated timeframe for submission; or

9.2.4.2 An explanation of why Contractor does not plan to file Form 990.

9.2.5 The audit report(s) and all supplemental financial information must be submitted to the following addresses:

Electronic copy:
audits@csd.ca.gov

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

Printed copy:
Department of Community Services and Development
Attention: Audit Services Unit
2389 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833

Upon receipt of the audit report, CSD's Audit Services Unit (ASU) will send a confirmation email within 5 to 10 business days. Contractor should verify receipt of ASU's confirmation email to ensure your single audit was received.

In accordance with the guidelines of the Division of Audits of the California State Controller's Office (SCO), if Contractor is a local government agency, additional copies of the audit report must be submitted to the following address:

Mailing Address:

State Controller's Office
Division of Audits
Financial Audits Bureau/Single Audits Unit
P.O. Box 942850
Sacramento, CA 94250-5874

Street Address for FedEx:

State Controller's Office
Division of Audits
Financial Audits Bureau/Single Audits Unit
3301 C Street, Suite 700
Sacramento, CA 95816

9.2.6 Failure to Comply with Audit Reporting Requirements

If Contractor fails to comply with Federal statutes, regulations or the terms and conditions of this Contract, CSD may impose additional conditions, as described in 45 CFR § 75.207. If CSD determines that noncompliance cannot be remedied by imposing additional conditions, CSD may take one or more of the following actions, as appropriate in the circumstances, as provided in 45 CFR § 75.371 - § 75.380 *Remedies for Noncompliance*:

9.2.6.1 Temporarily withhold cash payments pending correction of the deficiency by Contractor or more severe enforcement action by the Federal awarding agency;

9.2.6.2 Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance;

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

9.2.6.3 Wholly or partly suspend or terminate the Federal award;

9.2.6.4 Recommend that suspension or debarment proceedings (as authorized under 2 CFR Part 180) be initiated by the Federal awarding agency;

9.2.6.5 Withhold further federal awards; or

9.2.6.6 Take other remedies that may be legally available.

9.2.7 Collection of Disallowed Costs

9.2.7.1 If Contractor challenges questioned costs and submits complete and accurate information or documentary evidence in support of the allowability of questioned costs, CSD shall, after consideration of Contractor's submission issue a final Transmittal Report, no later than 30 days after receipt of Contractor's information or documentation. If questioned costs are determined to be owning, CSD's Financial Services Unit (FSU) will send an invoice. Contractor will tender payment to FSU or a repayment plan acceptable to FSU.

9.2.7.2 All statements, notices, responses and demands issued in accordance with this Section 9.2.7 shall be in writing.

9.2.7.3 CSD may, at its discretion, reasonably extend the time periods allowed for responses specified in this Section 9.2.7.

9.3 Compliance Monitoring

9.3.1 As the recipient of federal SLIHEAP block grant funds under this Contract, Contractor must substantiate that all costs claimed pursuant to this Contract are allowable and allocable under all applicable federal and state laws. To be entitled to reimbursement, Contractor must trace all allowable costs to the level of expenditure, to include providing supporting documentation reasonably necessary to substantiate the validity of such claim.

9.3.2 As the administrator of the LIHEAP block grant for the State, CSD is required to ensure the funds allocated to Contractor are expended for the purposes identified in federal law and state LIHEAP law, and for allowable and allocable costs under the applicable rules of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR Part 75).

9.3.3 CSD is required to conduct on-site or in-house and follow-up monitoring of Contractor to ensure that Contractor meets the Production Plan, administrative standards, financial management requirements, and other requirements of SLIHEAP.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

9.3.4 CSD shall provide Contractor reasonable advance notice in writing of on-site and/or in-house monitoring reviews of Contractor's program or fiscal performance.

9.3.5 Compliance monitoring will consist of a questionnaire that Contractor will be required to complete and return to CSD within 30 calendar days from receiving the questionnaire.

9.3.6 CSD will conduct client file reviews to verify compliance with financial and program requirements. CSD shall notify Contractor of the client files requested, and Contractor shall provide the client files within five business days.

9.3.7 CSD may increase the number of client files reviewed and frequency of client file reviews based on the severity of non-compliance issues identified during the client file review process.

9.3.8 In accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR Part 75), Contractor shall cooperate with CSD program and audit staff and other representatives and provide access to all programs, records, documents, resources, personnel, inventory, and other things reasonably related to the administration and implementation of the services and activities funded directly or indirectly by this Contract. To the extent Contractor maintains records and documents in an electronic format, Contractor must make such records and documents readily available to CSD program and audit staff and other representatives: 1) for review on an appropriate electronic device provided by Contractor; and/or 2) for reproduction in electronic and/or hard copy format, as is necessary to affect the purposes of this Section 9.3. In order to realize the objectives of this subsection and to ensure that the integrity of the program, the proper expenditure of grant funds, and to prevent fraud, waste, abuse, and unjust enrichment, whether by design or inadvertence, Contractor shall cooperate with CSD as follows:

9.3.8.1 Upon request, provide a list of clients, for which SLIHEAP services have been provided by Contractor, and to or for which Contractor has provided related services under other federal, State or non-governmental programs such as, but not limited to, public and private utility company programs, collectively "Associated Programs."

9.3.8.2 With respect to such list of clients, provide CSD and/ or the investigative entities or persons referenced in Section 9.1.1, access to client files or similar records and documents of the Associated Programs for the purpose of determining whether related services have been provided that result in duplicate billings or any violation of federal or State law, this Contract, or applicable federal and/or State LIHEAP guidelines.

9.3.8.3 For purposes of this Section 9.3.8:

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

9.3.8.3.1 "Duplicate billing" is defined as receiving reimbursement from more than one funding source for the same expenditures or costs, whether in whole or in part, that Contractor incurs in connection with rendering a service to or for a client, job, or property, resulting in a total reimbursement to Contractor, from all sources, in excess of actual expenditures or costs incurred.

9.3.8.3.2 To the extent necessary to realize the objectives of this article, the term "Contractor" includes any subcontractor or agent of Contractor in possession of the files, records, or documents or other information bearing on related services under any relevant Associated Program.

9.3.8.4 It is understood that Contractor has no obligation to provide access to the client files, records, and documents of an Associated Program when no SLIHEAP services have been provided and the client, job, or property is not required to be on the list furnished to CSD by Contractor, as provided herein.

9.3.8.5 In the event Contractor is unable to comply with the provisions of subsections 9.3.8.1 or 9.3.8.2 because of restrictions placed on Contractor by law in connection with an Associated Program, or restrictions imposed on Contractor pursuant to a binding written contract between Contractor and the funding source of such Associated Program, then Contractor shall so inform CSD by written declaration and provide supporting documentation for such declaration. Contractor shall, together with any declaration made, certify to CSD in writing that:

9.3.8.5.1 Contractor has not submitted duplicate billings to both SLIHEAP and Associated Program; or

9.3.8.5.2 Contractor has not otherwise engaged in similar actions in violation of federal or state law.

9.3.9 CSD will host an FTP Server and provide Contractor with specifications, documentation, and sample of FTP file configurations screens, as necessary, to enable Contractor to use the FTP Server to upload client files, records, and documents. Contractor shall submit client files, records, and documents via the FTP to allow CSD to complete an in-house review.

9.3.10 In the event that CSD determines that Contractor is not in compliance with material or other legal requirements of this Contract, CSD shall provide the observations, recommendations, or findings and request for a corrective action plan to Contractor in writing. Contractor shall submit to CSD a specific action plan for correcting the noncompliance.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

9.3.11 Collection of Disallowed Costs

9.3.11.1 In the event questioned costs are identified in a final decision on cost disallowance issued by CSD, Contractor shall comply with any demand for repayment, as specified in such final report.

9.3.11.2 *Time for response.* Contractor shall have no less than 30 calendar days from receipt of the final decision to tender payment to CSD or, alternatively, to provide CSD with complete and accurate information or documentary evidence in support of the allowability of questioned costs.

9.3.11.3 *Notice after review of further supporting evidence.* If Contractor challenges questioned costs and submits complete and accurate information or documentary evidence in support of the allowability of questioned costs as provided above in subsection 9.3.11.2, CSD shall, after consideration of Contractor's submission, accordingly, issue a revised Notice of Disallowed Costs, if any, no later than 30 days after receipt of Contractor's information or documentation. Contractor shall have 15 days from receipt of such Notice to tender payment or a repayment plan acceptable to CSD. In the alternative, Contractor may request a hearing in accordance with subsection 9.4.4 of this Contract, for CSD's final determination of disallowed costs.

9.3.11.4 All statements, notices, responses and demands issued in accordance with this Section shall be in writing.

9.3.11.5 CSD may, at its discretion, reasonably extend the time periods allowed for responses specified in this Section.

9.4 Enforcement Process - Noncompliance with Requirement of this Contract

9.4.1 Tax-Exempt Status Requirement

Nonprofit charitable organizations must maintain their 501(c)(3) tax-exempt status as a requirement for continued LIHEAP grant reimbursements and participation under the current Contract. All 501(c)(3) contractors shall notify CSD within one business day upon revocation of their tax-exempt status and cease all work performed under this Contract. CSD will halt all payments to Contractor while its nonprofit, tax-exempt status is revoked. Work performed prior to the revocation, but billed after such notice is received, shall be timely reimbursed to the Contractor. In addition, CSD may take additional enforcement steps consistent with federal and state law and this Contract.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

9.4.2 General

The authority for CSD Enforcement Actions, as defined in Section 10.4.3, for cost disallowances/ recovery of misused funds, and for de-designation of eligible entity status (collectively "Enforcement Process") is found in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR Part 75), and in state regulations, with particular reference to 22 CCR § 100875. In order to facilitate compliance with the cited authorities, the parties to this Contract agree that: 1) the present article shall guide, inform and clarify the Enforcement Process; 2) shall establish the procedures to be followed; and 3) establish the rights and obligations of the parties with respect to the Enforcement Process, for purposes of implementing the principles set out in the applicable legal authorities.

9.4.3 Enforcement Action, "High Risk" – Determination and Notice

9.4.3.1 If CSD determines that Contractor is not financially stable, and that Contractor's financial condition is so tenuous that its ability to implement this Contract is seriously compromised, or if CSD determines that Contractor has not complied with the requirements of this Contract and that Contractor's noncompliance constitutes a material breach of the Contract, CSD may initiate an Enforcement Action. For purposes of this article, "Enforcement Action" means the imposition of any of the following: a) special conditions and/or sanctions; b) a determination of cost disallowance; c) contract suspension; d) contract termination; or e) termination of Contractor's service provider status.

9.4.3.2 To initiate an Enforcement Action, CSD must provide Contractor with written notice of "high risk" designation, setting forth: 1) the factual and legal basis for the determination of noncompliance, upon which the "high risk" designation is based; 2) the corrective action(s) required; and 3) the date by which the corrective action must be taken and completed.

9.4.3.3 For purposes of this article, "material breach" means any act or omission by Contractor that is in contravention or disregard of Contractor's duties and obligations under the terms of this Contract and under applicable State and federal law, which act or omission:

9.4.3.3.1 Constitutes fraud or gross negligence by Contractor or its agent(s);

9.4.3.3.2 Is likely to result in significant waste and/or abuse of federal funds;

9.4.3.3.3 Has a significant adverse impact on Contractor's ability to meet its administrative, financial, or programmatic duties and

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

obligations over the term of the Contract or a significant portion thereof;

9.4.3.3.4 Violates or otherwise disregards significant program guidance and other requirements of the Federal Government, whether issued directly or through CSD;

9.4.3.3.5 May have serious adverse effects and consequences on the Contractor's customers, employees, subcontractors, creditors, suppliers, vendors, or other stakeholders; or

9.4.3.3.6 May otherwise significantly and adversely affect the viability, effectiveness, or integrity of the program.

9.4.4 Special Conditions and Sanctions

9.4.4.1 "High risk" designation may include the imposition of Special Conditions, Sanctions and/or other special requirements with respect to Contractor's performance. CSD may impose Special Conditions and/or Sanctions upon a determination that such steps are reasonably necessary to address acute financial instability or a material breach of contract, as defined in Section 9.4.3, above.

9.4.4.2 Notice of Special Condition(s) and/or Sanction(s) shall be in writing and shall become effective on the date specified in the notice. Notice must contain the following information:

9.4.4.2.1 The nature of the Special Condition(s) and/or Sanction(s) being imposed;

9.4.4.2.2 The reason(s) for imposing Special Condition(s) and/or Sanction(s); and

9.4.4.2.3 The corrective actions that must be taken and the time allowed for completing them before CSD removes the Special Condition(s) and/or Sanction(s).

9.4.4.3 Special Conditions may include, but are not limited to:

9.4.4.3.1 Obtaining training and/or technical assistance;

9.4.4.3.2 The imposition of special or additional reporting requirements;

9.4.4.3.3 Special or conditional cost reimbursement requirements and procedures;

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

9.4.4.3.4 The provision of documentation by Contractor; and/or

9.4.4.3.5 The requirement to amend or modify systems, procedures, and/or policies.

9.4.4.4 Sanctions may include, but are not limited to:

9.4.4.4.1 The suspension of advances and/or reimbursements; and/ or

9.4.4.4.2 The issuance of stop work orders.

9.4.4.5 Sanctions may not be imposed without a hearing being first held in accordance with applicable regulations, unless CSD reasonably determines on the basis of credible information that:

9.4.4.5.1 Substantial sums to be paid to Contractor have been or will be used in violation of law or the provisions of this Contract; or

9.4.4.5.2 The associated costs are otherwise very likely to be disallowed; and

9.4.4.5.3 If Sanctions are not immediately imposed, taxpayer dollars are at significant risk and are unlikely to be recovered.

9.4.4.6 Review of Special Conditions and/or Sanctions.

9.4.4.6.1 If Contractor elects to contest the action to impose Special Conditions and/or Sanctions, Contractor shall have five business days following receipt of Notice of Enforcement Action in which to show cause, in writing, why the Special Conditions or Sanctions should not be enforced.

9.4.4.6.2 CSD shall have five business days following receipt of Contractor's response to accept or reject Contractor's objection and to state in writing the consequences of the decision and Contractor's obligations going forward, if any.

9.4.4.6.3 Contractor may, within five business days of receipt of Notice of Enforcement Action, request an informal meeting for the parties to consider the merit of the Notice and to discuss alternative courses of action, which meeting CSD may agree to if, in its sole judgment, it determines the meeting would be helpful to the process, can be held expeditiously, and will not unduly cause delay or otherwise increase the risk of loss of taxpayer dollars.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

9.4.4.6.4 Contractor may, at any time, request in writing that CSD initiate the contract suspension or contract termination processes, to include the requisite hearings, as set out in 22 CCR § 100875.

9.4.4.6.5 Should Contractor fail to show cause why the Enforcement Action should not go forward, or should Contractor fail to request that CSD initiate either the contract suspension or termination processes, CSD may initiate such action upon its own motion.

9.4.4.6.6 Special conditions and sanctions shall remain in effect until the hearing procedure is completed, provided, with respect to sanctions, CSD reasonably determines that subsection 9.4.4.5 applies.

9.4.5 Cost Disallowance

9.4.5.1 If Contractor's non-compliance with the terms of this Contract results in an enforcement action, and if CSD determines that Contractor's non-compliance has resulted in questioned costs, CSD shall provide Contractor with a Statement of Questioned Costs along with the Notice of Enforcement Action, or at such later time in the Enforcement Process as questioned costs have been identified.

9.4.5.2 The Statement of Questioned Costs shall include:

9.4.5.2.1 A description of the costs questioned and the specified amount by type or category of costs;

9.4.5.2.2 The reason the costs are questioned, and the information and/ or documentation required to justify payment of the costs; and

9.4.5.2.3 The timeframe and procedures for Contractor's submission of the required information or documentation to CSD.

9.4.5.3 If CSD determines that more information is required before a Statement of Questioned Costs can be issued or before a final determination of cost disallowance can be made, CSD may conduct an investigative audit of Contractor's records, files and books of account, or retain an audit firm for such purpose. Contractor agrees to cooperate fully in any audit conducted and to ensure that Contractor's agents, accountants and subcontractors cooperate in the performance of such audit. A report of any audit conducted shall be shared with Contractor, who shall be given ample

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

opportunity to respond to findings and to submit information and documentation in support of the response. If Contractor fails to cooperate in the conduct of an audit, initiated pursuant to this subsection, CSD may either impose sanctions, as provided in subsection 9.4.3 or, if feasible, issue a Notice of Disallowed Costs.

9.4.5.4 After CSD has considered any information and/ or documentation submitted by Contractor in response to a statement of questioned costs or in response to an investigative audit report, CSD shall issue a Notice of Disallowed Costs, which notice shall include:

9.4.5.4.1 The amount of disallowed costs to be repaid, if any; and

9.4.5.4.2 The date by which repayment must be made or, in the alternative,

9.4.5.4.3 The date by which Contractor must submit a proposed repayment plan for consideration by CSD.

9.4.5.5 Before the expiry of five business days after receipt of a Notice of Disallowed Costs, Contractor may challenge the Notice of Disallowed Costs by requesting a hearing, conducted in accordance with the procedures set out in 22 CCR § 100875, for the purpose of adjudicating the matter of cost disallowance, provided however that either Contractor or CSD may opt to adjudicate other pending Enforcement Action matters, as provided in subsection 9.4.4.6. of this section, in a combined proceeding.

9.4.5.6 If Contractor fails to request a hearing to adjudicate cost disallowance, as provided in subsection 9.4.5.5, the Notice of Disallowed Costs shall be deemed final and Contractor shall comply with the provisions of the present Section 9.4.5.

9.4.5.7 Contractor will not be deemed to have complied with a Notice of Disallowed Costs until repayment is made or CSD has approved a repayment plan. In determining the acceptability Contractor’s repayment plan, CSD shall take into consideration such factors as, but not limited to:

9.4.5.7.1 Federal requirements or conditions applicable to the grant(s) under which the disallowed costs were funded;

9.4.5.7.2 The exigencies of the grant program and CSD’s ability to reallocate the funds repaid or otherwise dispose of the funds in accordance with applicable law;

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

9.4.5.7.3 The risk of being unable to recover funding and the options for securing Contractor's repayment obligation; and

9.4.5.7.4 Contractor's financial condition and ability to pay.

9.4.6 Contractor shall remain on "high risk" until CSD reasonably determines that Contractor has complied with the requirements of the Notice of "High Risk" Designation, including verification by CSD that corrective measures have been implemented, that all conditions have been met and that disallowed costs have been repaid or, alternatively, that CSD has deemed Contractor's repayment plan to be acceptable and Contractor has demonstrated it is in compliance with the plan. Upon determination that Contractor has complied with the requirements of the Notice of "High Risk" Designation, CSD shall give Contractor written notice of such determination.

9.4.7 In the event Contractor's non-compliance with the terms and conditions of this Contract are not remedied through imposition of special conditions, and/or sanctions, thereby enabling CSD to remove "high risk" designation, CSD may initiate further Enforcement Actions involving Contract Suspension, Contract Termination and Termination of service provider status, which shall be initiated and conducted in accordance with the applicable provisions found in 22 CCR § 100875 and other applicable State and federal statutes and regulations.

9.4.8 Lien rights

The State retains lien rights on all funds advanced.

9.5 Service Delivery and Expenditure Requirements

9.5.1 Service Delivery and Expenditure of Funds

9.5.1.1 Contractor shall, in accordance with Government Code §16367.5, be afforded maximum flexibility and control, within the parameters of federal and state law, in the planning, administration, and delivery of SLIHEAP services. Regardless of the modalities and techniques utilized, Contractor is obligated: a) to ensure that the maximum numbers of persons are served, consistent with the effective and efficient service delivery, with program requirements and with applicable law; and b) to fully expend program funds by the date identified in the contract.

9.5.1.2 A substantial failure to expend funds and provide services to readily available qualified applicants, except for compelling reasons beyond Contractor's control, shall be deemed prima facie evidence of breach of contract and may constitute grounds for "high risk" designation and the applicable remedies as provided in Section 9.4, "Enforcement Process –

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

Noncompliance with the Requirements of this Contract." Such failure of performance may, in accordance with the provisions of this article, result in a reduction in Contractor's grant allocation and the redistribution of future funding to other performing service providers.

9.5.2 Contractor Expenditure and Reporting Requirements

Contractor shall be at 99 percent expenditure of the Contract by December 31, 2024.

9.5.2.1 CSD will monitor Contractor's expenditures to evaluate compliance with meeting expenditure requirement by December 31, 2024, for each program category, including capped budget items.

9.5.2.2 Contractor shall submit timely expenditure reports, that allow CSD to evaluate Contractor's ability to meet the December 31, 2024, expenditure date requirement. Based upon these reports, CSD may determine that Contractor has not met the expenditure requirement and is out of compliance with this Contract.

9.5.2.3 Should the Contractor's actual expenditure trend indicate the Contractor is unlikely to expend at least 99 percent by December 31, 2024, Contractor must notify CSD no later than December 11, 2024, with a request to expend beyond December 31, 2024.

9.5.3 Contractor's Upcoming Program Year SLIHEAP Performance Allocation Methodology

CSD shall determine Contractor's upcoming program year SLIHEAP Contract Allocation Methodology based on performance expenditure requirements in Section 9.5.2. and distributed according to the following criteria:

9.5.3.1 Category A: If Contractor meets the performance requirements by December 31, 2024, and reported no later than January 31, 2025, Contractor will receive their full allocation and a percentage of any redistributed funds not allocated to another contractor that fall into Category C, in Section 9.5.3.2.

9.5.3.2 Category C: If Contractor does not expend at least 99 percent of their allocation by December 31, 2024, and reported no later than January 31, 2025, the 2025 SLIHEAP allocation will be offset by the balances remaining as of the December 31, 2024, expenditure period reported no later than January 31, 2025.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

SUBVENTION CONTRACT

CERTIFICATIONS AND ASSURANCES

ARTICLE 10 - FEDERAL AND STATE POLICY PROVISIONS

10.1 Certifications

10.1.1 Contractor's signature affixed to this Contract shall constitute a certification that to the best of its ability and knowledge it will, unless exempted, comply with the provisions set forth in the following:

10.1.1.1 Drug-Free Workplace Requirements, Contractor Certification Clauses 04/2017 (CCC-04/2017)

10.1.1.2 National Labor Relations Board Certification (CCC-04/2017)

10.1.1.3 Expatriate Corporations (CCC-04/2017)

10.1.1.4 Domestic Partners (CCC-04/2017)

10.1.1.5 Labor Code/Workers' Compensation (CCC-04/2017)

10.1.1.6 Americans with Disabilities Act (CCC-04/2017)

10.1.1.7 Contractor Name Change (CCC-04/2017)

10.1.1.8 Resolution (CCC-04/2017)

10.1.1.9 Air or Water Pollution Violation (CCC-04/2017)

10.1.1.10 Safeguarding Access to State Data (Department of Finance, Budget Letter 04-35)

10.1.1.11 Safeguarding Against and Responding to a Breach of Security Involving Personal Information (Office of Information Security and Privacy Protection, Management Memo 08-11).

10.1.2 The above documents are hereby incorporated by reference into this Contract. To access these documents, please visit the CSD Local Agencies Portal at https://agencies.csd.ca.gov/home/Energy/Pages/Resources.aspx.

10.1.3 Executive Order N-6-22 – Russia Sanctions. On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. "Economic Sanctions" refers to sanctions imposed by U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. The State shall provide Contractor advance written notice of such termination, allowing Contractor at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State.

10.2 Provisions for Federally Funded Grants

10.2.1 Contractor certifies that it possesses legal authority to apply to the State for SLIHEAP funds and assures compliance with the purposes as set forth in 42 USC §§ 8621 et seq., as amended.

10.2.2 Eligibility to Receive Federally Funded Public Benefits

Pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) (Public Law (Pub. L.) 104-193), as amended, and Executive Order W13596, dated August 27, 1996, while in effect, applicants for federally funded public benefits are required to provide proof of U.S. citizenship, U.S. non-citizen national, or qualified alien status. (8 USC §§ 1611, 1612, & 1642.) Contractor shall verify client eligibility in accordance with CSD Applicant Verification of Eligibility Procedures and Regulations, forms, and other written guidance provided by CSD.

10.2.3 Under the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA) Section 508, and NO VERIFICATION REQUIREMENT FOR NONPROFIT CHARITABLE ORGANIZATIONS, Section 432 (d) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 USC § 1642 et seq.) as amended, Nonprofit Charitable Organizations are exempt from the requirement to determine, verify, or otherwise require proof of U.S. citizenship, U.S. non-citizen national, or qualified alien status of any applicant for such benefits in providing any Federal public benefit (as defined in 8 USC § 1611(c)) or any State or local public benefit (as defined in 8 USC § 1621(c)). (Pub. L. 104-208, Title V, Section 508; and 8 USC § 1642(d)).

10.2.4 Federal Funding Accountability and Transparency Act reporting requirement (FFATA) (Pub. L. 109-282).

Pursuant to the FFATA, CSD is required to report information regarding contractors (sub-awardees) receiving LIHEAP funds. Contractor must complete CSD form 279 and return with the Contract to enable CSD to comply with FFATA reporting requirements.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

CSD may issue guidance and/or Amendment(s) to this Contract, establishing additional reporting requirements as necessary to ensure compliance with the FFATA or other Federal and State regulations, as applicable.

10.2.5 Salary Limitation – Federal Executive Level II. Federal funds for grant programs consistently include a provision as part of the Consolidated Appropriations Act of 2017 (Pub. L. 115-31) from Congress that the amount that "shall be used to pay the salary of an individual, through the grant or other extramural mechanism" including non-federal share, must not exceed the amount of the Federal Executive Level II salary for that calendar year. This amount is published annually by the U.S. Office of Personnel Management and can be found on their website at https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/. This amount reflects an individual's base salary exclusive of fringe benefits and any income that an individual may be permitted to earn outside of the duties of the non-Federal entity's organization. This salary limitation also applies to subawards, contracts, and subcontracts under an ACF grant or cooperative agreement.

10.2.5.1 Federal Funds Accountability and Transparency Act (FFATA) Requirements. Awards under these programs are included under the provisions of P.L. 109-282, the "Federal Funds Accountability and Transparency Act of 2006" (FFATA). Under this statute, the grant recipient is required to report information regarding executive compensation and all subawards, contracts, and subcontracts in excess of $25,000 through the Federal Subaward Reporting System (https://www.fsrs.gov/) and in accordance with the terms found in Federal regulations at 2 CFR Part 170, including Appendix A.

10.2.6 Human Trafficking Provisions. Contractor is subject to the requirements of Section 106(g) of the "Trafficking Victims Protection Act of 2000" (22 USC § 7104). The full text of this requirement can be found at https://www.acf.hhs.gov/grants/award-term-and-condition-for-trafficking-in-persons.

10.2.7 Prohibition on Use or Procurement. Pursuant to the "Prohibition on certain telecommunications and video surveillance services or equipment" (2 CFR § 200.216), contractors are prohibited from expending grant funds on "equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities)". The full text of this requirement can be found at Electronic Code of Federal Regulations (eCFR).

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

10.3 Federal Certifications Regarding Debarment, Suspension, and Related Matters

Contractor hereby certifies to the best of its knowledge that it or any of its officers, or any subcontractors:

10.3.1 Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;

10.3.2 Have not within a three year period preceding this Contract been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

10.3.3 Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in Section 10.3.2 above of this certification; and

10.3.4 Have not within a three-year period preceding this Contract had one or more public (federal, state, or local) transactions terminated for cause or default.

10.3.5 If any of the above conditions are true for the Contractor or any of its officers, Contractor shall describe such condition and include it as an attachment to the Contract. Based on the description, CSD in its discretion may decline to execute this Contract or set further conditions for this Contract. In the event any of the above conditions are true and not disclosed by Contractor, it shall be deemed a material breach of this Contract, and CSD may terminate this Contract for cause immediately pursuant to the termination provisions of State and federal law governing the Low-Income Home Energy Assistance Program.

10.3.6 As provided in this article, Contractor must certify in writing to the best of its knowledge that any subcontractor(s) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency.

10.4 Affirmative Action Compliance

10.4.1 Each contractor or subcontractor with 50 or more employees and a contract of $50,000 or more shall be required to develop a written Affirmative Action Compliance Program.

10.4.2 The written program shall follow the Equal Employment Opportunity clause

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

obligations set forth in Title 41 of the Code of Federal Regulations, Section 60-1.40 through 60-1.47, Sections 60-2.10 through 60-2.32, and Sections 60-741.40 through 60-741.47.

10.4.3 Each contractor or subcontractor with less than 50 employees shall comply with Executive Order 11246, Part II, Section 202, as amended by Executive Order 11375. Contractor shall ensure that subcontractors falling within the scope of this provision shall comply in full with the requirements thereof.

10.5 Nondiscrimination Compliance

10.5.1 Contractor's signature affixed hereon shall constitute a certification that to the best of its ability and knowledge will, unless exempted, comply with the nondiscrimination program requirements set forth in this section.

10.5.2 Contractor hereby certifies compliance with the following:

10.5.2.1 Federal Executive Order 11246, as amended by Executive Order 11375, relating to equal employment opportunity;

10.5.2.2 Title VI and Title VII of the Civil Rights Act of 1964, as amended (42 USC §§ 2000d et seq. and 2000e et seq.);

10.5.2.3 The Rehabilitation Act of 1973, as amended (29 USC §§ 701 et seq.);

10.5.2.4 Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 USC § 4211 et seq.; 41 CFR Part 60-300);

10.5.2.5 Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (41 CFR Subtitle B, Chapter 60, as amended); and

10.5.2.6 Americans with Disabilities Act of 1990 (Pub. L. 101-336, 42 USC § 12101).

10.6 Contractor Fair Hearing - Civil Rights Act Violation

10.6.1 In the event of any violation or alleged violation of Title VI of the Civil Rights Act of 1964, as amended, (42 USC § 2000d et seq.) Contractor has the right to request a fair hearing in response to such violation or alleged violation within 30 calendar days from the date of such action.

10.6.2 The State shall conduct such fair hearing in accordance with Title 45, Code of Federal Regulations, Part 81.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

10.7 Specific Assurances

10.7.1 Pro-Children Act of 1994

10.7.1.1 This Contract incorporates by reference all the nonsmoking policy provisions set forth in the Pro-Children Act of 1994 (20 USC § 6083).In accordance with Title XII of Public Law 103-227, the "PRO-KIDS Act of 1994," smoking may not be permitted in any portion of any indoor facility owned or regularly used for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs whether directly or through State, Territories, local and Tribal governments. Federal programs include grants, cooperative agreements, loans and loan guarantees, subawards, and contracts. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions or facilities and used for inpatient drug and alcohol treatment.

10.7.1.2 The above language must be included in any subawards that contain provisions for children's services and that all subawards shall certify compliance accordingly. Failure to comply with the provisions of this law may result in the imposition of a civil monetary penalty of up to $1,000 per day. Contractor further agrees that the above language will be included in any subcontracts that contain provisions for children's services and that all subcontractors shall certify compliance accordingly.

10.7.2 American-Made Equipment/Products

Contractor shall assure, pursuant to the Buy American Act of 1933 (41 USC § 8301 et seq.), to the extent practicable, that all equipment and products purchased with funds made available under this Contract shall be American made.

10.7.3 Federal and State Occupational Safety and Health Statutes

Contractor assures that it shall be in compliance with the provisions as set forth in Federal and State Occupational Safety and Health Statutes: the California Safe Drinking Water and Toxic Enforcement Act of 1986 (Health & Safety Code §§ 25249.5 et seq.); Universal Waste Rule (Hazardous Waste Management System: Modification of the Hazardous Waste Recycling Regulatory Program) (60 FR 25492, codified at 40 CFR Part 273); and California Workers' Compensation laws (Labor Code §§ 3200 et seq.).

10.7.4 Political Activities

10.7.4.1 Contractor shall refrain from all political activities if such activities involve the use of any funds that are the subject of this Contract.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

10.7.4.2 Contractor is prohibited from any activity that is designed to provide voters or prospective voters with transportation to the polls or to provide similar assistance in connection with an election if such activities involve the use of any funds that are subject to this Contract.

10.7.5 Lobbying Activities

10.7.5.1 Contractor shall refrain from all lobbying activities if such activities involve the use of any funds that are the subject of this Contract or any other fund, programs, projects, or activities that flow from this Contract.

10.7.5.2 If Contractor engages in lobbying activities, Contractor shall complete, sign and date the CERTIFICATION REGARDING LOBBYING/DISCLOSURE OF LOBBYING ACTIVITIES, as required by the HHS (45 CFR Part 93, Appendix A).

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

SUBVENTION CONTRACT

ARTICLE 11 - GENERAL TERMS AND CONDITIONS GTC 04/2017

Contractor may find the required California General Terms and Conditions (GTC 04/2017) at the following web address:

Standard Contract Language (ca.gov)

Click the “GTC 04/2017” link to download the current requirements.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

SUBVENTION CONTRACT

ARTICLE 12 - DEFINITIONS

All terms used in this Contract shall be those as defined in applicable federal and state law (see 42 USC §§ 8621 et seq. and Government Code § 16367.5) and regulation (see 45 CFR Part 96 and 22 CCR § 100800), or as more specifically defined as:

Administrative Costs: Actual costs for auxiliary functions such as salaries, wages, workers compensation, and fringe benefits for administrative staff, facilities, utilities, office and computer equipment, telephone, travel, accounting, auditing, monitoring assistance, office supplies, and like services necessary to sustain the direct effort involved in administering a grant program or an activity providing services to the grant program. Includes incurred costs associated with participation and attendance to policy advisory committee meetings and workgroups.

Amendment: A formal change to the Contract of a material nature including but not limited to the term, scope of work, or name change of one of the Parties, or a change of the maximum amount of this Contract.

Authorized Agent: The duly authorized representative of the Board of Directors of Contractor and duly elected or appointed, qualified, and acting officer of CSD. In the case of Contractor, CSD shall be in receipt of board resolution affirming an agent's representative capacity to bind Contractor to the terms of this Contract.

CSD Program Advisory (CPA): The purpose of the CPA is to provide information, correct problems, contradictions and uncertainty. A CPA serves as short-term guidance to inform or direct immediate action to correct a problem or provide relief from an obligation.

CSD Program Notice (CPN): The purpose of the CPN is to supplement contractual requirements and facilitate program implementation. A CPN serves as long term guidance to summarize or interpret regulations or contract requirements.

California Energy Commission (CEC) Climate Zone: The CEC established 16 climate zones that represent a geographic area and that have a particular weather pattern. These climate zones are based on energy use, temperature, weather, and other factors that determine the types of building standards that are subject to the Title 24 Energy Efficiency Standards and that dictate the energy conservation measures that must be installed in a weatherized dwelling, as required by law.

Certification Date: The date the applicant is deemed eligible and the Contractor commits to provide services. The certification date should not be before the intake date.

Certified Translator: A translator that has been certified to translate a specific language and are often members of a professional translation association such as American Translators Association and American Literary Translators Association, etc.

Children: Members of a household who have not attained their 19th birthday.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

Client Education/Counseling: Includes, but is not limited to, providing client with written information describing energy-saving behavioral adjustments that will decrease the energy consumption of the household; providing client with resource information, referral, and budget counseling in order to assist clients in achieving self-sufficiency.

Client Intake: Includes, but is not limited to, the process of completing an intake form and reviewing applicant documentation in order to verify eligibility.

Client Needs Assessment: The act of acquiring additional and appropriate information from an eligible client to determine the needs that can be served by Contractor and other available programs after eligibility has been established.

Contract: The complete contents of this contract entered into by and between CSD and Contractor, including all rights, duties, and obligations, whether expressed or implied, required toward the legal performance of the terms hereof.

Contract Allocation: The actual amount of funds available to Contractor under this Contract, as calculated pursuant to Title 22, California Code of Regulations, Section 100830 after CSD receives the notice of grant award for the full annual allocation based on the appropriation by Congress for the Federal Fiscal Year, and as publicly announced by CSD's Director or designee, subsequent to the execution of this Contract.

Contractor: The entity (partnership, corporation, agency, or association) designated on the face sheet (STD 213) of this Contract.

CORE: Combined Output Reporting Engine (CORE) System: Software used by CSD's Local Service Providers to submit Utility Assistance, Wood, Propane, and Oil transaction records for validation and further processing.

Crisis: Weather-related and/or supply-shortage emergencies and other household energy-related emergencies that negatively impact the energy-related economic conditions of low-income households. A crisis can be caused by:

a. Cold or hot weather-related events, such as flood, earthquake, tornado, hurricane, ice storm/freeze; or events meeting such other criteria as the Governor, and/or the President of the United States, at their discretion, and/or their designee, including CSD, may determine to be appropriate; or

b. Geopolitical events, such as wars, terrorism, civil disturbances, and embargoes, including geopolitical events that negatively impact the energy-related economic conditions of low-income households.

CSD: The State of California Department of Community Services and Development.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

Database Transfer: A method wherein contractors utilize a local database platform to provide CSD with downloaded client and other program data.

DOE:The United States (U.S.) Department of Energy that provides funds for the Weatherization Assistance Program for Low-Income Persons. This program is authorized by Title IV of the Energy Conservation and Production Act (Pub. L. 94-385). The federal regulations for this program are in 10 CFR Part 440.

EHA-16:A term used to reference Emergency Crisis Intervention Program, Home Energy Assistance Program and Assurance-16 service components.

Elderly:An individual 60 years of age or older.

Electronic File:A contract or other record created, generated, sent, communicated, received, or stored by electronic means.

Emergency:Meets the federal definition at 42 USC § 8622(1) and shall be defined as being any one or more of the following conditions:

a. A natural disaster (whether or not officially declared);

b. A significant home energy supply shortage or disruption;

c. An official declaration of a significant increase in:

   i. Home energy costs;

   ii. Home energy disconnection;

   iii. Enrollment in public benefit programs; or

   iv. Unemployment and layoffs;

d. An official emergency declaration by the Secretary of Health and Human Services.

   In those situations where there is not an official federal, state, or local declaration of emergency, e.g., an undeclared natural disaster or a significant home energy supply shortage or disruption that affects a low-income individual, an emergency will be deemed to exist by CSD where there is imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.

Energy Burden: The expenditures of the household for home energy divided by the income of the household.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

General Operating Costs: Costs that are directly allocable to those costs defined as related facilities, office and computer equipment, office supplies, telephone and travel as allowable program costs.

Highest Home Energy Needs: The home energy requirements of a household determined by taking into account both the energy burden of such household and the unique situation of such household that results from having members of vulnerable populations, including very young children (0-5), individuals with disabilities, and frail, older individuals (60+).

Intake Date:The date the Contractor receives or accepts the application.

Interest Income: The interest earned by a Contractor directly generated or earned as a result of unexpended SLIHEAP grant funds at the end of a contract term period. The interest earned by a Contractor is income generated as a result of depositing federal funds in an interest-bearing account.

Liability Insurance: Insurance coverage to protect against claims alleging one's negligence or inappropriate action resulting in bodily injury or property damage. Related costs shall mean those actual costs allocated for insurance bonds, general liability insurance, and pollution occurrence insurance. Pollution occurrence insurance is optional.

Maximum Amount: The dollar amount reflected on line 3 of the face sheet (STD 213) of this Contract, as amended to reflect the Final Allocation for the term of this Contract.

Migrant Farm Worker: A seasonal farm worker who performs or has performed farm work during the eligibility determination period (any consecutive 12-month period within the 24-month period preceding application for program benefits and/or services) that requires travel such that the worker is unable to return to his/her domicile (permanent place of residence) within the same day. Migrant farm worker is not a term used in the contract but is captured for reporting purposes in EARS and Intake Form (CSD 43).

Modification: An immaterial change to this Contract that does not require an Amendment.

Natural Disaster: A weather event (relating to cold or hot weather), flood, earthquake, tornado, hurricane, or ice storm, or an event meeting such other criteria as the Secretary of Federal Department of Health and Human Service, in the discretion of the Secretary, may determine to be appropriate. For the purpose of the CSD Disaster Relief Plan, emergency services may be provided to low-income individuals and families affected by a natural disaster when the event is declared by a Presidential or Gubernatorial Order as a Federal or State Emergency.

Nonprofit charitable organization: Is defined by the Internal Revenue Code, Section 501(c) (3) (26 USC § 501(c)(3)). Section 501(c) (3) is a tax law provision granting exemption from the federal income tax to nonprofit organizations. 501(c)(3) exemptions may apply to corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious,

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals.

Outreach and Its Related Costs: Outreach activities are designed to ensure that eligible households, especially households with elderly and/or disabled individuals with high home energy burdens, are made aware of the assistance available. Costs relating to these activities may include: developing outreach materials (flyer/brochure information packets), advertising costs, printing costs, outreach mailers to targeted households, travel to outreach sites and related facilities, site costs, and the referral of eligible households to assistance providers in the community. Intake and assisting with the completion of an intake form are not considered outreach or a related cost.

Parties: CSD on behalf of the State of California, and the Contractor.

Pledge: A guarantee of payment or promise to pay made by the Contractor to the Utility Company via phone, fax, e-mail or webservice and guaranteed by CSD.

Pledge Date: The date in which the Contractor contacts the Utility Company via phone, fax, e-mail or webservice to pledge a payment on behalf of the applicant.

Pledge Timeframe: A set length of time, beginning on the date the Contractor makes the pledge and ends after a fixed number of days.

Program: HEAP, ECIP, and Assurance 16 services provided under 42 USC §§ 8621 et seq., as amended.

Program Income: Program income means gross income earned by Contractor that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance except as provided in 45 CFR § 75.307(f). “During the period of performance” is the time between the time in which the CSD may incur new obligation to carry out the work authorized under the award.

Seasonal Farm Worker: A person who during the eligibility determination period (any 12-month period within the 24-month period preceding application for program benefits and/or services) was employed at least 25 days in farm work or earned at least $400 in farm work and who has been primarily employed in farm work on a seasonal basis, without a constant year-round salary. Seasonal farm worker is not a term used in the Contract but is captured for reporting purposes in EARS and Intake Form (CSD 43).

State: The State of California Department of Community Services and Development.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

Subcontractor: An entity (partnership, corporation, association, agency, or individual) that enters into a separate contract or agreement with Contractor to fulfill direct program or administrative tasks in support of this Contract.

Subcontract: A separate contract or agreement entered into by and between Contractor and Subcontractor to fulfill direct program or administrative tasks in support of this Contract.

Utility Assistance Funding: The portion of SLIHEAP funding used to provide utility assistance services under ECIP Fast Track and HEAP Electric and Gas. These funds are administered by Contractor but paid to eligible clients – or to utility companies on the client's behalf – by CSD from Contractor's allocated amount of funding.

Vendor: An individual, sole proprietorship, firm, partnership, corporation, or any other business venture from which materials and goods are supplied and purchased.

Vulnerable Populations: Young children (ages 5 years or under), disabled, and elderly persons (ages 60 or older).

Wood Propane and Oil (WPO): The portion of the SLIHEAP funding to carry out the provisions of WPO SLIHEAP services and activities of this Contract.

Workers' Compensation: Insurance that covers medical and rehabilitation costs and lost wages for employees injured at work. Workers' compensation shall mean those actual costs associated with workers' compensation coverage for program staff whose salaries and wages are chargeable under program costs.

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

SUBVENTION CONTRACT

ARTICLE 13 - TABLE OF FORMS AND DOCUMENTS INCORPORATED BY REFERNCE

The following forms and documents are available on the CSD Local Agencies Portal at https://agencies.csd.ca.gov/home/Energy/Pages/Contracts.aspx.

13.1 Forms to be returned with signed contract:

13.1.1 Certification Regarding Lobbying/Disclosure of Lobbying Activities;

13.1.2 Agency Staff and Board Roster (CSD 188);

13.1.3 Federal Funding Accountability and Transparency Act Report (CSD 279); and

13.1.4 2024 SLIHEAP Production Plan (CSD 622).

13.2 The following documents are hereby incorporated by this reference:

13.2.1 2024 SLIHEAP Numbers, Contractors, and Service Territories;

13.2.2 Agency Local Plan;

13.2.3 State Administrative Manual Section 5300 at http://sam.dgs.ca.gov/TOC/5300.aspx;

13.2.4 Statewide Information Management Manual at http://www.cio.ca.gov/Government/IT_Policy/SIMM.html;

13.2.5 Supplemental Audit Guide;

13.2.6 Training Requirements Matrix; and

13.2.7 Direct Pay Utility Pledge Timeframe.

13.3 The following CPA's and CPN's are hereby incorporated by reference:

13.3.1 CPA-A-12-01 Program Procedure Guidance with NCB Procurement Worksheet;

13.3.2 CPA-E-18-005 Expenditure Reconciliation Policy and Procedure;

13.3.3 CPN-A-17-01 Equipment Use and Disposition Requirements;

13.3.4 CPN-A-18-01 Program Income;

DocuSign Envelope ID: 7E0D1504-94EC-4AF7-A9AE-E778777E25BF

13.3.5 CPN-E-19-001 Working Capital Advance;

13.3.6 CPN-E-19-002 Energy Reimbursement Policies and Procedures;

13.3.7 CPA-E-20-01 COVID-19 Guidance and Program Relief

13.3.7.1 CPA-E-20-01E Guidance and Program Relief for LSPs Impacted by COVID-19

13.3.8 CPA-A-20-02 Administrative Relief from Loss of Operations Due to COVID-19 Crisis

13.3.9 CPN-E-20-03E7 Payment of Wages and Benefits COVID-19 Errata 7

13.3.10 CPN-E-20-05 Transferring Funds

13.3.11 CPA-E-20-09 Raising Procurement Levels

MEMORANDUM

To: Budget and Finance Committee

From: Tracy Webster, Chief Financial Officer

Date: May 22, 2024

Subject: *Agenda Item 4g* - Updated Accounting & Financial Policies and Procedures Manual – **Info Item**

The Accounting & Financial Policies and Procedures Manual has been updated to meet the new requirements of 2 CFR Part 200 [45 CFR Part 75], Uniform Guidance (OMB Super Circular).The policies and procedures are in compliance with federal regulations, provide internal controls and are efficient.

Sections of the updated Accounting & Financial Policies and Procedures Manual which have been amended are highlighted in yellow. A summary of the changes are as follows:

- Page 2 – Update software from Abila MIP to Sage Intacct.
- Page 5-6 - Updated roles of chief executive officer and staff to reflect current structure.
- Page 17 – Change nominal value from $25 to $50
- Page 22 – "When an emergency plan is triggered due to a recognized disaster, the financial team will split in two and work in at least two separate locations (i.e. remotely or in shifts) to reduce cross-infection and strengthen staff safety measures. The emergency plan will be activated at the direction of the Board of Directors."
- Page 24 – Update chart of accounts to reflect new Sage Intacct structure.
- Page 37 – Change Board approval of grants from $50,000 to $100,000
- Page 39 – "a master file of documents applicable to the award will be prepared and maintained in either a paper, electronic or hybrid form"
- Page 46 – "Head Start and Early Head Start teachers will oversee the recording of volunteer time in the classrooms."
- Page 46 – "Monthly summary reports will be prepared by the Finance Department, which then will be forwarded to the Program Directors for monitoring required match."
- Page 53 – "The Organization will report contributed in-kind assets as a separate line item in the statement of activities and disclose the amount of contributed in-kind assets received by category and additional information for each category of contributed in-kind assets received as necessary."
- Page 49 – Removed "CAPK has a special event, Annual Humanitarian Awards Banquet, that is ongoing and a major activity. The event includes expenses that are direct benefits to donors (i.e. cost of meal), in addition to other direct costs associated with promoting and conducting the event. The gross amounts of revenue and expenses will be presented on the statement of activities for ongoing major activities. Incidental events will be presented at net proceeds by event type and netting of expenses will be limited to direct costs.

- Page 54 – Add “Deposits are prepared and transmitted through electronic desktop deposit to the bank. When cash is deposited, the deposit will be taken to the bank by an individual other than the employee who prepared the daily receipts listing.
- Page 54 – Add: Electronic transfers of funds are processed as follows: The Accounting Administrator notifies the Accountant II when funds are received via an electronic transfer or other electronic deposit. The Accountant II works with the Accounting Specialist to match the deposit and remittance information to the corresponding receivable recorded in the accounting system. The Accounting Specialist posts the receipt of funds to the receivable in the general ledger and appropriate subledger.
- Page 59 Replace $25 with $50
- Page 60 Add: “Noncompetitive procurements will only be awarded in accordance with CAPK’s Noncompetitive Method of Procurement (Sole Source) section of this manual.”
- Page 60 Add: “Contractors agree not to discriminate against any individual due to the individual’s political affiliation/ beliefs.
- Page 63 Add: “Price analysis may include such factors as comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability. *(2 CFR Part 200.324) (45 CFR Part 75.332)*
- Page 63 – Add: “Justification for lack of competition when competitive offers are not obtained;
- Page 64 – Add: “The procurement method used for the acquisition of professional and other contracted services will be done in accordance with the Procurement Thresholds and Authorization Limits section (based on dollar amount). Selection of the service provider not procured using the formal proposal method of procurement (RFP) will be informally based on specialized expertise, qualifications, and other factors, and will document accordingly to support selection.
- Page 64 – Add: “When using an RFP for the financial statement auditor, the criteria listed in the SELECTING AN INDEPENDENT FINANCIAL STATEMENT AUDITOR will be clearly stated in the RFP.
- Page 64 – Add: “If CAPK decides to inform bidders / proposers of the results of the selection process, the solicitation will provide information on how and by when this communication will be made. Also see PROCUREMENT GRIEVANCE PROCEDCURES.
- Page 67 – “Minority-owned, women-owned, veteran-owned, and small businesses located in labor surplus areas are encouraged to respond.
- Page 67 – “A copy of this communication will be retained with the procurement documentation.
- Page 69 – “***Internal Micro-Purchase Threshold***
- The aggregate amount of the procurement does not exceed the Organization’s internal micro-purchase threshold, as stated in the Procurement Thresholds and Authorization Limits section of this manual.
- Page 72 “All additions of new contractors to the contractor database will be approved by the Director of Finance. Each month, the Director of Finance will receive a change report from the accounting system that reports all changes made to the contactor database. This report will be reviewed for any unusual or unexpected changes.
- Page 74 “Verification of services received will be performed in conjunction with the receipt of contractor invoice. See INVOICE APPROVAL section of this manual.
- Page 74 “Domestic preferences for procurement (2 CFR 200.322).
- Page 79 “If the subrecipient elects to use a direct cost allocation method to account for its entity-wide costs in accordance with 2 CFR Part 200.405(d) (45 CFR Part 75.405(d)), the Organization will document this method of allocation in the subaward agreement.

- Page 89 – Update Microix to Pairsoft
- Page 99 - Add
  Mobile Reimbursement

  In support of workplace mobility, CAPK employees who hold positions that include the need for a cell phone may receive a monthly mobile reimbursement of up to $75 per month for business-related costs incurred by the employee when out of the office (i.e. business-related activities) or occasionally outside standard work hours (i.e. after hours networking events).
  The reimbursement is to support communications for business-related activities and assist with compliance of multi-factor authentication, when necessary during working hours. Reimbursement will cover only a portion of the expenses reasonably attributable to the employee's work for one personal mobile phone.

  The stipend will be considered as a taxable fringe benefit and will be determined by the employee's job duties or classification. Reimbursement will be made during the employee's bi-weekly payroll.

  Employees in these classifications will be eligible for up to $200 towards the purchase of a new phone every two years.
- Page 101-102 – Remove requirement of Board member to sign checks over $14,999.99.
- Page 108-109 – Remove Form I-9 Employment Eligibility Verification, Copy of driver's license, and copy of social security card issued by the social security administration.
- Page 111 – Add "CAPK records minute to minute pay for timekeeping purposes".
- Page 116 "**Digital Signatures**

  CAPK accepts digital signatures for individuals as an allowable alternative to manual or "wet" signatures, except where otherwise stated in this manual. Authorized signers or approvers are responsible for the security and protection of their passwords and must sign documents and correspondence using software approved by the Organization.
- Page 116 "**Unpresented Checks**

  Unrepresented checks include checks that are outstanding, written-off, stale-dated, or returned by the post office. Unrepresented checks will be categorized by CAPK into two categories: payroll checks and general checks.

  CAPK will comply with the California laws regarding unclaimed property. Accordingly, the Organization will filed all appropriate forms and remit unclaimed property to the appropriate jurisdiction for all uncashed checks subject to a state reporting and transfer requirement.

  The Finance Department will attempt to contact the payee and re-issue unpresented checks older than three-(3) months; this attempt and re-issuance will be documented. Checks that remain unpresented, or uncashed, after six-(6) months will be recorded in a separate liability account named, "Unclaimed Property". The Finance Department will maintain a listing of the checks in the Unclaimed Property liability account by:
  Payee
  Amount
  Original issue date
  Original check number
  Re-issued date (not by date reclassified to the Unclaimed Property liability account)

Re-issued check number

- Page 130 – Change $500 to $1,000
- Page 135 “Management will determine property and equipment needs. When property and equipment is no longer needed, CAPK will determine how to dispose of the asset based on how equipment was acquired and funded. When required, the Organization will obtain disposal instructions from the funder, in accordance with funding regulations.
- Page 141 – “**Accrued Salaries and Wages**

  An estimate for salaries and wages earned by employees for work performed, but unpaid as of the end of a reporting period, will be calculated, accrued, and reported as an accrued expense and accrued liability in the financial records. An accrual entry for employer-related payroll expenses associated with the accrual for salaries and wages will also be calculated and entered. This transaction will be reversed as of the first date of the next reporting period to allow for the recording of the paid salaries and wages and employer-related payroll expenses.
- Page 143 “Unpaid interest expense will be accrued as a liability at the end of each fiscal year.
- Page 146 “Lease terms will include the non-cancelable lease term plus renewal periods that are reasonably certain to be exercised.
- Page 149 “Net assets with donor restriction will be recorded and tracked using the accounting software.
- Page 153 “**Dashboards**

  To assist Organization with oversight and timely monitoring, dashboards will be created for management, budget leaders, and board members to display performance indicators and other metrics relevant to the user for monitoring purposes.

  The Finance Department will be responsible for working with users to identify financial metrics to include on the user’s dashboard. Template dashboards will be saved and repurposed as appropriate.
- Page 159 “Each unrelated trade or business, less its specific expenses, will be tracked separately and not offset against other unrelated business activities.
- Page 166 “**Audit Request for Proposal**

  Request for Proposals (RFP) to conduct the Organization’s independent financial statement audit will be prepared and issued by the Audit and Pension Committee no later than six months prior to the end of the fiscal year. Auditor selection will be made by the Audit and Pension Committee. (See BOARD OF DIRECTOR AUDIT RESPONSIBILITIES and AUDIT AND PENSION COMMITTEE RESPONSIBILITIES sections of this manual for term.)

  The RFP will include the following, at a minimum:
  Summary of each funding source and its audit requirements (regulation references);
  Expected timing of fieldwork;
  Expectations for interaction with the Audit and Pension Committee and presentation of the report and any findings to the Board of Directors, upon completion of the audit; and
  Deadlines for completion of the audit and filing of applicable reports to reporting entities.
- Page 166 “The responsiveness to the request for proposal.
  The availability of staff with professional qualifications and technical abilities.
  The results of peer and external quality control reviews.
  Price.

The proposed changes support Strategic Plan Goal 6 – "Increase fiscal health and stability of the agency to properly align resources to support clients and build staff capacity." Additionally, Standard 8.10 of the CSBG Organizational Standards requires that the fiscal policies of a CSBG funded entity are reviewed by staff within the past 2 years, updated as necessary, with changes approved by the governing board.

Recommendation:

Staff recommends the Budget and Finance Committee review the proposed Accounting and Financial Policies and Procedures Manual for final approval during the June 2024 Budget and Finance Committee meeting.

Attachment:
Proposed Accounting & Financial Policies and Procedures Manual



Accounting & Financial Policies and Procedures Manual

Updated June 26, 2024

TABLE OF CONTENTS

INTRODUCTION 1
- Effective Date(s) of Accounting and Financial Policies 1
- Fiscal Year-End of Organization 1
- Basis of Accounting 2
- Accounting Software 2

GENERAL POLICIES 3
- ORGANIZATIONAL STRUCTURE 3
  - The Role of the Board of Directors 3
  - Board of Directors Audit Responsibilities 3
  - Board of Directors Committee Structure 4
  - Budget and Finance Committee Responsibilities 4
  - Audit and Pension Committee Responsibilities 5
  - The Roles of the Chief Executive Officer and Staff 5
- FINANCE DEPARTMENT OVERVIEW 6
  - Organization Structure 6
  - Department Responsibilities 6
  - Standards for Financial Management Systems 7
- INTERNAL CONTROLS 9
  - System of Internal Controls 9
- BUSINESS CONDUCT 10
  - Practice of Ethical Behavior 10
  - Confidentiality Policy 11
  - Compliance with Laws, Regulations, and Organization Policies 11
- CONFLICTS OF INTEREST 12
  - Overview of Conflicts of Interest 12
  - Interested Persons 12
  - Understanding Conflict of Interest 13
  - Organizational Conflicts of Interest 13
  - Honoraria Acceptance 13
  - Disclosure Requirements 14
  - Resolution of Conflicts of Interest 15
  - Disciplinary Action for Violations of This Policy 16
- POLICY ON SUSPECTED MISCONDUCT 17
  - Overview of Misconduct (Ethics, Fraud) 17
  - Definition of Misconduct 17
  - Reporting Procedures 18
  - Whistleblower Protection 18
  - Reporting Individual Protections 18
  - Investigative Responsibilities 19
  - Disciplinary Action 20
  - Confidentiality 20
  - Disclosure to Outside Parties 20
- SECURITY 22
  - General Office Security 22
  - Finance Department 22

Access to Electronically Stored Accounting Data....22
Storage of Sensitive Data....23
Destruction of Consumer Information....23
GENERAL LEDGER AND CHART OF ACCOUNTS....24
Chart of Accounts Overview....24
Distribution of Chart of Accounts....24
Control of Chart of Accounts....24
Accounting Estimates....25
Journal Entries....25
Reconciliation of Accounts....26
Spreadsheet Management....26
ADMINISTRATION OF FEDERAL AWARDS....28
Definitions....28
Preparation and Review of Proposals....28
Post-Award Procedures....28
Compliance with Laws, Regulations, and Provisions of Awards....29
Document Administration....30
Closeout of Federal Awards....30

POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS....31
REVENUE....31
Definitions of Revenue....31
Revenue Recognition Policies....32
Distinguishing Contributions from Exchange Transactions....35
Classification of Revenue....35
COST SHARING AND MATCHING (IN-KIND)....36
Overview of Cost Sharing or Matching....36
Documentation....36
Valuation and Accounting Treatment of Cost Sharing or Matching....37
GIFT ACCEPTANCE....42
Overview of Gift Acceptance Policies....42
Categories of Gifts....42
Gift Acceptance Procedures....43
CONTRIBUTIONS ACCOUNTING....44
Donor Privacy....44
Valuation of Noncash (In-kind) Contributions....44
Receipt of Donations Procedure....45
Receipts, Acknowledgements, and Disclosures....45
Endowment Funds Received....47
Fundraising Events, Special Events....47
State Registrations....49
Online Contributions....49
Disclosures of Promises to Give....50
BILLING/INVOICING POLICIES....51
Overview of Billing/Invoicing....51
Responsibilities for Billing/Invoicing and Collection....51
Billing/Invoicing and Financial Reporting....51
Cash Drawdowns of Advances of Federal Funds....52
Classification of Income....52
Accounts Receivable Entry Policies....53

RECEIPTS 54
Overview of Receipts 54
Processing of Checks and Cash Received in the Mail 54
Endorsement of Checks 54
Timeliness of Bank Deposits 54
Online Contribution Receipts 55
Reconciliation of Deposits 55
Control Grid - Revenue and Cash Receipts 55
RECEIVABLE MANAGEMENT 57
General Receivable Management 57
Grants Receivable Monitoring and Recognition 57
Accounts Receivable Monitoring and Reconciliations 57
Credits and Other Adjustments to Accounts Receivable 57
Collections 57
Receivable Write-Off Authorization Procedures 58

POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS 59
PURCHASING POLICIES AND PROCEDURES 59
Overview of Purchasing 59
Responsibility for Purchasing 59
Code of Conduct in Purchasing 59
Competition 60
Nondiscrimination Policy 60
Procurement Thresholds and Authorization Limits 61
Procurement Procedures 63
Sealed Bid Method of Procurement 64
Competitive Proposal Method of Procurement 65
Solicitation for Procurements 65
Advertising Procedures for Procurement 66
Extension of Due Dates and Receipt of Late Offers 67
Evaluation of Alternative Proposers 67
Affirmative Consideration of Minority, Small Business, Women-Owned Businesses, and Labor Surplus Area Firms 68
Non Competitive Method of Procurement (Sole Source) 68
Pre-Qualified Contractors 69
Bonding Requirements 70
Use of Purchase Orders 70
Blanket Purchase Orders 71
Verification of New Contractor 72
Contractor Files and Required Documentation 72
Contractor Master File Maintenance 73
Procurement Grievance Procedures 73
Receipt and Acceptance of Goods 73
Contract Administration 74
Contract Provisions 75
Right to Audit Clause 76
Availability of Procurement Records 76
Procurement Records 76
SUBRECIPIENTS 77
Making Subawards 77

Monitoring of Subrecipients....79
POLITICAL INTERVENTION....81
Prohibited Expenditures....81
Endorsements of Candidates....81
Individual vs. Organization Activities....81
Prohibited Use of Organization Assets and Resources....81
LOBBYING....82
Overview of Lobbying....82
Definition of Lobbying Activities....82
Segregation of Lobbying Expenditures....82
Lobbying Election....83
CHARGING COSTS TO FEDERAL AWARDS....84
Overview of Charging Costs to Federal Awards....84
Criteria for Allowability of Costs....85
Cost Allocation Plan Policy....85
Direct Costs....85
Shared or Joint Costs....85
Indirect Costs....86
Direct Costing Procedures....86
Indirect Cost Rate....87
Segregating Unallowable from Allowable Costs....87
ACCOUNTS PAYABLE MANAGEMENT....89
Overview of Accounts Payable Management....89
Recording of Accounts Payable....89
Accounts Payable Cutoff....90
Preparation of a Voucher Package....90
Processing of Voucher Packages....90
Invoice Approval....90
Payment Discounts....91
Employee Expense Reports....91
Reconciliation of A/P Subsidiary Ledger to General Ledger....91
Management of Accounts Payable Contractor Master File....92
Office of Foreign Assets Contraol (OFAC) Database Searches....92
Verification of New Contractor....92
TRAVEL....94
Travel Advances....94
Travel Expense Preparation....94
Reasonableness of Travel Costs....95
Lodging Accommodations....96
Special Rules Pertaining to Air Travel....96
Temporary Dependent Care Costs....97
Spouse/Partner and Dependent Travel....97
CELL PHONES....98
Issuance of Organization-Owned Cell Phones....98
Cell Phone Use....98
Cell Phone Plans....98
Revocation of Organization Cell Phones....99
Employee Cell Phones....99
Mobile Reimbursement....99
Use of Cell Phones While Driving....100

Camera Phones 100
Personal Cell Phones or Similar Devices at Work 100
DISBURSEMENTS POLICIES 101
General Disbursement Policies 101
Manual Check Signing 101
Non-Manual or Electronic Check Signing 102
Electronic Funds Transfer/Authomated Clearing House (ACH Payments) 102
Use of Positive Pay System 103
Mailing of Checks 104
Voided Checks and Stop Payments 104
Recordkeeping Associated with Independent Contractors 104
Control Grid - Purchasing and Disbursements 104
CREDIT CARDS/PURCHASING CARDS 106
Organization-Issued Credit Cards or Purchasing Cards 106
Card User Responsibilities 106
Revocation of Organization Credit Cards or Purchasing Cards 107
Employee Credit Cards 107
PAYROLL AND RELATED POLICIES 108
Compensation – Personal Services 108
Compensation – Fringe Benefits 108
Classification of Workers as Independent Contractors or Employees 109
Wage Comparability Study 109
Review and Approval of Senior Management Compensation 109
Payroll Administration 109
Changes in Payroll Data 110
Payroll Taxes 110
Standards of Documentation for Personnel Expenses 111
Preparation of Time Records 111
Processing of Timesheets 112
Review of Payroll 112
Distribution of Payroll 112
Control Grid - Payroll and Human Resources 112
Cost of Living Adjustments 113
Internal Audit of Payroll Data 113

POLICIES PERTAINING TO SPECIFIC ASSET ACCOUNTS 115
CASH AND CASH MANAGEMENT 115
Cash Accounts 115
Authorized Signers 115
Digital Signatures 115
Bank Reconciliations 116
Cash Flow Management 116
Unpresented Checks 116
Petty Cash 117
Wire Transfers 117
Cash Management 118
Interest Earnings 118
INVENTORY OF MATERIALS 119
Description of Inventory 119
Accounting for Inventory 119

Physical Counts 119
Contributed Inventory....119
PREPAID EXPENSES 120
Accounting Treatment....120
Procedures....120
INVESTMENT POLICIES....1211
Overview of Investments....121
CAPITAL ASSETS 122
Capitalization Policy....122
Contributed Assets....122
Release of Donor Restriction 122
Equipment Purchased with Federal Funds 122
Establishment and Maintenance of a Capital Asset Listing....123
Receipt of Newly Purchased Equipment....124
Depreciation and Useful Lives 124
Changes in Estimated Useful Lives 125
Repairs of Property and Equipment....125
Dispositions of Property and Equipment 125
Write-Offs of Property and Equipment 125
Capital Asset Accounting System 125
INTANGIBLE ASSETS....127
Acquisition of Intangible Assets 127
Accounting for Intangible Assets....127
Amortization....127
ASSET IMPAIRMENTS....129
Policy 129
FAIR VALUE ACCOUNTING 130
Scope....130
Disclosures 130

POLICIES PERTAINING TO LIABILITY AND NET ASSET ACCOUNTS....131
ACCRUED LIABILITIES....131
Identification of Liabilities 131
Accrued Salaries and Wages....131
Accrued Leave....131
FINANCING ARRANGEMENTS 132
General Policy....1342
Credit Cards and Charge Accounts 134
Operating Line of Credit....134
Term Loans....134
Recordkeeping....134
Accounting and Classification 134
Non-Interest Bearning Notes Payable....134
INCOME TAXES PAYABLE....132
Accrual of Income Taxes....134
Income Tax Positions....134
LEASES 136
Classification of Leases - Lessee....136
Reasonableness of Leases....136
Accounting for Leases 136

Changes in Lease Terms 137
Donated Rent and Below-Market Leases 137
NET ASSETS 139
Classification of Net Assets 139
Composition of Net Assets 139
Reclassification of Net Assets 140
Disclosures 140

POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING 141
FINANCIAL STATEMENTS 141
Standard Financial Statements of the Organization 141
Frequency of Preparation 141
Review and Distribution 142
Monthly Distribution 142
Annual Financial Statements 143
Trend Analysis 143
Required Disclosures 143
Dashboards 143
PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS 144
Consolidation Policy 144
GOVERNMENT RETURNS 145
Overview 145
Filing of Returns 145
Review of Form 990 by Board of Directors 146
Public Access to Information Returns 146
OTHER TAX CONSIDERATIONS 147
State and Local Property, Sales, Use & Income Taxes 147
State Charity Registrations 1477
TRANSACTIONS WITH INTERESTED PERSONS AND RELATED PARTIES 148
Definitions 148
Identification of Interested Persons or Related Parties 148
Record of Transactions with Interested Persons and Related-Parties 148
UNRELATED BUSINESS ACTIVITIES 149
Identification and Classification 149
Allocation of Expenses to Unrelated Activities 149
Reporting 149

JOINT VENTURES 150

FINANCIAL MANAGEMENT POLICIES 151
BUDGETING 151
Overview of Budgeting 151
Preparation and Adoption 151
Monitoring Performance 152
Budget and Program Revisions 152
Budget Modifications 152
OPERATING RESERVES 154
Purpose 154
Establishment and Calculation 154
Funding of Reserves 154
Use of Reserves 154

Reporting and Monitoring....154
ANNUAL AUDIT....155
Arranging for the Annual Audit....155
Auditor Independence....155
How Often to Review the Selection of the Auditor....156
Audit Request for Proposal....156
Selecting an Independent Financial Statement Auditor....156
Preparation for the Annual Audit....157
Concluding the Audit....158
Audit Adjustments....159
Internal Control Deficiencies Noted During the Audit....159
Audit and Pension Committee Communications with the Auditors....159
INSURANCE....161
Overview of Insurance....161
Insurance Definitions....161
Coverage Guidelines....162
RECORD RETENTION....163
Record Retention Policy....163
Exception for Investigations....164
Protection of Records – Federal Matters....164

INTRODUCTION

The following accounting and financial manual is intended to provide an overview of the accounting and financial policies and procedures for Community Action Partnership of Kern, which will be referred to as "CAPK" or "the Organization" throughout this manual.

CAPK is incorporated in the state of California. CAPK is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) as a nonprofit corporation. CAPK's tax-exempt mission is to:

Provide and advocate for resources that will empower Kern County residents to become self-sufficient.

This manual will document the financial operations of the Organization. Its primary purpose is to formalize accounting and financial policies and selected procedures for all staff who have a role in accounting processes 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 Organization allows an individual's supervisor to provide approvals or reviews in an individual's absence when the absent individual is included in a policy or procedure that requires an approval or review. For example, policies documenting approvals or reviews to be completed by the Director of Finance can be performed by the Chief Financial Officer in the Director of Finance's absence.

Effective Date of Accounting and Financial Policies

The effective date of all accounting and financial policies described in this manual is April 24, 2024. 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.

The contents of this manual were approved as official policy and documented procedures of the Organization by the Board of Directors, Chief Executive Officer, and Chief Financial Officer. All CAPK staff members are bound by the policies and procedures herein, and any deviation from established policy and procedure is prohibited.

Financial policies are to be reviewed at least within a two-year period, updated as necessary, and changes approved by the governing board. Procurement policies are reviewed by the governing board within a five-year period.

Fiscal Year-End of Organization

CAPK will operate on a fiscal year that begins on March 1st and ends on the last day of February. Any changes to the operating year of the Organization must be ratified by majority vote of CAPK's Board of Directors.

Basis of Accounting

CAPK's fiscal year-end financial statements are prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP).

Accounting Software

Accounting transactions will be processed, and reports produced using Sage Intacct Accounting Software.

GENERAL POLICIES

ORGANIZATIONAL STRUCTURE

The Role of the Board of Directors

CAPK is governed by its Board of Directors, which is responsible for the financial 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. Hire and communicate with the independent auditor.
5. Reviewing and approving the annual audit.
6. Reviewing financial information.
7. Identifying and proactively dealing with emerging issues.
8. Interpreting the Organization's mission to the public.
9. Soliciting prospective contributors and supporters.
10. Hiring, evaluating, and working with the Chief Executive Officer.
11. Establishing and maintaining programs and systems designed to ensure compliance with terms of contracts and grants.
12. Authorizing establishment of all bank accounts and check signers.
13. Authorizing all borrowings of funds and establishing lines of credit (including credit card and charge accounts).

The Chief Executive Officer will be responsible for the day-to-day oversight and management of CAPK.

Board of Directors Audit Responsibilities

The Board's responsibilities include, but shall not be limited to, the following:

1. Appointment of, and communication with, the Agency's independent financial statement auditors
2. Review and approval of the annual audited financial statements
3. Discussion of internal control matters with the independent auditor
4. Responding to any reported instances of fraud involving CAPK or its employees
5. Making policy and other recommendations to the Board of Directors regarding matters arising out of the financial statement audit

In fulfilling these duties and responsibilities, the Board is entitled to examine any and all documents within the control of CAPK and its employees. In addition, the Board shall have the authority to contract with independent contractors in the fulfillment of the Board's responsibilities.

Board of Directors Committee Structure

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

1. Executive Committee
2. Budget and Finance Committee
3. Audit and Pension Committee
4. Program, Review and Evaluation Committee
5. Personnel Committee

See the Organization's by-laws for Board and committee details. However, roles of committees with direct responsibilities for the financial affairs of the Organization are further described in this manual. These committees will be referred to in appropriate sections of this manual.

The Head Start Act states the governing body has legal and fiscal responsibility for administering and overseeing the program, including the safeguarding of federal funds. Further, 45 CFR Part 1302.91 states that programs delivering services must assess staffing needs in consideration of the fiscal complexity of the organization and applicable financial management responsibilities as well as secure the regularly scheduled or ongoing services of a qualified fiscal officer with sufficient education and experience to meet its needs. An agency must ensure a fiscal officer hired after November 7, 2016, is a certified public accountant (CPA) or has, at minimum a baccalaureate degree in accounting, business, fiscal management, or a related field.

Budget and Finance Committee Responsibilities

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

1. Review and recommendation of the Organization's annual budget (prepared by the staff) for final approval by the Board of Directors.
2. Long-term financial planning.
3. Establishment of investment policy and monitoring investment performance.
4. Evaluation and approval of facilities decisions (i.e., leasing, purchasing property).
5. Monitoring of actual vs. budgeted financial performance.
6. Oversight of reserve funds.
7. Review of financial procedures.
8. Recommend the hiring of an independent financial statement auditor.
9. Review and approve the final audited financial statements.

The review of the Organization's financial statements will not be limited to the Budget and Finance Committee but will involve the entire Board of Directors.

Audit and Pension Committee Responsibilities

The Audit and Pension Committee is responsible for the external financial reporting and internal controls of CAPK. Functions of the Audit and Pension Committee include:

1. Recommend an independent financial statement auditor to the full Board for its approval.
2. Communicate directly with the independent financial statement auditor regarding the annual audit, as described in the Organization's bylaws.
3. Review the financial statements and other financial information provided to the public, including annual information returns (i.e. IRS Form 990).
4. Update, approve, and oversee internal controls and compliance with approved policies and procedures.
5. The Audit Committee also serves as the primary point of contact for any employee who suspects that fraud has been committed against the Organization or by one of its employees or Board members.

The full Board will review and approve the final audited financial statements and any other communications received from the auditor regarding internal controls, illegal acts, or fraud.

Also see other Audit Committee responsibilities in various sections of this manual.

The Roles of the Chief Executive Officer and Staff

The Board of Directors hires the Chief Executive Officer, who reports directly to the Board. The Chief Executive Officer is responsible for hiring and evaluating the Chief Financial Officer, the Chief Program Officer, the Chief Facilities and Technology Officer, the Chief Business Development Officer, and the Director of Human Resources. Each of the positions under the Chief Executive Officer are responsible for hiring subordinate direct reports including Division Directors.

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

FINANCE DEPARTMENT OVERVIEW

Organization Structure

The Finance department consists of approximately 25 staff positions that manage and process financial information for CAPK. The following positions comprise the Finance department:

- Chief Financial Officer
- Director Finance
- Accounting Administrator
- Finance Administrator
- HRIS Payroll Administrator
- Accountants (I and II)
- Accounting Clerk
- Accounting Technicians
- Accounting Specialist
- Payroll Technicians
- Business Services Manager
- Contract Specialist
- Business Services Technicians

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

- Chief Executive Officer
- Chief of Business Development
- Chief Facilities and Technology Officer
- Chief Program Officer
- Division Directors
- Treasurer – Board level
- Finance Committee – Board level
- Audit Committee – Board level
- Executive Committee – Board level
- Full Board of Directors

Department Responsibilities

The primary responsibilities of the finance department consist of:

- General ledger transactions and reconciliations
- Budgeting
- Cash and investment management
- Asset management
- Grants and contracts administration
- Purchasing
- Receivables management
- Invoicing and billing

- Cash receipts
- Accounts payable
- Cash disbursements
- Payroll
- Financial statement preparation
- External reporting of financial information
- Bank reconciliation
- Reconciliation of subsidiary ledgers
- Compliance with government financial reporting requirements
- Annual financial statement audit and fiscal monitoring visits
- Leases
- Insurance
- Financial record retention

Standards for Financial Management Systems

In accordance with 2 CFR Part 200.302(b), of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 45 CFR Part 75.302(b), of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards*, CAPK 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 CFR Part 200.302(b)(1)) 45 CFR 75.302(b)(1)*

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 45 CFR Parts 75.341, Financial Reporting, and 200.328, 75.342, 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 interest, and be fully supported by source documentation.

4. Effective control over and accountability for all funds, property, and other assets. CAPK will adequately safeguard all such assets and ensure they are used solely for authorized purposes.

5. Comparison of expenditures 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 200.301, 45 CFR Part 75.301, Performance Measurement*)

7. Written procedures to minimize the time elapsing between the transfer of funds and disbursement by CAPK. Advance payments will be limited to the minimum amount needed and be timed to be in accordance with actual, immediate cash requirements. (*2 CFR Part 200.305,*

45 CFR Part 75.305 Payment.) See CAPK's written procedures in the CASH DRAWDOWNS OF ADVANCES OF FEDERAL FUNDS section of this manual.

8. Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the *2 CFR Part 200, 45 CFR Part 75, Subpart E, Cost Principles*, and the terms and conditions of the award. See CAPK's written procedures in the CHARGING COSTS TO FEDERAL AWARDS section of this manual.

INTERNAL CONTROLS

System of Internal Controls

The financial policies and procedures in this manual provide one piece of CAPK's system of internal controls. The policies on this manual reflect decisions made by the board of directors and management and the procedures reflect the steps or actions to implement a policy. The Organization's system of internal control is affected by all its employees and directors and is designed to provide reasonable assurance regarding the achievement of the Organization's reporting, operating, and compliance objectives.

In accordance with Standards for Financial Management Systems, the Organization will provide effective control over and accountability for all funds, property, and other assets. CAPK will adequately safeguard all such assets and ensure they are used solely for authorized purposes.

BUSINESS CONDUCT

Practice of Ethical Behavior

CAPK requires Board members, committee 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 CAPK depend to a large extent on the following considerations.

- Each employee must apply her or 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 CAPK 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.

Directors, Board of Directors, Policy Council members, Committee members, managers, supervisors, employees, and volunteers 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.

Confidentiality Policy

CAPK respects the privacy of its clients, former clients, donors, staff, and volunteers. As a basic component of business ethics, employees, volunteers, and board members will take care to ensure that personal information, financial information, and proprietary information remain confidential and not be disclosed or discussed with anyone without permission or authorization from the Chief Executive Officer. Care should also be taken to ensure that unauthorized individuals do not overhear any discussion of confidential information and that documents containing confidential information are not left in the open or inadvertently shared.

Confidentiality is the safeguarding of privileged information. CAPK is provided with personal and private information, including protected personally identifiable information (PPII), to provide services to

clients and participants. Unauthorized disclosure of confidential information could result in legal liability, damage to relationship with client, staff, and public. Violation of this policy and any statutes regarding confidentiality may result in termination of employment or other corrective action.

Compliance with Laws, Regulations, and Organization Policies

CAPK 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 CAPK policy or engagement in unscrupulous dealings.

Employees should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly prohibited. The performance of all levels of employees will be measured against implementation of the provisions of these standards. Employees will cooperate with management and authorities regarding any investigation into the violation of policies and statutes.

CONFLICTS OF INTEREST

Overview of Conflicts of Interest

In the course of business, situations may arise in which a CAPK 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. This conflict of interest policy is to protect the tax-exempt Organization's interest when it considers entering into a transaction or arrangement that might benefit the private interest of a director or employee of the Organization or might result in a possible excess benefit transaction.

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
3. Refrain from participation in any decisions on matters that involve a real conflict of interest or the appearance of a conflict

Interested Persons

All employees and directors of CAPK 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 will hereinafter be referred to as "interested persons." Interested persons include all members of the Board of Directors and all employees, as well as persons with the following relationships to directors or employees:

1. Spouses or domestic partners
2. Brothers and sisters
3. Parents, children, grandchildren, and great-grandchildren
4. Spouses of individuals listed in 2 and 3
5. Corporations, partnerships, limited liability companies (LLCs), and other forms of businesses in which an employee or director, either individually or in combination with individuals listed in 1, 2, 3, or 4, collectively possess a 35% or more ownership or beneficial interest
6. Organization or business that employs, or is about to employ, any of the parties indicated here
7. Any individual related by blood or affinity whose close association with an employee or director is the equivalent of a family relationship

Also see TRANSACTIONS WITH INTERESTED PERSONS AND RELATED-PARTIES section of this manual.

Understanding Conflict of 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 non-financial (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, domestic partner, parent, child, brother, sister and spouse of parent, child, brother, or sister} owes/receives more than 35% 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 contractor, if the director or employee is responsible for initiating or approving purchases from that contractor.

Organizational Conflicts of Interest

All organizational relationships will be identified and disclosed to the Board of Directors and Purchasing Managers on an annual basis or as they are made known. Purchasing Managers are responsible for performing a thorough analysis of potential proposal conflicts of interest to ensure impartiality and objectivity in performance of the contractual objectives.

Each individual contracting situation will be examined on the basis of its particular facts and the nature of the proposed work. CAPK will exercise common sense, good judgment, and sound discretion when evaluating the decision on whether a significant potential conflict exists and, if it does, the development of an appropriate means for resolving it. This evaluation will help prevent the existence of conflicting roles that might bias judgment; and help preventing unfair competitive advantage.

Honoraria Acceptance

A CAPK employee will not accept an honorarium for an activity conducted where:

- Agency-reimbursed travel, work time, or resources are used
- Activity can be construed as having a relationship to the employee's position with CAPK
- Such activity would be considered official duty on behalf of CAPK
- A relationship exists between the activity and the employee's position with CAPK if the employee would not participate in the activity in the same manner or capacity if he or she did

not hold his or her position with CAPK. 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 CAPK duties.

Nothing in this policy will be interpreted as preventing the payment to CAPK by an outside source for actual expenses incurred by an employee in an activity, or the payment of a fee to CAPK (in lieu of an honorarium to the individual) for the services of the employee. Any such payments made to CAPK should be deposited to the CAPK's account and an appropriate entry should be 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 or 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, CAPK' policies and procedures include the following:

1. At the inception of employment or volunteer service to the Organization, and on an annual basis thereafter, the finance department will 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 to all members of the Board of Directors, the Chief Executive Officer, members of senior management, and employees with purchasing and/or hiring responsibilities or authority. Using the prescribed form, these individuals will inform, in writing and with a signature, the Chief Executive Officer and the chair of the Audit and Pension Committee, of all potential reportable conflicts.

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

3. The Chief Executive Officer will review all forms completed by employees, and the Audit and Pension Committee will review all forms completed by directors and the Chief Executive Officer and determine appropriate resolution in accordance with the next section of this policy.

4. 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 will disclose all facts material to the conflict of interest. Such disclosure will be included in the minutes of the meeting.

5. 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 will disclose to the chair of the meeting all facts material to the conflict of interest. The chair will report the disclosure at the meeting and the disclosure will be reflected in the minutes of the meeting.

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

7. A person who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting will 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 will 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 will be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the Board of Directors of CAPK 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.

8. If required by federal awarding agencies or pass-through entity, CAPK will notify those agencies in writing of any *potential* conflict of interest. (*2 CFR Part 200.112 (45 CFR 75.112), Conflict of interest)*

9. The Board of Directors will review and sign the Conflicts of Interest policies of the Organization every year.

Resolution of Conflicts of Interest

All real or apparent conflicts of interest will be disclosed to the Audit and Pension Committee and the Chief Executive Officer of the Organization. Conflicts will be resolved as follows:

- The Audit and Pension Committee will be responsible for making all decisions concerning resolutions of conflicts involving directors, the Chief Executive Officer, and other members of senior management.
- The chair of the committee will be responsible for making all decisions concerning resolutions of conflicts involving Audit and Pension Committee members.
- The chair of the Board of Directors will be responsible for making all decisions concerning resolutions of the conflict involving the chair of the Audit and Pension Committee.
- The Chief Executive Officer will be responsible for making all decisions concerning resolutions of conflicts involving employees below the senior management level, subject to the approval of the Audit and Pension Committee.

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 will 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, will 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 or 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 of Directors.

POLICY ON SUSPECTED MISCONDUCT

Overview of Misconduct (Ethics, Fraud)

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

Like all organizations, CAPK 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 is not 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, 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.

Definition of Misconduct

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

- Actions that violate the Organization's Code of Conduct (and any underlying policies) or any of the financial policies included in this manual.
- Fraud (see below).
- Forgery or alteration of checks, bank drafts, documents or other records (including electronic records).
- 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.
- Disclosure to any external party of proprietary information or confidential personal information (protected personally identifiable information-PPII) obtained in connection with employment with or service to the Organization.
- Unauthorized personal or other inappropriate (non-business) use of equipment, assets, services, personnel, or other resources.
- Acts that violate federal, state, or local laws or regulations.
- Accepting or seeking anything of material value from contractors or persons providing goods or services to CAPK. Exception: unsolicited gifts valued at $50 or less; see the CODE OF CONDUCT IN PURCHASING section of this manual.
- Impropriety of the handling or reporting of money in financial transactions.

- Failure to report known instances of misconduct in accordance with the reporting responsibilities described herein (including tolerance by supervisory employees of misconduct of subordinates).
- Failure to disclose any debarment or suspension in accordance with 2 CFR 180.

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, 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.

CAPK 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 Procedures

If an employee of CAPK has a reasonable belief that an employee or the CAPK has engaged in any action that violates any applicable law, or regulation, including those concerning accounting and auditing, or constitutes a fraudulent practice, the employee is expected to immediately report such information by following the procedures as follows OR as detailed in the personnel handbook.

All employees, officers, and volunteers are responsible for immediately reporting suspected misconduct to their supervisor, Chief Executive Officer, Chief Financial Officer, or the Chair of the Audit and Pension Committee. When supervisors have received a report of suspected misconduct, they must immediately report such acts to their manager, Chief Executive Officer, Chief Financial Officer, or the Audit and Pension Committee. If the reporting individual wishes to remain anonymous, the individual will submit a written statement to one of the designated individuals listed.

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.

Reporting Individual Protections

A reporting individual may disclose suspected misconduct to a member of management or other employee of CAPK, who has investigative responsibilities. The reporting individual may not be discharged, demoted, or otherwise discriminated against for reporting misconduct the individual

reasonably believes is suspected misconduct as described in the DEFINITION OF MISCONDUCT section of this manual.

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 Audit and Pension Committee or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be informed of the following:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the CAPK legal counsel or the Audit and Pension Committee.

See additional information in CAPK's Human Resources Policies and Procedures manual.

Investigative Responsibilities

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

The Chief Financial Officer has the primary responsibility for investigating suspected misconduct involving employees below the Chief Executive Officer and executive management level. The Chief Financial Officer will provide a summary of all investigative work to the Audit and Pension Committee.

The Audit and Pension Committee has the primary responsibility for investigating suspected misconduct involving the Chief Executive Officer and executive level positions, as well as Board members and officers. However, the Audit and Pension Committee may request the assistance of the Chief Financial Officer in any such investigation.

Investigation into suspected misconduct will be performed without regard to the suspected individual's position, length of service, or relationship with the Organization.

In fulfilling its investigative responsibilities, the Audit and Pension Committee will 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 Audit and Pension Committee) will have free and unrestricted access to all Organization records and premises, whether owned or rented, at all times. They will 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 will 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.

Disciplinary Action

Based on the results of investigations into allegations of misconduct, disciplinary action may be taken against violators. Disciplinary action will 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 Audit and Pension Committee and the Chief Financial Officer treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will immediately notify the appropriate individual as stated in the REPORTING PROCEDURES section of this manual and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see REPORTING RESPONSIBILITIES section elsewhere in this manual).

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 CAPK from potential civil liability.

Disclosure to Outside Parties

Allegations of and information related to allegations of suspected misconduct will 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 will be disclosed by the Audit and Pension Committee to the Organization’s external auditors.

The Organization will disclose, in a timely manner, in writing to federal awarding agencies or pass-through entity, all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting federal awards. (*2 CFR Part 200.113, 45 CFR Part 75.113, Mandatory disclosures)*

SECURITY

General Office Security

During normal business hours, all visitors are required to check in with the Receptionist. After hours, a security key and access code are required for access to the offices of CAPK. Keys are issued only to employees of CAPK.

Offices are secured by electronic keypad access and electronic security services. The electronic access code is issued only to employees of CAPK on an as needed basis and is deactivated upon an employee's separation from the Organization.

At the start of each day, or other times as needed, the first employee arriving at the facility is responsible for deactivating the facility's electronic security service, assuming there are no concerns raised as to facility security breaches.

At the close of daily business hours, or other times as needed, the last employee exiting the facility is responsible for securing the facility's electronic security service.

When an emergency plan is triggered due to a recognized disaster, the financial team will split in two and work in at least two separate locations (i.e. remotely or in shifts) to reduce cross-infection and strengthen staff safety measures. The emergency plan will be activated at the direction of the Board of Directors.

Finance Department

A lock will be maintained on the door leading into the CAPK's Finance Department. This door will be closed and locked in the evenings and whenever the Finance Department is vacant. The key to this lock will be provided to key accounting personnel and the Chief Executive Officer, and other personnel as approved by the Chief Executive Officer. The lock will be changed whenever any of these individuals leaves the employment of CAPK.

CAPK's blank check stock will be stored in a fireproof file cabinet in the Finance Department. This cabinet will be locked with a key that is kept in the Finance Department. Access to this file cabinet will be by keys in the possession of the Director of Finance and Accounting Administrator.

Access to Electronically Stored Accounting Data

CAPK utilizes passwords to restrict access to accounting software, modules, and data. Only duly authorized finance personnel with data input responsibilities will be provided login credentials for data entry capability in the system. Program Managers and Board Members will have view-only access to the accounting software for reporting purposes/ dashboard reporting, as approved by the Chief Executive Officer. Information technology staff members are restricted from accessing accounting software.

Finance personnel are expected to keep their passwords secret and to change their passwords on a regular basis. Administration of passwords will be performed by a responsible individual independent of programming functions.

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

Storage of Sensitive Data

In addition to accounting and financial data stored in the Finance Department, other sensitive data, including protected personally identifiable information (PPII), such as social security numbers of employees and/or clients data may be stored in areas other than the Finance Department. Locations of sensitive data include, but are not limited to:

1. Other Organization departments such as Executive Office, Human Resources, Operations, etc.
2. Electronic or on-line storage

2 CFR Part 200.79 (45 CFR 75.2) defines “personally identifiable information” (PII) as “information that can be used to distinguish or trace an individual’s identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual.

“Protected personally identifiable information” (PPII) is defined as “an individual's first name or first initial and last name in combination with any one or more of types of information, including, but not limited to, social security number, passport number, credit card numbers, clearances, bank numbers, biometrics, date and place of birth, mother's maiden name, criminal, medical and financial records, educational transcripts.”

Recipients are required to take as much as reasonable effort as possible to limit access to PPII. (2 CFR Part 200.303(e)) (45 CFR Part 75.303(e))

The Organization’s policy is to minimize the storage of sensitive data outside the Finance Department by shredding documents with such data or deleting the sensitive data from documents that are stored outside the Finance Department as soon as possible and in accordance with the Organization’s RECORD RETENTION policies.

Please see the Organization’s technology policies for standards for electronic and on-line storage and the RECORDS RETENTION policy in this manual for retention periods.

Destruction of Consumer Information

As stated elsewhere in this manual, all sensitive data must be securely stored and shredded when no longer needed. CAPK will also shred/delete 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 will be made a part of the Record Retention policy (see the RECORD RETENTION section of this manual).

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.

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

1. Assets
2. Liabilities
3. Net Assets
4. Revenues
5. Expenses
6. Transfers and Allocations

In compliance with the Standards for Financial Management Systems, CAPK will identify in its accounts all federal awards received and expended and the federal programs under which they were received. *(2 CFR Part 200.302(b)(1)), 45 CFR 75.302(b)(1)* To comply with this regulation, CAPK's account numbers will be used to identify federal awards received and expended. There are five segments in the structure of the chart of accounts:

- Account (4 digits)
- Fund (6 digits)
- Activity (4 digits)
- Function (3 digits)
- Location (3 digits)

Distribution of Chart of Accounts

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

Control of Chart of Accounts

The Chief Financial Officer monitors and controls the chart of accounts, including all account maintenance, such as additions and deletions. Any additions or deletions of accounts must be

approved by the Chief Financial Officer, who ensures that the chart of accounts is consistent with the Organizational structure of CAPK and meets the needs of each division and department.

Accounting Estimates

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

1. Allowance for doubtful accounts/ Uncollectible receivables/ Provisions for losses/ Promises to give
2. Amount of obsolete inventory
3. Useful lives and residual values of property and equipment
4. Fair market values of investments
5. Fair market values of donated assets
6. Values of contributed services
7. Cost allocation calculations
8. Fair values based on Level 3 inputs (i.e. based on unobservable inputs)

The Chief Financial Officer will reassess, review, and approve all estimates on a yearly basis. All conclusions, bases, and other elements associated with each accounting estimate will be documented in writing. All material estimates and changes in estimates will be disclosed to the Budget and Finance Committee, the Audit and Pension Committee, and the external audit firm.

Disclosure regarding estimates will describe the nature of the estimate's uncertainty and will indicate that it is at least reasonably possible that a change in the estimate may occur in the near term (i.e. within one year of the date of the annual financial statements).

Journal Entries

All general ledger entries that do not originate from a subsidiary ledger will 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. These entries may include, but are not limited to:

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

Recurring journal entries will 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 will be authorized in writing by the Chief Financial Officer or the Director of Finance by initialing or signing the entries.

Reconciliation of Accounts

To ensure the accuracy of the CAPK's financial reporting, the CAPK will prepare and document reconciliations of asset and liability general ledger accounts for each reporting period. Reconciliations will prove that the balances presented in the general ledger of the CAPK agree with independent supporting documentation (i.e. bank statements, physical inventory counts, lender records). Sub-ledger accounts will be reconciled to its general ledger account (control account) each reporting period.

Reconciliations will be reviewed by the Chief Finance Officer, Director of Finance or designated accounting staff who was not part of preparing the reconciliation or supporting documentation. Any discrepancies will be immediately investigated and resolved in a timely manner.

Spreadsheet Management

Spreadsheets are an integral component of the CAPK's information and decision-making framework to assist in the tracking and processing of financial and business information. Significant spreadsheets used by the CAPK support the following functions:

- **Financial reporting**– these spreadsheets directly determine financial statement transaction amounts or balances that are subsequently recorded in the general ledger, act as a key control in the financial reporting process (e.g. balancing and/or reconciling significant accounts) or create or support financial reports or disclosures.
- **Analytical**- these spreadsheets are used to support the management decision-making process.
- **Operational**- these spreadsheets are used to facilitate tracking and monitoring of workflow to support operational processes, such as listing of open claims, unpaid invoices, or other information.

Significant spreadsheets will have the following controls to help ensure data integrity and reduce risk of data loss:

- **Access control**- significant spreadsheets will be saved on a secured organization-owned server and not a C:\ drive or personal hard drive. Access to the spreadsheet will be restricted to only those with a legitimate business purpose to access the file. Spreadsheets will be password protected to provide additional security for high-risk or sensitive content.
- **Input control**- data cells that calculate, summarize, or contain a formula will be locked.
- **Change control**- spreadsheet changes will be logged, described, tested, and documented. Updated spreadsheets will be referenced with the version number and publication date.
- **Documentation or record control**- spreadsheets that are printed to comply with record retention policies, grant documentation requirements, or {list other requirements}, will include standard headers and footers that identify the CAPK, department, spreadsheet name, date, and time.

Prior to the development and implementation of complex spreadsheets to support financial calculation or information, the Finance Department will work with the Information Technology department, contracted Information Technology consultant to evaluate whether the calculation or information extraction can be completed by the financial system versus a separate manual spreadsheet.

ADMINISTRATION OF FEDERAL AWARDS

Definitions

CAPK may receive financial assistance from a donor/grantor agency through grants and cooperative agreements. Throughout this manual, federal assistance received in either of these forms will be referred to as a federal "award."

See REVENUE section for definitions of revenue received by CAPK.

Preparation and Review of Proposals

Individual departments are responsible for preparing proposals for projects that the department intends to pursue. However, all proposals will be reviewed by the Chief Financial Officer prior to submission to government agencies or other funding sources to ensure the proposed budget includes all appropriate costs. All appropriate costs included in the application to the funding source will also include a request for funding to reimburse CAPK for a fair share of the entity's administrative, management, or other organization-wide administration (indirect) costs.

All funding opportunities will be evaluated by the Chief Executive Officer or designee to determine CAPK's capacity to comply with the grant terms and conditions, the reporting requirements, alignment with organization's mission and strategic priorities, and the resource burden required to administer the funding.

Grant applications greater than $100,000 will be approved by the Board of Directors. The full Board of Directors (or appropriate Board committee) will approve acceptance of all grants. The full Board of Directors will be involved in all decisions concerning new funding sources.

CAPK may refuse to consider grants based on its analysis of the cost/benefit of administering such awards and all financial resources available to appropriately cover all reasonable costs. Final proposals will be reviewed and approved in writing by the Board of Directors and the Chief Executive Officer.

The Head Start/Early Head Start Policy Council must approve the Head Start/Early Head Start grant application prior to its submission.

Post-Award Procedures

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

1. Verify the terms and conditions of the grant or contract. The Finance Department and Program Managers will review the terms, time periods, award amounts, and expected expenditures associated with the award. A *Catalog of Federal Domestic Assistance* (CFDA) number will be determined for each federal award. All reporting requirements under the contract or award will be summarized.

2. Create new general ledger account numbers (or segments). New accounts will be established for the receipt and expenditure categories in line with the grant or contract budget. Also see CONTROL OF CHART OF ACCOUNTS section of this manual.
3. Gather documentation. See the DOCUMENT ADMINISTRATION section for details.

Compliance with Laws, Regulations, and Provisions of Awards

CAPK 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, an employee within the department responsible for administering the award will be designated as Grant Manager.
2. Each Grant Manager will attend a training on grant management prior to beginning his or her role as a Grant Manager (or as early in their functioning as a Grant Manager as practical). Thereafter, all Grant Managers will attend refresher/update courses on grant management every two years.
3. The Grant Manager will take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract (also see POST-AWARD PROCEDURES section of this manual):
    a. Read each award and prepare a summary of key compliance requirements and references to specific laws and regulations.
    b. Review *2 CFR Part 200, 45 CFR Part 75, 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 Grant Manager will communicate grant requirements to those who will be responsible for carrying them out or be impacted by them.
4. The Finance Department will forward copies of applicable grant regulations to the Grant Manager (such as OMB regulations, pertinent sections of compliance supplements, and other regulations).
5. The Grant Manager and/or the Finance Department will identify and communicate any special changes in financial policies and procedures necessitated by federal awards as a result of the review of each award.
6. The Grant Manager will take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard will include, but not be limited to, reviewing subsequent grant and contract renewals, reviewing annual revisions to 2 CFR Part 200 [45 CFR Part 75] Appendix XI, Compliance Supplement, and communications with federal awarding agency personnel.
7. The Grant Manager will inform the independent auditors of applicable laws, regulations, and provisions of contracts and grants. The Grant Manager will also communicate known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.

Document Administration

For each grant/award received by CAPK from a federal, state, or local government agency, a master file of documents applicable to the award will be prepared and maintained in either a paper, electronic or hybrid form. The responsibility for assembling each master file will be assigned to the Chief Financial Officer and Program Manager assigned to administer the program. The Program Manager will provide copies (paper and/or electronic), access to master file to the Finance Department of all of the grant/award master file documents.

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

1. Copy of the initial application for the award and corresponding budget, including documentation of Board approval
2. All correspondence to and from the awarding agency post-application, leading up to and subsequent 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. Results of any monitoring visits conducted by the awarding agency, including resolution by CAPK of any findings arising from such visits
8. Prior written approvals from awarding agency
9. Copies of program and financial reports
10. Correspondence and other documents resulting from the closeout process of the award

The original grant document file will remain in the Finance Division in a locked file room and stored on a shared accounting drive, with access granted in accordance with the security and access policies elsewhere in this manual OR in the Organization's risk management, information technology, other manual. The Program Manager will maintain a separate file of frequently requested documents that will consist of photocopies or electronic copies of the documents included in the secure grant document file. The purpose of this file of copied documents is to limit the potential for loss of valuable documents. Any other CAPK employee making a valid request for access to award documents will be provided with limited access to the documents.

This file will also be established in a secured electronic read-only format and made available on the Organization's network to appropriate personnel within the organization.

Closeout of Federal Awards

CAPK will follow the closeout procedures described in *2 CFR Part 200.343, 45 CFR Part 75.381, Closeout*, and in the grant agreements as specified by the granting agency.

CAPK and all subrecipients will liquidate all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement, at a minimum.

POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS

REVENUE

Definitions of Revenue

The following definitions will apply with respect to the policies described in this manual:

Contribution – A receipt of cash or other assets (property, etc.), including promises to give, collections, similar assets by to the Organization, or a reduction, settlement or cancellation of the Organization's liabilities, in a voluntary nonreciprocal transfer by another entity or individual. A contribution may or may not include a donor-imposed condition or restriction (stipulation).

Donor-Imposed Condition – A donor-imposed stipulation that represents a barrier that must be overcome before the recipient is entitled to the assets transferred or promised. Failure to overcome the barrier gives the contributor a right of return of the assets it has transferred or gives the contributor a right of release from its obligation to transfer its assets. In practical terms, this means a donor has imposed some type of stipulation or barrier other than a purpose or time period stipulation (which is defined as a donor-imposed restriction below) and that condition has some degree of uncertainty as to whether or not it will occur, and if the condition is not met, the Organization is not entitled to the contribution. Conditions may or may not be within the control of the Organization. (An example of a donor-imposed condition is the stipulation by a funding source that an organization must incur allowable expenditures prior to reimbursement, and that any advanced funds be returned if allowable expenditures are not incurred within the period of performance.)

Donor-Imposed Restriction – A donor-imposed stipulation that specifies a use for the contributed asset that is either limited to a specific future time period, specific program or service, 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 or Bylaws. Restrictions on the use of an asset may be temporary or perpetual (permanent).

Exchange Transaction – A reciprocal transaction in which CAPK and another entity each receive and sacrifice something of approximately equal value.

Nonexchange Transaction – One entity receives something of value without directly giving value in exchange. Nonexchange transactions may include grants.

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

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

Examples of CAPK revenue sources may include the following:

Contracts with customers – this may include exchange transactions.

Contributions – this may include contributions with or without donor-imposed restrictions or donor-imposed conditions, nonreciprocal transfers. Contributions might be recognized upon completion of a nonreciprocal transfer, or when a donor-imposed condition or restriction is met.

Fee-for-service income or fixed amount awards – this may include exchange transactions, reciprocal transfers, etc.

Membership dues – this may include contributions, exchange transactions, or both.

Private grants – this may include non-exchange transactions, or grants defined as contributions with or without donor-imposed restrictions or conditions.

Program income – this may include exchange transactions.

Reimbursement grants – this may include non-exchange transactions, or grants defined as contributions with or without donor-imposed restrictions or conditions.

Revenue Recognition Policies

CAPK 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 revenue, Conditional or Restricted Contribution-Based** – Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards). Grant revenue from federal and state governments is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts. Funds received with conditions will be accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the funder.

   Reimbursement grants are billed/invoiced monthly, or as funders require, based on allowed, incurred expenses. Private grants are usually received once funding is approved. Financial expenditure reports, if required, are submitted as required by funding sources.

2. **Grant revenue, Exchange-Based** – As services are performed, based on other terms of the award/contract (for fixed price, unit-of-service, and other types of awards).

3. **Contributions, Donations, Unconditional Grants** –Recognized as income when received, unless accompanied by donor-imposed conditions. All pledges, bequests and endowments will be recognized in accordance with GAAP. Conditional contributions will be recognized as income upon the satisfaction of the condition. Contributions may be solicited or unsolicited. (See CONTRIBUTIONS ACCOUNTING section of manual.)

   Contributions received with conditions will be accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the donor. Contributions or grants received without conditions (unconditional grants) will be recognized when received.

4. **Noncash (In-kind) Contributions** or Gifts In-kind – Recognized as income when received. Contributed services will be recognized as income in the GAAP financial statements only to the extent that the contributed services possess either one of the following characteristics:

a. The service creates or enhances a non-financial asset (e.g., land, buildings, intangible assets, etc.).
b. The service requires a specialized skill, it is provided by an individual possessing that skill, and the service is one that would typically need to be purchased if it had not been contributed to the organization.

All noncash contribution income received will be recorded at fair value. (Also see the COST SHARING AND MATCHING and CONTRIBUTIONS ACCOUNTING sections of this manual.)

The entity benefits from personal services provided by a significant number of volunteers. This donated personal service to the entity's program operations and fundraising campaigns do not meet the criteria for recognition in the financial statements.

5. **Promises to Give** – 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.), unless accompanied by a condition or conditions. Conditional promises to give will be recognized as income when any condition or conditions on which they depend are substantially met.

Unconditional Promises to Give

- Unconditional promises to give will be recorded as assets and increases in net assets with donor restriction (contribution income) in the period that CAPK receives communication of the promise.
- Unconditional promises to give that are to be collected within one year will 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 will be recorded at their discounted net present value.
- Accretion of discount on such promises to give will be recorded as contribution income in each period leading up to the due date of the promise to give. The interest rate that will be used in calculating net present values of unconditional promises to give is the risk-free rate of return available to CAPK 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 will 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 net assets with donor restrictions and net assets without donor restrictions will be recorded.

Conditional Promises to Give

The Organization will not record an asset or contribution income for any conditional promise to give until the donor's condition or conditions are substantially met. The Organization will 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. This

schedule will also be used in connection with preparing the Organization's footnote disclosures associated with contributions.

6. **Program Revenue** – Defined as gross income generated by a supported activity or earned as a result of an award or program. Examples include use or rental of property paid for with federal funds or fees earned for services performed. Revenue is recognized when services are rendered and is due in accordance with written agreement or when service is provided.

7. **Membership dues** – membership dues may contain elements of both exchange transactions and contributions based distinguishing indicators such as the extent and duration of benefits received by members. The Chief Financial Officer or Director of Finance will evaluate the indicators in accordance with accounting standards to determine timing and amount of revenue to be recognized.

   Membership dues are billed annually for the next membership term. Funds are received in full.

8. **Fee-for-Service Income** – Recognized as income when services are rendered in accordance with the terms of the contract with the customer unless collection of amounts due is in question. In this case, revenue is recognized when payments are received.

   Fee for service income is billed according to contract terms and conditions, based on the number of units of services provided.

9. **Interest, dividends, rents, or other forms of ordinary income** – monthly accrual based on when it was earned. Investment return is generally considered free of donor restrictions, unless its use is limited by a donor-imposed restriction or by law. See ENDOWMENT FUNDS RECEIVED and INVESTMENTS sections elsewhere in this manual.

10. Immaterial and other lesser sources of revenue such as transportation fees, meal charges, or child care fees will be recorded on the cash basis of accounting (i.e., recorded as revenue when received) as deemed appropriate by the Chief Financial Officer or Director of Finance.

    Immaterial or other lesser sources of income will be collected and recorded when the services are provided.

Exchange revenue will be recognized based on the terms included in a valid, enforceable contract. All new contracts will be reviewed to ensure they are valid and enforceable and contain the information necessary to determine how to recognize revenue (e.g., clearly identified performance obligations).

To prepare required revenue recognition disclosures, CAPK will review revenue streams and identify whether exchange revenue will be recognized at a point in time or over time. As part of this process, CAPK will determine the status of any contract assets and liabilities (e.g., contract receivables or deferred revenues).

Also see CLASSIFICATION OF INCOME in BILLING/INVOICING POLICIES and NET ASSET sections of this manual.

Distinguishing Contributions from Exchange Transactions

CAPK receives income in the form of contributions, revenue from exchange transactions, and income from activities with characteristics of both contributions and exchange transactions. CAPK will consider the factors included in FASB ASC 958-605 and ASC Topic 606, when determining whether income will be accounted for as contribution income, exchange transaction revenue, or both.

Classification of Revenue

All revenue received by CAPK is classified as "without donor-imposed restriction," with the exception of the following, which will be classified as "with donor-imposed restriction":

1. Grants and other awards received from government agencies or other grantors, which are restricted and have not been released through the performance of program services or the passage of time.
2. Special endowments received from donors requesting that the funds be restricted for specific purposes in perpetuity.
3. Revenue 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 restricted for specific purposes or for which the Board has interpreted the relevant state UPMIFA law as preserving the earnings on donor endowments as restricted. (Also see INVESTMENT section of this manual.)

From time to time, CAPK may raise other forms of contribution revenue which carry stipulations that the entity utilize the funds for a specific purpose or within a specified time period identified by the donor of the funds. When this documentation revenue is received, CAPK will classify this as revenue with donor-imposed restrictions.

As with all net assets with donor-imposed restrictions, when the restriction associated with a contribution has been met (due to the passing of time or the fulfillment of the purpose for which the contribution was restricted), CAPK will reclassify the related net assets from net assets with donor restrictions to net assets without donor restrictions in its Statement of Financial Position and reflect this reclassification as an activity in its Statement of Activities.

Revenue received with donor-imposed restrictions may be reported as revenue without donor-imposed restrictions if the restrictions are met in the same reporting period.

In the event the CAPK Board of Directors determines that it is appropriate to set revenue funds aside for specific projects, such funds will be classified under "Net Assets without Donor Restriction," labeled "Board-Designated," and reported as a separate component of net assets.

Also see REVENUE RECOGNITION and NET ASSET sections of this manual.

COST SHARING AND MATCHING

Overview of Cost Sharing or Matching

CAPK 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. CAPK will claim contributions as meeting a cost sharing or matching requirement of a federal award when all of the following criteria are met in accordance with 2 CFR Part 200.306, 45 CFR 75.306:

1. The contribution is verifiable from CAPK records.
2. The contribution is not included as a contribution (or match) for any other federally-assisted project or program.
3. The contribution is necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. The contribution is allowable under the federal cost principles, *2 CFR Part 200, 45 CFR Part 75, Subpart E, Cost Principles*.
5. The contribution is not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching.
6. The contribution is provided for in the approved budget when required by the federal awarding agency.
7. The contribution conforms to all provisions of federal administrative regulations, *2 CFR Part 200, 45 CFR Part 75, 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), 45 CFR Part 75.306(i) to establish its value. Head Start Memorandum ACF-IM-HS-17-01 requires that an appraiser must be licensed for the type of property appraised, generally commercial real estate, and appraisal of more than three years old cannot be used to establish current fair market value of real property.

Documentation

CAPK requires volunteers to document and account for their contributed time in a manner similar to the timekeeping system followed by employees. The Finance Department will design and distribute the forms used to document the non-Federal share. Each program that uses volunteer labor will obtain the following information, to the extent feasible, by the requesting the volunteer complete the provided form. recording the same information required from employees to document time worked. The documentation will include:

1. Volunteer's name and address
2. Date service was performed
3. Period of service (equal to payroll period dates)
4. Hours volunteered, if applicable
5. Volunteer's signature
6. Signature of staff having knowledge of donation or service, authorizing signature
7. Description of service performed, volunteer activity
8. Start and end time and total hours volunteered; hour donated (time in and out)

9. Rate applied to the activity
10. Total valuation for the time period
11. Other information necessary to comply with the grant/award/program matching requirements

For contributions other than donated labor, the form(s) will contain the following information:

1. Date received
2. Type of donation, e.g. cash, services or goods received
3. Name of donor
4. Address of donor
5. Value of the donation
6. Signature of the donor
7. Signature of the employee receiving the donation
8. Also see GIFT ACCEPTANCE and CONTRIBUTIONS policies elsewhere in this manual.

It is the responsibility of each Program Director or Coordinator (depending on the activity or donation) to instruct the donor or volunteer in filling out the proper form to ensure all donations are recorded. Head Start and Early Head Start teachers will oversee the recording of volunteer time in the classrooms.

The original form (sign-in sheets, volunteer timekeeping document) will be given to the Finance Department monthly to be tallied, valued, and recorded in the appropriate database and/or software for tracking and reporting, and recorded in the entity's financial records, as appropriate. The documentation will indicate the basis for the value placed on the contribution.

Monthly summary reports will be prepared by the Finance Department, which then will be forwarded to the Program Directors for monitoring required match.

Valuation and Accounting Treatment of Cost Sharing or Matching

Cost sharing, match, or in-kind typically falls into one of the following categories; however, others may be identified by CAPK:

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

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

Cash

- CAPK will recognize cash contributions as matching income in the period in which the funds 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 or are customarily given to other nonprofit organizations. Discounts taken as in-kind must be supported by documentation provided by the contractor stating that it is providing the discount in support of the program.

Space, Buildings, Land, and Equipment

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, provided the donation meets the criteria in the OVERVIEW section above.

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 of the depreciable asset as match.

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

Donations of long-lived assets are recognized as contributions when received, regardless if the asset is used as match. See the VALUATION OF NONCASH (IN-KIND) CONTRIBUTIONS section elsewhere in this manual.

Space

- Will be valued at the fair rental value of comparable space as established by an independent certified real property 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 the donation is a less than an arms-length transaction, the value will be based on 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 counted as match (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 CAPK's 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.

CAPK 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 timekeeping document which collects the following information:

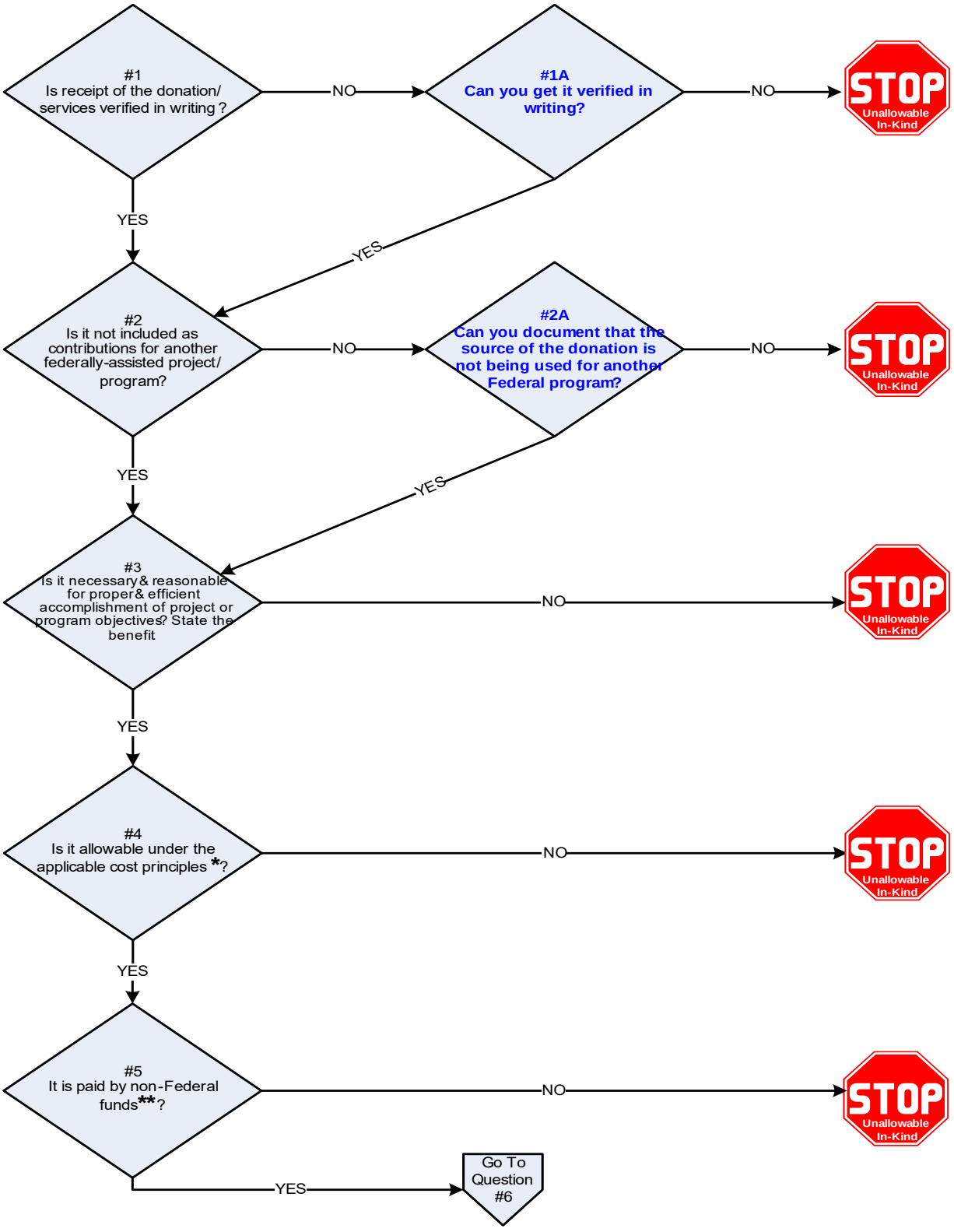
- Date service was performed
- Volunteer name and address
- Hours donated (time in and out)
- Service provided
- Signature of volunteer
- Signature of authorized staff
- Other information necessary to comply with the grant/award/program matching requirements

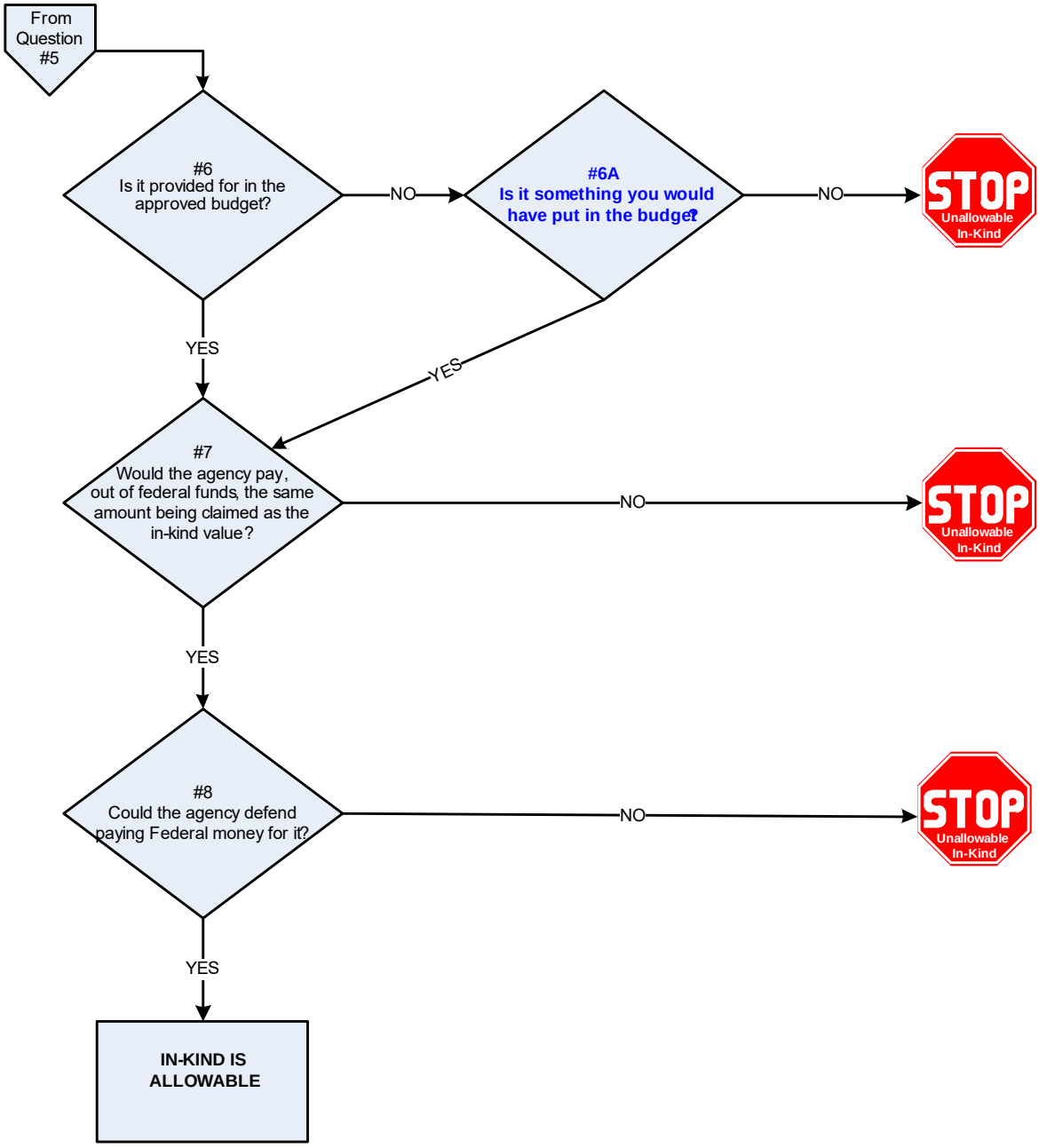
The volunteer timekeeping document will be delivered to the Finance Department monthly so they can be tallied, valued, and recorded as in-kind in the accounting records.

Supplies

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

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))

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 CAPK. Two broad principles apply to all gifts given to the Organization:

1. A gift will 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 will not be accepted unless there is a reasonable expectation that acceptance of the gift will ultimately benefit CAPK.

CAPK will not accept any donations that imply endorsement of businesses, products or services. Donor businesses may not use CAPK's 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 will be considered to be of marginal risk only if they are either unrestricted or restricted to one specific existing CAPK program.

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

- Any gift requiring the acceptance of a restriction that:
  - Is not clearly identifiable with an existing program of CAPK,
  - Would require the addition or modification of a CAPK program,
  - Would not be consistent with the mission of CAPK,
  - Would not be consistent with CAPK's tax-exempt purpose under Internal Revenue Code (IRC) section 501(c)(3),
  - Would require the reclassification of net assets without donor restrictions to net assets with donor restrictions
  - Would violate any federal, state, or local law or regulation, or
  - Would result in excessive control to the donor, or anyone designated by the donor, over the subsequent use of the contributed asset.
- Any gift from a donor involved in businesses or activities that may be deemed to be inconsistent with the mission of CAPK

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

Gift Acceptance Procedures

Gifts of marginal risk may be accepted by the Chief of Business Development without any further review and approval. Gifts of greater-than-marginal risk may be accepted only after review and approval of the Board of Directors. This review and approval will be documented on a Gift Acceptance form in the meeting minutes.

It is also the policy of CAPK to liquidate all gifts of publicly-traded securities within ten-(10) days of receipt unless it is determined by the Chief Financial Officer that holding the securities as an investment of the Organization would be fiscally prudent, appropriate, and consistent with the Organization's investment policies.

See CONTRIBUTED ASSETS and CONTRIBUTIONS ACCOUNTING sections of this manual.

CONTRIBUTIONS ACCOUNTING

Donor Privacy

CAPK respects the privacy of its donors and also recognizes that donors wish to be connected to the Organization. CAPK 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.

CAPK does not share their donor list with any third-party unless donor permission has been granted. Requests to remain anonymous will be honored in accordance with Organization policies and IRS rules.

Valuation of Noncash (In-kind) Contributions

As stated in the preceding section, all noncash contributions of assets will be recorded at their fair value as of the date of the gift. Fair values used in accounting for donated assets will be determined by the entity, if the fair market value of the donation is less than $500. Noncash donations valued over this amount will be provided by the donor. (See subsequent policies associated with IRS Form 8283.)

The determination of the fair value of donated assets will be determined as follows:

1. For contributions of publicly-traded securities, fair value will be determined by the Chief Financial Officer based on a web-based search (using E*Trade) of the closing price of the security on the date that the security was transferred to CAPK. In addition, a printout of this Web search will be retained in the Finance department's records for future reference and substantiation of this procedure.
2. For contributions of personal property, fair value will be determined by the Director of Operations, using appropriate public records (price lists for new assets, other guides for used assets) subject to the review and approval of the Chief Financial Officer – such valuation documented using a standard form.
3. For contributions of real property, fair value will be determined by an appraisal performed by an independent appraiser hired by CAPK (not an appraiser hired by the donor).
4. For contributions of all other assets, fair value will be determined by the Chief Financial Officer.
5. The Organization will report contributed in-kind assets as a separate line item in the statement of activities and disclose the amount of contributed in-kind assets received by category and additional information for each category of contributed in-kind assets received as necessary.

Contributed services that meet any of the following criteria will be recognized as contributions in the financial statements under Generally Accepted Accounting Principles (GAAP) (FASB ASC 958-605):

1. Create or enhance nonfinancial assets.
2. The service:
    a. Requires specialized skills (those provided by accountants, lawyers, architects, doctors, nurses, teachers, carpenters, electricians, plumbers, or other professionals and craftsmen).
    b. Is provided by individuals who possess those skills.

c. Would typically need to be purchased if not contributed. An organization should only consider whether it would otherwise need to purchase the service, not whether it could afford to purchase the service.

Services that do not meet the preceding criteria will not be recognized in the financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP). In-kind volunteer time used for cost sharing or matching that do not meet the GAAP criteria will be tracked and reported separately for grant purposes only.

See REVENUE RECOGNITION section of this manual for criteria for recognizing contributed services under GAAP.

For contributed services that meet the previously described criteria for recording, the fair value of the services will be determined by multiplying the hours worked by each volunteer, as documented on the Organization's Volunteer Time Sheet, by an applicable hourly rate, documentation provided by the service provider. The applicable hourly rate will be determined by position responsible for determining the rate and will generally be equal to an estimate of an hourly wage rate plus estimated employee benefits costs at define benefit percentage or where to examine the calculated percentage 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 will be reviewed, documented, and approved by the Chief Financial Officer or Director of Finance.

Also see revenue COST SHARING AND MATCHING (IN-KIND), DEFINITIONS OF REVENUE, NON-INTEREST BEARING NOTES PAYABLE, and REVENUE RECOGNITION POLICIES sections elsewhere in this manual.

Receipt of Donations Procedure

Upon receipt, all monetary donations will be processed according to the RECEIPTS policies elsewhere in this manual. Information on restriction of gifts will be communicated to the Finance 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 appropriate program/division. The Community Development Department will acknowledge gifts within three-(3) business days of receipt. Please see the RECEIPTS, ACKNOWLEDGEMENTS, AND DISCLOSURES section.

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

Receipts, Acknowledgements, and Disclosures

CAPK 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, CAPK will adhere to the following guidelines with respect to contributions received by the Organization.

The program will provide a receipt to the donor for every separate contribution received over $250, at the end of the calendar year, each quarter. All receipts will include the following information:

1. The amount or value of donation received and/or a description (but not an assessment of the value) of any noncash property received.

2. A statement of whether CAPK provided any goods or services to the donor in consideration, in whole or in part, for any of the cash or property received.

3. If any goods or services were provided to the donor by CAPK, a description and good faith estimate of the value of those goods or services.

Quid Pro Quo Transactions

When CAPK 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 will follow additional disclosure procedures in conformance with Internal Revenue Service (IRS) rules. A "quid pro quo transaction" is one in which CAPK receives cash or other assets in a transaction that is part contribution and part exchange transaction (i.e. value of the goods or services provided to the donor by CAPK is less than the value of assets provided by the donor. In such instances, CAPK will 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 CAPK may be deducted as a charitable contribution. The receipt will also include a good faith estimate of the fair market value of the goods or services provided to the donor by CAPK.

All estimates of the fair market value of goods or services provided by CAPK will be prepared by the Finance Department.

CAPK 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.

Noncash Donations

The Chief Financial Officer will provide a signed Form 8283 to donors who have made a noncash contribution, as requested.

- Signature of an organization official on Form 8283 signifies an acknowledgment that CAPK is a qualified charitable organization and if CAPK sells, exchanges, or disposes of the property within three-(3) years after the date of receipt, it will file Form 8282 with the Internal Revenue Service (IRS) and give a copy of the form to the donor.
- Signature on Form 8283 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 CAPK of the value intended to be deducted by the donor, which is useful in connection with the subsequent filing of Form 8282.
- Any Form 8283 presented by a donor for signature by CAPK will be reviewed, along with the donated asset and any relevant documentation pertaining to the asset's description and condition, by the Chief Financial Officer, who will have final responsibility for agreeing or disagreeing with the donor's description of the asset and for signing the Form 8283.

- The Chief Financial Officer will retain a copy of any Form 8283 that has been signed and will forward a copy of each Form 8283 to the Director of Operations for subsequent tracking of the donated asset. (See below.)

When CAPK subsequently sells, exchanges, or disposes of contributed noncash assets within three-(3) years of the date of its receipt, CAPK will file Form 8282 within 125 days after disposition. However, filing of this form is not required if:

- The property is valued at $500 or less, or
- The donated assets 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 assigned to the Director of Operations. It is the policy of CAPK to file such forms in a timely manner (within 125 days of sale).
- Upon completion of a Form 8282 by the Director of Operations, the form will be reviewed and signed by the Chief Executive Officer. The form will be mailed to the IRS by the Director of Operations.
- A copy of the completed form will be given to the donor.

Endowment Funds Received

It is the policy of CAPK to establish and accept endowments 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 elsewhere in this manual.

It is also the policy of the Organization to account for all endowments in accordance with any and all explicitly communicated donor-imposed restrictions that have been accepted by the Organization, including restrictions associated with the classification of subsequent interest income, dividend income, realized gains and losses, unrealized gains and losses, and other investment income, as well as future appropriations and expenditure of endowment funds. Investment return is generally considered free of donor restrictions, unless its use is limited by a donor-imposed restriction or by law. To the extent the Organization has accepted an endowment that does not include explicit donor restrictions regarding subsequent accounting for and classification of the endowment or investment income or for the appropriation and expenditure of endowment funds, CAPK will follow appropriate federal and state guidelines.

The interpretation of how federal and state guidelines applies to a particular endowment of CAPK will be made by the Chief Financial Officer and subject to the review and approval of the Budget and Finance Committee.

See the INVESTMENT and NET ASSET sections elsewhere in this manual for related policies on Endowment Funds.

Fundraising Events, Special Events

The Organization will maintain a subsidiary record that tracks each special fundraising event sponsored by the Organization. The Finance Division will be responsible for maintaining this subsidiary record, with assistance from the Director of Community Development. The following information will 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. Total compensated and total uncompensated (volunteer) labor hours associated with each event

8. The names and addresses of any outside fundraiser used in connection with the event

9. An indication of whether any outside fundraiser ever took custody, even temporarily, of funds raised for CAPK in connection with any fundraising event

In addition to the preceding information, if any fundraising activities of CAPK include gaming (e.g., bingo, pull tabs, or any other type of gaming), the Organization will maintain records of the following:

1. 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

2. Documentation indicating the percentage of gaming activity operated in the Organization's facility vs. an outside facility

3. If the Organization utilizes a third-party to operate gaming activities, a record will be kept of the total proceeds of the gaming activity and the amount retained by the third-party operator as its compensation

4. Total compensated and total uncompensated (volunteer) labor hours associated with each event.

If the Organization engages in, or plans to engage in, gaming activities, the Chief of Business Development first research and obtain any and all required licenses or permits.

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

The reporting of expenses for fundraising/special events may result in expenses that are not reported by their natural classification (i.e. facility rental costs of special events reported as direct benefits to donors vs. as rent expense); however, these expenses will be reported by their natural classification in the analysis of expenses by nature and function (i.e. Statement of Functional Expenses). See FINANCIAL STATEMENTS section of this manual.

State Registrations

It is the policy of CAPK to register in each state in which the Organization's fundraising activities would result in a requirement to register. Determination of state-by-state registration requirements will be with the Chief Financial Officer, who may consult outside advisors in making such determinations.

Once registered, the Chief Financial Officer will ensure that subsequent periodic filing requirements are met. The Chief Financial Officer may delegate the preparation of such periodic state filings to the Director of Finance, subject to the review and approval of the Chief Financial Officer.

Online Contributions

CAPK accepts donations through its website. Contributions received online will follow these procedures:

1. Credit and debit card charges will be processed by an outsourced service provider.

2. Contributors will also be offered the option to donate through the website via electronic funds transfer (EFT).

3. The service provider will send daily reports to the Community Development Department detailing each amount received for a donation or item purchased and the contact information of the donor/purchaser.

4. The Community Development Department will send a copy of the notice to the Finance Department to be used to reconcile the bank statement and to provide an accounting of donations received online for entry into the general ledger.

5. Donations will be recorded at the gross amount, with credit or debit card fees recorded separately.

6. CAPK will work to provide reasonable measures to safeguard protected personally identifiable information (PPII).

Recording of the revenue will be done daily into the Organization's donor database and then into the accounting system with a journal voucher.

Disclosures of Promises to Give

As stated earlier, CAPK will recognize revenue for promises to give in accordance with the REVENUE RECOGNITION POLICIES stated elsewhere in this manual. In addition, in connection with its annual financial statements, CAPK will prepare a schedule of its promises to give as follows:

Unconditional Promises to Give

- Annual amounts to be collected in each of the next five-(5) fiscal years, and a total amount due thereafter
- Amount of the allowance for uncollectible promises receivable
- Amount representing interest as a result of discounting long-term promises to give to net present value
- Effective interest rate
- Amount of contribution receivable
- Amount of unconditional promises to give that have been pledged as collateral.

Conditional Promises to Give

- Total of amounts promised
- Description and amounts of each group of promises that share similar characteristics

BILLING/INVOICING POLICIES

Overview of Billing/Invoicing

The Organization's primary sources of revenue is listed in the REVENUE RECOGNITION section of this manual. Depending on the type of revenue source, the Organization may generate a bill or invoice, including a request for reimbursement.:

Responsibilities for Billing/Invoicing and Collection

CAPK's Finance Department is responsible for the invoicing of funding sources and the collection of outstanding receivables. Also see CREDITS AND OTHER ADJUSTMENTS TO ACCOUNTS RECEIVABLE section of this manual.

Billing/Invoicing and Financial Reporting

CAPK 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.

CAPK will prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document. Preparation of these reports will be the responsibility of the Accounting Administrator or designated staff, subject to review and approval by Chief Financial Officer and/or Director of Finance.

The following policies will apply to the preparation and submission of billings/invoices to funding agencies under awards made to CAPK:

1. The Organization will request reimbursement after expenditures have been incurred, unless an award specifies another method.
2. CAPK will strive to minimize the time between receipt of advances of federal funds and disbursement of grant funds by issuing payments within 24 business hours of receipt of such funds.
3. Each award normally specifies a particular billing cycle. Therefore, a schedule is established for each grant and contract to ensure that billings/invoices is made on a timely basis along with any other reporting that is required in addition to the financial reports.
4. Billings/invoices of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice/reimbursement amounts.
5. All financial reports required by each federal award will be prepared and filed on a timely basis. To the extent CAPK's year-end audit results in adjustments to amounts previously reported to funding agencies, revised reports will be prepared and filed in accordance with the terms of each award.

CAPK will maintain separate invoicing/billing records in addition to the official general ledger accounting records. These records will be reconciled to the general ledger on a monthly basis.

At the time invoices/billings are prepared, revenue and accounts receivable will be recorded in the accounting records of CAPK by the Finance Administrator, Accounting Administrator, or designated staff.

If an award authorizes the payment of cash advances to CAPK, the Chief Financial Officer may require that a request for such an advance be made. Upon receipt of a cash advance from a funding agency, CAPK will reflect a liability equal to the advance. As part of the monthly closeout and invoicing/billing process, the liability will be reduced, and revenue recognized, in an amount equal to the allowable costs incurred for that period.

Also See CASH DRAWDOWNS OF ADVANCES OF FEDERAL FUNDS section of this manual.

Cash Drawdowns of Advances of Federal Funds

CAPK will minimize the time elapsing between the transfer of funds to and disbursement of funds by CAPK. Advance payments will be limited to the minimum amount needed and timed to be in accordance with actual, immediate cash requirements. (*2 CFR Part 200.305) (45 CFR Part 75.305)*

Cash drawdowns of advances from federal agencies will be made weekly in conjunction with the accounts payable and payroll schedule, based on need. All federal funds will be deposited into an interest-bearing cash account under the policies and procedures of CASH RECEIPTS section of this manual. CAPK requires that federal funds will be disbursed within 24 hours of receipt using the following process:

1. On Tuesday, the Accounts Payable Supervisor will prepare a listing of disbursements.
2. The Director of Finance and/or Chief Financial Officer reviews and approves the listing.
3. On Tuesday, the Finance Administrator prepares a cash analysis report for the drawdown.
4. The Chief Financial Officer approves the report.
5. On Tuesday, the Director of Finance or Chief Financial Officer draws down the cash required.
6. On Wednesday, the disbursements are prepared in accordance with CASH DISBURSEMENT policies and procedures found elsewhere in this manual.

On occasion, CAPK may determine that the administrative burden for weekly cash drawdowns may be reduced by drawing down an advance of funds for expected cash needs for the next two-(2) weeks. In such situations, the Chief Financial Officer will negotiate an appropriate cash drawdown schedule with the funding agency to minimize administrative burden of preparing weekly drawdown requests and minimize the time between receipt and disbursement of grant funds.

Classification of Income

All income received by CAPK is classified as "without donor-imposed restriction," with the exception of the following, which will be classified as “with donor-imposed restriction”:

1. Grants and other awards received from government agencies or other grantors, which are restricted and have not been released through the performance of program services or the passage of time.

2. Special endowments received from donors requesting that the funds be restricted for specific purposes in perpetuity.
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 restricted for specific purposes or for which the Board has interpreted the relevant state UPMIFA law as preserving the earnings on donor endowments as restricted. (Also see INVESTMENT section of this manual.)

From time to time, CAPK 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, CAPK will classify this as income with donor-imposed restrictions.

As with all net assets with donor restrictions, when the restriction associated with a contribution has been met (due to the passing of time or the fulfillment of the purpose for which the contribution was restricted), CAPK will reclassify the related net assets from net assets with donor restrictions to net assets without donor restrictions in its Statement of Financial Position and reflect this reclassification as an activity in its Statement of Activities.

Income received with donor-imposed restrictions may be reported as income without donor-imposed restrictions if the restrictions are met in the same reporting period.

In the event the CAPK Board of Directors determines that it is appropriate to set revenue funds aside for specific projects, such funds will be classified under “Net Assets without Donor Restriction,” labeled “Board-Designated,” and reported as a separate component of net assets.

Also see REVENUE RECOGNITION and NET ASSET sections of this manual.

Accounts Receivable Entry Policies

Individuals independent of the receipts function will post customer invoices, requests for reimbursement / payment from funding sources, credit adjustments, and other adjustments to the accounts receivable subsidiary ledger.

RECEIPTS

Overview of Receipts

The receipts section includes policies and procedures for the receipt of cash, checks, and credit/debit card payments.

Processing of Funds Received

The following procedures will be followed:

- Receipts are processed in a central location, rather than at remote sites, to ensure that receipts are appropriately directed, recorded, and deposited on a timely basis.
- Mail is opened and a listing of cash/checks received will be prepared in an open area, in the presence of other employees.
- The individual preparing the daily list of receipts will be someone that is not involved in the accounts receivable or accounts payable process.
- A deposit slip is prepared from the cash/checks received and compared to the daily receipts listing for discrepancies.
- Deposits are prepared and transmitted through electronic desktop deposit to the bank. When cash is deposited, the deposit will be taken to the bank by an individual other than the employee who prepared the daily receipts listing.

Electronic transfers of funds are processed as follows:

- The Accounting Administrator notifies the Accountant II when funds are received via an electronic transfer or other electronic deposit.
- The Accountant II works with the Accounting Specialist to match the deposit and remittance information to the corresponding receivable recorded in the accounting system.
- The Accounting Specialist posts the receipt of funds to the receivable in the general ledger and appropriate subledger.

Endorsement of Checks

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

1. For Deposit Only
2. Full legal name of CAPK
3. The bank name
4. The bank account number of CAPK

Timeliness of Bank Deposits

Bank deposits will be made on a daily basis, unless the total amount received for deposit is less than $1,000. In no event will deposits be made less frequently than weekly. Undeposited checks and cash

will be stored in a locked safe and kept in a secure area until deposited. Such cash will not be used as petty cash or to make change.

Online Receipts

CAPK accepts MasterCard and Visa and has negotiated contracts for outsourcing of processing payment transactions. Individual CAPK departments may not use or negotiate individual contracts with these or other payment card companies or processors.

When clients or donors wish to make payment via credit or debit card, they will be directed to the Organization's website or other means to make payment. Also see ONLINE CONTRIBUTIONS section of this manual.

Reconciliation of Deposits

On a periodic basis, the Director of Finance, who does not prepare the initial receipts listing or bank deposit, will reconcile the listings of receipts to bank deposits on the monthly bank statement. Any discrepancies will be immediately investigated.

Control Grid – Revenue and Cash Receipts

CAPK strives to maintain adequate segregation of duties in its income and cash receipts functions. The following table illustrates how responsibilities have been assigned. In this table, personnel are identified as follows:

A. Chief Financial Officer

B. Director of Finance

C. Finance Administrator

D. Accounting Administrator

E. Accountant I / II

F. Accounting Specialist

G. Accounting Technician

	A	B	C	D	E	F	G
Produces invoice to bill customer/funder					X		
Initials receipt of funds (cash or checks)				X			
Restrictively endorses checks						X	
Prepares deposit slips						X	
Takes deposit slip to bank							X
Enters payments into AR system						X	
Authorizes credits or other adjustments	X						
Posts credits/adjustments to AR system			X				
Authorizes write-offs of bad debt	X						
Posts bad debt write-offs to AR system					X		
Reconciles AR with general ledger		X		X			
Reconciles bank statement					X		

RECEIVABLE MANAGEMENT

General Receivable Management

Grants receivable represent amounts that have been billed under agency contracts but not collected as of the date of the financial statements. All grants receivable represents amounts owed by federal, state and local government agencies.

CAPK records grants receivable and deferred revenue when the grant is received. Then, during the year, when cash is received for expenses incurred, the deferred revenue and grant receivable are reduced, and cash is recorded as grant income. At the end of the fiscal year, the remaining deferred amount will offset the remaining receivable in order to meet GAAP requirements. While this method does not meet GAAP requirements during the year, it does provide management and the board information in the financial statements about progress on spending grant funds. The Accounting Administrator, Finance Administrator and Accountants are responsible for monitoring budget-to-actual expenditures throughout the grant year and will meet periodically with Program Manager and Division Directors to discuss grant fiscal results.

Grants Receivable Monitoring and Recognition

CAPK records grants receivable and income as it is earned in accordance with the REVENUE RECOGNITION policies elsewhere in this manual. The Accounting Administrator, Finance Administrator and Accountants are responsible for monitoring budget-to-actual program expenditures throughout the grant year and will meet monthly with the Grant Manager to discuss grant financial results.

Accounts Receivable Monitoring and Reconciliations

On a monthly basis, the Finance Department will reconcile a detailed accounts receivable report (showing aged, outstanding invoices by customer) to the general ledger. The Chief Financial Officer or Director of Finance 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 Chief Financial Officer or Director of Finance.

Collections

Collections are performed on a monthly basis, according to a review of the outstanding items shown on the accounts receivable aging report. This report shows the current month’s activity for each customer and prior months’ balances outstanding for 30, 60, 90, and 120 days.

Customers with unpaid balances receive communication every 30 days. After a balance is unpaid for 60 days, Program Accountant will contact the customer/ grantor by telephone and attempt to collect the amount due. When necessary the Program Manager will assist with collection of unpaid balances.

At 90 days, if payment has not been received, Program Accountant will send an electronic communication (email, inquiry through payment portal) to the customer/ grantor requesting payment or documentation that payment has been made.

At 120 days, if payment has not been received, the Director of Finance will send a letter through the U.S. Postal Service to the customer/ grantor requesting payment or documentation that payment has been made.

At 150 days, the Director of Finance will evaluate the use of a professional collection service. Documentation will be maintained to support the history of collection attempts.

In addition, as collection efforts begin at 60 days, weekly phone calls will be made to the customer/ grantor and documented as part of the collection effort.

Collections or recoveries of previously written off balances will be recorded when received.

Receivable Write-Off Authorization Procedures

All available means of collecting receivables 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 Finance Department. If a receivable is deemed uncollectible, the following approvals are required before the write-off is processed:

Amount	Authorized in writing by
Less than $1,500	Director of Finance
$1,500 or more	Chief Financial Officer

If write-off procedures have been initiated and approved, the receivable amount will be written off against the allowance account recorded to bad debt expenses.

After 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 the organization uses the specific charge-off method, the amount will be posted to bad debt expense after management determines the amount is not collectible and the write-off is approved.

POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS

PURCHASING POLICIES AND PROCEDURES

Overview of Purchasing

THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY CAPK.

CAPK 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 must 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 Division Directors, or their designees, will have the authority to initiate purchases on behalf of their department, within the guidelines described here. Division Directors will inform the Finance Department of all individuals that may initiate purchases or prepare purchase orders. The Finance Department will maintain a current list of all authorized purchasers.

The Finance Department will be responsible for processing purchase orders. The Chief Financial Officer has approval authority over all purchases and contractual commitments and will 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)) (45 CFR Part 75.327(c)(1))

Ethical conduct in managing the Organization's purchasing activities is essential. Staff must always be mindful that they represent CAPK and share a professional trust with other staff, funding sources, and the community.

- Officers, Board members, employees, and agents will not solicit or accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. The Board of Directors may establish standards to evaluate when a financial interest is not substantial, or the value of an unsolicited gift is of nominal value. Substantial financial interest and nominal value, as approved by the Board of Directors, is defined as follows:
  - Unsolicited gifts with a nominal value of $50 or less may be accepted with the approval of the Chief Executive Officer and/or Division Director.
  - Also see the POLICY ON SUSPECTED MISCONDUCT section elsewhere in this manual for disciplinary actions for violations of these standards.
- Staff will discourage the offer of and decline individual gifts, favors, or gratuities that might influence the purchase of supplies, equipment, and/or services. Staff will notify their immediate supervisor if they are offered such gifts.

- No officer, Board member, employee, or agent will participate in the selection or administration of a contractor if a real or apparent conflict of interest would be involved. See the CONFLICTS OF INTEREST section elsewhere in this manual.

Competition

(2 CFR Part 200.319) (45 CFR Part 75.328)

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 or propose on such procurements.
- Award contracts to bidders or proposers 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 and properly documented *(2 CFR 200.318(c)) (45 CFR Part 75.329(c)))*
- Not give preference to state or local geographical areas unless such preference is mandated by federal statute. *(2 CFR Part 200.319(b)) (45 CFR Part 75.328(b))*
- Only use "name brand or equivalent" description as a means to define the performance or requirements. *(2 CFR Part 200.319(c)(1)) (45 CFR Part 75.328(b))*
- Noncompetitive procurements will only be awarded in accordance with CAPK's Noncompetitive Method of Procurement (Sole Source) section of this manual.

Nondiscrimination Policy

Contractors who are the recipients of Organization funds, or who bid or propose to perform any work or furnish any goods under agreements with CAPK, will agree to these important principles:

- Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, handicap, gender, or age, except where religion, gender (sex), or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the contractors.

- Contractors agree not to discriminate against any individual due to the individual's political affiliation/ beliefs.

- 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 will be deemed sufficient for meeting the intent of this section.

Procurement Thresholds and Authorization Limits

All completed requisitions and purchase orders must be initiated through the electronic requisition system and approved by those with the appropriate expenditure level. The following table summarizes the required approval levels, solicitation, and documentation (provided that cost is the only factor to evaluate):

Amount of Purchase	Required Approvals	Required Solicitation	Required Documentation
≤ $9,999.99 (or $2,000 if subject to Davis-Bacon)	Manager or higher	• Price must be considered reasonable based on current market • Purchase can be made from a contractor successfully used in the past, with reasonable pricing • As much as possible, micro-purchases will be rotated among qualified suppliers, provided pricing is comparable	• Receipt or invoice approved by individual(s) in Required Approvals column
$10,000 ≤ $99,999.99	• Administrator; or Assistant Director (≤ $20,000); or • Director (≤ $30,000); or • Chief Program Officer (≤ $100,000)	• 3 quotes (catalogue, Internet, written, etc.) • Or select a contractor from pre-qualified contractor list	• Documentation of quotes obtained • How procurement decision was made
$100,000 ≤ $249,999.99	• Chief Financial Officer (≤ $150,000); or • Chief Executive Officer (≤ $250,000); or • Board of Directors (> $250,000)	• 3 written quotes (catalogue, internet, written, etc.) • Or select a contractor from pre-qualified contractor list	• Attached documentation of quotes received • How procurement decision was made

Amount of Purchase	Required Approvals	Required Solicitation	Required Documentation
> $250,000 and above	• Chief Executive Officer (≤ $250,000); or • Board of Directors (> $250,000)	• 3 written bids/ proposals (Request for Bids or Request for Proposals)	• Copy of RFB or RFP • Proposal scoring grids, including who participated in the scoring • Proposal and contract of winning bidder/proposer • How procurement decision was made
Construction/Major Renovations over $250,000	Chief Executive Officer and Board of Directors	• 3 sealed written bids/ proposals (Request for Bids or Request for Proposals)	• Copy of RFB or RFP • Proposal scoring grids, including who participated in the scoring • Proposal and contract of winning bidder/proposer • How procurement decision was made

Additional Board Approval Requirements

The Board must approve the following items regardless of threshold:

1. Any single item or aggregate over $250,000, including estimated purchases from preferred vendors;
   - In the event that procurement was initiated under the $250,000 limit and later amendments to the contract would exceed this limit, additional amendments must receive Board approval;
2. Procurement of all audit, legal or professional services that are agency-wide in nature;
3. Construction contracts and/or major renovations over $250,000 require Board approval;
4. If a Program or Grant has stricter limits than those set by the Agency, the Program's/Grant's guidelines must be followed.

Expenditure Limits

Managers	Up to $10,000
Administrators	Up to $15,000
Assistant Director	Up to $20,000
Division Directors	Up to $30,000
Chief Program Officer	Up to $100,000
Chief Financial Officer	Up to $150,000
Chief Executive Officer	Up to $250,000
Board of Directors	Over $250,000

The Chief Executive Officer is authorized to enter into any contract on behalf of CAPK. Contracts between $30,000 and $150,000 must be reviewed and approved by the Division Director, Chief Program Officer (program related), and the Chief Financial Officer but do not require approval from the Chief Executive Officer. These policies will also apply to renewals of existing contracts.

Procurement Procedures

The following are CAPK's general procurement procedures:

1. CAPK will avoid purchasing unnecessary or duplicative items for the performance of the activities required by a federal award. *(2 CFR Part 200.318(d)) (45 CFR Part 75.327(d))*

2. Where appropriate, an analysis will 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)) (45 CFR Part 75.327(d)).* This analysis will only be made when both lease and purchase alternatives are available to the program.

3. CAPK will enter into state and local inter-governmental or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. *(2 CFR Part 200.318(e)) (45 CFR Part 75.327(e))*

4. CAPK will 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)) (45 CFR Part 75.327(f))*

5. Documentation of the cost and price analysis associated with each procurement decision, including contract modifications, in excess of $150,000 will be retained in the procurement files pertaining to each federal award. *(2 CFR Part 200.323) (45 CFR Part 75.332)*

   Price analysis may include such factors as comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability. *(2 CFR Part 200.324) (45 CFR Part 75.332)*

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)) (45 CFR Part 75.328(d))*

7. CAPK will maintain records sufficient to detail the history of procurement, including, but not limited to: *(2 CFR Part 200.318(i)) (45 CFR Part 75.327(i))*
   a. Rationale for the method of procurement;
   b. Selection of contract type;
   c. Justification for lack of competition when competitive offers are not obtained;
   d. Contractor selection or rejection; and
   e. The basis for the contract price.

   Also see the RECORD RETENTION section of this manual.

8. CAPK will make all procurement files available for inspection upon request by a federal or pass-through awarding agency.

9. CAPK will not utilize the cost-plus-a-percentage-of-costs or percentage of construction cost methods of contracting. *(2 CFR Part 200.323(d)) (45 CFR 75.332(d))*

10. Consideration will be given to dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, women's business enterprises, and labor surplus area firms. These efforts include veteran owned businesses. *(2 CFR Part 200.321(b)(3)) (45 CFR Part 75.330(b)(3))*

    (Also see AFFIRMATIVE CONSIDERATION OF MINORITY, SMALL BUSINESS, WOMEN-OWNED BUSINESSES, AND LABOR SURPLUS AREA FIRMS section of this manual.)

11. Purchases will be made in accordance with the thresholds, required approvals, required solicitation methods, and documentation requirements indicated in the PROCUREMENT THRESHOLDS AND AUTHORIZATIONS LIMITS section of this manual.

12. The procurement method used for the acquisition of professional and other contracted services will be done in accordance with the Procurement Thresholds and Authorization Limits section (based on dollar amount). Selection of the service provider not procured using the formal proposal method of procurement (RFP) will be informally based on specialized expertise, qualifications, and other factors, and will document accordingly to support selection.

All staff members with the authority to approve purchases will receive a copy of, and be familiar with, 2 CFR Part 200 Subpart E – Cost Principles (45 CRF Part 75 Subpart E – Cost Principles).

Sealed Bid Method of Procurement

The sealed bid method of procurement will be used for purchases in accordance with the PROCUREMENT THRESHOLD AND AUTHORIZATION LIMIT chart of this manual and will be used for services or goods with a fixed price including, for example, construction projects, vehicle purchases, installation of heating, ventilation, and air conditioning (HVAC), weatherization work, etc.

The following conditions apply for this method of procurement:

- A complete, adequate, and realistic specification or purchase description is prepared and made available as part of the invitation for bid (IFB);
- Two or more responsible suppliers/providers are solicited and are willing and able to compete effectively for the business;
- Sufficient time is given to allow bidders to respond before the bid opening date indicated in the IFB;
- Bids will be opened at the time and place indicated in the IFB; and
- The procurement is appropriate for a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price and price-related factors.

The sealed bid process focuses mainly on price and occurs early in the procurement cycle, allowing bidders time to prepare their bids to meet the specifications of the bid solicitation. Bids are solicited in

accordance with the Organization's ADVERTISING PROCEDURES FOR PROCUREMENT section of this manual, and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid:

- Conforms with all the material terms and conditions of the invitation for bids, and
- Is the lowest in price, also considering price-related factors.

Price-related factors such as discounts, transportation cost, and life cycle costs will be considered in determining lowest bid. Payment discounts will only be considered when prior experience indicates that such discounts are usually taken advantage of.

Any and all bids may be rejected if there is a sound documented reason.

Sealed bid requests will be publicized in compliance with the approved advertising procedures. See the ADVERTISING PROCEDURES section of this manual.

Bidders must comply with all bid specifications. See the CONTRACT ADMINISTRATION section of this manual.

Proposal Method of Procurement

The formal proposal method of procurement will be used for purchases in accordance with the PROCUREMENT THRESHOLD AND AUTHORIZATION LIMITS chart of this manual and will be used when price and other factors are considered to determine the most advantageous proposal. Examples of some of the other factors may include those listed in the EVALUATION OF ALTERNATIVE PROPOSERS section of this manual.

The following conditions apply for this method of procurement:

- Request for Proposals (RFPs) will be publicized (see the ADVERTISING PLAN section of this manual)
- RFPs will include all specifications, terms and conditions that the proposer must meet
- RFPs will include all evaluation factors and their relative importance
- Proposals must be solicited from a number of qualified sources
- CAPK will conduct an evaluation of proposals received by the publicized due date in accordance with its established procedures; maximum effort will be made to consider all responses to proposals (see EVALUATION OF ALTERNATIVE PROPOSERS section of this manual)

Solicitation for Procurements

To help ensure full and open competition, solicitations for goods and services, requests for proposals (RFPs), and invitation for bid (IFBs or sealed bids) will 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 will not contain features which unduly restrict competition. *(2 CFR Part 200.319(c)(1)) (45 CFR Part 75.328(c)(1))*

   Description may also include the following:

- Technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
- Preference for products and services that conserve natural resources, protect the environment, and are energy efficient, to the extent practicable and economically feasible

2. Requirements which the bidder / proposer / offeror must fulfill and all other factors to be used in evaluating bids or proposals. (See EVALUATION OF ALTERNATIVE CONTRACTORS elsewhere in this manual for required criteria.) *(2 CFR Part 200.319(c)(2)) (45 CFR Part 75.328(c)(2))*

3. Description may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, must set forth the minimum essential characteristics and standards to which it must confirm if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible, to avoid impeding competition. *(2 CFR Part 200.319(c)(1)) (45 CFR Part 75.328(c)(1))*

4. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met will be clearly stated. *(2 CFR Part 200.319(c)(1)) (45 CFR Part 75.328(c)(1))*

5. Required delivery or performance dates/schedules.

6. Clear indications of the quantity(ies) requested and unit(s) of measure, if applicable.

7. A description of the format, if any, in which the requested information, proposals, or bids must be submitted, including the name of the person to whom it should be sent.

8. The date by which information, proposals, or bids are due.

9. When using an RFP for the financial statement auditor, the criteria listed in the SELECTING AN INDEPENDENT FINANCIAL STATEMENT AUDITOR will be clearly stated in the RFP.

10. If CAPK decides to inform bidders / proposers of the results of the selection process, the solicitation will provide information on how and by when this communication will be made. Also see PROCUREMENT GRIEVANCE PROCEDCURES.

Advertising Procedures for Procurement

The public advertising plan is designed to encourage maximum participation in solicitation for selected procurement methods. CAPK will publicly advertise requests for sealed bids and proposals using a plan designed to reach the maximum potential bidders and proposers.

Examples of public advertising that may be used include:

- CAPK's public website
- CAPK's social media accounts

- Sealed bid or request for proposal databases, if available
- Print and electronic advertisements (newspapers, emails)
- Audio advertisements (radio station, Pandora©, Spotify©)
- Direct solicitation of recommended or previously used contractors
- Direct solicitation of minority, small, women-owned, and veteran-owned businesses or businesses in labor surplus areas
- Professional associations

Public advertisements will include, at a minimum:

- CAPK's legal name and address, including contact name and phone number
- Date, time and location, including address, of bid/proposal meeting, as applicable
- Notice that participation in the meeting is mandatory for the bidder's or proposer's solicitation to be considered, as applicable
- Sealed bid requests will include any specifications and pertinent attachments and will define the items or services in order for the bidder to properly respond
- Proposal requests will identify all evaluation factors and their relative importance
- Sealed bid requests will identify the time and place sealed bids will be opened (for local governments and tribal governments, bids will be opened publicly)
- Notice to bidders/proposers that incomplete bid/proposal packages will not be considered.
- Minority-owned, women-owned, veteran-owned, and small businesses located in labor surplus areas are encouraged to respond.

Extension of Due Dates and Receipt of Late Offers / Responses

Solicitations should provide for sufficient time to permit the preparation and submission of offers (quotes, bids, proposals) before the specified due date. However, an extension may be granted if a prospective proposer so requests and is approved by the Purchasing Manager. Approval of extensions will be documented in the procurement file.

Offers / responses are considered late if received after the due date and time specified in the solicitation. Late offers / responses will be so marked on the outside of the envelope and retained, unopened, in the procurement file. Contractors that submit late offers will be sent a letter notifying them that their offer was late and could not be considered for award. A copy of this communication will be retained with the procurement documentation.

Evaluation of Alternative Proposers

With competitive proposal method of procurement, proposers will be evaluated on a weighted scale that considers some or all of the following criteria, as appropriate for the procurement:

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. Offeror / Proposer's financial stability

7. Offeror / Proposer's demonstrated commitment to the nonprofit sector
8. Results of communications with references supplied by proposer
9. Ability/commitment to meeting time deadlines
10. Price
11. Minority, small business, women-owned business, veteran-owned business status of proposer, or labor surplus firm
12. Other criteria (to be specified by the department requesting proposal)

Not all of the preceding criteria may apply in each procurement. However, the department responsible for the purchase will establish the relative importance of the appropriately established criteria prior to requesting proposals and will evaluate each proposal on the basis of the criteria and weighting that have been pre-determined.

The contract will be awarded to the responsible proposer whose proposal is most advantageous to the program. After a contractor has been selected and approved by the Program Manager and/or Division Director, the final selection will be approved by others according to CAPK's purchasing/procurement approval policies.

Affirmative Consideration of Minority, Small Business, Women-Owned Businesses, and Labor Surplus Area Firms

(2 CFR Part 200.321) (45 CFR Part 75.330)

Positive efforts will be made by CAPK to utilize small businesses, minority-owned firms, women's business enterprises, veteran owned businesses, and labor surplus area firms whenever possible. Therefore, the following steps will 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)(45 CFR Part 75.330)* These efforts include veteran owned businesses.

2. CAPK will directly solicit bids or proposals from small business, minority-owned firms, women's business enterprises, and labor surplus area firms. These businesses will be solicited whenever they are a potential source. *(2 CFR Part 200.321(b))* These efforts include veteran owned businesses. CAPK will ensure these businesses are included in solicitations, when practicable. (Also see ADVERTISING PROCEDURES FOR PROCUREMENT section of this manual.)

3. CAPK will evaluate procurements to determine if it is practical to separate purchases or projects into smaller components in order to encourage solicitation responses from these businesses. *(2 CFR Part 200.321(b)(3)) [45 CFR Part 75.330(b)(3)* These efforts include veteran owned businesses.

4. Establish delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises. *(2 CFR Part 200.321(b)(4)) (45 CFR Part 75.330(b)(4))* These efforts include veteran owned businesses. 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.

5. Utilize organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency to determine validity of, assistance with, or location of the businesses addressed in this section, as appropriate. *(2 CFR Part 200.321(b)(5)) (45 CFR Part 75.330(b)(5))* These efforts include veteran owned businesses.

6. Consider in the contract process whether firms competing for larger contracts should subcontract with small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms. *(2 CFR Part 200.321(b)6)) (45 CFR Part 75.330(b)(6))* These efforts include veteran owned businesses.

Non Competitive Method of Procurement (Sole Source)

This method of procurement can be used as approved in accordance with the PROCUREMENT THRESHOLDS AND AUTHORIZATION chart elsewhere in this manual for the following circumstances:

Internal Micro-Purchase Threshold
The aggregate amount of the procurement does not exceed the Organization's internal micro-purchase threshold, as stated in the Procurement Thresholds and Authorization Limits section of this manual.

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 Organization property is involved. The reasons for such purchases will be documented in the procurement file.

Single Distributor/Source
The item or service is only available from a single source. Examples of when this applies to CAPK include utilities, trash collection, and custom software solutions.

Prior Written Approval
The awarding agency expressly authorizes a noncompetitive proposal in response to a written request from CAPK.

Insufficient Proposers, Bidders, Offerors
After solicitation in accordance with CAPK's ADVERTISING PROCEDURES FOR PROCUREMENT section of this manual, competition is deemed inadequate due to one response or insufficient bidders/ proposers.

Pre-Qualified Contractors

CAPK encourages departments to develop lists of pre-approved contractors that can be used throughout the year. The process to identify a pre-approved contractor is as follows.

1. Develop a list of similar, commonly-purchased items that can be acquired from a single contractor. Examples are janitorial supplies, classroom supplies, weatherization materials, etc.

2. Obtain cost estimates for the list in total, not for each item. Include shipping costs, if necessary.
3. Obtain 3 quotes, depending on the level of expected spending for the year (refer to the PROCUREMENT THRESHOLDS AND AUTHORIZATIONS chart elsewhere in this manual).
4. Compare the quotes; contractors with lowest prices, including shipping, will be approved for use during the year.
5. This process should result in multiple approved contractors if the prices are within 5% of each other.

This process will be repeated annually, with the approved list produced by January 15. Contractors may be added throughout the year, but all contractors for prequalification will be reevaluated January 1.

Bonding Requirements

CAPK will require bonding when deemed necessary to help ensure the interests of the organization and the funding source is protected. Minimum bonding requirements will include the following:
(2 CFR Part 200.325) (45 CFR Part 75.334)

- A bid guarantee in the form of a bid bond, certified check, or other negotiable instrument from each bidder equivalent to five percent of the bid price assuring that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
- A performance bond on the part of the contractor for 100 percent of the contract price, to be executed in connection with a contract to secure fulfillment of all the contractor's obligations under the contract.
- A payment bond for 100 percent of the contract price, executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in execution of the work provided for in the contract.

Use of Purchase Orders

CAPK utilizes a purchase order system. An electronic request to purchase will be required for each purchase decision (i.e., total amount of goods and services purchased, not unit cost). A properly completed purchase order will contain the following information, at a minimum:

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

Purchase orders will be pre-numbered, retained electronically in a secure repository, and issued upon request from an authorized purchaser.

All purchase orders will be processed through the accounting software. At the end of each accounting period, an aged outstanding purchase order report will be prepared and distributed to each purchasing representative and the Director of Operations and the Chief Financial Officer or Director of Finance for review and appropriate follow-up to ensure proper close-out and resolution.

Blanket Purchase Orders

Blanket purchase orders can be created for purchases to be made throughout the year from the same contractor when the total amount to be purchased can be reasonably estimated. The blanket purchase order number will be used each time an order is placed and needs to appear on each invoice. Blanket purchase orders are subject to the same authorization limits and solicitation as regular purchase orders.

1. Blanket purchase orders can be used when:
    - Purchasing repetitive, specified services or items, or categories of items from the same contractor; which are purchased and paid in a predictable manner during a certain time period, usually one (1) year.
    - Ordering standard materials or maintenance supplies which require numerous shipments.
    - To enable the buyer to obtain more favorable pricing through volume commitments.

2. Blanket purchase orders generally cannot be used when:
    - No benefit will be derived over and above use of a regular purchase order.
    - It creates an open line of credit with a contractor.
    - Prices are unknown at ordering time, or subject to change later without notice.
    - Quality of the contractor and/or goods or services are questionable.
    - Control over CAPK's expenditures would be weakened significantly.

3. A uniform blanket purchase order format should be used and will include the following information:
    - The period to be covered by the blanket agreement (not exceed to one year)
    - A cancellation clause
    - The previous blanket purchase order number if this is a replacement blanket purchase order
    - Items and/or categories of items to be covered by the blanket purchase order
    - Maximum quantities, if any
    - Prices and pricing arrangements
    - Terms and billing arrangements
    - Personnel authorized to issue order releases

4. Price, shipping (F.O.B.) terms, commodities, and quantity should be established before the blanket purchase order is issued.

It will be the responsibility of the department placing the order to monitor the prices and terms of its blanket purchase orders.

Verification of New Contractor

The Finance Department will perform additional procedures to validate the legitimacy of new contractors that will be paid one-time or cumulative payments in excess of $5,000. For such contractors, the Finance Department will perform a limited public records search and will contact the contractor to validate its existence.

All additions of new contractors to the contractor database will be approved by the Director of Finance. Each month, the Director of Finance will receive a change report from the accounting system that reports all changes made to the contactor database. This report will be reviewed for any unusual or unexpected changes.

Contractor Files and Required Documentation

The Finance Department will create a contractor file for each new contractor or re-activated contractor from whom CAPK purchases goods or services.

The Finance Department will mail (or email) a blank Form W-9 to the contractor and request completion of the Form W-9 and the return of the signed document before procuring goods or services from the contractor or making any payment to the contractor. Completed, signed Form W-9 or substitute documentation will be retained in each contractor's file.

Contractors will be issued a Form 1099 at the end of each calendar year in accordance with the policies described in the GOVERNMENT RETURNS section of this manual. See the PAYROLL AND RELATED POLICIES section for guidance on determining whether a contractor should be treated as an employee.

Contractor files will have the following information:

1. Completed and signed Form W-9. Contractors being reactivated are required to complete a new Form W-9 to verify current name, address, and tax ID number.
2. Contractors with a post office (PO) box will provide a physical location address for the master file. The PO Box number may be used for postal purposes. The contractor name and physical address will be verified by performing an online search and/or mailing of contractor forms to the physical address that are required to be returned.

The following procedures will be performed prior to creating or re-activating all contractor files to help ensure that each contractor only has one master file:

1. Search for existence of the tax ID number in the master file
2. Search for name variations and name standardization (entity resolution) (e.g. Doe, John; J Doe; John Doe)
3. Search for matching or similar addresses
4. Perform an online search of the contractor and the physical address to determine validity
5. Search for matches against the employee master file

Contractor Master File Maintenance

CAPK will monitor the contractor master file on a regular basis, with a full review of the master listing completed every year prior to year-end. Master file review will take place each quarter, with one-fourth-(1/4) of the contractor master file reviewed each fiscal quarter.

The Finance Department will review the master file for:

1. Duplicate contractors. Contractors with the same or similar tax ID number, name, address, email, contact, and other information. Duplicate contractors will be merged.
2. Contractors with a post office (PO) box address. Contractors with only a PO Box will be required to provide a physical location address for the master file.
3. Contractors without activity in the past year will be inactivated. Inactivated contractors must go through the contractor creation process before being re-activated.
4. The Organization will utilize the Internal Revenue Service (IRS) Taxpayer Identification Number (TIN) On-line Matching service to match name and TIN with IRS records.

Procurement Grievance Procedures

Any bidder / proposer may file a grievance with CAPK following a competitive bidding / proposal process. Once a selection is made, bidders / proposers will be notified in writing of the results. The written communication mailed to bidders/proposers will 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

Requesting department personnel will inspect all goods received. Upon receipt of any item from a contractor, the following actions will be immediately taken:

1. Review bill of lading for correct delivery point.
2. Verify the quantity of boxes/containers with the bill of lading.
3. Examine boxes/containers for exterior damage and note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.).
4. Sign and date the bill of lading.
5. Remove the packing slip from each box/container.
6. Compare the description and quantity of goods per the purchase order to the packing slip.
7. Examine goods for physical damage.
8. Count or weigh items, if appropriate, and record the counts on the purchase order.

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

Verification of services received will be performed in conjunction with the receipt of contractor invoice. See INVOICE APPROVAL section of this manual.

Also see RECEIPT OF NEWLY PURCHASED EQUIPMENT section of this manual.

Contract Administration

CAPK must maintain oversight to ensure contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase order. CAPK adopts the following policies and procedures on contract administration. *(2 CFR Part 200.318(b)) (45 CFR Part 75.327(b))*.

1. Contract administration files will be maintained:
   a. For each contract greater than $10,000 a separate file will be maintained.
   b. For contracts less than $10,000, contract records may be combined in a single file by grant or other funding source.

2. Contract administration files will contain:
   a. The required documentation specified in the PROCUREMENT THRESHOLDS AND AUTHORIZATIONS LIMIT chart 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 will be authorized until the contract for the work has been approved and fully executed.
   b. No change in the work will be authorized until an amendment to the contract for the work has been approved and fully executed.
   c. No amendment of a contract for work will be executed until it has been approved and authorized as required in the PROCUREMENT THRESHOLDS AND AUTHORIZATIONS LIMIT chart 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 applicable laws, regulations and grant provisions, the Program Manager and/or Division Director will establish and maintain a system to reasonably assure that the contractor:
      i. Is in conformance with the terms, conditions, and specifications of the contract, and
      ii. Provides timely follow-up of all purchases to assure such conformance and adequate documentation.

5. The Program Manager and/or Division Director will authorize payment of invoices to contracts after final approval of work products.

Contract Provisions

(2 CFR Part 200 Appendix II, 45 CFR Part 75 Appendix II, and other regulation, as indicated)

CAPK includes provisions for the following items, as applicable, in all contracts charged to federal awards, at the amounts indicated and as determined by the regulation or CAPK, with contractors and subgrants to grantees:

1. Contracts for more than the simplified acquisition threshold set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

2. All contracts in excess of $10,000 must address termination for cause and for convenience by CAPK including the manner by which it will be affected and the basis for settlement.

3. Equal Employment Opportunity

4. Davis-Bacon Act, as amended (40 U.S.C. 3141-3148)

5. Copeland “Anti-Kickback” Act (40 U.S.C. 3145)

6. Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708)

7. Rights to Inventions Made Under a Contract or Agreement

8. Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended

9. Debarment and Suspension (E.O.s 12549 and 12689)

10. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)

11. Domestic preferences for procurement (2 CFR 200.322).

12. Bonding requirements: See BONDING REQUIREMENTS section of this manual.

13. Nondiscrimination Policy: See NONDISCRIMINATION POLICY section of this manual.

14. Right to Audit Clause. See RIGHT TO AUDIT CLAUSE section of this manual.

15. Workers’ Compensation. See INSURANCE section of this manual.

16. Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201).

Right to Audit Clause

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

Availability of Procurement Records

(2 CFR Part 200.324(b)) (45 CFR Part 75.333(b))

CAPK will, 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 procurement process does not comply with the procurement standards in 2 CFR Part 200 and 45 CFR Part 75. *(2 CFR Part 200.324(b)(1)) (45 CFR Part 75.333(b)(1))*
- The procurement is expected to exceed the federally-defined simplified acquisition threshold and is to be awarded without competition or only one bid is received. *(2 CFR Part 200.324(b)(2)) (45 CFR Part 75.333(b)(2))*
- The procurement exceeds the simplified acquisition threshold and specifies a "name brand" product. *(2 CFR Part 200.324(b)(3)) (45 CFR Part 75.333(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)) (45 CFR Part 75.333(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)) (45 CFR Part 75.333(b)(5))*

Also see RECORD RETENTION section of this manual.

Procurement Records

(2 CFR Part 318(i)) (45 CFR Part 75.327(i))

CAPK will maintain records sufficient to detail the history of procurement including, but not limited to, the following

- Rationale for the method of procurement
- Selection of contract type
- Contractor selection or rejection
- Basis for contract price

Also see RECORD RETENTION section of this manual.

SUBRECIPIENTS

Making Subawards

From time to time, CAPK may find it practical to make subawards of federal funds to other organizations. All subawards will be subject to the CODE OF CONDUCT policies described in the PURCHASING POLICIES AND PROCEDURES 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.

CAPK 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)) (45 CFR Part 75.333(b))*

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

In addition, CAPK will 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 Subpart F and 45 CFR Part 75 Subpart F, 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

CAPK will ensure that every subaward is clearly identified to the subrecipient as a subaward and include the following data elements at the time of the subaward and if any of the data elements change, including changes in subsequent subaward modifications. When some of this information is not available, CAPK will provide the best information available to describe the federal award and subaward. The following required information will be provided to all subrecipients:

1. Federal Award Identification.
   a. Subrecipient name (which must match the name associated with its unique entity identifier);
   b. Subrecipient's unique entity identifier (DUNS)

c. Federal Award Identification Number (FAIN);
d. Federal Award Date;
e. Subaward Period of Performance Start and End Date;
f. Subaward budget start and end date;
g. Amount of federal funds obligated by this action by CAPK to the subrecipient;
h. Total Amount of federal funds obligated to the subrecipient by CAPK to the subrecipient;
i. Total Amount of the federal award committed to the subrecipient by CAPK;
j. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
k. Name of federal awarding agency, pass-through entity, and contact information for awarding official of CAPK;
l. Catalogue of Federal Domestic Assistance (CFDA) Number and Name. CAPK must identify the dollar amount made available under each federal award and the CFDA number at time of disbursement;
m. Identification of whether the award is research and development (R & D); and
n. Indirect cost rate for the federal award (including if the de minimis rate is charged per 2 CFR Part 200.414 and 45 CFR Part 75.414 Indirect (F&A) costs).

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

3. Any additional requirements that CAPK imposes on the subrecipient in order for CAPK to meet its own responsibility to the federal awarding agency including identification of any required financial and performance reports.

4. Identify acceptance of the subrecipient's approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government or, if no such rate exists, information on how the subrecipient can negotiate a rate between CAPK and the subrecipient (in compliance with the federal grant regulations), or request the subrecipient to disclose its election to use the de minimis indirect cost rate, as defined in 2 CFR Part 200.414(f) and 45 CFR Part 75.414(f) Indirect Costs.

   If the subrecipient elects to use a direct cost allocation method to account for its entity-wide costs in accordance with 2 CFR Part 200.405(d) (45 CFR Part 75.405(d)), the Organization will document this method of allocation in the subaward agreement.

5. A requirement that the subrecipient permit CAPK and auditors to have access to the subrecipient's records and financial statements as necessary for CAPK to meet the monitoring requirements of 2 CFR Part 200 and 45 CFR Part 75.

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

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

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

Monitoring of Subrecipients

When CAPK utilizes federal funds to make subawards to subrecipients, CAPK 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 CAPK to subrecipients:

1. CAPK will follow up with all subrecipients to determine whether all required audits have been completed. CAPK will cease all funding of subrecipients failing to meet the requirement to undergo an audit in accordance with 2 CFR Part 200.501. For subrecipients that properly obtain an audit in accordance with 2 CFR Part 200.501, CAPK shall obtain and review the resulting audit reports for possible effects on CAPK's accounting records or audit.

2. CAPK 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, base on her or his understanding of the requirement that have been delegated to the subrecipient, a system for ongoing monitoring of the subrecipient.

3. 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 ensure that appropriate corrective action is taken.
    g. Establishing and maintaining a tracking system to ensure timely submission of all reports required of the subrecipient.

4. Documentation shall be maintained in support of all efforts associated with monitoring of subrecipients.

5. In connection with any subrecipient that has been found to be out of compliance with provisions of its subaward with CAPK, responsive actions by the Organization shall be determined by Chief Financial Officer. Such actions may consist of any of the following actions:

    a. Increasing the level of supporting documentation that the subrecipient is

required to submit to CAPK on a monthly or periodic basis.

b. Requiring that subrecipient prepare a formal corrective action plan for submission to CAPK.
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 CAPK 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 CAPK's own independent auditors) for periodic on-site monitoring visits.
h. Reimbursing after-the-fact, and not provide advances.
i. Requiring review and approval for each disbursement and all out-of-area travel.
j. As a last resort, terminating the subaward relationship and seeking an alternative.

POLITICAL INTERVENTION

Prohibited Expenditures

Consistent with its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, CAPK will not incur any expenditure for political intervention. For purposes of this policy, political intervention will 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

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

Individual vs. Organization Activities

The preceding policies prohibiting acts of political intervention apply to the Organization and to individuals acting on behalf of the Organization. They do 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 CAPK who engage in political activities outside the scope of their employment with or service to the Organization will at all times be mindful of maintaining a clear distinction between personal activities and those which can be attributed to the Organization.

Prohibited Use of Organization Assets and Resources

No assets or personnel of the Organization will be utilized for political activities, as defined above. This prohibition extends to the use of Organization assets or personnel in support of political activities that are engaged in personally by Board members, members of management, employees, or any other representatives of CAPK. 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 (including computers and email systems) cannot at any time be utilized in support of political activities.

LOBBYING

Overview of 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 Organization must have a non-federal source of funds to which such lobbying costs can be charged).

Definition of Lobbying Activities

Lobbying activities conducted by the Organization may be either direct or indirect. Direct lobbying activities consist of attempts to influence legislation through communication with any member or employee of a legislative body (federal, state, or local levels) or, if the principal purpose of the communication is lobbying, with any government official or employee who may participate in the formulation of the legislation. Direct lobbying occurs when employees of the Organization or paid lobbyists communicate directly in attempts to influence legislation. Lobbying is distinguishable from advocacy activities, which involve efforts to advocate certain positions which may have legislative implications, as long as a nonpartisan analysis of the relevant facts is performed.

Lobbying occurs only when there is a specific piece of legislation or legislative proposal pending that the Organization is attempting to influence. Therefore, lobbying is considered to have taken place only if both of the following elements are present:

1. The communication refers to specific legislation (legislation that has been introduced or a specific legislative proposal that the Organization supports or opposes), and
2. The communication reflects a view on the legislation (supporting or opposing it).

Indirect lobbying involves communications with the general public (rather than directly with legislators, etc.) where the communication includes the same two preceding characteristics, plus it encourages the recipient of the communication to take action with respect to the specific legislation (by contacting legislators, etc.).

Segregation of Lobbying Expenditures

Lobbying expenditures are allowable for charities under the Internal Revenue Code. However, lobbying may not represent a substantial portion of the Organization's overall activities. The Organization's tax exemption would be at risk if lobbying becomes a substantial portion of the Organization's activities.

Accordingly, CAPK segregates all direct and indirect lobbying expenditures in a separate section of the chart of accounts in the general ledger. Where appropriate, lobbying expenditures will also be allocated their fair and reasonable share of employee benefits and other allocated costs in accordance with COST ALLOCATION PLAN POLICY found elsewhere in this manual.

Lobbying Election

As a public charity, the Organization has two options with respect to the Internal Revenue Code's restriction against lobbying being a "substantial" portion of its activities.

- One option is to make a formal lobbying election, which results in the Organization following a specific mathematical formula to determine its lobbying limitations. Exceeding the limitation would result in an excise tax assessed to the Organization. Exceeding the limitation by 50 percent-(50%) or more over a four-year period would result in loss of the Organization's overall tax exemption.
- The other option is to not make the election, resulting in an entirely judgmental assessment of its lobbying activities by the IRS. If it is deemed by the IRS to have engaged in substantial lobbying for any period, the Organization would lose its overall tax exemption under this option.

If CAPK incurs lobbying expense, it will complete Schedule C of the Form 990. Additional forms may need to be completed depending on the Organization's election to be subject to the lobbying expenditure limitations of Internal Revenue Code section 501(h).

CHARGING COSTS TO FEDERAL AWARDS

Overview of Charging Costs to Federal Awards

CAPK charges costs that are reasonable, allowable, and allocable to a federal award directly or indirectly. All unallowable award costs will be appropriately segregated from allowable award costs in the general ledger in order to assure that unallowable award costs are not charged to federal awards.

Criteria for Allowability of Costs

In accordance with Subpart E-Cost Principles, terms and conditions of the federal award, (2 CFR 200.302(b)(7), and 2 CFR 200.403(c)) (45 CFR 75.302(b)(7) and 45 CFR 75.403(c), CAPK's written procedures to determine allowability of costs will include the following:

All costs must meet the following criteria from 2 CFR Part 200.402 – 406 (45 CFR Part 75.402 – 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 (45 CFR Part 75), 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, including prior written approval from the awarding agency when applicable.

Cost Allocation Plan Policy

CAPK prepares and maintains a Cost Allocation Plan to document its method and process to fairly and equitably allocate direct, shared or joint, and indirect costs to the programs and activities benefiting from the cost.

All costs of CAPK will comply with this plan, regardless of the amount of federal funding received for each award.

This plan is reviewed annually, at a minimum, and updated as necessary.

Direct Costs

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a program 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)) (45CFR Part 75.413(a)).* CAPK identifies and charges these costs exclusively to each award or program.

Each requisition, purchase order, invoice will be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Requisitions, Purchase orders are reviewed and approved in accordance with the Organization's PROCUREMENT THRESHOLDS AND AUTHORIZATION LIMITS chart found elsewhere in this manual. Invoices are approved by the appropriate Program Manager and reviewed by the Accounting Administrator prior to payment.

Time sheets are submitted on a regular basis, reflecting employees' work and which programs, services directly benefited from their effort. Time sheets will serve as the basis for charging salaries directly to programs, services, federal awards and nonfederal 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 will be accounted for as a direct cost of that award (i.e., such equipment will not be capitalized and depreciated for grant purposes but will be capitalized and depreciated at year-end for financial statement purposes).

CAPK will allocate indirect costs using the elected de minimis rate.

Shared or Joint Costs

Shared or joint costs are those that have been incurred for some, but not all, programs or objectives and are not easily identifiable with a particular grant or programs but are necessary to the operation of these grants or programs. Shared costs will be allocated fairly to all objectives benefiting from the

costs as described in CAPK's approved cost allocation plan. Indirect costs, but not shared or joint costs, may be allocated to benefiting objectives through the use of an indirect cost rate.
Examples of CAPK's shared or joint costs are:

- Allocated space cost based on usage for building co-located by several programs.

Per federal guidelines, each grant will be charged its fair share of costs. Any costs not reimbursed by a particular funding source will be charged to unrestricted funds or other funds that may cover indirect or shared or joint costs after the allocation process is complete.

Indirect Costs

Indirect costs are those costs that have been incurred for common or joint objectives and cannot be readily identified with a particular cost objective or that are necessary for the overall operation of CAPK (management and general costs). Indirect costs are allocated to awards, programs, activities, cost objectives, etc. using an indirect cost rate. See INDIRECT COST RATE section of this manual.

After direct and shared (or joint) costs have been determined and assigned directly to awards or other programs as appropriate, indirect costs are those remaining to be allocated to benefitting cost objectives. A cost may not be allocated to a federal award as an indirect cost if any other cost that was incurred for the same purpose, in like circumstances, has been assigned to a federal award as a direct cost.

Examples of CAPK's indirect costs are:

- Cost of administrative services: Finance, Human Resources, etc.

Direct Costing Procedures

Direct and shared or joint costs are allocated to the benefiting programs using cost pools under the following policies and procedures:

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 first be charged directly to benefiting programs.

3. All remaining shared costs will be allocated using the most meaningful measures. The following bases will be used:

Cost	Allocation Base
Facilities and related costs	Square footage occupied.

OR

All remaining shared costs will be allocated on the most meaningful measures in accordance with the Organization's annually approved cost allocation plan. See the COST ALLOCATION PLAN POLICY section of this manual.

4. Program-related costs will be allocated based on relevant activity measures, such as number of meals served, and number of children or clients.

OR

Program-related costs will be allocated based on relevant activity measures as indicated in the cost allocation plan.
Time sheets are submitted on a regular basis, reflecting employees' work and which programs and funding sources directly benefited from their effort. Time sheets will serve as the basis for charging salaries directly to programs, services, federal awards and non-federal functions. See the PAYROLL section of this manual for procedures.

Equipment purchased for exclusive use on a federal award and reimbursed by a federal agency will be accounted for as a direct cost of that award (i.e., such equipment will not be capitalized and depreciated for grant purposes but will be capitalized and depreciated at year-end for financial statement purposes) after obtaining prior written approval from the funder to acquire the equipment. Also see CAPITAL ASSETS section of this manual.

Indirect Cost Rate

CAPK maintains an annual indirect cost budget. The Organization has never negotiated an indirect cost rate and has elected to use the 10% de minimis rate as allowed under 2 CFR Part 200.414(f) (45 CFR Part 75.414(f)). The approved 10% de minimis indirect cost rate is used as a method to allocate allowable indirect costs to each award, major function, activity, or cost objective.

Segregating Unallowable from Allowable Costs

The following steps will 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 will be reviewed for costs specifically identified as allowable or unallowable.

2. Grant managers, program managers, and financial personnel will be familiar with the allowability of costs provisions (2 CFR Part 200 (45 CFR Part 75), Subpart E - Cost Principles), particularly:
   a. The list of specifically identified unallowable costs found in 2 CFR Part 200.420 – 475 (45 CFR Part 75.420 – 475), Selected Items of Cost, such as alcoholic beverages, bad debts, contributions, fines and penalties, etc.
   b. Those costs requiring advance approval from federal agencies in order to be allowable in accordance with 2 CFR Part 200.407 (45 CFR Part 75.407), Prior Written Approval, such as participant support costs, equipment purchases, etc.

3. No costs will be charged directly or indirectly 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, Subpart E-Cost Principles (45 CFR Part 75, Subpart E).

4. For each federal award, an appropriate set of general ledger accounts (or account segments) will 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 recording of uncashed checks, rebates, refunds, and similar items, will 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 in the current period. If the credit, refund, etc. is for expenditures for a prior period, it will be reported as miscellaneous income. The reduction in expenditures or miscellaneous income will 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 fiscal year financial statements will not be amended for the credit).

Also see CRITERIA FOR ALLOWABILITY OF COSTS section of this manual.

ACCOUNTS PAYABLE MANAGEMENT

Overview of Accounts Payable Management

CAPK strives to maintain efficient business practices and good cost control. A well-managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and bank account reconciliation. The following are general policies for accounts payable:

- Assets or expenses and the related liability are recorded by an individual who is not responsible for ordering and receiving.
- The amounts recorded are based on the contractor invoice for the related goods or services.
- The contractor invoice will be supported by an approved purchase order where required by Organization policy and will be reviewed and approved in accordance with the PROCUREMENT THRESHOLDS AND AUTHORIZATIONS LIMIT chart and DISBURSEMENT POLICIES found elsewhere in this manual 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 policies and procedures is to ensure that:

- Disbursements are properly authorized.
- Invoices are processed in a timely manner.
- 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, will 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 payments will be made from contractor statements.
- Pairsoft:
    - All Check Requests will be processed through Pairsoft Procurement System
    - No paper check request will be accepted by the Finance Department.
    - Check Requests will be submitted when there has not been a purchase order pre-approved for the expense. These should be in instances where there was no option to go through the procurement process due to emergency or the contractor not accepting purchase orders.
    - Check Requests will still require ample, robust back up for the justification of the expense. Examples of this include: Invoice with appropriate approval, packing slips as needed, verification of that the good was received or the service was rendered.

Accounts Payable Cutoff

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

Preparation of a Voucher Package

Prior to any accounts payable being submitted for payment, a voucher package will be assembled. Each voucher package will contain the following documents:

1. Contractor invoice (or employee expense report)
2. Packing slip, where appropriate
3. Receiving report or other indication of receipt of merchandise and authorization of acceptance
4. Purchase order as required by procurement policies
5. Any other supporting documentation deemed appropriate

Processing of Voucher Packages

The following procedures will be applied to each voucher package by the Accounting Technicians:

1. Check the mathematical accuracy of the contractor invoice.
2. Compare the nature, quantity, and prices of all items ordered per the contractor invoice to the purchase order, packing slip, and receiving report.
3. Document the general ledger distribution, using the Organization's current chart of accounts.
4. Obtain the review and approvals as indicated in the PROCUREMENT THRESHOLDS AND AUTHORIZATION LIMITS chart elsewhere in this manual.

Upon receipt, each invoice will be stamped with the date received, scanned, and copies distributed to the appropriate personnel for approval via electronic check request. Unapproved invoices will be maintained in a file, matched with notice of approval once obtained, and processed for payment. The Accounting Technicians will follow up on unapproved invoices pending for longer than one week.

Invoice Approval

CAPK's invoice process is as follows:

- CAPK will process and pay only original invoices. Acceptable original invoices may be either in paper or electronic form. All invoices must be sent by the contractor directly to the Finance Department for processing. Invoices that do not have a purchase order, will need to be submitted to Finance through the Pairsoft system as a check request. No paper check requests will be accepted by Finance.
- Upon receipt of the contractor invoice, it will be matched with the properly approved purchasing requisition form and purchase order and entered in the accounts payable system for proper review, approval, and tracking of received invoices. Only properly matched invoices will be

entered in the accounts payable system. See RECORDING OF ACCOUNTS PAYABLE section of this manual.

- Invoices are to be approved for payment by the Program Manager and/or Division Directors to indicate their acknowledgment of satisfactory receipt of the goods or services invoiced, agreement with all terms appearing on the contractor invoice, agreement with general ledger account coding, and agreement to pay contractor in full. Approvals will be documented with initials or signatures of the approving individual; electronic routing noting approval and date of approval.
    - Approved invoices are returned to Accounts Payable for processing with an accompanying check request form in Pairsoft. No paper check requests will be accepted by Finance.
    - Invoices requiring revision/correction are returned to the contractor by the invoice approver, with the Accounts Payable department copied on the communication. Supervisory approval is required for changes to invoices in the accounts payable system.
- Follow-up on unmatched invoices, open purchase orders, requisitions, receiving reports will occur each month.

Payment Discounts

To the extent practical, CAPK 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 / Employee Reimbursements

Reimbursements for travel expenses, business meals, or other approved costs will be made only upon the receipt of a properly completed and approved expense reimbursement form. Reimbursement forms will be submitted in Pairsoft. See RECORDING OF ACCOUNTS PAYABLE for more information. (See additional policies under the TRAVEL section of this manual.) All required receipts must be attached, and a brief description of the business purpose of the trip or meeting must be noted on the form. Expense reports will be processed for payment in the next accounts payable payment cycle, if received within two business days of the weekly deadline. Expenses older than one month will be reimbursed only if approved by the Chief Executive Officer and the applicable period of performance timeframe for the grant has not passed.

The Accounting Technicians 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 will be reconciled to the total recorded in the accounts payable general ledger account (control account). All differences will be investigated and adjustments made as necessary. The reconciliation and the results of the investigation of differences must be reviewed and approved by the Chief Financial Officer or Director of Finance.

On a monthly basis, the Accounting Technicians will also perform the following procedures:

1. Check all received contractor statements for unprocessed invoices.
2. Check and follow-up on the purchase order file for open purchase orders more than 30 days old.

Management of Accounts Payable Contractor Master File

Upon the receipt of an invoice from a new contractor that is not already in CAPK's Accounts Payable Contractor Master File, the Accounting Technician shall notify the Business Services Department.

For contractors that will be paid a total of $10,000 or less during the Organization's fiscal year, the contractor file data may be limited to the contractor name and address. However, for all contractors to be paid more than $10,000 during a fiscal year, the file shall include all of the following data:

- Contractor's legal name and any DBA name(s)
- Street address (payments may be mailed to a P.O. Box, but a street address must be in the file)
- Federal employer identification number
- Telephone number
- Fax number
- Email address and website
- Contact name

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

On an annual basis, contractors that have not been utilized over the preceding 24-month period shall be purged (or made inactive) from the master contractor file.

Office of Foreign Assets Control (OFAC) Database Searches

It is the policy of CAPK to perform a search of the Office of Foreign Assets Control (OFAC) for any non- U.S.-based contractor or payee upon setting that payee up in the accounts payable system and periodically on at least an annual basis thereafter. The OFAC search shall be initiated by the Business Services Department.

Verification of New Contractor

The Business Services 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 Business Services Department shall perform a limited public records search and shall contact the contractor to validate its existence.

TRAVEL

Travel Advances

Funds will be advanced for upcoming travel only upon receipt of a completed and properly approved request for travel advance. Travel advances are generally limited to per diems unless there is an extraordinary need for additional funds. Additional funds require prior approval by the Chief Executive Officer. 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 in this section.

Employees receiving travel advances are required to sign for the advance signifying their acknowledgement of, and agreement with, these policies. Employees receiving travel advances must submit an expense report within 5 business days of returning from travel. Additional travel advances will not be processed if there is an outstanding advance from a previous trip. Exceptions will be made when there is a demonstrated business need. Any advances that remain outstanding more than 15 calendar days following the business trip will be deducted from the employee's next paycheck.

Travel Expense Preparation

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

1. Documentation must justify that travel costs incurred by the business traveler is necessary for the organization, program objectives, and the federal award, and costs are reasonable and consistent with CAPK's travel policy. Travel costs for individuals accompanying the business traveler are not allowable or reimbursable (see SPOUSE/PARTNER AND DEPENDENT TRAVEL section of this manual). *(2 CFR Part 200.474(b)(1) and (2)) (45 CFR Part 75.474(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. CAPK will reimburse employees for meals and incidentals at per diem rates established by the General Services Administration (GSA) for the location to which they travel. Therefore, meal receipts are not required, except for business meals not reimbursed as a per diem which is addressed in this section below.
   a. It is the Organization's policy that payment for the first and last day of travel will be at 75% of the full per diem.
   b. If the conference or meeting which the traveler attends provides a meal, the value of that meal, as determined by GSA tables, 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 and incidentals reimbursed with per diems.

6. For airfare, airline-issued receipts must 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, certificate of attendance, a credit/debit card receipt, and return trip boarding pass(es).

7. Mileage will be reimbursed at the standard federal rates in effect at time of travel, as published each year by the IRS.

8. General ledger account coding must be identified for all expenditures.

9. For all meals not reimbursed as a per diem 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.)
   c. Meal receipts should be the actual, detailed receipt, not the credit/debit card receipt. (The credit/debit card receipt may not provide enough detail.)

10. All expense reports must be signed and dated by the employee.

11. All expense reports must be reviewed and approved by the employee's Division Director.

12. Only one expense report form should be prepared for each business 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 CAPK (as a result of receiving a travel advance greater than actual business expenditures), the employee must attach a check or submit cash. If the expense report results in a balance due to the employee, the employee will be reimbursed through the next accounts payable payment cycle.

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

Reasonableness of Travel Costs

CAPK will reimburse travelers only for those business-related costs that are necessary and reasonably incurred. Accordingly, the following guidelines will apply:

1. Requests for out-of-county travel must be submitted in writing to the Division Director, and written approval received from same in advance of said travel. For out-of-state travel, the Division Director must submit to the Chief Executive Officer for approval. The request for approval must contain any flyers or agendas pertaining to the training and a short justification for the travel. This request must be submitted to the Chief Executive Officer at least twenty (20) business days prior to travel. If approved, all requests for travel must be received by the Finance Division no later than ten (10) business days with all necessary approvals prior to the beginning day of travel.

2. Payment for suites and other upgraded rooms at hotels will not be allowed, unless required by a medical condition which must be documented by Human Resources and approved by a supervisor. Travelers should stay in standard rooms.

3. CAPK will ask hotels for any available discounts – nonprofit, government, or corporate rates.

4. An analysis must be performed to determine whether renting a vehicle or using your personal vehicle is most beneficial. If renting is the best option, only midsize cars can be rented. Any exceptions must be approved by the Chief Executive Officer in advance. Do not purchase insurance as CAPK has a policy to cover hired/non-owned autos. Share rental cars whenever possible. If the analysis determines that renting a vehicle is most cost effective but the employee decides to use their personal vehicle, the additional cost will be incurred by the employee and not reimburse by the agency. A cost analysis form produced by the Finance Department must be submitted with all out of area travel forms.

5. When travelling out of area and departing from the employee's residence, time and mileage is reimbursed only to the extent that the amount which is incurred exceeds the employee's daily commuting time and distance.

6. When an employee is travelling out of the area overnight, all work-related mileage is reimbursable.

7. When out of area, hours spent in work related duties (including conference meal meetings), plus work-related travel time, is considered work time.

8. Meals will be reimbursed on a per diem basis according to GSA guidelines. If the employee leaves home on travel before 7:00 a.m. or returns home from travel after 1:00 a.m., breakfast will be reimbursed. Lunch will only be reimbursed if the employee is out of the office on travel or in the field out of the area between the hours of 11:30 am and 1:30 pm. If the employee leaves home on travel before 6:00 pm or returns home after 6:00 pm, dinner will be reimbursed. If a meal is provided during a conference or the hotel provides a complete breakfast, the employee will not be reimbursed for that meal.

9. Employees will not be reimbursed for alcoholic beverages.

10. If required by the funding source, foreign travel charged to federal grants must be approved in writing by the funding source prior to travel.

Lodging Accommodations

Employees may arrive a day or earlier or stay a day or earlier or stay a day or more later as reasonably necessary for business travel, or a business decision that is best for the safety of the employee and the Agency. (Example: a conference ends on Friday at 5:00 pm, they may stay overnight and depart Saturday.) In some cases, a Saturday night stay is required to receive discounted airfare. In this instance, the difference in the discounted airfare must be equal to or greater than the additional per diem hotel expenses for the additional overnight stay(s), and any other related travel cost (i.e. wages, etc.)

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 (e.g. baggage fees) that would offset the transportation savings, or
e. Offer accommodations not reasonably adequate for the traveler's medical needs.

2. First class or business class air travel will not be reimbursed unless there is a medical reason which must be documented by Human Resources and approved by a supervisor.

3. Memberships in airline flight clubs are not reimbursable.

4. Cost of flight insurance is not reimbursable.

5. Cost of upgrade certificates is not reimbursable.

6. The cost of baggage fees required by airlines to either check or carry-on luggage is allowable and reimbursable.

7. 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.).

8. 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., CAPK will not reimburse for the personal legs of a trip).

9. Frequent flyer miles will accrue to the traveler, not the Organization.

Temporary Dependent Care Costs

(2 CFR Part 200.474(c)) (45 CFR Part 75.474(c))

Temporary dependent care costs above and beyond regular dependent care that directly result from travel required by the Organization are allowable and reimbursable providing that:

1. The costs are a direct result of the individual's travel for the federal award;
2. The costs are consistent with the organization's documented travel policy for business travel; and
3. Are only temporary during the travel period.
4. Reimbursed costs will be for actual costs incurred; up to a maximum of $50 per day.
5. A receipt must be submitted within one week of the incurred expense and documentation must comply with CAPK's reimbursement policy.
6. Approval of temporary dependent care costs must be approved by a Division Director.

Spouse/Partner and Dependent Travel

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

CELL PHONES

Issuance of Organization-Owned Cell Phones

CAPK recognizes that certain job functions require an employee to be accessible when away from the office or during times outside scheduled working hours. For this reason, CAPK will provide cell phones or a cell phone stipend to select employees as a working condition fringe benefit. Supervisors of employees who travel frequently on Organization business may request an organization-owned cell phone for those employees by contacting the IT Department in the Operations Division. CAPK will include language in employment contracts, job descriptions, and personnel manuals documenting the business reasons for providing employees with cell phones or a cell phone stipend.

Organization cell phone holders will be required to sign a statement acknowledging that the cell phone will be used for legitimate organization-related business purposes and will not be used while driving. The cell phone holder also agrees to take reasonable precautions to protect the cell phone from loss or theft by storing it in a secure location. Upon approval, a cell phone will be issued bearing the names of both the individual and CAPK.

While organization-issued cell phones are intended for Organization-related business use, CAPK recognizes that occasional personal use may occur. CAPK employees should make every effort to keep personal use of organization-owned cell phones to a minimum. Because such employer-provided cell phones are considered to be a working condition fringe benefit, the CAPK employees' use of the cell phone for personal reasons may be treated as excludable from the employees' income as a de minimis fringe benefit. That is, the value of personal use of an organization-owned cell phone will not be taxable income to the employee.

Cell Phone Use

Employees of CAPK are prohibited from using an organization-owned cell phone or similar device, hands-on or hands-free, while driving, whether the business conducted is personal or organization-related. This prohibition includes receiving or placing calls, text messaging, accessing the Internet, receiving or responding to email, checking for or listening to voice messages, or any other uses.

Similarly, employees of CAPK are prohibited from using their personal cell phone or similar device for any purpose, hands-on or hands-free, while driving either an organization vehicle or a personal vehicle while on organization business.

Also see USE OF CELL PHONES WHILE DRIVING section of this manual.

Cell Phone Plans

The IT Department will negotiate a master cell phone contract with a single contractor. All organization-owned cell phones are to be acquired through the pre-approved contractor. Exceptions to this policy may be made due to cell phone area coverage. Employees issued an organization cell phone will estimate their usage needs and identify a plan that best accommodates those needs with the pre-approved contractor.

Cell phone plan terms will initially be set based on the employee's anticipated needs. The employee's supervisor will monitor usage and recommend adjustments to terms as needed to ensure that the employee is on the most efficient plan based on his or her needs. Initial cell phone plan terms and any subsequent changes in terms will be approved in advance by the IT Department.

Upon receiving the cell phone, the employee is required to sign a statement of receipt and acceptance of responsibility for organization cell phones.

CAPK requires the following review and approval procedures:

- Supervisors will review and sign the monthly statement for cell phone holders they supervise and forward it to the Finance Department.
- The Board chair or treasurer will approve cell phone statements for the Chief Executive Officer.
- Supervisor signatures indicate that the usage is approved and that the calls were made in accordance with CAPK policies.
- Any fraudulent or other unauthorized usage will be immediately pointed out to the Chief Financial Officer for further investigation with the cell phone provider.

Cell phone holders will report the loss or theft of an organization cell phone immediately by notifying the cell phone provider, 24 hours a day, seven days a week as well as the Chief Financial Officer.

Revocation of Organization Cell Phones

Failure to comply with any of these policies associated with the use of CAPK's cell phones will be subject to possible revocation of organization-issued cell phone privileges. The Chief Financial Officer, with the approval of the Chief Executive Officer, will determine whether cell phones are to be revoked.

Employee Cell Phones

Select employees of CAPK will be allow to use personal cell phones in connection with Organization- related business and be adequately compensated in the form of a taxable allowance or service per diem. It is the responsibility of the Division Director to determine the employee position that will require the use of a cell phone and at what service per diem rate. Not all employees will require having a cell phone with texting, e-mail, and data/internet. The service per diem will be included in the employee's paycheck on a monthly basis.

All employees approved to use their personal cell phones will be required to sign a statement to acknowledge their understanding of the cell phone policy. The statement will be kept in the employee's personnel file maintained by the Human Resources Division.

Mobile Reimbursement

In support of workplace mobility, CAPK employees who hold positions that include the need for a cell phone may receive a monthly mobile reimbursement of up to $75 per month for business-related costs incurred by the employee when out of the office (i.e. business-related activities) or occasionally outside standard work hours (i.e. after hours networking events).

The reimbursement is to support communications for business-related activities and assist with compliance of multi-factor authentication, when necessary during working hours. Reimbursement will cover only a portion of the expenses reasonably attributable to the employee's work for one personal mobile phone.

The stipend will be considered as a taxable fringe benefit and will be determined by the employee's job duties or classification. Reimbursement will be made during the employee's bi-weekly payroll.

Employees in these classifications will be eligible for up to $200 towards the purchase of a new phone every two years.

Use of Cell Phones While Driving

For the safety of our staff and the public, use of either CAPK issued or personal cell phones, including hands-free, while operating a motor vehicle on CAPK business is prohibited. Cell phones should be turned off, or not answered while driving. If a call needs to be answered, the employee should stop his or her vehicle in a safe location and park while using the cell phone.

Also see CELL PHONE use section of this manual.

Camera Phones

Use of camera phones, whether CAPK related or personal, must be in compliance with the CAPK's PRACTICE OF ETHICAL BEHAVIOR section of this manual and respectful of client and staff privacy rights. Photographs should not be taken contrary to a person's wishes, or where a client or personal confidentiality or privacy may be violated. Absolutely no lewd or obscene photographs may be taken or displayed at work. Violations may result in confiscation of the camera cell phone in addition to discipline.

Personal Cell Phones or Similar Devices at Work

Employees of CAPK are asked to minimize the use of personal cell phones in the workplace. In an emergency situation, employees may carry their personal cell phones in vibrate mode.

Carrying or use of personal cell phones on CAPK premises is a privilege for employees, who are expected to abide by this policy regarding cell phone use. Violations of this policy may result in revocation of the permission to carry a cell phone on CAPK premises in addition to discipline up to and including discharge depending on the violation.

DISBURSEMENT POLICIES

Each requisition, purchase order, invoice will be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Requisitions and purchase orders are reviewed and approved in accordance with the Organization's PROCUREMENT THRESHOLDS AND AUTHORIZATION LIMITS chart found elsewhere in this manual. Invoices are approved in accordance with the INVOICE APPROVAL section of this manual, prior to payment.

General Disbursement Policies

CAPK processes contractor checks and ACH payments and expense reimbursement checks and ACH payments on a weekly basis. Disbursements will be prepared by persons independent of those who initiate or approve expenditures, as well as those who are authorized to disburse funds (check signers).

All contractor and expense reimbursement payments will be processed in accordance with the following guidelines:

1. Expenditures must be supported in conformity with purchasing, accounts payable, and travel policies and procedures described elsewhere in this manual.
2. Timing of disbursements should generally be made to take advantage of all early-payment discounts.
3. Generally, all contractors will be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services and approval of the invoice for payment.
4. Total cash requirements associated with each disbursement cycle is monitored in conjunction with the available cash balance in bank prior to the release of any funds.
5. All supporting documentation is attached to the corresponding check or ACH payment prior to forwarding the entire package to an authorized bank account signer.
6. Checks will be utilized in numerical order and unused checks are stored in a locked safe in the finance department.
7. Checks will never be made payable to "bearer" or "cash."
8. Checks will never be signed prior to being prepared.
9. Upon the preparation of a disbursement, contractor invoices and other supporting documentation will immediately be canceled in order to prevent subsequent reuse.

Manual Check Signing

Checks of less than $4,999.99 require a single signature. Checks of greater than $5,000 or more require two signatures which can be internal and/or external signers. No check will be signed prior to the check being completed in its entirety (no signing of blank checks).

Checks will be signed by an individual other than the one who approved the transaction for payment.

Internal check signers are the Chief Executive Officer and Division Directors, except for the Chief Financial Officer and the Director of Head Start/State Child Development. External check signers are officers of the Board of Directors and one or two members of the Board.

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

Approval of producing a check must be authorized by the Chief Financial Officer or Chief Executive Officer. The Chief Financial Officer and Chief Executive Officer may authorize a designee to authorize the processing of checks as necessary.

Non-Manual or Electronic Check Signing

ACH payments are processed with CAPK's banking institution. Authorized files are submitted electronically by the Accounting Administrator or designee. An authorized bank account signer will review each disbursement run and supporting documentation, and initial and date the disbursement listing indicating approval.

Authorized signers should examine a listing of ACH disbursements schedule to be paid electronically prior to submission. Original supporting documentation should be reviewed to ensure that each item has been properly reviewed and approved prior to the approval of electronic payment. Electronic submission should not be approved if supporting documentation appears to be mission or there are any questions about a disbursement. The listing of scheduled disbursements should be signed and dated.

Electronic Funds Transfer/Automated Clearing House (ACH Payments)

Automated Clearing House (ACH), Generally refers to payments made via direct deposit and should be set up in the vendor master that denotes this payment method. Electronic Funds Transfer (EFT), The electronic exchange (transfer of money from one bank account to another), either within a single financial institution or across multiple institutions, through computer based. Wire transfer is an electronic transfer of funds from one bank account to another initiated directly with the payer's bank. A wire transfer of funds in payment of an obligation will only be used when the situation requires immediate good funds to settle a transaction. These transactions are to be approved by the CFO prior to initiation.

Roles and Responsibilities

Accounts Payable: will be responsible for ensuring that proper documentation, authorization, and accounting information are provided and accompany any EFT payment instructions.

Finance Department: Will be responsible for initiating the release of EFTs on behalf of CAPK. The Accounts Payable Supervisor, Director of Finance or the CFO will initiate and release EFT payments through the banking partner's electronic system. The Finance Department also has the responsibility to confirm EFT instructions with specific departments and individuals if there is any question as to the validity of the EFT request.

Procedures

To promote the safety of CAPK funds in the EFT environment, the following procedures will be adhered to all CAPK employees requesting payments via EFT and all CAPK employees involved in processing payments via EFT:

1. The procedure to initiate an EFT is subject to the same financial policies, procedures and controls that govern disbursement by any other payment mechanism.
2. EFT transactions will not be made without proper authorization of affected parties in accordance with federal and state statue and accepted business practices.
3. Authentication of new EFT requests and changes to existing EFTs required prior to the transaction being input into the computer-based banking system and includes the following steps:
    - Validate all new electronic payment instruction requests received even if the request is internal.
    - Contact the supplier or requester directly by phone to confirm any requests for payment method or payment instruction changes. Do not use the contact information provided on the request to change payment method or payment instructions; do use contact information known to be genuine such as the contact information in your master supplier fi le or information collected from the original contract. Have the contact confirm existing payment instructions on file prior to making changes to those instructions (i.e., current bank account and routing number provided in original instructions).
    - Verify the new information provided on the payment instructions provided with the known contact (i.e., contact bank to confirm correct account name, number, and routing information).
    - Document the verification process that was followed to validate payment instructions. The person responsible for entering/updating wire instructions and the person approving new/updated wire instructions must approve the record of verification. A record of the verification must be maintained in accordance with record retention policies.
        i. An Authorization form will be required for any changes to accounts. This form must be signed by an authorized office of the vendor's organization. A voided check or other bank documentation with the routing and the bank account information is also required for any account additions or changes.
4. When wire payments are approved, they will be set up as a template in the computer-based banking system and cannot be altered by those assigned to use it. The set-up and modifications to these templates will require two authorized CAPK signatories.
5. When ACH payments are approved, they will be set up in the vendor master database in the financial accounting system by individuals authorized to perform vendor maintenance.
6. Pre Authorization function will never be disabled without explicit approval from the Director of Finance or the Chief Finance Officer.
7. Bank balances will be monitored daily for unusual or unexpected transactions.
8. Reconciliation of banking activity to the general ledger will be accomplished in a timely manner with investigation and resolution of reconciling items.

Use of Positive Pay System

CAPK utilizes a "Positive Pay" system with its financial institution for all checks drawn on the operating account. With this system, the Accounting Administrator or designee electronically communicates to the financial institution a list of check numbers, amounts, and payees in connection with each check run. The financial institution will then notify the Chief Financial Officer if any check is presented for payment that does not match the three characteristics for valid checks.

The Chief Financial Officer or his or her designee will be the only person authorized to communicate approval or denial of checks to the bank that have been flagged by the bank's positive pay system.

Mailing of Checks

After checks are signed, they are returned to Accounts Payable. The Accounts Payable staff attaches the appropriate documentation and immediately mails the checks. Checks will not be mailed by, or returned to, the individuals or departments that authorized the 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 will be retained to aid in preparation of bank reconciliations.

Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed by electronic instruction to the bank by the Finance Department. A journal entry is made to record the stop payment and any related bank fees.

Recordkeeping Associated with Independent Contractors

CAPK will 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 will be maintained of all contractors to whom a Form 1099 is required to be issued at year-end.

No payment will be issued to a contractor until a properly completed Form W-9 is received and on file in the Finance Department.

Control Grid – Purchasing and Disbursements

CAPK strives to maintain adequate segregation of duties in its purchasing and disbursement functions.

A. Procurement Staff

B. Programs Staff

C. Program Manager/Division Director

D. Chief Financial Officer

E. Finance Administrator/Accountant

F. Accounting Administrator

G. Accounts Payable Technician

H. Chief Executive Officer/Division Director/Board of Directors

I. Accounting Clerk

Duty	A	B	C	D	E	F	G	H	I
Inputs data into vendor master file						X			
Obtains Form W-9 from new contractors	X								
Initiatives purchases/requisitions		X							
Authorizes purchases			X						
Prepares purchase order	X								
Prepares request for proposal	X		X						
Administers collection of proposals	X		X						
Evaluates proposals	X		X						
Selects contractor			X						
Receives contractor invoice							X		
Approves 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			
Processes ACH payments						X			
Processes positive payment communication to bank						X			
Reviews checks and ACH distribution listing						X			
Signs checks and ACH distribution listing								X	
Mails checks									X
Maintains custody of unused checks						X			
Reconciles A/P to general ledger							X		
Performs bank reconciliation					X				
Reviews cancelled checks					X				
Monitors any fraud activity with positive pay					X				
Monitors ACH pre-note issues					X				
Reviews bank reconciliations				X					

CREDIT CARDS/PURCHASING CARDS

Organization-Issued Credit Cards or Purchasing Cards

CAPK recognizes that there will be occasions when it is necessary for authorized employees to use a corporate credit card for travel purposes, on-line purchasing, and for unforeseen circumstances. Therefore, the Organization will make available to senior executive management staff corporate credit cards.

Cardholders will be required to sign a statement acknowledging the following:

- The card shall be used exclusively for legitimate Organization-related business purposes.
- The cardholder will avoid splitting purchase or service costs over multiple transactions to circumvent the single transaction limit.
- The cardholder agrees to take reasonable precautions to protect the card from loss or theft by storing it in a secure location and understands the actions to take in case of theft or loss.
- The cardholder will follow all required procurement policies and procedures.
- The cardholder understands and agrees to disciplinary procedures for misuse of the card.

On a monthly basis, corporate credit card usage will be reported to the Board of Directors by the Chief Financial Officer. The Board of Directors will be provided a monthly summary of the total spent per corporate credit card and copies of the monthly credit card statements.

Cash advances on any organization-issued credit card, charge account, or other financing arrangement is not allowed.

Also see CREDIT CARDS subsection of the FINANCING ARRANGEMENTS section of this manual.

Card User Responsibilities

Card users are reminded that use of credit card does not relieve the user from following all of the Organization's procurement policies and procedures. A credit card is a payment method, not a procurement procedure.

Upon issuance, card users will be required to sign a statement acknowledging the following:

- The card will be used exclusively for legitimate organization-related business purposes
- The card user will avoid splitting purchase or service costs over multiple transactions to circumvent the single transaction limit (see PROCUREMENT THRESHOLDS AND AUTHORIZATIONS LIMITS section of this manual)
- The card user agrees to take reasonable precautions to protect the card from loss or theft by storing it in a secure location, and understands the actions to take in case of theft or loss
- The card user will follow all required procurement policies and procedures
- The card user understands and agrees to disciplinary procedures for misuse of the card

Card users will turn in receipts with appropriate account coding to the Finance Department after each transaction on a weekly basis. If the Finance Department is missing a receipt when the monthly

statement is reconciled, the Accounting Technician will confer with the card user to determine who used the card and follow up with that employee to get the receipt.

Any fraudulent or other unauthorized charges will immediately be brought to the attention of the Chief Financial Officer for further investigation with the card provider.

Personal use of organization-issued 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 Employee Handbook.

Card users will report the loss or theft of an organization-issued credit card immediately by notifying the credit card company 24 hours a day, seven days a week as well as the Chief Financial Officer.

Revocation of Organization Credit Cards or Purchasing Cards

Failure to comply with any of these policies associated with the use of CAPK's issued credit cards or purchasing cards will be subject to possible revocation of card privileges. The Chief Financial Officer, with the approval of the Chief Executive Officer, will 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 will reimburse employees and officers for properly supported and documented business expenditures charged to personal credit cards upon proper completion of an expense report. The properly completed expense reports will be processed in accordance with the EMPLOYEE EXPENSE REPORT section of this manual. Travel advances may be requested in special circumstances (e.g., situations in which legitimate business expenses are expected to exceed an employee's credit card limit or other special cases). (See the earlier policy on TRAVEL expense report preparation procedures.)

PAYROLL AND RELATED POLICIES

Compensation – Personal Services

(2 CFR Part 200.430) (45 CFR Part 75.430)

Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under an award, including but not necessarily limited to wages and salaries is considered an allowable cost to the award to the extent that it satisfies the following requirements:

- The compensation is reasonable for services rendered;
- The compensation complies with laws, regulations, and other written policies of CAPK (see CAPK's Human Resources policies and procedures and/or Employee Policy Manual);
- The compensation is properly documented and supported as stated in the STANDARDS OF DOCUMENTATION OF PERSONNEL EXPENSES section of this manual.

Costs which are unallowable under 2 CFR Part 200 (45 CFR Part 75), are also unallowable solely on the basis that the cost constitutes personnel compensation.

CAPK will comply with administrative compensation limits stated in the statutes and regulations of its funding sources.

If CAPK must implement a Disaster Plan as a result of local, state or national emergencies or directives, resulting in the displacement of CAPK employees or when CAPK is deemed to be an essential business, CAPK may implement temporary incentive or premium pay adjustments for its essential worker. Aggregate adjustment up to $1,000 must be approve by the Chief Executive Officer per employee, per emergency or directive amounts. Aggregate adjustments exceeding $1,000 per employee, per emergency or directive must be approved by the Board of Directors.

Compensation – Fringe Benefits

(2 CFR Part 200.431) (45 CFR Part 75.431)

Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans. The costs of fringe benefits are allowable to federal grants provided the benefits are reasonable and are required by law, employer-employee agreement, or an established policy of CAPK.

See CAPK's Human Resources policies and procedures and/or Employee Policy Manual for the established written policies of these fringe benefits.

Costs which are unallowable under 2 CFR Part 200 (45 CFR Part 75), is also unallowable solely on the basis that the cost constitutes a fringe benefit.

Classification of Workers as Independent Contractors or Employees

CAPK considers all relevant facts and circumstances regarding the relationship between the Organization and the individual in making determinations about the classification of workers as independent contractors or employees. This determination is based on the degree of control and independence associated with the relationship between CAPK and the individual. Facts that provide evidence of the degree of control and independence fall into three categories:

1. Behavioral control
2. Financial control
3. The type of relationship of the parties

The Organization's Chief Financial Officer in consultation with the Director of Human Resources will make the final determination.

Wage Comparability Study

CAPK will perform wage comparability studies every three years to ensure the salary and wage structure is similar to other organizations of like size and employee base in our area. Please see the Organization's Human Resources policy manual for details.

Review and Approval of Senior Management Compensation

In connection with the salaries and benefits of senior management (to include the Chief Executive Officer and Chief Financial Officer), a triennial study will involve a salary and benefits survey conducted by an independent organization. The analysis of senior management salaries and benefits will be conducted under the direction of the Executive Committee of the Board of Directors. If an appropriate survey cannot be located, the Executive Committee will consider utilizing a salary and benefits consulting specialist firm or conducting its own customized comparison with similar organizations.

Although the formal comparison with external data will be performed once every three years, the Executive Committee will document its consideration and authorization of the salaries and benefits of senior management on an annual basis, prior to the beginning of each fiscal year.

Payroll Administration

CAPK operates on a biweekly payroll. A personnel file is established and maintained for all employees with current documentation, as described throughout this section and more fully described in CAPK's Employee Handbook.

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

1. CAPK Employment Application (and resume, if applicable)
2. Applicant references (work and personal)
3. Form W-4 Employee Federal Withholding Certificate
4. Starting date and scheduled hours

5. Job title and starting salary
6. Authorization for direct deposit of paycheck, along with a voided check or deposit slip
7. Job description

For employees without a current, valid driver's license or Social Security card, acceptable alternative documents include the unexpired acceptable documents allowable by the U.S. Citizenship and Immigration Services as listed on the Form I-9 in effect at the date of hire (https://www.uscis.gov/i-9).

Each employee personnel file will 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 personnel file must also include a pre-employment background check.

Changes in Payroll Data

All of the following changes in payroll data must be authorized in writing or electronic election:

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 will be authorized in writing by the appropriate Department Director, the Director of Human Resources, and the Chief Executive Officer, as required by Organization policy as documented in the Employee Handbook.

Voluntary payroll deductions and changes in income tax withholding status will be authorized in writing or through electronic election by the individual employee.

Documentation of all changes in payroll data will be maintained in each employee's personnel file and/or online payroll file.

Payroll Taxes

The Finance Department is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid. The Finance Department may utilize the services of an outside payroll service center for the processing of payroll taxes, as determined by the Chief Financial Officer and approved by the Board of Directors.

CAPK will request an updated Form W-4 and from each employee in January of each year. If there are no changes from the prior year, employees are not required to provide a new W-4. Withholding of federal income taxes will be based on the most current Form W-4 prepared by each employee.

Standards of Documentation for Personnel Expenses

CAPK follows the requirements in 2 CFR Part 200.430(i) (45 CFR Part 45.30(i)), Standards for Documentation of Personnel Expenses, as well as requirements in specific grants to document personnel expenses.

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records will:

1. Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

2. Be incorporated into the official records of the Organization;

3. Reasonably reflect the total activity for which the employee is compensated;

4. Encompass both federally assisted and all other activities compensated by the Organization on an integrated basis;

5. Comply with the established accounting and financial policies and practices of the Organization; and

6. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal and/or non-federal award or more than one cost activity/objective.

7. Budget estimates may be used for interim accounting purposes provided the estimates produce reasonable approximations of the activity actually performed, significant changes in work activity is identified and entered into the records in a timely manner, and an after-the-fact review is completed to make all necessary adjustments to the final amount charged to the federal award to help ensure charges are accurate, allowable, and properly allocated.

Preparation of Time Records

Each CAPK employee must submit to the Finance Department an electronically approved timesheet no later than 10:00 a.m. on the first business day following the close of each pay period. Timesheets will be prepared in accordance with the following guidelines and the STANDARDS OF DOCUMENTATION FOR PERSONNEL EXPENSES section of this manual:

1. Each timesheet will reflect all hours worked during the pay period (time actually spent on the job performing assigned duties), whether compensated or not. CAPK records minute to minute pay for timekeeping purposes.
2. Timesheets will be prepared electronically using an electronic timekeeping system.
3. Employees will identify and record hours worked based on the nature of the work performed.
4. Compensated absences (vacation, holiday, sick leave, etc.) should be clearly identified as such.
5. Timesheets will be electronically approved by the employee prior to submission.

After preparation, Division Directors or their designees will approve timesheets prior to submission to the Finance Department. Corrections identified by an employee's supervisor or Division Director be reflected in an updated electronic time record visible to the employee.

An employee who is on leave, traveling, or is ill on the day that timesheets are due may telephone, email timesheet information, or login remotely his/her timesheet information (actual time worked and the appropriate classifications) to his or her supervisor (or designated alternate). The employee must electronically approve time submitted in this manner immediately upon his or her return to the office. Timesheets submitted via phone or email will bear the notation, "Time reported by telephone or email by (employee) to (supervisor or designated alternate)." The timesheet will be approved by the supervisor or the designated alternate.

Processing of Timesheets

The Payroll Specialist will process the timesheets by checking them for adherence to attendance and established policies and procedure, then submitting payroll to the payroll service center.

The Payroll Specialist may not change or correct timesheets unless approved by the employee's supervisor.

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. Such matters will be referred to Human Resources for investigation.

Review of Payroll

Upon or return of payroll reports and checks from the payroll service center, the Payroll/HRIS Manager reviews payroll prior to its distribution to employees.

Distribution of Payroll

Paychecks (or remittance advices for electronic deposits) will be distributed by individuals who do not approve timesheets, are not responsible for hiring and firing, and do not control the preparation of payroll.

Control Grid – Payroll and Human Resources

CAPK 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. Chief Executive Officer

B. Director of Human Resources or designee

C. HR Generalist/Recruiting Supervisor

D. Payroll/HRIS Manager

E. Payroll Specialist

F. Supervisor

G. Payroll Service Center

Duty	A	B	C	D	E	F	G
Authorizes new hires	X	X					
Authorizes salary adjustments	X						
Authorizes terminations	X	X					
Sets up new employee in P/R system			X				
Enters salary adjustments to P/R system			X				
Reviews direct deposit info. in P/R system submitted by employee					X		
Deletes terminated employees from P/R					X		
Reviews changes to payroll master file				X			
Approves timesheets						X	
Reviews input of timesheet data				X	X		
Reviews distribution of time				X	X		
Reviews payroll register				X	X		
Distributes paper checks		X					
Reviews annual W-2 forms				X			
Distributes annual W-2 forms				X			X

Cost of Living Adjustments (COLA)

COLAs are generally awarded through a grant amendment. Once approved by the funding source, wages will be adjusted based on funder instructions. To be eligible for a COLA, an employee must be currently employed by CAPK at the time the grant amendment is approved. A COLA will not allow an employee to be paid past the maximum established compensation for her or his salary range. When a wage study reveals employees are already at or above comparable market wages, COLA funds may be used for higher operational costs as allowed by the funding source.

Internal Audit of Payroll Data

CAPK will conduct an annual internal audit of certain payroll data. This internal audit will be performed by the Organization's Chief Financial Officer. The purpose of this internal audit is to determine the integrity of the Organization's payroll records. The internal audit will 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.

Any unexplained deviations found as a result of these internal audit procedures will be reported to the chair of the Audit and Pension Committee.

POLICIES PERTAINING TO SPECIFIC ASSET ACCOUNTS

CASH AND CASH MANAGEMENT

Cash and Cash Equivalents

CAPK considers all short-term highly liquid investments with an original maturity care of three (3) months or less to be cash equivalents.

Cash Accounts

General Checking Account (operating account):
The primary operating account provides for routine business check disbursements. All cash except for credit card deposits are made to this account.

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

For payroll disbursements, transfers out of the operating account are made by the payroll service center as per agreement authorized by CAPK.

In addition, all advances of federal funds shall be deposited in an interest-bearing account and interest earned in excess of $500 shall be returned to the awarding agency. Interest earned on such funds will be allocated to federal awards based on the percentage of funds received during the month for each award.

Savings Account
The Organization also maintains an interest-bearing savings account. All credit card deposits are made to a designated savings account. In addition, savings accounts are maintained for Head Start vacation accruals, Energy advances on grants, and California Department of Education reserve funds.

Authorized Signers

The following CAPK personnel are authorized to sign checks drawn on and approve disbursements from the general operating and payroll accounts, as authorized by the Board of Directors:

1. Board of Directors Chair
2. Board of Directors Vice Chair
3. Board of Directors Treasurer
4. Board of Directors Secretary
5. Chief Executive Officer
6. Chief Program Officer
7. Chief of Business Development Officer
8. Chief Facilities and Technology Officer

Chief Financial Officer will promptly notify the Organization's financial institutions of changes in authorized signers upon the departure of any authorized signer and any changes authorized by the Board of Directors. Refer to CHECK SIGNING for procedures. The Chief Financial Officer will only

have authority to transfer funds between accounts and will not have authority to approve disbursements.

Digital Signatures

CAPK accepts digital signatures for individuals as an allowable alternative to manual or “wet” signatures, except where otherwise stated in this manual. Authorized signers or approvers are responsible for the security and protection of their passwords and must sign documents and correspondence using software approved by the Organization.

Bank Reconciliations

Bank account statements are received electronically each month using the financial institution’s electronic system. The Chief Financial Officer, Director of Finance, Accounting Administrator, and an Accountant are authorized to access the electronic system.

The Accountant prepares the reconciliation between the bank balance and general ledger balance. The bank reconciliation process will be completed within one week of receipt of each bank statement. The Accounting Administrator is responsible for reviewing the bank reconciliation.

The reconciliation process shall involve a view of electronic copies of cancelled checks provided by the financial institution via Internet access to the Institution’s website. The purpose of this review is to identify signs of forgery, altered or substitute checks, unusual endorsements, or other signs of fraudulent activity.

All bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations, are reviewed and approved by the Chief Financial Officer on a monthly basis.

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

Cash Flow Management

The Finance Administrator and Director of Finance monitor cash flow needs on a weekly basis to minimize the time elapsing between the receipt and disbursement of funds and to ensure that payment obligations can be met. Cash transfers between accounts are performed on an as-needed basis.

CAPK adheres to the requirements of its grants which 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.

Unpresented Checks

Unrepresented checks include checks that are outstanding, written-off, stale-dated, or returned by the post office. Unrepresented checks will be categorized by CAPK into two categories: payroll checks and general checks.

CAPK will comply with the California laws regarding unclaimed property. Accordingly, the Organization will filed all appropriate forms and remit unclaimed property to the appropriate jurisdiction for all uncashed checks subject to a state reporting and transfer requirement.

The Finance Department will attempt to contact the payee and re-issue unpresented checks older than three-(3) months; this attempt and re-issuance will be documented. Checks that remain unpresented, or uncashed, after six-(6) months will be recorded in a separate liability account named, "Unclaimed Property". The Finance Department will maintain a listing of the checks in the Unclaimed Property liability account by:

- Payee
- Amount
- Original issue date
- Original check number
- Re-issued date (not by date reclassified to the Unclaimed Property liability account)
- Re-issued check number

Petty Cash

CAPK will provide imprest funds for valid, minor office expenditures (not for travel or employee advances) and will reconcile and replenish these funds up to its authorized balance of $200 on a monthly basis to ensure timely reporting of expenses in the proper period of performance. The Petty Cash Custodian is responsible for ensuring that the petty cash fund is locked at all times.

All disbursements from the petty cash fund must be accompanied by a completed and approved petty cash voucher. Receipts are required for all disbursements from petty cash.

The Petty Cash Custodian will prepare a reconciliation of the petty cash account on a periodic basis. Petty cash reconciliations are subject to review by the Accounting Administrator, who may also perform periodic surprise cash counts and reconciliations.

Wire Transfers

The Chief Financial Officer and Director of Finance will be the only CAPK employees authorized to initiate wire transfers from CAPK bank accounts. To prevent anyone other than the Chief Financial Officer and the Director of Finance from initiating wire transfers, a system will be employed that requires the use of pass codes and the calculation of a test-key for each wire transfer. Pass codes, issued only to the initiators and authorized signers are assigned by the bank and are changed periodically.

Confirmations of all wire transfers are delivered to the Accounting Administrator.

All wire transfers are approved by the Chief Executive Officer and Board of Directors.

Cash Management

CAPK will maintain financial assets, consisting of cash and short-term investments, to meet 60 days of normal operating expenses. Short-term investments to help manage the Organization's unanticipated liquidity needs include:

- Cash and cash equivalents
- Accounts and interest receivable
- Contributions receivable
- Grants receivable
- Short-term investments
- Other investments appropriated for current use
- Quasi-endowment fund earnings

Cash in excess of daily requirements is invested according to the approved Investment Policy (see INVESTMENTS and CASH ACCOUNTS section of this manual.)

Also see CASH DRAWDOWNS OF ADVANCES OF FEDERAL FUNDS section of this manual.

Interest Earnings

Any advances of federal funds will be maintained in an interest-bearing account (see CASH ACCOUNTS and CASH MANAGEMENT sections of this manual). Interest earned on such funds, up to $500 per year, will be retained for administrative expense. Any additional interest earned on federal funds will be returned to the federal agency through the Federal Payment Management System (PMS).

INVENTORY OF MATERIALS

Description of Inventory

CAPK maintains an inventory of materials used for home weatherization repairs and food distributed to low-income participants.

Accounting for Inventory

CAPK accounts for purchased inventory items using first-in, first-out (FIFO) method. Unit cost will be computed by adding freight, insurance, and other shipping costs to the actual cost of purchased inventory, dividing this total amount by the number of units purchased.

Physical Counts

A physical count of inventory will be performed on a monthly basis or at the end of a grant's period of performance 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 will be excluded from the counts. A detailed record of the physical count will be kept by the individuals involved in taking the inventory.

At the conclusion of the physical count, the inventory count sheets will be extended by applying the most recent unit costs to the physical quantities of each item on hand. The general ledger balance will be adjusted to reflect the total inventory on hand as determined by the physical count. Unusual discrepancies such as lost or damaged inventory will be investigated by the Chief Financial Officer.

Contributed Inventory

Inventory items donated to CAPK will be recorded as assets of the Organization at the fair market value as of the date of the contribution. Contributed inventory items will be subject to the same physical counting and other policies as purchased inventory items. Also see VALUATION OF NONCASH (IN-KIND) CONTRIBUTIONS and GIFT ACCEPTANCE sections of this manual.

PREPAID EXPENSES

Accounting Treatment

CAPK treats payments of expenses that have a time-sensitive future benefit as prepaid expenses and amortizes these items over the corresponding time period. For purposes of this policy, payments of less than $1,000 will 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 will be classified as current assets. Prepaid expenses that benefit future periods beyond one year from the financial statement date will be classified as noncurrent assets.

Procedures

As part of the account coding process performed during the processing of accounts payable, all incoming contractor invoices will be reviewed for the existence of time-sensitive future benefits. If future benefits are identified, the payment will be coded to a prepaid expense account code.

The Finance Department will maintain a schedule of all prepaid expenses. The schedule will indicate the amount and date paid, the period covered by the prepayment, the purpose of the prepayment, and the monthly amortization. This schedule will be reconciled to the general ledger balance as part of the monthly closeout process.

INVESTMENT POLICIES

Overview of Investments

CAPK treats all assets of the Organization, including those funds that are legally without donor-imposed restrictions, as though they are held in a fiduciary capacity for the purpose of accomplishing the Organization's tax-exempt mission. Hence, the policies described in this section are to be interpreted in light of that overall sense of stewardship, and the investment standards will be those of a prudent investor.

Funds to be invested do not include those from federal awards. Such funds will be spent on program requirements as budgeted or returned to the awarding agency. Any advances of federal funds will be maintained in an interest-bearing account (see CASH ACCOUNTS and CASH MANAGEMENT sections elsewhere in this manual). Interest earned on such funds, up to $500 per year, will be allocated to federal grants based on a percentage of funds received during the month, and any additional interest will be returned to the awarding agency.

CAPK does not have excess corporate funds for investment purposes.

CAPITAL ASSETS

Capitalization Policy

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

If an awarding agency requires a lower amount for equipment, CAPK 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 elsewhere in this section.

Capitalized assets will be reported as expensed for grants if they were so budgeted in the grant application. However, for the Organization's financial statements, these assets will be capitalized and depreciated according to these policies.

Contributed Assets

Assets with fair market values in excess of $5,000 (per unit) that are contributed to CAPK will be capitalized as assets on the financial statements. Contributed items with market values below this threshold will 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, are subject to depreciation over their estimated useful lives, as described elsewhere in this section.

See GIFT ACCEPTANCE and VALUATION OF NONCASH (IN-KIND CONTRIBUTIONS sections of this manual.

Release of Donor Restriction

Donor-imposed restrictions on contributed assets will be released when the asset is placed into service, unless otherwise stipulated by the donor.

Also see NET ASSET section of this manual.

Equipment Purchased with Federal Funds

(2 CFR Part 200.313) (45 CFR Part 75.320)
(2 CFR Part 200.439(b)(2)) (45 CFR Part 75.439(b)(2))

CAPK may occasionally purchase equipment that will be used exclusively in a program funded by a federal agency. For purposes of federal award accounting and administration, equipment will include all assets with a unit cost equal to the lesser of $5,000 or the capitalization threshold utilized by CAPK, described in this section.

All purchases of equipment and other capital assets with federal funds will be approved, in advance and in writing, by the awarding agency. In addition, the following policies will apply regarding equipment purchased and charged to federal awards:

1. Adequate insurance coverage will be maintained with respect to equipment charged to federal awards. See INSURANCE section of this manual.

2. When no longer needed for the original project or program for which it was purchased:

    - Equipment with a per unit fair market value below $5,000, may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency.

    - CAPK will obtain disposition instructions from the awarding agency for equipment with a per unit fair market value is $5,000 or more. These instructions may involve include returning the equipment to the federal agency, keeping the equipment and compensating the federal agency, or selling the equipment and remitting the proceeds, less $500 or 10% of the proceeds, whichever is less, to the federal agency. *(2 CFR Part 200.313(e)(2)) (45 CFR Part 75.320 (e)(2)).*

3. The Program Manager will determine whether a specific award with a federal agency includes additional equipment requirements or thresholds and requirements that differ from those described in this section.

4. A physical inventory of all equipment purchased with federal funds shall be performed bi-annually by an employee who is not responsible for ordering or approving the purchase of these assets. The results of the physical inventory shall be reconciled to the accounting records of and federal reports filed by CAPK.

Establishment and Maintenance of a Capital Asset Listing

All capitalized property and equipment will be recorded in a property log. This log will include the following information with respect to each asset: *(2 CFR Part 200.313(d)(1)) (45 CFR Part 75.320(d)(1))*

1. Date of acquisition
2. Cost
3. Description (including color, model, and serial number or other identification number)
4. Source of the funds used to purchase the equipment, including the award number, if applicable
5. Whether the title vests in the Organization or the grant awarding agency and the percentage of awarding agencies interest in the acquired property
6. Information to calculate the federal share of the cost of the equipment, if applicable
7. Location, use, and condition of asset
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 on a bi-annual basis by CAPK. This physical inventory shall be reconciled to the property log and adjustments made

as necessary. All adjustments resulting from this reconciliation will be approved by the Chief Financial Officer.

Receipt of Newly Purchased Equipment

At the time of arrival, all newly purchased equipment will be examined for obvious physical damage. If an asset appears damaged or is not in working order, it will be returned to the contractor immediately.

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

Also see RECEIPT AND ACCEPTANCE OF GOODS section of this manual.

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. For example, an asset purchased on the 15th day of the 5th month will have eight-(8) full months of depreciation (8/12 of one year) recorded for that year.

Estimated useful lives of capitalized assets will be determined by the Finance Department. The following is a list of the estimated useful lives of each category of capital asset for depreciation purposes:

Furniture and fixtures	3-5 years
General office equipment	3-5 years
Vehicles	3 years
Computer hardware and peripherals (which exceed the capitalization threshold)	3-5 years
Computer software	3-5 years
Leased assets	Shorter of remaining lease term or Estimated useful life of leased asset
Leasehold improvements	Shorter of remaining lease term or Estimated useful life of leasehold improvement
Buildings	10-35 years
Renovations	10-35 years

For accounting and interim financial reporting purposes, depreciation expense will be recorded on a monthly basis.

Changes in Estimated Useful Lives

If it becomes apparent that the useful life of a particular capitalized asset will be less than the life originally established, an adjustment to the estimated useful life will be made. All such changes in estimated useful lives of capitalized assets must be approved by the Chief Financial Officer.

When a change in estimated useful life is made, the new life is used for purposes of calculating annual depreciation expense. In the year in which the change in estimate is made, the cumulative effect of the change will be reflected as depreciation expense in the Organization's statement of activities.

For example, if in the 4th year of an asset's life, it is determined that the asset will last five-(5) years instead of the original estimate of seven-(7) years, depreciation expense for that year will be equal to the difference between 4/5 of the asset's basis (accumulated depreciation at the end of year four-(4)) and 3/7 of the asset's basis (accumulated depreciation at the beginning of the year).

Repairs of Capital Assets

Expenditures to repair capitalized assets will 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 will 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 will 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 will also be depreciated over its new, extended useful life.

Dispositions of Capital Assets

Management will determine property and equipment needs. When property and equipment is no longer needed, CAPK will determine how to dispose of the asset based on how equipment was acquired and funded. When required, the Organization will obtain disposal instructions from the funder, in accordance with funding regulations.

If equipment is sold, scrapped, or stolen, adjustment will be made to the capital asset listing and property log. If money is received for the asset, then the difference between the amount 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).

Also see EQUIPMENT PURCHASED WITH FEDERAL FUNDS section of this manual.

Write-Offs of Property and Equipment

The Chief Facility and Technology Officer and Chief Financial Officer approve the disposal of all capitalized assets that may be worn-out or obsolete. Property that is discovered to be missing or stolen will be reported immediately to the Chief Facility and Technology Officer and Chief Financial Officer. If not located, this property will be written off the books with the proper notation specifying the reason.

Capital Asset Accounting System

The general capital asset and infrastructure capital asset records will be maintained in CAPK's capital asset module within Sage Inacct. Capital asset records will be updated at least annually for additions, deletions and adjustments.

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:

- Contribution from a donor
- Purchase from an outside party that holds title to an intangible asset
- Internally developing an intangible asset through utilization of the Organization's employees, volunteers, and vendors/contractors (e.g., an employee writes a document on behalf of the Organization)

Accounting for Intangible Assets

Intangible assets acquired through contribution from donors will be accounted for as assets measured at fair value at the date of the gift. (See FAIR VALUE ACCOUNTING and GIFT ACCEPTANCE sections elsewhere in this manual.)

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

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

- The intangible asset is not specifically identifiable.
- The asset has an indeterminate life.
- The asset is inherent in the Organization and related to the Organization taken as a whole, for example, an organization logo.

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

Amortization

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

- Assets with finite and precise useful lives (such as a license agreement with a fixed term)
    - Intangible assets with finite and precise useful lives will be amortized over their useful lives, using the straight-line method of amortization.

- Assets with finite, but imprecise, useful lives

- Intangible assets with finite, but imprecise, useful lives, the Organization will 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 will evaluate the useful life on an annual basis to determine whether an adjustment of the useful life is appropriate.

- Assets with indefinite useful lives

For intangible assets with indefinite useful lives, the cost of the asset will remain on the accounting records 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. Also see ASSET IMPAIRMENTS section.

In addition, intangible assets with indefinite useful lives will 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 life has become an asset with a finite and estimable useful life, the Organization will 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

Policy

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 will 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 will 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 will 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 will 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 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” will be defined as it is in FASB Accounting Standards Codification 820, Fair Value Measurement, as 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 will 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 $1,000 will be reviewed and approved by the Chief Financial Officer.

Disclosures

CAPK will comply with the disclosure requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurement, in that it will disclose information in the footnotes to the financial statements that enable readers of the financial statements to assess the inputs and valuation techniques used to develop all material fair value measurements associated with assets and liabilities of the Organization.

In accordance with FASB ASC 820, the level of inputs (Level 1, Level 2, Level 3) are defined as follows:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. (Example: price for purchase of comparable asset.)
- **Level 3** – Unobservable inputs for the asset or liability. (Example: value based on internal data.)

For any asset impairment losses recorded as a result of the policy described earlier, the Organization will 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 Finance Department will 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 will be accrued by CAPK at the end of an accounting period are:

- Salaries and wages
- Payroll taxes
- Paid leave (see policy below)
- Rent
- Interest on notes payable
- Retirement
- Voluntary life insurance

In addition, CAPK will 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 will be made monthly.

Accrued Salaries and Wages

An estimate for salaries and wages earned by employees for work performed, but unpaid as of the end of a reporting period, will be calculated, accrued, and reported as an accrued expense and accrued liability in the financial records. An accrual entry for employer-related payroll expenses associated with the accrual for salaries and wages will also be calculated and entered. This transaction will be reversed as of the first date of the next reporting period to allow for the recording of the paid salaries and wages and employer-related payroll expenses.

Accrued Leave

Personnel policies permit employees to carry forward up to two times their vacation accrual of unused leave from year to year. Such unused leave is payable to an employee upon termination of employment.

Accordingly, CAPK records a liability for accrued leave to which employees are entitled. The total liability at the end of an accounting period will equal the total earned but unused hours of leave, up to a maximum of 360, multiplied by each employee's current hourly pay rate.

Funds that are drawn down for accrued leave that is expensed to a grant will be set aside in a trust account or separately tracked and deposited in the Organization's savings account as a funded liability (2 CFR 200.431(b) (45 CFR 75.431(b)). Also see CASH ACCOUNTS section of this manual.

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, will not be accrued as a liability.

FINANCING ARRANGEMENTS

General Policy

CAPK requires that all financing arrangements be approved by the Board of Directors and signed by the Board Chairperson and the Chief Executive Officer. The parameters of each financing arrangement will be provided to the Board of Directors prior to approval. The Organization's policies in this section apply to all term notes, lines of credit, credit cards, charge accounts, and other financing arrangements.

Also see LEASES and CREDIT CARDS sections of this manual.

Credit Cards and Charge Accounts

CAPK may utilize organization-issued credit cards and contractor charge accounts to pay small allowable Organization business expenses and small dollar operating costs. Credit cards and charge accounts will not be used to finance long-term purchases or expenses.

Outstanding credit balances will be reported in the financial statements at the end of each month to properly report the Organization's liabilities. Payment of current operating expenses and outstanding current liabilities will be prioritized to minimize financing cost.

The paper copy of the account statement will be presented to the Budget and Finance Committee as part of a regular monthly report.

Also see CREDIT CARDS/ PURCHASING CARDS/ CHARGE ACCOUNTS section of this manual.

Operating Line of Credit

CAPK may utilize an operating line of credit with a financial institution to meet its current operating expenses and will not be used to finance long-term purchases or expenses. The Chief Executive Officer, Chief Financial Officer, and designated Board member is authorized to draw funds on the line of credit as necessary.

Outstanding line of credit balances will be reported in the financial statements at the end of each month to properly report the Organization's liabilities. Payment of current operating expenses and outstanding current liabilities will be prioritized to minimize financing cost.

Term Loans

CAPK may utilize term loans (note payable, mortgage payable) to finance long-term purchases to be repaid in predictable installment amounts for an established period of time.

Outstanding term loan balances will be reported in the financial statements at the end of each month to properly report the Organization's liabilities. Payment of outstanding term loans will be made in accordance with agreed payment terms using unrestricted funds. CAPK will make effort to pay down term loan balances to minimize financing costs.

Recordkeeping

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

1. Name and address of lender/creditor
2. Date of agreement or renewal/extension; date account opened
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 will be maintained for each financing arrangement. Based upon the amortization schedule, the principal portion of payments due within the next year will be classified as a current liability in the statement of financial position. The principal portion of payments due beyond one year will be classified as a long-term/noncurrent liability in the statement of financial position.

Demand notes and any other notes without established repayment dates will always be classified as current liabilities.

Unpaid interest expense will be accrued as a liability at the end of each fiscal year.

A detailed record of all principal and interest payments made over the entire term will be maintained with respect to each financing arrangement. The amounts reflected as current and long-term notes payable per the general ledger will be reconciled to these payment schedules and the amortization schedules, if any, provided by the lender annually. All differences will be investigated.

Non-Interest-Bearing Notes Payable

As a charitable organization, CAPK 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, CAPK will record contribution revenue for any unpaid interest.

For demand loans, interest expense and contribution revenue will be recorded 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 will be performed by the Chief Financial Officer.

For loans with fixed maturities or payment dates, the note payable will 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 will be recorded as contribution revenue in the period the loan is made. Thereafter, interest expense will 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 will be repaid.

INCOME TAXES PAYABLE

Accrual of Income Taxes

CAPK is exempt from federal income taxes. However, if CAPK generates taxable income from unrelated trade or business activities, a liability for income taxes payable will be accrued at the applicable corporate income tax rates.

All income taxes payable will be paid by the due date of the returns on which such income taxes are to be reported. If CAPK becomes subject to a requirement to remit estimated income taxes on a quarterly basis, such amounts will be accrued and paid quarterly.

Income Tax Positions

CAPK takes income tax positions as reflected in the Organization's financial statements. The primary income tax positions of CAPK are:

1. That CAPK qualifies for its exemption from income taxes under IRC section 501(c)(3) meaning it has not engaged in any activity that could result in revocation of this exemption, including but not limited to:
    a. Not providing net distributions of profits or paying compensation that was not earned or is excessive.
    b. Not making political contributions or engaging in political activities.
    c. Not exceeding the appropriate lobbying limitations.

2. That none of CAPK's forms of revenue is subject to the unrelated business income tax (UBIT).

3. That CAPK 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 CAPK's calculations of income, deductions, etc. reported on its state income tax return are in compliance with state laws and regulations.

6. That CAPK'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 CAPK that all income tax positions taken by the Organization will meet the "more likely than not" criterion of FASB ASC 740-10, 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 Chief Financial Officer will perform whatever tax research is considered necessary and will have the authority to engage the Organization's independent financial statement auditor 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 will make its own final determination of whether or not to take a particular income tax position. In doing so, it will not blindly rely on outside advice. Rather, the Organization will 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 CAPK will be the responsibility of the Chief Financial Officer.

The Chief Financial Officer will provide a briefing to the Budget and Finance Committee and obtain the committee's concurrence each time an income tax position is established or changed.

LEASES

Classification of Leases - Lessee

CAPK classifies all leases in which the Organization is a lessee as either financing or operating leases. CAPK will utilize the following criteria to determine if the lease should be classified as a finance lease:

1. The lease transfers ownership of the leased asset to CAPK on or before the end of the lease term.
2. The lease grants CAPK an option to purchase the underlying asset and the Organization is reasonably certain to exercise.
3. The lease term is for a major part of the remaining economic life of the leased asset.
4. The present value of the sum of the lease payments and any residual value guaranteed by CAPK not already reflected in the lease payments equals or exceeds substantially all of the fair value of the leased asset.
5. The leased asset is so specialized, it is expected to have no alternative use to CAPK at the end of the lease term.

Leases that do not possess any of the preceding characteristics will be treated as operating leases. In addition, all leases that are immaterial in nature or with a term of 12 months or less will be accounted for as operating leases. CAPK will recognize these leases on a straight-line basis over the lease term.

Reasonableness of Leases

CAPK assesses the value of leases according to the requirements of 2 CFR Part 200.465 (45 CFR Part 75.465), Rental Costs of Real Property and Equipment, considering the following factors:

- The rate is reasonable when compared to similar property in the same area;
- The rate of any alternatives; and
- The type, life expectancy, condition, and value of the property leased.

Rental arrangements will be reviewed every 3 to 5 years to determine if circumstances have changed and other options are available.

Accounting for Leases

All operating leases and financing leases with a term of less than 12 months will be accounted for as expenses in the period in which the lease payment is due. (See CLASSIFICATION OF LEASES section elsewhere in this manual.) Operating and financing leases with terms greater than 12 months will be reported on the balance sheet as a right-of-use asset and a lease liability, initially recorded at the present value of the lease payments (plus other payments, including variable lease payments and amounts probable of being owed by CAPK under residual value guarantees). Lease terms will include the non-cancelable lease term plus renewal periods that are reasonably certain to be exercised.

Financing leases

CAPK will record a right-of-use asset and lease liability for the present value of payments to be paid over the lease term. Amortization of the asset will be on a straight-line basis over:

- The shorter of the lease term or an estimated useful live that is consistent with the Organization's capital asset policy; or
- Through the end of the useful life of the asset if the lease transfers ownership of the leased asset to the Organization or the Organization is reasonably certain to exercise an option to purchase the asset.

Interest expense will be calculated using the effective interest method and will be reported separately from the amortization of the right-of-use asset. Interest payments and variable lease payments will be reported in the operating section of the statement of cash flows and the principal payments for the lease liability will be reported in the financing section of the statement of cash flows.

Operating leases

CAPK will record a right-of-use asset and lease liability for the present value of payments to be paid over the lease term. Interest expense and the amortization of the right-of-use asset together as one lease expense, allocated over the term of the lease on a straight-line basis, or other rational basis, if more representative of the benefits received from the leased asset. All cash payments will be reported in the operating section of the statement of cash flows.

CAPK will also maintain a control list of all operating and capital leases. This list will include all relevant lease terms, including a schedule of future annual lease payments obligations, and will be reconciled to the general ledger on a quarterly basis.

Also see the CAPITAL ASSET section of this manual.

Changes in Lease Terms

As described in earlier policies, leasehold improvements are amortized as determined in the DEPRECIATION AND USEFUL LIVES section of this manual. If the lease term is changed prior to the expiration of the initial lease term, CAPK will revise amortization to reflect this change, as necessary.

Donated Rent and Below-Market Leases

CAPK may receive support from its community in the form of donated rent or below-market lease agreements. The difference between the fair value of the use of the property and the stated terms of the lease agreement used to recognize and measure the right-of-use asset and liability, will be reported as contribution revenue in the period the contribution is received and expensed in the period the space is used.

Space donated for a specified number of periods will be reported as a contribution revenue and contribution receivable for the difference between the fair rental value of the property and the stated amount of the lease payments in the agreement. The contribution receivable will be amortized over the life of the lease.

The value of donated space that will be included as part of an award's cost share or matching requirement will be supported by an independent certified real estate appraiser. See COST SHARING AND MATCHING (IN-KIND) section elsewhere in this manual.

NET ASSETS

Classification of Net Assets

Net assets of the Organization will be classified based upon the existence or absence of donor-imposed restrictions as follows:

Net Assets with Donor Restrictions – The part of net assets of CAPK that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants) that is specific in nature and may be set aside for programs, investment, contingencies, purchase, special projects, or other uses.

Net Assets without Donor Restrictions – The part of net assets of CAPK that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net assets with donor restriction will be recorded and tracked using the accounting software.

Composition of Net Assets

Net asset composition of the Organization's endowment funds and board designated funds will be disclosed as follows, when applicable:

Board of Directors Designated Net Assets – Net assets without donor restrictions subject to self-imposed limits by action of the Board of Directors. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses. The Board of Directors may delegate designation decisions to the Chief Executive Officer and/or the Budget and Finance Committee. Such designations are considered to be included in board-designated net assets. This includes board-designated endowment funds.

Board of Directors Designated Endowment – Net assets without donor restrictions subject to self-imposed limits by action of the Board of Directors to be invested for a long, but not necessarily a specified, period of time to provide investment income to the Organization.

Donor Restricted Endowment – Funds subject to trust law or donor-imposed restrictions requiring the investment of the gift in perpetuity or for a specified term, the amount of which includes the original donor-restricted gift and any gains or net appreciation of the fund not considered to be available for expenditure.

Underwater Endowment Fund – A donor-restricted endowment fund for which the fair value of the fund at the reporting date is less than either the original gift amount or the amount required to be maintained by the donor or by law that extends donor restrictions. The amount of these net assets will include original donor restricted gift and accumulated losses. See the CONTRIBUTIONS ACCOUNTING section elsewhere in this manual for related policies on Endowment Funds.

Donor-imposed restrictions are stipulations by the donor that may be temporary in nature (e.g., stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment). Other donors impose restrictions that are perpetual in nature (e.g.,

stipulating that resources be maintained in perpetuity). Laws may extend the limits in investment returns from those resources and to other enhancements or diminishments of those resources. Thus, those laws extend donor-imposed restrictions.

Also see RELEASE OF DONOR RESTRICTION in CAPITAL ASSET section elsewhere in this manual.

Also see REVENUE RECOGNITION and CLASSIFICATION OF INCOME sections of this manual.

Reclassification of Net Assets

The Organization will report in its statement of activities a reclassification of net assets from "with donor-imposed restriction" to "without donor-imposed restriction" 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 of net assets will be reported only upon the satisfaction of the final remaining restriction.
Also see CLASSIFICATION OF INCOME section elsewhere in this manual.

If the Organization accepts and receives a restricted contribution from a donor who further stipulates that the Organization set aside a portion of its net assets without donor-imposed restrictions for that same purpose, the Organization will report in its statement of activities a reclassification of net assets from without donor-imposed restriction to with donor-imposed restriction, based on the specific nature of the restriction. (See the GIFT ACCEPTANCE section for determining whether to accept a gift that requires reclassification of net assets.)

Disclosures

The Organization will disclose in a footnote to the financial statements the different types of donor-imposed restrictions and board designations 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 and prepared for the annual financial statement audit will include:

1. **Statement of Financial Position** – Reflects assets, liabilities, and net assets of the Organization and classifies assets and liabilities as current or noncurrent/long-term and net assets in two groups (net assets without donor restrictions and net assets with donor restrictions).

2. **Statement of Activities** – Presents support, revenues, expenses, and other changes in net assets of the Organization, by net asset group (net assets without donor restrictions and net assets with donor restrictions), including reclassifications between net asset group.

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 (Reporting of Expenses by Nature and Function)** – Presents the expenses of the Organization in a natural or objective format (i.e. salaries, rent, utilities) and by function (i.e., which program or supporting service was served).

In accordance with Standards of Financial Management Systems, CAPK will prepare 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 (45 CFR Part 75.341), Financial Reporting, and 200.328 (75.342), Monitoring and Reporting Program Performance*, and/or the award.

Frequency of Preparation

An objective of the Finance Department is to prepare accurate financial statements in accordance with generally accepted accounting principles (GAAP) and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policies will apply:

A standard set of financial statements described in the preceding section will be produced on a monthly basis by the 10th of each month. The standard set of financial statements described in the preceding section will 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 for each program and funding source

3. In accordance with Standards for Financial Management Systems, information that relates financial data to performance accomplishments and demonstrates cost effective practices as required by funding sources will be prepared (2 CFR Part 200.301 (45 CFR Part 75.301), Performance Measurement)

4. Monthly credit card expenditures, including all charge account expenditures, will be provided to the Board of Directors and monthly credit card expenditures, including all charge account expenditures for the Head Start/Early Head Start program will be provided to the Policy Council

The monthly set of financial statements will be prepared on the accrual method of accounting, including all receivables, accounts payable received by the 5th of the month, and actual depreciation expense.

In order to facilitate review by non-financial staff, individual statements of activities on a departmental and functional basis and/or program/grant basis or a comparison of actual year-to-date revenues and expenses with year-to-date budgeted amounts will be distributed to the appropriate Division Directors.

Review and Distribution

All financial statements and supporting schedules will be reviewed and approved by the Chief Financial Officer prior to being issued by the Finance Department.

After approval by the Chief Financial Officer, a complete set of monthly financial statements, including the supplemental schedules described above, will be distributed to the following individuals:

- Board Treasurer and all members of the Budget and Finance Committee
- Chief Executive Officer
- Division Directors and other employees with budget-monitoring responsibilities

Financial statements may include an additional supplemental schedule prepared or compiled by the Chief Financial Officer. The purpose of this schedule is to provide explanations for material budget variances in accordance with CAPK'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.

Annual Financial Statements

On an annual basis, the Organization will prepare, under the direction of the Chief Financial Officer, a complete set of GAAP financial statements, including footnotes addressing all disclosures required by GAAP. These financial statements will be presented to CAPK'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 audited financial statements will be provided by the independent auditor to the full Board of Directors at the Organization's Annual Meeting or presented in another manner as agreed upon and indicated in the audit engagement letter. See separate policies regarding the annual audit under FINANCIAL MANAGEMENT POLICIES.

Trend Analysis

On an annual basis, in connection with the preparation of the preceding financial statements, the Chief Financial Officer will prepare a five-year revenue and expense report in order to facilitate the analysis of financial trends experienced by the Organization. This report will also include a five-year comparison of certain key operating ratios, based on the Organization's annual financial statements. This report will be submitted to the Chief Executive Officer, the Budget and Finance Committee and the Audit and Pension Committee no later than 120 days after year-end.

Required Disclosures

See Disclosure information throughout this manual to determine information CAPK will include in its financial statements.

Dashboards

To assist Organization with oversight and timely monitoring, dashboards will be created for management, budget leaders, and board members to display performance indicators and other metrics relevant to the user for monitoring purposes.

The Finance Department will be responsible for working with users to identify financial metrics to include on the user's dashboard. Template dashboards will be saved and repurposed as appropriate.

PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Consolidation Policy

While CAPK will maintain accounting records and prepare financial statements on a stand-alone basis, to facilitate financial management and preparation of reports and tax filings that must be prepared solely for the Organization, the Organization may also be required to prepare consolidated financial statements in order to fully comply with GAAP. When consolidated financial statements are prepared, a single set of financial statements is prepared that combines the assets, liabilities, net assets, revenues, expenses, gains and losses, and financial statement disclosures of multiple entities, with intercompany transactions eliminated.

The types of entities that CAPK is affiliated with that may result in the requirement to be consolidated with CAPK's financial statements are:

1. Other nonprofit organizations
2. Corporations in which CAPK has an ownership interest
3. Partnerships and LLCs

CAPK will prepare consolidated financial statements that include the accounts of other nonprofit organizations if the criteria defined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-810, is met.

In addition, consolidation is encouraged (but not required) when control, other than that described above, perhaps in the form of an affiliation agreement, exists as well as economic interest in another nonprofit organization. In order to consolidate under this guidance, consolidated financial statements must be meaningful.

The existence of control or an economic interest, but not both, does not result in consolidation.

GOVERNMENT RETURNS

Overview

To legitimately conduct business, CAPK 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 CAPK include, but are not limited to, filing annual information returns with IRS, and State of California, state charitable solicitation reports, annual reports for corporations, property tax returns, income tax returns, sales tax returns, information returns for retirement plans, annual reporting of compensation paid, and payroll tax withholding tax returns.

Filing of Returns

The Chief Financial Officer will be responsible for identifying all filing requirements and ensuring that CAPK 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 CAPK 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 CAPK 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 CAPK'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 CAPK'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-2s and 1099s** – 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 the federal government by February 28. Form 1099-MISC is required if the organization has provided more than $600 in compensation to an independent contractor during the calendar year.

5. **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.

6. **Business Property Tax Return** – Filed with the State of California to report business property. CAPK’s business property tax return, Form BOE-571-S is due April 1.

7. **Form 199** – Annual information return of tax-exempt organizations, filed with State of California. Form 199 for CAPK is due on the fifteenth day of the fifth month following year-end. An automatic 7-month extension of time to file Form 199 is allowed. The Organization shall file Form 199 electronically.

8. **Form RRF-1** – Annual registration renewal fee report, filed with State of California Attorney General. Form RRF-1 is due on the fifteenth day of the fifth month following year-end. An extension of time to file Form RRF-1 will be allowed if CAPK has received an extension from the IRS for filing the IRS Form 990.

9. **Claim for Welfare Exemption** – Annual report, BOE-267-A (PI), to receive a property tax exemption on real property owned or rented by the Organization. The report is due by February 15.

CAPK's fiscal year end is February 28/29 and tax year-end is December 31. All annual tax and information returns of CAPK (Form 990, Form 990-T) are filed on the accrual basis of reporting.

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

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

Review of Form 990 by Board of Directors

A draft of CAPK's annual Form 990 information return will be reviewed and approved by the Board of Directors prior to being filed with the Internal Revenue Service. A completed copy of the Form 990 will be provided to all members of the governing body before filing the form.

Public Access to Information Returns

CAPK is subject to federal requirements to make the following forms "widely available" to all members of the general public. To comply with this requirement, CAPK will make the following publicly available, in addition to any other information deemed appropriate by the Board of Directors:

1. The three most recent annual information returns (Form 990 and Form 990-T, if applicable).

2. CAPK's original application for recognition of its tax-exempt status (Form 1023 or Form 1024), filed with IRS, and all accompanying schedules and attachments.

CAPK will comply with the federal requirements to make its forms widely available for no charge by posting all required forms on the Organization's website and referring all requesters to this website within seven-(7) days of receipt of any request. In addition to making its returns widely available on its website, CAPK will also permit visual inspections of its returns to anyone personally appearing at the Organization's offices during normal working hours and making such a request.

OTHER TAX CONSIDERATIONS

State and Local Property, Sales, Use & Income Taxes

CAPK 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.

State Charity Registrations

Various states may require CAPK to register with them for two primary reasons: if the Organization has an office, programs or owns real estate in that state, and/or if they raise funds in the state.

CAPK may be required to register and file annual reports with other states if it conducts charitable solicitations within those states. States regulate fundraising through charitable solicitation laws and state reporting can involve two components – registration and an annual financial report.

CAPK's internet fundraising efforts could be considered charitable solicitations in various other states. CAPK will examine the reach of its internet fundraising efforts and register to solicit funds in all applicable states. Some factors CAPK will consider in determining whether internet fundraising efforts require registration in specific states are whether the campaigns specifically target individuals in a certain state and whether CAPK repeatedly receives contributions from a state on an ongoing or substantial basis.

CAPK will comply with all state requirements.

TRANSACTIONS WITH INTERESTED PERSONS AND RELATED PARTIES

Definitions

An **interested person** for the purposes of disclosure is a disqualified person. A disqualified person is a person who is in a position to exercise substantial influence over the affairs of the Organization. This person does not have to actually exercise substantial influence, just be in the position to do so.

A **related-party** is an entity that can exercise control or significantly influence over management or the Organization to the extent one of the entities may be prevented from pursuing its own interests. This can be any party the Organization deals with that can exercise that control.

Identification of Interested Persons or Related Parties

In connection with complying with disclosure requirements in the financial statements and the Form 990 information return, the Organization will identify interested persons and related parties as the following:

1. Current officers, directors, trustees, and key employees (individuals required to be listed on the Form 990)
2. Former officers, directors, trustees, and key employees (within the last five-(5) years)
3. Substantial contributors (a person required to be listed in the Form 990)
4. Family members of any individual listed in item #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. Domestic partner and parents thereof, including domestic partners of any individual in item #4
6. Any individual related by blood or affinity whose close association with an individual in item #1, #2, #3 or #4 is the equivalent of a family relationship
7. A 35% controlled entity of any of the persons listed in item #1, #2, or #3
8. A donor or donor advisor to a donor-advised fund
9. An investment advisor of a sponsoring organization
10. An employee (or child of an employee) of a substantial contributor or of a 35% controlled entity, but only if the employee received a grant or assistance by the direction or advice of the contributor or designee of the controlled entity.
11. Separate entities that solicit funds in the name of the Organization and substantially all of the funds solicited are intended for the use of the Organization
12. Brother-sister organizations and certain national, state, and local affiliates
13. Entities whose officers or directors are also members of the organization’s governing board

Record of Transactions with Interested Persons and Related-Parties

The Organization will maintain a record of all transactions and balances with interested persons and related-parties for each fiscal year for purposes of evaluation to determine if transactions should be disclosed in the financial statements and on the Form 990. This record will be reviewed and approved by the Chief Financial Officer and provided to the independent financial statement auditor and Form 990 preparer.

UNRELATED BUSINESS ACTIVITIES

Identification and Classification

CAPK 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 will be segregated in separate accounts in the general ledger in order to facilitate tracking and accumulation of unrelated trade or business activities.

Unrelated business income is income from an unrelated trade or business that is regularly carried on and not substantially related to the Organization's exempt purpose. Examples include:

- Advertising income
- Certain corporate sponsorship activities
- Income from investments in other entities
- Rents from debt-finance property

Allocation of Expenses to Unrelated Activities

In addition to segregating income associated with activities that are unrelated to CAPK's exempt purpose, the Organization's general ledger will also provide accounts for expenses associated with each such unrelated activity. These expenses will be offset against unrelated business revenue in arriving at unrelated business taxable income. Expenses that will be offset against gross unrelated business income will be limited to those expenses directly associated with the production of such income, including reasonable allocation of indirect or shared or joint costs that benefit each activity, in accordance with expense allocation policies described elsewhere in this manual.

Each unrelated trade or business, less its specific expenses, will be tracked separately and not offset against other unrelated business activities.

Reporting

CAPK 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 the PUBLIC ACCESS TO INFORMATION RETURNS section of this manual.

CAPK will also report taxable income from unrelated trade or business activities that are subject to state or local income or franchise taxes on the appropriate return.

JOINT VENTURES

CAPK will evaluate and negotiate potential participation in joint ventures under Federal tax law to ensure that any proposed venture safeguards the Organization's tax-exempt status. For the purposes of this policy, a joint venture is any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment or exempt purpose activity.

In order to adequately safeguard its tax-exempt status, CAPK will negotiate transactions and arrangements so that it has sufficient control over the venture to ensure that the activity furthers the exempt purpose of the Organization and that all agreements be on terms that are arm's length or more favorable to the Organization. CAPK will also require that the venture give priority to exempt purposes over maximizing profits and that the venture not engage in activities that would jeopardize the Organization's exempt status.

FINANCIAL MANAGEMENT POLICIES

BUDGETING

Overview of Budgeting

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 resources. A budget is a management commitment of a plan for present and future organizational activities that will help the Organization achieve its short-term and long-term goals and the strategic objectives determined by the Board of Directors. 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. CAPK will document and follow all such requirements.

Preparation and Adoption

CAPK will prepare an annual budget on the accrual basis of accounting. The Chief Financial Officer or Director of Finance gathers proposed Organization-wide budget information from all Division Directors and others with budgetary responsibilities and compiles it to prepare the first draft of the budget. Budgets proposed and submitted by each department should be accompanied by a narrative explanation of the sources and uses of funds and explain all material fluctuations in budgeted amounts from prior years.

After appropriate revisions and a compilation of all department budgets by the Chief Financial Officer or Director of Finance, a draft of the organization-wide budget, as well as individual department budgets, is presented to the Chief Executive Officer for discussion, revision, and initial approval.

The revised draft is then submitted to the Budget and Finance Committee, and finally to the entire Board of Directors for adoption.

It is the policy of CAPK 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 Finance 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 reporting comparisons of budget versus actual once the fiscal year commences.

Budgets for programs whose grant years are different from the Organization’s fiscal year will be prepared in accordance with awarding agency requirements and will also be included in the Organization-wide budget.

Monitoring Performance

CAPK monitors its financial performance by comparing and analyzing actual results with budgeted results. This function will be accomplished in conjunction with the FINANCIAL STATEMENT policies and procedures stated elsewhere in this manual.

In accordance with Standards for Financial Management Systems, the Organization will provide budget to actual reports for its federal awards. On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts will be produced by the Finance Department and distributed to each employee with budgetary responsibilities. These individuals will be responsible for responding with a written explanation of all budget variances in excess of five percent on a quarterly basis.

In addition, Division Directors will submit monthly performance (non-financial) reports to the Chief Executive Officer, the Chief Financial Officer, and the Board of Directors.

Budget and Program Revisions

CAPK will request prior approval from federal awarding agencies for any of the following program or budget revisions *(2 CFR Part 200.308)(45 CFR Part 75.308):*

1. Change in the scope or objective of the federally funded 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 written approval in accordance with 2 CFR Part 200.407 (45 CFR Part 75.407) 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.)

8. 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, reclassifications of budgeted expense amounts of less than $100,000 within a single program may be made by the Division Director, with approval from the Chief Financial Officer. Reclassifications of

budgeted expense amounts across divisions of greater than $100,000 but less than $200,000 may be made only with approval of the Chief Executive Officer.

Reclassifications in excess of the preceding thresholds and any budget modification resulting in an increase in budgeted expenses or decrease in budgeted revenues shall be made only with approval of the Budget and Finance Committee.

OPERATING RESERVES

Purpose

CAPK has established an Operating Reserve fund to provide an internal resource of funds to assist the Organization during periods of an unexpected loss of funding, uninsured losses, or unexpected increase in expenses. These reserves may not be used to replace a permanent loss of funding or eliminate an ongoing budget gap. Also see CASH ACCOUNTS section of this manual.

Establishment and Calculation

The Operating Reserve Fund will be unrestricted, Board designated funds, set aside by action of the Board of Directors. The target minimum amount to be designated as Operating Reserves will be equal to a three month's average of monthly operating expenses consisting of recurring predictable expenses, such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services. Depreciation, non-federal share (in-kind), capital purchases, one-time purchases, pass-through payments, and other non-cash expenses are not included in the calculation. Calculation of the average monthly amount will be completed each year after the approval of the annual budget.

Funding of Reserves

CAPK will fund its Operating Reserves with surplus unrestricted operating funds. The Board of Directors may from time to time direct that a specific revenue source be set aside for Operating Reserves i.e. one-time gifts, bequests, special grants, and/or special funding appeals.

Use of Reserves

The Chief Executive Officer will identify the need for accessing the reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this policy. Identification of need will include an analysis of the reason for the shortfall, the availability of other sources of funds before the use of the reserves, and evaluation of the time period that the funds will be required and replenished.

The Chief Executive Officer will submit a request to use Operating Reserves to the Budget and Finance Committee, including the analysis and determination of the use of funds and plans for replenishment. The Budget and Finance Committee will approve or modify the request and authorize transfer from the fund.

The goal of the Organization is to replenish the Operating Reserve funds within twelve months to restore the fund to the target minimum. Requests that include plans to replenish exceeding twelve months will be scrutinized more carefully.

Reporting and Monitoring

The Chief Executive Officer is responsible for ensuring the Operating Reserves fund is maintained and used only as described in this policy. The Chief Executive Officer will be responsible for maintaining records of the use of these funds and the plan for replenishment. Monthly reporting will be provided to the Board of Directors of progress to restore the fund to the target minimum amount.

ANNUAL AUDIT

Arranging for the Annual Audit

CAPK will arrange for an annual audit of the Organization's financial statements to be conducted by an independent financial statement auditor. The independent financial statement auditor selected by the Board of Directors will be required to communicate directly with the Organization's Audit and Pension Committee upon the completion of their audit. In addition, members of the Audit and Pension Committee and Executive Committee are authorized to initiate communication directly with the independent financial statement auditor.

Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Directors by the independent financial statement auditor at the Organization's Annual Meeting, after the financial statements have been reviewed and approved by the Audit and Pension Committee.

Auditor Independence

CAPK may from time to time request the independent financial statement auditor 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 financial statement auditor's independence, and to not permit the performance of any services that would impair independence. This evaluation will be performed by the Chief Financial Officer, who may consult the independent auditor or other external sources in making this determination.

In addition, for each non-audit service that is to be provided by the Organization's independent financial statement auditor, the Organization will:

1. Designate a management level individual to be responsible and accountable for overseeing the non-audit service (to be determined by the Chief Executive Officer).
2. Establish and monitor performance of the non-audit service to ensure that it meets management's objectives (to be performed by the person designated in step 1).
3. Make any decisions that involve management functions related to the non-audit service and accept full responsibility for such decisions.
4. Evaluate the adequacy of the services performed and findings that result.

How Often to Review the Selection of the Auditor

CAPK will review the selection of its independent auditor in the following circumstances:

1. Any time there is dissatisfaction with the service of the current independent financial statement auditor;
2. When a fresh perspective and new ideas are desired; or
3. Every 5 years to ensure competitive pricing and a high quality of service (this is not a requirement to change auditors every five years, but simply to reevaluate the selection).

Audit Request for Proposal

Request for Proposals (RFP) to conduct the Organization's independent financial statement audit will be prepared and issued by the Audit and Pension Committee no later than six months prior to the end of the fiscal year. Auditor selection will be made by the Audit and Pension Committee. (See BOARD OF DIRECTOR AUDIT RESPONSIBILITIES and AUDIT AND PENSION COMMITTEE RESPONSIBILITIES sections of this manual for term.)

The RFP will include the following, at a minimum:

1. Summary of each funding source and its audit requirements (regulation references);
2. Expected timing of fieldwork;
3. Expectations for interaction with the Audit and Pension Committee and presentation of the report and any findings to the Board of Directors, upon completion of the audit; and
4. Deadlines for completion of the audit and filing of applicable reports to reporting entities.

Selecting an Independent Financial Statement Auditor

The selection of an independent financial statement auditor to conduct the annual audit is a task that should be taken very seriously. The following factors will be considered by CAPK in selecting an independent financial statement auditor:

1. The firm's reputation in the nonprofit community.
2. The depth of the firm's understanding of and experience with grant-funded organizations and federal reporting requirements under 2 CFR Part 200 (45 CFR Part 75).
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.
5. The responsiveness to the request for proposal.
6. The availability of staff with professional qualifications and technical abilities.
7. The results of peer and external quality control reviews.
8. Price.

The following information should be included in the written Request for Proposal (RFP) to be sent to prospective audit firms:

1. Period of services required
2. Complete description of the services requested (audit, management letter, tax returns, etc.)
3. Identification of meetings requiring their attendance, such as staff or Board of Director meetings
4. Organization chart

5. Chart of account information
6. Financial information about the Organization
7. Copy of prior year reports (financial statements, management letters, etc.)
8. Identification of need to perform audit in accordance with 2 CFR Part 200, Subpart F (45 CFR Part 75, Subpart F), and the appropriate OMB Compliance Supplements
9. Other information considered appropriate
10. Description of proposal and format requirements
11. Due date of proposals
12. Overview of selection process (i.e., whether finalists will be interviewed, when a decision will be made, etc.)
13. Identification of criteria for selection

Minimum proposal requirements from prospective independent financial statement auditor will be:

1. Firm background
2. Biographical information (resumes) of key audit team members who will serve CAPK
3. Client references
4. Information about the audit firm's capabilities
5. Audit firm's approach to performing an audit
6. Copy of the audit firm’s most recent quality/peer review report, including any accompanying letter of findings
7. Other resources available from the audit firm
8. Expected timing and completion of the audit
9. Expected timing of delivery of reports
10. Cost estimate including estimated number of hours

In order to narrow down the proposals to the top selections, the Audit and Pension Committee will meet with the prospective independent financial statement audit engagement teams from each proposing audit firm to discuss their proposal. Copies of all proposals will be forwarded to each member of the Audit and Pension Committee. After the Audit and Pension Committee narrows down the field of prospective auditors to three firms, final interviews of each firm are conducted by the Audit and Pension Committee and the Board of Directors, who makes the final selection for approval.

Preparation for the Annual Audit

CAPK will be actively involved in planning for and assisting with the Organization’s independent financial statement audit in order to ensure smooth and timely completion. In that regard, the Finance Department will provide assistance to the independent financial statement auditors in the following areas:

Planning

The Chief Financial Officer is responsible for delegating the assignments and responsibilities to finance staff in preparation for the audit. The Chief Financial Officer will review the list of information requested by the auditors and assign responsibility for each item to the appropriate staff. The Chief Financial Officer or Director of Finance will then schedule and direct status meetings in the weeks leading up to the audit in order to review the progress of staff in preparing for the audit.

The Chief Financial Officer or Director of Finance will arrange and coordinate any and all meetings, interviews, telephone discussions, and conference calls requested by the independent financial statement auditor with CAPK Board members, Audit or Finance Committee members, or employees to facilitate the audit work. Prior to any such meetings or discussions, the Chief Financial Officer or Director of Finance will 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 Chief Financial Officer or Director of Finance will communicate to each CAPK participant in such meetings or discussions the importance of being open, honest, and frank with the independent financial statement auditors with respect to all questions asked.

Involvement

Organization staff will do as much work as possible in order to assist the independent financial statement auditors and, therefore, reduce the cost of the audit.

Interim Procedures

To facilitate the timely completion of the annual financial statement audit, the independent financial statement 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 fiscal 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, CAPK 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 independently audited financial statements from the auditor, the Chief Financial Officer will 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 CAPK.
3. Review each footnote for accuracy and completeness.

Any questions or errors noted as part of this review will be communicated to the independent financial statement auditor in a timely manner and resolved to the satisfaction of the Chief Financial Officer.

It will also be the responsibility of the Chief Financial Officer to review and respond in writing to all management letter or other internal control and compliance report findings and recommendations made by the independent financial statement auditor.

In addition, the Federal Audit Clearinghouse form (data collection form) will be completed and a copy submitted to the Audit and Pension Committee prior to its due date.

Audit Adjustments

It is the policy of CAPK to review all adjustments prepared by the independent financial statement auditor in connection with the annual audit, and, if in concurrence, record them in the general ledger. If CAPK does not agree with the adjustments, it will immediately communicate its disagreement with the independent financial statement auditor prior to the finalization and filing of the audited financial statements.

The Organization may also receive a list of unadjusted differences (or passed audit adjustments) from the independent financial statement auditor in connection with the audit. If the Organization receives such a list, it will be the responsibility of the Chief Financial Officer to review them and determine whether or not to record them in the period under audit. Any adjustments made to the financial information being audited must be immediately communicated to the independent financial statement auditor prior to the finalization and filing of the audited financial statements.

Internal Control Deficiencies Noted During the Audit

In accordance with generally accepted auditing standards, at the conclusion of the audit the Organization's independent financial statement 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 financial statement auditors are required to provide written communication to the Audit and Pension Committee of all significant deficiencies and material weaknesses (i.e., only those control deficiencies that rise to the level of materiality at which they qualify under the definitions provided above, in the opinion of the financial statement auditor).

It is the Organization's policy that all internal control deficiencies that are communicated by the financial statement auditor in writing will be formally addressed by the Audit and Pension Committee, the Chief Executive Officer, and the Chief Financial Officer. The Chief Executive Officer and the Chief Financial Officer will prepare a written response, which will include a corrective action plan, to each internal control finding and such response will be presented to the Audit and Pension Committee for its review and approval.

Audit and Pension Committee Communications with the Auditors

In accordance with generally accepted auditing standards, in connection with and at the conclusion of each annual financial statement audit, the auditors are required to make certain communications directly to the Audit and Pension Committee. The Chief Financial Officer will facilitate all of these

communications, arranging for face-to-face meetings, telephone or conference calls, or delivery of electronic or paper documents between the financial statement auditor and Audit and Pension Committee members.

Some of the communications that CAPK's financial statement auditors may have with the Organization's Audit and Pension Committee include:

1. Planning discussions prior to commencing the audit, such as by inquiring of Audit and Pension Committee members their perception of where the risk of material misstatements in the Organization's financial statements may be greatest, the various risks of fraud, and other inquiries.
2. Planning stage communications informing the Audit and Pension Committee of the planned scope and nature of certain audit procedures that the auditors plan to perform, to aid in the Audit and Pension Committee members having a thorough understanding of the financial statement audit.
3. Internal control deficiencies noted during the financial statement audit, communicated in writing at the conclusion of the audit.
4. Any material fraud detected by the financial statement auditor, or any fraud, regardless of materiality, involving senior management, noted at any time during the audit.
5. Significant problems or other issues that arose during the financial statement audit (e.g., disagreements with management and certain other items that the auditors may be required to report to the Audit and Pension Committee).
6. Audit adjustments made by the financial statement auditors as a result of their audit.
7. Certain audit differences noted by the financial statement auditors that they deemed not material enough to warrant making an adjustment for.

Audit and Pension Committee members should be aware of these communications and engage in active discussions with the financial statement auditors whenever it is considered appropriate in the fulfillment of these or their other duties.

Also see BOARD OF DIRECTORS AUDIT RESPONSIBILITIES section of this manual.

INSURANCE

Overview of Insurance

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 CAPK.

CAPK maintains adequate insurance against general liability, as well as coverage for buildings, contents, computers, equipment, machinery, and other items of value.

Insurance Definitions

Cyber Insurance
Assists in protecting from expenses or business losses incurred in the event of a data breach, hacking, or other similar events that are not covered by other policies.

Directors and Officers (D&O)
Indemnifies directors and officers for damages and defense costs from lawsuits alleging various wrongful acts. Depending on coverage elected, D&O may cover directors, officers, employees, staff, volunteers, and committee members against employment practices, defense expenses outside limits of liability, prior acts, or other acts.

Fidelity Bond
Offers protection to the employer against monetary or physical losses caused by an employee's fraudulent or dishonest actions.

General Liability
A broad policy that protects the organization from claims from damage or injury related to bodily injury, property damage, operations, independent contractors, or others. This type of coverage may include directors, officers, and employee general liability insurance, buildings, contents, computers, boilers, and machinery.

Umbrella
Additional liability coverage to protect against significant risk of loss for claims that exceed the limits of a primary insurance policy.

Workers' Compensation and Employer's Liability
Workers' compensation provides monetary benefit to workers injured in the course of employment. Employers' liability protects employers from financial loss if a worker's job-related injury or illness is not covered by workers' compensation.

Coverage Guidelines

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

Type of Coverage	Amount of Coverage
General Liability	$3,000,000
Umbrella Liability	$10,000,000
Auto Liability	$1,000,000
Employee dishonesty/bonding	$10,000,000 for all Finance Department employees and the Chief Executive Officer
Employee Benefits Liability	$1,000,000
Directors and Officers	$10,000,000 (with an appropriate deductible level)
Fiduciary Liability	$10,000,000
Crime	$3,100,000
Workers' Compensation	To the extent required by law (or contractual obligations of the Organization)
Property Insurance	
Blanket Building Limit	$27,183,320
Blanket Business and Personal Liability	$14,440,970
Blanket Business Income	$1,074,300
Total Insurable Value	$42,698,590
Student Liability	$250,000

CAPK will maintain a detailed listing of all insurance policies in effect. This listing will 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

Contractors

Contractors are required to comply with applicable federal and state workers' compensation and occupational disease statutes. If occupational diseases are not compensated under those statutes, they will 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.

Fidelity Bonds

For all personnel handling cash or preparing or signing checks, CAPK will obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of the Organization will determine the dollar limit of this coverage.

RECORD RETENTION

Record Retention Policy

CAPK retains records as required by law and destroys them when appropriate. All files, both hard copy and electronic, will be labeled with topic, year (if applicable), and destruction date. Electronic copies will be saved in appropriate folders on the network storage device. Hard copies should be stored in file cabinets or archived in the storage area. Any archived hard copy files will be stored in water and animal proof containers.

The destruction of records must be approved by the Chief Financial Officer and logged into the Organization's Destroyed Records Log. Review and purging of files may take place on an ongoing basis, but must occur at least once per year, and must follow the minimum retention requirements outlined below.

The destruction of any documents containing social security numbers or any other "consumer data" as defined under federal laws and regulations will be done via shredding using an approved shredding service provider.

The formal records retention policy of CAPK is as follows:

Record	Retention
Articles of Incorporation	Permanent
Audit reports	Permanent
Bylaws and amendments	Permanent
Correspondence – Legal and important matters	Permanent
Financial statements – Year-end	Permanent
General ledgers/year-end trial balance	Permanent
Minute books of directors	Permanent
Property contracts, deeds, mortgages, and bills of sales	Permanent (7 after disposal of property)
Retirement and pension records	Permanent
Application and Determination Letter for Recognition as a Tax-Exempt Status	Permanent
Information returns, tax returns and worksheets, examination reports and other documents relating to tax filings	Permanent
Trademark registrations and copyrights	Permanent
Accident reports/claims (settled Cases)	7 Years
Accounts payable ledgers and schedules	7 Years
Accounts receivable ledgers and schedules	7 Years
Contracts, mortgages, notes, and leases – expired	7 Years
Garnishments	7 Years
Insurance claims	7 years
Inventories of products, materials, and supplies	7 Years
Invoices (to customers, from contractors)	7 Years

Record	Retention
Notes receivable ledgers and schedules	7 Years
Payroll records and summaries	7 Years
Personnel records (terminated)	7 Years
Property records (incl. depreciation schedules)	7 years
Purchase records	7 Years
Sales records	7 Years
Subsidiary ledgers	7 Years
Timesheets/cards	7 Years
Withholding tax statements	7 Years
Bank statement & reconciliations	3 Years
Chart of accounts	3 years
Collective bargaining agreements	3 Years
Employment applications	3 Years
Insurance policies (expired)	3 Years
Internal audit reports	3 Years
Internal reports	3 Years
Payroll records	3 Years
Petty cash vouchers	3 Years
Correspondence – General	2 Years
Grant reports or grant related records	3 Years

In accordance with Standards for Financial Management Systems, CAPK will maintain records that identify adequately the source and application of funds for federally-funded activities. These records will contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest, and be fully supported by source documentation.

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 will be exempt from any scheduled record destruction.
2. The term "records" will also apply to any electronically stored record (e.g., documents stored on computers, email messages, etc.), which will also be protected from destruction.

Protection of Records – Federal Matters

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

Violations of this policy will be considered violations of the Organization’s Code of Ethics and subject to the investigative, reporting, and disclosure procedures described earlier in the POLICY ON SUSPECTED MISCONDUCT section of this manual.

MEMORANDUM

To: Board of Directors

From: Emilio G. Wagner, Chief Facilities & Technology Officer

Date: May 29, 2024

Subject: *Agenda Item V(a)*: Selection of Insurance Broker - **Action Item**

Background

As insurance cost continue to rise staff felt it necessary to reevaluate our current broker and realign with a firm to build a partnership. In the past, there have been engagements with brokers and Request for Proposals (RFP) released to find qualified firms to handle our insurance needs. Rather than release a new RFP it was decided to use two candidates from the solicitation completed during 2021 and the current Health Insurance Broker.

On April 25th a Request for Information (RFI) for Insurance Broker/Consulting Services was released to Clifford & Bradford, Insurica, and Keenan to find a qualified firm to provide the following areas of insurance services:

- Property and Casualty
- Worker's Compensation

The goal of the RFI was to ask questions surrounding the firm's ability to identify risk and find alternatives to mitigate risk or other delivery systems for insurance coverage, such as a Captive or self-insurance. The firms were asked to respond to 15 questions and to prepare a 30-minute presentation to the review committee, where an additional 5 questions were asked. The goal was to find a firm where a partnership could be built on trust and service.

The Committee consisted of Fred Plane, Chairman of the Board, Emilio Wagner, Chief Facilities & Technology Officer, Laurie Sproule, Risk Manager, and Luis Barron, Assistant Risk Manager. The responses were reviewed and scored with the following outcome:

	Insurica	**Clifford & Bradford**	**Keenan**
Possible Points	Awarded Points	Awarded Points	Awarded Points
115	105.50	95.75	97.25

The review committee supported the outcome of the scoring and felt that Insurica is capable of performing the services and building a partnership. Worker compensation renews on August 1, and it is our goal to have a recommendation to the Board by the June Board meeting. In addition, the selected Broker will work with staff to complete a risk assessment and begin investigating other alternatives to the traditional insurance coverage. After due diligence is conducted, these plans will be presented to the Board as a recommendation for consideration.

Fees for the broker will be covered as a commission negotiated with the insurance carrier.

Recommendation

Staff and the committee recommend the Board of Directors approve the selection of Insurica as the insurance broker for property and casualty and worker's compensation.

Attachments:
Scoring Summary

Scoring Summary
RFI Broker Services

Broker Services

Factors:	Possible Points	Insurica Awarded Points	Clifford & Bradford Awarded Points	Keenan Awarded Points
A. Due to this mid-coverage year transition how would you propose migrating services as seamlessly as possible?	5	4.5	4	4.5
B. What is your typical commission percentage structure for the services you provide to clients in the property/casualty and workers compensation insurance sectors? Could you elaborate on how this commission aligns with the level of service and support you offer to your clients?	5	4.25	3	4
C. How do you tailor your insurance solutions to meet the unique needs and challenges faced by nonprofits?	5	4.5	4	4
D. Can you provide examples of how you've helped clients reduce their insurance costs while maintaining comprehensive coverage?	5	4.5	4	4.5
E. How do you stay informed about regulatory changes and trends that could impact the insurance needs of nonprofits?	5	5	4.25	4.25
F. In what ways do you assist nonprofits in understanding their risks and implementing risk management strategies?	5	4.5	4	4
G. Could you share a case where you provided proactive risk management advice, resulting in significant cost savings or risk mitigation?	5	4.5	3	4
H. Beyond providing insurance services, how does your company demonstrate its commitment to supporting nonprofits, whether through monetary donations, volunteering initiatives, or other forms of community involvement? Can you share any specific examples of your company's involvement in giving back to nonprofits?	5	4.5	5	4.25
I. What steps do you take to continuously evaluate and adjust insurance programs for nonprofits as their needs evolve?	5	4.5	4	4.25
J. What are your views on the importance of community involvement and social responsibility for insurance brokers serving nonprofit organizations?	5	4.75	4.25	4.5
K. How do you ensure that the insurance solutions you provide align with our mission and values, beyond just meeting legal requirements?	5	4.5	4.25	4.25
L. We are interested in other methods of coverage such as captive or self-coverage; how would your firm be able to support us in exploring other options?	5	4.5	4.25	3.25
M. Does your firm have Risk Management Information System (RMIS) capabilities?	5	4.5	4.25	3.25
N. How would you handle ongoing requests like certificates, evidence of property insurance, and other requests?	5	4.5	4	4.25
O. Will we have a dedicated customer service representative who will be available for frequent requests?	5	4.75	4.5	4.25
Interview Questions				
A. How do you ensure that the partnership remains mutually beneficial for both parties over time, with a focus on achieving shared goals and delivering tangible value?	5	4.5	4.25	4.5
B. How do you measure the success of a partnership beyond just financial metrics, taking into account factors such as client satisfaction, retention, and loyalty?	5	4.5	4.25	4.25
C. How do you handle challenges or disagreements that may arise during the course of a partnership, ensuring that issues are addressed promptly and effectively?	5	4.5	4.25	4.5
D. What strategies do you employ to build trust and rapport with clients, fostering a long-term partnership?	5	4.75	4.5	4.5
E. How do you keep lines of communication open and transparent with clients, ensuring they feel supported and informed?	5	4.75	4.5	4.75
Qualifications				
A. QUALIFICATIONS AND EXPERIENCE	5	5	5	5
B. PROPOSED APPROACH	5	5	4.75	4.25
C. FEES	5	4.25	3.5	4
Total	**115**	**105.50**	**95.75**	**97.25**

MEMORANDUM

To: Board of Directors



From: Tracy Webster, Chief Financial Officer

Date: May 29, 2024

Re: *Agenda Item V(b):* Resolution to Change Pension Trustee for 401(a) Plan from Charles Schwab to Nationwide Trust Company – **Action Item**

In August 2023, the Board of Directors approved a change in pension plans from The Standard to Nationwide. CAPK leadership has been meeting with Nationwide to coordinate and facilitate the transition. The pension plan transition will be completed at the end of August 2024.

Accordingly, leadership has worked with the Nationwide team to develop plan documents for the 401(a) and 403(b) plans. Both plan documents require board resolution for the adoption of the pension plans.

The following represents the schedule for implementation:

January – July 2024	Weekly meetings with Nationwide
May 31, 2024	All governing documents completed
June 19, 2024	Transition letters and ERISA notices sent to all participants
August 6, 2024	Final payroll submitted to The Standard
August 8th, 2024	Blackout period starts at 4:00 pm
August 15, 2024	Plan liquidation
August 16, 2024	Files sent to Nationwide
	Funds wired from The Standard to Nationwide
August 22, 2024	Final files received after liquidation and new plan goes live

Recommendation:

Staff recommend adoption of the 401(a) and 403(b) governing documents with resolution for each pension plan.

Attachments:
Resolution No. 2024-06
Resolution No. 2024-07
401(a) Plan documents
403(b) Plan Documents

RESOLUTION # 2024-06

A Resolution of the Board of Directors of the Community Action Partnership of Kern Approving the Restatement of Qualified Retirement Plan 401(a) with Nationwide

The Board of Directors of Community Action Partnership of Kern located at 1300 18th Street, Suite 200, Bakersfield, CA 93301, met on May 29, 2024, and resolved as follows:

WHEREAS, Community Action Partnership of Kern (CAPK) is a private, non-profit 501(c)(3) corporation established as a result of the Economic Opportunity Act of 1964, and is the federally designated community action agency serving the low-income, elderly and disadvantaged residents of Kern County; and

WHEREAS, CAPK is charged with the responsibility of continuing the battle to alleviate poverty in Kern County by developing and implementing creative and innovative programs, and has adopted the philosophical position of "Helping People, Changing Lives" in its quest to assist people in need, and families with minimal or no resources; and

WHEREAS, the CAPK Board of Directors approved the change of pension plan providers for Plan 401(a) in August 2023.; and

WHEREAS, CAPK has maintained the Community Action Partnership of Kern 401(a) Plan since March 1992 for the benefit of its eligible employees; and

WHEREAS, CAPK has decided to amend the above referenced Plan by adopting a complete restatement of the current plan document; and

WHEREAS, the Board of Directors has reviewed and evaluated the proposed amendment(s); and

WHEREAS, the Plan document authorizes CAPK to amend the selections under the Adoption Agreement.

NOW, THEREFORE, be it resolved that the CAPK Board of Directors hereby authorizes the proposed restatement(s) and authorizes CAPK to adopt the Community Action Partnership of Kern 401(a) Plan as a restatement of the prior Plan, to be effective August 21, 2024.

RESOLVED FURTHER that the undersigned members of the Board of Directors authorize the execution of the Plan document and authorize the performance of any other actions necessary to implement the adoption of the restatement by Jeremy T. Tobias, Chief Executive Officer. CAPK will maintain a copy of the restated Plan, as approved by the members of the Board of Directors, along with a copy of the prior Plan, in its files;

RESOLVED FURTHER that CAPK will act as administrator of the Plan and will be responsible for performing all actions necessary to carry out the administration of the Plan. CAPK may designate any other person or persons to perform the necessary actions to administer the Plan; and

RESOLVED FURTHER that Plan participants shall be provided with a summary of the Plan provisions within a reasonable period of time following the adoption of the restated Plan.

APPROVED by a majority vote of the Board of Directors of Community Action Partnership of Kern, this 29th day of May 2024.

The undersigned hereby certifies that he/she is an Authorized Representative of CAPK and that the foregoing is a true record of a resolution duly adopted at a meeting of the Board of Directors, and that said meeting was held in accordance with state law and the Bylaws of the organization.

WITNESS WHEREOF, I have executed my name below as an Authorized Representative of CAPK.

Fred Plane, Chair
CAPK Board of Directors

Date

RESOLUTION # 2024-07

A Resolution of the Board of Directors
of the Community Action Partnership of Kern
Approving the Restatement of Qualified Retirement Plan 403(b) with Nationwide

The Board of Directors of Community Action Partnership of Kern located at 1300 18th Street, Suite 200, Bakersfield, CA 93301, met on May 29, 2024, and resolved as follows:

WHEREAS, Community Action Partnership of Kern (CAPK) is a private, non-profit 501(c)(3) corporation established as a result of the Economic Opportunity Act of 1964, and is the federally designated community action agency serving the low-income, elderly and disadvantaged residents of Kern County; and

WHEREAS, CAPK is charged with the responsibility of continuing the battle to alleviate poverty in Kern County by developing and implementing creative and innovative programs, and has adopted the philosophical position of "Helping People, Changing Lives" in its quest to assist people in need, and families with minimal or no resources; and

WHEREAS, the CAPK Board of Directors approved the change of pension plan providers for Plan 403(b) in August 2023.; and

WHEREAS, CAPK has maintained the Community Action Partnership of Kern 403(b) Plan since January 2009 for the benefit of its eligible employees; and

WHEREAS, CAPK has decided to amend the above referenced Plan by adopting a complete restatement of the current plan document; and

WHEREAS, the Board of Directors has reviewed and evaluated the proposed amendment(s); and

WHEREAS, Section 14.01(b) of the Plan allows CAPK to amend the selections under the Adoption Agreement.

NOW, THEREFORE, be it resolved that the CAPK Board of Directors hereby approves the amendment(s) and authorizes CAPK to adopt the Community Action Partnership of Kern 403(b) Plan as a complete restatement of the prior Plan, to be effective August 21, 2024.

RESOLVED FURTHER that the undersigned members of the Board of Directors authorize the execution of the Plan document and authorize the performance of any other actions necessary to implement the adoption of the restatement by Jeremy T. Tobias, Chief Executive Officer. CAPK will maintain a copy of the restated Plan, as approved by the members of the Board of Directors, along with a copy of the prior Plan, in its files;

RESOLVED FURTHER that CAPK will act as administrator of the Plan and will be responsible for performing all actions necessary to carry out the administration of the Plan. CAPK may designate any other person or persons to perform the necessary actions to administer the Plan; and

RESOLVED FURTHER that Plan participants shall be provided with a summary of the Plan provisions within a reasonable period of time following the adoption of the restated Plan.

APPROVED by a majority vote of the Board of Directors of Community Action Partnership of Kern, this 29th day of May 2024.

The undersigned hereby certifies that he/she is an Authorized Representative of CAPK and that the foregoing is a true record of a resolution duly adopted at a meeting of the Board of Directors, and that said meeting was held in accordance with state law and the Bylaws of the organization.

WITNESS WHEREOF, I have executed my name below as an Authorized Representative of CAPK.

_____ _____

Fred Plane, Chair
CAPK Board of Directors

Date

SUMMARY PLAN DESCRIPTION
FOR

Community Action Partnership of Kern 401(a) Plan

August 21, 2024

Table of Contents

Article 1.....Introduction
Article 2 .....General Plan Information and Key Definitions
Article 3.....Description of Plan
Article 4.....Eligibility Requirements
Article 5 .....Plan Contributions
Article 6 .....Limit on Contributions
Article 7 .....Determination of Vested Benefit
Article 8 .....Participant Loans
Article 9.....Plan Distributions
Article 10 .....Plan Administration and Investments
Article 11 .....Plan Amendments and Termination
Article 12 .....Plan Participant Rights and Claim Procedures

Community Action Partnership of Kern 401(a) Plan
SUMMARY PLAN DESCRIPTION

ARTICLE 1
INTRODUCTION

Community Action Partnership of Kern has adopted the Community Action Partnership of Kern 401(a) Plan (the "Plan") to help its employees save for retirement. If you are an employee of Community Action Partnership of Kern, you may be entitled to participate in the Plan, provided you satisfy the conditions for participation as described in this Summary Plan Description ("SPD").

This SPD is designed to help you understand the retirement benefits provided under the Plan and your rights and obligations with respect to the Plan. This SPD contains a summary of the major features of the Plan, including the conditions you must satisfy to participate under the Plan, the amount of benefits you are entitled to as a Plan participant, when you may receive distributions from the Plan, and other valuable information you should know to understand your Plan benefits. We encourage you to read this SPD and contact the Plan Administrator if you have any questions regarding your rights and obligations under the Plan. (See Article 2 below for the name and address of the Plan Administrator.)

This SPD does not replace the formal Plan document, which contains all of the legal and technical requirements applicable to the Plan. However, this SPD does attempt to explain the Plan language in a non-technical manner that will help you understand your retirement benefits. If the non-technical language under this SPD and the technical, legal language under the Plan document conflict, the Plan document always governs. If you have any questions regarding the provisions contained in this SPD or if you wish to receive a copy of the legal Plan document, please contact the Plan Administrator.

The Plan document may be amended or modified due to changes in law, to comply with pronouncements by the Internal Revenue Service (IRS) or Department of Labor (DOL), or due to other circumstances. If the Plan is amended or modified in a way that changes the provisions under this SPD, you will be notified of such changes.

This SPD does not create any contractual rights to employment nor does it guarantee the right to receive benefits under the Plan. Benefits are payable under the Plan only to individuals who have satisfied all of the conditions under the Plan document for receiving benefits. (See Article 12 - Plan Participant Rights and Claim Procedures for additional information.)

ARTICLE 2
GENERAL PLAN INFORMATION AND KEY DEFINITIONS

This Article 2 contains information regarding the day-to-day administration of the Plan as well as the definition of key terms used throughout this SPD.

Plan Name: Community Action Partnership of Kern 401(a) Plan

Plan Number: 003

Employer:

Name: Community Action Partnership of Kern
Address: 1300 18th Street, Ste. 200
City, State, Zip Code: Bakersfield, California 93301
Telephone number: (661) 336-5236
Employer Identification Number (EIN): 95-2402760

Plan Administrator:

The Plan Administrator is responsible for the day-to-day administration and operation of the Plan. For example, the Plan Administrator maintains the Plan records, provides you with forms necessary to request a distribution from the Plan, and directs the payment of your vested benefits when required under the Plan. The Plan Administrator may designate another person or persons to perform the duties of the Plan Administrator. The Plan Administrator or its delegate, as the case may be, has full discretionary authority to interpret the Plan, including the authority to resolve ambiguities in the Plan document and to interpret the Plan's terms, including who is eligible to participate under the Plan and the benefit rights of participants and beneficiaries. All interpretations, constructions and determinations of the Plan Administrator or its delegate shall be final and binding on all persons, unless found by a court of competent jurisdiction to be arbitrary and capricious. The Plan Administrator also will allow you to review the formal Plan document and other materials related to the Plan.

The Employer listed above is acting as Plan Administrator. The Plan Administrator may designate other persons to carry on the day-to-day operations of the Plan. If you have any questions about the Plan or your benefits under the Plan, you should contact the Plan Administrator or other Plan representative.

Trustee:

All amounts contributed to the Plan are held by the Plan Trustee in a qualified Trust. The Trustee is responsible for the safekeeping of the trust funds and must fulfill all Trustee duties in a prudent manner and in the best interest of you and your beneficiaries. The Employer has designated a separate Trustee to hold the assets under the Plan. The trust established on behalf of the Plan will be the funding medium used for the accumulation of assets from which Plan benefits will be distributed.

The following is the name and address of the Plan Trustee(s):

- **Name:** Nationwide Trust Company, FSB
  Address: 10 W. Nationwide Blvd.
  Columbus, OH 43215

Service of Legal Process:

Service of legal process may be made upon the Plan Administrator at the address listed earlier in this Article 2. In addition, service of legal process may be made upon the Plan Trustee or your Employer, if different from the Plan Administrator.

Effective Date of Plan:

This Plan is an amendment of a prior Plan that was originally effective March 1, 1992. The amendment of the Plan is effective as of August 21, 2024. Unless designated otherwise, the provisions of the Plan as set forth in this SPD are effective as of August 21, 2024.

Plan Year:

Many of the provisions of the Plan are applied on the basis of the Plan Year. For this purpose, the Plan Year is the 12-month period ending February 28.

Plan Compensation:

In applying the contribution formulas under the Plan (as described in Article 5 below), your contributions may be determined based on Plan Compensation earned during the Plan Year. However, in determining Plan Compensation, no amount will be taken into account to the extent such compensation exceeds the compensation dollar limit set forth under IRS rules. For 2023, the compensation dollar limit is $330,000 ($345,000 in 2024). Thus, for Plan Years beginning in 2023, no contribution may be made under the

Plan with respect to Plan Compensation above $330,000 ($345,000 in 2024). For subsequent plan years, the compensation dollar limit may be adjusted for cost-of-living increases.

For purposes of determining Plan Compensation, your total taxable wages or salary is taken into account including any pre-tax salary reduction contributions you may make under any other plans we may maintain, which may include any pre-tax contributions you make under a medical reimbursement plan or "cafeteria" plan. Plan Compensation also generally includes compensation for services that is paid after termination of employment, as long as such amounts are paid by the end of the year or within 2½ months following termination of employment, if later. However, for purposes of determining contributions under the Plan, Plan Compensation does not include the following types of compensation:

- Continuation payments to disabled Participants paid after severance of employment
- Exclude Vehicle Cents Per Mile - exclude the taxable amount. Exclude Tuition Reimbursement in excess of $5,250 (or the limit imposed in subsequent years) - exclude the taxable amount. Exclude Group Term Life taxing in excess of $50,000 of coverage

Period for determining Plan Compensation. For purposes of determining Plan Compensation, only compensation you earn while you are a participant in the Plan will be taken into account. Thus, any compensation you earn while you are not eligible to participate in the Plan will not be considered in determining Plan Compensation.

Normal Retirement Age:

You will reach Normal Retirement Age under the Plan when you turn age 65.

Early Retirement Age:

You will reach Early Retirement Age under the Plan when you attain all of the following:

- Age 55

Disabled:

You generally will be considered Disabled for purposes of applying certain Plan rules, such as those that may apply to Plan distributions, vesting and allocations, if you are determined to be disabled by the Social Security Administration under Section 223(d) of the Social Security Act for purposes of determining eligibility for Social Security benefits.

ARTICLE 3
DESCRIPTION OF PLAN

Type of Plan. This Plan is a special type of retirement plan commonly referred to as a money purchase plan. A money purchase plan allows you to receive Employer Contributions, which we make on your behalf to the Plan, without having to include such amounts in income. If you have satisfied all of the eligibility conditions described in Article 4 for receiving an Employer Contribution, we will deposit such contribution directly into the Plan on your behalf. Because this money is not reported as income, you do not have to pay any income tax while the money is held in the Plan, and any earnings on such contributions are not taxed while they stay in the Plan. (See Article 5 below for a description of the Employer Contributions authorized under the Plan.)

This money purchase plan is a defined contribution plan, which is intended to qualify under Section 401(a) of the Internal Revenue Code. As a defined contribution plan, it is not covered under Title IV of ERISA and, therefore, benefits are not insured by the Pension Benefit Guaranty Corporation.

ARTICLE 4
ELIGIBILITY REQUIREMENTS

This Article sets forth the requirements you must satisfy to participate under the Plan. To qualify as a participant under the Plan, you must:

- be an Eligible Employee
- satisfy the Plan's minimum age and service conditions and
- satisfy any allocation conditions required under the Plan.

Employees who are residents of Puerto Rico may not participate in the Plan unless otherwise specifically included below.

Eligible Employees

To participate under the Plan, you must be an Eligible Employee. For this purpose, you are considered an Eligible Employee if you are an employee of Community Action Partnership of Kern, provided you are not otherwise excluded from the Plan.

For this purpose, if you worked for another Employer that we acquired in the past, you may be excluded from the Plan. If you have questions regarding your eligibility to participate in the Plan, please contact the Plan Administrator (or other Plan representative).

Excluded Employees. For purposes of determining whether you are an Eligible Employee, the Plan excludes from participation certain designated employees. If you fall under any of the excluded employee categories, you will not be eligible to participate under the Plan (until such time as you no longer fall into an excluded employee category). [See below for a discussion of your rights upon changing to or from an excluded employee classification.]

The following categories of employees are not eligible to participate in the Plan:

- Non-resident aliens who do not receive any compensation from U.S. sources
- Employees that are Residents of Puerto Rico and Employees classified as Non-Benefit Eligible

Minimum Age and Service Requirements

In order to participate in the Plan, you must satisfy certain age and service conditions under the Plan.

- **Minimum age requirement.** In order to participate in the Plan you must be at least age 18.
- **Minimum service requirement.** There is no minimum service requirement to participate under the Plan. Thus, you will be eligible to participate in the Plan (provided you are an Eligible Employee) as of the first Entry Date following your date of employment (or the date you satisfy any minimum age requirement described above).

The following examples demonstrate how the minimum age and service rules work. In all cases, it is assumed the employee is an Eligible Employee. If an employee is not an Eligible Employee, such employee would not be entitled to participate in the Plan, even if he/she satisfies the Plan's minimum age and service conditions.

- **Example – Minimum Age.** Bill is hired on February 6, 2024 as a full-time employee. Bill turns age 18 on December 21, 2025 and will be eligible to enter the Plan on the appropriate Entry Date following his attainment of age 18.

Entry Date. Once you have satisfied the eligibility conditions described above, you will be eligible to participate under the Plan on your Entry Date. For this purpose, your Entry Date is the first day of the month

coinciding with or next following the date you satisfy the eligibility conditions described above. For example, if you satisfy the Plan's eligibility conditions on April 12, you will be eligible to enter the Plan on the following May 1. If on the other hand, you satisfy the eligibility conditions on November 12, you will be eligible to enter the Plan on the following December 1.

Crediting eligibility service. In determining whether you satisfy any minimum age or service conditions under the Plan, all service you perform during the year is counted. In addition, if you go on a maternity or paternity leave of absence (including a leave of absence under the Family Medical Leave Act) or a military leave of absence, you may receive credit for service during your period of absence for certain purposes under the Plan. You should contact the Plan Administrator to determine the effect of a maternity/paternity or military leave of absence on your eligibility to participate under the Plan.

Eligibility upon rehire or change in employment status. If you terminate employment after satisfying the minimum age and service requirements under the Plan and you are subsequently rehired as an Eligible Employee, you will enter the Plan on the later of your rehire date or your Entry Date. If you terminate employment prior to satisfying the minimum age and service requirements, and you are subsequently rehired, you may have to re-satisfy the eligibility requirements in order to participate under the Plan. If you are rehired, see your Plan Administrator to determine when you may be eligible to participate in the Plan.

If you are not an Eligible Employee on your Entry Date, but you subsequently change status to an eligible class of Employee, you will be eligible to enter the Plan immediately (provided you have already satisfied the minimum age and service requirements). If you are an Eligible Employee and subsequently become ineligible to participate in the Plan, all contributions under the Plan will cease as of the date you become ineligible to participate. However, all service earned while you are employed, including service earned while you are ineligible, will be counted when calculating your vested percentage in your account balance.

Allocation Conditions

If you are an Eligible Employee and have satisfied the minimum age and service requirements described above, you are entitled to share in the contributions described in Article 5, provided you satisfy the allocation conditions described below.

Employer Contributions. You will be entitled to share in any Employer Contributions we make to the Plan if you satisfy the eligibility conditions described above. You do not need to satisfy any additional allocation conditions to receive an Employer Contribution. You will receive your share of the Employer Contributions regardless of how many hours you work during the year or whether you terminate during the year.

ARTICLE 5
PLAN CONTRIBUTIONS

The Plan provides for the contributions listed below. Article 4 discusses the requirements you must satisfy to receive the contributions described in this Article 5. Article 7 describes the vesting rules applicable to your plan benefits. Special rules also may apply if you leave employment to enter qualified military service. See your Plan Administrator if you have questions regarding the rules that apply if you are on military leave.

Employer Contributions

We are authorized under the Plan to make Employer Contributions on behalf of our employees. In order to receive an Employer Contribution, you must satisfy all of the eligibility requirements described in Article 4 above for Employer Contributions. If you do not satisfy all of the conditions for receiving an Employer Contribution, you will not share in an allocation of such Employer Contributions for the period for which you do not satisfy the eligibility requirements.

Employer Contribution Formula. Employer Contributions will be contributed to your Employer Contribution account under the Plan at such time as we deem appropriate. Generally, Employer Contributions may be

contributed during the Plan Year or after the Plan Year ends. Any Employer Contributions we make will be made in accordance with the following Employer Contribution formula.

- **Employer Contribution formula.** We will make an Employer Contribution to eligible participants identified in the employee groups described in (1) below. The amount we will contribute will be based on the contribution formula set forth in (2) below.

  (1) **Designated Employee groups.**

  - **Group 1:** Group A-Chief Executive Officer
  - **Group 2:** Group B-Chief Officers and Division Directors
  - **Group 3:** Group C-All other Employees not in Group A or B

  (2) **Employer Contribution formulas.** The following Employer Contributions will be provided to the Employee groups listed in (1) above.

  - **Group 1:** An Employer Contribution equal to 10% of compensation.
  - **Group 2:** An Employer Contribution equal to 7.5% of compensation.
  - **Group 3:** An Employer Contribution equal to 5% of compensation.

  Any Employer Contribution we make on your behalf under the Plan will be placed directly into an account on your behalf, provided you satisfy the eligibility conditions described in Article 4 above. We retain the right to amend the Plan to reduce or eliminate this contribution. If we amend the Plan to reduce or eliminate this fixed contribution, you will be notified of such change. (See Article 11 below for more information regarding Plan amendments.)

Top Heavy Benefits

A plan that primarily benefits key employees is called a top heavy plan. For this purpose, key employees are defined as certain owners of an employer and officers with a specified level of compensation. A plan is generally a top heavy plan when more than 60% of all account balances under the plan are attributable to key employees. The Plan Administrator will determine each year whether the plan is a top heavy plan.

If the Plan becomes top heavy in any Plan Year, non-key employees who are eligible to receive a top heavy contribution under the Plan generally will receive a minimum contribution equal to the lesser of 3% of Plan Compensation or the highest percentage provided to any key employee (as defined in the Plan). This minimum contribution may be different if the Employer maintains another qualified plan. For this purpose, any Employer Contributions may be taken into account in determining whether the top heavy rules are satisfied. In applying the top heavy rules, any eligible non-key employee who is employed at the end of the year is entitled to the top heavy minimum, regardless how many hours the employee works during the year.

Rollover Contributions

The Plan does not accept rollovers from another qualified retirement plan or an IRA. If you have questions about your ability to rollover a distribution from your prior employer's plan, please contact the Plan Administrator (or other designated plan representative).

ARTICLE 6
LIMIT ON CONTRIBUTIONS

The IRS imposes limits on the amount of contributions you may receive under this Plan, as described below.

IRS limit on total contributions under the Plan. The IRS imposes a maximum limit on the total amount of contributions you may receive under this Plan. This limit applies to all contributions we make on your behalf, all contributions you contribute to the Plan, and any forfeitures allocated to any of your accounts during the year. Under this limit, the total of all contributions under the Plan cannot exceed a specific dollar amount or

100% of your annual compensation, whichever is less. For 2024, the dollar limit is $69,000. For years after 2024, this amount may be increased for inflation. For purposes of applying the 100% of compensation limit, your annual compensation includes all taxable compensation, increased for any pre-tax contributions you may make to any other plan we may maintain, such as a cafeteria health plan.

Example: Suppose in 2024 you earn compensation of $60,500. The maximum amount of contributions you may receive under the Plan for 2024 is $60,500 (the lesser of $69,000 or 100% of $60,500).

ARTICLE 7
DETERMINATION OF VESTED BENEFIT

Vested account balance. When you take a distribution of your benefits under the Plan, you are only entitled to withdraw your *vested* account balance. For this purpose, your *vested* account balance is the amount held under the Plan on your behalf for which you have earned an ownership interest. You earn an ownership interest in your Plan benefits if you have earned enough service with us to become *vested* based on the Plan's vesting schedule. If you terminate employment before you become fully vested in any of your Plan benefits, those non-vested amounts may be forfeited. (See below for a discussion of the forfeiture rules that apply if you terminate with a non-vested benefit under the Plan.)

The following describes the vesting schedule applicable to contributions under the Plan.

- **Employer Contributions.** You become *vested* in your Employer Contributions account in accordance with the "vesting schedule" set forth in the Plan. Under this vesting schedule, you will have an ownership interest in your Employer Contributions based on the number of Years of Vesting Service you complete. Based on the number of years you work for us, your vested percentage is as follows:

Years of Vesting Service	Vested percentage
1	0%
2	25%
3	50%
4	75%
5 or more	100%

Top heavy contributions. If you are eligible to receive top heavy contributions (as described in Article 5 above), the vesting schedule with respect to such contributions will be the same as applies for Employer Contributions.

Protection of vested benefit. Once you are vested in your benefits under the Plan, you have an ownership right to those amounts. While you may not be able to immediately withdraw your vested benefits from the Plan due to the distribution restrictions described under Article 9 below, you generally will never lose your right to those vested amounts. However, it is possible that your benefits under the Plan will decrease as a result of investment losses. If your benefits decrease because of investment losses, you will only be entitled to the vested amount in your account at the time of distribution.

Exception to vesting schedule. The above vesting schedule no longer applies once you reach Normal Retirement Age under the Plan. Thus, if you are still employed with us at Normal Retirement Age, you will automatically become 100% vested in all contributions under the Plan. You also will be fully vested in your entire account balance (regardless of the Plan's vesting schedule) if the plan is terminated. In addition, you will also automatically become 100% vested if, during your employment, you:

- die
- terminate employment due to becoming Disabled
- become Disabled
- attain Early Retirement Age under the Plan

Years of Vesting Service. To calculate your vested benefit under the Plan, your Years of Vesting Service are used to determine where you are on the vesting schedule. You will be credited with a Year of Vesting Service for each year in which you work at least 1,000 hours. In determining whether you have satisfied the Plan's service requirements, we will count the actual hours of service you work for us, unless you are not paid on an hourly basis, in which case we will credit you with a specific number of hours of service based on how many weeks you have worked with us. The Plan Administrator will track your service and will calculate your years of service in accordance with the Plan requirements.

In calculating your Years of Vesting Service, all of your service with us is taken into account, including service you may have earned before the Plan was adopted.

Forfeiture of nonvested benefits. If you terminate employment before you become fully vested in your Plan benefits, you will be entitled to receive a distribution of your *vested* benefits under the Plan. Your non-vested benefits will be *forfeited* as described below. You are not entitled to receive a distribution of your non-vested benefits.

If you terminate employment at a time when you are only partially-vested (or totally non-vested) in any of your Plan benefits, how the Plan treats your non-vested balance will depend on whether you take a distribution when you terminate employment.

- **Forfeiture upon distribution.** If you take a distribution of your entire vested benefit when you terminate employment, your non-vested benefit will be forfeited in accordance with the terms of the Plan. If you are totally non-vested in any contributions we made on your behalf, you will be deemed to receive a distribution for purposes of applying these forfeiture rules.

  - **Buy-back of forfeited benefits upon reemployment.** If you take a distribution of your entire vested benefit when you terminate employment, and as a result, some (or all) of your Plan benefits are forfeited, you have the right to repay the distributed amount to the Plan if you are rehired prior to incurring five consecutive Breaks in Service (as defined under "Forfeiture upon five consecutive Breaks in Service" below). If you repay the total amount of your distribution back to the Plan, we will restore the amount of your non-vested benefit which was forfeited as a result of that distribution. Please contact the Plan Administrator if you wish to buy-back prior benefits under the Plan. The Plan Administrator will inform you of the amount you must repay to buy-back your prior forfeited benefit.

  - **Timing of buy-back.** For us to restore your forfeited benefits, you must make repayment to the Plan no later than five years following your reemployment date. If you received a "deemed" distribution because you were totally non-vested, your non-vested benefit will automatically be restored within a reasonable time following your reemployment, provided you have not incurred five consecutive Breaks in Service prior to your reemployment.

- **Forfeiture upon five consecutive Breaks in Service.** Depending on the value of your vested benefits, you may be able to keep your benefits in the Plan when you terminate employment. If you do not take a distribution of your entire vested benefit when you terminate employment, your non-vested benefit will remain in your account until you have incurred five consecutive Breaks in Service, at which time your non-vested benefit will be forfeited in accordance with the terms of the Plan. For

this purpose, you will have a Break in Service for each year in which you work less than 501 hours. Your vested benefits will not be forfeited under this forfeiture rule. If you have any questions regarding the application of these rules, you should contact the Plan Administrator.

Treatment of forfeited benefits. If any of your benefits are forfeited, those forfeited amounts may first be used to pay any Plan expenses. If any forfeitures remain after paying Plan expenses, such forfeited amounts will be used to offset other Employer Contributions under the Plan for the Plan Year in which the forfeiture occurs.

ARTICLE 8
PARTICIPANT LOANS

The Plan does not permit Participants to take a loan from the Plan. To access Plan assets, you must be eligible to receive a distribution from the Plan, as described in Article 9 below.

ARTICLE 9
PLAN DISTRIBUTIONS

The Plan contains detailed rules regarding when you can receive a distribution of your benefits from the Plan. As discussed in Article 7 above, if you qualify for a Plan distribution, you will only receive your vested benefits. This Article 9 describes when you may request a distribution and the tax effects of such a distribution.

Distribution upon termination of employment. When you terminate employment, you may be entitled to a distribution from the Plan. The availability of a distribution will depend on the amount of your vested account balance.

- **Vested account balance in excess of $5,000.** If your total vested account balance exceeds $5,000 as of the distribution date, you may receive a distribution from the Plan within a reasonable period after your termination of employment. If you do not consent to a distribution of your vested account balance, your balance will remain in the Plan. If you receive a distribution of your vested benefits when you are only partially-vested in your Plan benefits, your non-vested benefits will be forfeited.

  You may elect to take your distribution in any of the following forms. Prior to receiving a distribution from the Plan, you will receive a distribution package that will describe the distribution options that are available to you. The available distribution forms under the Plan will vary depending on whether you are married at the time of the distribution, and, if you are married, whether your spouse consents to a distribution under the Plan. If you have any questions regarding your distribution options under the Plan, please contact the Plan Administrator.

  - **Lump sum.** You may elect to take a distribution of your entire vested account balance in a lump sum. If you take a lump sum distribution, you may elect to rollover all (or any portion) of your distribution to an IRA or to another qualified plan. See the *Special Tax Notice*, which you may obtain from the Plan Administrator, for more information regarding your ability to rollover your plan distribution.
  - **Qualified joint and survivor annuity (QJSA).** Unless you (and your spouse, if you are married at the time of the distribution) consent to distribution in an alternate form, distribution from the Plan will be made in the form of a qualified joint and survivor annuity (QJSA). A qualified joint and survivor annuity is a special type of distribution that provides equal payments for your life or for your life and the life of your spouse, if you are married. If distribution is made in the form of a qualified joint and survivor annuity, the Plan Administrator will use your vested benefit to purchase an annuity from an insurance company that will provide equal payments to you for your life with a survivor benefit payable to your spouse for life upon your death (assuming your spouse survives you). The survivor benefit will provide your spouse with payments equal to 50% of the payments that are made to you during your

life. The amount of the annuity payments to you and your spouse will be determined based on your joint life expectancies and other reasonable actuarial assumptions. Any payments under a joint and survivor annuity may NOT be rolled over to a qualified plan or IRA.

In addition to the qualified joint and survivor annuity described above, the Plan also offers a qualified optional survivor annuity (QOSA). Under this annuity option, you can elect to receive a qualified joint and survivor annuity which provides for a 75% survivor annuity for your spouse.

You (and your spouse) may waive the qualified joint and survivor annuity by electing an alternative form of distribution on the appropriate distribution forms. Any waiver entered into by your spouse must be witnessed by a Plan representative or notary public. Prior to commencing your distribution under the Plan, the Plan Administrator will provide you with an explanation of the qualified joint and survivor annuity (QJSA), including: (1) the terms and conditions of the QJSA; (2) the Participant's right to make and the effect of an election to waive the QJSA form of benefit; (3) the rights of the Participant's spouse; and (4) the right to make, and the effect of, a revocation of a previous election to waive the QJSA. The notice will be provided no less than 30 days and no more than 180 days prior to the date you are entitled to commence distributions under the Plan. If you have any questions regarding your distribution options under the Plan, please contact the Plan Administrator.

- **Special distribution provisions.** In applying the distribution provisions under the Plan, the following special rules apply: Repetitive Payments

- **Vested account balance of $5,000 or less.** If your total vested account balance under the Plan is $5,000 or less as of the distribution date, you will be eligible to receive a distribution of your entire vested account balance in a lump sum within a reasonable period after your termination of employment. If you receive a distribution of your vested benefits when you are partially-vested in your Plan benefits, your non-vested benefits will be forfeited.

  You may elect to receive your distribution in cash or you may elect to rollover your distribution to an IRA or to another qualified plan. If your total vested account balance under the Plan is $5,000 or less as of the distribution date and you do not consent to a distribution of your vested account balance, your vested benefit automatically will be rolled over to an IRA selected by the Plan Administrator. If your total vested account balance exceeds $5,000, no distribution will be made from the Plan without your consent.

  If your benefit is automatically rolled over to an IRA selected by the Plan Administrator, such amounts will be invested in a manner designed to preserve principal and provide a reasonable rate of return. Common types of investment vehicles that may be used include money market accounts, certificates of deposit or stable value funds. Reasonable expenses may be charged against the IRA account for expenses associated with the establishment and maintenance of the IRA. Any such expenses will be no greater than similar fees charged for other IRAs maintained by the IRA provider. For further information regarding the automatic rollover requirements, including further information regarding the IRA provider and the applicable fees and expenses associated with the automatic rollover IRA, please contact the Plan Administrator or other designated Plan representative.

In-service distributions. Generally, there are no in-service distributions permitted under the Plan. Thus, you may not withdraw any of your Plan benefits while you are working.

Required distributions. If you have not begun taking distributions before you attain your Required Beginning Date, the Plan generally must commence distributions to you as of such date. For this purpose, your Required Beginning Date is April 1 following the end of the calendar year in which you attain age 73, or terminate employment, whichever is later. (For 5% owners, the Required Beginning Date is April 1 following the calendar year in which you attain age 73, even if you are still employed.)

Once you attain your Required Beginning Date, the Plan Administrator will commence distributions to you as required under the Plan. The Plan Administrator will inform you of the amount you are required to receive once you attain your Required Beginning Date.

Distribution upon disability. If you should terminate employment because you are Disabled, you will be eligible to receive a distribution of your vested account balance under the Plan's normal distribution rules.

Disaster-related distributions. Special rules related to certain federally-declared natural disasters may have applied for distributions and loans under the Plan. If you received a disaster-related distribution from the Plan, you may be able to recontribute the amount of the distribution to the Plan. Please contact the Plan Administrator for more information.

Distribution of lifetime income investment. The Plan may allow a distribution of certain lifetime income investments, provided such distribution is made within the 90-day period ending on the date when the lifetime income investment is no longer authorized to be held as an investment option under the Plan. The Plan Administrator will notify you if you are eligible for this type of distribution.

Distributions upon death. If you should die before taking a distribution of your entire vested account balance, your remaining benefit will be distributed to your beneficiary or beneficiaries, as designated on the appropriate designated beneficiary election form. You may request a designated beneficiary election form from the Plan Administrator.

If you are married, your spouse is automatically treated as your beneficiary for 100% of your vested benefit, unless you and your spouse properly designate an alternative beneficiary to receive your benefits under the Plan. The Plan Administrator will provide you with information concerning the availability of death benefits under the Plan and your rights (and your spouse's rights) to designate an alternative beneficiary for such death benefits. For purposes of determining your beneficiary to receive death distributions under the Plan, any designation of your spouse as beneficiary is automatically revoked upon a formal divorce decree unless you re-execute a new beneficiary designation form or enter into a valid Qualified Domestic Relations Order (QDRO).

Default beneficiaries. If you do not designate a beneficiary to receive your benefits upon death, your benefits will be distributed first to the default beneficiaries identified under the Plan. Generally, distribution will be made first to your spouse and, if you have no spouse at the time of death, then equally to your children and then to your estate. However, the following special rules apply in determining the default beneficiaries under the Plan: In the event no valid designation of Beneficiary exists, or if the Beneficiary with respect to a portion of a Participant's death benefit is not alive at the time of the Participant's death and no contingent Beneficiary has been designated, then such portion of the death benefit will be paid in the following order of priority: 1. The Participant's surviving Spouse; 2. The Participant's issue, per stirpes; 3. The Participant's surviving parents, in equal shares; or 4. The Participant's estate.

Taxation of distributions. Generally, you must include any Plan distribution in your taxable income in the year you receive the distribution. More detailed information on tax treatment of Plan distributions is contained in the "Special Tax Notice" which you may obtain from the Plan Administrator.

Non-assignment of benefits and Qualified Domestic Relations Orders (QDROs) Your benefits cannot be sold, used as collateral for a loan, given away, or otherwise transferred, garnished, or attached by creditors, except as provided by law. However, if required by applicable state domestic relations law, certain court orders could require that part of your benefit be paid to someone else—your spouse or children, for example. This type of court order is known as a Qualified Domestic Relations Order (QDRO). As soon as you become aware of any court proceedings that might affect your Plan benefits, please contact the Plan Administrator. You may request a copy of the procedures concerning QDROs, including those procedures governing the qualification of a domestic relations order, without charge, from the Plan Administrator.

ARTICLE 10
PLAN ADMINISTRATION AND INVESTMENTS

Investment of Plan assets. You have the right to direct the investment of Plan assets held under the Plan on your behalf. The Plan Administrator will provide you with information on the amounts available for

direction, the investment choices available to you, the frequency with which you can change your investment choices and other investment information. Periodically, you will receive a benefit statement that provides information on your account balance and your investment returns. If you have any questions about the investment of your Plan accounts, please contact the Plan Administrator or other Plan representative.

Valuation Date. To determine your share of any gains or losses incurred as a result of the investment of Plan assets, the Plan is valued on a regular basis. For this purpose, the Plan is valued on a daily basis. Thus, you will receive an allocation of gains or losses under the Plan at the end of each business day during which the New York Stock Exchange is open.

Plan fees. There may be fees or expenses related to the administration of the Plan or associated with the investment of Plan assets that will affect the amount of your Plan benefits. Any fees related to the administration of the Plan or associated with the investment of Plan assets may be paid by the Plan or by the Employer. If the Employer does not pay Plan-related expenses, such fees or expenses will generally be allocated to the accounts of Participants either proportionally based on the value of account balances or as an equal dollar amount based on the number of participants in the Plan. If you direct the investment of your benefits under the Plan, you will be responsible for any investment-related fees incurred as a result of your investment decisions. Prior to making any investment, you should obtain and read all available information concerning that particular investment, including financial statements, prospectuses, and other available information.

In addition to general administration and investment fees that are charged to the Plan, you may be assessed fees directly associated with the administration of your account. For example, if you terminate employment, your account may be charged directly for the pro rata share of the Plan's administration expenses, regardless of whether the Employer pays some of these expenses for current Employees. Other fees that may be charged directly against your account include:

- Fees related to the processing of distributions upon termination of employment.
- Fees related to the processing of in-service distributions.
- Fees related to the processing of required minimum distributions.
- Charges related to processing of a Qualified Domestic Relation Order (QDRO) where a court requires that a portion of your benefits is payable to your ex-spouse or children as a result of a divorce decree.

If you are permitted to direct the investment of your benefits under the Plan, each year you will receive a separate notice describing the fees that may be charged under the Plan. In addition, you will also receive a separate notice describing any actual fees charged against your account. Please contact the Plan Administrator if you have any questions regarding the fees that may be charged against your account under the Plan.

ARTICLE 11
PLAN AMENDMENTS AND TERMINATION

Plan amendments. We have the authority to amend this Plan at any time. Any amendment, including the restatement of an existing Plan, may not decrease your vested benefit under the Plan, except to the extent permitted under the Internal Revenue Code, and may not reduce or eliminate any "protected benefits" (except as provided under the Internal Revenue Code or any regulation issued thereunder) determined immediately prior to the adoption or effective date of the amendment (whichever is later). However, we may amend the Plan to increase, decrease or eliminate benefits on a prospective basis.

Plan termination. Although we expect to maintain this Plan indefinitely, we have the ability to terminate the Plan at any time. For this purpose, termination includes a complete discontinuance of contributions under the Plan or a partial termination. If the Plan is terminated, all amounts credited to your account shall become 100% vested, regardless of the Plan's current vesting schedule. In the event of the termination of the Plan,

you are entitled to a distribution of your entire vested benefit. Such distribution shall be made directly to you or, at your direction, may be transferred directly to another qualified retirement plan or IRA. If you do not consent to a distribution of your benefit upon termination of the Plan, the Plan Administrator will transfer your vested benefit directly to an IRA that we will establish for your benefit. Except as permitted by Internal Revenue Service regulations, the termination of the Plan shall not result in any reduction of protected benefits.

A partial termination may occur if either a Plan amendment or severance from service excludes a group of employees who were previously covered by this Plan. Whether a partial termination has occurred will depend on the facts and circumstances of each case. If a partial termination occurs, only those Participants who cease participation due to the partial termination will become 100% vested. The Plan Administrator will advise you if a partial termination occurs and how such partial termination affects you as a Participant.

ARTICLE 12
PLAN PARTICIPANT RIGHTS AND CLAIM PROCEDURES

Participant rights. As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

- Examine, without charge, at the Plan Administrator's office, all documents governing the Plan, including insurance contracts and collective bargaining agreements (if applicable), and a copy of the latest annual report (Form 5500 series) filed by the Plan Administrator with the U.S. Department of Labor.
- Obtain copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements (if applicable), and copies of the latest annual report (Form 5500 series) and updated SPD, upon written request to the Plan Administrator. The Plan Administrator may assess a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to provide each participant with a copy of this summary annual report.
- Obtain a statement telling you whether you have a right to receive benefits under the Plan and, if so, what your current benefits are. You must request this statement in writing and you may only request this statement once a year. The Plan Administrator will provide the statement free of charge.
- File a claim for benefits.

Prudent Actions by Plan Fiduciaries. In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. These people, called "fiduciaries," have a duty to operate the Plan prudently and in the best interests of you, other Plan participants and beneficiaries. You may not be fired or otherwise discriminated against in any way solely to prevent you from obtaining a Plan benefit or exercising your rights under ERISA.

Enforcement of Rights. If you have a claim for benefits under the Plan that is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you can take to enforce the above rights. For example, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive the requested documents within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the documents and pay you up to $110 a day until you receive the documents, unless the documents were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order that affects the payment of benefits under the Plan, you may file suit in federal court. If the Plan's fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court

costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Questions. If you have any questions about the Plan or this SPD, you should contact the Plan Administrator. If you have any questions about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Claim for Benefits. Benefits will normally be payable under the Plan without the need for a formal claim. However, if you feel you are entitled to benefits under the Plan that have not been paid, you may submit to the Plan Administrator a written claim for benefits. Your request for Plan benefits will be considered a claim for Plan benefits, and it will be subject to a full and fair review. The Plan Administrator will evaluate your claim (including all relevant documents and records you submit to support your claim) to determine if benefits are payable to you under the terms of the Plan. The Plan Administrator may solicit additional information from you, if necessary, to evaluate the claim.

If the Plan Administrator determines the claim is valid, then you will receive a statement describing the amount of benefit, the method or methods of payment, the timing of distributions and other information relevant to the payment of the benefit.

If the Plan Administrator denies all or any portion of your claim, you (and your authorized representative, if applicable) will receive within a reasonable period of time (not to exceed 90 days after receipt of the claim form), a written or electronic notice setting forth the reasons for the denial (including references to the specific provisions of the Plan on which the decision is based), a description of any additional information needed to perfect your claim, and the steps you must take to submit the claim for review. If the Plan Administrator determines that special circumstances require an extension of time for processing your claim, it may extend the 90-day period described in the prior sentence to 180 days, provided the Plan Administrator provides you with written notice of the extension and prior to the expiration of the original 90-day period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render its decision.

If the Plan Administrator denies your claim, you will have 60 days from the date you receive notice of the denial of your claim to appeal the adverse decision of the Plan Administrator. You may submit to the Plan Administrator written comments, documents, records and other information relating to your claim for benefits. You will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim. The Plan Administrator’s review of the claim and of its denial of the claim shall take into account all comments, documents, records and other information relating to the claim, without regard to whether these materials were submitted or considered by the Plan Administrator in its initial decision on the claim.

If the Plan Administrator denies your claim for benefits after appeal, you will receive within a reasonable period of time (not to exceed 60 days after receipt of the appeal), a written or electronic notice setting forth the reasons for the denial (including references to the specific provisions of the Plan on which the decision is based), and a description of your right to bring an action under ERISA Section 502(a). If the Plan Administrator determines that special circumstances require an extension of time for processing your appeal, it may extend the 60-day period described in the prior sentence to 120 days, provided the Plan Administrator provides you with written notice of the extension and prior to the expiration of the original 60-day period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render its decision. If the Plan Administrator denies your claim for benefits upon review, in whole or in part, you may file suit in a state or Federal court.

If the Plan Administrator makes a final written determination denying your claim for benefits, you may commence legal or equitable action with respect to the denied claim upon completion of the claims procedures outlined under the Plan. Any legal or equitable action must be commenced no later than the earlier of 180 days following the date of the final determination or three years following the proof of loss. If you fail to commence legal or equitable action with respect to a denied claim within the above timeframe, you will be deemed to have accepted the Plan Administrator's final decision with respect to the claim for benefits.

Disability Claims Procedures. If your claim is based on disability benefits, different claim procedures and deadlines will apply. If your disability benefits are provided or administered by a third party (such as Social Security Administration or an insurance company), that will be the entity to which claims are addressed.

The following disability claims procedures apply only to the determination under the Plan as to whether a Participant is entitled to a Plan benefit due to disability. These disability claims procedures do not apply if a third party (such as the Social Security Administration), rather than the Plan Administrator, makes the determination of disability. These disability claims procedures are intended to comply with the requirements of Department of Labor Regulation §2560.503-1 and will be interpreted accordingly.

These disability claims procedures are intended to ensure that disability claims procedures are reasonable, that "claimants" (which include Participants and Beneficiaries (and their authorized representatives, if applicable)) receive sufficient information explaining why disability benefits are denied and that the process is impartial.

If you have questions about the Plan's claims procedures, contact the Plan Administrator named under Article 2 of this SPD.

Review of Initial Claim. In the case of a claim for disability benefits, the Plan Administrator will notify the claimant of an adverse benefit determination within a reasonable period of time, but not later than 45 days after receipt of the claim by the Plan. This period may be extended by the Plan for up to 30 days, provided that the Plan Administrator both determines that such an extension is necessary due to matters beyond the control of the Plan and notifies the claimant, prior to the expiration of the initial 45-day period, of the circumstances requiring the extension of time and the date by which the Plan expects to render a decision.

If, prior to the end of the first 30-day extension period, the Plan Administrator determines that, due to matters beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for making the determination may be extended for up to an additional 30 days, provided that the Plan Administrator notifies the claimant, prior to the expiration of the first 30-day extension period, of the circumstances requiring the extension and the date as of which the Plan expects to render a decision. In the case of any extension, the notice of extension shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues. The claimant shall have at least 45 days within which to provide the specified information.

Notice of Adverse Benefit Determination. The Plan Administrator will provide a claimant with written or electronic notification (written in a culturally and linguistically appropriate and understandable manner) of any "adverse benefit determination." An adverse benefit determination includes a rescission of coverage (except for non-payment of premiums). The notice of adverse benefit determination will set forth:

- The specific reason or reasons for the adverse determination;
- Reference to the specific Plan provisions on which the determination is based;
- A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary;
- A description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA §502(a) following an adverse benefit determination on review; and

- A discussion of the decision, including an explanation of the basis for disagreeing with or not following:
  - The views presented by the claimant to the Plan of health care professionals treating the claimant and vocational professionals who evaluated the claimant;
  - The views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and
  - A disability determination regarding the claimant presented by the claimant to the Plan made by the Social Security Administration.
- If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request;
- The specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse determination or, alternatively, a statement that such rules, guidelines, protocols, standards or other similar criteria of the Plan do not exist; and
- A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits.

The Plan Administrator will assist in language translation of a notice of adverse benefit determination, if necessary. Translation assistance can include recommending translation services, providing verbal assistance and providing the notice in a non-English language upon request.

Appeals of Adverse Benefit Determinations. A claimant shall have 180 days following receipt of a notification of an adverse benefit determination within which to appeal the determination. Any appeal will receive a full and fair review of the claim and the adverse benefit determination. With respect to such review:

- Claimants will have the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits;
- Claimants (upon request and free of charge) will have reasonable access to, and copies of, all documents, records, and other information relevant to the claimant’s claim for benefits;
- The review will take into account all comments, documents, records, and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination;
- As soon as possible and sufficiently in advance of the date on which any notice of an “adverse benefit determination on review,” the Plan Administrator will provide the claimant, free of charge, with any new or additional evidence considered, relied upon, or generated by the person making the benefit determination in connection with the claim; and
- As soon as possible and sufficiently in advance of the “notice of adverse benefit determination on review,” the Plan Administrator will provide the claimant, free of charge, with the rationale for the adverse decision.

In performing the review, the Plan will not afford deference to the initial adverse benefit determination and the review will be conducted by an appropriate named fiduciary of the Plan who is neither the individual who made the initial adverse benefit determination, nor the subordinate of such individual. If the appeal is based in whole or in part on a medical judgment, including determinations with regard to whether a particular treatment, drug, or other item is experimental, investigational, or not medically necessary or appropriate, the appropriate named fiduciary shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment.

Such health care professional will not be an individual (or a subordinate of such individual) who was consulted in connection with the initial adverse benefit determination.

If the Plan obtained advice from medical or vocational experts in connection with a claimant's adverse benefit determination (without regard to whether the advice was relied upon in making the benefit determination), such experts will be identified.

The Plan Administrator shall notify the claimant of the Plan's benefit determination on review within a reasonable period of time, but not later than 45 days after receipt of the claimant's request for review by the Plan, unless the Plan Administrator determines that special circumstances (such as the need to hold a hearing) require an extension of time for processing the claim. If the Plan Administrator determines that an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 45-day period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the determination on review.

Notice of Adverse Benefit Determination on Review. The Plan Administrator will provide a claimant with written or electronic notification (written in a culturally and linguistically appropriate and understandable manner) of any "adverse benefit determination." The notice of adverse benefit determination on review will set forth:

- The specific reason or reasons for the adverse determination;
- Reference to the specific Plan provisions on which the determination is based;
- That the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits;
- A description of any voluntary appeal procedures offered by the Plan and the claimant's right to obtain the information about such procedures;
- A description of the claimant's right to bring an action under ERISA §502(a) (including a description of any applicable contractual limitation period that applies to the claimant's right to bring such an action);
- A discussion of the decision, including an explanation of the basis for disagreeing with or not following:
  - The views presented by the claimant to the Plan of health care professionals treating the claimant and vocational professionals who evaluated the claimant;
  - The views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and
  - A disability determination regarding the claimant presented by the claimant to the Plan made by the Social Security Administration;
- If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the claimant's medical circumstances, or, alternatively, a statement that such explanation will be provided free of charge upon request; and
- The specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse determination or, alternatively, a statement that such rules, guidelines, protocols, standards or other similar criteria of the Plan do not exist.

The Plan Administrator will assist in language translation of a notice of adverse benefit determination on review, if necessary. Translation assistance can include recommending translation services, providing verbal assistance and providing the notice in a non-English language upon request.

CYCLE 3
PRE-APPROVED DEFINED CONTRIBUTION PLAN

BASIC PLAN DOCUMENT

[DC-BPD #01]

TABLE OF CONTENTS

PLAN DEFINITIONS

1.01 Account. 1
1.02 Account Balance 1
1.03 ACP Test (Actual Contribution Percentage Test) 1
1.04 Actuarial Factor 1
1.05 Adoption Agreement ("Agreement" or "AA") 1
1.06 ADP Test (Actual Deferral Percentage Test) 1
1.07 After-Tax Employee Contributions 1
1.08 Alternate Payee 1
1.09 Anniversary Years 1
1.10 Annual Additions 2
1.11 Annuity Contract 2
1.12 Annuity Starting Date 2
1.13 Automatic Contribution Arrangement 2
1.14 Automatic Rollover 2
1.15 Average Contribution Percentage (ACP) 2
1.16 Average Deferral Percentage (ADP) 2
1.17 Beneficiary 2
1.18 Benefiting Participant 2
1.19 Break in Service 2
1.20 Cash-Out Distribution 2
1.21 Catch-Up Contributions 2
1.22 Catch-Up Contribution Limit 3
1.23 Code 3
1.24 Code §415 Limitation 3
1.25 Collectively Bargained Employee 3
1.26 Compensation Limit 3
1.27 Computation Period 3
(a) Eligibility Computation Period 3
(b) Vesting Computation Period 3
1.28 Current Year Testing Method 3
1.29 Custodian 3
1.30 Defined Benefit Plan 3
1.31 Defined Contribution Plan 3
1.32 Designated Beneficiary 3
1.33 Determination Date 4
1.34 Determination Year 4
1.35 Differential Pay 4
1.36 Directed Account 4
1.37 Directed Trustee 4
1.38 Direct Rollover 4
1.39 Disabled 4
1.40 Discretionary Trustee 4
1.41 Distribution Calendar Year 4
1.42 Early Retirement Age 4
1.43 Earned Income 4
1.44 Effective Date 4
1.45 Elapsed Time 4
1.46 Elective Deferral Dollar Limit 4
1.47 Elective Deferrals 4
1.48 Eligible Automatic Contribution Arrangement (EACA) 4
1.49 Eligible Employee 4
1.50 Eligible Retirement Plan 4
1.51 Eligible Rollover Distribution 4
1.52 Employee 5
1.53 Employer 5
1.54 Employer Contributions 5
1.55 Employment Commencement Date 5
1.56 Entry Date 5
1.57 Equivalency Method 5
1.58 ERISA 5
1.59 ERISA Spending Account 5
1.60 Excess Aggregate Contributions 5

© Copyright 2022

1.61 Excess Amount 5
1.62 Excess Compensation 5
1.63 Excess Contributions 5
1.64 Excess Deferrals 5
1.65 Fail-Safe Coverage Provision 5
1.66 Family Members 5
1.67 Favorable IRS Letter 5
1.68 General Trust Account 5
1.69 Hardship 5
1.70 Highly Compensated 5
(a) Five-Percent Owner 5
(b) Compensation limit 6
(c) Determination Year 6
(d) Lookback Year 6
(e) Total Compensation 6
(f) Top Paid Group 6
1.71 Highly Compensated Group 6
1.72 Hour of Service 6
(a) Performance of duties 6
(b) Nonperformance of duties 6
(c) Back pay award 6
(d) Related Employers/Leased Employees 6
(e) Maternity/paternity/FMLA/military leave 6
1.73 In-Plan Roth Conversion Account 7
1.74 Insurer 7
1.75 Investment Arrangement 7
1.76 Integration Level 7
1.77 Key Employee 7
1.78 Leased Employee 7
1.79 Limitation Year 7
1.80 Lookback Year 7
1.81 Mass Submitter 7
1.82 Matching Contributions 7
1.83 Maximum Disparity Rate 8
1.84 Minimum Gateway Contribution 8
1.85 Multiple Employer Plan 8
1.86 Named Fiduciary 8
1.87 Nonhighly Compensated 8
1.88 Nonhighly Compensated Group 8
1.89 Nonvested Participant Break in Service 8
1.90 Non-Key Employee 8
1.91 Normal Retirement Age 8
1.92 Participant 8
1.93 Participating Employer 9
1.94 Participating Employer Adoption Page 9
1.95 Period of Severance 9
1.96 Permissive Aggregation Group 9
1.97 Plan 9
1.98 Plan Administrator 9
1.99 Plan Compensation 9
(a) Application to safe harbor formulas 9
(b) Determination period 10
(c) Partial period of participation 10
1.100 Plan Year 10
1.101 Predecessor Employer 10
1.102 Predecessor Plan 10
1.103 Pre-Tax Deferrals 10
1.104 Prevailing Wage Formula 11
1.105 Prevailing Wage Service 11
1.106 Prior Year Testing Method 11
1.107 Provider 11
1.108 QACA Safe Harbor Contribution 11
1.109 QACA Safe Harbor Employer Contribution 11

© Copyright 2020

1.110 QACA Safe Harbor Matching Contribution 11
1.111 Qualified Automatic Contribution Arrangement (QACA) 11
1.112 Qualified Domestic Relations Order (QDRO 11
1.113 Qualified Election 11
1.114 Qualified Joint and Survivor Annuity (QJSA) 11
1.115 Qualified Matching Contribution (QMAC) 11
1.116 Qualified Nonelective Contribution (QNEC) 11
1.117 Qualified Optional Survivor Annuity (QOSA) 11
1.118 Qualified Preretirement Survivor Annuity (QPSA) 11
1.119 Qualifying Longevity Annuity Contract (QLAC) 11
1.120 Qualified Transfer. 11
1.121 Qualifying Employer Real Property 11
1.122 Qualifying Employer Securities 11
1.123 Reemployment Commencement Date 12
1.124 Related Employer 12
1.125 Required Aggregation Group 12
1.126 Required Beginning Date 12
1.127 Rollover Contribution 12
1.128 Roth Deferrals 12
1.129 Safe Harbor 401(k) Plan 12
1.130 Salary Deferral Election 12
1.131 Salary Deferrals 12
1.132 Self-Employed Individual 12
1.133 Short Plan Year 12
1.134 Spouse 12
1.135 Targeted QMACs 13
1.136 Targeted QNECs 13
1.137 Taxable Wage Base 13
1.138 Testing Compensation 13
1.139 Top Paid Group 13
1.140 Top Heavy 13
1.141 Top Heavy Ratio 13
1.142 Total Compensation 14
(a) Total Compensation definitions 14
(b) Post-severance compensation 14
(c) Continuation payments for disabled Participants 15
(d) Deemed §125 compensation 15
(e) Differential Pay 15
1.143 Traditional Safe Harbor Contribution 16
1.144 Traditional Safe Harbor Employer Contributions 16
1.145 Traditional Safe Harbor Matching Contributions 16
1.146 Trust 16
1.147 Trustee 16
1.148 Valuation Date 16
1.149 Year of Service 16

SECTION 2
ELIGIBILITY AND PARTICIPATION

2.01 Eligibility 17
2.02 Eligible Employees 17
(a) Only Employees may participate in the Plan 17
(b) Excluded Employees 17
(c) Employees of Related Employers 18
(d) Employees of an Employer acquired as part of a Code §410(b)(6)(C) transaction 19
(e) Ineligible Employee becomes Eligible Employee 19
(f) Eligible Employee becomes ineligible Employee 19
(g) Improper exclusion of eligible Participant 19
2.03 Minimum Age and Service Conditions 19
(a) Application of age and service conditions 19
(b) Entry Dates 22
2.04 Participation on Effective Date of Plan 23
2.05 Rehired Employees 23
2.06 Service with Predecessor Employers 23

© Copyright 2020

2.07 Break in Service Rules ... 24
(a) Break in Service ... 24
(b) Nonvested Participant Break in Service rule ... 24
(c) Special Break in Service rule for Plans using Two Years of Service for eligibility ... 24
(d) One-Year Break in Service rule ... 24
2.08 Waiver of Participation ... 25

SECTION 3
PLAN CONTRIBUTIONS

3.01 Types of Contributions ... 26
3.02 Employer Contribution Formulas ... 26
(a) Employer Contribution formulas (Profit Sharing/401(k) Plan) ... 26
(b) Employer Contribution formulas (Money Purchase Plan) ... 34
(c) Period for determining Employer Contributions ... 37
(d) Offset of Employer Contributions. ... 37
3.03 Salary Deferrals ... 37
(a) Salary Deferral Election ... 37
(b) Change in deferral election ... 38
(c) Automatic Contribution Arrangements (other than QACA Safe Harbor 401(k) Plans) ... 38
(d) Catch-Up Contributions ... 42
(e) Roth Deferrals ... 42
(f) In-Plan Roth Conversions.. ... 44
3.04 Matching Contributions ... 45
(a) Contributions eligible for Matching Contributions ... 45
(b) Period for determining Matching Contributions ... 45
(c) True-up contributions ... 46
(d) Qualified Matching Contributions (QMACs) ... 46
3.05 Traditional Safe Harbor/QACA Safe Harbor Contributions ... 47
3.06 After-Tax Employee Contributions ... 47
3.07 Rollover Contributions ... 48
3.08 Deductible Employee Contributions ... 49
3.09 Allocation Conditions ... 49
(a) Application to designated period ... 49
(b) Special rule for year of Plan termination ... 50
(c) Service with Predecessor Employers ... 50
3.10 Contribution of Property ... 50

SECTION 4
TOP HEAVY PLAN REQUIREMENTS

4.01 Top Heavy Plan ... 51
4.02 Top Heavy Ratio ... 51
(a) Defined Contribution Plan(s) only ... 51
(b) Maintenance of Defined Benefit Plan ... 51
(c) Determining value of Account Balance or accrued benefit ... 51
4.03 Other Definitions ... 52
(a) Key Employee ... 52
(b) Non-Key Employee ... 52
(c) Determination Date ... 52
(d) Permissive Aggregation Group ... 52
(e) Required Aggregation Group ... 52
(f) Present Value ... 52
(g) Total Compensation ... 52
(h) Valuation Date ... 52
4.04 Minimum Allocation ... 52
(a) Determination of Key Employee contribution percentage ... 53
(b) Determining of Non-Key Employee minimum allocation ... 53
(c) Certain allocation conditions inapplicable ... 53
(d) Participants not employed on the last day of the Plan Year ... 53
(e) Collectively Bargained Employees. ... 53
(f) Participation in more than one Top Heavy Plan ... 53
(g) No forfeiture for certain events ... 54
(h) Top Heavy vesting rules ... 54

© Copyright 2020

SECTION 5
LIMITS ON CONTRIBUTIONS

5.01 Limits on Employer Contributions 55
(a) Limitation on Salary Deferrals 55
(b) Limitation on total Employer Contributions 55
5.02 Elective Deferral Dollar Limit 55
(a) Excess Deferrals 55
(b) Correction of Excess Deferrals 55
5.03 Code §415 Limitation 56
(a) No other plan participation 56
(b) Participation in another plan 57
(c) Definitions 57
(d) Restorative payments 59
(e) Corrective provisions 60
(f) Change of Limitation Year 60

SECTION 6
SPECIAL RULES AFFECTING 401(K) PLANS

6.01 Nondiscrimination Testing of Salary Deferrals – ADP Test 61
(a) ADP Test 61
(b) Correction of Excess Contributions 63
(c) Adjustment of deferral rate for Highly Compensated Employees 64
(d) Special testing rules 64
6.02 Nondiscrimination Testing of Matching Contributions and After-Tax Employee Contributions – ACP Test 65
(a) ACP Test 65
(b) Correction of Excess Aggregate Contributions 67
(c) Adjustment of contribution rate for Highly Compensated Employees 69
(d) Special testing rules 69
6.03 Disaggregation of Plans 69
(a) Plans covering Collectively Bargained Employees and non-Collectively Bargained Employees 69
(b) Otherwise excludable Employees 69
(c) Corrective action for disaggregated plans 70
6.04 Safe Harbor 401(k) Plan Provisions 70
(a) Traditional Safe Harbor 401(k) Plan requirements 70
(b) Qualified Automatic Contribution Arrangement (QACA) Safe Harbor 401(k) Plan requirements 72
(c) Eligibility for Traditional Safe Harbor/QACA Safe Harbor Contributions 74
(d) Different eligibility conditions 74
(e) Provision of Safe Harbor Contribution in separate plan 75
(f) Mid-Year Changes to Safe Harbor 401(k) Plan 75
(g) Reduction or suspension of Traditional Safe Harbor/QACA Safe Harbor Contributions 75
(h) Deemed compliance with ADP Test 75
(i) Deemed compliance with ACP Test 75
(j) Rules for applying the ACP Test 76
(k) Application of Top Heavy rules 76
(l) Plan Year. 76
6.05 SIMPLE 401(k) Plan contributions 77
(a) Definitions 77
(b) Contributions 77
(c) Limit on Contributions 78
(d) Election and notice requirements 78
(e) Vesting requirements 78
(f) Top Heavy rules 78
(g) Nondiscrimination tests 78
(h) SIMPLE Compensation 78

SECTION 7
PARTICIPANT VESTING AND FORFEITURES

7.01 Vesting of Contributions 79
7.02 Vesting Schedules 79
(a) Full and immediate vesting schedule 79
(b) 6-year graded vesting schedule 79
(c) 3-year cliff vesting schedule 79
(d) 5-year graded vesting schedule 79
(e) Modified vesting schedule 79

© Copyright 2020

7.03 Different Vesting Schedules for Different Sources ... 79
7.04 Special vesting rules ... 79
(a) Normal Retirement Age ... 79
(b) 100% vesting upon death, disability, or Early Retirement Age ... 79
(c) Safe Harbor 401(k) Plans ... 79
(d) Vesting upon merger, consolidation or transfer ... 80
(e) Vesting schedules applicable to prior contributions ... 80
7.05 Year of Service ... 80
(a) Hours of Service ... 80
(b) Elapsed Time method ... 80
(c) Change in service crediting method ... 81
7.06 Vesting Computation Period ... 82
7.07 Excluded service ... 82
(a) Service before the Effective Date of the Plan ... 82
(b) Service before a specified age ... 82
7.08 Service with Predecessor Employers ... 82
7.09 Break in Service Rules ... 82
(a) Break in Service ... 82
(b) One-Year Break in Service rule ... 82
(c) Nonvested Participant Break in Service rule ... 83
(d) Five-Year Forfeiture Break in Service ... 83
7.10 Amendment of Vesting Schedule ... 83
7.11 Special Vesting Rule - In-Service Distribution When Account Balance is Less than 100% Vested ... 83
7.12 Forfeiture of Benefits ... 84
(a) Cash-Out Distribution ... 84
(b) Five-Year Forfeiture Break in Service ... 85
(c) Missing Participant or Beneficiary ... 85
(d) Excess Deferrals, Excess Contributions, and Excess Aggregate Contributions ... 86
(e) Forfeiture upon death of a Participant. ... 86
7.13 Allocation of Forfeitures ... 87
(a) Reallocation as additional contributions under Profit Sharing/401(k) Plan Adoption Agreement ... 87
(b) Reallocation as additional Employer Contributions under Money Purchase Plan Adoption Agreement ... 87
(c) Reduction of contributions ... 87
(d) Payment of Plan expenses ... 87
(e) Forfeiture rules for other contribution types ... 87

SECTION 8
PLAN DISTRIBUTIONS

8.01 Deferred distributions ... 89
8.02 Available Forms of Distribution ... 89
(a) Installment or annuity forms of distribution ... 89
(b) In-kind distributions ... 89
(c) Distribution options applicable to prior contributions. ... 89
8.03 Amount Eligible for Distribution ... 89
8.04 Participant Consent ... 90
(a) Involuntary Cash-Out threshold ... 90
(b) Rollovers disregarded in determining value of Account Balance for Involuntary Cash-Outs ... 90
(c) Participant notice ... 90
(d) Special rules ... 90
8.05 Direct Rollovers ... 90
(a) Definitions ... 91
(b) Direct Rollover notice ... 92
(c) Direct Rollover by non-Spouse beneficiary. ... 92
(d) Direct Rollover of non-taxable amounts ... 92
(e) Rollovers to Roth IRA ... 92
8.06 Automatic Rollover ... 92
(a) Automatic Rollover requirements ... 92
(b) Involuntary Cash-Out Distribution ... 93
(c) Treatment of Rollover Contributions ... 93
8.07 Distribution Upon Termination of Employment ... 93
(a) Account Balance not exceeding $5,000 ... 93
(b) Account Balance exceeding $5,000 ... 93
8.08 Distribution Upon Death ... 93

© Copyright 2020

(a) Death after commencement of benefits 93
(b) Death before commencement of benefits 93
(c) Determining a Participant's Beneficiary 94
(d) Slayer Rule 94
8.09 Distribution to Disabled Employees 96
8.10 In-Service Distributions 96
(a) After-Tax Employee Contributions and Rollover Contributions 96
(b) Employer Contributions and Matching Contributions 96
(c) Salary Deferrals, QNECs, QMACs, and Traditional Safe Harbor/QACA Safe Harbor Contributions 96
(d) Penalty-free withdrawals for individuals called to active duty 96
(e) Hardship distribution 97
8.11 Sources of Distribution 99
(a) Exception for Hardship withdrawals 99
(b) Roth Deferrals 99
8.12 Required Minimum Distributions 99
(a) Period of distribution 99
(b) Death of Participant before required distributions begin 100
(c) Required Minimum Distributions during Participant's lifetime 100
(d) Required Minimum Distributions after Participant's death 101
(e) Definitions 102
(f) Special Rules 103
(g) Transitional Rule 105
(h) Modification of Minimum Distribution Rules Relating to Qualified Longevity Annuity Contracts. 105
8.13 Correction of Qualification Defects 109

SECTION 9
JOINT AND SURVIVOR ANNUITY REQUIREMENTS

9.01 Application of Joint and Survivor Annuity Rules 110
(a) Money Purchase Plan 110
(b) Profit Sharing/401(k) Plan 110
(c) Exception to the Joint and Survivor Annuity Requirements 110
(d) Administrative procedures 110
(e) Accumulated deductible employee contributions 110
(f) Plans that offer life annuity option or deferred annuity contract. 110
9.02 Pre-Death Distribution Requirements 110
(a) Qualified Joint and Survivor Annuity (QJSA) 111
(b) Qualified Optional Survivor Annuity (QOSA) 111
(c) Notice requirements 111
(d) Annuity Starting Date 111
9.03 Distributions After Death 111
(a) Qualified Preretirement Survivor Annuity (QPSA) 112
(b) Notice requirements 112
9.04 Qualified Election 112
(a) QJSA 112
(b) QPSA 113
(c) Identification of surviving Spouse 113
9.05 Transitional Rules 113
(a) Automatic joint and survivor annuity 113
(b) Election of early survivor annuity 114
(c) Qualified Early Retirement Age 114

SECTION 10
PLAN ACCOUNTING AND INVESTMENTS

10.01 Participant Accounts 115
10.02 Valuation of Accounts 115
(a) Periodic valuation 115
(b) Daily valuation 115
(c) Interim valuations 115
10.03 Adjustments to Participant Accounts 115
(a) Distributions and forfeitures from a Participant's Account 115
(b) Life insurance premiums and dividends 115
(c) Contributions and forfeitures allocated to a Participant's Account 115
(d) Net income or loss 115
10.04 Share or unit accounting. 116

© Copyright 2020

10.05 Suspense accounts. 116
10.06 Investments under the Plan 116
(a) Investment options 116
(b) Investment of tax deductible Employee contributions in life insurance and collectibles. 116
(c) Limitations on the investment in Qualifying Employer Securities and Qualifying Employer Real Property 117
(d) Diversification requirements for Defined Contribution Plans invested in Employer securities 117
10.07 Participant-directed investments 119
(a) Limits on participant investment direction 119
(b) Failure to direct investment 119
(c) Disclosure requirements. 119
(d) ERISA §404(c) protection 119
10.08 Investment in Life Insurance 120
(a) Incidental Life Insurance Rules 120
(b) Ownership of Life Insurance Policies 121
(c) Evidence of Insurability 121
(d) Distribution of Insurance Policies 121
(e) Discontinuance of Insurance Policies 121
(f) Protection of Insurer 121
(g) No Responsibility for Act of Insurer 121

SECTION 11
PLAN ADMINISTRATION AND OPERATION

11.01 Plan Administrator 122
11.02 Designation of Alternative Plan Administrator 122
(a) Acceptance of responsibility by designated Plan Administrator 122
(b) Multiple alternative Plan Administrators. 122
(c) Resignation or removal of designated Plan Administrator 122
(d) Employer responsibilities 122
(e) Indemnification of Plan Administrator 122
11.03 Named Fiduciary 122
11.04 Duties, Powers and Responsibilities of the Plan Administrator 122
(a) Delegation of duties, powers and responsibilities 122
(b) Specific Plan Administrator responsibilities. 122
11.05 Plan Administration Expenses 123
(a) Reasonable Plan administration expenses 123
(b) Plan expense allocation. 123
(c) Expenses related to administration of former Employee or surviving Spouse 123
(d) ERISA Spending Account 123
11.06 Qualified Domestic Relations Orders (QDROs) 124
(a) In general 124
(b) Definitions related to Qualified Domestic Relations Orders (QDROs) 124
(c) Recognition as a QDRO 124
(d) Contents of QDRO 124
(e) Impermissible QDRO provisions 124
(f) Immediate distribution to Alternate Payee 125
(g) Fee for QDRO determination 125
(h) Default QDRO procedure 125
11.07 Claims Procedure. 126
11.08 Operational Rules for Short Plan Years 127

SECTION 12
TRUST AND OTHER PLAN FUNDING

12.01 Establishment of Trust or Other Funding Mechanism. 128
12.02 Conflicting Trust Provisions 128
12.03 More than One Trustee 128
12.04 Annual Valuation 128
12.05 Appointment of Custodian 128
12.06 Custodial Accounts, Annuity Contracts and Insurance Contracts 128

SECTION 13
PARTICIPANT LOANS

13.01 Availability of Participant Loans. 129
13.02 Must be Available in Reasonably Equivalent Manner. 129
13.03 Loan Limitations 129

© Copyright 2020

13.04 Limit on Amount and Number of Loans. 129
(a) Loan renegotiation. 129
(b) Participant must be creditworthy. 130
13.05 Reasonable Rate of Interest 130
13.06 Adequate Security 130
13.07 Periodic Repayment 130
(a) Leave of absence 130
(b) Military leave 130
13.08 Spousal Consent 131
13.09 Designation of Accounts. 131
13.10 Procedures for Loan Default 131
(a) Offset of defaulted loan 131
(b) Subsequent loan following defaulted loan 131
13.11 Termination of Employment 132
(a) Offset of outstanding loan 132
(b) Direct Rollover 132
13.12 Mergers, Transfers or Direct Rollovers from another Plan/Change in Loan Record Keeper 132
13.13 Amendment of Plan to Eliminate Participant Loans 132

SECTION 14
PLAN AMENDMENTS, TERMINATION, MERGERS AND TRANSFERS

14.01 Plan Amendments 133
(a) Amendment by the Provider 133
(b) Amendment by the Employer 133
(c) Method of amendment 134
(d) Reduction of accrued benefit 134
(e) Amendment of vesting schedule 134
(f) Effective date of Plan Amendments 134
14.02 Amendment to Correct Coverage or Nondiscrimination Violation. 135
(a) Amendment within correction period under Treas. Reg. §1.401(a)(4)-11(g) 135
(b) Fail-Safe Coverage Provision 135
14.03 Plan Termination 136
(a) Full and immediate vesting 136
(b) Distribution upon Plan termination 136
(c) Termination upon merger, liquidation or dissolution of the Employer 137
(d) Partial Termination 137
14.04 Merger or Consolidation 137
14.05 Transfer of Assets 138
(a) Protected benefits 138
(b) Application of QJSA requirements. 138
(c) Transfers from a Defined Benefit Plan, Money Purchase Plan or 401(k) Plan 138
(d) Qualified Transfer 139
(e) Trustee's right to refuse transfer 140
(f) Transfer of Plan to unrelated Employer 140

SECTION 15
MISCELLANEOUS

15.01 Exclusive Benefit 141
15.02 Return of Employer Contributions 141
(a) Mistake of fact 141
(b) Disallowance of deduction 141
(c) Failure to initially qualify 141
15.03 Alienation or Assignment 141
15.04 Offset of benefits 141
15.05 Participants' Rights 142
15.06 Military Service 142
(a) Death benefits under qualified military service 142
(b) Benefit accruals 142
(c) Plan distributions 142
(d) Make-Up Contributions 143
15.07 Annuity Contract 143
15.08 Use of IRS Compliance Programs 143
15.09 Governing Law 143
15.10 Waiver of Notice 143

© Copyright 2020

15.11 Use of Electronic Media 143
15.12 Severability of Provisions 143
15.13 Binding Effect 144

SECTION 16
PARTICIPATING EMPLOYERS

16.01 Participation by Participating Employers 145
16.02 Participating Employer Adoption Page. 145
(a) Application of Plan provisions. 145
(b) Plan amendments. 145
(c) Trustee designation. 145
16.03 Compensation of Related Employers. 145
16.04 Allocation of Contributions and Forfeitures 145
16.05 Discontinuance of Participation by a Participating Employer 145
16.06 Operational Rules for Related Employer Groups. 146
16.07 Multiple Employer Plans 146
(a) Application of qualification rules to Multiple Employer Plans 146
(b) Definitions that apply to Multiple Employer Plans. 147
(c) Special rules for Multiple Employer Plans 147
16.08 Special Rules for Standardized Plan Adoption Agreement 148
(a) Change in status - new Related Employer 148
(b) Change in status – cessation of Related Employer relationship 149

APPENDIX A
ACTUARIAL FACTORS

Actuarial Factor Table 150

APPENDIX B
INTERIM AMENDMENT #1
FINAL REGULATIONS RELATING TO HARDSHIP DISTRIBUTIONS

B-1.01 Change in Hardship Distribution Requirements 151
B-2.01 Acceptance of Rollover Contributions 151
B-3.01 Relief for Victims of Certain Qualified Natural Disasters 153
B-3.02 Qualified Natural Disasters 153
B-3.03 General Rules 153

APPENDIX C
INTERIM AMENDMENT #2
CARES/SECURE ACTS

C-1.01 Application 154
C-1.02 Prior Amendments 154
C-2.01 Applicable Laws 154
C-2.02 Application to Cycle 3 Defined Contribution Plans 154
C-3.01 Coronavirus Aid, Relief, and Economic Security Act 154
C-3.02 Coronavirus-Related Distributions and Loan from the Plan 154
C-3.03 Required Minimum Distributions for 2020 156
C-4.01 Consolidated Appropriations Act, 2021 157
C-4.02 Special Disaster-Related Rules 157
C-4.03 Temporary Rule Preventing Partial Plan Termination 159
C-4.04 Coronavirus-Related Distributions in Money Purchase Pension Plans and Money Purchase Pension Assets 159
C-5.01 SECURE Act, Miners Act and Disaster Tax Relief Act of 2019 159
C-5.02 Modification of Required Minimum Distribution Rules 159
C-5.03 Prohibition from Making Loans Through Credit Cards 161
C-5.04 Special Disaster-Related Distributions and Loans 161
C-5.05 Elimination of Notice Requirement for Nonelective Safe Harbor 401(k) Plans 163
C-5.06 Delay in Adopting Provisions for Nonelective Safe Harbor 401(k) Plan under SECURE Acts §§103(b) and (c) 164
C-5.07 Portability of Lifetime Income Options 164
C-5.08 Qualified Birth or Adoption Distributions ("QBADs") 165
C-5.09 Increase of Cap for QACA Safe Harbor 401(k) Plan 166
C-5.10 Including Difficulty of Care Payments in Total Compensation 166
C-5.11 In-Service Distributions for Money Purchase Pension Plans and Transferred Pension Assets 166
C-5.12 Participation of Long-Term Part-Time Employees in 401(k) Plan 166
C-5.13 Plan Adopted by Filing Due Date 167
C-5.14 Multiple Employer Plans – Application of Qualification Requirements 167

© Copyright 2020

SECTION 1
PLAN DEFINITIONS

This Section contains definitions for common terms that are used throughout the Plan. All capitalized terms under the Plan are defined in this Section or in the relevant section of the Plan document where such term is used.

1.01 **Account.** The separate Account maintained for each Participant under the Plan by the Plan Administrator, Plan service provider, Custodian or insurance company. Under a Profit Sharing/401(k) Plan, a Participant may have any (or all) of the following separate Accounts:

- Pre-Tax Salary Deferral Account
- Roth Deferral Account
- Employer Contribution Account
- Matching Contribution Account
- Qualified Nonelective Contribution (QNEC) Account
- Qualified Matching Contribution (QMAC) Account
- Traditional Safe Harbor Employer Contribution Account
- Traditional Safe Harbor Matching Contribution Account
- QACA Safe Harbor Employer Contribution Account
- QACA Safe Harbor Matching Contribution Account
- After-Tax Employee Contribution Account
- Rollover Contribution Account
- Roth Rollover Contribution Account
- In-Plan Roth Conversion Account
- Transfer Account

The Plan Administrator may establish other Accounts, as it deems necessary, for the proper administration of the Plan.

1.02 **Account Balance.** Account Balance shall mean a Participant's balances in all of the Accounts maintained by the Plan on his or her behalf.

1.03 **ACP Test (Actual Contribution Percentage Test).** The special nondiscrimination test that applies to Matching Contributions and/or After-Tax Employee Contributions. See Section 6.02(a).

1.04 **Actuarial Factor.** A Participant's Actuarial Factor is used for purposes of determining the Participant's allocation under the age-based allocation formula under a Profit Sharing/401(k) Plan Adoption Agreement or under the age-based contribution formula under the Money Purchase Plan Adoption Agreement. See Section 3.02(a)(1)(v)(B) or 3.02(b)(4)(ii).

1.05 **Adoption Agreement ("Agreement" or "AA").** The Adoption Agreement contains the elective provisions that an Employer may complete to supplement or modify the provisions under the Plan. Each adopting Employer must complete and execute the Adoption Agreement. If the Plan covers Employees of an Employer other than the Employer that executes the Employer Signature Page of the Adoption Agreement, such additional Employer(s) must execute a Participating Employer Adoption Page under the Adoption Agreement. (See Section 16 for rules applicable to adoption by Participating Employers.) An Employer may adopt more than one Adoption Agreement associated with this Plan document. Each executed Agreement is treated as a separate Plan. The Employer may adopt either a Nonstandardized or Standardized Plan document.

1.06 **ADP Test (Actual Deferral Percentage Test).** The special nondiscrimination test that applies to Salary Deferrals under a Profit Sharing/401(k) Plan. See Section 6.01(a).

1.07 **After-Tax Employee Contributions.** Employee Contributions that may be made to the Plan by a Participant that are included in the Participant's gross income in the year such amounts are contributed to the Plan and are maintained under a separate After-Tax Employee Contribution Account to which earnings and losses are allocated. See Section 3.06. For this purpose, Roth Deferrals are not considered as After-Tax Employee Contributions.

1.08 **Alternate Payee.** A person designated to receive all or a portion of the Participant's benefit pursuant to a QDRO. See Section 11.06.

1.09 **Anniversary Years.** An alternative period for measuring Eligibility Computation Periods (under Section 2.03(a)(3)) and Vesting Computation Periods (under Section 7.06). An Anniversary Year is any 12-month period which commences with the Employee's Employment Commencement Date or which commences with the anniversary of the Employee's Employment Commencement Date.

© Copyright 2020

1.10 **Annual Additions.** The amounts taken into account under a Defined Contribution Plan for purposes of applying the limitation on allocations under Code §415. See Section 5.03(c)(1) for the definition of Annual Additions.

1.11 **Annuity Contract.** A nontransferable group annuity certificate or individual contract as defined in Code §401(g) that is issued by an insurance company qualified to issue annuities in a State and that includes payment in the form of an annuity and that meets the following requirements: (a) An Annuity Contract may only be offered by an Insurance Company; (b) The Annuity Contract may be owned by the Participant, and a group Annuity Contract may be held by the Trustee or Employer (if a qualified trust substitute under Code §401(f)); and (c) An Annuity Contract may be fixed, variable, or a combination of fixed and variable.

A life insurance contract, an endowment contract, a health or accident insurance contract, or a property, casualty, or liability insurance contract do not constitute an Annuity Contract. However, this does not apply for contracts issued before September 24, 2007.

1.12 **Annuity Starting Date.** The date an Employee commences distribution from the Plan. If a Participant commences distribution with respect to a portion of his/her Account Balance, a separate Annuity Starting Date applies to any subsequent distribution. If distribution is made in the form of an annuity, the Annuity Starting Date is the first day of the first period for which annuity payments are made. See Section 9.02(d).

1.13 **Automatic Contribution Arrangement.** An Automatic Contribution Arrangement is a 401(k) plan that provides for automatic deferrals for eligible Participants who do not make an affirmative election to defer (or not to defer) under the Plan. The Employer may elect under AA §6A-8 of the Profit Sharing/401(k) Plan Adoption Agreement to designate the Plan as an Automatic Contribution Arrangement, including an Eligible Automatic Contribution Arrangement (EACA). If the Employer designates the Plan as an Automatic Contribution Arrangement, the Employer will automatically withhold the amount designated under AA §6A-8 from a Participant's Plan Compensation, unless the Participant completes a Salary Deferral Election electing a different deferral amount (including a zero-deferral amount).

1.14 **Automatic Rollover.** For Involuntary Cash-Out Distributions (as defined in Section 8.06(b)) made on or after March 28, 2005, the Plan Administrator will make a Direct Rollover to an individual retirement plan (IRA) designated by the Plan Administrator. See Section 8.06.

1.15 **Average Contribution Percentage (ACP).** The average of the contribution percentages for the Highly Compensated Employee Group and the Nonhighly Compensated Employee Group, which are tested for nondiscrimination under the ACP Test. See Section 6.02(a)(1).

1.16 **Average Deferral Percentage (ADP).** The average of the deferral percentages for the Highly Compensated Employee Group and the Nonhighly Compensated Employee Group, which are tested for nondiscrimination under the ADP Test. See Section 6.01(a)(1).

1.17 **Beneficiary.** A person designated by the Participant (or by the terms of the Plan) to receive a benefit under the Plan upon the death of the Participant. See Section 8.08(c) for the applicable rules for determining a Participant's Beneficiaries under the Plan.

1.18 **Benefiting Participant.** A Participant who receives an allocation of Employer Contributions or forfeitures as described in Section 3.02(a)(1)(iv)(B)(II). See Section 3.02(a)(1)(iv)(B)(III) for special rules that apply where a Benefiting Participant does not receive the Minimum Gateway Contribution described in Section 3.02(a)(1)(iv)(B)(III)(a) under the Employee group allocation formula.

1.19 **Break in Service.** The Computation Period (as defined in Section 2.03(a)(3) for purposes of eligibility and Section 7.06 for purposes of vesting) during which an Employee does not complete more than five hundred (500) Hours of Service with the Employer. However, if the Employer elects under AA §4-3(a) or AA §8-5(a) to require less than 1,000 Hours of Service to earn a Year of Service for eligibility or vesting purposes, a Break in Service will occur for any Computation Period during which the Employee does not complete more than one-half (1/2) of the Hours of Service required to earn a Year of Service for eligibility or vesting purposes, as applicable. However, if the Elapsed Time method applies under AA §4-3(c) (for purposes of eligibility) or AA §8-5(c) (for purposes of vesting), an Employee will incur a Break in Service if the Employee incurs at least a one-year Period of Severance. (See Section 2.07 for a discussion of the eligibility Break in Service rules and Section 7.09 for a discussion of the vesting Break in Service rules.)

1.20 **Cash-Out Distribution.** A total distribution made to a terminated Participant in accordance with Section 7.12(a).

1.21 **Catch-Up Contributions.** Salary Deferrals made to the Plan that are in excess of an otherwise applicable Plan limit and that are made by a Participant who is age 50 or over by the end of his/her taxable year. See Section 3.03(d).

© Copyright 2020

1.22 **Catch-Up Contribution Limit.** The annual limit applicable to Catch-Up Contributions as set forth in Section 3.03(d)(1).

1.23 **Code.** The Internal Revenue Code of 1986, as amended.

1.24 **Code §415 Limitation.** The limit on the amount of Annual Additions a Participant may receive under the Plan during a Limitation Year. See Section 5.03.

1.25 **Collectively Bargained Employee.** An Employee who is included in a unit of Employees covered by a collective bargaining agreement between the Employer and Employee representatives and whose retirement benefits are subject to good faith bargaining. Such Employees may be excluded from the Plan if designated under AA §3-1(b). See Section 2.02(b)(1) for additional requirements related to the exclusion of Collectively Bargained Employees.

1.26 **Compensation Limit.** The maximum amount of compensation that can be taken into account for any Plan Year for purposes of determining a Participant's Plan Compensation. The Compensation Limit is adjusted for cost-of-living increased in accordance with Code §401(a)(17)(B). For 2020, the Compensation Limit is $285,000. In determining the Compensation Limit for any applicable period (the "determination period"), the cost-of-living adjustment in effect for a calendar year applies to any determination period that begins with or within such calendar year.

If a determination period consists of fewer than 12 months, the Compensation Limit for such period is an amount equal to the otherwise applicable Compensation Limit multiplied by a fraction, the numerator of which is the number of months in the short determination period, and the denominator of which is 12. A determination period will not be considered to be less than 12 months merely because compensation is taken into account only for the period the Employee is a Participant. If Salary Deferrals, Matching Contributions, or After-Tax Employee Contributions are separately determined on the basis of specified periods within the determination period (e.g., on the basis of payroll periods), no proration of the Compensation Limit is required with respect to such contributions.

If compensation for any prior determination period is taken into account in determining a Participant's allocations for the current Plan Year, the compensation for such prior determination period is subject to the applicable Compensation Limit in effect for that prior period.

In determining the amount of a Participant's Salary Deferrals under a Profit Sharing/401(k) Plan, a Participant may defer with respect to Plan Compensation that exceeds the Compensation Limit, provided the total deferrals made by the Participant satisfy the Elective Deferral Dollar Limit and any other limitations under the Plan.

1.27 **Computation Period.** The 12-consecutive month period used for measuring whether an Employee completes a Year of Service for eligibility or vesting purposes.

(a) **Eligibility Computation Period.** The 12-consecutive month period used for measuring Years of Service for eligibility purposes. See Section 2.03(a)(3).

(b) **Vesting Computation Period.** The 12-consecutive month period used for measuring Years of Service for vesting purposes. See Section 7.06.

1.28 **Current Year Testing Method.** A method for applying the ADP Test and/or the ACP Test under a Profit Sharing/401(k) Plan wherein the Salary Deferrals taken into account under the ADP Test and the Matching Contributions and/or After-Tax Employee Contributions taken into account under the ACP Test are based on deferrals and contributions in the current Plan Year. See Section 6.01(a)(2)(ii) for a discussion of the Current Year Testing Method under the ADP Test and Section 6.02(a)(2)(ii) for a discussion of the Current Year Testing Method under the ACP Test.

1.29 **Custodian.** An organization that has custody of all or any portion of the Plan assets in a custodial account as described in Code §401(f).

1.30 **Defined Benefit Plan.** A plan under which a Participant's benefit is based solely on the Plan's benefit formula without the establishment of separate Accounts for Participants.

1.31 **Defined Contribution Plan.** A plan that provides for individual Accounts for each Participant to which all contributions, forfeitures, income, expenses, gains and losses under the Plan are credited or deducted. A Participant's benefit under a Defined Contribution Plan is based solely on the fair market value of his/her vested Account Balance.

1.32 **Designated Beneficiary.** A Beneficiary who is designated by the Participant (or by the terms of the Plan) and whose life expectancy is taken into account in determining minimum distributions under Code §401(a)(9) and Treas. Reg. §1.401(a)(9)-4. See Section 8.12(e)(1).

© Copyright 2020

1.33 **Determination Date.** The date as of which the Plan is tested for Top Heavy purposes. See Section 4.03(c).

1.34 **Determination Year.** The Plan Year for which an Employee's status as a Highly Compensated Employee is being determined. See Section 1.70(c).

1.35 **Differential Pay.** Certain payments made by the Employer to an individual while the individual is performing service in the Uniformed Services. See Section 1.142(e).

1.36 **Directed Account.** The Plan assets under a Trust which are held for the benefit of a specific Participant. See Section 10.03(d)(2).

1.37 **Directed Trustee.** A Trustee is a Directed Trustee to the extent that the Trustee's investment powers are subject to the direction of another person.

1.38 **Direct Rollover.** A rollover, at the Participant's direction, of all or a portion of the Participant's vested Account Balance directly to an Eligible Retirement Plan. See Section 8.05.

1.39 **Disabled.** An individual is considered Disabled for purposes of applying the provisions of this Plan if the individual meets the definition of Disabled elected by the Employer under AA §2-8. If the Plan references a third-party determination of a Participant being Disabled, the Plan Administrator may rely on such determination.

1.40 **Discretionary Trustee.** A Trustee is a Discretionary Trustee to the extent the Trustee has exclusive authority and discretion to invest, manage or control the Plan assets without direction from any other person.

1.41 **Distribution Calendar Year.** A calendar year for which a minimum distribution is required. See Section 8.12(e)(2).

1.42 **Early Retirement Age.** The age and/or Years of Service set forth in AA §7-2. Early Retirement Age may be used to determine distribution rights and/or vesting rights. If a Participant separates from service before satisfying the age requirement for early retirement, but has satisfied the service requirement, the Participant will be entitled to elect an early retirement benefit upon satisfaction of such age requirement. The Plan is not required to have an Early Retirement Age.

1.43 **Earned Income.** Earned Income is the net earnings from self-employment in the trade or business with respect to which the Plan is established, and for which personal services of the individual are a material income-producing factor. Net earnings will be determined without regard to items not included in gross income and the deductions allocable to such items. Net earnings are reduced by contributions by the Employer to a qualified plan to the extent deductible under Code §404. Net earnings shall be determined after the deduction allowed to the taxpayer by Code §164(f).

1.44 **Effective Date.** The date this Plan, including any restatement or amendment of this Plan, is effective. The Effective Date of the Plan is designated on the Employer Signature Page under the Adoption Agreement.

1.45 **Elapsed Time.** A special method for crediting service for eligibility or vesting. See Section 2.03(a)(6) for more information on the Elapsed Time method of crediting service for eligibility purposes and Section 7.05(b) for more information on the Elapsed Time method of crediting service for vesting purposes. Also see Section 3.09 for the ability to use the Elapsed Time method for applying allocation conditions under the Plan.

1.46 **Elective Deferral Dollar Limit.** The maximum amount of Elective Deferrals a Participant may make for any calendar year. See Section 5.02.

1.47 **Elective Deferrals.** A Participant's Elective Deferrals is the sum of all Salary Deferrals (as defined in Section 1.131) and other contributions made pursuant to a Salary Deferral Election under a SARSEP described in Code §408(k)(6), a SIMPLE IRA plan described in Code §408(p), a plan described under Code §501(c)(18), and a custodial account or other arrangement described in Code §403(b). Elective Deferrals shall not include any amounts properly distributed as an Excess Amount under Code §415.

1.48 **Eligible Automatic Contribution Arrangement (EACA).** An Automatic Contribution Arrangement that satisfies the requirements for an EACA under Section 3.03(c)(2)(i).

1.49 **Eligible Employee.** An Employee who is not excluded from participation under Section 2.02 of the Plan or AA §3-1.

1.50 **Eligible Retirement Plan.** A qualified retirement plan or IRA that may receive a rollover contribution. See Section 8.05(a)(2).

1.51 **Eligible Rollover Distribution.** An amount distributed from the Plan that is eligible for rollover to an Eligible Retirement Plan. See Section 8.05(a)(1).

© Copyright 2020

1.52 **Employee.** An Employee is any individual employed by the Employer (including any Related Employers). An independent contractor is not an Employee. An Employee is not eligible to participate under the Plan if the individual is not an Eligible Employee under Section 2.02. For purposes of applying the provisions under this Plan, a Self-Employed Individual is treated as an Employee. A Leased Employee is also treated as an Employee of the recipient organization, as provided in Section 2.02(b)(4).

1.53 **Employer.** Except as otherwise provided, Employer means the Employer that adopts this Plan and any Related Employer. The term Employer also includes an Employee organization (as defined in ERISA §3(4)) and a Lead Employer of a Multiple Employer Plan (as defined in Section 16.07(b)(1). (See Section 2.02(c) for rules regarding coverage of Employees of Related Employers. Also see Section 16 for rules that apply to Employers that execute a Participating Employer Adoption Page.)

1.54 **Employer Contributions.** Contributions the Employer makes pursuant to AA §6. Under a Profit Sharing/401(k) Plan, Employer Contributions also include any QNECs the Employer makes to the Plan and any Traditional Safe Harbor/QACA Safe Harbor Employer Contributions the Employer makes pursuant to AA §6C-2 of the Profit Sharing/401(k) Plan Adoption Agreement. See Section 3.01

1.55 **Employment Commencement Date.** The date the Employee first performs an Hour of Service for the Employer.

1.56 **Entry Date.** The date on which an Employee becomes a Participant upon satisfying the Plan's minimum age and service conditions. See Section 2.03(b).

1.57 **Equivalency Method.** An alternative method for crediting Hours of Service for purposes of eligibility and vesting. See Section 2.03(a)(5) for eligibility provisions and Section 7.05(a)(2) for vesting provisions.

1.58 **ERISA.** The Employee Retirement Income Security Act of 1974, as amended.

1.59 **ERISA Spending Account.** An account established to hold excess fees that are remitted to the Plan. See Section 11.05(d).

1.60 **Excess Aggregate Contributions.** Amounts which are distributed to correct the ACP Test. See Section 6.02(b)(1).

1.61 **Excess Amount.** Amounts which exceed the Code §415 Limitation. See Section 5.03(c)(4).

1.62 **Excess Compensation.** The amount of Plan Compensation that exceeds the Integration Level for purposes of applying the permitted disparity allocation formula. See Section 3.02(a)(1)(ii) (Profit Sharing/401(k) Plan) and Section 3.02(b)(2) (Money Purchase Plan).

1.63 **Excess Contributions.** Amounts which are distributed to correct the ADP Test. See Section 6.01(b)(1).

1.64 **Excess Deferrals.** Elective Deferrals that exceed the Elective Deferral Dollar Limit (as defined in Section 5.02). (See Section 5.02(b) for rules regarding the correction of Excess Deferrals.)

1.65 **Fail-Safe Coverage Provision.** A correction provision that permits the Plan to automatically correct a coverage violation resulting from the application of a last day of employment or Hours of Service allocation condition. See Section 14.02.

1.66 **Family Members.** For purposes of applying the Employee group allocation formula under AA §6-3(e) of the Profit Sharing/401(k) Plan Adoption Agreement, Family Members include the Spouse, children, parents and grandparents of a Five-Percent Owner, as defined in Section 1.70(a). See Section 3.02(a)(1)(iv)(B)(I).

1.67 **Favorable IRS Letter.** An opinion letter issued by the IRS pursuant to Rev. Proc. 2017-41 (or its successor) to a Provider as to the qualified status of a Pre-Approved Plan.

1.68 **General Trust Account.** The Plan assets under a Trust which are held for the benefit of all Plan Participants as a pooled investment. See Section 10.03(d)(1).

1.69 **Hardship.** A heavy and immediate financial need which meets the requirements of Section 8.10(e).

1.70 **Highly Compensated.** An Employee or Participant is Highly Compensated for a Plan Year if he/she is a Five-Percent Owner (as defined in subsection (a)) or has Total Compensation above the compensation limit (as defined in subsection (b)).

(a) **Five-Percent Owner.** An individual is Highly Compensated if at any time during the Determination Year or Lookback Year, such individual owns (or is considered as owning within the meaning of Code §318) more than five (5) percent of the outstanding stock of the Employer or stock possessing more than five (5) percent of the total combined voting

power of all stock of the Employer. If the Employer is not a corporation, an individual is treated as Highly Compensated if such individual owns more than five (5) percent of the capital or profits interest of the Employer.

(b) **Compensation limit.** An individual is Highly Compensated if, at any time during the Lookback Year, such individual has Total Compensation from the Employer in excess of $130,000 for 2020 and, if elected under AA §11-2, is in the Top Paid Group, as defined in subsection (f) below. The amount is adjusted at the same time and in the same manner as under Code §415(d). A Highly Compensated former employee is based on the rules applicable to determining Highly Compensated Employee status as in effect for the applicable Determination Year.

In determining whether an Employee or Participant is Highly Compensated, the following definitions apply:

(c) **Determination Year.** The Determination Year is the Plan Year for which the Highly Compensated determination is being made.

(d) **Lookback Year.** The Lookback Year is the 12-month period immediately preceding the Determination Year. If the Plan Year is not the calendar year, the Employer may elect in AA §11-2(b) to use the calendar year that begins in the Lookback Year. This election to use the calendar year as the Lookback Year only applies for purposes of applying the compensation limit under subsection (b) above and not for purposes of applying the Five-Percent Owner test in subsection (a) above.

(e) **Total Compensation.** Total Compensation as defined under Section 1.142.

(f) **Top Paid Group.** The Top Paid Group is the top 20% of Employees ranked by Total Compensation. In determining the Top Paid Group, any reasonable method of rounding or tie-breaking may be used. In determining the number of Employees in the Top Paid Group, Employees described in Code §414(q)(5) or applicable regulations may be excluded.

1.71 **Highly Compensated Group.** The group of Highly Compensated Employees who are included in the ADP Test and/or the ACP Test. See Sections 6.01(a) and 6.02(a).

1.72 **Hour of Service.** Each Employee of the Employer will receive credit for each Hour of Service he/she works for purposes of applying the eligibility and vesting rules under the Plan. An Employee will not receive credit for the same Hour of Service under more than one category listed below.

(a) **Performance of duties.** Hours of Service include each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer. These hours will be credited to the Employee for the computation period in which the duties are performed. In the case of Hours of Service to be credited to an Employee in connection with a period of no more than 31 days which extends beyond one computation period, all such Hours of Service may be credited to the first computation period or the second computation period. Hours of Service under this subsection (a) must be credited consistently for all Employees within the same job classifications.

(b) **Nonperformance of duties.** Hours of Service include each hour for which an Employee is paid, or entitled to payment, by the Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. No more than 501 hours of service will be credited under this paragraph for any single continuous period (whether or not such period occurs in a single Computation Period). Hours under this paragraph will be calculated and credited pursuant to §2530.200b-2 of the Department of Labor Regulations which is incorporated herein by this reference.

(c) **Back pay award.** Hours of Service include each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. The same Hours of Service will not be credited both under subsection (a) or subsection (b), as the case may be, and under this subsection (c). These hours will be credited to the Employee for the Computation Period(s) to which the award or agreement pertains rather than the Computation Period(s) in which the award, agreement or payment is made.

(d) **Related Employers/Leased Employees.** Hours of Service will be credited for employment with any Related Employer. Hours of Service also include hours credited as a Leased Employee or as an employee under Code §414(o).

(e) **Maternity/paternity/FMLA/military leave.** Solely for purposes of determining whether a Break in Service has occurred in a Computation Period, an individual who is absent from work for maternity or paternity reasons will receive credit for the Hours of Service which would otherwise have been credited to such individual but for such absence, or in any case in which such hours cannot be determined, 8 Hours of Service per day for such absence. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence:

© Copyright 2020

(1) by reason of the pregnancy of the individual;

(2) by reason of a birth of a child of the individual;

(3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual; or

(4) for purposes of caring for such child for a period beginning immediately following such birth or placement.

The Hours of Service credited under this paragraph will be credited in the Computation Period in which the absence begins if the crediting is necessary to prevent a Break in Service in that period, or in all other cases, in the following Computation Period.

In addition, solely for purposes of determining whether a Break in Service has occurred in a Computation Period, an individual who is absent from work due to events described under the Family and Medical Leave Act (FMLA) and as required under DOL Reg. §825.215 will receive credit for the Hours of Service which would have been credited to such individual but for the absence. In addition, solely for purposes of determining whether a Break in Service has occurred in a Computation Period, an individual who is absent from work due to military leave described under the Uniformed Services Employment and Reemployment Rights Act and as required under Code §414(u)(8)(A) and DOL Reg. 20 CFR §1002.259 will receive credit for the Hours of Service which would have been credited to such individual but for the absence.

1.73 **In-Plan Roth Conversion Account.** An Account to hold amounts that are converted to Roth Deferrals as part of an In-Plan Roth Conversion, as set forth in 3.03(f).

1.74 **Insurer.** Any insurance company or affiliate or subsidiary thereof, or any legal reserve insurance company, which issues one or more contracts under the Plan in accordance with the requirements under Sections 10.07 and 10.08.

1.75 **Investment Arrangement.** The investments under the Plan as described in Section 10.06 of this Plan document. The terms governing each Investment Arrangement under the Plan, excluding those terms that are inconsistent with Code Section 401(a), are hereby incorporated by reference into the Plan. In the event of any conflict between the terms of the Plan (including, but not limited to, any elections under the Adoption Agreement) and the terms of the Investment Arrangement, the terms of the Plan shall control, except that the terms of the Plan may not alter or construe the terms of the Investment Arrangement or enlarge the obligations of the issuer or provider of the Investment Arrangement without the consent of the issuer or provider.

1.76 **Integration Level.** The amount used for purposes of applying the permitted disparity allocation formula. The Integration Level is the Taxable Wage Base, unless the Employer designates a different amount under the Adoption Agreement. See Section 3.02(a)(1)(ii) (Profit Sharing/401(k) Plan) and Section 3.02(b)(2) (Money Purchase Plan).

1.77 **Key Employee.** Employees who are taken into account for purposes of determining whether the Plan is a Top Heavy Plan. See Section 4.03(a).

1.78 **Leased Employee.** An individual who performs services for the Employer pursuant to an agreement between the Employer and a leasing organization, and who satisfies the definition of a Leased Employee under Code §414(n). See Section 2.02(b)(4) for rules regarding the treatment of a Leased Employee as an Employee of the Employer.

1.79 **Limitation Year.** The measuring period for determining whether the Plan satisfies the Code §415 Limitation under Section 5.03. See Section 5.03(c)(5).

1.80 **Lookback Year.** The 12-month period immediately preceding the current Plan Year during which an Employee's status as Highly Compensated Employee is determined. See Section 1.70(d).

1.81 **Mass Submitter.** The Mass Submitter, as described under Rev. Proc. 2017-41 or its successor, of this Pre-Approved Plan is ASC Institute, LLC.

1.82 **Matching Contributions.** Matching Contributions are contributions made by the Employer on behalf of a Participant on account of Salary Deferrals or After-Tax Employee Contributions made by such Participant, as designated under AA §6B of the Profit Sharing/401(k) Plan Adoption Agreement. Matching Contributions may only be made under the Profit Sharing/401(k) Plan. Matching Contributions also include any QMACs the Employer makes pursuant to AA §6D-4 of the Profit Sharing/401(k) Plan Adoption Agreement and any Traditional Safe Harbor/QACA Safe Harbor Matching Contributions the Employer makes pursuant to AA §6C of the Profit Sharing/401(k) Plan Adoption Agreement. See Section 3.04.

© Copyright 2020

1.83 **Maximum Disparity Rate.** The maximum amount that may be allocated with respect to Excess Compensation under the permitted disparity allocation formula. See Section 3.02(a)(1)(ii) (Profit Sharing/401(k) Plan) and Section 3.02(b)(2) (Money Purchase Plan).

1.84 **Minimum Gateway Contribution.** The minimum allocation described in Section 3.02(a)(1)(iv)(B)(III)(a) that must be provided to each Benefiting Participant (as defined in Section 1.18) in order to use cross-testing to demonstrate compliance with the nondiscrimination requirements under Treas. Reg. §1.401(a)(4)-8.

1.85 **Multiple Employer Plan.** A Plan that covers Employees of an Employer that does not qualify as a Related Employer. To be a Multiple Employer Plan, an unrelated Employer must execute a Participating Employer Adoption Page. See Section 16.07 for special rules and definitions that apply to Multiple Employer Plans.

1.86 **Named Fiduciary.** The Plan Administrator or other fiduciary designated under Section 11.03.

1.87 **Nonhighly Compensated.** An Employee or Participant who is not a Highly Compensated Employee. See Section 1.70 for the definition of Highly Compensated Employee.

1.88 **Nonhighly Compensated Group.** The group of Nonhighly Compensated Employees included in the ADP Test and/or the ACP Test. See Sections 6.01(a) and 6.02(a).

1.89 **Nonvested Participant Break in Service.** Break in Service rule that applies for eligibility and vesting under Sections 2.07(b) and 7.09(c).

1.90 **Non-Key Employee.** Any Employee who is not a Key Employee. See Section 4.03(b).

1.91 **Normal Retirement Age.** The age selected under AA §7-1. For purposes of applying the Normal Retirement Age provisions under AA §7-1, an Employee's participation commencement date is the first day of the first Plan Year in which the Employee commenced participation in the Plan. If the Employer enforces a mandatory retirement age, the Normal Retirement Age is the lesser of that mandatory age or the age specified in AA §7-1.

If the Plan is a Money Purchase Plan or is a Profit Sharing/401(k) Plan that accepted a transfer of assets from a pension plan (e.g., a money purchase plan or target benefit plan), then effective May 22, 2007 (for Plans initially adopted on or after May 22, 2007) and effective for the first Plan Year beginning on or after July 1, 2008 (for Plans initially adopted prior to May 22, 2007), or as of the effective date of the transfer of assets, if later, the Normal Retirement Age applicable under AA §7-1 must be reasonably representative of the typical retirement age for the industry in which the Plan Participants work. For this purpose, a Normal Retirement Age of age 62 or above will be deemed to be a reasonable Normal Retirement Age and a Normal Retirement Age under age 55 will be presumed not to satisfy this requirement. If the Normal Retirement Age under AA §7-1 is not reasonably representative of the typical retirement age for the industry in which the Plan Participants work, then, effective as of the first day of the first Plan Year beginning after June 30, 2008, the Normal Retirement Age shall automatically be changed so that any age selected in AA §7-1 is no earlier than age 62 or an age that is determined to be reasonably representative of the typical retirement age for the industry in which the Plan Participants work.

If the Plan is amended to change the Normal Retirement Age to comply with the requirements of this Section 1.91, such amendment may not result in a violation of Code §§411(a)(9), 411(a)(10), 411(d)(6) or 4980F. Thus, for example, the vested percentage of any Participant may not be reduced solely by a change in the Normal Retirement Age. For this purpose, the amendment to a later Normal Retirement Age will not violate the anti-cutback requirements of Code §411(d)(6) merely because it eliminates the right to an in-service distribution prior to the later Normal Retirement Age.

1.92 **Participant.** Except as provided under AA §3-1, a Participant is an Employee (or former Employee) who has satisfied the conditions for participating under the Plan, as described in Section 2.03 and AA §4-1. A Participant also includes any Employee (or former Employee) who has an Account Balance under the Plan, including an Account Balance derived from a rollover or transfer from another qualified plan or IRA. A Participant is entitled to share in an allocation of contributions or forfeitures under the Plan for a given year only if the Participant is an Eligible Employee as defined in Section 2.02, and satisfies the allocation conditions set forth in Section 3.09.

An Employee is treated as a Participant with respect to Salary Deferrals and After-Tax Employee Contributions once the Employee has satisfied the eligibility conditions under AA §4-1 for making such contributions, even if the Employee chooses not to actually make such contributions to the Plan. An Employee is treated as a Participant with respect to Matching Contributions under a Profit Sharing/401(k) Adoption Agreement once the Employee has satisfied the eligibility conditions under AA §4-1 for receiving such contributions, even if the Employee does not receive a Matching Contribution because of the Employee's failure to make contributions eligible for the Matching Contribution.

© Copyright 2020

1.93 **Participating Employer.** An Employer (including an unrelated Employer in a Multiple Employer Plan) that adopts this Plan by executing the Participating Employer Adoption Page under the Adoption Agreement. See Section 16 for the rules applicable to contributions and deductions for contributions made by a Participating Employer. Also see Section 16.07 for rules regarding the adoption of a Multiple Employer Plan.

1.94 **Participating Employer Adoption Page.** The signature page in the Adoption Agreement for a Related Employer (or unrelated employer in a Multiple Employer Plan) to adopt the Plan as a Participating Employer.

1.95 **Period of Severance.** A continuous period of time during which the Employee is not employed by the Employer and which is used to determine an Employee's Participation under the Elapsed Time method. See Section 2.03(a)(6) for rules regarding eligibility and Section 7.05(b) for rules regarding vesting.

1.96 **Permissive Aggregation Group.** Plans that are not required to be aggregated to determine whether the Plan is a Top Heavy Plan. See Section 4.03(d).

1.97 **Plan.** The Plan is the retirement plan established or continued by the Employer for the benefit of its Employees under this Plan document. The Plan consists of the basic plan document and the elections made under the Adoption Agreement. The basic plan document is the portion of the Plan that contains the non-elective provisions. The Employer may supplement or modify the basic plan document through its elections in the Adoption Agreement or by separate governing documents that are expressly authorized by the Plan. If the Employer adopts more than one Adoption Agreement under this Plan, then each executed Adoption Agreement represents a separate Plan. The Employer may adopt the Plan, under the appropriate Adoption Agreement, as a Standardized or Nonstandardized Plan. Cross citations under this basic plan document cite to the nonstandardized Profit Sharing/401(k) Plan Adoption Agreement. Such citations also refer to the comparable section, if applicable, of the Standardized Adoption Agreement.

1.98 **Plan Administrator.** The Plan Administrator is the person designated to be responsible for the administration and operation of the Plan. Unless otherwise designated by the Employer, and until such designation is accepted by the designee, the Plan Administrator is the Employer. The Employer may designate under AA §2-7 another person to take on the role of Plan Administrator as set forth under ERISA §3(16). To the extent an individual named as Plan Administrator does not take on all responsibilities of the Plan Administrator as set forth in Section 11.04, the Employer will remain as Plan Administrator with respect to such responsibilities. If another Employer has executed a Participating Employer Adoption Page, the Employer referred to in this Section is the Employer that executes the Employer Signature Page of the Adoption Agreement. A Plan Administrator also includes a Qualified Termination Administrator (QTA) that assumes the responsibilities of Plan Administrator pursuant to Section 14.03(c).

1.99 **Plan Compensation.** Plan Compensation is Total Compensation, as modified under AA §5-3, which is actually paid to an Employee during the determination period (as defined in subsection (b) below). In determining Plan Compensation, the Employer may elect under AA §5-3(b) to exclude all Elective Deferrals (as defined in Section 1.47), pre-tax contributions to a cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code§132(f)(4). In addition, the Employer may elect under AA §5-3 to exclude other designated elements of compensation.

Plan Compensation generally includes amounts an Employee earns with a Participating Employer and amounts earned with a Related Employer (even if the Related Employer has not executed a Participating Employer Adoption Page under the Adoption Agreement). However, the Employer may elect under AA §5-3(h) to exclude all amounts earned with a Related Employer that has not executed a Participating Employer Adoption Page.

Generally, the Plan may use any definition of Plan Compensation for allocation purposes, even if such definition does not meet the requirements of Code §414(s). However, if Plan Compensation is also used as Testing Compensation for purposes of demonstrating compliance with the nondiscrimination requirements under Code §401(a)(4) or the ADP and/or ACP Tests, or if the contribution formulas under the Plan is designed to satisfy a nondiscrimination safe harbor, and compensation elements are excluded from the definition of Plan Compensation that do not meet the safe harbor exclusions set forth in Treas. Reg. §1.414(s)-1, additional nondiscrimination testing may be required. (See the discussion under Testing Compensation in Section 1.138 and the discussion regarding safe harbor formulas under subsection (a) below.)

In no case may Plan Compensation for any Participant exceed the Compensation Limit (as defined in Section 1.26).

(a) **Application to safe harbor formulas.** If the Plan provides for Employer Contributions using the permitted disparity allocation method or if the Plan is a Safe Harbor 401(k) Plan, the compensation used for Plan Compensation must meet a definition of compensation as set forth in Treas. Reg. §1.414(s)-1, as described in Section 1.138. Failure to use a definition of Plan Compensation that satisfies the nondiscrimination requirements under Treas. Reg. §1.414(s)-1 will cause the Plan to fail to qualify for any contribution safe harbors, such as the permitted disparity allocation or Safe Harbor 401(k) Plan safe harbors. To ensure the definition of Plan Compensation satisfies a nondiscriminatory definition under Code §414(s), the Employer may elect to exclude only compensation elements that meet the safe harbor

© Copyright 2020

exclusions set forth in Treas. Reg. §1.414(s)-1, as described under Section 1.138. Alternatively, the Employer may elect under AA§5-3(l) or under AA §6C-5 of the Profit Sharing/401(k) Plan Adoption Agreement, as applicable, to restrict the application of any compensation adjustments only to Highly Compensated Employees. (If the Employer adopts the Standardized Plan Adoption Agreement, the definition of Plan Compensation must satisfy a safe harbor definition of compensation for all purposes under the Plan. Thus, the only exclusions allowed under the Standardized Profit Sharing/401(k) Plan Adoption Agreement are safe harbor exclusions permitted under Treas. Reg. §1.414(s)-1(c). Any additional exclusions under the Standardized Profit Sharing/401(k) Plan Adoption Agreement will apply solely to Highly Compensated Employees.)

If the Employer elects to apply a definition of Plan Compensation under a Safe Harbor 401(k) Plan that does not satisfy a nondiscriminatory definition under Code §414(s) for a given Plan Year, the Employer will be deemed to have elected to use Total Compensation for purposes of determining the Traditional Safe Harbor/QACA Safe Harbor Contribution under the Plan for such Plan Year. In addition, any election to exclude compensation above a specific dollar amount under AA §5-3(d) or under AA §6C-5(a)(6) will not apply for purposes of determining Traditional Safe Harbor/QACA Safe Harbor Contributions for Nonhighly Compensated Employees. The Employer may elect to restrict any of the exclusions under AA §5-3 or AA §6C-5 solely to Highly Compensated Employees by designating such restriction in AA §5-3(l) or AA §6C-5(b).

The Employer may elect to exclude specific types of compensation for purposes of determining the amount that may be made as Salary Deferrals under a Safe Harbor 401(k) Plan, provided that each eligible Nonhighly Compensated Employee is permitted to make Salary Deferrals under a definition of Plan Compensation that would be a reasonable definition of compensation within the meaning of Treas. Reg. §1.414(s)-1(d)(2). Thus, the definition of Plan Compensation from which Salary Deferrals may be made is not required to satisfy the nondiscrimination requirement of §1.414(s)-1(d)(3). See Section 6.04(b)(6) for special rules that apply with respect to Salary Deferrals under a QACA Safe Harbor 401(k) Plan. (If the Employer adopts the Standardized Profit Sharing/401(k) Plan Adoption Agreement, Plan Compensation is determined on the basis of the Plan Year.)

(b) **Determination period.** Unless designated otherwise under AA §5-4(a), Plan Compensation is determined based on the Plan Year. Alternatively, the Employer may elect under AA §5-4 to determine Plan Compensation on the basis of the calendar year ending in the Plan Year or any other 12-month period ending in the Plan Year. If the determination period is the calendar year or other 12-month period ending in the Plan Year, for any Employee whose date of hire is less than 12 months before the end of the designated 12-month period, Plan Compensation will be determined over the Plan Year.

(c) **Partial period of participation.** If an Employee is a Participant for only part of a Plan Year, Plan Compensation may be determined over the entire Plan Year or over the period during which such Employee is a Participant. In determining whether an Employee is a Participant for purposes of applying this subsection (c), the Employee's status will be determined solely with respect to the contribution type for which the definition of Plan Compensation is being determined. To the extent this subsection (c) applies to Salary Deferrals, any limitations on the amount of Salary Deferrals permitted under AA §6A-2 of the Profit Sharing/401(k) Plan Adoption Agreement will be determined using the definition of Plan Compensation as determined under AA §5-4. However, this subsection (c) does not affect the amount of Salary Deferrals elected under the Salary Deferral Election which is generally determined for each separate payroll period. Plan Compensation does not include any amounts earned for any period while an individual is not an Eligible Employee (as defined in Section 2.02).

1.100 **Plan Year.** The 12-consecutive month period designated under AA §2-4 in which the records of the Plan are maintained. The Plan Year can be a 52-53-week period by designating the appropriate ending date in AA §2-4(b). If the Plan Year is amended to create a Short Plan Year or if a new Plan has an initial Short Plan Year, the Employer may document such Short Plan Year under AA §2-4(c). (See Section 11.08 for special rules that apply to Short Plan Years.)

1.101 **Predecessor Employer.** An employer that previously employed the Employees of the Employer. See Sections 2.06 (eligibility), 3.09(c) (allocation conditions) and 7.08 (vesting) for the rules regarding the crediting of service with a Predecessor Employer.

1.102 **Predecessor Plan.** A Predecessor Plan is a qualified plan maintained by the Employer that is terminated within the 5-year period immediately preceding or following the establishment of this Plan. A Participant's service under a Predecessor Plan must be counted for purposes of determining the Participant's vested percentage under the Plan. See Section 7.07(a).

1.103 **Pre-Tax Deferrals.** Pre-Tax Deferrals are a Participant's Salary Deferrals that are not includible in the Participant's gross income at the time deferred.

© Copyright 2020

1.104 **Prevailing Wage Formula.** The Employer may elect under AA §6-2 to provide an Employer Contribution for each Participant who performs Prevailing Wage Service. (See Sections 3.02(a)(5) and 3.02(b)(6) for special rules regarding the application of the Prevailing Wage Formula.)

1.105 **Prevailing Wage Service.** A Participant's service used to apply the Prevailing Wage Formula under Sections 3.02(a)(5) and 3.02(b)(6). Prevailing Wage Service is any service performed by an Employee under a public contract subject to the Davis-Bacon Act or any other federal, state or municipal prevailing wage law.

1.106 **Prior Year Testing Method.** A method for applying the ADP Test and/or the ACP Test under a Profit Sharing/401(k) Plan. See Section 6.01(a)(2)(i) for a discussion of the Prior Year Testing Method under the ADP Test and Section 6.02(a)(2)(i) for a discussion of the Prior Year Testing Method under the ACP Test.

1.107 **Provider.** An entity defined under §4.08 of Rev. Proc. 2017-41, or its successor, that provides this Plan to adopting Employers.

1.108 **QACA Safe Harbor Contribution.** A contribution authorized under AA §6C-3 of the Profit Sharing/401(k) Plan Adoption Agreement that allows the Plan to qualify as a Qualified Automatic Contribution Arrangement. A QACA Safe Harbor Contribution may be a QACA Safe Harbor Matching Contribution or a QACA Safe Harbor Employer Contribution. See Section 6.04(b)(2).

1.109 **QACA Safe Harbor Employer Contribution.** An Employer Contribution that satisfies the requirements under Section 6.04(b)(2)(i).

1.110 **QACA Safe Harbor Matching Contribution.** A Matching Contribution that satisfies the requirements under Section 6.04(b)(2)(ii).

1.111 **Qualified Automatic Contribution Arrangement (QACA).** A 401(k) plan that satisfies the conditions under Section 6.04(b).

1.112 **Qualified Domestic Relations Order (QDRO).** A domestic relations order that provides for the payment of all or a portion of the Participant's benefits to an Alternate Payee and satisfies the requirements under Code §414(p). See Section 11.06.

1.113 **Qualified Election.** An election to waive the QJSA or QPSA under the Plan. See Section 9.04.

1.114 **Qualified Joint and Survivor Annuity (QJSA).** A QJSA is an immediate annuity payable over the life of the Participant with a survivor annuity payable over the life of the Spouse. If the Participant is not married as of the Annuity Starting Date, the QJSA is an immediate annuity payable over the life of the Participant. See Section 9.02(a).

1.115 **Qualified Matching Contribution (QMAC).** A Matching Contribution made by the Employer that satisfies the requirements under Section 3.04(d).

1.116 **Qualified Nonelective Contribution (QNEC).** An Employer Contribution made by the Employer that satisfies the requirements under Section 3.02(a)(6).

1.117 **Qualified Optional Survivor Annuity (QOSA).** A QOSA is an annuity for the life of the Participant with a survivor annuity for the life of the Participant's Spouse that is equal to the applicable percentage of the amount of the annuity that is payable during the joint lives of the Participant and the Spouse, as determined under Section 9.02(b).

1.118 **Qualified Preretirement Survivor Annuity (QPSA).** A QPSA is an annuity payable over the life of the surviving Spouse that is purchased using 50% of the Participant's vested Account Balance as of the date of death. The Employer may modify the 50% QPSA level under AA §9-2. See Section 9.03(a).

1.119 **Qualifying Longevity Annuity Contract (QLAC).** An annuity contract that is purchased from an insurance company for a Participant and that satisfies the requirements under Treas. Reg. §1.401(a)(9)-6, Q&A-17. (See Section 8.12(h)(4)).

1.120 **Qualified Transfer.** A transfer of assets that satisfies the requirements under Section 14.05(d).

1.121 **Qualifying Employer Real Property.** Parcels of real property that are leased from the Plan to the Employer (or to an affiliate of the Employer). The parcels of Employer real property must be geographically dispersed, and any improvements on the real property must be suitable for more than one use. Investments in Qualifying Employer Real Property are exempt from the diversification requirements under ERISA §404. See Section 10.06(c) for limits on the amount of Qualifying Employer Real Property that may be held by the Plan.

1.122 **Qualifying Employer Securities.** A stock or marketable obligation (i.e., a bond, debenture, note, certificate or other evidence of indebtedness) of the Employer. A marketable obligation must satisfy the requirements of ERISA §407(e)(1) and DOL Reg.

© Copyright 2020

§2550.407d-5(b). See Section 10.06(c) for limits on the amount of Qualifying Employer Securities that may be held by the Plan.

1.123 **Reemployment Commencement Date.** The first date upon which an Employee is credited with an Hour of Service following a Break in Service (or Period of Severance, if the Plan is using the Elapsed Time method of crediting service).

1.124 **Related Employer.** A Related Employer includes all members of a controlled group of corporations (as defined in Code §414(b)), all commonly controlled trades or businesses (as defined in Code §414(c)) or affiliated service groups (as defined in Code §414(m)) of which the Employer is a part, and any other entity required to be aggregated with the Employer pursuant to regulations under Code §414(o). For purposes of applying the provisions under this Plan, the Employer and any Related Employers are treated as a single Employer, unless specifically stated otherwise. See Section 16.06 for operating rules that apply when the Employer is a member of a Related Employer group. Also see Section 16 for rules regarding participation of Employees of Related Employers.

1.125 **Required Aggregation Group.** Plans which must be aggregated for purposes of determining whether the Plan is a Top Heavy Plan. See Section 4.03(e).

1.126 **Required Beginning Date.** The date by which minimum distributions must commence under the Plan. See Section 8.12(e)(5).

1.127 **Rollover Contribution.** A contribution made by an Employee to the Plan attributable to an Eligible Rollover Distribution (as defined in Section 8.05(a)(1) from another qualified plan or IRA. See Section 3.07 for rules regarding the acceptance of Rollover Contributions under this Plan.

1.128 **Roth Deferrals.** Roth Deferrals are Salary Deferrals that are includible in the Participant's gross income at the time deferred and have been irrevocably designated as Roth Deferrals in the Participant's Salary Deferral Election. A Participant's Roth Deferrals will be maintained in a separate Account containing only the Participant's Roth Deferrals and gains and losses attributable to those Roth Deferrals. See Section 3.03(e).

1.129 **Safe Harbor 401(k) Plan.** A 401(k) plan that satisfies the requirements of a Traditional Safe Harbor 401(k) Plan under Section 6.04(a) of the Plan or the requirements of a QACA Safe Harbor 401(k) Plan under Section 6.04(b) of the Plan.

1.130 **Salary Deferral Election.** An agreement between a Participant and the Employer, whereby the Participant elects to have a specific percentage or dollar amount withheld from his/her Plan Compensation and the Employer agrees to contribute such amount into a Profit Sharing/401(k) Plan. See Section 3.03(a).

1.131 **Salary Deferrals.** Amounts contributed to a Profit Sharing/401(k) Plan at the election of the Participant, in lieu of cash compensation, which are made pursuant to a Salary Deferral Election or other deferral mechanism. Salary Deferrals include Roth Deferrals and Pre-Tax Deferrals. Salary Deferrals shall not include any amounts properly distributed as an Excess Amount under Code §415 pursuant to Section 5.03(e). An Employee's Salary Deferrals are treated as employer contributions for all purposes under this Plan, except as otherwise provided under the Code or Treasury regulations. See Section 3.03.

1.132 **Self-Employed Individual.** An individual who has Earned Income (as defined in Section 1.43) for the taxable year from the trade or business for which the Plan is established, or an individual who would have had Earned Income but for the fact that the trade or business had no net profits for the taxable year.

1.133 **Short Plan Year.** Any Plan Year that is less than 12 months long, either because of the amendment of the Plan Year, or because the Effective Date of a new Plan is less than 12 months prior to the end of the first Plan Year. See Section 11.08 for the operational rules that apply if the Plan has a Short Plan Year.

1.134 **Spouse.** Subject to any additional guidance by the IRS or other agency or court, a Spouse is any individual who is lawfully married to the Participant under a state or foreign jurisdiction. However, a former Spouse of the Participant will be treated as the Spouse or surviving Spouse and any current Spouse will not be treated as the Spouse or surviving Spouse to the extent provided under a valid QDRO.

(a) **Definition of Spouse to be interpreted consistent with same-sex rules.** The term Spouse shall be interpreted consistent with same-sex marriage rules as provided under *United States v. Windsor* (*Windsor*), IRS Revenue Ruling 2013-17, IRS Notice 2014-19, IRS Notice 2019-37, *Obergefell v. Hodges* (*Obergefell*) and any other applicable guidance.

(b) **Operation of the Plan to reflect same-sex rules.** The Plan will not be treated as failing to meet the requirements of Code §401(a) merely because it did not recognize the same-sex Spouse of a Participant as a Spouse before June 26, 2013. Effective as of September 16, 2013 (as provided under IRS Revenue Ruling 2013-17), the Plan recognizes a marriage of same-sex individuals that is validly entered into in a state or foreign jurisdiction whose laws authorize the

© Copyright 2020

marriage of two individuals of the same sex, even if the individuals are domiciled in a state that does not recognize the validity of same-sex marriages. However, the Plan does not treat as married individuals (whether part of an opposite-sex or same-sex couple) those who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under state law that is not denominated as a marriage under the laws of that state. Accordingly, the Plan will not be treated as failing to meet the requirements of Code §401(a) merely because the Plan, prior to September 16, 2013, recognized the same-sex Spouse of a Participant only if the Participant was domiciled in a state that recognized same-sex marriages.

(c) **Operation of the Plan to reflect Obergefell decision.** To the extent the Employer was not subject to the *Windsor* decision, but is subject to the *Obergefell* decision that requires States to allow and recognize same-sex marriage, the Plan must be operated in compliance with the *Obergefell* decision.

1.135 **Targeted QMACs.** QMACs that are allocated under the Targeted QMAC allocation method under Section 3.04(d)(2).

1.136 **Targeted QNECs.** QNECs that are allocated under the Targeted QNEC allocation method under Section 3.02(a)(6)(ii)(B).

1.137 **Taxable Wage Base.** The maximum amount of wages taken into account for Social Security purposes. The Taxable Wage Base is used to determine the Integration Level for purposes of applying the permitted disparity allocation formula. See Section 3.02(a)(1)(ii) (Profit Sharing/401(k) Plan) and Section 3.02(b)(2) (Money Purchase Plan).

1.138 **Testing Compensation.** The compensation used for purposes of the nondiscrimination tests under Code §401(a)(4) and the ADP and ACP Tests. In determining the Testing Compensation used for purposes of applying the nondiscrimination and ADP and ACP Tests, the Plan Administrator is not bound by any elections made under AA §5 with respect to Total Compensation or Plan Compensation under the Plan. Thus, the Plan Administrator may use Total Compensation or any other nondiscriminatory definition of compensation under Code §414(s) and the regulations thereunder. The Plan Administrator may determine on an annual basis (and within its discretion) the components of Testing Compensation, provided such definition is applied consistently to all Participants.

In determining whether a definition of Plan Compensation or Testing Compensation satisfies a nondiscriminatory definition of compensation under Code §414(s), the Plan may use any allowable exclusion under Treas. Reg. §1.414(s)-1. For this purpose, an exclusion of any of the following compensation items is deemed to qualify as a safe harbor nondiscriminatory definition of compensation under Code §414(s):

(a) All Elective Deferrals (as defined in Section 1.47 of the Plan), pre-tax contributions to a cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4);

(b) All fringe benefits (cash and noncash), reimbursements or other expense allowances, moving expenses, deferred compensation, and welfare benefits;

(c) Differential Pay as defined in Section 1.142(e);

(d) Compensation above a specific dollar amount; and

(e) Any other amounts to the extent such exclusions are limited to only Highly Compensated Employees.

In addition, a definition of Plan Compensation or Testing Compensation will satisfy a nondiscriminatory definition of compensation under Code §414(s) if the definition of compensation qualifies as a reasonable definition of compensation as set forth in Treas. Reg. §1.414(s)-1(d), including the additional nondiscrimination testing required under Treas. Reg. §1.414(s)-1(d)(3).

Testing Compensation may be determined over the Plan Year for which the applicable test is being performed or the calendar year ending within such Plan Year. In determining Testing Compensation, the Plan Administrator may take into consideration only the compensation received while the Employee is a Participant under the component of the Plan being tested. In no event may Testing Compensation for any Participant exceed the Compensation Limit defined in Section 1.26.

1.139 **Top Paid Group.** The top 20% of Employees ranked by Total Compensation for purposes of determining status as a Highly Compensated Employee. See Section 1.70(f).

1.140 **Top Heavy.** A Plan is Top Heavy if it satisfies the conditions under Section 4.01. A Top Heavy Plan must provide certain minimum benefits to Non-Key Employees. See Section 4.04.

1.141 **Top Heavy Ratio.** The ratio used to determine whether the Plan is a Top Heavy Plan. See Section 4.02.

© Copyright 2020

1.142 **Total Compensation.** A Participant's compensation for services with the Employer, as defined in this Section 1.142. Total Compensation may be defined in AA §5-1 to be either W-2 Wages, Wages under Code §3401(a), or Code §415 Compensation. Each definition of Total Compensation includes Elective Deferrals (as defined in Section 1.47), elective contributions to a cafeteria plan under Code §125 or to an eligible deferred compensation plan under Code §457, and elective contributions that are not includible in the Employee's gross income as a qualified transportation fringe under Code §132(f)(4).

For a Self-Employed Individual, Total Compensation means Earned Income (as defined in Section 1.43).

(a) **Total Compensation definitions.** The Employer may elect under AA §5-1 to define Total Compensation as any of the following definitions:

(1) **W-2 Wages.** Wages within the meaning of Code §3401(a) and all other payments of compensation to an Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under Code §6041(d), 6051(a)(3), and 6052, determined without regard to any rules under Code §3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed.

(2) **Wages under Code §3401(a).** Wages within the meaning of Code §3401(a) for the purposes of income tax withholding at the source but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed.

(3) **Code §415 Compensation.** Wages, salaries, fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Employer (without regard to whether or not such amounts are paid in cash) to the extent that the amounts are includible in gross income, including amounts that are includible in the gross income of an Employee under the rules of Code §409A or §457(f)(1)(A) or because the amounts are constructively received by the Employee. Such amounts include, but are not limited to, commissions, compensation for services on the basis of a percentage of profits, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan (as described in Treas. Reg. §1.62-2(c)), and excluding the following:

(i) Employer contributions (other than elective contributions described in Code §402(e)(3), §408(k)(6), §408(p)(2)(A)(i), or §457(b)) to a plan of deferred compensation (including a SEP described in Code §408(k) or a SIMPLE IRA described in Code §408(p), and whether or not qualified) to the extent such contributions are not includible in the Employee's gross income for the taxable year in which contributed, and any distributions (whether or not includible in gross income when distributed) from a plan of deferred compensation (whether or not qualified);

(ii) Amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by the Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

(iii) Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

(iv) Other amounts which received special tax benefits, or contributions made by the Employer (other than Elective Deferrals) towards the purchase of an annuity contract described in Code §403(b) (whether or not the contributions are actually excludable from the gross income of the Employee).

(b) **Post-severance compensation.** Total Compensation includes compensation that is paid after an Employee severs employment with the Employer, provided the compensation is paid by the later of 2½ months after severance from employment with the Employer maintaining the Plan or the end of the Limitation Year that includes such date of severance from employment. For this purpose, compensation paid after severance of employment may only be included in Total Compensation to the extent such amounts would have been included as compensation if they were paid prior to the Employee's severance from employment.

For purposes of applying this subsection (b), unless designated otherwise under AA §5-2, the following amounts that are paid after a Participant's severance of employment are included in Total Compensation:

(1) **Regular pay.** Compensation for services during the Employee's regular working hours, or compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments;

© Copyright 2020

(2) **Unused leave payments.** Payment for unused accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if employment had continued; and

(3) **Deferred compensation.** Payments received by an Employee pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the Employee at the same time if the Employee had continued in employment and only to the extent that the payment is includible in the Employee's gross income.

Other post-severance payments (such as severance pay, parachute payments within the meaning of Code §280G(b)(2), or post-severance payments under a nonqualified unfunded deferred compensation plan that would not have been paid if the Employee had continued in employment) are not included as Total Compensation, even if such amounts are paid within the time period described in this subsection (b).

In determining the amount of a Participant's Employer Contributions, Matching Contributions or Salary Deferrals, Plan Compensation may not include any amounts that do not satisfy the requirements of this subsection (b) or subsection (c). If Total Compensation is defined to include post-severance compensation, the Employer may elect to exclude all such compensation paid after termination of employment from the definition of Plan Compensation under AA §5-3(j) or may elect to exclude any of the specific types of post-severance compensation defined in subsections (1), (2) and/or (3) above, by designating such compensation types under AA §5-3(l). The exclusion of post-severance compensation from the definition of Plan Compensation that is otherwise includible in Total Compensation may cause the Plan to fail the nondiscriminatory compensation rules under Treas. Reg. §1.414(s)-1.

(c) **Continuation payments for disabled Participants.** Unless designated otherwise under AA §5-2(b), Total Compensation does not include compensation paid to a Participant who is permanently and totally disabled (as defined in Code §22(e)(3)). If elected under AA §5-2(b), the Plan may take into account compensation the Participant would have received for the year if the Participant was paid at the rate of compensation paid immediately before becoming permanently and totally disabled (if such compensation is greater than the Participant's compensation determined without regard to this subsection (c)), provided contributions made with respect to amounts treated as compensation under this subsection (c) are nonforfeitable when made.

If so elected under AA §5-2(b), payment to disabled Participants will be included as Total Compensation, notwithstanding the rules under subsection (b). The Employer may elect under AA §5-2(b) to apply this rule only to Nonhighly Compensated Employees or to all Participants.

(d) **Deemed §125 compensation.** A reference to elective contributions under a Code §125 cafeteria plan includes any amounts that are not available to a participant in cash in lieu of group health coverage because the Participant is unable to certify that he or she has other health coverage. Such deemed §125 compensation will be treated as an amount under Code §125 only if the Employer does not request or collect information regarding the Participant's other health coverage as part of the enrollment process for the health plan. If the Employer elects under AA §5-3(i) to exclude deemed §125 compensation from the definition of Plan Compensation, such exclusion also will apply for purposes of determining Total Compensation under this Section 1.142.

(e) **Differential Pay.** Effective for years beginning on or after January 1, 2009, in the case of an individual who receives Differential Pay from the Employer:

(1) such individual will be treated as an Employee of the Employer making the payment; and

(2) the Differential Pay shall be treated as wages and will be included in calculating an Employee's Total Compensation under the Plan.

If all Employees performing service in the Uniformed Services are entitled to receive Differential Pay on reasonably equivalent terms and are eligible to make contributions based on the payments on reasonably equivalent terms, the Plan shall not be treated as failing to meet the requirements of any provision described in Code §414(u)(1)(C) by reason of any contribution or benefit based on Differential Pay. However, for purposes of applying this subparagraph, the provisions of Code §§410(b)(3), (4), and (5) shall apply. The Employer may elect to exclude Differential Pay from the definition of Plan Compensation under AA §5-3(k).

For purposes of this subsection (e), Differential Pay means any payment which is made by an Employer to an individual while the individual is performing service in the Uniformed Services while on active duty for a period of more than 30 days, and represents all or a portion of the wages the individual would have received from the Employer if the individual were performing services for the Employer. In applying the provisions of this subsection (e), Uniformed Services are services as described in Code §3401(h)(2)(A).

© Copyright 2020

1.143 **Traditional Safe Harbor Contribution.** A contribution authorized under AA §6C-2 of the Profit Sharing/401(k) Plan Adoption Agreement that allows the Plan to qualify as a Traditional Safe Harbor 401(k) Plan. A Traditional Safe Harbor Contribution may be a Traditional Safe Harbor Matching Contribution or a Traditional Safe Harbor Employer Contribution. See Sections 6.04(a)(1)(i) and 6.04(a)(1)(ii).

1.144 **Traditional Safe Harbor Employer Contributions.** An Employer Contribution that satisfies the requirements under Section 6.04(a)(1)(i).

1.145 **Traditional Safe Harbor Matching Contributions.** A Matching Contribution that satisfies the requirements under Section 6.04(a)(1)(ii).

1.146 **Trust.** The Trust is the separate funding vehicle under the Plan. For Plan purposes, the term Trust may include trust substitutes including Annuity Contracts and custodial accounts as described in Code §401(f).

1.147 **Trustee.** The Trustee is the person or persons (or any successor to such person or persons) identified in the Adoption Agreement or under a separate Trust document. The Trustee may be a Discretionary Trustee or a Directed Trustee. See Section 12 for the rights and duties of a Trustee under this Plan.

1.148 **Valuation Date.** The date or dates upon which Plan assets are valued. Plan assets will be valued as of the last day of each Plan Year. In addition, the Employer may elect under AA §11-1 to establish additional Valuation Dates. Notwithstanding any election under AA §11-1, Plan assets may be valued on a more frequent basis within the complete discretion of the Employer. See Section 10.02.

1.149 **Year of Service.** A Year of Service is a 12-consecutive month Computation Period during which an Employee completes 1,000 Hours of Service. For purposes of applying the eligibility rules under Section 2.03 of the Plan, an Employee will earn a Year of Service if he/she completes 1,000 Hours of Service with the Employer during an Eligibility Computation Period (as defined in Section 2.03(a)(3)). For purposes of applying the vesting rules under Section 7.05, an Employee will earn a Year of Service if he/she completes 1,000 Hours of Service with the Employer during a Vesting Computation Period (as defined in Section 7.06). The Employer may elect under AA §4-3(a) (for eligibility purposes) and AA §8-5(a) (for vesting purposes) to require the completion of any lesser number of Hours of Service to earn a Year of Service. Alternatively, the Employer may elect to apply the Elapsed Time method (for eligibility and/or vesting purposes) in calculating an Employee's Years of Service under the Plan.

© Copyright 2020

SECTION 2
ELIGIBILITY AND PARTICIPATION

2.01 **Eligibility.** In order to participate in the Plan, an Employee must be an Eligible Employee (as defined in Section 2.02) and must satisfy the Plan's minimum age and service conditions (as defined in Section 2.03). Once an Employee satisfies the Plan's minimum age and service conditions, such Employee shall become a Participant on the appropriate Entry Date (as selected in AA §4-2). An Employee who meets the minimum age and service requirements set forth herein, but who is not an Eligible Employee, will be eligible to participate in the Plan only upon becoming an Eligible Employee. For purposes of determining eligibility to make Salary Deferrals, an Employee will be deemed to commence participation on a timely basis if the Employee is permitted to commence making Salary Deferrals as soon as administratively feasible after satisfying the eligibility conditions under the Plan.

2.02 **Eligible Employees.** Unless specifically excluded under AA §3-1 or AA §6C-4 of the Profit Sharing/401(k) Plan Adoption Agreement or under this Section 2.02, all Employees of the Employer are Eligible Employees. AA §3-1 lists various classes of Employees that may be excluded from Plan participation. If an Employee is not an Eligible Employee (e.g., such Employee is a member of a class of Employees excluded under AA §3-1), that individual may not participate under the Plan, unless he/she subsequently becomes an Eligible Employee.

(a) **Only Employees may participate in the Plan.** To participate in the Plan, an individual must be an Employee. If an individual is not an Employee (e.g., the individual performs services with the Employer as an independent contractor), such individual may not participate under the Plan. If an individual who is classified as a non-Employee is later determined by the Employer or by a court or other government agency to be an Employee of the Employer, the reclassification of such individual as an Employee will not create retroactive rights to participate in the Plan. Thus, for example, if the IRS or DOL should find that an independent contractor is really an Employee, such individual will be eligible to participate in the Plan as of the date the IRS or DOL issues a final determination declaring such individual to be an Employee (provided the individual has satisfied all conditions for participating in the Plan (as described in this Section 2)). For periods prior to the date of such final determination, the reclassified Employee will not have any rights to accrued benefits under the Plan, except as agreed to by the Employer or mandated by a court or government agency, or as set forth in an amendment adopted by the Employer.

(b) **Excluded Employees.** The Employer may elect under AA §3-1 to exclude designated classes of Employees. Under a Profit Sharing/401(k) Plan Adoption Agreement, the Employer may elect to exclude different classes of Employees for Salary Deferrals, Matching Contributions, and Employer Contributions. Unless provided otherwise under AA §3-1(l) of the Profit Sharing/401(k) Plan Adoption Agreement, for purposes of determining Excluded Employees, any selections under the Deferral column apply to all Salary Deferrals (including Roth Deferrals and In-Plan Roth Conversions) and After-Tax Employee Contributions. In addition, selections under the Deferral column apply to any Traditional Safe Harbor/QACA Safe Harbor Contributions, unless designated otherwise under AA §6C, and also apply to any QNECs and/or QMACs made under the Plan, unless designated otherwise under AA §6D. The selections under the Match column apply to Matching Contributions under AA §6B and selections under the ER column apply to Employer Contributions under AA §6.

(1) **Collectively Bargained Employees.** The Employer may elect under AA §3-1(b) or under AA §6C-4(b)(3)(i) of the Profit Sharing/401(k) Plan Adoption Agreement to exclude Collectively Bargained Employees. For this purpose, a Collectively Bargained Employee is an Employee who is included in a unit of Employees covered by a collective bargaining agreement between the Employer and Employee representatives and whose retirement benefits are subject to good faith bargaining. Unless designated otherwise under AA §3-1(l) or AA §6C-4(b)(3)(iv), any exclusion of Collectively Bargained Employees will not include any unit of Employees to the extent the collective bargaining agreement specifically provides for coverage of such Employees under the Plan. For this purpose, an Employee will not be considered a Collectively Bargained Employee for a Plan Year if more than two percent of the Employees who are covered pursuant to the collective bargaining agreement are professionals as defined in Treas. Reg. §1.410(b)-9. For this purpose, the term Employee representatives does not include any organization more than half of whose members are Employees who are owners, officers, or executives of the Employer. If Employees of only certain bargaining agreements are excluded, the Employer may list those agreements in AA §3-1(l) or AA §6C-4(b)(3)(iv), as applicable.

(2) **Nonresident aliens.** The Employer may elect under AA §3-1(c) or under AA §6C-4(b)(3)(ii) of the Profit Sharing/401(k) Plan Adoption Agreement to exclude Employees who are nonresident aliens. For this purpose, a nonresident alien is neither a citizen of the United States nor a resident of the United States for U.S. tax purposes (as defined in Code §7701(b)), and who does not have any earned income (as defined in Code §911) for the Employer that constitutes U.S. source income (within the meaning of Code §861). If a nonresident alien Employee has U.S. source income, he/she is treated as satisfying this definition if all of his/her U.S. source income from the Employer is exempt from U.S. income tax under an applicable income tax treaty. If a nonresident alien is not a Participant in the Plan, such individual's compensation may be excluded from Total

© Copyright 2020

Compensation to the extent such compensation is not included in gross income and is not effectively connected with the conduct of a trade or business within the United States. Any such exclusion must be applied uniformly to all similarly-situated Employees.

(3) **Puerto Rican Employees.** Unless elected otherwise in AA §3-1(l), Employees who are residents of Puerto Rico are not Eligible Employees and may not participate in the Plan. Thus, unless elected otherwise under AA §3-1, no contributions will be made to the Plan by, or on behalf of, residents of Puerto Rico. In addition, unless elected otherwise under AA §5-3, Plan Compensation does not include any amounts paid to a Puerto Rican Employee who is not covered under the Plan. If Puerto Rican Employees are permitted to participate under AA §3-1(l), additional requirements may apply to ensure the Plan is qualified under Puerto Rican law. See ERISA §1022(i).

(4) **Leased Employees.** The Employer may elect under AA §3-1(d) or under AA §6C-4(b)(3)(iii) of the Profit Sharing/401(k) Plan Adoption Agreement to exclude Leased Employees. (The exclusion of Leased Employees is not available under the Standardized Plan Adoption Agreement.) Unless designated otherwise under AA §3-1(d) or AA §6C-4(b)(3)(iii), a Leased Employee is treated as an Eligible Employee for purposes of applying the eligibility rules under this Section 2. For this purpose, a Leased Employee is any person (other than an Employee of the Employer) who, pursuant to an agreement between the recipient Employer and a leasing organization, performs services for the recipient Employer on a substantially full-time basis for a period of at least one year, and such services are performed under the primary direction or control of the recipient Employer. Contributions or benefits provided to a Leased Employee under a plan of the leasing organization which are attributable to services performed for the recipient Employer shall be treated as provided by the recipient Employer.

A Leased Employee shall not be considered an Employee of the recipient Employer if:

(i) Such Employee is covered by a money purchase pension plan providing:

(A) a non-integrated Employer contribution of at least ten percent (10%) of compensation, as defined in Code §415(c)(3), but including amounts contributed pursuant to a Salary Deferral Election which are excludable from gross income under Code §§125, 402(e)(3), 402(h)(1)(B), 132(f)(4), 403(b) or 457(b);

(B) immediate participation; and

(C) full and immediate vesting.

(ii) Leased Employees do not constitute more than twenty percent (20%) of the recipient's Employer's Nonhighly Compensated workforce.

The exclusion of Leased Employees is not available under the Standardized Plan Adoption Agreement.

(5) **Special restrictions that apply to "short-service" Employees.** The Employer may designate additional excluded classes of Employees under AA §3-1(l) or AA §6C-4(b)(3)(iv). If the Employer elects under AA §3-1(l) or AA §6C-4(b)(3)(iv) to exclude an additional class of Employees, such Employee class must be defined in such a way that it precludes Employer discretion and may not be based on time or service (e.g., part-time Employees). The Employer may not use AA §3-1(l) or AA §6C-4(b)(3)(iv) to cover only Nonhighly Compensated Employees with the lowest amount of compensation and/or the shortest periods of service in order to satisfy the minimum coverage rules.

(6) **Disguised service conditions.** An exclusion of employees by job category may not indirectly impose an impermissible service condition (i.e., a service condition that fails to satisfy the requirements of Code §410(a)). The exclusion of part-time Employees, seasonal Employees, temporary Employees or other job categories may be considered a disguised service condition where such categories are based solely on the amount of service performed by those Employees. A disguised service condition will not violate the minimum service conditions if such Employees are eligible to participate upon completion of a Year of Service. If the Employer excludes Employees under AA §3-1 or under AA §6C-4 of the Profit Sharing/401(k) Plan Adoption Agreement using a disguised service condition, such as part-time or seasonal Employee status, and any such Employee completes a Year of Service, such Employee will no longer be treated as an Excluded Employee.

(c) **Employees of Related Employers.** If the Employer is a member of a Related Employer group, Employees of each member of the Related Employer group may participate under this Plan, provided the Related Employer executes a Participating Employer Adoption Page under the Adoption Agreement. If a Related Employer does not execute a

© Copyright 2020

Participating Employer Adoption Page, any Employees of such Related Employer are not eligible to participate in the Plan. See Section 16.06 for operating rules that apply when the Employer is a member of a Related Employer group. Also see Section 16 for rules regarding participation of Employees of Related Employers. Section 16.08 contains special rules that apply if the Employer adopts the Standardized Plan Adoption Agreement.

(d) **Employees of an Employer acquired as part of a Code §410(b)(6)(C) transaction.** The Employer may designate under AA §3-2 to include/exclude Employees acquired as part of a Code §410(b)(6)(C) transaction. The Employer may elect under AA §3-2 that an Employee acquired as part of a Code §410(b)(6)(C) transaction will or will not become an Eligible Employee until after the expiration of the transition period described in Code §410(b)(6)(C)(ii) (i.e., the period beginning on the date of the transaction and ending on the last day of the first Plan Year beginning after the date of the transaction). For this purpose, a Code §410(b)(6)(C) transaction includes an asset sale, stock sale or other disposition or acquisition that results in the movement of Employees from one Employer to another Employer or causes a change in status as a Related Employer group. (See AA §4-5 for rules regarding the crediting of service with a Predecessor Employer to determine if an Employee has satisfied the Plan's minimum age and service conditions).

Regardless of any selection under AA §3-2, an Employee of a Related Employer will be eligible to participate under the Plan only if the Related Employer executes a Participating Employer Adoption Agreement as set forth in subsection (c) above.

(e) **Ineligible Employee becomes Eligible Employee.** If an Employee changes status from an ineligible Employee to an Eligible Employee, such Employee will become a Participant immediately on the date he/she changes status to an Eligible Employee, provided the Employee has satisfied the Plan's minimum age and service conditions and has passed the Entry Date (as defined in AA §4-2) that would otherwise have applied had the Employee been an Eligible Employee. If the Employee's original Entry Date (determined as if the Employee was always an Eligible Employee) has not passed as of the date the Employee becomes an Eligible Employee, the Employee will not become a Participant until such Entry Date. If an ineligible Employee has not satisfied the Plan's minimum age and service conditions at the time such Employee becomes an Eligible Employee, such Employee will become a Participant on the appropriate Entry Date following satisfaction of the Plan's minimum age and service requirements. The requirements for the timing of participation under this subsection (e) is deemed satisfied with respect to Salary Deferrals if the Employee is permitted to commence making Salary Deferrals under the Plan as soon as administratively feasible after the Employee is eligible to participate in the Plan.

(f) **Eligible Employee becomes ineligible Employee.** If an Employee ceases to qualify as an Eligible Employee (i.e., the Employee changes status from an eligible class to an ineligible class of Employees), such Employee will immediately cease to receive contributions (including contributions of salary Deferrals) under the Plan. If such Employee should subsequently become an Eligible Employee, he/she will be able to participate in the Plan in accordance with subsection (e) above.

(g) **Improper exclusion of eligible Participant.** If the Plan improperly excludes a Participant who has satisfied the requirements under this Section 2 for participating under the Plan, the Employer may take reasonable action to correct such violation, provided such corrective action is consistent with the requirements of the Employee Plans Compliance Resolution System (EPCRS) program.

2.03 **Minimum Age and Service Conditions.** AA §4-1 contains specific elections as to the minimum age and service conditions which an Employee must satisfy prior to becoming eligible to participate under the Plan.

Different age and service conditions may be selected under AA §4-1 of the Profit Sharing/401(k) Plan Adoption Agreement for Salary Deferrals, Matching Contributions, and Employer Contributions. For purposes of applying the eligibility conditions under AA §4-1, unless designated otherwise, any selection made under the Deferral column applies to all Salary Deferrals (including Roth Deferrals and In-Plan Roth Conversions) and After-Tax Employee Contributions. In addition, selections under the Deferral column apply to any Traditional Safe Harbor/QACA Safe Harbor Contributions, unless designated otherwise under AA §6C, and also apply to any QNECs and/or QMACs made under the Plan, unless designated otherwise under AA §6D. The selections under the Match column apply to Matching Contributions under AA §6B and selections under the ER column apply to Employer Contributions under AA §6.

The Employer may elect to apply different minimum age and service requirements for different groups of Employees or for different contribution formulas under AA §4-1(c).

(a) **Application of age and service conditions.** The Employer may elect under AA §4-1 to impose minimum age and service conditions that an Employee must satisfy in order to participate under the Plan. The Plan may not require an Employee to attain an age older than age 21 or to complete more than one Year of Service. However, the Plan may require an Employee to complete two Years of Service prior to participating in the Plan if the Employer elects full and

© Copyright 2020

immediate vesting under AA §8. (The Employer may not require an Employee to complete more than one Year of Service to be eligible to make Salary Deferrals under a Profit Sharing/401(k) Plan Adoption Agreement.)

(1) **Year of Service.** In applying the minimum service requirements under AA §4-1, an Employee will earn a Year of Service if the Employee completes at least 1,000 Hours of Service with the Employer during an Eligibility Computation Period (as defined in subsection (3) below). The Employer may modify the definition of Year of Service under AA §4-3(a) to require a lesser number of Hours of Service to earn a Year of Service. An Employee will receive credit for a Year of Service, as of the end of the Eligibility Computation Period during which the Employee completes the required Hours of Service needed to earn a Year of Service. An Employee need not be employed for the entire Eligibility Computation Period to receive credit for a Year of Service, provided the Employee completes the required Hours of Service during such period.

(2) **Months of service.** The Employer may elect under AA§4-1(a)(3) to require a specific number of Hours of Service during a designated number of months of employment. If an Employee is required under AA §4-1(a)(3) to complete a certain number of Hours of Service during a designated period, an Employee generally will satisfy the eligibility conditions as of the end of the designated period, regardless of whether the Employee is employed during the entire period. Alternatively, the Employer may elect under AA §4-1(a)(3)(ii) to require an Employee to be employed continuously throughout the designated period, provided the Employee is eligible to participate in the Plan upon completing a Year of Service as defined in subsection (1) above.

If an Employee does not complete the required Hours of Service during the designated period or does not work continuously during the designated period, if required under AA §4-1(a)(3)(ii), the Employee will satisfy eligibility upon completion of a Year of Service as defined in subsection (1) above. For purposes of applying the Year of Service requirement, an Employee need not be employed during the entire measuring period as long as the Employee completes the required Hours of Service, as specified under subsection (1) above. For example, an Employee who is not employed throughout the designated period, if required under AA §4-1(a)(3)(ii), would still satisfy the eligibility conditions as of the end of the Eligibility Computation Period if the Employee completes a Year of Service, regardless of whether the Employee is employed during the entire period.

(3) **Eligibility Computation Periods.** In determining whether an Employee has earned a Year of Service for eligibility purposes, an Employee's initial Eligibility Computation Period is the 12-month period beginning on the Employee's Employment Commencement Date. Subsequent Eligibility Computation Periods will either be based on Plan Years or Anniversary Years (as set forth in AA §4-3).

(i) **Plan Years.** If the Employer elects under AA §4-3 to base subsequent Eligibility Computation Periods on Plan Years, the Plan will begin measuring Years of Service on the basis of Plan Years beginning with the first Plan Year commencing after the Employee's Employment Commencement Date. Thus, for the first Plan Year following the Employee's Employment Commencement Date, the initial Eligibility Computation Period and the first Plan Year Eligibility Computation Period may overlap. (See Section 11.08 for rules that apply if there is a Short Plan Year.)

(ii) **Anniversary Years.** If the Employer elects under AA §4-3(b) to base subsequent Eligibility Computation Periods on Anniversary Years, the Plan will measure Years of Service after the initial Eligibility Computation Period on the basis of 12-month periods commencing with the anniversary of the Employee's Employment Commencement Date.

(iii) **Two Years of Service requirement.** If a Two Years of Service eligibility condition applies under AA §4-1(a)(6), subsequent Eligibility Computation Periods will be based on Anniversary Years as defined in subsection (ii) above. However, if an Employee fails to earn a Year of Service during the first or second Eligibility Computation Period, subsequent Eligibility Computation Periods will be determined on the basis of the Plan Year commencing within the first or second Eligibility Computation Period, as applicable, and subsequent Plan Years. The Employer may elect under AA §4-3(b) to determine subsequent Eligibility Computation Periods on the basis of Anniversary Years, rather than Plan Years.

(iv) **Rehired Employee.** If an Employee is rehired following a Break in Service, the Employee's initial Eligibility Computation Period following the Employee's return to employment will be measured from the Employee's Reemployment Commencement Date. Subsequent Eligibility Computation Periods will be measured based on the Plan Year or anniversary of the Reemployment Commencement Date, as designated under subsection (i) or (ii) above. For this purpose, an Employee's Reemployment Commencement Date is the first day the Employee is entitled to be credited with an Hour of Service after the first Eligibility Computation Period in which the Employee incurs a Break in Service.

© Copyright 2020

(4) **Hours of Service.** In calculating an Employee's Hours of Service for purposes of applying the eligibility rules under this Section 2.03, the Employer will count the actual Hours of Service an Employee works during the year. (See Section 1.72 for the definition of Hours of Service). The Employer may elect under AA §4-3(c) or (d) to use the Equivalency Method or Elapsed Time method (instead of counting the actual Hours of Service an Employee works). (See subsections (5) and (6) below for a description of the Equivalency Method and Elapsed Time method of crediting service.)

(5) **Equivalency Method.** Instead of counting actual Hours of Service in applying the minimum service conditions under this Section 2.03, the Employer may elect under AA §4-3(d) to determine Hours of Service based on the Equivalency Method. Under the Equivalency Method, an Employee receives credit for a specified number of Hours of Service based on the period worked with the Employer.

(i) **Monthly.** Under the monthly Equivalency Method, an Employee is credited with 190 Hours of Service for each calendar month during which the Employee completes at least one Hour of Service with the Employer.

(ii) **Daily.** Under the daily Equivalency Method, an Employee is credited with 10 Hours of Service for each day during which the Employee completes at least one Hour of Service with the Employer.

(iii) **Weekly.** Under the weekly Equivalency Method, an Employee is credited with 45 Hours of Service for each week during which the Employee completes at least one Hour of Service with the Employer.

(iv) **Semi-monthly.** Under the semi-monthly Equivalency Method, an Employee is credited with 95 Hours of Service for each semi-monthly period during which the Employee completes at least one Hour of Service with the Employer.

(6) **Elapsed Time method.** Instead of counting actual Hours of Service in applying the minimum service requirements under this Section 2.03, the Employer may elect under AA §4-3(c) to apply the Elapsed Time method for calculating an Employee's service with the Employer. Under the Elapsed Time method, an Employee receives credit for the aggregate period of time worked for the Employer commencing with the Employee's first day of employment (or reemployment, if applicable) and ending on the date the Employee begins a Period of Severance which lasts at least 12 consecutive months. In calculating an Employee's aggregate period of service, an Employee receives credit for any Period of Severance that lasts less than 12 consecutive months. If an Employee's aggregate period of service includes fractional years, such fractional years are expressed in terms of days.

(i) **Period of Severance.** For purposes of applying the Elapsed Time method, a Period of Severance is any continuous period of time during which the Employee is not employed by the Employer. A Period of Severance begins on the date the Employee retires, quits or is discharged, or if earlier, the 12-month anniversary of the date on which the Employee is first absent from service for a reason other than retirement, quit or discharge.

In the case of an Employee who is absent from work for maternity or paternity reasons, the 12-consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a Period of Severance. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence:

(A) by reason of the pregnancy of the Employee;

(B) by reason of the birth of a child of the Employee;

(C) by reason of the placement of a child with the Employee in connection with the adoption of such child by the Employee; or

(D) for purposes of caring for a child of the Employee for a period beginning immediately following the birth or placement of such child.

(ii) **Related Employers/Leased Employees.** For purposes of applying the Elapsed Time method, service will be credited for employment with any Related Employer. Service also will be credited for any service as a Leased Employee or as an employee under Code §414(o).

© Copyright 2020

(7) **Amendment of age and service requirements.** If the Plan's minimum age and service conditions are amended, an Employee who is a Participant immediately prior to the effective date of the amendment is deemed to satisfy the amended requirements. This provision may be modified under the special Effective Date provisions under Appendix A of the Adoption Agreement or under a separate amendment implementing the updated minimum age and service provisions.

(i) **Change to Elapsed Time method.** If the service crediting method is changed from an Hours of Service method to the Elapsed Time method, the amount of service credited to an Employee will equal the sum of the service under subsections (A) and (B) below. For this purpose, a change in service crediting method will occur if the Plan is amended to change the service crediting method or if the service crediting method is changed as a result of an Employee's change in employment status.

(A) The number of Years of Service equal to the number of Years of Service credited under the Hours of Service method before the Eligibility Computation Period during which the change to the Elapsed Time method occurs.

(B) For the Eligibility Computation Period in which the change occurs, the greater of:

(I) the period of service that would be credited under the Elapsed Time method from the first day of that Eligibility Computation Period through the date of the change, or

(II) the service that would be taken into account under the Hours of Service method for the Eligibility Computation Period which includes the date of the change.

If the period of service described in subsection (I) is the greater amount, then subsequent periods of service are credited under the Elapsed Time method beginning with the date of the change. If the period of service described in subsection (II) applies, the Elapsed Time method will be used beginning with the first day of the Eligibility Computation Period that would have followed the Eligibility Computation Period in which the change to the Elapsed Time method occurred.

If the change to the Elapsed Time method occurs as of the first day of an Eligibility Computation Period, the use of the Elapsed Time method begins as of the date of the change, and the calculation in subsection (B) above does not apply. In such case, the Employee's service is determined under subsection (A) above plus the subsequent periods of service determined under the Elapsed Time method, starting with the effective date of the change.

(ii) **Change to Hours of Service method.** If the service crediting method is changed from the Elapsed Time method to an Hours of Service method, the Employee's Elapsed Time service earned as of the date of the change is converted into Years of Service under the Hours of Service method, determined as the sum of subsections (A) and (B), below. For this purpose, a change in service crediting method will occur if the Plan is amended to change the service crediting method or if the service crediting method is changed as a result of an Employee's change in employment status.

(A) A number of Years of Service is credited that equals the number of 1-year periods of service credited under the Elapsed Time method as of the date of the change.

(B) For the Eligibility Computation Period which includes the date of the change, the Employee is credited with an equivalent number of Hours of Service, using one of the Equivalency Methods defined in subsection (5) above for any fractional year that was credited under the Elapsed Time method as of the date of the change.

For the portion of the Eligibility Computation Period following the date of the change, actual Hours of Service are counted. The Hours of Service credited for the portion of the Eligibility Computation Period in which the Elapsed Time method was in effect are added to the actual Hours of Service credited for the remaining portion of the Eligibility Computation Period to determine if the Employee has a Year of Service for that Eligibility Computation Period.

(b) **Entry Dates.** Once an Eligible Employee satisfies the minimum age and service conditions (as set forth in AA §4-1), the Employee will be eligible to participate under the Plan as of his/her Entry Date (as set forth in AA §4-2). In applying the Entry Date provisions under this subsection (b), an Employee will be deemed to satisfy the eligibility requirements of this Section 2 if the Participant is permitted to begin making Salary Deferrals as soon as administratively feasible following the Entry Date.

© Copyright 2020

If the Employer adopts a Profit Sharing/401(k) Plan Adoption Agreement, the Employer may elect different Entry Dates with respect to Salary Deferrals, Matching Contributions, and Employer Contributions. Unless designated otherwise, the Entry Date selected under the Deferral column apply to all Salary Deferrals (including Roth Deferrals and In-Plan Roth Conversions) and After-Tax Employee Contributions. In addition, selections under the Deferral column apply to any Traditional Safe Harbor/QACA Safe Harbor Contributions, unless designated otherwise under AA §6C, and also apply to any QNECs and/or QMACs made under the Plan, unless designated otherwise under AA §6D. The selections under the Match column apply to Matching Contributions under AA §6B and selections under the ER column apply to Employer Contributions under AA §6.

(1) **Entry Date requirements.** In no event may a Participant's Entry Date be later than the earlier of:

(i) the first day of the Plan Year beginning after the date on which the Participant satisfies the minimum age and service conditions described in subsection (a) above; or

(ii) six months after the date the Participant satisfies such age and service conditions.

An Eligible Employee must be employed by the Employer on his/her Entry Date to begin participating in the Plan on such date.

(2) **Single annual Entry Date.** If the Employer elects a single annual Entry Date under AA §4-2(f), the maximum permissible age and service conditions described in subsection (a) above are reduced by one-half (1/2) year, unless:

(i) the Employer elects under AA §4-2(j) to use the Entry Date *nearest* the date the Employee satisfies the Plan's minimum age and service conditions and the Entry Date is the first day of the Plan Year; or

(ii) the Employer elects under AA §4-2(k) to use the Entry Date *preceding* the date the Employee satisfies the Plan's minimum age and service conditions.

2.04 **Participation on Effective Date of Plan.** Unless designated otherwise under AA §4-4, an Eligible Employee who has satisfied the minimum age and service conditions and reached his/her Entry Date as of the Effective Date of the Plan will be eligible to participate in the Plan as of such Effective Date. If an Employee has satisfied the minimum age and service conditions as of the Effective Date of the Plan but has not yet reached his/her Entry Date, the Employee will be eligible to participate on the appropriate Entry Date. The Employer may modify this rule under AA §4-4 by electing to treat all Employees employed on the Effective Date of the Plan as Participants (regardless of whether they have satisfied the Plan's minimum age and service conditions) or by designating a specific date as of which all Eligible Employees will be deemed to be a Participant, (regardless of whether the Employee has otherwise satisfied the minimum age and service conditions).

2.05 **Rehired Employees.** Subject to the Break in Service rules under Section 2.07, if a terminated Employee is subsequently rehired, such Employee will be eligible to participate in the Plan on his/her reemployment date, if the Employee is an Eligible Employee and the Employee had satisfied the Plan's minimum age and service conditions and reached his/her Entry Date prior to termination of employment. If the Employee had satisfied the Plan's minimum age and service conditions, but terminated prior to reaching his/her Entry Date, the Employee will be eligible to participate on his/her reemployment date or the original Entry Date, if later. If a rehired Employee had not satisfied the Plan's minimum age and service conditions prior to termination of employment, such Employee is eligible to participate in the Plan on the appropriate Entry Date following satisfaction of the eligibility requirements under this Section 2. For purposes of Salary Deferrals, the requirement to participate on the reemployment date is deemed satisfied if a rehired Employee is permitted to commence making Salary Deferrals within a reasonable period following reemployment.

2.06 **Service with Predecessor Employers.** If the Employer maintains the plan of a Predecessor Employer, any service with such Predecessor Employer is treated as service with the Employer for purposes of applying the provisions of this Plan. If the Employer does not maintain the plan of a Predecessor Employer, service with such Predecessor Employer does not count for eligibility purposes under this Section 2, unless the Employer specifically designates under AA §4-5 to credit service with such Predecessor Employer for eligibility. Unless designated otherwise under AA §4-5, if the Employer takes into account service with a Predecessor Employer, such service will count for purposes of eligibility under this Section 2, vesting under Section 7 (see Section 7.08) and for purposes of the minimum allocation conditions under Section 3.09 (see Section 3.09(c)).

The Employer may designate under AA §4-5(a)(1) to count service with all Employers acquired as part of a Code §410(b)(6)(C) transaction, as defined under Section 2.02(d) or may elect specific Employers for whom service will not be credited. Alternatively, the Employer may designate under AA §4-5(a)(2) specific Predecessor Employers for which service will be credited. The Employer may designate to credit predecessor service only for purposes of eligibility, vesting and/or any minimum allocation conditions under the Plan.

© Copyright 2020

2.07 **Break in Service Rules.** Generally, an Employee will be credited with all service earned for the Employer, including service earned prior to the effective date of the Plan and service earned while the Employee is an ineligible Employee. However, the Employer may elect under AA §4-3 to disregard an Employee's service with the Employer under the Break in Service rules set forth in this Section 2.07.

(a) **Break in Service.** An Employee incurs a Break in Service for any Eligibility Computation Period (as defined in Section 2.03(a)(3)) during which the Employee does not complete more than five hundred (500) Hours of Service with the Employer. However, if the Employer elects under AA §4-3(a) to require less than 1,000 Hours of Service to earn a Year of Service for eligibility purposes, a Break in Service will occur for any Eligibility Computation Period during which the Employee does not complete more than one-half (1/2) of the Hours of Service required to earn an eligibility Year of Service.

(b) **Nonvested Participant Break in Service rule.**

(1) **Nonvested Participant Break in Service rule.** Under the Nonvested Participant Break in Service rule, if a Participant is totally nonvested (i.e., 0% vested) in his/her Account Balance attributable to Employer and Matching Contributions, and such Participant incurs five (5) or more consecutive one-year Breaks in Service (or, if greater, a consecutive period of Breaks in Service at least equal to the Employee's aggregate number of Years of Service with the Employer), the Plan will disregard all service earned prior to such consecutive Breaks in Service for purposes of determining eligibility to participate in the Plan. If the Employer elects the Elapsed Time method of crediting service (as authorized under Section 2.03(a)(6)), an Employee will be treated as incurring five consecutive Breaks in Service when he/she incurs a Period of Severance of at least 60 months.

(2) **Election to apply the Nonvested Participant Break in Service rule.** If the Employer elects to apply the Nonvested Participant Break in Service rule under AA §4-3(e), then, if the Employee continues in employment with the Employer after incurring the requisite Break in Service under the Nonvested Participant Break in Service rule, such Employee will be treated as a new Employee for purposes of determining eligibility under the Plan. Unless elected otherwise under AA §4-3(e), the Nonvested Participant Break in Service rule applies only with respect to a Participant who has terminated employment.

(3) **Impact of making Salary Deferrals on the application of the Nonvested Participant Break in Service rule.** For purposes of the Nonvested Participant Break in Service rule, a Participant who has made Salary Deferrals under the Plan will be treated as having a vested interest in the Plan. Thus, the Nonvested Participant Break in Service rule may not be used with respect to any contributions under the Plan (even if such Participant is totally nonvested in his/her Account Balance attributable to Employer and Matching Contributions) for a Participant who has made Salary Deferrals under the Plan.

(c) **Special Break in Service rule for Plans using Two Years of Service for eligibility.** If the Employer has elected under AA §4-1(a)(6) to require Employees to complete Two Years of Service to become eligible to participate in the Plan, any Employee who incurs a one-year Break in Service before satisfying the Two Years of Service eligibility condition will not be credited with service earned before such one-year Break in Service.

(d) **One-Year Break in Service rule.** Under the One-Year Break in Service rule, if a Participant incurs a one-year Break in Service, such Participant will not be credited with any service earned prior to such one-year Break in Service for purposes of determining eligibility to participate under the Plan until the Participant has completed a Year of Service after the Break in Service. The Employer must elect to apply the One-Year Break in Service rule under AA §4-3(f). Unless elected otherwise under AA §4-3(f), the One-Year Break in Service rule applies only with respect to a Participant who has terminated employment. The One-Year Break in Service rule is not available under the Standardized Plan Adoption Agreement.

(1) **Temporary disregard of service.** If a Participant has service disregarded under the One-Year Break in Service rule, such Participant will have his/her service reinstated as of the first day of the Eligibility Computation during which the Participant completes a Year of Service following the Break in Service. For this purpose, the Eligibility Computation Period is the 12-month period commencing on the date the Participant first performs an Hour of Service following the Break in Service. If a Participant does not complete a Year of Service during the first Eligibility Computation Period following the Break in Service, subsequent Eligibility Computation Periods will be determined based on Plan Years beginning with the first Plan Year following the Break in Service (unless the Employer selects Anniversary Years as the Eligibility Computation Period under AA §4-3(b)).

(2) **Application to a Profit Sharing/401(k) Plan.** If the Employer elects under AA §4-3(f) of the Profit Sharing/401(k) Plan Adoption Agreement to have the One-Year Break in Service rule apply to Salary Deferrals, an Employee who is precluded from making Salary Deferrals as a result of this Break in Service rule is eligible to recommence Salary Deferrals under the Plan immediately upon completing 1,000 Hours of

© Copyright 2020

Service with the Employer during a subsequent measuring period (as determined under subsection (1) above). No additional contribution need be made to an Employee due to the application of this subsection (2) as a result of the failure to retroactively permit the Employee to make Salary Deferrals under the Plan.

2.08 **Waiver of Participation.** An Employee may not waive participation under the Plan unless specifically permitted under AA §11-8. For this purpose, the mere failure to make Salary Deferrals or After-Tax Employee Contributions under the 401(k) plan is not a waiver of participation. The Employer may elect under AA §11-8 to permit Employees to make a one-time irrevocable election to not participate under the Plan. Such election must be made upon inception of the Plan or at any time prior to the time the Employee first becomes eligible to participate under any plan maintained by the Employer. An Employee who makes a one-time irrevocable election not to participate may not subsequently elect to participate under the Plan.

If the Plan permits Employees to waive participation, any Employee who elects not to participate will be treated as a non-benefiting Participant for purposes of the minimum coverage requirements under Code §410(b). An Employee who makes a one-time irrevocable election not to participate, as described in the preceding paragraph, is not included for purposes of applying the ADP Test or ACP Test under the 401(k) Agreement. See Sections 6.01 and 6.02.

© Copyright 2020

SECTION 3
PLAN CONTRIBUTIONS

This Section 3 describes the type of contributions that may be made to the Plan. The type of contributions that may be made to the Plan and the method for allocating such contributions may vary depending on the type of Plan involved. (See Section 5 for a discussion of the limits that apply to any contributions made under the Plan.)

3.01 **Types of Contributions.** An Employer may designate under AA §6 (including AA §§6A – 6D of the Profit Sharing/401(k) Plan Adoption Agreement) the amount and type of contributions that may be made under this Plan. If the Plan is a Money Purchase Plan, the Plan may provide for Employer Contributions (as authorized under AA §6) and, if so elected under AA §6-6, After-Tax Employee Contributions. If the Employer adopts a Profit Sharing/401(k) Plan Adoption Agreement, the Plan may permit Salary Deferrals, Employer Contributions (including QNECs and Traditional Safe Harbor/QACA Safe Harbor Employer Contributions), Matching Contributions (including QMACs and Traditional Safe Harbor/QACA Safe Harbor Matching Contributions) and After-Tax Employee Contributions. To share in a contribution under the Plan, an Employee must satisfy all of the conditions for being a Participant (as described in Section 2) and must satisfy any allocation conditions (as described in Section 3.09) applicable to the particular type of contribution.

The Employer may designate under AA §2-5 that the Plan is a frozen Plan. As a frozen Plan, the Employer will not make any Employer Contributions or Matching Contributions with respect to Plan Compensation earned after the date identified in AA §2-5 and no Participant will be permitted to make Salary Deferrals or Employee After-Tax Employee Contributions to the Plan for any period following the effective date of the freeze as identified in AA §2-5.

3.02 **Employer Contribution Formulas.** If permitted under AA §6, the Employer may make an Employer Contribution to the Plan, in accordance with the contribution formula selected under AA §6-2. Subsection (a) below describes the Employer Contributions that may be selected under a Profit Sharing/401(k) Plan Adoption Agreement and subsection (b) below describes the Employer Contributions that may be made under the Money Purchase Plan Adoption Agreement. Any Employer Contribution authorized under a Profit Sharing/401(k) Plan must be allocated in accordance with a definite allocation formula as set forth in AA §6-3. To receive an allocation of Employer Contributions, a Participant must satisfy any allocation conditions designated under the Plan, as described in Section 3.09 below.

(a) **Employer Contribution formulas (Profit Sharing/401(k) Plan).** The Employer may elect under AA §6-2 of the Profit Sharing/401(k) Plan Adoption Agreement to make any of the following Employer Contributions. If the Employer elects more than one Employer Contribution formula, each formula is applied separately. The Employer's aggregate Employer Contribution for a Plan Year will be the sum of the Employer Contributions under all such formulas. Any reference to the Adoption Agreement under this subsection (a) is a reference to the Profit Sharing/401(k) Plan Adoption Agreement, as applicable.

(1) **Discretionary Employer Contribution.** If a discretionary contribution is selected under AA §6-2(a), the Employer may decide on an annual basis how much (if any) it wishes to contribute to the Plan as an Employer Contribution. If the Employer elects to make a discretionary contribution, such amount may be allocated under the pro rata, permitted disparity, Employee group, age-based or uniform points allocation method (as selected in AA §6-3).

(i) **Pro rata allocation formula.** Under the pro rata allocation formula, a pro rata share of the Employer Contribution is allocated to each Participant's Employer Contribution Account. A Participant's pro rata share may be determined based on the ratio such Participant's Plan Compensation bears to the total Plan Compensation of all Participants or as a uniform dollar amount, as designated in AA §6-3(a). This allocation formula will satisfy a design-based safe harbor under Treas. Reg. §1.401(a)(4)-2(b) provided if the allocation is based on Plan Compensation, the Plan uses a definition of Plan Compensation that satisfies the nondiscrimination requirements under Treas. Reg. §1.414(s)-1.

(ii) **Permitted disparity allocation formula.** Under the permitted disparity allocation formula, the Employer Contribution is allocated to Participants' Employer Contribution Accounts using a two-step or four-step method. Unless provided otherwise under AA §6-3(c), the two-step method will apply for any Plan Year in which the Plan is not Top Heavy. For any Plan Year in which the Plan is Top Heavy, the four-step method will apply, unless provided otherwise under AA §6-3(c). This allocation formula is designed to satisfy a design-based safe harbor under Treas. Reg. §1.401(a)(4)-2(b).

The Employer may not elect the permitted disparity allocation formula under the Plan if the Employer maintains another qualified plan, covering any of the same Employees, which uses permitted disparity in determining the allocation of contributions or the accrual of benefits under such plan.

© Copyright 2020

(A) **Two-step method.** Under the two-step method, the discretionary Employer Contribution is allocated under the following method:

(I) **Step one.** The Employer Contribution is allocated to each Participant's Employer Contribution Account in the ratio that the sum of each Participant's Plan Compensation plus Excess Compensation (as defined in subsection (C) below) bears to the sum of the total Plan Compensation plus Excess Compensation of all Participants, but not in excess of the Maximum Disparity Rate (as defined in subsection (E) below).

(II) **Step two.** Any Employer Contribution remaining after the allocation in subsection (I) above will be allocated in the ratio that each Participant's Plan Compensation bears to the total Plan Compensation of all Participants.

(B) **Four-step method.** Under the four-step method, the discretionary Employer Contribution is allocated under the following method:

(I) **Step one.** The Employer Contribution is allocated to each Participant's Employer Contribution Account in the ratio that each Participant's Total or Plan Compensation (as specified in AA §6-3(c)(2)) bears to the Total or Plan Compensation of all Participants, but not in excess of 3% of each Participant's Total or Plan Compensation.

(II) **Step two.** Any Employer Contribution remaining after the allocation in subsection (I) above will be allocated to each Participant's Employer Contribution Account in the ratio that each Participant's Excess Compensation (as defined in subsection (C) below) bears to the Excess Compensation of all Participants, but not in excess of 3% of each Participant's Excess Compensation. For purposes of this step two, Excess Compensation will be determined using Total or Plan Compensation (as specified in AA §6-3(c)(2)) for the Plan Year.

(III) **Step three.** Any Employer Contribution remaining after the allocation in subsection (II) above will be allocated to each Participant's Employer Contribution Account in the ratio that the sum of each Participant's Plan Compensation plus Excess Compensation bears to the sum of the total Plan Compensation plus Excess Compensation of all Participants, but not in excess of the Maximum Disparity Rate (as defined in subsection (E) below).

(IV) **Step four.** Any Employer Contribution remaining after the allocation in subsection (III) above will be allocated to each Participant's Employer Contribution Account in the ratio that each Participant's Plan Compensation bears to the total Plan Compensation of all Participants.

(C) **Excess Compensation.** The amount of Plan Compensation that exceeds the Integration Level.

(D) **Integration Level.** The Taxable Wage Base, unless specified otherwise under AA §6-3(c)(1).

(E) **Maximum Disparity Rate.** The Maximum Disparity Rate is the maximum amount that may be allocated with respect to Excess Compensation. If the two-step allocation method is used under subsection (A) above, under step one of the two-step formula, the amount allocated as a percentage of Plan Compensation and Excess Compensation may not exceed the following percentage:

Integration Level (as a percentage of the Taxable Wage Base)	Maximum Disparity Rate
100%	5.7%
More than 80% but less than 100%	5.4%
More than 20% and not more than 80%	4.3%
20% or less	5.7%

© Copyright 2020

If the four-step allocation formula is used under subsection (B) above, under step three of the four-step formula, the amount allocated as a percentage of Plan Compensation and Excess Compensation may not exceed the following percentage:

Integration Level (as a percentage of the Taxable Wage Base)	Maximum Disparity Rate
100%	2.7%
More than 80% but less than 100%	2.4%
More than 20% and not more than 80%	1.3%
20% or less	2.7%

(F) **Taxable Wage Base.** The maximum amount of wages that are considered for Social Security purposes in effect at the beginning of the Plan Year.

(G) **Annual overall permitted disparity limit.** Notwithstanding the preceding paragraphs, for any Plan Year this Plan benefits any Participant who benefits under another qualified plan or simplified employee pension, as defined in § 408(k) of the Code, maintained by the Employer that provides for permitted disparity (or imputes disparity), Employer Contributions and forfeitures will be allocated to the account of each Participant who either completes more than 500 hours of service during the Plan Year, or who is employed on the last day of the Plan Year, in the ratio that such Participant's Total Compensation bears to the Total Compensation of all Participants.

(H) **Cumulative permitted disparity limit.** The cumulative permitted disparity limit for a Participant is 35 total cumulative permitted disparity years. Total cumulative permitted years means the number of years credited to the Participant for allocation under this Plan, any other qualified plan or simplified employee pension plan (whether or not terminated) ever maintained by the employer. For purposes of determining the Participant's cumulative permitted disparity limit, all years ending in the same calendar year are treated as the same year. If the participant has not benefited under a defined benefit or target benefit plan for any year beginning on or after January 1, 1994, the participant has no cumulative disparity limit.

(iii) **Uniform points allocation.** Under the uniform points allocation, the Employer will allocate the discretionary Employer Contribution on the basis of each Participant's total points for the Plan Year, as determined under AA §6-3(d). A Participant's allocation of the Employer Contribution is determined by multiplying the Employer Contribution by a fraction, the numerator of which is the Participant's total points for the Plan Year and the denominator of which is the sum of the points for all Participants for the Plan Year.

A Participant will receive points for each year(s) of age and/or each Year(s) of Service designated under AA §6-3(d). In addition, a Participant may also receive points based on his/her Plan Compensation. Each Participant will receive the same number of points for each designated year of age and/or service and the same number of points for each designated level of Plan Compensation. If the Employer provides points based on Plan Compensation, the Employer may not designate a level of Plan Compensation that exceeds $200.

To satisfy the nondiscrimination safe harbor under Treas. Reg. §1.401(a)(4)-2, the average of the allocation rates for Highly Compensated Employees in the Plan must not exceed the average of the allocation rates for the Nonhighly Compensated Employees in the Plan. For this purpose, the average allocation rates are determined in accordance with Treas. Reg. §1.401(a)(4)-2(b)(3)(B).

(iv) **Employee group allocation.** Under the Employee group allocation method, the Employer may make a different discretionary contribution to each Participant's Employer Contribution Account based on the Employee allocation groups designated under AA §6-3(e). The Employer Contribution made for an allocation group will be allocated as a uniform percentage of Plan Compensation or as a uniform dollar amount. If the Employer Contribution is allocated as a percentage of Plan Compensation, the amount that will be allocated to each Participant within an allocation group is determined by multiplying the Employer Contribution made for that allocation group by the following fraction:

© Copyright 2020

$$\frac{\text{Participant's Plan Compensation}}{\text{Plan Compensation of all Participants in the allocation group}}$$

Alternatively, the Employer may set forth in the description of the Employee groups under AA §6-3(e)(2) a fixed contribution amount for a designated Employee group. If a fixed contribution is provided for a specific Employee group, the amount designated as the fixed contribution will be allocated to each Participant within the designated Employee group.

The Plan must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c) or Treas. Reg. §1.401(a)(4)-8 with respect to the separate allocation rates under the Plan. The Plan may be tested on the basis of allocation rates or equivalent benefit rates. If the Plan is tested on the basis of equivalent benefit rates, the Plan will use standard interest rate and mortality table assumptions in accordance with Treas. Reg. §1.401(a)(4)-12 when testing the allocation formula for nondiscrimination. In the case of self-employed individuals (i.e., sole proprietorships or partnerships), the requirements of 1.401(k)-1(a)(6) continue to apply, and the allocation method should not be such that a cash or deferred election is created for a self-employed individual as a result of the application of the allocation method.

(A) **Must designate contribution in writing.** The Employer must designate in writing how much of the Employer Contribution is made for each of the Employee allocation groups and whether such amounts are allocated on the basis of Plan Compensation or as a uniform dollar amount. The portion of the Employer Contribution designated for a specific allocation group will be allocated only to Participants within that allocation group. If a Participant is in more than one allocation group during the Plan Year, the Participant will receive an Employer Contribution based on the Participant's status on the last day of the Plan Year. In the event a Participant is in two or more allocation groups on the last day of the Plan Year, the Participant will receive an Employer Contribution based on the first allocation group listed under AA §6-3(e) in which the Participant is a part. The Employer can provide for a different treatment of Employees in multiple groups under AA §6-3(e)(3)(iii).

(B) **Special rules.**

(I) **Family Members.** The Employer may designate in AA §6-3(e)(3)(i) to establish a separate allocation group for each Family Member of a Five-Percent Owner of the Employer. For this purpose, Family Members include the Spouse, children, parents and grandparents of a Five-Percent Owner. If there is more than one Family Member, each Family Member will be in his/her own separate allocation group. (See Section 1.70(a) for the definition of a Five-Percent Owner.)

(II) **Benefiting Participants.** The Employer may designate in AA §6-3(e)(3)(ii) to establish a separate allocation group for any Nonhighly Compensated Benefiting Participant who does not receive the Minimum Gateway Contribution described under subsection (III)(a) below. For this purpose, a Participant is treated as a Benefiting Participant if such Participant receives an allocation of Employer Contributions (other than Salary Deferrals or Matching Contributions (including Traditional Safe Harbor/QACA Safe Harbor Matching Contributions and QMACs)) or receives an allocation of forfeitures for the Plan Year (other than forfeitures that are subject to Code §401(m) because they are allocated as a Matching Contribution). An allocation may be made to a Nonhighly Compensated Benefiting Participant under this subsection (II) without regard to any allocation conditions otherwise applicable to Employer Contributions under the Plan.

(III) **Special gateway contribution.** If a separate allocation group is not established for Benefiting Participants under AA §6-3(e)(3)(ii), the Employer may make an additional discretionary Employer Contribution ("special gateway contribution") for all Nonhighly Compensated Benefiting Participants (as described in subsection (II)) in an amount necessary to provide the Minimum Gateway Contribution described in subsection (a) below. The special gateway contribution will be allocated to all Nonhighly Compensated Benefiting Participants who have not otherwise received the Minimum Gateway Contribution without regard to any allocation conditions otherwise applicable to Employer Contributions under the Plan. However, Participants who the Plan Administrator disaggregates pursuant to Treas. Reg. §1.410(b)-7(c)(4) because they have not satisfied the greatest minimum age and service conditions permissible under Code §410(a) shall not be eligible to receive an allocation of any special gateway contribution made pursuant to this subsection (III).

© Copyright 2020

(a) **Minimum Gateway Contribution.** A Benefiting Participant is treated as receiving the Minimum Gateway Contribution if the Participant has an allocation rate that is equal to the lesser of:

(1) one-third of the allocation rate of the Highly Compensated Employee with the highest allocation rate for the Plan Year or

(2) 5% of Compensation (as defined in subsection (b) below).

In determining whether a Benefiting Participant has received an allocation that satisfies the Minimum Gateway Contribution, all Employer Contributions allocated to the Participant for the Plan Year are taken into account. For this purpose, Employer Contributions do not include any Matching Contributions or Salary Deferrals.

(b) **Compensation for 5% gateway allocation.** For purposes of the 5% gateway contribution under subsection (a)(2) above, Compensation means Total Compensation for the Plan Year. However, for this purpose, Total Compensation may exclude amounts paid while an Employee is not a Participant in the Plan.

(c) **Compensation under one-third gateway allocation.** To determine whether a Benefiting Participant has received an allocation that satisfies the one-third gateway allocation requirement under subsection (a)(1) above, a Participant's allocation rate is determined by dividing the total Employer Contribution made on behalf of such Participant by the Participant's Plan Compensation (as defined in AA §5-3) or by any other definition of compensation that satisfies the requirements of Treas. Reg. §1.414(s). Any definition of compensation used under this subsection (c) must be applied uniformly in determining the allocation rates of Benefiting Participants.

(IV) **Special gateway contribution for DB/DC plans.** If this Plan is aggregated with a Defined Benefit Plan for purposes of nondiscrimination testing, the Employer may make an additional discretionary Employer Contribution for Nonhighly Compensated Benefiting Participants in an amount necessary to satisfy the minimum gateway requirements applicable to DB/DC plans. However, Participants who the Plan Administrator disaggregates pursuant to Treas. Reg. §1.410(b)-7(c)(4) because they have not satisfied the greatest minimum age and service conditions permissible under Code §410(a) shall not be eligible to receive an allocation of any special gateway contribution made pursuant to this subsection (IV).

(a) **DB/DC gateway contribution.** For this purpose, the minimum gateway requirement for DB/DC plans is equal to the lesser of:

(1) one-third (1/3) of the Aggregate Normal Allocation Rate of the Highly Compensated Participant with the highest Aggregate Normal Allocation Rate, or

(2) the lesser of:

(i) 5% of Code §414(s) Compensation (increased by one percentage point for each 5-percentage point increment (or portion thereof) by which the Aggregate Normal Allocation Rate of the Highly Compensated Participant exceeds 25%) or

(ii) 7½% of Code §414(s) Compensation.

(b) **Aggregate Normal Allocation Rate.** The Aggregate Normal Allocation Rate shall be determined in accordance with Treas. Reg. §1.401(a)(4)-9(b)(2)(ii).

(c) **Benefiting Participants.** A Participant is treated as a Benefiting Participant if such Participant receives an allocation of Employer Contributions (other than

© Copyright 2020

Salary Deferrals or Matching Contributions (including Traditional Safe Harbor/QACA Safe Harbor Matching Contributions and QMACs)) or receives an allocation of forfeitures for the Plan Year (other than forfeitures that are subject to Code §401(m) because they are allocated as a Matching Contribution) or accrues a benefit under the Defined Benefit Plan which is aggregated with this Plan for nondiscrimination testing.

(d) **Code §414(s) Compensation.** For purposes of this subsection (IV), Code §414(s) Compensation is any definition of compensation that satisfies the requirements under Treas. Reg. §1.414(s)-1. Thus, the Plan may use full-year compensation or compensation earned while a Participant, provided such definition satisfies the requirements of Treas. Reg. §1.414(s)-1.

(V) **Special restrictions that apply to "short-service" Employees.** A designated Employee allocation group which is limited to Nonhighly Compensated Employees with the lowest amount of compensation and/or the shortest periods of service may be deemed to violate the nondiscrimination requirements under Code §401(a)(4).

(v) **Age-based allocation formula.** Under the age-based allocation formula, the Employer will allocate the discretionary Employer Contribution on the basis of each Participant's adjusted Plan Compensation. Amounts allocated under an age-based allocation must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c) or Treas. Reg. §1.401(a)(4)-8.

(A) **Adjusted Plan Compensation.** For this purpose, a Participant's adjusted Plan Compensation is determined by multiplying the Participant's Plan Compensation by an Actuarial Factor (as described in subsection (B) below).

(B) **Actuarial Factor.** A Participant's Actuarial Factor is determined based on standard actuarial assumptions that satisfy Treas. Reg. §1.401(a)(4)-12 using a testing age that is the later of Normal Retirement Age or the Employee's current age. Unless designated otherwise under AA §6-3(f), a Participant's Actuarial Factor is determined based on an 8.5% interest rate and the UP-1984 mortality table. (See Appendix A of the Plan for the Actuarial Factors associated with an 8.5% interest rate and the UP-1984 mortality table and a testing age of 65. If an interest rate other than 8.5% or a mortality table other than the UP-1984 mortality table is selected under AA §6-3(f), or if a testing age other than age 65 is used, the Plan must determine the appropriate Actuarial Factors based on the designated interest rate, mortality table and testing age.)

(2) **Fixed Employer Contribution.** The Employer may elect under AA §6-2(b) to make a fixed contribution to the Plan. The Employer may elect under AA §6-2(b)(1) or (2) to make a fixed contribution as a designated percentage of Plan Compensation or as a uniform dollar amount. In addition, the contribution may be allocated in accordance with a Collective Bargaining Agreement or employment agreement.

If a fixed contribution is selected under AA §6-2(b)(1) or (2), the Employer Contribution will be allocated under the fixed contribution formula under AA §6-3(b) in accordance with the selections made in AA §6-2(b). The allocation of the fixed Employer Contribution will satisfy a design-based safe harbor under Treas. Reg. §1.401(a)(4)-2(b) provided, if the allocation is based on Plan Compensation, the Plan uses a definition of Plan Compensation that satisfies the nondiscrimination requirements under Treas. Reg. §1.414(s)-1.

The Employer may elect under AA §6-2(c) to make a contribution based on the provisions of a Collective Bargaining Agreement, employment agreement or equivalent arrangement which provides for retirement benefits. The Employer will set forth the provisions of any contribution based on the provisions, including allocation provisions, of the Collective Bargaining Agreement, employment agreement or equivalent arrangement by inserting such provisions under AA §6-2(c).

(3) **Service-based Employer Contribution.** If elected in AA §6-2(e), the Employer may make a contribution based on an Employee's service with the Employer during the Plan Year (or other period designated under AA §6-4). The Employer may elect to make the service-based contribution as a discretionary contribution or as a fixed contribution. Any such contribution will be allocated on the basis of Participants' Hours of Service, weeks of employment or other measuring period selected under AA §6-2(d). The Employer Contribution will be allocated under the service-based allocation formula under AA §6-3(g). Amounts allocated on the basis of service must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c) or Treas. Reg. §1.401(a)(4)-8.

© Copyright 2020

(4) **Year of Service Employer Contribution.** The Employer may elect under AA §6-2(d) to provide an Employer Contribution based on an Employee's Years of Service with the Employer. Unless designated otherwise under AA §6-2(e), an Employee earns a Year of Service for each Plan Year during which the Employee completes at least 1,000 Hours of Service. The Employer may designate an alternative definition of Year of Service under AA §6-2(e). The Employer Contribution will be allocated under the Year of Service allocation formula under AA §6-3(h). Amounts allocated on the basis of Years of Service must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c) or Treas. Reg. §1.401(a)(4)-8.

(5) **Prevailing Wage Contribution.** If elected in AA §6-2(f), the Employer may make a Prevailing Wage Contribution for Participants who perform Prevailing Wage Service. For this purpose, Prevailing Wage Service is any service performed by an Employee under a public contract subject to the Davis-Bacon Act or to any other federal, state or municipal prevailing wage law. The Employer will make an Employer Contribution based on the hourly contribution rate for the Participant's employment classification. The Prevailing Wage Contribution will be allocated under the Prevailing Wage allocation formula under AA §6-3(i). Special restrictions may apply in order for Prevailing Wage Contributions to be taken into account for purposes of satisfying the applicable federal, state or municipal prevailing wage laws. The Employer may attach an Addendum to the Adoption Agreement setting forth the hourly contribution rate for the employment classifications eligible for Prevailing Wage Contributions.

Unless provided otherwise in AA §6-2(f)(3), the following default rules apply for purposes of determining the Prevailing Wage Contribution.

(i) **Only available to Nonhighly Compensated Employees.** Highly Compensated Employees are not eligible to share in the Prevailing Wage Contribution.

(ii) **No minimum age and service conditions.** No minimum age or service conditions will apply for purposes of determining an Employee's eligibility for the Prevailing Wage Contribution. An Employee who performs Prevailing Wage Service will be eligible to receive the Prevailing Wage Contribution as of his/her Employment Commencement Date.

(iii) **No allocation conditions.** No allocation conditions (as described in Section 3.09) will apply to the Prevailing Wage Contribution.

(iv) **Full vesting.** Prevailing Wage Contributions are always 100% vested.

If the Employer elects to provide eligibility requirements or vesting requirements with respect to Prevailing Wage Contributions under AA §6-2(f), the Employer may not be able to take full credit under applicable federal, state or municipal prevailing wage laws for the Prevailing Wage Contributions made under this Plan. See the applicable prevailing wage laws for more information regarding the effect of eligibility and/or vesting requirements.

The Employer may elect under AA §6-2(f)(2) to offset other Employer Contributions made under the Plan by the Prevailing Wage Contribution. If the Prevailing Wage Contribution is used to offset a Safe Harbor Employer Contribution or a Safe Harbor Matching Contribution, the Prevailing Wage Contribution will be treated as satisfying the requirements for a Safe Harbor Contribution as set forth in Section 6.04. Thus, any Prevailing Wage Contributions that are used to offset Safe Harbor Contributions will always be 100% vested and will be subject to the distribution restrictions described in Section 6.04(a)(3). The Plan will not fail to qualify as a Safe Harbor 401(k) Plan solely because Prevailing Wage Contributions are used to offset the Safe Harbor Employer or Safe Harbor Matching Contributions under the Plan.

To the extent the Prevailing Wage Contribution satisfies the requirements for a QNEC, as described in subsection (6) below, the Prevailing Wage Contribution may be treated as a QNEC under the Plan. If a Highly Compensated Employee receives a Prevailing Wage Contribution and the Plan fails the nondiscrimination requirements under Code §401(a)(4), the Employer may elect to pay the discriminatory contribution to the Highly Compensated Employee outside of the Plan consistent with the requirements of the applicable prevailing wage laws.

(6) **Qualified Nonelective Contributions (QNECs).** Notwithstanding any contrary selections in a Profit Sharing/401(k) Plan Adoption Agreement, for any Plan Year, the Employer may make a discretionary QNEC on behalf of Nonhighly Compensated Participants under the Plan to correct a violation of the ADP and/or ACP tests. (See Sections 6.01(b)(3) and 6.02(b)(3).) Such corrective QNEC may be allocated to all Nonhighly Compensated Participants as a uniform percentage of Plan Compensation or a uniform dollar amount or as a

© Copyright 2020

Targeted QNEC (as defined in subsection (ii)(B) below), without regard to any allocation conditions selected in AA §6-5. The allocation method chosen by the Employer for a corrective QNEC will be uniformly applied to all Participants receiving the corrective QNEC for the Plan Year. The Employer also may make a discretionary QNEC that is not a corrective QNEC and allocate such discretionary QNEC as a uniform percentage of Plan Compensation to Nonhighly Compensated Employees.

A QNEC must satisfy the requirements for a QNEC described in subsection (i) below. If the Plan is disaggregated for otherwise excludable Employees pursuant to Section 6.03(b), the Employer may allocate the QNEC only to Participants in a particular disaggregated portion of the Plan. See Section 6.03(c). (See Sections 6.01(b)(3) and 6.02(b)(3) for a description of the amount of QNECs that may be taken into account under the ADP Test and/or ACP Test.)

If the Employer makes both a discretionary Employer Contribution under AA §6-2(a) and a discretionary QNEC, the Employer must designate the amount of the Employer Contribution which is designated as a regular Employer Contribution and the amount designated as a QNEC.

(i) **Requirements for a QNEC.** In order to qualify as a QNEC, an Employer Contribution must satisfy the following requirements:

(A) **100% vesting.** A QNEC must be 100% vested when allocated to a Participant's Account.

(B) **Distribution restrictions.** A QNEC when allocated to a Participant's Account must be subject to the same distribution restrictions applicable to Salary Deferrals under Section 8.10(c), except that no portion of a Participant's QNEC Account may be distributed on account of Hardship. See Section 8.10(e).

(C) **Allocation conditions.** A QNEC will not be subject to the allocation provisions applicable to Employer Contributions, as designated under AA §6-5, unless provided otherwise under AA §6D-3 of the Profit Sharing/401(k) Plan Adoption Agreement.

(ii) **Allocation method for QNECs.**

(A) **Participants.** The Employer may allocate the QNEC as a uniform percentage of Plan Compensation or as a uniform dollar amount to all Nonhighly Compensated Participants. Alternatively, the Employer may elect under AA §6D-3(a) of the Profit Sharing/401(k) Plan Adoption Agreement to allocate any QNEC under the Plan to all Participants (rather than to just Nonhighly Compensated Participants).

(B) **Targeted QNEC.** The Employer may allocate the QNEC as a Targeted QNEC. If the Employer makes a Targeted QNEC, the QNEC will be allocated to Nonhighly Compensated Participants in the QNEC Allocation Group, starting with Nonhighly Compensated Participants with the lowest Plan Compensation for the Plan Year. For this purpose, the QNEC Allocation Group is made up of the Nonhighly Compensated Participants (equal to one-half of total Nonhighly Compensated Participants under the Plan), with the lowest level of Plan Compensation for the Plan Year.

(I) **5% of Plan Compensation limit.** The QNEC will be allocated to the Nonhighly Compensated Employees in the QNEC Allocation Group up to a maximum of 5% of Plan Compensation. The QNEC will be allocated first to the Nonhighly Compensated Participant(s) with the lowest Plan Compensation (up to the 5% of Plan Compensation maximum allocation) and continuing with Nonhighly Compensated Employees in the QNEC Allocation Group with the next higher level of Plan Compensation, until all of the QNEC has been allocated (or until all Nonhighly Compensated Employees in the QNEC Allocation Group have received the maximum 5% of Plan Compensation QNEC allocation).

(II) **Reallocation to lowest one-half of Nonhighly Compensated Participants.** If a QNEC remains unallocated after the allocation under subsection (I), the remaining QNEC will continue to be allocated in accordance with subsection (I), in increments equal to twice the level of QNEC allocated to the rest of the QNEC Allocation Group. Thus, for example, if a QNEC remains unallocated after allocating the full 5% of Plan Compensation to the QNEC Allocation Group, the QNEC will continue to be allocated up to 10% of Plan Compensation (twice the QNEC already allocated to the QNEC

© Copyright 2020

Allocation Group) beginning with the Nonhighly Compensated Employee in the QNEC Allocation Group with the lowest Plan Compensation.

(III) **Additional members in QNEC Allocation Group.** If at any time, a Nonhighly Compensated Participant is not able to receive a full QNEC allocation under subsection (I) or (II) (e.g., due to the application of the Code §415 Limitation), the Nonhighly Compensated Participant with the next higher level of Plan Compensation (that is not in the QNEC Allocation Group) will be added to the QNEC Allocation Group.

(IV) **Increase in QNEC to correct ADP and ACP Test.** If the QNEC is being used to correct both the ADP and ACP Tests, the allocation in subsection (I) may be increased to 10% of Plan Compensation (instead of 5% of Plan Compensation). In addition, the allocation in subsection (II) would also be increased so that the maximum QNEC allocation will be twice the 10% QNEC allocation.

(V) **Special rule for Prevailing Wage Contributions.** To the extent QNECs are made in connection with the Employer's obligation to pay Prevailing Wages, this subsection (B) may be applied by increasing the 5% of Plan Compensation limit to 10% of Plan Compensation.

(7) **Frozen Plan.** The Employer may designate under AA §2-5 that the Plan is a frozen Plan. As a frozen Plan, the Employer will not make any Employer Contributions with respect to Plan Compensation earned after the date identified in AA §2-5. In addition, if the Plan is a 401(k) Plan, no Participant will be permitted to make Elective Deferrals or After-Tax Employee Contributions to the Plan for any period following the effective date of the freeze as identified in AA §2-5. If the Plan holds any unallocated forfeitures at the time the Plan is frozen, such forfeitures may be allocated in accordance with Section 7.13, regardless of any contrary selections under AA §8-6.

(b) **Employer Contribution formulas (Money Purchase Plan).** The Employer may elect under AA §6-2 of the Money Purchase Plan Adoption Agreement to make any of the following Employer Contributions. Each Participant will receive an allocation of Employer Contributions equal to the amount determined under the contribution formula elected under AA §6-2. Any reference to the Adoption Agreement under this subsection (b) is a reference to the Money Purchase Plan Adoption Agreement. To receive an allocation of Employer Contributions, a Participant must satisfy any allocations conditions designated under the Plan, as described in Section 3.09 below.

If the Employer adopts the Money Purchase Plan Adoption Agreement and also maintains another qualified retirement plan or plans, the contribution to be made under the Money Purchase Plan will not exceed the maximum amount that is deductible under Code §404(a)(7), taking into account all contributions that have been made to the other plan or plans prior to the date a contribution is made under the Money Purchase Plan.

(1) **Uniform Employer Contribution.** If elected under AA §6-2(a), the Employer will make a contribution to each Participant under the Plan as a uniform percentage of Plan Compensation or as a uniform dollar amount. This contribution formula will satisfy a design-based safe harbor under Treas. Reg. §1.401(a)(4)-2(b) provided if the allocation is based on Plan Compensation, the Plan uses a definition of Plan Compensation that satisfies the nondiscrimination requirements under Treas. Reg. §1.414(s)-1.

(2) **Permitted disparity contribution formula.** If elected under AA §6-2(c), the Employer will make a permitted disparity contribution to each Participant using either the individual or group method. The Employer may not elect the permitted disparity contribution formula under the Plan if the Employer maintains another qualified plan, covering any of the same Employees, which uses permitted disparity in determining the allocation of contributions or the accrual of benefits under such plan. This contribution formula is designed to satisfy a design-based safe harbor under Treas. Reg. §1.401(a)(4)-2(b).

(i) **Individual method.** Under the individual method, each Participant will receive an allocation of the Employer Contribution equal to the amount determined under the contribution formula under AA §6-2(c)(1). A Participant may not receive an allocation with respect to Excess Compensation that exceeds the Maximum Disparity Rate.

(A) **Excess Compensation.** The amount of Plan Compensation that exceeds the Integration Level.

(B) **Integration Level.** The Taxable Wage Base, unless specified otherwise under AA §6-2(c)(3).

© Copyright 2020

(C) **Maximum Disparity Rate.** The Maximum Disparity Rate is the maximum amount that may be allocated with respect to Excess Compensation under the permitted disparity formula. The maximum amount that may be allocated as a percentage of Plan Compensation and Excess Compensation is the following percentage:

Integration Level (as a percentage of the Taxable Wage Base)	Maximum Disparity Rate
100%	5.7%
More than 80% but less than 100%	5.4%
More than 20% and not more than 80%	4.3%
20% or less	5.7%

(D) **Taxable Wage Base.** The maximum amount of wages that are considered for Social Security purposes as in effect at the beginning of the Plan Year.

(ii) **Group method.** Under the group method, the Employer contributes a fixed percentage of total Plan Compensation of all Participants. The Employer Contribution is then allocated under the two-step method (as described in subsection (a)(1)(ii)(A) above) or, if the Plan Is Top-Heavy, under the four-step method (as described in subsection (a)(1)(ii)(B) above). In determining Excess Compensation, the Integration Level is the Taxable Wage Base, unless designated otherwise under AA §6-2(c)(3).

(iii) **Overall permitted disparity limits.** Annual overall permitted disparity limit: Notwithstanding the preceding paragraphs, for any Plan Year this Plan benefits any Participant who benefits under another qualified plan or simplified employee pension, as defined in Code §408(k), maintained by the Employer that provides for permitted disparity (or imputes disparity), Employer Contributions and forfeitures will be allocated to the account of each Participant who either completes more than 500 hours of service during the plan year or who is employed on the last day of the plan year in the ratio that such Participant's Total Compensation bears to the Total Compensation of all Participants.

(iv) **Cumulative permitted disparity limit.** The cumulative permitted disparity limit for a Participant is 35 total cumulative permitted disparity years. Total cumulative permitted years means the number of years credited to the Participant for allocation or accrual purposes under this Plan, any other qualified plan or simplified employee pension plan (whether or not terminated) ever maintained by the Employer. For purposes of determining the Participant's cumulative permitted disparity limit, all years ending in the same calendar year are treated as the same year. If the Participant has not benefited under a defined benefit or target benefit plan for any year beginning on or after January 1, 1994, the Participant has no cumulative disparity limit.

(3) **Employee group contribution formula.** Under the Employee group contribution formula, the Employer may make a different contribution to each Participant's Employer Contribution Account based on the designated Employee groups identified under AA §6-2(d). The Employer will notify the Trustee (or other person receiving the Employer Contributions) in writing the amount of Employer Contributions being given to each Employee group.

The Employer Contribution made for a designated Employee group will be allocated to each eligible Participant in such group as a uniform percentage of Plan Compensation or as a uniform dollar amount, as designated in AA §6-2(d)(2). The Employer also may elect to allocate an amount to each eligible Participant in a designated Employee group the maximum amount permissible under Code §415. See Section 5.03.

The Employee groups designated in AA §6-2(d) must be clearly defined in a manner that will not violate the definite determinable requirement of Treas. Reg. §1.401-1(b)(1)(ii). The portion of the Employer Contribution designated for a specific Employee group will be allocated only to Participants within that group. If a Participant is in more than one Employee group during the Plan Year, the Participant will receive an Employer Contribution based on the Participant's status on the last day of the Plan Year. In the event a Participant is in two or more Employee groups on the last day of the Plan Year, the Participant will receive an Employer Contribution based on the first Employee group listed under AA §6-2(d) in which the Participant is a part. The Employer can provide for a different treatment of Employees in multiple groups under AA §6-2(d)(3)(i).

© Copyright 2020

The Plan still must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c) or Treas. Reg. §1.401(a)(4)-8 with respect to the separate contribution rates under the Plan. The Plan may be tested on the basis of allocation rates or equivalent benefit rates. If the Plan is tested on the basis of equivalent benefit rates, the Plan will use standard interest rate and mortality table assumptions in accordance with Treas. Reg. §1.401(a)(4)-12 when testing the allocation formula for nondiscrimination.

In the case of self-employed individuals (i.e., sole proprietorships or partnerships), the requirements of 1.401(k)-1(a)(6) continue to apply, and the designation of Employee groups should not be such that a cash or deferred election is created for a self-employed individual as a result of the application of such designation. A designated Employee group which is limited to Nonhighly Compensated Employees with the lowest amount of compensation and/or the shortest periods of service may be deemed to violate the nondiscrimination requirements under Code §401(a)(4).

(4) **Age-based contribution formula.** Under the age-based contribution formula, the Employer will contribute a specific percentage of each Participant's adjusted Plan Compensation. Amounts contributed under an age-based contribution formula must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c) or Treas. Reg. §1.401(a)(4)-8.

(i) **Adjusted Plan Compensation.** For this purpose, a Participant's adjusted Plan Compensation is determined by multiplying the Participant's Plan Compensation by an Actuarial Factor (as described in subsection (ii) below).

(ii) **Actuarial Factor.** A Participant's Actuarial Factor must be determined based on standard actuarial assumptions that satisfy Treas. Reg. §1.401(a)(4)-12 using a testing age that is the later of Normal Retirement Age or the Employee's current age. Unless designated otherwise under AA §6-2(e), a Participant's Actuarial Factor is determined based on an 8.5% interest rate and the UP-1984 mortality table. (See Appendix A of the Plan for the Actuarial Factors associated with an 8.5% interest rate and the UP-1984 mortality table and a testing age of 65. If an interest rate other than 8.5% or a mortality table other than the UP-1984 mortality table is selected under AA §6-2(e), or if a testing age other than age 65 is used, the Plan must determine the appropriate Actuarial Factors based on the designated interest rate, mortality table and testing age.)

(5) **Service-based Employer Contribution.** If elected in AA §6-2(f), the Employer will make a contribution based on an Employee's service with the Employer during the Plan Year (or other period designated under AA §6-4). The Employer Contribution will be allocated on the basis of Participants' Hours of Service, weeks of employment or other measuring period selected under AA §6-2(f). Amounts contributed on the basis of service must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c) or Treas. Reg. §1.401(a)(4)-8.

(6) **Prevailing Wage Contribution.** If elected in AA §6-2(g), the Employer will make a Prevailing Wage Contribution for Participants who perform Prevailing Wage service. For this purpose, Prevailing Wage service is any service performed by an Employee under a public contract subject to the Davis-Bacon Act or to any other federal, state or municipal prevailing wage law. The Employer will make an Employer Contribution based on the hourly contribution rate for the Participant's employment classification. Special restrictions may apply in order for Prevailing Wage Contributions to be taken into account for purposes of satisfying the applicable federal, state or municipal prevailing wage laws. The Employer may attach an Addendum to the Adoption Agreement setting forth the hourly contribution rate for the employment classifications eligible for Prevailing Wage Contributions.

Unless provided otherwise in AA §6-2(g)(2), the default rules described in subsection (a)(5) above will apply for purposes of determining the Prevailing Wage Contribution. If the Employer elects to provide eligibility requirements or vesting requirements with respect to Prevailing Wage Contributions under AA §6-2(g), the Employer may not be able to take full credit under applicable federal, state or municipal prevailing wage laws for the Prevailing Wage Contributions made under this Plan. See the applicable prevailing wage laws for more information regarding the effect of eligibility and/or vesting requirements.

The Employer may elect under AA §6-2(g)(1) to offset other Employer Contributions made under the Plan by the Prevailing Wage Contribution.

(7) **Frozen Plan.** The Employer may designate under AA §2-5 that the Plan is a frozen Plan. As a frozen Plan, the Employer will not make any Employer Contributions with respect to Plan Compensation earned after the date identified in AA §2-5. If the Plan holds any unallocated forfeitures at the time the Plan is frozen, such

© Copyright 2020

forfeitures may be allocated in accordance with Section 7.13, regardless of any contrary selections under AA §8-6.

(c) **Period for determining Employer Contributions.** In determining the amount of Employer Contributions to be allocated to Participants under the Plan, the Plan will take into account Plan Compensation (as defined in Section 1.99) for the Plan Year. The Employer may designate under AA §6-4 alternative periods for determining the allocation of Employer Contributions. If alternative periods are designated under AA §6-4, a Participant's allocation of Employer Contributions will be determined separately for each designated period based on Plan Compensation earned during such period. If an alternative period is designated under AA §6-4, the Employer need not actually make the Employer Contribution during the designated period, provided the total Employer Contribution for the Plan Year is allocated based on the proper Plan Compensation. (If the permitted disparity allocation method applies under AA §6-3(c), the allocation will be based on the Plan Year.)

(d) **Offset of Employer Contributions.**

(1) **Offset of Employer Contributions by Traditional Safe Harbor/QACA Safe Harbor Employer Contributions.** If the Plan provides for Traditional Safe Harbor/QACA Safe Harbor Employer Contributions under AA §6C-2 of the Profit Sharing/401(k) Plan Adoption Agreement, the Employer may elect under AA §6C-6 to offset any additional Employer Contributions a Participant would otherwise receive by the amount of Traditional Safe Harbor/QACA Safe Harbor Employer Contributions the Participant receives under the Plan. Thus, when allocating any additional Employer Contributions under the Plan, if so elected under AA §6C-6, no amounts will be allocated to Participants who receive a Traditional Safe Harbor/QACA Safe Harbor Employer Contribution until the amount of additional Employer Contributions exceeds the amount of Traditional Safe Harbor/QACA Safe Harbor Employer Contributions received under the Plan. For this purpose, if the permitted disparity allocation method applies, this offset applies only to the second step of the two-step permitted disparity formula or the fourth step of the four-step permitted disparity formula.

(2) **Offset for contributions under another qualified plan maintained by the Employer.** If the Employer maintains any other qualified plan(s) which cover any Participants under this Plan, the Employer may elect under AA §6-4(c) of the Profit Sharing/401(k) Plan Adoption Agreement or AA §6-3(c) of the Money Purchase Plan Adoption Agreement to reduce such Participants' allocation under this Plan to take into account the benefits provided under the Employer's other qualified plan(s). For purposes of satisfying the coverage requirements under Code §410(b) and the nondiscrimination requirements under Code §401(a)(4), this Plan may need to be aggregated with such other qualified plan(s) in accordance with Treas. Reg. §1.410(b)-7.

3.03 **Salary Deferrals.** The Employer may elect under AA §6A of the Profit Sharing/401(k) Plan Adoption Agreement to authorize Participants to make Salary Deferrals under the Plan. A Participant's total Salary Deferrals may not exceed the lesser of any limitation designated under AA §6A-2, the Elective Deferral Dollar Limit described under Section 5.02 or the amount permitted under the Code §415 Limitation described under Section 5.03. The Employer may elect under AA §6A-2(c) of the Profit Sharing/401(k) Plan Adoption Agreement to apply a different limit on Salary Deferrals to the extent such Salary Deferrals are withheld from a Participant's bonus payments.

(a) **Salary Deferral Election.** In order to make Salary Deferrals under the Plan, a Participant must enter into a Salary Deferral Election which authorizes the Employer to withhold a specific dollar amount or a specific percentage from the Participant's Plan Compensation. The Salary Deferral Election may permit a Participant to specify a different percentage or dollar amount be withheld from specified components of Plan Compensation, such as base pay, bonuses, commissions, etc. The Employer may apply special limits on the amount of Salary Deferrals that may be deferred from bonus payments under AA §6A-2(c) or may apply special deferral limits applicable to bonus payments under the Salary Deferral Election, without regard to any limitations selected under the Adoption Agreement. In addition, the Salary Deferral Election may provide the conditions on which an Employee's affirmative Salary Deferral Election will expire. If an Employee's Salary Deferral Election expires, such Employee can always complete a new affirmative election and designate a new deferral percentage. If the Plan is not an Automatic Contribution Arrangement and an Employee's affirmative election expires, the Salary Deferral Election may provide that the Employee's expiring deferral election remains in effect and may increase by a designated amount unless the Employee affirmatively elects otherwise. The Employer will deposit any amounts withheld from a Participant's Plan Compensation as Salary Deferrals into the Participant's Salary Deferral Account under the Plan. A Salary Deferral Election may only relate to Plan Compensation that is not currently available at the time the Salary Deferral Election is completed. In determining the amount to be withheld from a Participant's Plan Compensation, a Salary Deferral election may be rounded to the next highest or lowest whole dollar amount.

The Employer may designate under AA §6A-9 of the Profit Sharing/401(k) Plan Adoption Agreement to apply a special effective date as of which Participants may begin making Salary Deferrals under the Plan. Regardless of any special effective date designated under AA §6A-9, a Salary Deferral Election may not be effective prior to the later of:

© Copyright 2020

(1) the date the Employee becomes a Participant;

(2) the date the Participant executes the Salary Deferral Election; or

(3) the date the Profit Sharing/401(k) Plan is first adopted or effective.

For this purpose, Salary Deferrals may be taken into account for a Plan Year only if the Salary Deferrals are allocated to the Employee's Account as of a date within that Plan Year. For this purpose, Salary Deferrals are considered allocated as of a date within a Plan Year only if the allocation is not contingent on the Employee's participation in the Plan or performance of services on any subsequent date and the Salary Deferrals are actually paid to the Plan no later than the end of the 12-month period immediately following the year to which the contribution relates. In addition, the Salary Deferrals must relate to Plan Compensation that either would have been received by the Employee in the Plan Year but for the Employee's election to defer or are attributable to services performed by the Employee in the Plan Year and, but for the Employee's election to defer, would have been received by the Employee within 2½ months after the close of the Plan Year.

In addition, Salary Deferrals made pursuant to a Salary Deferral Election may not be made earlier than the date the Participant performs the services to which such Salary Deferrals relate or the date the compensation subject to such Salary Deferral Election would be currently available to the Participant absent the deferral election (if earlier). Regardless of when a Participant elects to commence making Salary Deferrals, the commencement of Salary Deferrals may be delayed for a reasonable period of time in order to implement the Salary Deferral election.

A Salary Deferral Election is valid even though it is executed by an Employee before he/she actually has entered the Plan as a Participant, so long as the Salary Deferral Election is not effective before the date the Employee is a Participant.

With respect to rehired Employees, such Employees must make a new Salary Deferral Election upon reemployment, unless otherwise elected under AA §6A-7. The Plan Administrator may revise this requirement under its administrative procedures.

(b) **Change in deferral election.** An Employee must be permitted to enter into a new Salary Deferral Election or to modify or terminate an existing Salary Deferral Election at least once a year. Additional dates may be designated on the Salary Deferral Election form (or other written procedures) as to when a Participant may modify or terminate a Salary Deferral Election. Any election to modify or terminate a Salary Deferral Election will take effect within a reasonable period following such election and will apply only on a prospective basis. The Employer may allow an Employee to increase his/her deferral election up to the Elective Deferral Dollar Limit at any time during the last two months of the Plan Year.

(c) **Automatic Contribution Arrangements (other than QACA Safe Harbor 401(k) Plans).** The Employer may elect under AA §6A-8 of the Profit Sharing/401(k) Plan Adoption Agreement to provide for an automatic deferral election under the Plan under an Automatic Contribution Arrangement (ACA), including an Eligible Automatic Contribution Arrangement (EACA). If the Employer elects to apply an automatic deferral election, the Employer will automatically withhold the amount designated under AA §6A-8 from Participants' Plan Compensation, unless the Participant completes a Salary Deferral Election electing a different deferral amount (including a zero-deferral amount). Unless provided otherwise under AA §6A-8, an Employee who is automatically enrolled under a prior plan document will continue to be automatically enrolled under the current Plan document. If a Participant's Salary Deferral Election expires and the Participant fails to complete a new affirmative Salary Deferral Election subsequent to the prior Salary Deferral Election expiring, the Participant becomes subject to the automatic deferral percentage as specified in the Plan pursuant to the automatic contribution arrangement provisions. Each year, the Participant can always complete a new affirmative election and designate a new deferral percentage.

(1) **Automatic Contribution Arrangement (ACA) other than an EACA.** The Employer may elect under AA §6A-8(a) of the Profit Sharing/401(k) Plan Adoption Agreement to provide for an automatic deferral election under the requirements of an ACA that is not intended to be an EACA. Such an ACA must meet the requirements for automatic enrollment under applicable regulations under §401(k), but is not required to meet the requirements of an EACA as described in (2) below. A Participant in an ACA must receive notice of the right to make a different election (including an election not to defer) and must have a reasonable period of time to make such an election.

(2) **Eligible Automatic Contribution Arrangement (EACA).** The Employer may elect under AA §6A-8(a) of the Profit Sharing/401(k) Plan Adoption Agreement to provide for an automatic deferral election under the requirements of an EACA. If a Plan does not satisfy the requirements for an EACA for an entire Plan Year, the

Plan will not be eligible for the special EACA provisions under subsection (ii) for such Plan Year, but will still be treated as an Automatic Contribution Arrangement. The failure to qualify as an EACA has no impact on the qualified status of the Plan or on the Employer's ability to rely on the Favorable IRS Letter issued with respect to the Plan. Thus, the provisions under subsection (i) will continue to apply as selected in AA 6A-8 for the Plan Year, even if the Automatic Contributions Arrangement does not qualify as an EACA for the entire Plan Year.

(i) **Definition of Eligible Automatic Contribution Arrangement (EACA).** The Plan will qualify as an EACA if the Plan provides for an automatic deferral election (as described in subsection (A)) and provides an annual written notice as described in subsection (D) below. Any Salary Deferrals withheld pursuant to an automatic deferral election will be deposited into the Participant's Salary Deferral Account.

(A) **Automatic deferral election.** To qualify as an EACA, each Employee eligible to participate in the Plan must have a reasonable opportunity after receipt of the notice described in subsection (D) to make an affirmative election to defer (or an election not to defer) under the Plan before any automatic deferral election goes into effect. If an automatic deferral election applies under the Plan, such election will not apply to Participants who have entered into a Salary Deferral Election for an amount equal to or greater than the automatic deferral amount designated under AA §6A-8. The Employer also may elect to apply the automatic deferral election only to Participants who become eligible to participate after a specified date. If the Plan otherwise qualifies as an EACA but the automatic contribution arrangement does not apply to all eligible Employees (who have not entered into an affirmative deferral election), the Plan will not qualify for the extended 6-month correction period described in subsection (ii)(B) below.

An automatic deferral election ceases to apply with respect to any Employee who makes an affirmative election (that remains in effect) to make Salary Deferrals or to not have any Salary Deferrals made on his/her behalf. Salary Deferrals made pursuant to an automatic deferral election will cease as soon as administratively feasible after an Eligible Employee makes an affirmative deferral election. In addition, automatic deferrals will be reduced or stopped to meet the limitations under Code §§401(a)(17), 402(g), and 415 and to satisfy any suspension period required after a distribution.

Unless elected otherwise under AA §6A-7, a Participant's affirmative election to defer (or to not defer) will cease upon termination of employment. If a terminated Participant's affirmative election to defer (or to not defer) ceases upon termination of employment, the Participant will be subject to the automatic deferral provisions of this subsection (A) upon rehire, including the default election provisions and the notice requirements under subsection (D) below.

(B) **Uniformity requirement.** If an Eligible Employee does not make an affirmative deferral election, such Employee will be treated as having elected to make Salary Deferrals in an amount equal to a uniform percentage of Plan Compensation as set forth in AA §6A-8. For this purpose, an automatic deferral election will not fail to be a uniform percentage of Plan Compensation merely because:

(I) The deferral percentage varies based on the number of years an eligible Employee has participated in the Plan (e.g., due to the application of an automatic increase provisions);

(II) The automatic deferral election does not reduce a Salary Deferral election in effect immediately prior to the effective date of the automatic deferral election;

(III) The rate of Salary Deferrals is limited so as not to exceed the limits of Code §§401(a)(17), 402(g) (determined with or without Catch-Up Contributions) and 415; or

(IV) The automatic deferral election is not applied during the period an employee is not permitted to make Salary Deferrals pursuant to Section 8.10(e)(1)(ii)(C).

(C) **Automatic increase.** The Plan may provide under AA §6A-8 that the automatic deferral amount will automatically increase by a designated percentage each Plan Year. Unless designated otherwise under AA §6A-8(b)(4), in applying any automatic deferral increase under AA §6A-8, the initial deferral amount will apply for the period that begins when the employee first participates in the automatic contribution arrangement and ends on the last day of the following Plan Year. The automatic increase will apply for each Plan Year beginning with the

© Copyright 2020

Plan Year immediately following the initial deferral period and for each subsequent Plan Year. For example, if an Employee makes his/her first automatic deferral for the period beginning July 1, 2020, and no special election is made under AA §6A-8(b)(4), the first automatic increase would take effect on January 1, 2022 (assuming the Plan is using a calendar Plan Year) which is the first day of the Plan Year beginning after the first Plan Year following the period for which the Employee makes his/her first automatic deferral under the Plan.

(D) **Annual notice requirement.** Each eligible Employee must receive a written notice describing the Participant's rights and obligations under the Plan which is sufficiently accurate and comprehensive to apprise the Employee of such rights and obligations and is written in a manner calculated to be understood by the average Plan Participant. The annual notice only needs to be provided to those Employees who are covered under the Automatic Contribution Arrangement. If it is impractical to provide the annual notice to a newly eligible Participant before the date such individual becomes eligible to participate under the Plan, the notice will be treated as timely if it is provided as soon as practicable after such date and the Employee is permitted to defer from Plan Compensation earned beginning on the date of participation.

(I) **Contents of annual notice.** To qualify as an EACA, the annual notice must contain the same information as applies for purposes of the safe harbor notice described under Section 6.04(a)(4). However, to qualify as an EACA, the annual notice must also include a description of:

(a) the level of Salary Deferrals which will be made on the Employee's behalf if the Employee does not make an affirmative election;

(b) the Employee's right under the EACA to elect not to have Salary Deferrals made on the Employee's behalf (or to elect to have such Salary Deferrals made in a different amount or percentage of Plan Compensation);

(c) how contributions under the EACA will be invested and, if the Plan provides for Participant direction of investment, how Salary Deferrals made pursuant to an automatic deferral election will be invested in the absence of an investment election by the Employee; and

(d) the Employee's right to make a permissible withdrawal (as described under subsection (ii)(A) below), if applicable, and the procedures to elect such a withdrawal.

(II) **Timing of annual notice.** The annual notice described under this subsection (D) must be provided at the same time and in the same manner as the annual safe harbor notice described in Section 6.04(a)(4). The annual notice must be provided within a reasonable period before the beginning of each Plan Year (or, in the year an Employee becomes an eligible Employee, within a reasonable period before the Employee becomes an eligible Employee). In addition, a notice satisfies the timing requirements only if it is provided sufficiently early so that the Employee has a reasonable period of time after receipt of the notice and before the first Salary Deferral made under the arrangement to make an alternative deferral election.

The annual notice will be deemed timely if it is provided to each eligible Employee at least 30 days (and no more than 90 days) before the beginning of each Plan Year. In the case of an Employee who does not receive the notice within such period because the Employee becomes an eligible Employee after the 90th day before the beginning of the Plan Year, the timing requirement is deemed to be satisfied if the notice is provided no more than 90 days before the Employee becomes an eligible Employee (and no later than the date the Employee becomes an eligible Employee).

(E) **Timing of automatic deferral.** Generally, the automatic deferral will commence as of the date the Employee is otherwise eligible to make Salary Deferrals under the Plan, if the Employee had completed a Salary Deferral Election. However, an automatic deferral will be treated as timely if the deferral is made pursuant to reasonable administrative procedures established by the Plan Administrator. If the Plan provides an Employee with a written notice as described in Section 3.03(c)(2)(i)(D) above no later than 30 days after his/her Entry Date, provides the Employee with the opportunity to make an affirmative Salary Deferral Election up to 30 days after the notice is

© Copyright 2020

provided, and in the absence of the Employee's affirmative Salary Deferral Election, provides that automatic deferrals will commence as soon as administratively practicable following the last day of the 30 day period, then the Plan will be treated as having a reasonable administrative procedure.

(ii) **Special Rules for Eligible Automatic Contribution Arrangement (EACA).** If the Plan provides for an automatic deferral election provision under AA §6A-8 and such automatic deferral election qualifies as an EACA, the Employer may elect to offer special permissible withdrawals (as set forth in subsection (A) below) and will qualify for the special delayed testing date for purposes of making refunds of Excess Contributions and/or Excess Aggregate Contributions (as described in subsection (B) below). To qualify as an EACA, the Plan must satisfy the provisions of subsection (i) for the entire Plan Year. Generally, a Plan that satisfies the QACA Safe Harbor 401(k) Plan requirements under Section 6.04(b) will also satisfy the requirements for an EACA.

(A) **Permissible Withdrawals under EACA.** If so elected under AA §6A-8(c) of the Profit Sharing/401(k) Adoption Agreement, any Employee who has Salary Deferrals contributed to the Plan pursuant to an automatic deferral election under an EACA may elect to withdraw such contributions (and earnings attributable thereto) in accordance with the requirements of this subsection (A). A permissible withdrawal under this subsection (A) may be made without regard to any elections under AA §10 and will not cause the Plan to fail the prohibition on in-service distribution applicable to Salary Deferrals under Section 8.10(c). In addition, such withdrawal may be made without regard to any notice or consent otherwise required under Code §401(a)(11) or §417. Any Salary Deferrals that are distributed under this subsection (A) are not taken into account under the ADP Test (as described in Section 6.01(a)) or under the ACP Test (as described in Section 6.02(a)) for the Plan Year for which the Salary Deferrals were made or for any other Plan Year.

(I) **Amount of distribution.** A distribution satisfies the requirement of this subsection (A) if the distribution is equal to the amount of Salary Deferrals made pursuant to the automatic deferral election through the effective date of the withdrawal election (as described in subsection (III)), adjusted for allocable gains and losses as of the date of the distribution. For this purpose, allocable gains and losses are determined in the same manner as for corrective distributions of Excess Contributions (as described in Section 6.01(b)(2)(ii)).

The distribution amount determined under this subsection (I) may be reduced by any generally applicable fees. However, the Plan may not charge a greater fee for a permissible distribution under this subsection (A) than applies with respect to other Plan distributions.

(II) **Timing of permissive withdrawal election.** An election to withdraw Salary Deferrals under this subsection (A) must be made no later than 90 days after the date of the first default Salary Deferral under the EACA. The date of the first default Salary Deferral is the date that the Plan Compensation from which such Salary Deferrals are withheld would otherwise have been included in gross income. The Employer may designate an alternative period for making permissive withdrawals under AA §6A-8(c)(3).

(III) **Effective date of permissible withdrawal.** The effective date of a permissible withdrawal election cannot be later than the pay date for the second payroll period that begins after the election is made or, if earlier, the first pay date that occurs at least 30 days after the election is made. If an Employee does not make automatic deferrals to the Plan for an entire Plan Year (e.g., due to termination of employment), the Plan may allow such Employee to take a permissive withdrawal, but only with respect to default contributions made after the Employee's return to employment.

(IV) **Consequences of permissible withdrawal.** Any amount distributed under this subsection (A) is includible in the Employee's gross income for the taxable year in which the distribution is made. However, the portion of any distribution consisting of Roth Deferrals is not included in an Employee's gross income a second time. In addition, a permissible withdrawal under this subsection (A) is not subject to any penalty tax under Code §72(t). Unless the Employee affirmatively elects otherwise, any withdrawal request will be treated as an affirmative election to stop having Salary Deferrals made on the Employee's behalf as of the date specified in subsection (III) above.

© Copyright 2020

(V) **Forfeiture of Matching Contributions.** In the case of any withdrawal made under this subsection (A), any Matching Contributions made with respect to such withdrawn Salary Deferrals must be forfeited. Any forfeiture of Matching Contributions under this subsection (V) will be made in accordance with the requirements of Section 7.13.

(B) **Expansion of corrective distribution period for EACAs.** If the Plan qualifies as an EACA (as defined in subsection (i) above), the corrective distribution provisions applicable to Excess Contributions and Excess Aggregate Contributions under Sections 6.01(b)(2) and 6.02(b)(2) are modified to allow a corrective distribution no later than 6 months (instead of 2½ months) after the last day of the Plan Year in which such excess amounts arose to avoid the 10% excise tax with respect to such corrective distributions.

(3) **Preemption of state law.** In applying the provisions of this subsection (c), if the Plan satisfies the definition of an automatic contribution arrangement under ERISA §514(e)(2), any law of a State which would directly or indirectly prohibit or restrict the inclusion of an automatic contribution arrangement shall be superseded.

(d) **Catch-Up Contributions.** If permitted under AA §6A-4 of the Profit Sharing/401(k) Plan Adoption Agreement, a Participant who is age 50 or over by the end of his/her taxable year beginning in the calendar year may make Catch-Up Contributions under the Profit Sharing/401(k) Plan, provided such Catch-Up Contributions are in excess of an otherwise applicable limit under the Plan. For this purpose, an otherwise applicable Plan limit is a limit in the Plan that applies to Salary Deferrals without regard to Catch-up Contributions, such as a Plan-imposed Salary Deferral limit under AA §6A-2, the Code §415 Limitation (described in Section 5.03), the Elective Deferral Dollar Limit (described in Section 5.02), and the limit imposed by the ADP Test (described in Section 6.01). For this purpose, an ADP Test limit only applies to the extent a Highly Compensated Employee is required to receive a corrective refund under Section 6.01(b)(2).

(1) **Catch-Up Contribution Limit.** Catch-up Contributions for a Participant for a taxable year may not exceed the Catch-Up Contribution Limit. The Catch-Up Contribution Limit for 2020 is $6,500. The Catch-Up Contribution Limit will be adjusted for cost-of-living increases under Code §414(v)(2)(C) in multiples of $500. The Employer may operationally limit Catch-Up Contributions so that a Participant's total Catch-Up Contributions, when added to other Salary Deferrals, may not exceed 75 percent of the Participant's Plan Compensation for the taxable year. (A Different Catch-Up Contribution Limit applies for SIMPLE 401(k) Plans. See Section 6.05(b)(2).)

(2) **Special treatment of Catch-Up Contributions.** Catch-up Contributions are not subject to the Elective Deferral Dollar Limit or the Code §415 Limitation, are not counted in the ADP Test, and are not counted in determining the minimum allocation under Code §416 (as defined in Section 4.04), but Catch-Up Contributions made in prior years are counted in determining whether the Plan is Top Heavy.

(3) **Universal availability of Catch-Up Contributions.** The Plan may only offer Catch-Up Contributions if all 401(k) plans maintained by the Employer or Related Employers allow all catch-up eligible participants an effective opportunity to make the same dollar amount of Catch-Up Contributions.

(e) **Roth Deferrals.** If permitted under AA §6A-5 of the Profit Sharing/401(k) Plan Adoption Agreement, a Participant may designate all or a portion of his/her Salary Deferrals as Roth Deferrals. For this purpose, a Roth Deferral is a Salary Deferral that satisfies the following conditions.

(1) **Irrevocable election.** The Participant makes an irrevocable election (at the time the Participant enters into his/her Salary Deferral Election) designating all or a portion of his/her Salary Deferrals as Roth Deferrals. The irrevocable election applies with respect to Salary Deferrals that are made pursuant to such election. A Participant may modify or change a Salary Deferral Election to increase or decrease the amount of Salary Deferrals designated as Roth Deferrals, provided such change or modification applies only with respect to Salary Deferrals made after such change or modification. (See subsection (b) above for rules regarding the timing of permissible changes or modifications to a Participant's Salary Deferral Election.)

(2) **Subject to immediate taxation.** To the extent a Participant designates all or a portion of his/her Salary Deferrals as Roth Deferrals, such amounts will be includible in the Participant's income at the time the Participant would have received the contribution amounts in cash if the Employee had not made the Salary Deferral election.

(3) **Separate account.** Any amounts designated as Roth Deferrals will be maintained by the Plan in a separate Roth Deferral Account. The Plan will credit and debit all contributions and withdrawals of Roth Deferrals to

© Copyright 2020

such separate Account. The Plan will separately allocate gains, losses, and other credits and charges to the Roth Deferral Account on a reasonable basis that is consistent with such allocations for other Accounts under the Plan. However, in no event may the Plan allocate forfeitures under the Plan to the Roth Deferral Account. The Plan will separately track Participants' accumulated Roth Deferrals and the earnings on such amounts.

(4) **Satisfaction of Salary Deferral requirements.** Roth Deferrals are subject to the same requirements as apply to Salary Deferrals. Thus, Roth Deferrals are subject to the following requirements:

(i) Roth Deferrals are always 100% vested, as provided in Section 7.01.

(ii) Roth Deferrals are subject to the Elective Deferral Dollar Limit, as described in Section 5.02. For this purpose, all Salary Deferrals (both Pre-Tax Salary Deferrals and Roth Deferrals) are aggregated in applying the Elective Deferral Dollar Limit.

(iii) Roth Deferrals are subject to the same distribution restrictions as apply to Salary Deferrals under Section 8.10(c). See Section 8.11(b) for special distribution provisions applicable to Roth Deferrals.

(iv) Roth Deferrals are subject to ADP nondiscrimination testing, as set forth in Section 6.01.

(v) Roth Deferrals are subject to the required minimum distribution requirements under Code §401(a)(9), as set forth in Section 8.12.

(vi) Roth Deferrals are treated as Employer Contributions for purposes of Code §§401(a), 401(k), 402, 411, 412, 415, 416 and 417.

(5) **Rollover of Roth Deferrals.**

(i) **Rollovers from this Plan.** For purposes of the rollover rules under Section 8.05, a Direct Rollover of a distribution from a Participant's Roth Deferral Account will only be made to another Roth Deferral Account under a qualified plan described in Code §401(a) or an annuity contract or custodial account described in Code §403(b) or to a Roth IRA described in §408A, and only to the extent the rollover is permitted under the rules of Code §402(c).

(ii) **Rollovers to this Plan.** Subject to the provisions under Section 3.07, a Participant may make a Rollover Contribution to his/her Roth Deferral Account only if the rollover is a Direct Rollover from another Roth Deferral Account under a qualified retirement plan (as described in Section 3.07) and only to the extent the rollover is permitted under the rules of Code §402(c). A rollover of Roth Deferrals may not be made to this Plan from a Roth IRA. Any rollover of Roth Deferrals to this Plan will be held in a separate Roth Rollover Account.

(iii) **Minimum rollover amount.** The Plan Administrator may decide whether or not to provide for a Direct Rollover (including an Automatic Rollover) for distributions from a Participant's Roth Deferral Account if it is reasonably expected (at the time of the distribution) that the total amount the Participant will receive as a distribution during the calendar year will total less than $200. In addition, the Plan Administrator may decide whether or not to take into account any distribution from a Participant's Roth Deferral Account in determining whether distributions from a Participant's other Accounts are reasonably expected to total less than $200 during a year. For purposes of applying the Automatic Rollover provisions under Section 8.06, a Participant's Roth Deferral Account and the Participant's other Accounts are treated as accounts held under separate plans. (See Treas. Reg. §1.401(k)-1(f)(4)(ii).)

(iv) **Separate treatment of Roth Deferrals.** The provisions under Section 8.05 allow a Participant to elect a Direct Rollover of only a portion of an Eligible Rollover Distribution, but only if the amount rolled over is at least $500. For this purpose, the Plan Administrator may decide whether or not to treat any amount distributed from the Participant's Roth Deferral Account as a separate distribution from any amount distributed from the Participant's other Accounts in the Plan, even if the amounts are distributed at the same time.

(f) **In-Plan Roth Conversions.** Effective on or after January 1, 2013, the Employer may elect under AA §6A-5(c) of the Profit Sharing/401(k) Plan Adoption Agreement to permit In-Plan Roth Conversions under the Plan. For this purpose, an In-Plan Roth Conversion is a conversion of amounts held in a Participant's Plan Account, other than a Roth Deferral Account or Roth Rollover Account, into the Participant's In-Plan Roth Conversion Account under the Plan, pursuant to Code §402A(c)(4). Any election to make an In-Plan Roth Conversion during a taxable year may not be changed after

© Copyright 2020

the In-Plan Roth Conversion is completed. (For In-Plan Roth Conversions completed prior to January 1, 2013, a Participant had to be eligible to receive a distribution of the converted amounts at the time of the In-Plan Roth Conversion. The provisions of this Section 3.03 (f) do not affect an In-Plan Roth Conversion completed prior to January 1, 2013.)

An In-Plan Roth Conversion may be elected by a Participant, a Spousal beneficiary, or an Alternate Payee who is a Spouse or former Spouse. To the extent the term "Participant" is used for purposes of determining eligibility to make an In-Plan Roth Conversion, such term will also include a Spousal beneficiary and an Alternate Payee who is a Spouse or former Spouse.

(1) **Amounts Eligible for In-Plan Roth Conversion.** If permitted under AA §6A-5(c) of the Profit Sharing/401(k) Adoption Agreement, a Participant may convert any portion of his/her vested Account Balance (other than amounts attributable to Roth Deferrals or Roth Deferral rollovers) to an In-Plan Roth Conversion Account. Unless elected otherwise under AA §6A-5(c)(2), a Participant need not be eligible to receive a distribution from the Plan at the time of the In-Plan Roth Conversion.

In addition, an In-Plan Roth Conversion will not be treated as a distribution for the following purposes:

(i) **Participant loans.** A Participant loan directly transferred into an In-Plan Roth Conversion without changing the repayment schedule is not treated as a new loan. The Employer may elect in AA §6A-5(c)(4)(iii) to not permit Participant loans to be distributed as part of an In-Plan Roth Conversion.

(ii) **Spousal consent.** An In-Plan Roth Conversion is not treated as a distribution for purposes of applying the spousal consent requirements under Code §401(a)(11). Thus, a married Plan Participant is not required to obtain spousal consent in connection with an election to make an In-Plan Roth Conversion, even if the Plan is otherwise subject to the spousal consent requirements under Code §401(a)(11).

(iii) **Participant consent.** An In-Plan Roth Conversion is not treated as a distribution for purposes of applying the participant consent requirements under Code §411(a)(11). Thus, amounts that are converted as part of an In-Plan Roth Conversion continue to be taken into account in determining whether the Participant's vested Account Balance exceeds $5,000 for purposes of applying the Involuntary Cash-Out provisions and will not trigger the requirement for a notice of the Participant's right to defer receipt of the distribution.

(iv) **Protected benefits.** An In-Plan Roth Conversion is not treated as a distribution under Code §411(d)(6)(B)(ii). Thus, a Participant who had a distribution right (such as a right to an immediate distribution) prior to the In-Plan Roth Conversion cannot have that distribution right eliminated solely as a result of the election to make an In-Plan Roth Conversion. The Employer may have to maintain separate accounts with respect to different contribution sources within the In-Plan Roth Conversion Account in order to protect distribution options related to such different contribution sources.

(v) **Mandatory withholding.** An In-Plan Roth Conversion is not subject to 20% mandatory withholding under Code §3405(c).

(vi) **Distribution restrictions.** Generally, a distribution will be permitted from the In-Plan Roth Conversion Account to the extent permitted for regular Roth Deferrals under AA §10-1. However, as described in subsection (iv) above, additional distribution options may need to be protected with respect to specific contribution sources. The distribution restrictions normally applicable to Roth Deferrals, as described in Section 8.10(c) of the Plan, do not apply to the extent the conversion is from a contribution source that is not otherwise subject to the distribution restrictions applicable to Roth Deferrals. In addition, distribution restrictions that otherwise apply with respect to a specific contribution source will continue to apply if such contribution source is converted to Roth Deferrals.

(2) **Effect of In-Plan Roth Conversion.** A Participant must include in gross income the taxable amount of an In-Plan Roth Conversion. For this purpose, the taxable amount of an In-Plan Roth Conversion is the fair market value of the distribution reduced by any basis in the converted amounts. If the distribution includes Employer securities, the fair market value includes any net unrealized appreciation within the meaning of Code §402(e)(4). If an outstanding loan is rolled over as part of an In-Plan Roth Conversion, the amount includible in gross income includes the balance of the loan.

Generally, the taxable amount of an In-Plan Roth Conversion is includible in gross income in the taxable year in which the conversion occurs.

© Copyright 2020

(3) **Application of Early Distribution Penalty under Code §72(t).** An In-Plan Roth Conversion is not subject to the early distribution penalty under Code §72(t) at the time of the conversion. However, if an amount allocable to the taxable amount of an In-Plan Roth Conversion is subsequently distributed within the 5-taxable-year period beginning with the first day of the Participant's taxable year in which the conversion was made, the amount distributed is treated as includible in gross income for purposes of applying the Code §72(t) early distribution penalty. For this purpose, the 5-taxable-year period ends on the last day of the Participant's fifth taxable year in the period. This subsection (3) will not apply to the extent the distribution is rolled over to a Roth account in another qualified plan or is rolled over to a Roth IRA. However, the rule under this subsection (3) will apply to any subsequent distributions made from such other Roth account or Roth IRA within the 5-taxable-year period.

(4) **Contribution Sources.** Unless elected otherwise under AA §6A-5(c), an In-Plan Roth Conversion may be made from any contribution source under the Plan, other than a Roth Deferral Account or Roth Rollover Account. The Employer may elect in AA §6A-5(c)(3) to limit the contribution sources that are eligible for In-Plan Roth Conversion. In addition, the Employer may elect in AA §6A-5(c)(4) to limit In-Plan Roth Conversions to contribution accounts that are 100% vested.

3.04 **Matching Contributions.** The Employer may elect under AA §6B of the Profit Sharing/401(k) Plan Adoption Agreement to authorize Matching Contributions under the Plan. If the Employer elects more than one Matching Contribution formula under AA §6B-2, each formula is applied separately. A Participant's aggregate Matching Contributions will be the sum of the Matching Contributions under all such formulas. Any Matching Contribution made under the Plan will be allocated to Participants' Matching Contribution Account. To receive an allocation of Matching Contributions, a Participant must satisfy any allocation conditions designated under the Plan, as described in Section 3.09 below.

A contribution will not be considered a Matching Contribution if such contribution is contributed before the underlying Salary Deferral or After-Tax Employee Contribution election is made or before an Employee performs the services with respect to which the underlying Salary Deferrals or After-Tax Employee Contributions are made (or when the cash that is subject to such election would be currently available, if earlier). A Matching Contribution will not be treated as failing to satisfy the requirements of this paragraph merely because contributions are occasionally made before the Employee performs the services with respect to which the underlying Salary Deferral or After-Tax Employee Contribution election is made (or when the cash that is subject to such elections would be currently available, if earlier) in order to accommodate bona fide administrative considerations (and such amounts are not paid early for the principal purpose of accelerating deductions).

(a) **Contributions eligible for Matching Contributions.** The Matching Contribution formula(s) apply to Salary Deferrals and After-Tax Employee Contributions made under the Plan, to the extent authorized under the Adoption Agreement. The Employer may designate under AA §6D-2(b) of the Profit Sharing/401(k) Plan Adoption Agreement to include After-Tax Employee Contributions from the Matching Contribution formula(s). If the Matching Contribution formula(s) applies to both Salary Deferrals and After-Tax Employee Contributions, such contributions are aggregated to determine the Matching Contributions under the Plan. Any reference to Salary Deferrals under the Matching Contribution formula(s) includes After-Tax Employee Contributions to the extent such amounts are eligible for Matching Contributions under the Plan.

In addition, the Employer may elect under AA §6B-3(b) to match Elective Deferrals under another qualified plan, 403(b) plan or 457 plan maintained by the Employer. If the Employer elects to make a Matching Contribution based on the Employee's Elective Deferrals or Roth Deferrals under another qualified plan, 403(b) plan or 457 plan, the Employer shall make a Matching Contribution on behalf of any eligible Participant who makes Elective Deferrals or Roth Deferrals to the plan designated under AA §6B-3(b). Any such Matching Contribution made to the Plan will be allocated in accordance with any special provisions added under AA §6B-3(b). Any such Matching Contributions will be in addition to any Matching Contributions made with respect to Salary Deferrals or After-Tax Employee Contributions under this Plan.

(b) **Period for determining Matching Contributions.** AA §6B-5 sets forth the period for which the Matching Contribution formula(s) applies. For this purpose, the period designated in AA §6B-5 applies for purposes of determining the amount of Salary Deferrals (and After-Tax Employee Contributions, if applicable) taken into account in applying the Matching Contribution formula(s) and in applying any limits on the amount of Salary Deferrals that may be taken into account under the Matching Contribution formula(s). (See subsection (c) for rules applicable to true-up contributions where the Employer contributes Matching Contributions to the Plan on a different period than selected under AA §6B-5.)

If the Employer elects a discretionary Matching Contribution under AA §6B-2, the Employer may elect to make a different Matching Contribution for each period designated in AA §6B-5. Thus, for example, if the discretionary Matching Contribution is based on the Plan Year quarter under AA §6B-5, the Employer may elect to make a different

© Copyright 2020

level of Matching Contribution for each Plan Year quarter. The Matching Contribution for the full Plan Year must be taken into account in applying the ACP Test with respect to such Plan Year.

(c) **True-up contributions.** If the Employer makes Matching Contributions more frequently than annually, the Employer may need to make true-up contributions for Participants. True-up contributions will be required if the Employer actually contributes Matching Contributions to the Plan on a more frequent basis than the period that is used to determine the amount of the Matching Contributions under AA §6B-5 or AA §6C-2(a)(2) of the Profit Sharing/401(k) Plan Adoption Agreement with respect to Traditional Safe Harbor/QACA Safe Harbor Contributions. For example, if Matching Contributions apply with respect to Salary Deferrals made for the Plan Year, but the Employer contributes the Matching Contributions on a quarterly basis, the Employer may have to make a true-up contribution to any Participant based on Salary Deferrals for the Plan Year. If a true-up contribution is required under this subsection (c), the Employer may make such additional contribution as required to satisfy the contribution requirements under the Plan. Similar true-up contribution requirements will apply with respect to Traditional Safe Harbor/QACA Safe Harbor Matching Contributions under Section 6.04(a)(1)(ii). (Note that to provide a true-up in a Safe Harbor Plan, the Plan must be determining Safe Harbor Matching Contributions on an annual basis.) If true-up contributions will not be made for any Participant under the Plan, payroll period should be selected under AA §6B-5(a) or AA §6C-2(a)(2)(i), as applicable.

If a period other than the Plan Year is selected under AA §6B-5, the Employer may make an additional discretionary Matching Contribution equal to the true-up contribution that would otherwise be required if Plan Year was selected under AA §6B-5. If an additional discretionary Matching Contribution is made under this subsection (c), such contribution must be provided to all eligible Participants who would otherwise be entitled to a true-up contribution based on Plan Compensation for the Plan Year.

(d) **Qualified Matching Contributions (QMACs).** Notwithstanding any contrary selections in the Profit Sharing/401(k) Plan Adoption Agreement, for any Plan Year, the Employer may make a discretionary QMAC on behalf of Nonhighly Compensated Participants under the Plan to correct a violation of the ADP and/or ACP tests. (See Sections 6.01(b)(3) and 6.02(b)(3).) Such corrective QMAC may be allocated to all Nonhighly Compensated Participants as a uniform percentage of Plan Compensation or a uniform dollar amount or as a Targeted QMAC (as defined in subsection (2) below), without regard to any allocation conditions selected in AA §6-5. The allocation method chosen by the Employer for a corrective QMAC will be uniformly applied to all Participants receiving the corrective QMAC for the Plan Year.

The Employer may elect to make a non-corrective discretionary QMAC on behalf of Nonhighly Compensated Participants under the Plan. Such QMAC will be allocated uniformly to all Nonhighly Compensated Participants, without regard to any allocation conditions selected in AA §6B-7, unless designated otherwise under AA §6D-4(c) of the Profit Sharing/401(k) Plan Adoption Agreement. In addition, the Employer may elect under AA §6D-4 to treat all (or a portion) of the Matching Contributions designated under AA §6B-2 as QMACs. (See Sections 6.01(b)(3) and 6.02(b)(3) for a description of the amount of QMACs that may be taken into account under the ADP Test and/or ACP Test.)

(1) **Requirements for QMACs.** Any QMAC contributed pursuant to this subsection (d) must satisfy the following requirements at the time the contribution is made to the Plan, regardless of any inconsistent elections under the Profit Sharing/401(k) Plan Adoption Agreement:

(i) **100% vesting.** A QMAC must be 100% vested when allocated to a Participant's Account.

(ii) **Distribution restrictions.** A QMAC, when allocated to a Participant's Account, must be subject to the same distribution restrictions applicable to Salary Deferrals under Section 8.10(c), except that no portion of a Participant's QMAC Account may be distributed on account of Hardship. See Section 8.10(e).

(iii) **Allocation conditions.** A QMAC will not be subject to the allocation provisions applicable to Matching Contributions, as designated under AA §6B-7, unless provided otherwise under AA §6D-4(c).

(iv) **Discretionary QMAC.** If the Employer makes both a discretionary Matching Contribution under AA §6B-2(a) and a discretionary QMAC, the Employer must designate, in writing, the amount of the Matching Contribution that is designated as a regular Matching Contribution and the amount designated as a QMAC.

(2) **Targeted QMAC.** If elected under AA §6D-4(b)(3) of the Profit Sharing/401(k) Plan Adoption Agreement, the Employer may make a discretionary QMAC and allocate such QMAC as a Targeted QMAC. If the Employer makes a Targeted QMAC, the QMAC will be allocated to Nonhighly Compensated Participants in the QMAC

© Copyright 2020

Allocation Group, starting with Nonhighly Compensated Participants with the lowest Plan Compensation for the Plan Year. For this purpose, the QMAC Allocation Group is made up of the Nonhighly Compensated Participants (equal to one-half of total Nonhighly Compensated Participants under the Plan), with the lowest level of Plan Compensation for the Plan Year who have made Salary Deferrals and/or After-Tax Employee Contributions during the Plan Year that are eligible for Matching Contributions. If the Plan is disaggregated for otherwise excludable Employees pursuant to Section 6.03(b), the Employer may allocate the QMAC only to Participants in a particular disaggregated portion of the Plan. See Section 6.03(c).

(i) **Amount of Matching Contribution.** The QMAC will be allocated to Nonhighly Compensated Participants in the QMAC Allocation Group as follows:

(A) The QMAC will be allocated first to the Nonhighly Compensated Participant(s) with the lowest Plan Compensation up to the greater of 5% of Plan Compensation or 100% of the Participant's deferral rate and continuing with Nonhighly Compensated Employees in the QMAC Allocation Group with the next higher level of Plan Compensation, until all of the QMAC has been allocated (or until all Nonhighly Compensated Employees in the QMAC Allocation Group have received the maximum 5% of Plan Compensation or 100% Matching Contribution). If after this allocation, QMAC contributions are still available, additional Matching Contributions may be made to Nonhighly Compensated Employees in the QMAC Allocation Group (beginning with Nonhighly Compensated Participant(s) with the lowest Plan Compensation) up to a maximum of twice the lowest Matching Contribution rate received by any Nonhighly Compensated Participant(s) in the QMAC Allocation Group.

(B) If additional QMACs remain to be allocated after the allocation under subsection (A) (e.g., because the Plan still fails the ACP test), the additional QMACs will be allocated to the Nonhighly Compensated Employees in the QMAC Allocation Group (beginning with Nonhighly Compensated Participant(s) with the lowest Plan Compensation) in an amount necessary to provide a Matching Contribution rate equal to the highest Matching Contribution rate of any Nonhighly Compensated Employee in the QMAC Allocation Group. If additional QMACs remain, the remaining QMACs will be allocated beginning with the Nonhighly Compensated Employees in the QMAC Allocation Group (beginning with Nonhighly Compensated Participant(s) with the lowest Plan Compensation) up to twice the lowest Matching Contribution rate for any Nonhighly Compensated Employee in the QMAC Allocation Group. This allocation will continue until all QMACs have been allocated to the Nonhighly Compensated Employees in the QMAC Allocation Group.

(ii) **Determining Matching Contribution rate.** In determining the allocation of the Targeted QMAC under this subsection (ii), the Matching Contribution rate is the total Matching Contributions allocated to the Nonhighly Compensated Employee (determined as a percentage of Salary Deferrals and/or After-Tax Employee Contributions, to the extent eligible for Matching Contributions). If the Matching Contribution rate is not the same for all levels of Salary Deferrals and or After-Tax Employee Contributions, the Nonhighly Compensated Employee's Matching Contribution rate is determined assuming the Employee's total Salary Deferrals and/or After-Tax Contributions are equal to 6% of Plan Compensation, regardless of how much the Employee actually contributes under the Plan.

(iii) **Special rule for Prevailing Wage Contributions.** To the extent QMACs are made in connection with the Employer's obligation to pay Prevailing Wages, this subsection (iii) may be applied by increasing the 5% of Plan Compensation limit to 10% of Plan Compensation.

3.05 **Traditional Safe Harbor/QACA Safe Harbor Contributions.** The Employer may elect under AA §6C of the Profit Sharing/401(k) Plan Adoption Agreement to treat the Plan as a Safe Harbor 401(k) Plan. To qualify as a Safe Harbor 401(k) Plan, the Employer must make a Traditional Safe Harbor/QACA Safe Harbor Employer Contribution or a Traditional Safe Harbor/QACA Safe Harbor Matching Contribution. Such contributions are subject to special vesting and distribution restrictions and will be allocated to a Participant's Traditional Safe Harbor/QACA Safe Harbor Employer Contribution Account or Traditional Safe Harbor/QACA Safe Harbor Matching Contribution Account, as applicable. See Section 6.04(a) for the requirements that must be met to qualify as a Safe Harbor 401(k) Plan.

3.06 **After-Tax Employee Contributions.** The Employer may elect under AA §6D-2 of the Profit Sharing/401(k) Plan Adoption Agreement or under AA §6-6 of the Money Purchase Plan Adoption Agreement to allow Participants to make After-Tax Employee Contributions under the Plan. If permitted under AA §6D-2 or AA §6-6, as applicable, a Participant's compensation will be reduced by the amount the Participant elects to contribute as an After-Tax Employee Contribution. Any After-Tax Employee Contributions made under this Plan are subject to the ACP Test outlined in Section 6.02(a). Any After-Tax

© Copyright 2020

Employee Contributions made under the Plan will be held in Participants' After-Tax Employee Contribution Account, which is always 100% vested.

A Participant's election to change or resume an after-tax election will be effective as set forth under the After-Tax Employee Contributions election form or other written procedures adopted by the Plan Administrator. An Employee must be permitted to modify or terminate an existing After-Tax Employee Contribution election at least once a year. Additional dates may be designated on the After-Tax Employee Contribution election form (or other written procedures) as to when a Participant may commence, modify or terminate After-Tax Employee Contributions. Any election to modify or terminate an After-Tax Employee Contribution election will take effect within a reasonable period following such election and will apply only on a prospective basis.

A Participant may withdraw amounts from his/her After-Tax Employee Contribution Account at any time, in accordance with the distribution rules under Section 8.10(a), except as otherwise provided under AA §10. No forfeitures will occur solely as a result of an Employee's withdrawal of After-Tax Employee Contributions. The Employer may collect Participants' After-Tax Employee Contributions using payroll reduction or other collection procedures. The Employer may designate in the Adoption Agreement or in separate administrative procedures any special rules regarding the acceptance of After-Tax Employee Contributions. Any separate procedures will apply uniformly to all Participants under the Plan.

3.07 **Rollover Contributions.** An Employee (or former Employee) may make a Rollover Contribution to this Plan from a qualified retirement plan or from an IRA, if the acceptance of rollovers is permitted under AA §C-2 or if the Plan Administrator adopts administrative procedures regarding the acceptance of Rollover Contributions. Subject to the provisions under Section 3.03(e)(5)(ii) relating to rollovers of Roth Deferrals, any Rollover Contribution an Employee (or former Employee) makes to this Plan will be held in the Employee's Rollover Contribution Account, which is always 100% vested. A Participant may withdraw amounts from his/her Rollover Contribution Account at any time, in accordance with the distribution rules under Section 8, except as prohibited under AA §10. Any amounts received as a Rollover Contribution under this Section 3.07 will not be treated as an Annual Addition for purposes of applying the Code §415 Limitation described in Section 5.03.

For purposes of this Section 3.07, a qualified retirement plan is a tax-qualified retirement plan described in Code §401(a) or Code §403(a), an annuity contract described in §403(b) of the Code, or an eligible plan under §457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state. To qualify as a Rollover Contribution under this Section, the Rollover Contribution must be transferred directly from the qualified retirement plan or IRA in a Direct Rollover or must be transferred to the Plan by the Employee within the requisite period of time allowed for Rollover Contributions from the qualified retirement plan or IRA.

The Plan Administrator may accept any Rollover Contribution that satisfies the requirements, including the time period to make Rollover Contributions, under Code §402(c) and applicable IRS regulations and other guidance. Thus, for example, the Plan Administrator may accept a Rollover Contribution as provided under Revenue Procedure 2016-47 relating to the waiver of the 60-day rollover period and acceptable self-certification by an Employee and the Plan may accept a Rollover Contribution of qualified plan loan offset amounts within the applicable time period.

If permitted under AA Appendix §C-2 or other administrative procedures, an Employee (or former Employee) may make a Rollover Contribution to the Plan even if the Employee is not a Participant with respect to any or all other contributions under the Plan. An Employee who makes a Rollover Contribution to this Plan prior to becoming a Participant shall be treated as a Participant only with respect to such Rollover Contribution Account but shall not be treated as a Participant with respect to other contribution sources under the Plan until he/she otherwise satisfies the eligibility conditions under the Plan. To the extent Participant loans are authorized under the Plan, a "limited Participant" under this paragraph may request a Participant loan from the Rollover Contribution Account, unless provided otherwise under AA §B-3 or separate administrative procedures adopted by the Plan Administrator.

The Plan Administrator may refuse to accept a Rollover Contribution if the Plan Administrator reasonably believes the Rollover Contribution:

(a) is not being made from a proper plan or IRA;

(b) is not being made within sixty (60) days from receipt of the amounts from a qualified retirement plan or IRA;

(c) could jeopardize the tax-exempt status of the Plan; or

(d) could create adverse tax consequences for the Plan or the Employer.

Prior to accepting a Rollover Contribution, the Plan Administrator may require the Employee to provide satisfactory evidence establishing that the Rollover Contribution meets the requirements of this Section.

© Copyright 2020

If the Plan accepts an invalid Rollover Contribution, the contribution will be treated, for purposes of applying the qualification requirements of Code §401(a) to the Plan, as if it were a valid Rollover Contribution if two conditions are satisfied:

(a) When accepting the amount from the Employee as a Rollover Contribution, the Plan Administrator must reasonably conclude that the contribution is a valid Rollover Contribution; and

(b) If the Plan Administrator later determines that the contribution was an invalid Rollover Contribution, the Plan Administrator must distribute the amount of the invalid Rollover Contribution, plus any earnings attributable thereto, to the Employee within a reasonable time after such determination.

The Plan Administrator may use the criteria set forth in IRS Revenue Ruling 2014-9, as well as other evidence, in reasonably determining whether a Rollover Contribution is valid. Thus, the Plan Administrator may access the EFAST2 database maintained by the Department of Labor to assist in determining whether a potential Rollover Contribution was distributed by a plan intended to be a qualified plan. If the Plan Administrator later determines that the Rollover Contribution was not valid, the Plan Administrator must have the amount rolled over plus any attributable earnings distributed within a reasonable period of time after such determination.

Unless provided otherwise under AA §11-7 or AA §C-1(b) or under separate administrative procedures, if a Participant is permitted under AA §C-1 to direct the investment of his/her Rollover Account, such Participant may invest such Account in Qualifying Employer Securities, as set forth in Section 10.06(c).

The Plan Administrator may apply different conditions for accepting Rollover Contributions from qualified retirement plans and IRAs. For example, the Plan Administrator may decide in its discretion whether to accept a Direct Rollover of a loan note from another qualified plan. Any conditions on Rollover Contributions must be applied uniformly to all Employees under the Plan.

3.08 **Deductible Employee Contributions.** The Plan Administrator will not accept deductible employee contributions that are made for a taxable year beginning after December 31, 1986. Contributions made prior to that date will be maintained in a separate Account which will be nonforfeitable at all times. The Account will share in the gains and losses under the Plan in the same manner as described in Section 10.03(d). No part of the deductible voluntary contribution Account will be used to purchase life insurance. Subject to the Joint and Survivor Annuity requirements under Section 9 (if applicable), the Participant may withdraw any part of the deductible voluntary contribution Account by making a written application to the Plan Administrator.

3.09 **Allocation Conditions.** In order to receive an allocation of Employer Contributions (other than Salary Deferrals and Traditional Safe Harbor/QACA Safe Harbor Contributions) or an allocation of Matching Contributions, a Participant must satisfy any allocation conditions designated under AA §6-5 or AA §6B-7, as applicable. If the Employer elects under AA §6-5(d) or AA §6B-7(d) to apply a minimum service requirement, the Employer may elect to base such minimum service requirement on the basis of Hours of Service or on the basis of consecutive days of employment under the Elapsed Time method. The imposition of an allocation condition may cause the Plan to fail the minimum coverage requirements under Code §410(b), unless the only allocation condition under the Plan is a safe harbor allocation condition. Under the safe harbor allocation condition, a Participant who completes the minimum service required under AA §6-5(b) or AA §6B-7(b), as applicable, will satisfy the safe harbor allocation condition for receiving an Employer Contribution or Matching Contribution, even if the Participant's employment terminates during the Plan Year. (The safe harbor allocation condition is the only allocation condition that may be required under the Standardized Profit Sharing/401(k) Plan Adoption Agreement.)

(a) **Application to designated period.** Instead of applying the allocation conditions on the basis of the Plan Year, the Employer may elect in AA §6-5(e) or AA §6B-7(e) to apply the allocation conditions on the basis of designated periods. If the Employer elects to apply a last day of employment condition on the basis of designated periods, a Participant will not be entitled to an allocation of Employer Contributions or Matching Contributions for any period designated under AA §6-5(e)(1) or AA §6B-7(e)(1), as applicable, unless the Participant is employed by the Employer at the end of such designated period. If the Employer elects to apply an Hours of Service allocation condition on the basis of designated periods, a Participant will not be entitled to an allocation of Employer Contributions or Matching Contributions for any period designated under AA §6-5(e)(1) or AA §6B-7(e)(1), as applicable, unless the Participant satisfies the required service condition before the end of such designated period.

If the Employer elects to apply the allocation conditions on the basis of designated periods, the Employer may elect to apply any Hours of Service condition using the cumulative method (as described in subsection (1) below) or the period-by-period method (as described in subsection (2) below). The Employer may elect operationally to use either method in applying the Hours of Service condition, provided the Employer uses the same method for all affected Employees during any given period. (If the Employer elects to apply a minimum service requirement on the basis of days of employment under AA §6-5(d)(2) or AA §6B-7(d)(2), as applicable, the Employer may not apply such minimum service condition on the basis of designated periods. Likewise, the Employer may not apply any Hours of Service

© Copyright 2020

requirement under a safe harbor allocation condition on the basis of designated periods. In either case, however, the Employer may apply a last day of employment condition, if applicable, on the basis of designated periods.)

(1) **Cumulative method.** Under the cumulative method, the Hours of Service condition is applied with respect to each designated period on a cumulative basis for the Plan Year. The required service condition for any period is determined by multiplying the required Hours of Service (or days of employment, if applicable) by a fraction, the numerator of which is the total number of periods completed during the Plan Year (including the current period) and the denominator of which is the total number of periods during the Plan Year. For example, if a Participant must complete 1,000 Hours of Service to receive an Employer Contribution or Matching Contribution under the Plan, and the Employer elects to apply such condition on the basis of Plan Year quarters under AA §6-5(e)(1)(i) or AA §6B-7(e)(1)(i), as applicable, a Participant would have to complete 250 Hours of Service by the end of the first Plan Year quarter [1/4 x 1,000], 500 Hours of Service by the end of the second Plan Year quarter [2/4 x 1,000], 750 Hours of Service by the end of the third Plan Year quarter [3/4 x 1,000] and 1,000 Hours of Service by the end of the Plan Year [4/4 x 1,000] to receive an allocation of the Employer Contribution or Matching Contribution for such period. If a Participant does not satisfy the required service condition for any designated period during the Plan Year, no Employer Contribution or Matching Contribution will be allocated to that Participant for such period.

(2) **Period-by-period method.** Under the period-by-period method, the minimum service allocation condition is applied separately for each designated period. The required service condition for any period is determined by multiplying the required Hours of Service (or days of employment, if applicable) by a fraction, the numerator of which is one (1) and the denominator of which is the total number of periods during the Plan Year. For example, if a Participant must complete 1,000 Hours of Service to receive an Employer Contribution or Matching Contribution under the Plan, and the Employer elects to apply such condition on the basis of Plan Year quarters under AA §6-5(e)(1)(i) or AA §6B-7(e)(1)(i), as applicable, a Participant would have to complete 250 Hours of Service in each Plan Year quarter [1/4 x 1,000] to receive an allocation of the Employer Contribution or Matching Contribution for such period. If a Participant does not satisfy the required service condition for any designated period during the Plan Year, no Employer Contribution or Matching Contribution will be allocated to that Participant for such period.

(b) **Special rule for year of Plan termination.** A last day employment condition automatically applies for any Plan Year in which the Plan is terminated, regardless of whether the Employer has elected to apply a last day employment condition under AA §6-5(c) or AA §6B-7(c), as applicable. Thus, the Employer will not be obligated to make an Employer Contribution or Matching Contribution for the Plan Year in which the Plan terminates, unless the Employer provides for an Employer Contribution and/or Matching Contribution in its termination amendment. If there are unallocated forfeitures at the time of Plan termination, such forfeitures will be allocated to Participants under the Plan's procedures for allocating forfeitures.

(c) **Service with Predecessor Employers.** If the Employer maintains the plan of a Predecessor Employer, any service with such Predecessor Employer is treated as service with the Employer for purposes of applying the allocation conditions under this Section 3.09. If the Employer does not maintain the plan of a Predecessor Employer, service with such Predecessor Employer does not count for purposes of applying the allocation conditions under this Section 3.09, unless the Employer specifically designates under AA §4-5 to credit service with such Predecessor Employer. Unless designated otherwise under AA §4-5, if the Employer takes into account service with a Predecessor Employer, such service will count for purposes of eligibility under Section 2 (see Section 2.06), vesting under Section 7 (see Section 7.08) and for purposes of the minimum allocation conditions under this Section 3.09.

3.10 **Contribution of Property.** Subject to the consent of the Trustee, the Employer may make its contribution to the Plan in the form of property, provided such contribution does not constitute a prohibited transaction under the Code or ERISA. The decision to make a contribution of property is subject to the general fiduciary rules under ERISA. This Section 3.10 does not apply for purposes of the Money Purchase Adoption Agreement.

© Copyright 2020

SECTION 4
TOP HEAVY PLAN REQUIREMENTS

For any Plan Year for which this Plan is Top Heavy, the provisions of this Section apply and supersede any conflicting provisions in the Plan or Adoption Agreement.

4.01 **Top Heavy Plan.** This Plan is Top Heavy if any of the following conditions exist:

(a) If the Top Heavy Ratio for this Plan exceeds sixty percent (60%) and this Plan is not part of any Required Aggregation Group or Permissive Aggregation Group;

(b) If this Plan is a part of a Required Aggregation Group (but is not part of a Permissive Aggregation Group) and the aggregate Top Heavy Ratio for the group of plans exceeds 60%; or

(c) If this Plan is a part of a Required Aggregation Group and part of a Permissive Aggregation Group and the Top Heavy Ratio for the Permissive Aggregation Group exceeds 60%.

If the Plan is a Safe Harbor 401(k) Plan and the Plan consists solely of Traditional Safe Harbor/QACA Safe Harbor Contributions (as described in Section 6.04(a)(1)) and Matching Contributions that satisfy the ACP Test safe harbor (as described in Section 6.04(i)), the Plan is not subject to the Top Heavy requirements of this Section 4.

4.02 **Top Heavy Ratio.**

(a) **Defined Contribution Plan(s) only.** If the Employer maintains one or more Defined Contribution Plans (including a SEP described under Code §408(k)) and the Employer has not maintained any Defined Benefit Plan which during the 5-year period ending on the Determination Date(s) has or has had accrued benefits, the Top Heavy Ratio for this Plan alone (or for the Required Aggregation Group or Permissive Aggregation Group, as appropriate) is a fraction, the numerator of which is the sum of the Account Balances of all Key Employees as of the Determination Date(s) and the denominator of which is the sum of all Account Balances, both computed in accordance with Code §416 and the regulations thereunder. For this purpose, the Account Balance used for purposes of applying the Top Heavy rules includes any part of the Account Balance distributed in the 1-year period ending on the Determination Date(s) (or during the 5-year period ending on the Determination Date in the case of a distribution made for a reason other than severance from employment, death or disability). Both the numerator and denominator of the Top Heavy Ratio are increased to reflect any contribution not actually made as of the determination date, but which is required to be taken into account on that date under § 416 of the Code and the regulations thereunder.

(b) **Maintenance of Defined Benefit Plan.** If the Employer maintains one or more Defined Contribution Plans (including a SEP, as described under Code §408(k)) and the Employer maintains or has maintained one or more Defined Benefit Plans which during the 5-year period ending on the Determination Date(s) has or has had any accrued benefits, the Top Heavy Ratio for any Required Aggregation Group or Permissive Aggregation Group (as appropriate), is a fraction, the numerator of which is the sum of Account Balances under the Defined Contribution Plan(s) for all Key Employees, determined in accordance with subsection (a) above, and the present value of accrued benefits under the aggregated Defined Benefit Plan(s) for all Key Employees as of the Determination Date(s), and the denominator of which is the sum of the Account Balances under the aggregated Defined Contribution Plan(s) for all Participants, determined in accordance with subsection (a) above, and the present value of accrued benefits under the Defined Benefit Plan(s) for all Participants as of the Determination Date(s), all determined in accordance with Code §416 and the regulations thereunder. The accrued benefits under a Defined Benefit Plan in both the numerator and denominator of the Top Heavy Ratio are increased for any distributions of an accrued benefit made during the 1-year period ending on the Determination Date (or during the 5-year period ending on the Determination Date in the case of a distribution made for a reason other than severance from employment, death or disability).

(c) **Determining value of Account Balance or accrued benefit.** For purposes of subsections (a) and (b) above, the value of Account Balances and the present value of accrued benefits will be determined as of the most recent Valuation Date that falls within or ends with the 12-month period ending on the Determination Date, except as provided in Code §416 and the regulations thereunder for the first and second Plan Years of a Defined Benefit Plan. When aggregating plans the value of Account Balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

(1) The Account Balances and accrued benefits of a Participant (i) who is not a Key Employee but who was a Key Employee in a prior year, or (ii) who has not been credited with at least one Hour of Service with any Employer maintaining the Plan at any time during the 1-year period ending on the Determination Date will be disregarded.

© Copyright 2020

(2) The calculation of the Top Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Code §416 of the Code and the regulations thereunder. Deductible employee contributions will not be taken into account for purposes of computing the Top Heavy Ratio.

(3) The accrued benefit of a Participant other than a Key Employee shall be determined under the method, if any, that uniformly applies for accrual purposes under all Defined Benefit Plans maintained by the Employer, or if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Code §411(b)(1)(C).

4.03 Other Definitions.

(a) **Key Employee.** Any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the Determination Date is:

(1) an officer of the Employer with annual Total Compensation greater than $185,000 for 2020, then as adjusted under Code §416(i)(1);

(2) a Five-Percent Owner (as defined in Section 1.70(a); or

(3) a more than 1-percent owner of the Employer with an annual Total Compensation of more than $150,000.

The Key Employee determination will be made in accordance with Code §416(i) and the regulations and other guidance of general applicability issued thereunder.

(b) **Non-Key Employee.** An Employee or former Employee who does not satisfy the definition of Key Employee under subsection (a) above.

(c) **Determination Date.** For any Plan Year subsequent to the first Plan Year, the Determination Date is the last day of the preceding Plan Year. For the first Plan Year of the Plan, the Determination Date is the last day of that first Plan Year.

(d) **Permissive Aggregation Group.** The Required Aggregation Group of plans plus any other plan or plans of the Employer which, when considered as a group with the Required Aggregation Group, would continue to satisfy the requirements of Code §§401(a)(4) and 410.

(e) **Required Aggregation Group.**

(1) Each qualified plan of the Employer in which at least one Key Employee participates or participated at any time during the Plan Year containing the Determination Date or any of the four preceding Plan Years (regardless of whether the Plan has terminated); and

(2) any other qualified plan of the Employer that enables a plan described in subsection (1) to meet the coverage or nondiscrimination requirements of Code §§401(a)(4) or 410(b).

(f) **Present Value.** The present value based on the interest and mortality rates specified in the relevant Defined Benefit Plan. In the event that more than one Defined Benefit Plan is included in a Required Aggregation Group or Permissive Aggregation Group, a uniform set of actuarial assumptions must be applied to determine present value. The Employer may specify in AA §11-5(b) the actuarial assumptions that will apply if the Defined Benefit Plans do not specify a uniform set of actuarial assumptions to be used to determine if the plans are Top Heavy.

(g) **Total Compensation.** For purposes of determining the minimum Top Heavy contribution under Section 4.04, Total Compensation is determined using the definition under Section 1.142. For this purpose, Total Compensation is subject to the Compensation Limit as defined in Section 1.26.

(h) **Valuation Date.** The date as of which Account Balances or accrued benefits are valued for purposes of calculating the Top Heavy Ratio. See AA §11-1.

4.04 **Minimum Allocation.** If a Plan is Top Heavy, each Participant who is not a Key Employee must receive a minimum allocation as described in this Section 4.04. Except as otherwise provided in subsections (d) - (f) below, the minimum allocation under this Section 4.04 is the lesser of 3% of Total Compensation or the largest percentage of Employer Contributions and forfeitures, as a percentage of Total Compensation, allocated on behalf of any Key Employee for that year. If any Non-Key Employee who is entitled to receive a Top Heavy minimum contribution pursuant to this Section 4.04 fails to receive an appropriate allocation, the Employer will make an additional contribution on behalf of such Non-Key Employee to satisfy the requirements of this

© Copyright 2020

Section. The Employer may elect under AA §11-4(a) to make the Top Heavy contribution to all Participants. If the Employer elects to provide the Top Heavy minimum contribution to all Participants, the Employer also will make an additional contribution on behalf of any Key Employee who is a Participant and who did not receive an allocation equal to the Top Heavy minimum contribution. (See subsection (h) for a discussion of the vesting rules applicable to the Top Heavy minimum allocation.)

(a) **Determination of Key Employee contribution percentage.** In determining the largest contribution percentage of any Key Employee, the Key Employee's contribution percentage includes Salary Deferrals made by the Key Employee for the Plan Year (except as provided by regulation or statute).

(b) **Determining of Non-Key Employee minimum allocation.** In determining whether a Non-Key Employee's allocation of Employer Contributions and forfeitures is at least equal to the minimum allocation percentage (as described in Section 4.04 above), the Employee's Salary Deferrals for the Plan Year are disregarded. To the extent a Non-Key Participant receives an allocation of Matching Contributions under the Plan (including Traditional Safe Harbor/QACA Safe Harbor Matching Contributions or QMACs), such Matching Contributions can be taken into account in determining whether the minimum allocation has been satisfied.

(c) **Certain allocation conditions inapplicable.** The Top Heavy Plan minimum allocation shall be made even though, under other Plan provisions, the Non-Key Employee would not otherwise be entitled to receive an allocation, or would have received a lesser allocation for the Plan Year because of:

(1) the Participant's failure to complete 1,000 Hours of Service (or any equivalent provided in the Plan);

(2) the Participant's failure to make Salary Deferrals or After-Tax Employee Contributions to the Plan; or

(3) Total Compensation is less than a stated amount.

The minimum allocation also is determined without regard to any Social Security contribution or whether a Participant fails to make Salary Deferrals for a Plan Year in which the Plan includes a 401(k) feature.

(d) **Participants not employed on the last day of the Plan Year.** The minimum allocation requirement described in this Section 4.04 does not apply to a Participant who is not employed by the Employer on the last day of the Plan Year.

(e) **Collectively Bargained Employees.** The top-heavy minimum allocation requirements under this Section 4.04 do not apply to Collectively Bargained Employees (as defined in Section 1.25).

(f) **Participation in more than one Top Heavy Plan.** The minimum allocation requirement described in this Section 4.04 does not apply to a Participant who is covered under another plan maintained by the Employer if, pursuant to AA §11-5, the other Plan will satisfy the minimum allocation requirement.

(1) **More than one Defined Contribution Plans.** If the Employer maintains one or more Defined Contribution Plans in addition to this Plan, the Employer may designate in AA §11-5(a) which plan(s) will provide the Top Heavy minimum allocation, if such plans are Top Heavy. If the Employer maintains more than one Defined Contribution Plan and does not designate the Plan to provide the Top Heavy minimum allocation, the Employer will be deemed to have selected this Plan as the Plan under which the Top Heavy minimum contribution will be provided. If an Employee is entitled to a Top Heavy minimum contribution but has not satisfied the minimum age and/or service requirements under the Plan designated to provide the Top Heavy minimum contribution, the Employee may receive a Top Heavy minimum contribution under the designated Plan.

(2) **Defined Contribution Plan and a Defined Benefit Plan.** If the Employer maintains a Defined Benefit Plan in addition to this Plan, the Employer may elect to provide the Top Heavy minimum allocation:

(i) in the Defined Benefit Plan;

(ii) in this Plan (or any other Defined Contribution Plan) but increasing the minimum allocation from 3% to 5%; or

(iii) under any other acceptable method of compliance.

If a Non-Key Employee participates only under the Defined Benefit Plan, the Top Heavy minimum benefit will be provided under the Defined Benefit Plan. If a Non-Key Employee participates only under the Defined Contribution Plan, the Top Heavy minimum benefit will be provided under the Defined Contribution Plan (without regard to this subsection (2)). If the Employer maintains a Defined Benefit Plan in addition to this Plan

and does not designate how the minimum allocation will be provided, the Employer will be deemed to have selected this Plan as the Plan under which the Top Heavy minimum allocation will be provided.

(g) **No forfeiture for certain events.** The minimum Top Heavy allocation for purposes of this Section 4 must be nonforfeitable to the extent required under Code §416(b)(1)(A) or Code §416(b)(1)(B).

(h) **Top Heavy vesting rules.** If a Top Heavy minimum allocation is made for a Plan Year, such allocation will be subject to the vesting schedule selected in AA §8 applicable to Employer Contributions. If the Plan does not provide for Employer Contributions, for example because the Plan only provides for Salary Deferrals and/or Matching Contributions, the Top Heavy minimum allocation will be subject to a 6-year graded vesting schedule, as defined in Section 7.02(b), unless an alternative vesting schedule is selected under AA §11-4(b).

© Copyright 2020

SECTION 5
LIMITS ON CONTRIBUTIONS

5.01 **Limits on Employer Contributions.** Any contributions the Employer makes under the Plan are subject to the limitations set forth in this Section 5.

(a) **Limitation on Salary Deferrals.** Any Salary Deferrals made under the Plan are subject to the Elective Deferral Dollar Limit, as described in Section 5.02 below.

(b) **Limitation on total Employer Contributions.** All Employer Contributions the Employer makes under the Plan are subject to the Code §415 Limitation, as described in Section 5.03 below. For purposes of applying the Code §415 Limitation, Employer Contributions include any Employer Contributions, Salary Deferrals, Matching Contributions, QNECs, QMACs, or Traditional Safe Harbor/QACA Safe Harbor Contributions made under the Plan. See the definition of Annual Additions under Section 5.03(c)(1) below.

5.02 **Elective Deferral Dollar Limit.** No Participant may contribute as Elective Deferrals to this Plan (and any other plan, contract or arrangement maintained by the Employer) during any calendar year, an amount that exceeds the Elective Deferral Dollar Limit in effect for the Participant's taxable year beginning in such calendar year. Additional restrictions apply if a Participant participates in a plan maintained by an unrelated employer. (See subsection (b)(7) below.)

The Elective Deferral Dollar Limit is the limit under Code §402(g)(1). The Elective Deferral Dollar Limit is $19,500 for taxable years beginning in 2020. The Elective Deferral Dollar Limit will be adjusted for cost-of-living increases under Code §402(g)(4). Any such adjustments will be in multiples of $500.

If a Participant is age 50 or over by the end of the taxable year, the Elective Deferral Dollar Limit is increased by the Catch-Up Contribution Limit (as defined in Section 3.03(d)(1)). If the Plan does not provide for Catch-up Contributions, the Elective Deferral Dollar Limit is not increased by the Catch-Up Contribution Limit.

(a) **Excess Deferrals.** Excess Deferrals are Elective Deferrals made during the Participant's taxable year that exceed the Elective Deferral Dollar Limit (as described above) for such year; counting only Elective Deferrals made under this Plan and any other plan, contract or arrangement maintained by the Employer. (See subsection (b)(7) below for provisions that apply when a Participant makes Elective Deferrals to a plan of an unrelated Employer.)

(b) **Correction of Excess Deferrals.** If a Participant makes Excess Deferrals (i.e., Elective Deferrals in excess of the Elective Deferral Dollar Limit) under this Plan and any other plan maintained by the Employer, such Excess Deferrals (plus allocable income or loss) shall be distributed to the Participant. A distribution of Excess Deferrals may be made at any time (subject to the correction provisions under the IRS EPCRS program). If the corrective distribution of Excess Deferrals is made by April 15 of the calendar year following the year the Excess Deferrals are made to the Plan, such amounts will be taxable in the year of deferral but not in the year of distribution. If a corrective distribution of Excess Deferrals is made after April 15 of the following calendar year, such amounts will be taxable in both the year of deferral and the year of distribution. See subsection (3) below.

(1) **Amount of corrective distribution.** The amount to be distributed from this Plan as a correction of Excess Deferrals equals the amount of Elective Deferrals the Participant contributes during the taxable year to this Plan and any other plan maintained by the Employer in excess of the Elective Deferral Dollar Limit, reduced by any corrective distribution of Excess Deferrals the Participant receives during the calendar year from this Plan or other plan(s) maintained by the Employer. If a Participant has both a Pre-Tax Deferral Account and a Roth Deferral Account, the Participant may designate the extent to which the corrective distribution of Excess Deferrals is taken from the Pre-Tax Deferral Account or from the Roth Deferral Account, unless designated otherwise under AA §6A-5(b)(2). If a Participant does not designate the Account(s) from which the distribution will be made, the corrective distribution will be made first from the Participant's Pre-Tax Deferral Account.

(2) **Allocable gain or loss.** A corrective distribution of Excess Deferrals must include any allocable gain or loss for the taxable year in which the Excess Deferrals are contributed to the Plan. The gain or loss allocable to Excess Deferrals may be determined in any reasonable manner, provided the manner used to determine allocable gain or loss is applied consistently for all Participants and in a manner that is reasonably reflective of the method used by the Plan for allocating income to Participants' Accounts. A corrective distribution of Excess Deferrals will not include any income or loss allocable to the period between the end of the taxable year and the date of distribution.

(3) **Taxation of corrective distribution.** If a corrective distribution of Excess Deferrals is made by April 15 of the following calendar year, amounts attributable to the Excess Deferrals will be includible in the Participant's gross income in the taxable year in which such amounts are deferred under the Plan and amounts attributable to

© Copyright 2020

income or loss on the Excess Deferrals will be includible in gross income in the year of distribution. However, a corrective distribution of Excess Deferrals will not be included in gross income to the extent such distribution is comprised of Roth Deferrals. A Roth Deferral is treated as an Excess Deferral only to the extent that the total amount of Roth Deferrals for an individual exceeds the applicable limit for the taxable year or the Roth Deferrals are identified as Excess Deferrals and the individual receives a distribution of the Excess Deferrals and allocable income under this paragraph.

If a corrective distribution of Excess Deferrals is made after April 15, the amount of the corrective distribution attributable to Excess Deferrals will be includible in the Participant's gross income in both the taxable year in which such amounts are deferred under the Plan and the taxable year in which such amounts are distributed. (See Section 8.11(b)(2) for a discussion of the ordering rules for determining the Accounts from which the corrective distribution is made where a Participant has both a Pre-Tax Deferral Account and a Roth Deferral Account.)

If a corrective distribution of Excess Deferrals made after April 15 of the following calendar year apply to Excess Deferrals that are Roth Deferrals, such amounts are includible in gross income (without adjustment for any return of investment in the contract under Code §72(e)(8)). In addition, such distribution cannot be a qualified distribution as described in Code §402A(d)(2) and is not an Eligible Rollover Distributions (within the meaning of Code §402(c)(4)). For this purpose, if a Roth Deferral account includes any Excess Deferrals, any distributions from the Roth Deferral account are treated as attributable to those Excess Deferrals until the total amount distributed from the Roth Deferral account equals the total of such Excess Deferrals and attributable income.

(4) **Coordination with other provisions.** A corrective distribution of Excess Deferrals made by April 15 of the following calendar year may be made without consent of the Participant or the Participant's Spouse, and without regard to any distribution restrictions applicable under Section 8. A corrective distribution of Excess Deferrals made by the appropriate April 15 also is not treated as a distribution for purposes of applying the required minimum distribution rules under Section 8.12.

(5) **Coordination with ADP failure.** If a Participant receives a corrective distribution of Excess Contributions to correct an ADP Test failure for a Plan Year beginning with or within a calendar year for which the Participant makes Excess Deferrals, any corrective distribution from the Plan is treated first as a corrective distribution of Excess Deferrals to the extent necessary to eliminate the Excess Deferral violation. The amount which must be distributed to correct the ADP Test failure is reduced by the amount treated as a corrective distribution of Excess Deferrals.

(6) **Suspension of Salary Deferrals.** If a Participant's Salary Deferrals under this Plan, in combination with any Elective Deferrals the Participant makes during the calendar year under any other plan maintained by the Employer, equal or exceed the Elective Deferral Dollar Limit, the Employer may suspend the Participant's Salary Deferrals under this Plan for the remainder of the calendar year without the Participant's consent.

(7) **Correction of Excess Deferrals under plans not maintained by the Employer.** The correction provisions under this subsection (b) apply only if a Participant makes Excess Deferrals under this Plan (or under this Plan and other plans maintained by the Employer). However, if a Participant has Excess Deferrals for a calendar year on account of making Elective Deferrals to a plan of an unrelated employer, the Participant may assign to this Plan any portion of his/her Elective Deferrals made under all plans during the calendar year to the extent such Elective Deferrals exceed the Elective Deferral Dollar Limit. The Participant must notify the Plan Administrator in writing on or before March 1 of the following calendar year of the amount of the Excess Deferrals to be assigned to this Plan. If any Roth Deferrals were made to a plan, the notification must also identify the extent to which, if any, the Excess Deferrals are comprised of Roth Deferrals.

Upon receipt of a timely notification, the Excess Deferrals assigned to this Plan will be distributed (along with any allocable income or loss) to the Participant in accordance with the corrective distribution provisions under this subsection (b). A Participant is deemed to notify the Plan Administrator of Excess Deferrals (including any portion of Excess Deferrals that are comprised of Roth Deferrals) to the extent such Excess Deferrals arise only under this Plan and any other plan maintained by the Employer.

5.03 **Code §415 Limitation.**

(a) **No other plan participation.** If the Participant does not participate in, and has never participated in another qualified retirement plan, a welfare benefit fund (as defined under Code §419(e)), an individual medical account (as defined under Code §415(l)(2)), or a SEP (as defined under Code §408(k)) maintained by the Employer, which provides an Annual Addition as defined in subsection (c)(1), then the amount of Annual Additions which may be credited to the

© Copyright 2020

Participant's Account for any Limitation Year will not exceed the lesser of the Maximum Permissible Amount or any other limitation contained in this Plan.

If an Employer Contribution that would otherwise be contributed or allocated to a Participant's Account will cause that Participant's Annual Additions for the Limitation Year to exceed the Maximum Permissible Amount, the amount to be contributed or allocated to such Participant will be reduced so that the Annual Additions allocated to such Participant's Account for the Limitation Year will equal the Maximum Permissible Amount. However, if a contribution or allocation is made to a Participant's Account in an amount that exceeds the Maximum Permissible Amount, such excess Annual Additions may be corrected pursuant to the correction procedures outlined under the IRS' Employee Plans Compliance Resolution System (EPCRS).

(b) **Participation in another plan.** This subsection (b) applies if, in addition to this Plan, the Participant receives an Annual Addition during any Limitation Year from another Defined Contribution Plan, a welfare benefit fund (as defined under Code §419(e)), an individual medical account (as defined under Code §415(l)(2)), or a SEP (as defined under Code §408(k)) maintained by the Employer.

(1) **This Plan's Code §415 Limitation.** The Annual Additions that may be credited to a Participant's Account under this Plan for any Limitation Year will not exceed the Maximum Permissible Amount (defined in subsection (c)(6) below) reduced by the Annual Additions credited to a Participant's Account under any other Defined Contribution Plan, welfare benefit fund, individual medical account, or SEP maintained by the Employer for the same Limitation Year.

(2) **Annual Additions reduction.** If the Annual Additions with respect to the Participant under any other Defined Contribution Plan, welfare benefit fund, individual medical account, or SEP maintained by the Employer are less than the Maximum Permissible Amount and the Annual Additions that would otherwise be contributed or allocated to the Participant's Account under this Plan would exceed the Code §415 Limitation for the Limitation Year, the amount contributed or allocated will be reduced so that the Annual Additions under all such Plans and funds for the Limitation Year will equal the Maximum Permissible Amount. However, if a contribution or allocation is made to a Participant's Account in an amount that exceeds the Maximum Permissible Amount, such excess Annual Additions may be corrected pursuant to the correction procedures outlined under the IRS' Employee Plans Compliance Resolution System (EPCRS).

(3) **No Annual Additions permitted.** If the Annual Additions with respect to the Participant under such other Defined Contribution Plan(s), welfare benefit fund(s), individual medical account(s), or SEP(s) in the aggregate are equal to or greater than the Maximum Permissible Amount, no amount will be contributed or allocated to the Participant's Account under this Plan for the Limitation Year. However, if a contribution or allocation is made to a Participant's Account in an amount that exceeds the Maximum Permissible Amount, such excess Annual Additions may be corrected pursuant to the correction procedures outlined under the IRS' Employee Plans Compliance Resolution System (EPCRS).

(c) **Definitions.**

(1) **Annual Additions.** The amounts credited to a Participant's Account for the Limitation Year that are taken into account in applying the Code §415 Limitation.

(i) **Amounts that are included as Annual Additions:**

(A) Employer Contributions, including Matching Contributions, Salary Deferrals, QNECs, QMACs and Traditional Safe Harbor/QACA Safe Harbor Contributions;

(B) After-Tax Employee Contributions;

(C) Forfeitures;

(D) Amounts allocated to an individual medical account (as defined in Code §415(l)(2)), which is part of a pension or annuity plan maintained by the Employer;

(E) Amounts derived from contributions paid or accrued which are attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code §419A(d)(3)) under a welfare benefit fund (as defined in Code §419(e)) maintained by the Employer; and

© Copyright 2020

(F) Allocations under a SEP (as defined in Code §408(k)) other than Employee contributions excludible from gross income under Code §408(k)(6).

Contributions do not fail to be Annual Additions merely because they are Excess Contributions (as described in Section 6.01(b)(1) or Excess Aggregate Contributions (as described in Section 6.02(b)(1)), or merely because Excess Contributions or Excess Aggregate Contributions are corrected through distribution.

(ii) **Amounts that are not included as Annual Additions:**

(A) Rollover Contributions (as defined in Code §§402(c), 403(a)(4), 403(b)(8), 408(d)(3), and 457(e)(16));

(B) Catch-Up Contributions as defined under Section 3.03(d);

(C) A repayment and/or restoration of a Cash-Out Distribution, as defined under Sections 7.12(a)(2) and (3);

(D) Repayments of Participant loans;

(E) Excess Deferrals that are distributed in accordance with Section 5.02(b); and

(F) A restorative payment that is made to restore losses resulting from actions by a fiduciary for which there is reasonable risk of liability for breach of a fiduciary duty under Title I of ERISA or under other applicable federal or state law.

(iii) **Time when amounts are credited to a Participant's Account.** An Annual Addition is credited to a Participant's Account for a particular Limitation Year if such amount is allocated to the Participant's Account as of any date within that Limitation Year. An Annual Addition will not be deemed credited to a Participant's Account for a particular Limitation Year unless such amount is actually contributed to the Plan no later than 30 days after the time prescribed by law for filing the Employer's income tax return (including extensions) for the taxable year with or within which the Limitation Year ends. In the case of After-Tax Employee Contributions, such amount shall not be deemed credited to a Participant's Account for a particular Limitation Year unless the contributions are actually contributed to the Plan no later than 30 days after the close of that Limitation Year.

(2) **Defined Contribution Dollar Limitation.** $57,000 for 2020, then as adjusted under Code §415(d).

(3) **Employer.** For purposes of this Section 5.03, Employer shall mean the Employer that adopts this Plan, and all members of a controlled group of corporations (as defined in §414(b) of the Code as modified by §415(h)), all commonly controlled trades or businesses (as defined in §414(c) of the Code as modified by §415(h)) or affiliated service groups (as defined in §414(m)) of which the adopting Employer is a part, and any other entity required to be aggregated with the Employer pursuant to regulations under §414(o) of the Code.

(4) **Excess Amount.** The excess of the Participant's Annual Additions for the Limitation Year over the Maximum Permissible Amount.

(5) **Limitation Year.** The Plan Year, unless the Employer elects another 12-consecutive month period under AA §11-3(a). If the Limitation Year is amended to a different 12-consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made. If the Plan has an initial Plan Year that is less than 12 months, the Limitation Year for such first Plan Year is the 12-month period ending on the last day of that Plan Year, unless otherwise specified in AA §11-3(a).

If an Employer has multiple Limitation Years (e.g., due to the maintenance of multiple Defined Contribution Plans by a group of Related Employers), and a Participant is credited with Annual Additions in only one Defined Contribution Plan, the Code §415 Limitation is applied only with respect to that Plan. If a Participant is credited with Annual Additions in more than one Defined Contribution Plan, each such Plan satisfies the Code §415 Limitation based on Annual Additions for the Limitation Year with respect to such plan, plus any amounts credited to the Participant's Account under all other plans required to be aggregated pursuant to Code §415(f).

(6) **Maximum Permissible Amount.** The maximum Annual Additions that may be contributed or allocated to a Participant's Account under the Plan for any Limitation Year shall not exceed the lesser of:

© Copyright 2020

(i) the Defined Contribution Dollar Limitation; or

(ii) 100 percent of the Participant's Total Compensation for the Limitation Year.

The Total Compensation limitation referred to in (ii) shall not apply to any contribution for medical benefits (within the meaning of Code §401(h) or §419A(f)(2)) which is otherwise treated as an Annual Addition.

If a short Limitation Year is created because of an amendment changing the Limitation Year to a different 12-consecutive month period, the Maximum Permissible Amount will not exceed the Defined Contribution Dollar Limitation multiplied by the following fraction:

$$\frac{\text{Number of months in the short Limitation Year}}{12}$$

If a short Limitation Year is created because the Plan has an *initial* Plan Year that is less than 12 months, no proration of the Defined Contribution Dollar Limitation is required, unless provided otherwise under AA §11-3(a). (See subsection (5) above for the rule allowing the use of a full 12-month Limitation Year for the first year of the Plan, thereby avoiding the need to prorate the Defined Contribution Dollar Limitation.)

(7) **Total Compensation.** The amount of compensation as defined under Section 1.142, subject to the Employer's election under AA §5-2.

(i) **Self-Employed Individuals.** For a Self-Employed Individual, Total Compensation is such individual's Earned Income.

(ii) **Total Compensation actually paid or made available.** For purposes of applying the limitations of this Section 5.03, Total Compensation for a Limitation Year is the Total Compensation actually paid or made available to an Employee during such Limitation Year. However, if elected in AA §5-4(c), the Employer may include in Total Compensation for a Limitation Year amounts earned but not paid in the Limitation Year because of the timing of pay periods and pay days, but only if:

(A) the amounts are paid during the first few weeks of the next Limitation Year;

(B) such amounts are included on a uniform and consistent basis with respect to all similarly-situated employees; and

(C) no amounts are included in Total Compensation in more than one Limitation Year.

(iii) **Disabled Participants.** Total Compensation does not include any imputed compensation for the period a Participant is disabled. However, the Employer may elect under AA §11-3(b) to include under the definition of Total Compensation, the amount a terminated Participant who is permanently and totally disabled (as described under Treas. Reg. §1.415(c)-2(g)(4)) would have received for the Limitation Year if the Participant had been paid at the rate of Total Compensation paid immediately before becoming permanently and totally disabled. If the Employer elects under AA §11-3(b) to include imputed compensation for a disabled Participant, a disabled Participant will receive an allocation of any Employer Contribution the Employer makes to the Plan based on the Employee's imputed compensation for the Plan Year. Any Employer Contributions made to a disabled Participant under this subsection (iii) are fully vested when made and will be made only to Non-Highly Compensated Employees.

(d) **Restorative payments.** Restorative payments are not considered Annual Additions for any Limitation Year. For this purpose, restorative payments are payments made to restore losses to the Plan resulting from actions (or a failure to act) by a fiduciary for which there is a reasonable risk of liability under Title I of ERISA or under other applicable federal or state law, where Participants who are similarly situated are treated similarly with respect to the payments. Examples of restorative payments include payments made pursuant to a Department of Labor order, the Department of Labor's Voluntary Fiduciary Correction Program, or a court-approved settlement, to restore losses to the Plan on account of the breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan). Payments made to the Plan to make up for losses due merely to market fluctuations and other payments that are not made on account of a reasonable risk of liability for breach of a fiduciary duty under Title I of ERISA are not restorative payments and generally constitute contributions that give rise to Annual Additions.

© Copyright 2020

(e) **Corrective provisions.** The Plan is amended to eliminate any specific correction methods for correcting excess annual additions. If the Plan is eligible for self-correction under the IRS' EPCRS program, the Employer may use reasonable correction methods (including the correction methods described in §1.415-6(b)(6) of the 1981 IRS regulations) to the extent permitted under the IRS' EPCRS program.

(f) **Change of Limitation Year.** Where there is a change of Limitation Year, a short Limitation Year exists for the period beginning with the first day of the Limitation Year and ending on the day before the change in Limitation Year is effective. For this purpose, if the Plan is terminated effective as of a date other than the last day of the Limitation Year, the Plan is treated as if it were amended to change its Limitation Year.

© Copyright 2020

SECTION 6
SPECIAL RULES AFFECTING 401(k) PLANS

6.01 **Nondiscrimination Testing of Salary Deferrals – ADP Test.** Except as provided under Section 6.04 for Safe Harbor 401(k) Plans, if the Plan permits Participants to make Salary Deferrals, the Plan must satisfy the Actual Deferral Percentage Test ("ADP Test") each Plan Year. The Plan Administrator shall maintain records sufficient to demonstrate satisfaction of the ADP Test, including the amount of any QNECs or QMACs included in such test, pursuant to subsection (a)(4) below. If the Plan fails the ADP Test for any Plan Year, the corrective provisions under subsection (b) below will apply.

(a) **ADP Test.** The ADP Test compares the Average Deferral Percentage (ADP) of the Highly Compensated Group with the ADP of the Nonhighly Compensated Group. The Highly Compensated Group is the group of Participants who are Highly Compensated for the current Plan Year. The Nonhighly Compensated Group is the group of Participants who are Nonhighly Compensated for the applicable Plan Year. If the Prior Year Testing Method is selected under AA §6A-6, the Nonhighly Compensated Group is the group of Participants in the prior Plan Year who were Nonhighly Compensated for that year. If the Current Year Testing Method is selected under AA §6A-6, the Nonhighly Compensated Group is the group of Participants who are Nonhighly Compensated for the current Plan Year.

(1) **Average Deferral Percentage – ADP.** The ADP for a specified group is the average of the deferral percentages calculated separately for each Participant in such group. A Participant's deferral percentage is the ratio of the Participant's deferral contributions expressed as a percentage of the Participant's Testing Compensation for the Plan Year. (See Section 1.138 for the definition of Testing Compensation.) For this purpose, a Participant's deferral contributions include any Salary Deferrals (other than Catch-Up Contributions) made pursuant to the Participant's deferral election (including Excess Deferrals of Highly Compensated Employees that arise solely from Elective Deferrals made under this Plan or other plans maintained by the Employer) and other contributions provided under subsection (4) below, if applicable, but excluding:

(i) Excess Deferrals of Nonhighly Compensated Employees that arise solely from Elective Deferrals made under this Plan or other plans maintained by the Employer; and

(ii) Salary Deferrals that are taken into account in the ACP Test (pursuant to Section 6.02(a)(4)).

For purposes of computing Actual Deferral Percentages, a Participant who does not make Salary Deferrals for the Plan Year shall be included in the ADP Test as a Participant on whose behalf no Salary Deferrals are made.

(2) **ADP Test testing methods.** In applying the ADP Test for any Plan Year, the Plan may use the Prior Year Testing Method or the Current Year Testing Method, as selected under AA §6A-6. If no testing method is selected under AA §6A-6, the Plan will use the Current Year Testing Method.

(i) **Prior Year Testing Method.** Under the Prior Year Testing Method, the Average Deferral Percentage ("ADP") of the Highly Compensated Group (as defined in subsection (a) above) for the current Plan Year and the ADP of the Nonhighly Compensated Group (as defined in subsection (a) above) for the prior Plan Year must satisfy one of the following tests for each Plan Year:

(A) The ADP of the Highly Compensated Group for the current Plan Year shall not exceed 1.25 times the ADP of the Nonhighly Compensated Group for the prior Plan Year; or

(B) The ADP of the Highly Compensated Group for the current Plan Year shall not exceed the percentage (whichever is less) determined by:

(I) adding 2 percentage points to the ADP of the Nonhighly Compensated Group for the prior Plan Year; or

(II) multiplying the ADP of the Nonhighly Compensated Group for the prior Plan Year by 2.

(ii) **Current Year Testing Method.** Under the Current Year Testing Method, the Average Deferral Percentage ("ADP") of the Highly Compensated Group (as defined in subsection (a) above) for the current Plan Year and the ADP of the Nonhighly Compensated Group (as defined in subsection (a) above) for the current Plan Year must satisfy one of the ADP tests, as described in subsections (i)(A) and (i)(B) above, for each Plan Year.

(iii) **Change in testing method.** In order to change the testing method used for a particular Plan Year, the Plan must be amended before the end of the year for which such amendment is effective. If the Current

© Copyright 2020

Year Testing Method is used for a Plan Year, the Plan may switch to the Prior Year Testing Method for a Plan Year only if the Plan has used the Current Year Testing Method for each of the preceding five Plan Years (or if lesser, the number of Plan Years the Plan has been in existence) or if, as a result of a merger or acquisition described in Code §410(b)(6)(C)(i), the Employer maintains both a plan using Prior Year Testing and a plan using Current Year Testing and the change is made within the transition period described in Code §410(b)(6)(C)(ii).

(3) **Special rule for first Plan Year.** For the first Plan Year that the Plan permits Salary Deferrals, the testing method selected under AA §6A-6 applies. If the Prior Year Testing Method applies for the first year of the Plan, the ADP Test applies by assuming the ADP for the Nonhighly Compensated Group is 3%, unless designated otherwise in AA §6A-6(b). If the Current Year Testing Method applies for the first year of the Plan, the ADP Test applies using the actual data for the Nonhighly Compensated Group in the first Plan Year, unless designated otherwise in AA §6A-6(a). This first Plan Year rule does not apply if this Plan is a successor to a plan that included a 401(k) arrangement, or the Plan is aggregated for purposes of applying the ADP Test with another plan that included a 401(k) arrangement in the prior Plan Year. For subsequent Plan Years, the testing method selected under AA §6A-6 will apply.

(4) **Use of QNECs and QMACs under the ADP Test.** The Plan Administrator may take into account all or any portion of QNECs and QMACs for purposes of applying the ADP Test. QNECs and QMACs may not be included in the ADP Test to the extent such amounts are included in the ACP Test for such Plan Year. QNECs and QMACs made to another qualified plan maintained by the Employer may also be taken into account, so long as the other plan has the same Plan Year as this Plan. To include QNECs under the ADP Test, all Employer Nonelective Contributions, including the QNECs, must satisfy Code §401(a)(4). In addition, the Employer Nonelective Contributions, excluding any QNECs used in the ADP Test or ACP Test, must also satisfy Code §401(a)(4). If the Prior Year Testing Method is being used (as described in subsection (2)(i) above), QMACs or QNECs may not be used in the ADP Test, if such QMACs or QNECs are contributed after the Plan Year for which the ADP Test is being performed.

No QNEC may be taken into account under the ADP Test for any individual Nonhighly Compensated Employee to the extent such QNEC exceeds the greater of 5% of such Nonhighly Compensated Employee's Plan Compensation or two times the lowest applicable contribution rate for any eligible Nonhighly Compensated Employee within a group of Nonhighly Compensated Employees that consist of 50% of the total eligible Nonhighly Compensated Employees under the Plan (or, if greater, the lowest applicable contribution rate allocated to any Nonhighly Compensated Employee who is in the group of Nonhighly Compensated Employees employed as of the last day of the Plan Year). For this purpose, the applicable contribution rate is the sum of QNECs and QMACs (to the extent taken into account under the ADP Test) allocated to a Nonhighly Compensated Employee (determined as a percentage of Plan Compensation). If QNECs are being made in connection with the Employer's obligation to pay prevailing wages under the Davis-Bacon Act (46 Stat. 1494), Public Law 71-798, Service Contract Act of 1965 (79 Stat. 1965), Public Law 89-286, or similar legislation, QNECs can be taken into account for a Plan Year for a Nonhighly Compensated Employee to the extent such contributions do not exceed 10% of Plan Compensation. QMACs also may not be taken into account under the ADP Test to the extent such QMACs may not be taken into account under the ACP Test, as described in Section 6.02(a).

(i) **Timing of contributions.** In order to be used in the ADP Test for a given Plan Year, QNECs and QMACs must be made before the end of the 12-month period immediately following the Plan Year for which they are allocated. For this purpose, if the Plan is using the Prior Year Testing Method, QMACs and QNECs must be contributed no later than 12 months after the close of that prior Plan Year in order to be taken into account under the ADP Test.

(ii) **Testing flexibility.** The Plan Administrator is expressly granted the full flexibility permitted by applicable Treasury regulations to determine the amount of QNECs and QMACs used in the ADP Test. QNECs and QMACs taken into account under the ADP Test do not have to be uniformly determined for each Participant, and may represent all or any portion of the QNECs and QMACs allocated to each Participant, provided the conditions described above are satisfied.

(5) **Double-counting limits.** This subsection (5) applies if the Prior Year Testing Method is used to run the ADP Test and, in the prior Plan Year, the Current Year Testing Method was used to run the ADP Test. If this paragraph applies, all QNECs or QMACs that were included in either the ADP Test or ACP Test for the prior Plan Year are disregarded in calculating the ADP of the Nonhighly Compensated Group for the prior Plan Year.

© Copyright 2020

For purposes of applying the double-counting limits, if actual data of the Nonhighly Compensated Group is used for a first Plan Year described in subsection (3) above, the Plan is still considered to be using the Prior Year Testing Method for that first Plan Year. Thus, the double-counting limits do not apply if the Prior Year Testing Method is used for the next Plan Year.

(b) **Correction of Excess Contributions.** If the Plan fails the ADP Test for a Plan Year, the Plan Administrator may use any combination of the correction methods under this section to correct the Excess Contributions under the Plan.

(1) **Excess Contributions.** Excess Contributions are the amount of Salary Deferrals (and other contributions) taken into account in computing the ADP of the Highly Compensated Group that exceed the maximum amount permitted under the ADP Test for the Plan Year. The amount of Excess Contributions for a Plan Year are the amounts determined by hypothetically reducing the ADP contributions of the Highly Compensated Employees, beginning with the Highly Compensated Employee(s) with the highest ADP for the Plan Year, and reducing the ADP of such Highly Compensated Employees until the reduced percentage reaches the ADP of the Highly Compensated Employee(s) with the next higher ADP or until the adjusted ADP percentage satisfies the ADP Test. The reduction continues for each level of Highly Compensated Employees until the Plan satisfies the ADP Test. The total dollar amount so determined is then divided among the Highly Compensated Group in the manner described in subsection (2) to determine the actual corrective distributions to be made.

(2) **Corrective distributions.** If the Plan fails the ADP Test for a Plan Year, the Plan Administrator may, in its discretion, distribute Excess Contributions (including any allocable income or loss) no later than 12 months following the end of the Plan Year to correct the ADP Test violation, except to the extent such Excess Contributions are recharacterized as Catch-Up Contributions. If the Excess Contributions are distributed more than 2½ months after the last day of the Plan Year in which such excess amounts arose, a 10% excise tax will be imposed on the Employer with respect to such amounts.

(i) **Amount to be distributed.** In determining the amount of Excess Contributions to be distributed to a Highly Compensated Employee under this section, Excess Contributions are first allocated equally to the Highly Compensated Employee(s) with the largest dollar amount of ADP contributions for the Plan Year in which the excess occurs until all of the Excess Contributions are allocated or the dollar amount of ADP contributions for such Highly Compensated Employee(s) is reduced to the next highest dollar amount of such contributions for any other Highly Compensated Employee(s). Once all Excess Contributions have been allocated, to the extent a Highly Compensated Employee has not reached his or her Catch-up Contribution limit under the Plan, the Excess Contributions allocated to such Highly Compensated Employee are recharacterized as Catch-up Contributions and will not be treated as Excess Contributions.

(ii) **Allocable gain or loss.** A corrective distribution of Excess Contributions must include any allocable gain or loss for the Plan Year in which the excess occurs. For this purpose, allocable gain or loss on Excess Contributions may be determined in any reasonable manner, provided the manner used is applied uniformly and in a manner that is reasonably reflective of the method used by the Plan for allocating income to Participants' Accounts.

Only allocable gain or loss through the end of the Plan Year must be taken into account in determining allocable income or loss attributable to a corrective distribution of Excess Contributions.

(iii) **Coordination with other provisions.** A corrective distribution of Excess Contributions made by the end of the Plan Year following the Plan Year in which the excess occurs may be made without consent of the Participant or the Participant's Spouse, and without regard to any distribution restrictions applicable under Section 8.10. Excess Contributions are treated as Annual Additions for purposes of Code §415 even if distributed from the Plan. A corrective distribution of Excess Contributions is not treated as a distribution for purposes of applying the required minimum distribution rules under Section 8.12.

If a Participant has Excess Deferrals for the calendar year ending with or within the Plan Year for which the Participant receives a corrective distribution of Excess Contributions, the corrective distribution of Excess Contributions is treated first as a corrective distribution of Excess Deferrals. The amount of the corrective distribution of Excess Contributions that must be distributed to correct an ADP Test failure for a Plan Year is reduced by any amount distributed as a corrective distribution of Excess Deferrals for the calendar year ending with or within such Plan Year.

(iv) **Accounting for Excess Contributions.** Excess Contributions are distributed from the following sources and in the following priority:

© Copyright 2020

(A) Salary Deferrals that are not matched;

(B) proportionately from Salary Deferrals not distributed under subsection (A) and related QMACs that are included in the ADP Test;

(C) QMACs included in the ADP Test that are not distributed under subsection (B); and

(D) QNECs included in the ADP Test.

If a Participant has both a Pre-Tax Deferral Account and a Roth Deferral Account, the Participant may designate the extent to which the corrective distribution of Salary Deferrals is taken from the Pre-Tax Deferral Account or from the Roth Deferral Account, unless designated otherwise under AA §6A-5(e) of the Profit Sharing/401(k) Plan Adoption Agreement. If a Participant does not designate the Account(s) from which the distribution will be made, the corrective distribution will be made first from the Participant's Pre-Tax Deferral Account.

(3) **Making QNECs or QMACs.** Regardless of any elections under AA §6D-3 or AA §6D-4 of the Profit Sharing/401(k) Plan Adoption Agreement, the Employer may make additional QNECs or QMACs to the Plan on behalf of the Nonhighly Compensated Employees and such amounts may be used to correct an ADP Test violation. Any QNECs contributed under this subsection (3) which are not specifically authorized under AA §6D-1(c) may, at the discretion of the Employer, be allocated to all Participants who are Nonhighly Compensated Employees in the ratio that each such Participant's Plan Compensation bears to the Plan Compensation of all Participants for the Plan Year, as a uniform dollar amount or as a Targeted QNEC. Any QMACs contributed under this subsection (3) which are not specifically authorized under AA §6D-1(d) may, at the discretion of the Employer, be allocated to all Participants who are Nonhighly Compensated as a uniform percentage of Salary Deferrals made during the Plan Year, or as a Targeted QMAC. (See Section (a)(4) for rules regarding the amount of QNECs and QMACs that may be taken into account under the ADP Test.) The allocation method chosen by the Employer for a corrective QNEC or QMAC will be uniformly applied to all Participants receiving the corrective QNEC or QMAC for the Plan Year.

(4) **Recharacterization.** If After-Tax Employee Contributions are permitted under AA §6D, the Plan Administrator, in its sole discretion, may permit a Participant to treat any Excess Contributions that are allocated to that Participant as if he/she received the Excess Contributions as a distribution from the Plan and then contributed such amounts to the Plan as After-Tax Employee Contributions. Any amounts recharacterized under this subsection (4) will be 100% vested at all times. Amounts may not be recharacterized by a Highly Compensated Employee to the extent that such amount in combination with other After-Tax Employee Contributions made by that Participant would exceed any limit on After-Tax Employee Contributions under AA §6D-2.

Recharacterization must occur no later than 2½ months after the last day of the Plan Year in which such Excess Contributions arise and is deemed to occur no earlier than the date the last Highly Compensated Employee is informed in writing of the amount recharacterized and the consequences thereof. Recharacterized amounts will be taxable to the Participant for the Participant's taxable year in which the Participant would have received such amounts in cash had he/she not deferred such amounts into the Plan.

(c) **Adjustment of deferral rate for Highly Compensated Employees.** The Employer may suspend (or automatically reduce the rate of) Salary Deferrals for the Highly Compensated Group, to the extent necessary to satisfy the ADP Test or to reduce the margin of failure. A suspension or reduction shall not affect Salary Deferrals already contributed by the Highly Compensated Employees for the Plan Year. As of the first day of the subsequent Plan Year, Salary Deferrals shall resume at the levels stated in the Salary Deferral Elections of the Highly Compensated Employees.

(d) **Special testing rules.**

(1) **Special rule for determining ADP of Highly Compensated Group.** When calculating the ADP of the Highly Compensated Group for any Plan Year, a Highly Compensated Employee's Salary Deferrals under all qualified plans maintained by the Employer are taken into account as if such contributions were made to a single plan. For this purpose, any QNECs or QMACs treated as Salary Deferrals for purposes of the ADP also are treated as made under a single plan. In addition, if a Highly Compensated Employee participates in two or more 401(k) plans of the Employer that have different Plan Years, all Salary Deferrals made during the Plan Year under all such plans shall be aggregated.

© Copyright 2020

(2) **Aggregation of plans.** When calculating the ADP Test, if this Plan satisfies the requirements of Code §401(k), §401(a)(4), or §410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Code sections only if aggregated with this Plan, all such plans are treated as a single plan. If more than 10% of the Employer's Nonhighly Compensated Employees are involved in a plan coverage change as defined in Treas. Reg. §1.401(k)-2(c)(4), then any adjustments to the ADP of the Nonhighly Compensated Group for the prior year will be made in accordance with such regulations, unless the Employer has elected under AA §6A-6 to use the Current Year Testing Method. Plans may be aggregated in order to satisfy Code §401(k) only if they have the same Plan Year and use the same ADP testing method.

(3) **Treatment of forfeited Matching Contributions.** If Matching Contributions are forfeited as a result of the distribution of Excess Contributions or Excess Aggregate Contributions, as provided under Section 7.12(d), such Matching Contributions may be forfeited before the ACP Test is performed. Thus, such forfeited Matching Contributions need not be taken into account under the ACP Test. Alternatively, the ACP Test may be run prior to the forfeiture of the Matching Contributions. Any Matching Contributions that are forfeited as a result of failing the ACP Test need not be forfeited under Section 7.12(d).

6.02 **Nondiscrimination Testing of Matching Contributions and After-Tax Employee Contributions – ACP Test.** Except as provided under Section 6.04 for Safe Harbor 401(k) Plans, if the Plan provides for Matching Contributions and/or After-Tax Employee Contributions, the Plan must satisfy the Actual Contribution Percentage Test ("ACP Test") each Plan Year. The Plan Administrator shall maintain records sufficient to demonstrate satisfaction of the ACP Test, including the amount of any Salary Deferrals or QNECs included in such test, pursuant to subsection (a)(4) below. If the Plan fails the ACP Test for any Plan Year, the corrective provisions under subsection (b) below will apply.

(a) **ACP Test.** The ACP Test compares the Average Contribution Percentage (ACP) of the Highly Compensated Group with the ACP of the Nonhighly Compensated Group. The Highly Compensated Group is the group of Participants who are Highly Compensated for the current Plan Year. The Nonhighly Compensated Group is the group of Participants who are Nonhighly Compensated for the applicable Plan Year. If the Prior Year Testing Method is selected under AA §6B-6, the Nonhighly Compensated Group is the group of Participants in the prior Plan Year who were Nonhighly Compensated for that year. If the Current Year Testing Method is selected under AA §6B-6, the Nonhighly Compensated Group is the group of Participants who are Nonhighly Compensated for the current Plan Year.

(1) **Average Contribution Percentage – ACP.** The ACP for a specified group is the average of the contribution percentages calculated separately for each Participant in the group. A Participant's contribution percentage is the ratio of the contributions made on behalf of the Participant that are included under the ACP Test, expressed as a percentage of the Participant's Testing Compensation for the Plan Year. (See Section 1.138 for the definition of Testing Compensation.) For this purpose, the contributions included under the ACP Test are the sum of the After-Tax Employee Contributions, Matching Contributions, and QMACs (to the extent not taken into account for purposes of the ADP Test) made under the Plan on behalf of the Participant for the Plan Year. The ACP may also include other contributions as provided in subsection (4) below, if applicable but excluding Matching Contributions that are forfeited either to correct Excess Aggregate Contributions or because the contributions to which they relate are Excess Deferrals, Excess Contributions, Excess Aggregate Contributions or permissible withdrawals as provided under Section 3.03(c)(2)(ii)(A)(V). See subsection (d)(3) for rules regarding the treatment of forfeited Matching Contributions under the ACP Test.

For purposes of computing Actual Contribution Percentages, a Participant who is eligible for After-Tax Employee Contributions, Matching Contributions (including forfeitures), QMACs or Salary Deferrals (to the extent Salary Deferrals are included in the ACP Test pursuant to subsection (4) below) but does not make or receive any such contributions shall be included in the ACP Test as a Participant on whose behalf no such contributions are made. No Matching Contributions (including QMACs) may be taken into account under the ACP Test for any individual Nonhighly Compensated Employee to the extent such Matching Contributions exceed the greater of:

(i) 5% of such Nonhighly Compensated Employee's Plan Compensation;

(ii) 100% of the Nonhighly Compensated Employee's Salary Deferrals and/or After-Tax Employee Contributions (to the extent such contributions are eligible for Matching Contributions); or

(iii) two times the lowest Matching Contribution rate for any eligible Nonhighly Compensated Employee within a group of Nonhighly Compensated Employees that consists of 50% of the total Nonhighly Compensated Employees who actually make Salary Deferrals and/or After-Tax Employee Contributions that are eligible for Matching Contributions for the Plan Year (or, if greater, the lowest Matching Contribution rate for any Nonhighly Compensated Employee who is employed as of the last

© Copyright 2020

day of the Plan Year and who actually makes Salary Deferrals and/or After-Tax Employee Contributions that are eligible for Matching Contributions for the Plan Year).

For this purpose, the Matching Contribution rate is the total Matching Contributions allocated to the Nonhighly Compensated Employee (determined as a percentage of Salary Deferrals and/or After-Tax Employee Contributions, to the extent eligible for Matching Contributions). If the Matching Contribution rate is not the same for all levels of Salary Deferrals and/or After-Tax Employee Contributions, the Nonhighly Compensated Employee's Matching Contribution rate is determined assuming the Employee's total Salary Deferrals and/or After-Tax Contributions are equal to 6% of Plan Compensation, regardless of how much the Employee actually contributes under the Plan.

Matching Contributions that do not satisfy the requirements above must satisfy the requirements of Code §401(a)(4) (without regard to the ACP test) for the Plan Year for which they are allocated under the Plan as if they were Employer Contributions and were the only Employer Contributions for that year.

(2) **ACP Test testing methods.** In applying the ACP Test for any Plan Year, the Plan may use the Prior Year Testing Method or the Current Year Testing Method, as selected under AA §6B-6. If no testing method is selected under AA §6B-6, the Plan will use the Current Year Testing Method.

(i) **Prior Year Testing Method.** Under the Prior Year Testing Method, the Average Contribution Percentage ("ACP") of the Highly Compensated Group (as defined in subsection (a) above) for the current Plan Year and the ACP of the Nonhighly Compensated Group (as defined in subsection (a) above) for the prior Plan Year must satisfy one of the following tests for each Plan Year:

(A) The ACP of the Highly Compensated Group for the current Plan Year shall not exceed 1.25 times the ACP of the Nonhighly Compensated Group for the prior Plan Year.

(B) The ACP of the Highly Compensated Group for the current Plan Year shall not exceed the percentage (whichever is less) determined by (A) adding 2 percentage points to the ACP of the Nonhighly Compensated Group for the prior Plan Year or (B) multiplying the ACP of the Nonhighly Compensated Group for the prior Plan Year by 2.

(ii) **Current Year Testing Method.** Under the Current Year Testing Method, the Average Contribution Percentage ("ACP") of the Highly Compensated Group (as defined in subsection (a) above) for the current Plan Year and the ACP of the Nonhighly Compensated Group (as defined in subsection (a) above) for the current Plan Year must satisfy one of the ACP tests, as described in subsection (i) above, for each Plan Year.

(iii) **Change in testing method.** In order to change the testing method used for a particular Plan Year, the Plan must be amended before the end of the year for which such amendment is effective. See Rev. Proc. 2007-44 for further guidance regarding the timing of discretionary amendments under the Plan. If the Current Year Testing Method is used for a Plan Year, the Plan may switch to the Prior Year Testing Method for a Plan Year only if the Plan has used the Current Year Testing Method for each of the preceding five Plan Years (or if lesser, the number of Plan Years the Plan has been in existence) or if, as a result of a merger or acquisition described in Code §410(b)(6)(C)(i), the Employer maintains both a plan using Prior Year Testing and a plan using Current Year Testing and the change is made within the transition period described in Code §410(b)(6)(C)(ii).

(3) **Special rule for first Plan Year.** For the first Plan Year that the Plan provides for either Matching Contributions or After-Tax Employee Contributions, the testing method selected under AA §6B-6 applies. If the Prior Year Testing Method applies for the first year of the Plan, the ACP Test applies by assuming the ACP for the Nonhighly Compensated Group is 3%, unless designated otherwise under AA §6B-6(b). If the Current Year Testing Method applies for the first year of the Plan, the ACP Test applies using the actual data for the Nonhighly Compensated Group in the first Plan Year, unless designated otherwise under AA §6B-6(a). This first Plan Year rule does not apply if this Plan is a successor to a plan that was subject to the ACP Test or if the Plan is aggregated for purposes of applying the ACP Test with another plan that was subject to the ACP test in the prior Plan Year. For subsequent Plan Years, the testing method selected under AA §6B-6 will apply.

(4) **Use of Salary Deferrals and QNECs under the ACP Test.** The Plan Administrator may take into account all or any portion of Salary Deferrals and QNECs for purposes of applying the ACP Test. QNECs may not be included in the ACP Test to the extent such amounts are included in the ADP Test for such Plan Year. Salary Deferrals and QNECs made to another qualified plan maintained by the Employer may also be taken into account, so long as the other plan has the same Plan Year as this Plan. To include Salary Deferrals under the

© Copyright 2020

ACP Test, the Plan must satisfy the ADP Test taking into account all Salary Deferrals, including those used under the ACP Test, and taking into account only those Salary Deferrals not included in the ACP Test. To include QNECs under the ACP Test, all Employer Nonelective Contributions, including the QNECs, must satisfy Code §401(a)(4). In addition, the Employer Nonelective Contributions, excluding any QNECs used in the ADP Test or ACP Test, must also satisfy Code §401(a)(4). If the Prior Year Testing Method is being used (as described in subsection (2)(i) above), QNECs may not be included in the ACP Test, if such QNECs are contributed after the Plan Year for which the ADP Test is being performed.

No QNEC may be taken into account under the ACP Test for any individual Nonhighly Compensated Employee to the extent such QNEC exceeds the greater of 5% of such Nonhighly Compensated Employee's Plan Compensation or two times the lowest applicable contribution rate for any eligible Nonhighly Compensated Employee within a group of Nonhighly Compensated Employees that consist of 50% of the total eligible Nonhighly Compensated Employees under the Plan (or, if greater, the lowest applicable contribution rate allocated to any Nonhighly Compensated Employee who is in the group of Nonhighly Compensated Employees employed as of the last day of the Plan Year). For this purpose, the applicable contribution percentage is the sum of QNECs and Matching Contributions allocated to a Nonhighly Compensated Employee (determined as a percentage of Plan Compensation). If QNECs are being made in connection with the Employer's obligation to pay prevailing wages under the Davis-Bacon Act (46 Stat. 1494), Public Law 71-798, Service Contract Act of 1965 (79 Stat. 1965), Public Law 89-286, or similar legislation, QNECs can be taken into account for a Plan Year for a Nonhighly Compensated Employee to the extent such contributions do not exceed 10% of Plan Compensation.

(i) **Timing of contributions.** In order to be used in the ACP Test for a given Plan Year, QNECs must be made before the end of the 12-month period immediately following the Plan Year for which they are allocated. For this purpose, if the Plan is using the Prior Year Testing Method, QMACs and QNECs must be contributed no later than 12 months after the close of that prior Plan Year in order to be taken into account under the ADP Test.

(ii) **Testing flexibility.** The Plan Administrator is expressly granted the full flexibility permitted by applicable Treasury regulations to determine the amount of Salary Deferrals and QNECs used in the ACP Test. Salary Deferrals and QNECs taken into account under the ACP Test do not have to be uniformly determined for each Participant, and may represent all or any portion of the Salary Deferrals and QNECs allocated to each Participant, provided the conditions described above are satisfied.

(5) **Double-counting limits.** This subsection (5) applies if the Prior Year Testing Method is used to run the ACP Test and, in the prior Plan Year, the Current Year Testing Method was used to run the ACP Test. If this paragraph applies, all QNECs or QMACs that were included in either the ADP Test or ACP Test for the prior Plan Year are disregarded in calculating the ACP of the Nonhighly Compensated Group for the prior Plan Year.

For purposes of applying the double-counting limits, if actual data of the Nonhighly Compensated Group is used for a first Plan Year described in subsection (3) above, the Plan is still considered to be using the Prior Year Testing Method for that first Plan Year. Thus, the double-counting limits do not apply if the Prior Year Testing Method is used for the next Plan Year.

(b) **Correction of Excess Aggregate Contributions.** If the Plan fails the ACP Test for a Plan Year, the Plan Administrator may use any combination of the correction methods under this section to correct the Excess Aggregate Contributions under the Plan.

(1) **Excess Aggregate Contributions.** Excess Aggregate Contributions are the amount of Matching Contributions and/or After-Tax Employee Contributions taken into account in computing the ACP of the Highly Compensated Group that exceed the maximum amount permitted under the ACP Test for the Plan Year. The amount of Excess Aggregate Contributions for a Plan Year are the amounts determined by hypothetically reducing the ACP contributions of the Highly Compensated Employees, beginning with the Highly Compensated Employee(s) with the highest ACP for the Plan Year, and reducing the ACP of such Highly Compensated Employees until the reduced percentage reaches the ACP of the Highly Compensated Employee(s) with the next higher ACP or until the adjusted ACP percentage satisfies the ACP Test. The reduction continues for each level of Highly Compensated Employees until the Plan satisfies the ACP Test. The total dollar amount so determined is then divided among the Highly Compensated Group in the manner described in subsection (2) to determine the actual corrective distributions to be made. For this purpose, any Excess Contributions that are recharacterized as After-Tax Employee Contributions under Section 6.01(b)(4) are taken into account as After-Tax Employee Contributions for the Plan Year that includes the time at which the Excess Contribution is includible in the gross income of the Employee under §1.401(k)-2(b)(3)(ii).

© Copyright 2020

(2) **Corrective distribution of Excess Aggregate Contributions.** If the Plan fails the ACP Test for a Plan Year, the Plan Administrator may, in its discretion, distribute Excess Aggregate Contributions (including any allocable income or loss) no later than 12 months following the end of the Plan Year to correct the ACP Test violation. Excess Aggregate Contributions will be distributed only to the extent they are vested under Section 7.02, determined as of the last day of the Plan Year for which the contributions are made to the Plan. To the extent Excess Aggregate Contributions are not vested, the Excess Aggregate Contributions, plus any income and minus any loss allocable thereto, shall be forfeited in accordance with Section 7.12 in the Plan Year in which the corrective distribution is made from the Plan. If the Excess Aggregate Contributions are distributed more than 2½ months after the last day of the Plan Year in which such excess amounts arose, a 10-percent excise tax will be imposed on the Employer with respect to such amounts.

(i) **Amount to be distributed.** In determining the amount of Excess Aggregate Contributions to be distributed to a Highly Compensated Employee under this section, Excess Aggregate Contributions are first allocated equally to the Highly Compensated Employee(s) with the largest dollar amount of ACP contributions for the Plan Year in which the excess occurs until all of the Excess Aggregate Contributions are allocated or until the dollar amount of ACP contributions for such Highly Compensated Employee(s) is reduced to the next highest dollar amount of such contributions for any other Highly Compensated Employee(s).

(ii) **Allocable gain or loss.** A corrective distribution of Excess Aggregate Contributions must include any allocable gain or loss for the Plan Year in which the excess occurs. For this purpose, allocable gain or loss on Excess Aggregate Contributions may be determined in any reasonable manner, provided the manner used is applied uniformly and in a manner that is reasonably reflective of the method used by the Plan for allocating income to Participants' Accounts.

Only allocable gain or loss through the end of the Plan Year must be taken into account in determining allocable income or loss attributable to a corrective distribution of Excess Aggregate Contributions.

(iii) **Coordination with other provisions.** A corrective distribution of Excess Aggregate Contributions made by the end of the Plan Year following the Plan Year in which the excess occurs may be made without consent of the Participant or the Participant's Spouse, and without regard to any distribution restrictions applicable under Section 8.10. Excess Aggregate Contributions are treated as Annual Additions for purposes of Code §415 even if distributed from the Plan. A corrective distribution of Excess Aggregate Contributions is not treated as a distribution for purposes of applying the required minimum distribution rules under Section 8.12.

(iv) **Accounting for Excess Aggregate Contributions.** Excess Aggregate Contributions are distributed from the following sources and in the following priority:

(A) After-Tax Employee Contributions that are not matched;

(B) proportionately from After-Tax Employee Contributions not distributed under subsection (A) and related Matching Contributions that are included in the ACP Test;

(C) Matching Contributions included in the ACP Test that are not distributed under subsection (B);

(D) Salary Deferrals included in the ACP Test that are not matched;

(E) proportionately from Salary Deferrals included in the ACP Test that are not distributed under subsection (D) and related Matching Contributions that are included in the ACP Test and not distributed under subsection (B) or (C)); and

(F) QNECs included in the ACP Test.

If a Participant has both a Pre-Tax Deferral Account and a Roth Deferral Account, the Participant may designate the extent to which the corrective distribution of Salary Deferrals is taken from the Pre-Tax Deferral Account or from the Roth Deferral Account, unless designated otherwise under AA §6A-5(b). If a Participant does not designate the Account(s) from which the distribution will be made, the corrective distribution will be made first from the Participant's Pre-Tax Deferral Account.

(3) **Making QNECs or QMACs.** Regardless of any elections under AA §6D-3 or AA §6D-4 of the Profit Sharing/401(k) Plan Adoption Agreement, the Employer may make additional QNECs or QMACs to the Plan

© Copyright 2020

on behalf of the Nonhighly Compensated Employees and such amount may be used to correct an ACP Test violation to the extent such amounts are not used in the ADP Test. Any QNECs contributed under this subsection (3) which are not specifically authorized under AA §6D-3 may, at the discretion of the Employer, be allocated to all Participants who are Nonhighly Compensated Employees in the ratio that each such Participant's Plan Compensation bears to the Plan Compensation of all Participants for the Plan Year, as a uniform dollar amount or as a Targeted QNEC. Any QMACs contributed under this subsection (3) which are not specifically authorized under AA §6D-4 may, at the discretion of the Employer, be allocated to all Participants who are Nonhighly Compensated as a uniform percentage of Salary Deferrals made during the Plan Year or as a Targeted QMAC. (See subsections (a)(1) and (a)(4) for rules regarding the amount of QNECs and QMACs that may be taken into account under the ACP Test.) The allocation method chosen by the Employer for a corrective QNEC or QMAC will be uniformly applied to all Participants receiving the corrective QNEC or QMAC for the Plan Year.

(c) **Adjustment of contribution rate for Highly Compensated Employees.** The Employer or Plan Administrator may suspend (or automatically reduce the rate of) After-Tax Employee Contributions for the Highly Compensated Group, to the extent necessary to satisfy the ACP Test or to reduce the margin of failure. A suspension or reduction shall not affect After-Tax Employee Contributions already contributed by the Highly Compensated Employees for the Plan Year. As of the first day of the subsequent Plan Year, After-Tax Employee Contributions shall resume at the levels elected by the Highly Compensated Employees.

(d) **Special testing rules.**

(1) **Special rule for determining ACP of Highly Compensated Group.** When calculating the ACP of the Highly Compensated Group for any Plan Year, a Highly Compensated Employee's After-Tax Employee Contributions and/or Matching Contributions under all qualified plans maintained by the Employer are taken into account as if such contributions were made to a single plan. For this purpose, any QNECs or QMACs taken into account under the ACP Test also are treated as made under a single plan. In addition, if a Highly Compensated Employee participates in two or more plans of the Employer that have different Plan Years, all ACP contributions made during the Plan Year under all such plans shall be aggregated.

(2) **Aggregation of plans.** When calculating the ACP Test, if this Plan satisfies the requirements of Code §401(m), §401(a)(4), or §410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Code sections only if aggregated with this Plan, all such plans are treated as a single plan. If more than 10% of the Employer's Nonhighly Compensated Employees are involved in a plan coverage change as defined in Treas. Reg. §1.401(m)-2(c)(4), then any adjustments to the ACP of the Nonhighly Compensated Group for the prior year will be made in accordance with such regulations, unless the Employer has elected under AA §6B-6 to use the Current Year Testing Method. Plans may be aggregated in order to satisfy Code §401(m) only if they have the same Plan Year and use the same ACP testing method.

(3) **Treatment of forfeited Matching Contributions.** If Matching Contributions are forfeited as a result of the distribution of Excess Contributions or Excess Aggregate Contributions, as provided under Section 7.12(d), such Matching Contributions may be forfeited before the ACP Test is performed. Thus, such forfeited Matching Contributions need not be taken into account under the ACP Test. Alternatively, the ACP Test may be run prior to the forfeiture of the Matching Contributions. Any Matching Contributions that are forfeited as a result of failing the ACP Test need not be forfeited under Section 7.12(d).

6.03 **Disaggregation of Plans.** Subject to the provisions of this Section 6.03, certain plans shall be treated as constituting separate plans to the extent required under the mandatory disaggregation rules under Code §§401(k) and 401(m).

(a) **Plans covering Collectively Bargained Employees and non-Collectively Bargained Employees.** If the Plan covers Collectively Bargained Employees and non-Collectively Bargained Employees, the Plan is mandatorily disaggregated for purposes of applying the ADP Test and the ACP Test into two separate plans, one covering the Collectively Bargained Employees and one covering the non-Collectively Bargained Employees. A separate ADP Test must be applied for each disaggregated portion of the Plan in accordance with applicable Treasury regulations. A separate ACP Test must be applied to the disaggregated portion of the Plan that covers the non-Collectively Bargained Employees. The disaggregated portion of the Plan that includes the Collectively Bargained Employees is deemed to pass the ACP Test.

(b) **Otherwise excludable Employees.** If the minimum coverage test under Code §410(b) is performed by disaggregating otherwise excludable Employees (i.e., Employees who have not satisfied the statutory age 21 and one Year of Service eligibility conditions permitted under Code §410(a)), then the Plan is treated as two separate plans, one benefiting the otherwise excludable Employees and the other benefiting Employees who have satisfied the statutory age and service

© Copyright 2020

eligibility conditions. If such disaggregation applies, the following operating rules apply to the ADP Test and the ACP Test.

(1) **Single ADP and ACP Test.** Only the disaggregated plan that benefits the Employees who have satisfied the statutory age and service eligibility conditions permitted under Code §410(a) is subject to the ADP Test and the ACP Test. However, any Highly Compensated Employee who is benefiting under the disaggregated plan that includes the otherwise excludable Employees is taken into account in such tests.

(2) **Application of Entry Dates.** In determining whether an Employee is an otherwise excludible Employee for purposes of applying the testing rules in subsection (1) above, the Plan will be deemed to provide the statutory Entry Dates permitted under Code §410(a)(4) (i.e., the earlier of the date that is 6 months after the date the Employee satisfies the statutory age and service conditions or the first day of the Plan Year following satisfaction of such statutory age and service conditions). Thus, an Employee is treated as an otherwise excludible Employee for purposes of applying the special testing rules in subsection (1) above if the Employee has not satisfied the statutory age and service requirements permitted under Code §410(a), taking into account the statutory Entry Date provisions under Code §410(a)(4). In applying the special testing rules in subsection (1) above, the Employer may elect to use the Plan's Entry Dates or the statutory Entry Dates permitted under Code §410(a)(4).

(c) **Corrective action for disaggregated plans.** Any corrective action authorized by this Section 6 may be determined separately with respect to each disaggregated portion of the Plan. A corrective action taken with respect to a disaggregated portion of the Plan need not be consistent with the method of correction (if any) used for another disaggregated portion of the Plan. To the extent the Adoption Agreement authorizes the Employer to make discretionary QNECs or discretionary QMACs, such QNECs or QMACs may be designated as allocable only to Participants in a particular disaggregated portion of the Plan.

6.04 **Safe Harbor 401(k) Plan Provisions.** The Employer may elect in AA §6C to apply the Safe Harbor 401(k) Plan provisions under this Section 6.04. For this purpose, the Plan satisfies the requirements of this Section 6.04 if the Plan is a Traditional Safe Harbor 401(k) Plan, as described in subsection (a) or a Qualified Automatic Contribution Arrangement (QACA) Safe Harbor 401(k) Plan, as described in subsection (b). If the Plan qualifies as a Safe Harbor 401(k) Plan, the ADP Test described in Section 6.01(a) is deemed to be satisfied for any Plan Year in which the Plan qualifies as a Safe Harbor 401(k) Plan. In addition, if Matching Contributions are made for such Plan Year, the ACP Test is deemed satisfied with respect to such contributions if the conditions of subsection (i) below are satisfied. To qualify as a Safe Harbor 401(k) Plan, the requirements under this Section 6.04 must be satisfied for the entire Plan Year. In accordance with Treas. Reg. §§1.401(k)-1(e)(7) and 1.401(m)-1(c)(2), it is impermissible to use the ADP and ACP Test for a Plan Year in which the Plan is intended to be a Safe Harbor 401(k) Plan and the requirements of this Section 6.04 are not satisfied for the entire Plan Year.

(a) **Traditional Safe Harbor 401(k) Plan requirements.** To qualify as a Traditional Safe Harbor 401(k) Plan, the Plan must provide a Safe Harbor Contribution, as described under subsection (1), and must satisfy the requirements under subsections (2), (3) and (4) below.

(1) **Traditional Safe Harbor Contribution.** To qualify as a Traditional Safe Harbor 401(k) Plan, the Employer must provide a Traditional Safe Harbor Employer Contribution or a Traditional Safe Harbor Matching Contribution to Nonhighly Compensated Participants under the Plan. The Traditional Safe Harbor Contribution must be made to the Plan no later than 12 months following the close of the Plan Year for which it is being used to qualify the Plan as a Traditional Safe Harbor 401(k) Plan.

(i) **Traditional Safe Harbor Employer Contribution.** The Employer may elect under AA §6C-2(b) to make a Traditional Safe Harbor Employer Contribution of at least 3% of Plan Compensation. The Employer has the discretion to increase the amount of the Traditional Safe Harbor Employer Contribution in excess of the percentage designated under AA §6C-2(b). (See subsection (4)(iii) below for the ability to condition the Traditional Safe Harbor Employer Contribution on the provision of a supplemental notice.)

(ii) **Traditional Safe Harbor Matching Contribution.** The Employer may elect under AA §6C-2(a)(1) to satisfy the Traditional Safe Harbor Contribution requirement by making a Traditional Safe Harbor Matching Contribution with respect to each Participant's Salary Deferrals under the Plan. If After-Tax Employee Contributions are authorized under AA §6D-1(b) of the Profit Sharing/401(k) Plan Adoption Agreement, the Employer may elect in AA §6D-2(b) to provide the Traditional Safe Harbor Matching Contribution with respect to such After-Tax Employee Contributions. The Employer may elect under AA §6C-2(a)(1) of the Profit Sharing/401(k) Plan Adoption Agreement to provide a basic Traditional Safe Harbor Matching Contribution, an enhanced Traditional Safe Harbor Matching Contribution, or a tiered Traditional Safe Harbor Matching Contribution.

© Copyright 2020

(A) **Basic Traditional Safe Harbor Matching Contribution.** Under the basic Traditional Safe Harbor Matching Contribution formula, each eligible Participant (as defined in AA §6C-4) will receive a Traditional Safe Harbor Matching Contribution equal to:

(I) 100% of the amount of a Participant's Salary Deferrals that do not exceed 3% of the Participant's Plan Compensation, plus

(II) 50% of the amount of a Participant's Salary Deferrals that exceed 3% of the Participant's Plan Compensation but that do not exceed 5% of the Participant's Plan Compensation.

(B) **Enhanced Traditional Safe Harbor Matching Contribution.** Under the enhanced Traditional Safe Harbor Matching Contribution formula, the Traditional Safe Harbor Matching Contribution must not be less, at each level of Salary Deferrals, than the amount required under the basic Traditional Safe Harbor Matching Contribution formula under subsection (A) above. Under the enhanced Traditional Safe Harbor Matching Contribution formula, the rate of Matching Contributions may not increase as an Employee's rate of Salary Deferrals increase.

(C) **Contributions for Highly Compensated Employees.** The Plan will not fail to be a Traditional Safe Harbor 401(k) Plan merely because Highly Compensated Employees also receive a Traditional Safe Harbor Matching Contribution under the Plan. However, a Traditional Safe Harbor Matching Contribution will not satisfy this section if any Highly Compensated Employee is eligible for a higher rate of Traditional Safe Harbor Matching Contribution than is provided for any Nonhighly Compensated Employee who has the same rate of Salary Deferrals.

(D) **Period for making Traditional Safe Harbor Matching Contribution.** In determining a Participant's Traditional Safe Harbor Matching Contributions, the Employer may elect under AA §6C-2(a)(2) of the Profit Sharing/401(k) Plan Adoption Agreement to determine the Traditional Safe Harbor Matching Contribution on the basis of Salary Deferrals the Participant makes during the Plan Year. Alternatively, the Employer may elect to determine the Traditional Safe Harbor Matching Contribution on a payroll, monthly, or quarterly basis. If the Employer elects to use a period other than the Plan Year, the Traditional Safe Harbor Matching Contribution must be deposited into the Plan by the last day of the Plan Year quarter following the Plan Year quarter for which the Salary Deferrals are made. See Section 3.04(c) for rules applicable to true-up contributions where the Employer contributes Traditional Safe Harbor Matching Contributions to the Plan on a different period than selected under AA §6C-2(a)(2).

(2) **Full and immediate vesting.** The Traditional Safe Harbor Contribution under subsection (1) above must be 100% vested, regardless of the Employee's length of service, at the time the contribution is made to the Plan. Any additional amounts contributed under the Plan may be subject to a vesting schedule.

(3) **Distribution restrictions.** Distributions of the Traditional Safe Harbor Contribution under subsection (1) must be restricted in the same manner as Salary Deferrals under Section 8.10(c), except that such contributions may not be distributed upon Hardship. See Section 8.10(e).

(4) **Annual notice.** Each eligible Participant (as defined in subsection (b) below) must receive a written notice describing the Participant's rights and obligations under the Plan.

(i) **Contents of notice.** The annual notice must include a description of:

(A) the Safe Harbor 401(k) Plan contribution formula being used under the Plan;

(B) any other contributions under the Plan;

(C) the plan to which the Safe Harbor 401(k) Plan contributions will be made (if different from this Plan);

(D) the type and amount of Plan Compensation that may be deferred under the Plan;

(E) the administrative requirements for making and changing Salary Deferral elections; and

(F) the withdrawal and vesting provisions under the Plan.

© Copyright 2020

In addition to any other election periods provided under the Plan, each eligible Participant may make or modify his/her Salary Deferral election during the 30-day period immediately following receipt of the annual notice.

(ii) **Timing of notice.** Each Participant must receive the annual notice within a reasonable period before the beginning of the Plan Year (or within a reasonable period before an Employee becomes a Participant, if later). For this purpose, an Employee will be deemed to have received the notice in a timely manner if the Employee receives such notice at least 30 days, but not more than 90 days, before the beginning of the Plan Year. For an Employee who becomes a Participant after the 90th day before the beginning of the Plan Year, the notice will be deemed timely if it is provided before the date the Employee becomes eligible to participate under the Plan (but no more than 90 days before the Employee becomes eligible).

(iii) **Supplemental notice.** If the Employer elects to provide the Traditional Safe Harbor Employer Contribution described in subsection (1)(i) above, the Employer may elect under AA §6C-2(b)(1) to make such contribution only as authorized under a supplemental notice described in this subsection (iii). If the Employer elects to make the Traditional Safe Harbor Employer Contribution pursuant to a supplemental notice, each Participant will be notified in the annual notice described in this subsection (4) that the Employer *may* provide the Traditional Safe Harbor Employer Contribution and that a supplemental notice will be provided if the Employer decides to make the Traditional Safe Harbor Employer Contribution. The supplemental notice indicating the Employer's intention to make the Traditional Safe Harbor Employer Contribution must be provided no later than 30 days prior to the last day of the Plan Year for the Plan to qualify as a Traditional Safe Harbor 401(k) Plan. If the supplemental notice is not provided in accordance with this paragraph, the Employer is not obligated to make the Traditional Safe Harbor Employer Contribution and the Plan does not qualify as a Traditional Safe Harbor 401(k) Plan. The Plan will qualify as a Traditional Safe Harbor 401(k) Plan for subsequent Plan Years if the appropriate notices are provided for such years. No amendment is required to make the Safe Harbor Employer Contribution in subsequent Plan Years.

(b) **Qualified Automatic Contribution Arrangement (QACA) Safe Harbor 401(k) Plan requirements.** The Employer may elect in AA §6C-3 of the Profit Sharing/401(k) Plan Adoption Agreement to apply the Qualified Automatic Contribution Arrangement (QACA) provisions under this subsection (b). To qualify as a QACA, the Plan must provide for an automatic deferral as described in subsection (1) below, and must provide for a QACA Safe Harbor Contribution as described under subsection (2) below. The Plan also must satisfy the requirements under subsections (3) - (6) under this subsection (b).

(1) **Automatic deferral.** To qualify as a QACA, the Plan must provide for an automatic deferral election (as defined in Section 3.03(c)(2)(i)(A) above) equal to a qualified percentage of Plan Compensation.

(i) **Automatic deferral percentage.** For this purpose, a qualified percentage is, with respect to any Employee, a uniform percentage of Plan Compensation that does not exceed 10%, and which is at least:

(A) 3% during the period that begins when the Employee first begins making automatic deferrals under the QACA and ending on the last day of the following Plan Year;

(B) 4% during the first Plan Year following the initial period described in subsection (A);

(C) 5% during the second Plan Year following the initial period described in subsection (A); and

(D) 6% during any subsequent Plan Year.

The Employer may elect under AA §6C-3(c)(4) to apply the automatic increase described under this subsection (i) as of a date other than the beginning of the Plan Year. If a date other than the first day of the Plan Year is selected under AA §6C-3(c)(4), the Plan still must satisfy the minimum deferral percentage requirements under this subsection (i) as of the beginning of the periods designated above. Thus, if an automatic increase becomes effective as of a date within a Plan Year, the Plan must provide for an automatic deferral percentage at least equal to the minimum percentage as of the designated date in the Plan Year commencing before the Plan Years described under (B) – (D) above.

(ii) **Eligible Employees.** In applying the QACA Safe Harbor 401(k) Plan provisions under this subsection (b), the automatic deferral election described under subsection (1) must apply to all eligible Employees without taking into account any Employee who:

© Copyright 2020

(A) was eligible to participate in the Plan (or a predecessor Plan) immediately prior to the effective date of the QACA Safe Harbor 401(k) Plan, and

(B) had an affirmative election in effect on such effective date (which remains in effect) either to:

(I) make Salary Deferrals in a specified amount or percentage of Plan Compensation; or

(II) not have any Salary Deferrals made on his/her behalf.

(iii) **Treatment of rehires.** The minimum deferral percentages described in subsection (1) are determined based on the date the Participant first begins making automatic deferrals under the Plan, without regard to whether the Employee continues to be eligible to make contributions after such date. Thus, the minimum percentage is generally determined based on the number of years since an Employee first has automatic deferrals made under the QACA Safe Harbor 401(k) Plan.

However, if an Employee is precluded from making automatic deferrals to the Plan for an entire Plan Year (e.g., due to termination of employment), the Plan may treat such Employee as having a new initial period for determining the minimum required default percentage under subsection (1) (if such Employee recommences making default contributions under the QACA Safe Harbor 401(k) Plan), regardless of what minimum percentage would otherwise apply to that Employee. The provisions of this subsection (iii) will automatically apply, unless designated otherwise under AA §6C-3(c)(5)(ii).

Unless elected otherwise under AA §6C-3(c)(5)(i), a Participant's affirmative election to defer (or to not defer) will cease upon termination of employment. If a terminated Participant's affirmative election to defer (or to not defer) ceases upon termination of employment, the Participant will be subject to the automatic deferral provisions of this subsection (1) upon rehire (regardless of the amount of time since the rehired Employee terminated employment), including the default election provisions and the notice requirements under subsection (5) below.

(2) **QACA Safe Harbor Contribution.** To qualify as a QACA Safe Harbor 401(k) Plan, the Employer must provide a QACA Safe Harbor Employer Contribution or a QACA Safe Harbor Matching Contribution to Nonhighly Compensated Employees under the Plan.

(i) **QACA Safe Harbor Employer Contribution.** The Employer may elect under AA §6C-3(b) of the Profit Sharing/401(k) Plan to make a QACA Safe Harbor Employer Contribution of at least 3% of Plan Compensation.

(ii) **QACA Safe Harbor Matching Contribution.** The Employer may elect under AA §6C-3(a)(1) of the Profit Sharing/401(k) Plan to make a QACA Safe Harbor Matching Contribution with respect to each Participant's Salary Deferrals under the Plan. The Employer may elect to provide a basic QACA Safe Harbor Matching Contribution, an enhanced QACA Safe Harbor Matching Contribution, or a tiered QACA Safe Harbor Matching Contribution.

(A) **Basic QACA Safe Harbor Matching Contribution.** Under the basic QACA Safe Harbor Matching Contribution formula, each eligible Participant (as defined in AA §6C-4) will receive a QACA Safe Harbor Matching Contribution equal to:

(I) 100% of the Participant's Salary Deferrals that do not exceed 1% of the Participant's Plan Compensation; plus

(II) 50% of the Participant's Salary Deferrals that exceed 1% of the Participant's Plan Compensation but that do not exceed 6% of the Participant's Plan Compensation.

(B) **Enhanced QACA Safe Harbor Matching Contribution.** Under the enhanced QACA Safe Harbor Matching Contribution formula, the QACA Safe Harbor Matching Contribution must not be less, at each level of Salary Deferrals, than the amount required under the basic QACA Safe Harbor Matching Contribution formula under subsection (A) above. Under the enhanced QACA Safe Harbor Matching Contribution formula, the rate of Matching Contributions may not increase as an Employee's rate of Salary Deferrals increase.

(C) **Contributions for Highly Compensated Employees.** The Plan will not fail to be a QACA merely because Highly Compensated Employees also receive a QACA Safe Harbor Matching Contribution under the Plan. However, a QACA Safe Harbor Matching Contribution will not

© Copyright 2020

satisfy this section if any Highly Compensated Employee is eligible for a higher rate of QACA Safe Harbor Matching Contribution than is provided for any Nonhighly Compensated Employee who has the same rate of Salary Deferrals.

(D) **Period for making QACA Safe Harbor Matching Contribution.** In determining a Participant's QACA Safe Harbor Matching Contributions, the Employer may elect under AA §6C-3(a)(2) to determine the QACA Safe Harbor Matching Contribution on the basis of Salary Deferrals the Participant makes during the Plan Year. Alternatively, the Employer may elect to determine the QACA Safe Harbor Matching Contribution on a payroll, monthly, or quarterly basis.

(3) **2-year cliff vesting.** A Participant must be 100% vested in any QACA Safe Harbor Contributions under subsection (2) above upon the completion of two (2) Years of Service. Any additional amounts contributed under the Plan may be subject to any vesting schedule described under Section 7.02. For this purpose, a QACA Safe Harbor Contribution is treated as a separate contribution source for purposes of applying the rules under Section 7.10 relating to the amendment of a vesting schedule.

(4) **Distribution restrictions.** Distributions of the QACA Safe Harbor Contribution must be restricted in the same manner as Salary Deferrals under Section 8.10(c), except that such contributions may not be distributed upon Hardship.

(5) **Annual notice.** Each eligible Employee must receive a written notice as described in subsection (a)(4) above.

(6) **Definition of Plan Compensation.** The definition of Plan Compensation used for purposes of determining default Salary Deferral contributions under the QACA Safe Harbor 401(k) Plan must satisfy the safe harbor requirements under Treas. Reg. §1.401(k)-3(b)(2). For this purpose, if the Plan defines Plan Compensation in a manner that does not satisfy the safe harbor requirements under Treas. Reg. §1.401(k)-3(b)(2), effective for the first Plan Year beginning on or after January 1, 2010, the definition of Plan Compensation used for determining default Salary Deferral contributions will automatically be modified so that any exclusions that cause the definition of Plan Compensation to fail the safe harbor requirements will apply only to Highly Compensated Employees.

(c) **Eligibility for Traditional Safe Harbor/QACA Safe Harbor Contributions.** The Employer may elect under AA §6C-4(a) to provide the Traditional Safe Harbor/QACA Safe Harbor Contribution to all Participants or only to Participants who are Nonhighly Compensated Employees. Alternatively, the Employer may elect under the Profit Sharing/401(k) Plan Adoption Agreement to provide the Traditional Safe Harbor/QACA Safe Harbor Contribution to all Nonhighly Compensated Employees who are Participants and all Highly Compensated Employees who are Participants but who are not Key Employees. This permits a Plan providing the Traditional Safe Harbor/QACA Safe Harbor Employer Contribution to use such amounts to satisfy the Top Heavy minimum contribution requirements under Section 4. Thus, a Plan providing the Traditional Safe Harbor/QACA Safe Harbor Employer Contribution may use such amounts to satisfy the Top Heavy minimum contribution requirements without having to allocate the contribution to Key Employees. See subsection (d) for a description of the eligibility conditions applicable to Traditional Safe Harbor/QACA Safe Harbor Contributions. Also see Section 3.02(d)(1) for provisions for offsetting additional Employer Contributions by the Traditional Safe Harbor/QACA Safe Harbor Contribution under the Plan.

The Employer also may elect under AA §6C-4(b) of the Profit Sharing/401(k) Plan Adoption Agreement to exclude certain designated Employees from the Traditional Safe Harbor/QACA Safe Harbor Contribution. If any Non-Highly Compensated Employee who is eligible to make Salary Deferrals under the Plan is excluded from the Traditional Safe Harbor/QACA Safe Harbor Contribution under AA §6C-4(b), the Plan must be disaggregated into separate plans for minimum coverage purposes pursuant to Code §410(b)(4). If each of the disaggregated plans can separately satisfy the minimum coverage requirements under Code §401(a)(4), the separate component plans may be tested separately for nondiscrimination under Code §401(a)(4), including the safe harbor rules under this Section 6.04. If the Plan is disaggregated into separate plans for nondiscrimination purposes, the portion of the disaggregated plan that covers Employees who are not eligible for the Traditional Safe Harbor/QACA Safe Harbor Contribution must satisfy the ADP Test (and ACP Test, if applicable).

(d) **Different eligibility conditions.** In determining who is a Participant for purposes of the Traditional Safe Harbor/QACA Safe Harbor Contribution, the eligibility conditions applicable to Salary Deferrals under AA §4-1 apply. However, the Employer may elect under AA §6C-4(c) of the Profit Sharing/401(k) Plan Adoption Agreement to apply different eligibility conditions for the Traditional Safe Harbor/QACA Safe Harbor Contribution than apply to Salary Deferrals. If the Employer elects under AA §6C-4(c)(1)(iv) to require a Year of Service for determining eligibility for Traditional Safe Harbor/QACA Safe Harbor Contributions, a Year of Service for this purpose is the completion of 1,000 Hours of Service during an Eligibility Computation Period.

© Copyright 2020

An Eligibility Computation Period is as defined under Section 2.03(a)(3) using Plan Years for subsequent Eligibility Computation Periods. If different eligibility conditions are selected for Traditional Safe Harbor/QACA Safe Harbor Contributions that are more restrictive than the eligibility conditions applicable for Salary Deferrals, the Plan must be disaggregated into separate plans for coverage purposes pursuant to Code §410(b)(4). If the Plan uses different eligibility conditions for Traditional Safe Harbor/QACA Safe Harbor Contributions, the portion of the disaggregated plan that covers Employees who are not eligible for the Traditional Safe Harbor/QACA Safe Harbor Contribution must satisfy the ADP Test (and ACP Test, if applicable).

(e) **Provision of Safe Harbor Contribution in separate plan.** The Employer may elect under AA §6C-2(b)(2) to provide the Traditional Safe Harbor/QACA Safe Harbor Contribution under another Defined Contribution Plan maintained by the Employer. The Traditional Safe Harbor/QACA Safe Harbor Contribution under such other plan must satisfy the conditions under this Section 6.04 for this Plan to qualify as a Traditional Safe Harbor 401(k) Plan or a QACA Safe Harbor 401(k) Plan. To make the Traditional Safe Harbor/QACA Safe Harbor Contribution under another Defined Contribution Plan, each Employee eligible to participate under this Plan must also be eligible to participate under the other Defined Contribution Plan, and the other Defined Contribution Plan must have the same Plan Year as this Plan.

(f) **Mid-Year Changes to Safe Harbor 401(k) Plan.** Effective for mid-year changes made after January 28, 2016, the Employer may make mid-year changes to Traditional Safe Harbor/QACA Safe Harbor 401(k) Plans as provided under IRS Notice 2016-16 and any successor guidance.

(g) **Reduction or suspension of Traditional Safe Harbor/QACA Safe Harbor Contributions.** The Employer may amend the Plan during the Plan Year to reduce or suspend the Traditional Safe Harbor/QACA Safe Harbor Contributions (on a prospective basis) provided the following conditions are satisfied:

(1) The Employer must provide a supplemental notice to all Participants explaining the consequences and effective date of the amendment.

(2) Participants must be given a reasonable opportunity (including a reasonable period after receipt of the supplemental notice) to change their Salary Deferral and/or After-Tax Employee Contribution elections, as applicable.

(3) The amendment reducing or eliminating the Traditional Safe Harbor/QACA Safe Harbor Contribution must be effective no earlier than the later of:

(i) 30 days after Participants are given the supplemental notice; or

(ii) the date the amendment is adopted.

(4) The Plan is subject to the ADP Test and ACP Test for the entire Plan Year in which the reduction or suspension occurs using the Current Year Testing Method.

(5) If the Plan is amended to reduce or eliminate a Traditional Safe Harbor/QACA Safe Harbor Employer Contribution, the Employer must operate at an economic loss as described in Code §412(c)(2)(A) for the Plan Year or the notice provided under subsection (a)(4) must include a statement that the Plan may be amended during the Plan Year to reduce or suspend the Traditional Safe Harbor/QACA Safe Harbor Employer Contribution and that the reduction or suspension will not apply until at least 30 days after all Eligible Employees are provided notice of the reduction or suspension.

(h) **Deemed compliance with ADP Test.** If the Plan satisfies all the conditions under subsection (a) above to qualify as a Traditional Safe Harbor/QACA Safe Harbor 401(k) Plan, the Plan is deemed to satisfy the ADP Test for the Plan Year.

(i) **Deemed compliance with ACP Test.** If the Plan satisfies all the conditions under subsection (a) above to qualify as a Traditional Safe Harbor/QACA Safe Harbor 401(k) Plan, the Plan is deemed to satisfy the ACP Test for the Plan Year with respect to Matching Contributions (including Matching Contributions that are not used to qualify as a Traditional Safe Harbor/QACA Safe Harbor 401(k) Plan, provided the following conditions are satisfied. If the Plan does not satisfy the requirements under this subsection (i) for a Plan Year, the Plan must satisfy the ACP Test for such Plan Year in accordance with subsection (j) below.

(1) **Only Traditional Safe Harbor/QACA Safe Harbor Matching Contributions.** If the only Matching Contributions provided under the Plan are Traditional Safe Harbor/QACA Safe Harbor Matching Contributions under AA §6C-2(a) and §6C-3(a), the Plan is deemed to satisfy the ACP Test, without regard to the conditions under subsections (2) - (5) below.

© Copyright 2020

(2) **Additional Matching Contributions.** If Matching Contributions are provided in addition to Traditional Safe Harbor/QACA Safe Harbor Matching Contributions under AA §6C-2(a) and §6C-3(a), the total Matching Contributions provided under the Plan (including any Traditional Safe Harbor/QACA Safe Harbor Matching Contributions) may not apply to any Salary Deferrals or After-Tax Employee Contributions that exceed 6% of Plan Compensation. If a Matching Contribution formula applies to both Salary Deferrals and After-Tax Employee Contributions, then the Matching Contributions may not apply to the sum of such contributions that exceed 6% of Plan Compensation. If Matching Contributions under the Plan apply to Salary Deferrals in excess of 6% of Plan Compensation, the Plan will be subject to ACP Testing to the extent provided under subsection (j) below.

(3) **Discretionary Matching Contributions.** If the Employer elects to provide discretionary Matching Contributions under a Traditional Safe Harbor 401(k) Plan, such discretionary Matching Contributions will not be subject to the ACP Test only if the total amount of the discretionary Matching Contributions are limited to no more than 4% of the Employee's Plan Compensation.

(4) **Rate of Matching Contribution may not increase.** The Matching Contribution formula may not provide a higher rate of match at higher levels of Salary Deferrals or After-Tax Employee Contributions.

(5) **Limit on Matching Contributions for Highly Compensated Employees.** The Matching Contributions made for any Highly Compensated Employee at any rate of Salary Deferrals and/or After-Tax Employee Contributions cannot be greater than the Matching Contributions provided for any Nonhighly Compensated Employee at the same rate of Salary Deferrals and/or After-Tax Employee Contributions.

(6) **After-Tax Employee Contributions.** If the Plan permits After-Tax Employee Contributions, such contributions must satisfy the ACP Test, regardless of whether the Matching Contributions under Plan are deemed to satisfy the ACP Test under this subsection (i). The ACP Test must be performed in accordance with subsection (j) below.

(7) **Additional Matching Contributions may be subject to vesting and distribution restrictions.** Additional Matching Contributions may satisfy the ACP Test safe harbor described in this subsection (i) even if such Matching Contributions are subject to the normal vesting schedule and distribution rules applicable to Matching Contributions. However, if such Matching Contributions are subject to allocation conditions under AA §6B-7, such Matching Contributions may fail to satisfy the ACP Test safe harbor described in this subsection (i).

(j) **Rules for applying the ACP Test.** If the ACP Test must be performed under a Traditional Safe Harbor/QACA Safe Harbor 401(k) Plan , either because there are After-Tax Employee Contributions, or because the Matching Contributions do not satisfy the conditions described in subsection (i) above, the Current Year Testing Method must be used to perform such test, even if the Adoption Agreement specifies that the Prior Year Testing Method applies. In addition, the testing rules provided in IRS Notice 98-52 (or any successor guidance) are applicable in applying the ACP Test.

(k) **Application of Top Heavy rules.** If the only contributions under a Traditional Safe Harbor/QACA Safe Harbor 401(k) Plan are Traditional Safe Harbor/QACA Safe Harbor Contributions described under subsection (a) and Matching Contributions eligible for the ACP Test safe harbor, as described in subsection (i), the Plan is deemed to satisfy the Top Heavy requirements, as described in Section 4. For this purpose, if a Plan has only safe harbor contributions described under this subsection (k) and the Plan has forfeitures for a Plan Year, such forfeitures may be used to reduce or may be allocated as additional Matching Contributions that are designed to satisfy the ACP Test safe harbor, as described under subsection (i). In such case, the Plan will continue to satisfy the exemption from the Top Heavy rules as described in this subsection (k). See Section 7.13(e)(1).

(l) **Plan Year.** Except as provided in subsections (1) - (3) below, to qualify as a Safe Harbor 401(k) Plan, the safe harbor requirements under this Section 6.04 must be satisfied for an entire 12-month Plan Year.

(1) **First year of plan.** A newly established plan (other than a successor plan within the meaning of Treas. Reg. §1.401(m)-2(c)(2)(iii)) will not fail to satisfy the requirements of this subsection (l) merely because the Plan Year is less than 12 months, provided that the Plan Year is at least 3 months long. If an Employer is newly established and adopts the Plan as soon as administratively feasible after the Employer comes into existence, the initial Plan Year may be shorter than 3 months.

If the Plan has an initial Plan Year that is less than 12 months, for purposes of applying the Code §415 Limitation under Section 5.03, the Limitation Year will be the 12-month period ending on the last day of the

© Copyright 2020

short Plan Year. Thus, no proration of the Defined Contribution Dollar Limitation will be required. See Section 5.03(c)(2). In addition, the Employer's Plan Compensation will be determined for the 12-month period ending on the last day of the short Plan Year. Thus, no proration of the Compensation Limit will be required. See Section 1.26.

(2) **Change of Plan Year.** If the Plan is amended to change its Plan Year, resulting in a Short Plan Year (see Section 11.08), the Plan will not fail to satisfy the requirements of subsection (l), provided:

(i) The Plan satisfies the safe harbor requirements under this Section 6.04 for the immediately preceding Plan Year; and

(ii) The plan satisfies the safe harbor requirements under this Section 6.04 (determined without regard to subsection (g) above) for the immediately following Plan Year or for the immediately following 12 months if the immediately following Plan Year is less than 12 months.

(3) **Final plan year.** If the Plan is terminated during a Plan Year, the Plan will not fail to satisfy the requirements of subsection (l) merely because the final Plan Year is less than 12 months, provided that the Plan satisfies the safe harbor requirements under this Section 6.04 through the date of termination and either:

(i) The Plan would satisfy the requirements of subsection (g), treating the termination of the Plan as a reduction or suspension of Traditional Safe Harbor/QACA Safe Harbor Matching Contributions (other than the requirement that Employees have a reasonable opportunity to change their Salary Deferral or After-Tax Employee Contribution elections); or

(ii) The Plan termination is in connection with a transaction described in Code §410(b)(6)(C) or the Employer incurs a substantial business hardship, comparable to a substantial business hardship described in Code §412(d). If this subsection (ii) applies, the Plan will continue to qualify as a Safe Harbor 401(k) Plan for the year of termination.

6.05 **SIMPLE 401(k) Plan contributions.** The Employer may designate in AA §6A-10 of the Profit Sharing/401(k) Plan Adoption Agreement to treat the Plan as a SIMPLE 401(k) Plan under Code §401(k)(11). To treat the Plan as a SIMPLE 401(k) Plan for a Plan Year, the Employer must be an Eligible Employer (as defined in subsection (a)(1) below) and no contributions may be made, or benefits accrued, for services during the calendar year, on behalf of any Eligible Employee under any other plan, contract, pension, or trust described in Code §219(g)(5)(A) or (B), maintained by the Employer. If the Plan is designated as a SIMPLE 401(k) Plan, the provisions of this Section 6.05 will apply even if inconsistent with any other provisions under the Plan.

(a) **Definitions.**

(1) **Eligible Employer.** An Eligible Employer means, with respect to any calendar year, an Employer that had no more than 100 employees who received at least $5,000 of SIMPLE Compensation from the Employer for the preceding calendar year. In applying the preceding sentence, all Employees of Related Employers and Leased Employees are taken into account.

An Eligible Employer that elects to have the SIMPLE 401(k) provisions apply to the Plan and that fails to be an Eligible Employer for any subsequent calendar year is treated as an Eligible Employer for the 2 calendar years following the last calendar year the Employer was an Eligible Employer. If the failure is due to any acquisition, disposition, or similar transaction involving an Eligible Employer, the preceding sentence applies only if the provisions of Code §410(b)(6)(C)(i) are satisfied.

(2) **Eligible Employee.** An Eligible Employee means, for purposes of the SIMPLE 401(k) provisions, any Employee who is entitled to make Salary Deferrals under the terms of the Plan.

(b) **Contributions.**

(1) **Salary Deferrals.** Each Eligible Employee may make Salary Deferrals in an amount not to exceed $13,500 for 2020. The salary deferral limit will be adjusted for cost-of living increases under Code §408(p)(2)(E). Any such adjustments will be in multiples of $500.

(2) **Catch-Up Contributions.** The amount of an Employee's Salary Deferrals permitted for a calendar year is increased for Employees age 50 or over by the end of the calendar year by the amount of allowable Catch-up Contributions. The allowable Catch-up Contribution is $3,000 for 2020. The catch-up limit will be adjusted for

© Copyright 2020

cost-of-living increases under Code §414(v)(2)(C). Any such adjustments will be in multiples of $500. Catch-up Contributions are otherwise treated the same as other Salary Deferrals.

(3) **Matching Contributions.** Each calendar year, the Employer will contribute a Matching Contribution to the Plan on behalf of each Employee who makes Salary Deferrals. The amount of the Matching Contribution will be equal to the Employee's Salary Deferrals up to a limit of 3 percent of the Employee's SIMPLE Compensation for the full calendar year.

(4) **Employer Contributions.** For any calendar year, instead of a Matching Contribution, the Employer may elect to contribute an Employer Contribution of 2 percent of Total Compensation for the full calendar year for each Eligible Employee who received at least $5,000 of SIMPLE Compensation for the calendar year.

(c) **Limit on Contributions.** No Employer or Employee Contributions may be made to this Plan for a calendar year other than Salary Deferrals described in subsections (b)(1) and (b)(2), Matching Contributions described in subsection (b)(3), Employer Contributions described in subsection (b)(4), and Rollover Contributions described in Treas. Reg. §1.402(c)-2, Q&A-1(a). Such contributions (other than Catch-Up Contributions under subsection (b)(2)) are subject to the Code §415 Limitation.

(d) **Election and notice requirements.**

(1) **Election period.**

(i) In addition to any other election periods provided under the Plan, each Eligible Employee may make or modify Salary Deferral elections during the 60-day period immediately preceding each January 1.

(ii) For the calendar year an Employee becomes eligible to make Salary Deferrals under the SIMPLE 401(k) provisions, the 60-day election period requirement under subsection (i) is deemed satisfied if the Employee may make or modify a Salary Deferral election during a 60-day period that includes either the date the Employee becomes eligible or the day before.

(iii) Each Employee may terminate a Salary Deferral election at any time during the calendar year

(2) **Notice requirements.**

(i) The Employer will notify each Eligible Employee prior to the 60-day election period described in subsection (1) that he/she can make a Salary Deferral election or modify a prior election during that period.

(ii) The notification described in subsection (i) will indicate whether the Employer will provide a 3-percent Matching Contribution described in subsection (b)(3) or a 2-percent Employer Contribution described in subsection (b)(4).

(e) **Vesting requirements.** All benefits attributable to contributions described in subsections (b)(3) and (b)(4) are fully vested at all times, and all previous contributions made under the Plan are fully vested as of the beginning of the calendar year the SIMPLE 401(k) provisions apply.

(f) **Top Heavy rules.** The Plan is not treated as a Top Heavy Plan under Code §416 for any calendar year for which this Section 6.05 applies.

(g) **Nondiscrimination tests.** The ADP and ACP Tests described in Sections 6.01(a) and 6.02(a) are treated as satisfied for any calendar year for which this Section 6.05 applies.

(h) **SIMPLE Compensation.** SIMPLE Compensation for purposes of this Section 6.05 means the sum of wages, tips, and other compensation from the Eligible Employer subject to federal income tax withholding (as described in Code §6051(a)(3)) and the Employee's Salary Deferrals made under any other plan, and if applicable, Elective Deferrals under a SIMPLE IRA (as defined under Code §408(p), a SARSEP (as defined in Code §408(a)(6), or a plan or contract that satisfies the requirements of Code §403(b), and compensation deferred under a Code §457 plan, required to be reported by the employer on Form W-2 (as described in Code §6051(a)(8)). For self-employed individuals, SIMPLE Compensation means net earnings from self-employment determined under Code §1402(a) prior to subtracting any contributions made under the SIMPLE 401(k) plan on behalf of the individual. Compensation also includes amounts paid for domestic service (as described in Code §3401(a)(3). SIMPLE Compensation taken into account under the Plan is subject to the Compensation Limit (as defined under Section 1.26).

© Copyright 2020

SECTION 7
PARTICIPANT VESTING AND FORFEITURES

7.01 **Vesting of Contributions.** A Participant's vested interest in his/her Employer Contribution Account and Matching Contribution Account is determined based on the vesting schedule elected in AA §8. A Participant is always fully vested in his/her Salary Deferral Account, After-Tax Employee Contribution Account, QNEC Account, QMAC Account, Traditional Safe Harbor/QACA Safe Harbor Employer Contribution Account, Traditional Safe Harbor/QACA Safe Harbor Matching Contribution Account, and Rollover Contribution Account.

7.02 **Vesting Schedules.** A Participant's vested interest in his/her Employer Contribution Account and/or Matching Contribution Account is determined by multiplying the Participant's vesting percentage (determined under the applicable vesting schedule selected in AA §8) by the total amount under the applicable Account.

(a) **Full and immediate vesting schedule.** Under the full and immediate vesting schedule, the Participant is always 100% vested in his/her Account Balance.

(b) **6-year graded vesting schedule.** Under the 6-year graded vesting schedule, an Employee vests in his/her Employer Contribution Account and/or Matching Contribution Account in the following manner:

After 2 Years of Service – 20% vesting
After 3 Years of Service – 40% vesting
After 4 Years of Service – 60% vesting
After 5 Years of Service – 80% vesting
After 6 Years of Service – 100% vesting

(c) **3-year cliff vesting schedule.** Under the 3-year cliff vesting schedule, an Employee is 100% vested after 3 Years of Service. Prior to the third Year of Service, the vesting percentage is zero.

(d) **5-year graded vesting schedule.** Under the 5-year graded vesting schedule, an Employee vests in his/her Employer Contribution Account and/or Matching Contribution Account in the following manner:

After 1 Years of Service – 20% vesting
After 2 Years of Service – 40% vesting
After 3 Years of Service – 60% vesting
After 4 Years of Service – 80% vesting
After 5 Years of Service – 100% vesting

(e) **Modified vesting schedule.** Under the modified vesting schedule, the Employer may designate the vesting percentage that applies for each Year of Service. The vesting percentage selected under the modified vesting schedule for any Year of Service may not be less than the percentage that would be permitted under a permitted vesting schedule under this Section 7.02. Thus, for example, the modified vesting schedule for each Year of Service would have to satisfy the 6-year graded vesting schedule, unless 100% vesting occurs after no more than 3 Years of Service. (A modified vesting schedule may not be selected under the Standardized Plan Adoption Agreement.)

7.03 **Different Vesting Schedules for Different Sources.** The Employer may designate different vesting schedules for different sources (e.g., Matching Contributions, Employer Contributions and/or QACA Safe Harbor Contributions) under AA §8-2.

7.04 **Special vesting rules.**

(a) **Normal Retirement Age.** Regardless of the Plan's vesting schedule, an Employee's right to his/her Account Balance is fully vested upon the date he/she attains Normal Retirement Age (as defined in AA §7-1), provided the Employee is still employed at such time.

(b) **100% vesting upon death, disability, or Early Retirement Age.** The Employer may elect under AA §8-4 to allow a Participant's vesting percentage to automatically increase to 100% if the Participant dies, terminates employment upon becoming Disabled, becomes Disabled, and/or attains Early Retirement Age while employed by the Employer.

(c) **Safe Harbor 401(k) Plans.** If the Plan is a Safe Harbor 401(k) Plan as defined in Section 6.04, any Safe Harbor 401(k) Plan contributions made under the Plan are always 100% vested. If the Plan provides for QACA Safe Harbor Contributions under AA §6C-3, such contributions will vest in accordance with the vesting schedule selected under AA §8-2(b) of the Profit Sharing/401(k) Plan Adoption Agreement. If a Safe Harbor 401(k) Plan provides for regular Employer Contributions or Matching Contributions, such amounts will be vested in accordance with the vesting

© Copyright 2020

schedule selected under AA §8. Section 7.10 will not apply merely because the Plan is amended to add a vesting schedule for regular Employer Contributions or Matching Contributions.

(d) **Vesting upon merger, consolidation or transfer.** No accelerated vesting will be required solely because a Defined Contribution Plan is merged with another Defined Contribution Plan, or because assets are transferred from a Defined Contribution Plan to another Defined Contribution Plan. (See Section 14.05(a) for the benefits that must be protected as a result of a merger, consolidation or transfer.)

(e) **Vesting schedules applicable to prior contributions.** If the Plan holds Employer Contributions and/or Matching Contributions that are subject to vesting, but the Plan no longer provides for such contributions, the Plan will continue to apply the vesting schedule applicable to those contributions as determined under the prior Plan document. See Section 7.13(e) for the rules applicable to forfeitures of such prior contributions. The Employer may document any prior vesting schedule in AA Appendix A.

7.05 **Year of Service.** An Employee's position on the vesting schedule is dependent on the Employee's Years of Service with the Employer. Generally, an Employee will earn a vesting Year of Service for each Vesting Computation Period (as defined in Section 7.06) during which the Employee completes at least 1,000 Hours of Service. Alternatively, the Employer may elect under AA §8-5(a) to modify the definition of Year of Service to require completion of any lesser number of Hours of Service or may elect to calculate Years of Service using the Elapsed Time method (as defined in subsection (b) below).

(a) **Hours of Service.** Unless the Employer elects to use the Elapsed Time method under AA §8-5(c), vesting Years of Service will be determined based on an Employee's Hours of Service earned during the Vesting Computation Period.

(1) **Actual Hours of Service.** In determining an Employee's vesting Years of Service, the Employer will credit an Employee with the actual Hours of Service earned during the Vesting Computation Period, unless the Employer elects under AA §8-5(d) to determine Hours of Service using the Equivalency Method.

(2) **Equivalency Method.** Instead of counting actual Hours of Service in applying the Plan's vesting schedules, the Employer may elect under AA §8-5(d) to determine Hours of Service based on the Equivalency Method. Under the Equivalency Method, an Employee receives credit for a specified number of Hours of Service based on the period worked with the Employer.

(i) **Monthly.** Under the monthly Equivalency Method, an Employee is credited with 190 Hours of Service for each calendar month during which the Employee completes at least one Hour of Service with the Employer.

(ii) **Daily.** Under the daily Equivalency Method, an Employee is credited with 10 Hours of Service for each day during which the Employee completes at least one Hour of Service with the Employer.

(iii) **Weekly.** Under the weekly Equivalency Method, an Employee is credited with 45 Hours of Service for each week during which the Employee completes at least one Hour of Service with the Employer.

(iv) **Semi-monthly.** Under the semi-monthly Equivalency Method, an Employee is credited with 95 Hours of Service for each semi-monthly period during which the Employee completes at least one Hour of Service with the Employer.

(3) **Employee need not be employed for entire Vesting Computation Period.** If an Employee completes the required Hours of Service during a Vesting Computation Period, the Employee will receive credit for a Year of Service, even if the Employee is not employed for the entire Vesting Computation Period.

(b) **Elapsed Time method.** Instead of using Hours of Service in applying the Plan's vesting schedules, the Employer may elect under AA §8-5(c) to apply the Elapsed Time method for calculating an Employee's vesting service with the Employer. Under the Elapsed Time method, an Employee receives credit for the aggregate period of time worked for the Employer commencing with the Employee's first day of employment (or reemployment, if applicable) and ending on the date the Employee begins a Period of Severance which lasts at least 12 consecutive months. In calculating an Employee's aggregate period of service, an Employee receives credit for any Period of Severance that lasts less than 12 consecutive months. If an Employee's aggregate period of service includes fractional years, such fractional years are expressed in terms of days.

(1) **Period of Severance.** For purposes of applying the Elapsed Time method, a Period of Severance is any continuous period of time during which the Employee is not employed by the Employer. A Period of Severance begins on the date the Employee retires, quits or is discharged, or if earlier, the 12-month anniversary of the date on which the Employee is first absent from service for a reason other than retirement, quit or discharge.

© Copyright 2020

In the case of an Employee who is absent from work for maternity or paternity reasons, the 12-consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a Period of Severance. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence:

(i) by reason of the pregnancy of the Employee;

(ii) by reason of the birth of a child of the Employee;

(iii) by reason of the placement of a child with the Employee in connection with the adoption of such child by the Employee; or

(iv) for purposes of caring for a child of the Employee for a period beginning immediately following the birth or placement of such child.

(2) **Related Employers/Leased Employees.** For purposes of applying the Elapsed Time method, service will be credited for employment with any Related Employer. Service also will be credited for any service as a Leased Employee or as an employee under Code §414(o).

(c) **Change in service crediting method.** If the service crediting method is changed from an Hours of Service method to the Elapsed Time method or from the Elapsed Time method to an Hours of Service method, the amount of service credited to an Employee will be determined under subsection (1) or (2) below. For this purpose, a change in service crediting method will occur if the Plan is amended to change the service crediting method or if the service crediting method is changed as a result of an Employee's change in employment status.

(1) **Change to Elapsed Time method.** If the service crediting method is changed from an Hours of Service method to the Elapsed Time method, the amount of vesting service credited to an Employee will equal the sum of the service under subsections (i) and (ii) below:

(i) The number of Years of Service equal to the number of Years of Service credited under the Hours of Service method before the Vesting Computation Period during which the change to the Elapsed Time method occurs.

(ii) For the Vesting Computation Period in which the change occurs, the greater of:

(A) the period of service that would be credited under the Elapsed Time method from the first day of that Vesting Computation Period through the date of the change; or

(B) the service that would be taken into account under the Hours of Service method for the Vesting Computation Period which includes the date of the change.

If the period of service described in subsection (A) is the greater amount, then subsequent periods of service are credited under the Elapsed Time method beginning with the date of the change. If the period of service described in subsection (B) applies, the Elapsed Time method will be used beginning with the first day of the Vesting Computation Period that would have followed the Vesting Computation Period in which the change to the Elapsed Time method occurred.

If the change to the Elapsed Time method occurs as of the first day of a Vesting Computation Period, the use of the Elapsed Time method begins as of the date of the change, and the calculation in subsection (B) above does not apply. In such case, the Employee's service is determined under subsection (A) above plus the subsequent periods of service determined under the Elapsed Time method, starting with the effective date of the change.

(2) **Change to Hours of Service method.** If the service crediting method is changed from the Elapsed Time method to an Hours of Service method, the Employee's Elapsed Time service earned as of the date of the change is converted into Years of Service under the Hours of Service method, determined as the sum of subsections (i) and (ii), below:

(i) A number of Years of Service is credited that equals the number of 1-year periods of service credited under the Elapsed Time method as of the date of the change.

© Copyright 2020

(ii) For the Vesting Computation Period which includes the date of the change, the Employee is credited with an equivalent number of Hours of Service, using one of the Equivalency Methods defined in Section 2.03(a)(5) above for any fractional year that was credited under the Elapsed Time method as of the date of the change.

For the portion of the Vesting Computation Period following the date of the change, actual Hours of Service are counted. The Hours of Service credited for the portion of the Vesting Computation Period in which the Elapsed Time method was in effect are added to the actual Hours of Service credited for the remaining portion of the Vesting Computation Period to determine if the Employee has a Year of Service for that Vesting Computation Period.

7.06 **Vesting Computation Period.** Generally, the Vesting Computation Period is the Plan Year. Alternatively, the Employer may elect under AA §8-5(b) to use the 12-month period commencing on the Employee's Employment Commencement Date (or reemployment date, if applicable) and each subsequent 12-month period commencing on the anniversary of such date or the Employer may elect to use any other 12-consecutive month period as the Vesting Computation Period.

7.07 **Excluded service.** Generally, except as provided under Section 7.09 with respect to service excluded under the Break in Service rules, all service with the Employer counts for purposes of applying the Plan's vesting schedules. However, the Employer may elect under AA §8-3 to exclude certain service with the Employer in calculating an Employee's vesting Years of Service.

(a) **Service before the Effective Date of the Plan.** The Employer may elect under AA §8-3(a) to exclude service earned during any period prior to the date the Employer established the Plan or a Predecessor Plan. For this purpose, a Predecessor Plan is a qualified plan maintained by the Employer that is terminated within the 5-year period immediately preceding or following the establishment of this Plan. A Participant's service under a Predecessor Plan must be counted for purposes of determining the Participant's vested percentage under this Plan.

(b) **Service before a specified age.** The Employer may elect under AA §8-3(b) to exclude service before an Employee attains a specified age (not to exceed age 18). An Employee will be credited with a Year of Service for the Vesting Computation Period during which the Employee attains the required age, provided the Employee satisfies all other conditions required for a Year of Service.

7.08 **Service with Predecessor Employers.** If the Employer maintains the plan of a Predecessor Employer, any service with such Predecessor Employer is treated as service with the Employer for purposes of applying the provisions of this Plan. If the Employer does not maintain the plan of a Predecessor Employer, service with such Predecessor Employer does not count for vesting purposes under this Section 7, unless the Employer specifically designates under AA §4-5 to credit service with such Predecessor Employer for vesting. Unless designated otherwise under AA §4-5, if the Employer takes into account service with a Predecessor Employer, such service will count for purposes of eligibility under Section 2 (see Section 2.06) vesting under this Section 7, and for purposes of the minimum allocation conditions under Section 3.09 (see Section 3.09(c)).

7.09 **Break in Service Rules.** In addition to any service excluded under Section 7.07, the Employer may elect under AA §8-5 to disregard an Employee's vesting service with the Employer under the Break in Service rules set forth in this Section 7.09.

(a) **Break in Service.** An Employee incurs a Break in Service for any Vesting Computation Period (as defined in Section 7.06) during which the Employee does not complete more than five hundred (500) Hours of Service with the Employer. However, if the Employer elects under AA §8-5(a) to require less than 1,000 Hours of Service to earn a vesting Year of Service, a Break in Service will occur for any Vesting Computation Period during which the Employee does not complete more than one-half (1/2) of the Hours of Service required to earn a vesting Year of Service. In applying these Break in Service rules, Years of Service and Breaks in Service are measured on the same Vesting Computation Period.

(b) **One-Year Break in Service rule.** Under the One-Year Break in Service rule, if an Employee incurs a one-year Break in Service, such Employee will not be credited with any service earned prior to such one-year Break in Service for purposes of applying the Plan's vesting schedules until the Employee has completed a Year of Service after the Break in Service. The Employer must elect to apply the One-Year Break in Service rule under AA §8-5(f). Unless elected otherwise under AA §8-5(f), the One-Year Break in Service rule applies only with respect to an Employee who has terminated employment. The One-Year Break in Service rule is not available under the Standardized Plan Adoption Agreement.

If a Participant has service disregarded under the One-Year Break in Service rule, such Participant will have his/her service reinstated as of the first day of the Vesting Computation Period during which the Participant completes a Year of Service following the Break in Service.

© Copyright 2020

(c) **Nonvested Participant Break in Service rule.** Under the Nonvested Participant Break in Service rule, if an Employee is totally nonvested (i.e., 0% vested) in his/her Account Balance attributable to Employer and Matching Contributions, and such Employee incurs five (5) or more consecutive one-year Breaks in Service (or, if greater, a consecutive period of Breaks in Service at least equal to the Employee's aggregate number of Years of Service with the Employer), the Plan will disregard all service earned prior to such consecutive Breaks in Service for purposes of applying the vesting schedules under the Plan. If the Employer elects the Elapsed Time method of crediting service (as authorized under Section 7.05(b), an Employee will be treated as incurring five consecutive Breaks in Service when he/she incurs a Period of Severance of at least 60 months.

If the Employee continues in employment with the Employer after incurring the requisite Break in Service, such Employee will be treated as a new Employee for purposes of determining vesting under the Plan. For this purpose, a Participant who has made Salary Deferrals under the Plan will be treated as having a vested interest in the Plan. Thus, the Nonvested Participant Break in Service rule may not be used with respect to any contributions under the Plan (even if such Participant is totally nonvested in his/her Account Balance attributable to Employer and Matching Contributions) for a Participant who has made Salary Deferrals under the Plan. The Employer must elect to apply the Nonvested Participant Break in Service rule under AA §8-5. Unless elected otherwise under AA §8-5, the Nonvested Participant Break in Service rule applies only with respect to an Employee who has terminated employment. In determining an Employee's aggregate Years of Service for purposes of applying the Nonvested Participant Break in Service rule, any Years of Service otherwise disregarded under a previous application of this rule are not counted.

(d) **Five-Year Forfeiture Break in Service.** A Participant's vesting service also may be disregarded if the Participant incurs a Five-Year Forfeiture Break in Service, as described in Section 7.12(b) below.

7.10 **Amendment of Vesting Schedule.** If the Plan's vesting schedule is amended (or is deemed amended by an automatic change to or from a Top Heavy Plan vesting schedule) or if the Plan is amended in any way that directly or indirectly affects the computation of the Participant's vested percentage, each Participant with at least three (3) Years of Service with the Employer, as of the end of the election period described in the following paragraph, may elect to have his/her vested interest computed under the Plan without regard to such amendment or change. However, the new vesting schedule will apply automatically to an Employee, and no election will be provided, if the new vesting schedule is at least as favorable to such Employee, in all circumstances, as the prior vesting schedule.

The period during which the election may be made shall commence with the date the amendment is adopted or is deemed to be made and shall end on the latest of:

(a) 60 days after the amendment is adopted;

(b) 60 days after the amendment becomes effective; or

(c) 60 days after the Participant is issued written notice of the amendment by the Employer or Plan Administrator.

No amendment to the Plan shall be effective to the extent that it has the effect of decreasing a participant's accrued benefit. Notwithstanding the preceding sentence, a participant's Account Balance may be reduced to the extent permitted under Code §412(d)(2). For purposes of this paragraph, a plan amendment which has the effect of decreasing a participant's Account Balance, with respect to benefits attributable to service before the amendment, shall be treated as reducing an accrued benefit.

Furthermore, if the vesting schedule of the Plan is amended, in the case of an Employee who is a Participant as of the later of the date such amendment is adopted or effective, the vested percentage of such Employee's Account Balance derived from Employer Contributions (determined as of such date) will not be less than the percentage computed under the Plan without regard to such amendment.

7.11 **Special Vesting Rule - In-Service Distribution When Account Balance is Less than 100% Vested.** If amounts are distributed from a Participant's Employer Contribution Account or Matching Contribution Account at a time when the Participant's vested percentage in such amounts is less than 100% and the Participant may increase the vested percentage in the Account Balance:

(a) A separate Account will be established for the Participant's interest in the Plan as of the time of the distribution; and

(b) At any relevant time the Participant's vested portion of the separate Account will be equal to an amount ("X") determined by the formula:

$X = P (AB + D) - D$

Where:

© Copyright 2020

P is the vested percentage at the relevant time;

AB is the Account Balance at the relevant time; and

D is the amount of the distribution.

7.12 **Forfeiture of Benefits.** A Participant will forfeit the nonvested portion of his/her Employer Contribution and/or Matching Contribution Account upon the occurrence of any of the events described below. The Plan Administrator has the responsibility to determine the amount of a Participant's forfeiture. Until an amount is forfeited pursuant to this Section 7.12, a Participant's entire Account must remain in the Plan and continue to share in gains and losses of the Trust. A Participant will not forfeit any of his/her nonvested Account until the occurrence of one of the following events.

(a) **Cash-Out Distribution.** Following termination of employment, a Participant may receive a total distribution of his/her vested benefit under the Plan (a Cash-Out Distribution) in accordance with the distribution and Participant consent provisions under Section 8. If a Participant receives a Cash-Out Distribution upon termination of employment, the Participant's nonvested benefit under the Plan will be forfeited in accordance with subsection (1) below. If at the time of termination, a Participant is totally nonvested in his/her entire Account Balance, the Participant will be deemed to receive a total Cash-Out Distribution of his/her entire vested Account Balance (i.e., a deemed Cash-Out Distribution of zero dollars) as of the date of termination, subject to the forfeiture provisions under subsection (1) below.

A Cash-Out Distribution does not occur until such time as the Participant receives a distribution of his/her entire vested Account Balance, including amounts attributable to Salary Deferrals. If a Participant receives a distribution of less than the entire vested portion of his/her Account Balance (including any additional amounts to be allocated under subsection (1)(ii) below), the Participant will not be treated as receiving a Cash-Out Distribution until such time as the Participant receives a distribution of the remainder of the vested portion of his/her Account Balance.

(1) **Timing of forfeiture.** Unless elected otherwise under AA §8-7(b), if a Participant receives a Cash-Out Distribution of his/her vested Account Balance (as defined in subsection (a) above), the Participant will immediately forfeit the nonvested portion of such Account Balance, as of the date of the distribution or deemed distribution (as determined under subsection (i) or (ii) below, whichever applies). (See Section 7.13 below for a discussion of the treatment of forfeitures under the Plan.)

(i) **No further allocations.** For purposes of applying the Cash-Out Distribution rules, a terminated Participant who receives a total distribution of his/her vested Account Balance will be treated as receiving the Cash-Out Distribution as of the date the Participant receives such distribution (or in the case of a deemed Cash-Out Distribution (as described in subsection (a) above) as of the date the Participant terminates employment), provided the Participant is not entitled to any further allocations under the Plan for the Plan Year in which the Participant terminates employment. The Participant will forfeit his/her nonvested benefit as of the date the Participant receives the Cash-Out Distribution, in accordance with the provisions under Section 7.13.

(ii) **Additional allocations.** For purposes of applying the Cash-Out Distribution rules, if upon termination of employment, a Participant is entitled to an additional allocation for the Plan Year in which the Participant terminates, such Participant will not be deemed to receive a Cash-Out Distribution until such time as the Participant receives a distribution of his/her entire vested Account Balance, including any amounts that are still to be allocated under the Plan. Thus, a terminated Participant who is entitled to an additional allocation (e.g., an additional Employer Contribution) for the Plan Year of termination will not be deemed to have a total Cash-Out Distribution until the Participant receives a distribution of such additional amounts. In the case of a deemed Cash-Out Distribution (as described in subsection (a) above), if the Participant is entitled to an additional allocation under the Plan for the Plan Year in which the Participant terminates employment, the deemed Cash-Out Distribution is deemed to occur on the first day of the Plan Year following the Plan Year in which the termination occurs, provided the Participant is still totally nonvested in his/her Account Balance.

(iii) **Modification of Cash-Out Distribution rules.** The Employer may elect under AA §8-7(a) to modify the Cash-Out Distribution provision under subsection (ii) above to provide that the Cash-Out Distribution and related forfeiture occur immediately upon distribution (or deemed distribution) of the terminated Participant's vested Account Balance, without regard to whether the Participant is entitled to an additional allocation under the Plan.

(2) **Repayment of Cash-Out Distribution.** If a Participant receives a Cash-Out Distribution (as defined in subsection (a) above) that results in a forfeiture under subsection (1) above, and the Participant resumes

employment covered under the Plan, such Participant may repay to the Plan the amount received as a Cash-Out Distribution. For this purpose, unless elected otherwise under AA §8-6, to be entitled to a restoration of benefits (as described in subsection (3) below), the Participant must repay the entire amount of the Cash-Out Distribution, including any amounts attributable to Salary Deferrals. A Participant will only be permitted to repay his/her Cash-Out Distribution if such repayment is made before the earlier of:

(i) five (5) years after the first date on which the Participant is subsequently re-employed by the Employer; or

(ii) the date the Participant incurs a Five-Year Forfeiture Break in Service (as defined in subsection (b) below).

If a Participant receives a deemed Cash-Out Distribution (as described in subsection (a) above), and the Participant resumes employment covered under this Plan before the date the Participant incurs a Five-Year Forfeiture Break in Service, the Participant is deemed to repay the Cash-Out Distribution immediately upon his/her reemployment.

(3) **Restoration of forfeited benefit.** If a rehired Participant repays a Cash-Out Distribution in accordance with subsection (2) above, any amounts that were forfeited on account of such Cash-Out Distribution (unadjusted for any interest that might have accrued on such amounts after the distribution date) will be restored to the Plan no later than the end of the Plan Year following the Plan Year in which the Participant repays the Cash-Out Distribution (or is deemed to repay the Cash-Out Distribution under subsection (2) above). No amount will be restored under the Plan, however, until such time as the Participant repays the entire amount of the Cash-Out Distribution. (However, see subsection (d) below for a discussion of special rules that apply if a Participant's Cash-Out Distribution includes a distribution of Salary Deferrals.) In no event will a Participant be entitled to a restoration under this subsection (3) if the Participant returns to employment after incurring a Five-Year Forfeiture Break in Service (as defined in subsection (b) below).

(4) **Sources of restoration.** If a Participant's forfeited benefit is required to be restored under subsection (3), the restoration of such forfeited benefits will occur from the following sources. If the following sources are not sufficient to completely restore the Participant's benefit, the Employer must make an additional contribution to the Plan:

(i) Any unallocated forfeitures for the Plan Year of the restoration;

(ii) Any unallocated earnings for the Plan Year of the restoration; or

(iii) Any portion of a discretionary Employer Contribution to the extent such contribution has not been allocated to Participants' Accounts for the Plan Year of the restoration.

(b) **Five-Year Forfeiture Break in Service.** If a Participant has five (5) consecutive one-year Breaks in Service (a Five-Year Forfeiture Break in Service), all Years of Service after such Breaks in Service will be disregarded for the purpose of vesting in the portion of the Participant's Employer Contribution Account and/or Matching Contribution Account that accrued before such Breaks in Service. A Participant who incurs a Five-Year Forfeiture Break in Service will forfeit the nonvested portion of his/her Employer Contribution and/or Matching Contribution Account as of the end of the Vesting Computation Period in which the Participant incurs the fifth consecutive Break in Service. Except as provided under Section 7.09, a Participant who is rehired after incurring a Five-Year Forfeiture Break in Service will be credited with both pre-break and post-break service for purposes of determining his/her vested percentage in amounts that accrue under the Plan after the Five-Year Forfeiture Break in Service.

(c) **Missing Participant or Beneficiary.** Subject to the consent requirements of Code §411(a)(11) and the automatic rollover rules of Code §401(a)(31)(B), if the Plan is able to make a distribution to a Participant or Beneficiary without consent (as permitted under Section 8.04) and such Participant or Beneficiary cannot be located within a reasonable period following a reasonable diligent search, the missing Participant's or Beneficiary's Account may be forfeited, as provided in subsection (2) below. An Employer or Plan Administrator will be deemed to have performed a reasonable diligent search if it complies with the requirements of the Department of Labor's Field Assistance Bulletin 2014-01 (or subsequent guidance), as described below. In determining whether a reasonable period has elapsed following a reasonable diligent search, the Employer or Plan Administrator may follow any applicable guidance provided under statute, regulation, or other IRS or DOL guidance of general applicability. However, the Employer or Plan Administrator will be deemed to have waited a reasonable period following a reasonable diligent search if the Employer or Plan Administrator waits at least 6 months following the completion of a reasonable diligent search. For purposes of applying this subsection (c), a Participant or Beneficiary is considered missing only if the Plan may make a distribution to such Participant or Beneficiary without consent. (See Section 14.03(b)(4) for rules that apply for missing

© Copyright 2020

Participants or Beneficiaries upon Plan termination. Also see Section 8.06 for the availability of Automatic Rollover rules that permit the Plan Administrator to automatically rollover a Participant's Involuntary Cash-Out Distribution to an IRA upon the Participant's failure to consent to a distribution, without the need to locate the Participant.)

(1) **Reasonable diligent search.** The Employer or Plan Administrator will be deemed to have performed a reasonable diligent search if it complies with the requirements of the Department of Labor's Field Assistance Bulletin 2014-01 (or subsequent guidance). A reasonable diligent search may include:

(i) Sending a certified letter to the Participant's or Beneficiary's last known address;

(ii) Checking related plan records of the Employer (e.g., health plan records) to determine if a more current address exists for the Participant or Beneficiary;

(iii) If the Participant cannot be located, attempting to identify and contact any individual that the Participant has designated as a Beneficiary under the Plan for updated information concerning the location of the missing Participant; and

(iv) In addition to the search methods discussed above, using other search methods, including the use of Internet search tools, commercial locator services, and credit reporting agencies to locate the missing Participant.

The Plan will not be considered to violate the required minimum distribution standards under Code §401(a)(9) for its failure to commence or make a distribution to a Participant or Beneficiary to whom a payment is due if the Employer has met these reasonable search criteria.

(2) **Forfeiture of Account of missing Participant or Beneficiary.** If a Participant or Beneficiary is deemed to be missing (as described in this subsection (c)), the Plan Administrator may forfeit the distributable amount attributable to such missing Participant or Beneficiary, as permitted under applicable laws and regulations. If, after an amount is forfeited under this subsection (2), the missing Participant or Beneficiary is located, the Plan will restore the forfeited amount (unadjusted for gains or losses) to such Participant or Beneficiary within a reasonable time in accordance with the provisions of subsection (a)(3) above. However, if a missing Participant or Beneficiary has not been located by the time the Plan terminates, the forfeiture of such Participant's or Beneficiary's distributable amount will be irrevocable.

(3) **Expenses attributable to search for missing Participant.** Reasonable expenses attendant to locating a missing Participant may be charged to such Participant's Account, provided that the amount of such expenses is reasonable. The Plan Administrator may take into account the size of a Participant's Account in relation to the cost of the search when deciding how extensive a search is required before declaring such Participant as missing under this subsection (c).

(d) **Excess Deferrals, Excess Contributions, and Excess Aggregate Contributions.** If a Participant receives a distribution of Excess Deferrals, Excess Contributions, or Excess Aggregate Contributions, the portion of his/her Matching Contribution Account (whether vested or not) which is attributable to such distributed amounts will be forfeited, adjusted for any gain or loss consistent with the provisions under Sections 6.01(b)(2)(ii) and 6.02(b)(2)(ii). For this purpose, Matching Contributions need not be forfeited to the extent such amounts have been distributed as Excess Contributions or Excess Aggregate Contributions, pursuant to Section 6.01(b)(2) or 6.02(b)(2). A forfeiture of Matching Contributions under this subsection (d) occurs in the Plan Year in which the Participant receives the distribution of Excess Deferrals, Excess Contributions, and/or Excess Aggregate Contributions.

If the Plan is subject to both the ADP Test and the ACP Test for a given year, and forfeitures occur under this subsection (d) due to the distribution of Excess Contributions as a result of an ADP Test failure, the Plan Administrator may determine the amount of the forfeitures before the ACP Test is performed, in which case the forfeited Matching Contributions are not taken into account under the ACP Test, or may determine the amount of the forfeitures after performing (and correcting) both the ADP Test and ACP Test.

(e) **Forfeiture upon death of a Participant.** If elected under AA §8-8, upon the death of a Participant, the Plan may forfeit benefits (including vested benefits) as permitted under Code §411(a)(3)(A). In no event may the Plan forfeit any benefits required under the Qualified Joint and Survivor Annuity requirements under Section 9 of the Plan and Code §401(a)(11). In addition, in no event may the Plan forfeit any amounts attributable to a Participant's Salary Deferrals or After-Tax Employee Contributions under the Plan or if the Plan has commenced distributions prior to the Participant's death.

© Copyright 2020

7.13 **Allocation of Forfeitures.** The Employer may decide in its discretion how to treat forfeitures under the Plan. Alternatively, the Employer may designate under AA §8-6 how forfeitures occurring during a Plan Year will be treated. Under AA §8-6, the Employer may elect to use forfeitures in the Plan Year in which the forfeitures occur or in the Plan Year following the Plan Year in which the forfeitures occur. In applying the forfeiture provisions under the Plan, if there are any unused forfeitures as of the end of the Plan Year designated in AA §8-6(d) or (e), as applicable, any remaining forfeiture will be used (as designated in AA §8-6) in the immediately following Plan Year. The Employer may elect under AA §8-6 to allocate forfeitures in any manner permitted under this Section 7.13.

(a) **Reallocation as additional contributions under Profit Sharing/401(k) Plan Adoption Agreement.** The Employer may elect in AA §8-6 to reallocate forfeitures as additional contributions under the Plan. If the Employer elects under a Profit Sharing/401(k) Plan Adoption Agreement to reallocate forfeitures as additional contributions, the Employer may allocate such amounts as additional Employer Contributions and/or additional Matching Contributions. If the forfeitures allocated under this subsection (a) relate to discretionary contributions, such amounts may be allocated in the same manner as selected under AA §6-3 or AA §6B-2 with respect to the contribution type being allocated. If the forfeitures relate to fixed contributions, such amounts may be allocated in addition to such fixed contributions in the ratio that the Plan Compensation of each Participant bears to the Plan Compensation of all Participants. In allocating forfeitures under this subsection (a), the Employer may take into account any limits under AA §6B-4 of the Profit Sharing/401(k) Plan Adoption Agreement in determining the amount of forfeitures to be allocated as additional Matching Contributions. In applying the provisions of this subsection (a), no allocation of forfeitures will be made to any Participant with respect to forfeitures that arise out of his/her own Account. A Participant may share in any additional forfeitures to the extent the Participant is eligible to receive an allocation of such forfeitures under AA §8-6.

(b) **Reallocation as additional Employer Contributions under Money Purchase Plan Adoption Agreement.** The Employer may elect in AA §8-6 to reallocate forfeitures as additional Employer Contributions under the Plan. If the Employer elects under the Money Purchase Plan Adoption Agreement to reallocate forfeitures as additional Employer Contributions, such amounts will be allocated in the ratio that the Plan Compensation of each Participant bears to the Plan Compensation of all Participants. In applying the provisions of this subsection (b), no allocation of forfeitures will be made to any Participant with respect to forfeitures that arise out of his/her own Account.

(c) **Reduction of contributions.** The Employer may elect in AA §8-6 to use forfeitures to reduce Employer Contributions and/or Matching Contributions under the Plan. If the Employer elects under a Profit Sharing/401(k) Plan Adoption Agreement to use forfeitures to reduce contributions, the Employer may, in its discretion, use such forfeitures to reduce Employer Contributions, Matching Contributions, or both. The Employer may adjust its contribution deposits in any manner, provided the total Employer Contributions and/or Matching Contributions made for the Plan Year properly take into account the forfeitures that are to be used to reduce such contributions for that Plan Year.

If contributions are allocated over multiple allocation periods, the Employer may reduce its contribution for any allocation periods within the Plan Year in which the forfeitures are to be allocated so that the total amount allocated for the Plan Year is proper. If the Plan provides for a discretionary Employer or Matching Contribution and the Employer elects not to make an Employer or Matching Contribution for the Plan Year, any forfeitures will be allocated to eligible Participants as an additional Employer or Matching Contribution, as provided under subsection (a) above.

(d) **Payment of Plan expenses.** The Employer may elect under AA §8-6 to use forfeitures to pay Plan expenses for the Plan Year in which the forfeitures would otherwise be applied. If any forfeitures remain after the payment of Plan expenses under this subsection, the remaining forfeitures will be allocated as selected under AA §8-6. This subsection (d) only applies to the extent Plan expenses are paid by the Plan. Nothing herein affects the ability of the Employer to pay Plan expenses, as authorized under Section 11.05(a). In determining the Plan expenses that may be offset by Plan forfeitures, the Employer may use any reasonable method to determine the Plan expenses attributable to a particular year. For example, the Employer may treat any reasonable Plan expenses paid during a particular Plan Year as allocated to that Plan Year for purposes of applying forfeitures to pay such Plan expenses. In addition, the Employer may elect to use forfeitures first to reduce Employer and/or Matching Contributions or as an additional allocation (as set forth in AA §8-6) prior to using forfeitures to pay Plan expenses. If forfeiture amounts still remain, such forfeitures then may be used to pay Plan expenses.

(e) **Forfeiture rules for other contribution types.**

(1) **Forfeitures under a Safe Harbor 401(k) Plan.** The Employer may use forfeitures to reduce the Safe Harbor 401(k) Plan contributions. However, regardless of any elections under AA §8-6 of the Profit Sharing/401(k) Plan Adoption Agreement, forfeitures may be used to reduce Matching Contributions that satisfy the ACP Test safe harbor (as described in Section 6.04(i)) or may be allocated as additional discretionary Matching Contributions. If forfeitures under a Safe Harbor 401(k) Plan are allocated as additional discretionary Matching Contributions, such discretionary Matching Contributions will be subject to the requirements applicable to ACP Test safe harbor Matching Contributions under Section 6.04(i), without regard to any elections under the Plan.

© Copyright 2020

The use of forfeitures under this subsection to allocate as additional ACP Test safe harbor Matching Contributions or to reduce ACP Test safe harbor Matching Contributions will not cause the Plan to lose the exemption from Top-Heavy Testing as described in Section 6.04(k).

(2) **Prior Employer and/or Matching Contributions.** If the Plan maintains Employer Contribution and/or Matching Contribution Accounts, but the Plan no longer provides for such contributions, such amounts will continue to vest under the vesting schedule applicable to such contributions under the prior Plan or under any vesting schedule designated under Appendix A of the Adoption Agreement. If there are any forfeitures related to such prior contributions, such amounts may be reallocated as an additional Employer Contribution or as an additional Matching Contribution in accordance with the provisions of subsection (a) or (b), to the extent such contributions are authorized under the Plan, or may be used to reduce any Employer Contribution or Matching Contribution, consistent with the provisions of subsection (c) above. If the Plan does not provide for either Employer Contributions or Matching Contributions, the Employer may reallocate forfeitures of prior contributions as an Employer Contribution (using the pro rata allocation formula) or as a discretionary Matching Contribution under AA §6-3(a) or AA §6B-2(a) of the Profit Sharing/401(k) Plan Adoption Agreement, as applicable, or as a fixed contribution under AA §6-2(a) of the Money Purchase Plan Adoption Agreement. Alternatively, the Employer may use such forfeitures to pay Plan expenses as authorized under subsection (d). The Employer may elect to use such forfeitures in the Plan Year the forfeiture occurs or in the following Plan Year.

(3) **Excess Deferrals, Excess Contributions, and Excess Aggregate Contributions.** If a Participant forfeits any portion of his/her Matching Contribution Account as a result of a corrective distribution of Excess Contributions or Excess Aggregate Contributions, as set forth under Section 7.12(d), such amounts will be treated as a forfeiture in the Plan Year in which the Participant receives the distribution of Excess Deferrals, Excess Contributions, and/or Excess Aggregate Contributions. A forfeiture of Matching Contributions under this subsection (3) will be treated in accordance with the selections applicable to Matching Contributions under AA §8-6 of the Profit Sharing/401(k) Plan Adoption Agreement. If no selections are made under AA §8-6 of the Profit Sharing/401(k) Plan Adoption Agreement with respect to Matching Contributions (e.g., because the Matching Contributions are 100% vested), the Employer may elect to reallocate the forfeiture as an additional Matching Contribution or may use the forfeiture to reduce Matching Contributions in the year the forfeiture occurs or in the following Plan Year. Alternatively, the Employer may use such forfeitures to pay Plan expenses as authorized under subsection (d).

(4) **Other contributions.** If a Participant has any other amounts under the Plan which are treated as forfeited (e.g. a forfeiture for a missing Participant under Section 7.12(c)), such amounts may be forfeited in accordance with the provisions under subsection (1) above.

© Copyright 2020

SECTION 8
PLAN DISTRIBUTIONS

Subject to the Qualified Joint and Survivor Annuity Requirements under Section 9, a Participant may receive a distribution of his/her vested Account Balance at the time and in the manner provided under this Section 8. Upon reaching the Required Beginning Date (defined in Section 8.12(e)(5)), a Participant must begin receiving distributions under the Plan (in accordance with the provisions of Section 8.12.)

8.01 **Deferred distributions.** A Participant must be permitted to receive a distribution from the Plan no later than the 60th day after the latest of the close of the Plan Year in which:

(a) the Participant attains age 65 (or Normal Retirement Age, if earlier);

(b) occurs the 10th anniversary of the year in which the Participant commenced participation in the Plan; or

(c) the Participant terminates service with the Employer.

A failure by the Participant (and Spouse, if applicable) to consent to a distribution while a benefit is immediately distributable shall be deemed to be an election to defer commencement of payment of any benefit sufficient to satisfy this section. For this purpose, an Account Balance is immediately distributable if any part of the Account Balance could be distributed to the Participant (or surviving Spouse) before the Participant attains or would have attained if not deceased) the later of Normal Retirement Age or age 62.

8.02 **Available Forms of Distribution.** Subject to the Qualified Joint and Survivor Annuity (QJSA) rules described in Section 9, the Employer may elect under AA §9-1 the forms of distribution that are available to a Participant or Beneficiary under the Plan. Different distribution options may apply depending on whether a distribution is made upon termination of employment, death, disability or as an in-service withdrawal. Available distribution options under AA §9-1 may include a lump sum of all or a portion of the Participant's vested Account Balance, an in-kind distribution of an Annuity Contract, partial lump sums, installments, annuity payments, or any other form designated in AA §9-1. In addition, distribution options may be available as provided under a guaranteed income product to the extent such distribution options are consistent with the requirements of ERISA and other qualification requirements. Any distribution options selected under the Plan must comply with the required minimum distribution rules under Section 8.12.

(a) **Installment or annuity forms of distribution.** If the Plan provides for installment payments as an optional form of distribution, such payments may be made in monthly, quarterly, semi-annual, or annual payments over a period not exceeding the life expectancy of the Participant and his/her designated Beneficiary. The Plan Administrator may permit a Participant or Beneficiary to accelerate the payment of all, or any portion, of an installment distribution. If the Plan provides for annuity payments, the Plan must purchase an annuity that provides for payments over a period that does not extend beyond either the life of the Participant (or the lives of the Participant and his/her designated Beneficiary) or the life expectancy of the Participant (or the life expectancy of the Participant and his/her designated Beneficiary). The availability of installments and or annuity payments may be restricted under AA §9-1.

Regardless of the distribution options selected under AA §9-1, if the Plan is subject to the Joint and Survivor Annuity requirements (as described in Section 9), the Plan must make distribution in the form of a QJSA (as defined in Section 9.02(a)) unless the Participant (and Spouse, if the Participant is married) elects an alternative distribution form in accordance with a Qualified Election (as defined in Section 9.04).

(b) **In-kind distributions.** Nothing in this Section 8 precludes the Plan Administrator from making a distribution in the form of property, or other in-kind distribution, in a nondiscriminatory manner. If the Plan invests in Annuity Contracts, Qualifying Employer Securities or Qualifying Employer Real Property, the Plan Administrator may make a distribution in the form of distributed Annuity Contracts, Employer Securities or other property, unless designated otherwise under AA §9-6(e). An in-kind distribution is only available to the extent such investments are held in the Participant's Account at the time of the distribution. This subsection (b) does not give any Participant the right to request an in-kind distribution if not otherwise authorized by the Plan Administrator.

(c) **Distribution options applicable to prior contributions.** Subject to the protected benefits rules under Code §411(d)(6), if the Plan holds Employer Contributions and/or Matching Contributions, but the Plan no longer provides for such contributions, the Plan may continue to apply the distribution options applicable to those contributions as determined under the prior Plan document, unless elected otherwise. The Employer may document any prior distribution options in AA Appendix A or AA §10-3.

8.03 **Amount Eligible for Distribution.** For purposes of determining the amount a Participant or Beneficiary may receive as a distribution from the Plan, a Participant's Account Balance is determined as of the Valuation Date (as specified in AA §11-1)

© Copyright 2020

immediately preceding the date the Participant or Beneficiary receives his/her distribution from the Plan. For this purpose, the Account Balance must be increased for any contributions allocated to the Participant's Account since the most recent Valuation Date and must be reduced for any distributions made from the Participant's Account since the most recent Valuation Date. A Participant or Beneficiary does not share in any allocation of gains or losses attributable to the period between the most recent Valuation Date and the date of the distribution, unless provided otherwise under uniform funding and valuation procedures established by the Plan Administrator. See Section 10.03.

If a Participant's vested Account Balance upon termination does not exceed a distribution processing fee that would otherwise be charged to the Participant upon distribution, the Plan may use such amounts to pay the distribution processing fee or may treat the distribution amount as a forfeiture in accordance with the provisions under Section 7.13.

8.04 **Participant Consent.** If the value of a Participant's entire vested Account Balance exceeds the Involuntary Cash-Out threshold (as defined in subsection (a) below), the Participant must consent to any distribution of such Account Balance prior to his/her Required Beginning Date (as defined in Section 8.12(e)(5)) or, if so provided in AA §9-6(d), as of the date the Participant attains (or would have attained if not deceased) the later of Normal Retirement Age or age 62. If a distribution is subject to Participant consent, the Participant must consent in writing to the distribution within the 180-day period ending on the Annuity Starting Date (as defined in Section 1.12). If the distribution is subject to the Qualified Joint and Survivor Annuity requirements under Section 9, the Participant's Spouse (if the Participant is married at the time of the distribution) also must consent to the distribution in accordance with Section 9.04.

(a) **Involuntary Cash-Out threshold.** For purposes of determining whether a distribution is subject to the Participant consent requirements as described in Section 8.04, the Involuntary Cash-Out threshold is $5,000 unless a lesser amount is designated under AA §9-6(a). (See Section 8.06 for a discussion of the Automatic Rollover rules that apply if a Participant does not consent to a distribution that does not exceed the Involuntary Cash-Out threshold.)

(b) **Rollovers disregarded in determining value of Account Balance for Involuntary Cash-Outs.** For purposes of determining whether a Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold described in subsection (a), the value of the Participant's vested Account Balance shall be determined with regard to that portion of the Account Balance that is attributable to Rollover Contributions (and earnings allocable thereto) within the meaning of Code §§402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16). Alternatively, the Employer may elect in AA §9-6(c) to exclude Rollover Contributions (and earnings allocable thereto) in determining whether the Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold.

(c) **Participant notice.** Prior to receiving a distribution from the Plan, a Participant must be notified of his/her right to defer any distribution from the Plan in accordance with the provisions under Section 8.01. The notification shall include a general description of the material features and the relative values of the optional forms of benefit available under the Plan (consistent with the requirements under Code §417(a)(3)). The Participant notice must include a description of the consequences of a Participant's decision not to defer the receipt of a distribution. The notice must be provided no less than 30 days and no more than 180 days prior to the Participant's Annuity Starting Date. However, distribution may commence less than 30 days after the notice is given, if the Participant is clearly informed of his/her right to take 30 days after receiving the notice to decide whether or not to elect a distribution (and, if applicable, a particular distribution option), and the Participant, after receiving the notice, affirmatively elects to receive the distribution prior to the expiration of the 30-day minimum period. (But see Section 9.02 for the rules regarding the timing of distributions when the Qualified Joint and Survivor Annuity requirements apply.) The notice requirements described in this paragraph may be satisfied by providing a summary of the required information, so long as the conditions described in applicable regulations for the provision of such a summary are satisfied, and the full notice is also provided (without regard to the 180-day period described in this subsection).

(d) **Special rules.** The consent rules under this Section 8.04 apply to distributions made after the Participant's termination of employment and to distributions made prior to the Participant's termination of employment. However, the consent of the Participant (and the Participant's Spouse, if applicable) shall not be required to the extent that a distribution is required to satisfy the required minimum distribution rules under Section 8.12 or to satisfy the requirements of Code §415, as described in Section 5.03. A Participant also will not be required to consent to a corrective distribution of Excess Deferrals, Excess Contributions or Excess Aggregate Contributions.

8.05 **Direct Rollovers.** Notwithstanding any provision in the Plan to the contrary, a Participant may elect, at the time and the manner prescribed by the Plan Administrator, to have all or any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan in a Direct Rollover. The Plan Administrator may decide whether or not to provide a partial Direct Rollover if the Eligible Rollover Distribution is less than $500. For purposes of this Section 8.05, a Participant includes a Participant or former Participant. In addition, this Section applies to any distribution from the Plan made to a Participant's surviving Spouse or to a Participant's Spouse or former Spouse who is the Alternate Payee under a QDRO, as defined in Section 11.06(b)(3). This Section 8.05 also applies to distributions made to a Participant's non-Spouse beneficiary, as set forth in subsection (c) below.

© Copyright 2020

(a) Definitions.

(1) Eligible Rollover Distribution. An Eligible Rollover Distribution is any distribution of all or any portion of a Participant's Account Balance, except an Eligible Rollover Distribution does not include:

(i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancies) of the Participant and the Participant's Beneficiary, or for a specified period of ten years or more;

(ii) any distribution to the extent such distribution is a required minimum distribution under Code §401(a)(9), as described under Section 8.12;

(iii) any Hardship distribution, as described in Section 8.10(e);

(iv) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to Employer securities);

(v) any distribution if it is reasonably expected (at the time of the distribution) that the total amount the Participant will receive as a distribution during the calendar year will total less than $200; or

(vi) a distribution made to satisfy the requirements of Code §415 (as described in Section 5.03) or a distribution to correct Excess Deferrals, Excess Contributions or Excess Aggregate Contributions (as described in Sections 5.02(b), 6.01(b)(2), and 6.02(b)(2)).

(2) Eligible Retirement Plan. For purposes of applying the Direct Rollover provisions under this Section 8.05, an Eligible Retirement Plan is:

(i) a qualified plan described in Code §401(a);

(ii) an individual retirement account described in Code §408(a);

(iii) an individual retirement annuity described in Code §408(b);

(iv) an annuity plan described in Code §403(a);

(v) an annuity contract described in Code §403(b);

(vi) an eligible plan under Code §457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan; or

(vii) for rollovers made on or after December 31, 2015, a SIMPLE IRA described in Code §408(p). However, the following restrictions apply: (1) the provision does not allow SIMPLE IRAs to accept rollovers from designated Roth accounts, and (2) the change applies only to rollovers made after the two-year period beginning on the date the Participant first participated in their employer's SIMPLE IRA plan,

The definition of Eligible Retirement Plan also applies in the case of a distribution to a surviving Spouse, or to a Spouse or former Spouse who is the Alternate Payee under a QDRO, as defined in Section 11.06(b)(3).

To the extent any portion of an Eligible Rollover Distribution is attributable to Roth Deferrals (as defined in Section 3.03(e)), an Eligible Retirement Plan with respect to such portion of the distribution shall include only another designated Roth account of the Participant or a Roth IRA. To the extent any portion of an Eligible Rollover Distribution is attributable to After-Tax Employee Contributions, an Eligible Retirement Plan with respect to such portion of the distribution shall include only an individual retirement account or annuity described in Code §408(a) or (b) or a qualified Defined Contribution Plan described in Code §401(a) or §403(a) that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not includible in gross income.

© Copyright 2020

(3) **Direct Rollover.** A Direct Rollover is a payment made directly from the Plan to the Eligible Retirement Plan specified by the Participant. The Employer may develop reasonable procedures for accommodating Direct Rollover requests.

(b) **Direct Rollover notice.** A Participant entitled to an Eligible Rollover Distribution must receive a written explanation of his/her right to a Direct Rollover, the tax consequences of not making a Direct Rollover, and, if applicable, any available special income tax elections. The notice must be provided within 30 – 180 days prior to the Participant's Annuity Starting Date, in the same manner as described in Section 8.04(c). The Direct Rollover notice must be provided to all Participants, unless the total amount the Participant will receive as a distribution during the calendar year is expected to be less than $200.

If a Participant terminates employment and is eligible for a distribution which is not subject to Participant consent, and the Participant does not respond to the Direct Rollover notice indicating whether a Direct Rollover is desired and the name of the Eligible Retirement Plan to which the Direct Rollover is to be made, the Plan Administrator may distribute the Participant's entire vested Account Balance in the form of an Automatic Rollover (pursuant to Section 8.06). (However, see Section 8.06(b) for special rules that apply to Involuntary Cash-Out Distributions below $1,000.) If a distribution would qualify for Automatic Rollover, the Direct Rollover notice must describe the procedures for making an Automatic Rollover, including the name, address, and telephone number of the IRA trustee and information regarding IRA maintenance and withdrawal fees and how the IRA funds will be invested. The Direct Rollover notice also must describe the timing of the Automatic Rollover and the Participant's ability to affirmatively opt out of the Automatic Rollover.

(c) **Direct Rollover by non-Spouse beneficiary.** The Plan must permit a non-Spouse beneficiary (as defined in Code §401(a)(9)(E)) to make a direct rollover of an eligible rollover distribution to an individual retirement account under Code §408(a) or an individual retirement annuity under Code §408(b) that is established on behalf of the designated Beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Code §402(c)(11). A non-Spouse rollover will be subject to the direct rollover requirements under Code §401(a)(31), the rollover notice requirements under Code §402(f) or the mandatory withholding requirements under Code §3405(c).

(d) **Direct Rollover of non-taxable amounts.** Notwithstanding any other provision of the Plan, an Eligible Rollover Distribution may include the portion of any distribution that is not includible in gross income. For this purpose, an Eligible Retirement Plan includes a Defined Contribution or Defined Benefit Plan qualified under Code §401(a) and a tax-sheltered annuity plan under Code §403(b), provided the rollover is accomplished through a direct rollover and the recipient Eligible Retirement Plan separately accounts for any amounts attributable to the rollover of any nontaxable distribution and earnings thereon.

(e) **Rollovers to Roth IRA.** A Participant or beneficiary (including a non-spousal beneficiary to the extent permitted under subsection (c) above), may rollover an Eligible Rollover Distribution (as defined in subsection (a)(1)) to a Roth IRA, provided the Participant (or beneficiary) satisfies the requirements for making a Roth contribution under Code §408A(c)(3)(B). Any amounts rolled over to a Roth IRA will be included in gross income to the extent such amounts would have been included in gross income if not rolled over (as required under Code §408A(d)(3)(A)). For purposes of this subsection (e), the Plan Administrator is not responsible for assuring the Participant (or beneficiary) is eligible to make a rollover to a Roth IRA.

8.06 **Automatic Rollover.** The Automatic Rollover rules in this Section 8.06 are effective for all Involuntary Cash-Out Distributions (as defined in subsection (b). See Section 14.03(b)(4) for special rules that apply upon termination of the Plan. For purposes of applying the Automatic Rollover provisions under this Section 8.06, a Participant's Roth Deferral Account and the Participant's other Accounts are treated as accounts held under separate plans. (See Treas. Reg. §1.401(k)-1(f)(4)(ii).)

(a) **Automatic Rollover requirements.** If a Participant is entitled to an Involuntary Cash-Out Distribution (as defined in subsection (b) below), and the Participant does not elect to receive a distribution of such amount (either as a Direct Rollover to an Eligible Retirement Plan or as a direct distribution to the Participant), then the Plan Administrator may pay the distribution in a Direct Rollover to an individual retirement plan (IRA) designated by the Plan Administrator. (The Automatic Rollover provisions under this subsection (a) apply to any Involuntary Cash-Out Distribution for which the Participant fails to consent to a distribution, without regard to whether the Participant can be located. See Section 7.12(c) for alternatives if the Participant cannot be located after a reasonable diligent search.)

© Copyright 2020

(b) **Involuntary Cash-Out Distribution.** An Involuntary Cash-Out Distribution is any distribution that is made from the Plan without the Participant's consent. Unless elected otherwise under AA §9-6(b), an Involuntary Cash-Out Distribution, for purposes of applying the Automatic Rollover requirements under this Section 8.06, does not include any amounts below $1,000. To the extent elected under AA §9-6(d), an Involuntary Cash-Out Distribution also includes a distribution that may be made without Participant consent upon attainment of age 62 or Normal Retirement Age. (See Section 8.04 for the Participant consent requirements with respect to distributions under the Plan.) The Plan Administrator may decide whether or not to provide for an Automatic Rollover for a distribution if it is reasonably expected (at the time of the distribution) that the total amount the Participant will receive as a distribution during the calendar year will total less than $200.

(c) **Treatment of Rollover Contributions.** Unless elected otherwise under AA §9-6(c), for purposes of determining whether a mandatory distribution is greater than $1,000, the portion of the Participant's distribution attributable to any Rollover Contribution is included.

8.07 **Distribution Upon Termination of Employment.** Subject to the required minimum distribution provisions under Section 8.12, a Participant who terminates employment for any reason (other than death) is entitled to receive a distribution of his/her vested Account Balance in accordance with this Section 8.07. (See Section 8.08 for the applicable rules when a Participant dies before distribution of his/her vested Account Balance is completed.)

(a) **Account Balance not exceeding $5,000.** If a Participant's vested Account Balance does not exceed $5,000 at the time of distribution, the only distribution option available under the Plan is a lump sum option. The Participant will be eligible to receive a distribution of his/her vested Account Balance as of the date selected in AA §9-3(b). (The Employer may elect in AA §9-6(a) to require a Participant to consent to a distribution where his/her vested Account Balance does not exceed an amount below $5,000. However this will not change the distribution options described in this subsection (a), unless the Employer specifically modifies such options under AA §9-3(b)(5). See Section 8.04 for a further discussion of the consent requirements under the Plan.)

(b) **Account Balance exceeding $5,000.** If a Participant's vested Account Balance exceeds $5,000 at the time of distribution, the Participant may elect to receive a distribution of his/her vested Account Balance in any form permitted under AA §9-1. The Participant will be eligible to receive a distribution of his/her vested Account Balance as of the date selected in AA §9-3. (See Section 8.04 for a discussion of the consent requirements under the Plan.) Distributions to Employees may be accelerated upon special circumstances, such as termination after attainment of Normal Retirement Age or other special circumstances, provided such acceleration does not cause the Plan to violate the nondiscrimination rules under Code §401(a)(4) and the regulations thereunder.

8.08 **Distribution Upon Death.** Subject to the Required Minimum Distribution rules in Section 8.12, a Participant's vested Account Balance will be distributed to the Participant's Beneficiary(ies) in accordance with this Section 8.08. (See subsection (c) for rules regarding the determination of Beneficiaries upon the death of the Participant.) The form of benefit payable with respect to a deceased Participant will depend on whether the Participant dies before or after distribution of his/her Account Balance has commenced.

(a) **Death after commencement of benefits.** If a Participant begins receiving a distribution of his/her benefits under the Plan, and subsequently dies prior to receiving the full value of his/her vested Account Balance, the remaining benefit will continue to be paid to the Participant's Beneficiary(ies) in accordance with the form of payment that has already commenced. If a Participant commences distribution prior to death only with respect to a portion of his/her Account Balance, then the rules in subsection (b) apply to the rest of the Account Balance.

(b) **Death before commencement of benefits.** If a Participant dies before commencing distribution of his/her benefits under the Plan, the form and timing of any death benefits will depend on whether the value of the death benefit exceeds $5,000. In determining whether the value of the death benefit exceeds $5,000, if there is both a QPSA death benefit and a non-QPSA death benefit, each death benefit is valued separately to determine whether it exceeds $5,000.

(1) **Death benefit not exceeding $5,000.** If the value of the death benefit does not exceed $5,000, such benefit will be paid to the Participant's Beneficiary(ies) in a single sum as soon as administratively feasible following the Participant's death.

(2) **Death benefit exceeding $5,000.** If the value of the death benefit exceeds $5,000, the payment of the death benefit will depend on whether the Qualified Joint and Survivor Annuity requirements apply. See Section 9 to determine whether the Qualified Joint and Survivor Annuity rules apply to a death distribution from the Plan.

(i) **If the Qualified Joint and Survivor Annuity requirements do not apply**, the entire death benefit is payable in the form and at the time described in subsection (ii)(B).

© Copyright 2020

(ii) **If the Qualified Joint and Survivor Annuity requirements apply**, the death benefit may consist of a QPSA death benefit (as described in Section 9.03(a)) and, if applicable, a non-QPSA death benefit.

(A) **QPSA death benefit.** Subject to the waiver procedures under Section 9.04(b), if the Participant is married at the time of death, the surviving Spouse is entitled to a QPSA death benefit payable in accordance with the provisions under Section 9.03. (See Section 9.04(c) for rules regarding the determination of a Participant's marital status.)

(B) **Non-QPSA death benefits.** If a Participant is not married at the time of death, the QPSA death benefit was waived under a Qualified Election, or if the QPSA death benefit is less than 100% of the Participant's vested Account Balance, then the non-QPSA death benefit is payable in the form and at the time described in this subsection (B). Any death benefit payable under this subsection (B) will be paid in a lump sum as soon as administratively feasible following the Participant's death. However, the death benefit may be payable in a different form if prescribed by the Participant's Beneficiary designation, or the Beneficiary, before a lump sum payment of the benefit is made, elects to receive the distribution in an alternative form of benefit permitted under Section 8.02.

In no event will any death benefit be paid in a manner that is inconsistent with the Required Minimum Distribution rules under Section 8.12. The Beneficiary of any pre-retirement death benefit described in this subsection (b) may postpone the commencement of the death benefit to a date that is not later than the latest commencement date permitted under Section 8.12. The provisions of this Section 8.08(b) do not apply to a Beneficiary who is entitled to benefits under the Plan after a Particpant's death and the Plan Administrator may pay out such benefits in such time and manner as determined by the Plan Administrator.

(c) **Determining a Participant's Beneficiary.** The determination of a Participant's Beneficiary(ies) to receive any death benefits under the Plan will be based on the Participant's (or Beneficiary's, if applicable) Beneficiary designation under the Plan. If a Participant (or Beneficiary, if applicable) does not designate a Beneficiary to receive the death benefits under the Plan, distribution will be made to the default Beneficiaries, as set forth in subsection (3) below. However, any designation of a Beneficiary other than the Participant's Spouse, must satisfy the consent requirements under subsection (2)(i) and (ii) below.

(1) **Post-retirement death benefit.** If a Participant dies after commencing distribution of benefits under the Plan (but prior to receiving a distribution of his/her entire vested Account Balance under the Plan), the Beneficiary of any post-retirement death benefit is determined in accordance with the Beneficiary selected under the distribution option in effect prior to death.

(2) **Pre-retirement death benefit.** If a Participant dies before commencing distribution of his/her benefits under the Plan, the determination of the Participant's Beneficiary will be determined at the time of death under subsection (i) or (ii), as applicable.

(i) **If the Qualified Joint and Survivor Annuity requirements apply**, the QPSA death benefit will be payable in accordance with Section 9.02. If a QPSA death benefit is payable under Section 9.02, such benefit will be paid to the Participant's surviving Spouse, unless:

(A) there is no surviving Spouse (determined under applicable law at the time of the Participant's death);

(B) the surviving Spouse has consented to the designation of an alternate Beneficiary(ies) under a Qualified Election (as defined in Section 9.04); or

(C) the surviving Spouse makes a valid disclaimer of the death benefit.

If the Qualified Joint and Survivor Annuity requirements apply, the Spouse is determined as of the Annuity Starting Date for purposes of determining whether a valid election has been made to waive the post-retirement death benefit. If the Qualified Joint and Survivor Annuity requirements do not apply, the Spouse is determined as of the Participant's date of death for purposes of determining whether a valid election has been made to waive the post-retirement death benefit.

If the QPSA death benefit applies to less than 100% of the Participant's vested Account Balance, the remaining death benefit is payable to any Beneficiary(ies) named in the Participant's Beneficiary designation, without regard to whether spousal consent is obtained for such designation. If a Spouse does not properly consent to a Beneficiary designation, the QPSA waiver is invalid and the QPSA

© Copyright 2020

death benefit is still payable to the Spouse, but the Beneficiary designation remains valid with respect to any non-QPSA death benefit.

(ii) **If the Qualified Joint and Survivor Annuity requirements do not apply,** the surviving Spouse (determined under applicable law at the time of the Participant's death) will be treated as the sole Beneficiary, regardless of any contrary Beneficiary designation, unless there is no surviving Spouse, the Participant has been deemed to not have a Spouse as provided for under Section 9.04(c)(1) or the Spouse has consented to the Beneficiary designation in a manner that is consistent with the requirements for a Qualified Election under Section 9.04 or the Spouse makes a valid disclaimer.

(3) **Default beneficiaries.** To the extent a Beneficiary has not been named by the Participant (subject to the spousal consent rules discussed above) and is not designated under the terms of the Investment Arrangement(s), this Plan or the Adoption Agreement to receive all or any portion of the deceased Participant's death benefit, such amount shall be distributed to the Participant's surviving Spouse (if the Participant was married at the time of death) who shall be considered the designated Beneficiary. If a Participant is legally divorced, the former Spouse is not considered the default Beneficiary. If the Participant does not have a surviving Spouse at the time of death, distribution will be made to the Participant's surviving children (including legally adopted children, but not including step-children), as designated Beneficiaries, in equal shares. If the Participant has no surviving children, distribution will be made to the Participant's estate. The Employer may modify the default beneficiary rules described in this subparagraph under AA §9-5(a).

(4) **Identification of Beneficiaries.** The Plan Administrator may request proof of the Participant's death and may require the Beneficiary to provide evidence of his/her right to receive a distribution from the Plan in any form or manner the Plan Administrator may deem appropriate. The Plan Administrator's determination of the Participant's death and of the right of a Beneficiary to receive payment under the Plan shall be conclusive. If a distribution is to be made to a minor or incompetent Beneficiary, payments may be made to the person's legal guardian, conservator recognized under state law, or custodian in accordance with the Uniform Gifts to Minors Act or similar law as permitted under the laws of the state where the Beneficiary resides. The Plan Administrator or Trustee will not be liable for any payments made in accordance with this subsection (4) and will not be required to make any inquiries with respect to the competence of any person entitled to benefits under the Plan.

(5) **Death of Beneficiary.** Unless specified otherwise in the Participant's (or Beneficiary's, if applicable) Beneficiary designation form or under AA §9-5(a), if a Beneficiary does not predecease the Participant but dies before distribution of the death benefit is made to the Beneficiary, the death benefit will be paid to the Beneficiary's estate. If the Participant and the Participant's Beneficiary die simultaneously, and the Participant's Beneficiary designation form does not address simultaneous death, the determination of the death beneficiary will be determined under any state simultaneous death laws, to the extent applicable. If no applicable state law applies, the death benefit will be paid to any contingent beneficiaries named under the Participant's beneficiary designation. If there are no contingent beneficiaries, the death benefit will be paid to the Participant's default beneficiaries, as described in subsection (3).

(6) **Divorce from Spouse.** Except as otherwise provided in an Investment Arrangement, and unless designated otherwise under AA §9-5(c), if a Participant designates his/her Spouse as Beneficiary and subsequent to such Beneficiary designation, the Participant and Spouse are divorced, the designation of the Spouse as Beneficiary under the Plan is automatically rescinded unless specifically provided otherwise under a divorce decree or QDRO, or unless the Participant enters into a new Beneficiary designation naming the prior Spouse as Beneficiary. In addition, the provisions under this subsection (6) will not apply if the Participant has entered into a Beneficiary designation that specifically overrides the provisions of this subsection (6).

(d) **Slayer Rule.** Notwithstanding anything to the contrary in the Plan, if the Plan Administrator receives notice prior to distribution of a Participant's vested Account that an individual is responsible for the death of such Participant, then no payment of benefits with respect to such Participant will be made under any provision of the Plan to such individual. An individual will be treated as being responsible for the death of a Participant for purposes of the foregoing sentence only if, by virtue of such individual's involvement in the death of the Participant, such individual's entitlement to any interest in assets of the deceased could be denied (whether or not there is in fact any such entitlement) under any applicable state law, including, without limitation, laws governing intestate succession, wills, jointly-owned property, bonds, and life insurance. For purposes of the Plan, any such responsible individual will be deemed to have predeceased the Participant. The Plan Administrator shall withhold distribution of benefits otherwise payable under the Plan for such period of time as is necessary or appropriate under the circumstances to make a determination with regard to the application of this section.

© Copyright 2020

8.09 **Distribution to Disabled Employees.** Unless elected otherwise under AA §9-4, no special distribution rules apply to Disabled Employees. However, the Employer may elect in AA §9-4 to permit a distribution at an earlier date for Disabled Employees.

8.10 **In-Service Distributions.** The Employer may elect under AA §10 to permit in-service distributions under the Plan. A Participant may withdraw all or any portion of his/her vested Account Balance (including through installments), to the extent designated, upon the occurrence of any of the event(s) selected under AA §10-1. Except to the extent provided under subsection (a) below, if an in-service distribution is not specifically permitted under AA §10, a Participant may not receive a distribution from the Plan until termination of employment, death or disability. If the Plan permits a Participant to receive an in-service distribution, and such distribution is subject to the Qualified Joint and Survivor Annuity requirements under Section 9, such distribution may be made only if the Participant's Spouse (if the Participant is married at the time of distribution) consents to such distribution in accordance with the requirements under Section 9.04. If the Plan holds contribution sources that are no longer permitted, the in-service distribution options that applied with respect to such contribution sources under the prior plan document continue to apply under this Plan. The Employer may document any in-service distribution options for such prior contribution sources under AA §A-12 of the Profit Sharing/401(k) Plan Adoption Agreement or AA §A-8 of the Money Purchase Plan Adoption Agreement.

(a) **After-Tax Employee Contributions and Rollover Contributions.** Unless designated otherwise under AA §10-2, a Participant may withdraw at any time, upon written request, all or any portion of his/her Account Balance attributable to After-Tax Employee Contributions or Rollover Contributions. Any amounts transferred to the Plan pursuant to a Qualified Transfer also may be withdrawn at any time pursuant to a written request, as set forth under Section 14.05(d). No forfeiture will occur solely as a result of an Employee's withdrawal of After-Tax Employee Contributions. (See Section 14.05 for a discussion of the distribution rules applicable to transferred Plan assets.)

(b) **Employer Contributions and Matching Contributions.** The Employer may elect under AA §10 the extent to which in-service distributions will be permitted from Employer Contributions and Matching Contributions under the Plan. (See subsection (c) below for the in-service distribution rules applicable to Salary Deferrals, QNECs, QMACs and Traditional Safe Harbor/QACA Safe Harbor Contributions under a Profit Sharing/401(k) Plan.) If permitted under AA §10 of the Profit Sharing/401(k) Plan Adoption Agreement, Employer Contributions may be withdrawn upon the occurrence of a specified event (such as attainment of a designated age or the occurrence of a Hardship, as defined in subsection (e) below). In addition, a Participant may withdraw his/her Employer and/or Matching Contributions upon the completion of a certain number of years, provided no distribution solely on account of years may be made with respect to Employer Contributions that have been accumulated in the Plan for less than 2 years, unless the Participant has been a Participant in the Plan for at least 5 years. (See Section 7.11 for special vesting rules that apply if a Participant takes an in-service distribution prior to becoming 100% vested in such contributions.)

If the Plan is a pension plan (e.g., a money purchase plan or if the Plan holds transferred assets from a money purchase plan), a Participant may not receive an in-service distribution of his/her vested Account Balance prior to the earlier of the attainment of Normal Retirement Age or age 62 (to the extent permitted under AA §10-1 or AA §10-2).

(c) **Salary Deferrals, QNECs, QMACs, and Traditional Safe Harbor/QACA Safe Harbor Contributions.** If the Employer has adopted the Profit Sharing/401(k) Plan Adoption Agreement, any Salary Deferrals, QNECs, QMACs, or Traditional Safe Harbor/QACA Safe Harbor Contributions (including any earnings on such amounts) generally may not be distributed prior to the Participant's severance from employment, death, or disability. However, the Employer may elect under AA §10 to permit an in-service distribution of such amounts upon attainment of a specified age (no earlier than age 59½) or upon a Hardship (as defined in subsection (e)). A Hardship distribution is not available with respect to QNECs, QMACs, or Traditional Safe Harbor/QACA Safe Harbor Contributions.

If Normal Retirement Age or Early Retirement Age is earlier than age 59½ and an in-service distribution is permitted upon attainment of Normal Retirement Age or Early Retirement Age from Salary Deferrals, QNECs, QMACs, or Traditional Safe Harbor/QACA Safe Harbor Contributions, the Normal Retirement Age and/or Early Retirement Age will be deemed to be age 59½ for purposes of determining eligibility to distribute Salary Deferrals, QNECs, QMACs, or Traditional Safe Harbor/QACA Safe Harbor Contributions.

(d) **Penalty-free withdrawals for individuals called to active duty.** The distribution provisions applicable to Salary Deferrals include a Qualified Reservist Distribution, as defined in subsection (1) below. If a Participant takes a Qualified Reservist Distribution, such distributions will not be subject to the 10% penalty tax under Code §72(t). A Qualified Reservist Distribution is only available if permitted under AA §10-1.

(1) **Qualified Reservist Distribution.** For purposes of this subsection (d), a Qualified Reservist Distribution means any distribution to an individual if:

(i) such distribution is from amounts attributable to elective deferrals described in Code §402(g)(3)(A) or (C) or Code §501(c)(18)(D)(iii);

(ii) such individual was (by reason of being a member of a reserve component (as defined in §101 of Title 37 of the United States Code)) ordered or called to active duty for a period in excess of 179 days or for an indefinite period; and

(iii) such distribution is made during the period beginning on the date of such order or call and ending at the close of the active duty period.

(2) **Active duty.** A Qualified Reservist Distribution will only be available for individuals who are ordered or called into active duty after September 11, 2001.

(e) **Hardship distribution.** The Employer may elect under AA §10-1 or AA §10-2 of the Profit Sharing/401(k) Plan Adoption Agreement to authorize an in-service distribution upon the occurrence of a Hardship event. The Employer may elect to apply the safe harbor Hardship rules under subsection (1) or the non-safe harbor Hardship provisions under subsection (2) below. A Hardship distribution is not available for QNECs, QMACs or Traditional Safe Harbor/QACA Safe Harbor Contributions.

(1) **Safe harbor Hardship distribution.** To qualify for a safe harbor Hardship, a Participant must demonstrate an immediate and heavy financial need, as described in subsection (i) below, and the distribution must be necessary to satisfy such need, as described in subsection (ii) below.

(i) **Immediate and heavy financial need.** To be considered an immediate and heavy financial need, the Hardship distribution must be made to satisfy one of the following financial needs:

(A) to pay expenses incurred or necessary for medical care (as described in Code §213(d)) of the Participant, the Participant's Spouse or dependents (determined without regard to whether the expenses exceed 7.5% of adjusted gross income);

(B) for the purchase (excluding mortgage payments) of a principal residence for the Participant;

(C) for payment of tuition and related educational fees (including room and board) for the next 12 months of post-secondary education for the Participant, the Participant's Spouse, children or dependents;

(D) to prevent the eviction of the Participant from, or a foreclosure on the mortgage of, the Participant's principal residence;

(E) to pay funeral or burial expenses for the Participant's deceased parent, Spouse, child or dependent;

(F) to pay expenses to repair damage to the Participant's principal residence that would qualify for a casualty loss deduction under Code §165 (determined without regard to whether the loss exceeds the 10% of adjusted gross income limit); or

(G) for any other event that the IRS recognizes as a safe harbor Hardship distribution event under ruling, notice or other guidance of general applicability.

For purposes of determining eligibility of a Hardship distribution under this subsection (i), a dependent is determined under Code §152. However, the determination of dependent for purposes of tuition and education fees under subsection (C) above will be made without regard to Code §152(b)(1), (b)(2), and (d)(1)(B) and the determination of dependent for purposes of funeral or burial expenses under subsection (E) above will be made without regard to Code §152(d)(1)(B).

A Participant must provide the Plan Administrator with a written request for a Hardship distribution. The Plan Administrator may require written documentation, as it deems necessary, to sufficiently document the existence of a proper Hardship event.

(ii) **Distribution necessary to satisfy need.** A distribution will be considered as necessary to satisfy an immediate and heavy financial need of the Participant if:

(A) The distribution is not in excess of the amount of the immediate and heavy financial need (including amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution);

© Copyright 2020

(B) The Participant has obtained all available distributions, other than Hardship distributions, and all nontaxable loans under the Plan and all plans maintained by the Employer; and

(C) The Participant is suspended from making Salary Deferrals (and After-Tax Employee Contributions) for at least 6 months after the receipt of the Hardship distribution.

(2) **Non-safe harbor Hardship distribution.** The Employer may elect in the Profit Sharing/401(k) Plan Adoption Agreement to permit Participants to take a Hardship distribution without satisfying the requirements of subsection (1) above. A non-safe harbor Hardship distribution is not available for QNECs, QMACs, or Traditional Safe Harbor/QACA Safe Harbor Contributions.

(i) **Immediate and heavy financial need.** For purposes of determining whether a Hardship exists under this subsection (2), the same Hardship distribution events described in subsection (1)(i) above will qualify as a Hardship distribution event under this subsection (2). The Employer may modify the permissible Hardship distribution events under AA §10-3(f) of the Profit Sharing/401(k) Plan Adoption Agreement.

(ii) **Distribution necessary to satisfy need.** A Hardship distribution under this subsection (2) need not satisfy the requirements under subsection (1)(ii) above. Instead, all relevant facts and circumstances are considered to determine whether the Employee has other resources reasonably available to relieve or satisfy the need. For this purpose, resources include assets of the Employee's Spouse and minor children that are reasonably available to the Employee. In addition, the amount withdrawn for hardship may include amounts necessary to pay federal, state or local income taxes, or penalties reasonably anticipated to result from the distribution.

The Plan Administrator may rely upon the Employee's written representation that the need cannot be reasonably relieved through the following sources:

(A) Reimbursement or compensation by insurance;

(B) Liquidation of the Employee's assets;

(C) Cessation of Salary Deferrals or After-Tax Employee Contributions under the Plan;

(D) Other currently available distributions or nontaxable loans from the Plan or any other plan maintained by the Employer (or any other employer); or

(E) Borrowing from commercial sources on reasonable commercial terms in an amount sufficient to satisfy the need.

The Employer or Plan Administrator may not rely upon the written representation under this subsection (ii) if it has actual knowledge to the contrary.

(3) **Amount available for Hardship distribution.** A Participant may receive a Hardship distribution of any portion of his/her vested Employer Contribution Account or Matching Contribution Account (including earnings thereon), as permitted under AA §10. A Participant may receive a Hardship distribution of Salary Deferrals provided such distribution, when added to other Hardship distributions from Salary Deferrals, does not exceed the total Salary Deferrals the Participant has made to the Plan (increased by income allocable to such Salary Deferrals as of the later of December 31, 1988 or the end of the last Plan Year ending before July 1, 1989).

(4) **Availability to terminated Employees.** If a Hardship distribution is permitted under AA §10-1 or AA §10-2, a Participant may take such a Hardship distribution after termination of employment to the extent no other distribution is available from the Plan.

(5) **Application of Hardship distributions rules with respect to primary beneficiaries.** If elected under AA §10-3(e) of the Profit Sharing/401(k) Plan Adoption Agreement, if the Plan otherwise permits Hardship distributions based on the safe harbor hardship provisions under subsection (1) above, the existence of an immediate and heavy financial need under subsection (1)(i) above may be determined with respect to a primary beneficiary under the Plan. For this purpose, a primary beneficiary is an individual who is named as a beneficiary under the Plan and has an unconditional right to all or a portion of a Participant's Account Balance upon the death of the Participant. Hardship distributions with respect to primary beneficiaries under this

© Copyright 2020

subsection (5) are limited to Hardship distributions on account of medical expenses, educational expenses and funeral expenses (as described in subsections (1)(i)(A), (1)(i)(C) and (1)(i)(E), above)). Any Hardship distribution with respect to a primary beneficiary must satisfy all the other requirements applicable to Hardship distributions under subsection (e).

8.11 **Sources of Distribution.** Except as otherwise provided in the Investment Arrangement, and unless provided otherwise in separate administrative provisions adopted by the Plan Administrator, in applying the distribution provisions under this Section 8, distributions will be made on a pro rata basis from all Accounts from which a distribution is permitted. Alternatively, the Plan Administrator may permit Participants to direct the Plan Administrator as to which Account the distribution is to be made. Regardless of a Participant's direction as to the source of any distribution, the tax effect of such a distribution will be governed by Code §72 and the regulations thereunder.

(a) **Exception for Hardship withdrawals.** If the Plan permits a Hardship withdrawal from both Salary Deferrals (including Roth Deferrals) and Employer Contributions, a Hardship distribution will first be treated as having been made from a Participant's Employer Contribution Account and then from the Employer's Matching Contribution Account, to the extent such Hardship distribution is available with respect to such Accounts. Only when all available amounts have been exhausted under the Participant's Employer Contribution Account and/or Matching Contribution Account will a Hardship distribution be made from a Participant's Pre-Tax Salary Deferral Account and/or Roth Deferral Account. (See subsection (b) below for the ordering rules for distributions from the Pre-Tax Salary Deferral and Roth Deferral Accounts.) The Plan Administrator may modify the ordering rules under this subsection (a) or under separate administrative procedures.

(b) **Roth Deferrals.** If a Participant has both a Pre-Tax Salary Deferral Account and a Roth Deferral Account, withdrawals and loans from such Accounts will be made in accordance with this subsection (b).

(1) **Distributions and withdrawals.** Unless designated otherwise under AA §6A-5 of the Profit Sharing/401(k) Plan Adoption Agreement or separate administrative procedures, if a Participant has both a Pre-Tax Salary Deferral Account and a Roth Deferral Account, the Participant may designate the extent to which a distribution or withdrawal of Salary Deferrals will come from the Pre-Tax Salary Deferral Account or the Roth Deferral Account. Alternatively, the Employer may provide under AA §6A-5 (or under separate administrative procedures) that any distribution or withdrawal of Salary Deferrals will be made on a pro rata basis from the Pre-Tax Salary Deferral Account and the Roth Deferral Account. Alternatively, the Employer may designate any other order of distribution and withdrawals under AA §6A-5 or separate administrative procedures.

(2) **Distribution of Excess Deferrals, Excess Contributions or Excess Aggregate Contributions.** Unless designated otherwise under AA §6A-5 of the Profit Sharing/401(k) Plan Adoption Agreement or separate administrative procedures, if a Participant has both a Pre-Tax Salary Deferral Account and a Roth Deferral Account, and the Plan is required to make a corrective distribution of Excess Deferrals or Excess Contributions to such Participant (in accordance with Section 5.02(b) or Section 6.01(b)(2)) or is required to make a distribution of Salary Deferrals as a correction of Excess Aggregate Contributions (in accordance with Section 6.02(b)(2)), the Participant may designate whether the Plan will make such corrective distribution of Excess Deferrals or Excess Contributions from the Pre-Tax Salary Deferral Account or the Roth Deferral Account. Alternatively, the Employer may elect under AA §6A-5 of the Profit Sharing/401(k) Plan Adoption Agreement (or under separate administrative procedures) that corrective distributions of Salary Deferrals to correct Excess Deferrals, Excess Contributions, or Excess Aggregate Contributions will be made pro rata from the Pre-Tax Salary Deferral Account and Roth Deferral Account or first from the Pre-Tax Salary Deferral Account or first from the Roth Deferral Account.

Unless designated otherwise under separate administrative procedures, if a Participant is permitted to designate the extent to which a corrective distribution is made from the Pre-Tax Salary Deferral Account or the Roth Deferral Account, and the Participant fails to designate the appropriate Account by the date the corrective distribution is made from the Plan, such corrective distribution may be withdrawn equally from both the Pre-Tax Salary Deferral Account and the Roth Deferral Account or the Employer may withdraw such amounts first from either the Pre-Tax Salary Deferral Account or the Roth Deferral Account.

8.12 **Required Minimum Distributions.** A Participant's entire interest under the Plan will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date (as defined in subsection (e)(5) below). All distributions required under this Section 8.12 will be determined and made in accordance with the regulations under Code §401(a)(9) and the minimum distribution incidental benefit requirement of Code §401(a)(9)(G).

(a) **Period of distribution.** For purposes of applying the required minimum distribution rules under this Section 8.12, any distribution made in a form other than a lump sum must be made over one of the following periods (or a combination thereof):

(1) the life of the Participant;

(2) the life of the Participant and a Designated Beneficiary;

(3) a period certain not extending beyond the life expectancy of the Participant; or

(4) a period certain not extending beyond the joint and last survivor life expectancy of the Participant and a Designated Beneficiary.

(b) **Death of Participant before required distributions begin.** If the Participant dies before required distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(1) **Surviving Spouse is sole Designated Beneficiary.** Unless designated otherwise under AA §10-4, if the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, the surviving Spouse may elect to take distributions under the 5-year rule (as described in subsection (f)(1) below) or under the life expectancy method. If the life expectancy method applies, distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70-1/2, if later.

(2) **Surviving Spouse is not the sole Designated Beneficiary.** Unless designated otherwise under AA §10-4, if the Participant's surviving Spouse is not the Participant's sole Designated Beneficiary, the Designated Beneficiary may elect to take distributions under the 5-year rule (as described in subsection (f)(1) below) or under the life expectancy method. If the life expectancy method applies, then distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died. If the Designated Beneficiary does not elect to commence distributions by December 31 of the calendar year immediately following the calendar year in which the Participant dies, a complete distribution must be made by December 31 of the calendar year containing the fifth anniversary of the Participant's death. See subsection (f)(1) below.

(3) **No Designated Beneficiary.** If there is no Designated Beneficiary as of the date of the Participant's death who remains a Beneficiary as of September 30 of the year immediately following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(4) **Death of surviving Spouse.** If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, and the surviving Spouse dies after the Participant but before distributions to the surviving Spouse begin, this subsection (b) (other than subsection (1) above) will apply as if the surviving Spouse were the Participant.

For purposes of this subsection (b) and AA §10-4, unless subsection (4) above applies, distributions are considered to begin on the Participant's Required Beginning Date. If subsection (4) above applies, distributions are considered to begin on the date distributions are required to begin to the surviving Spouse under subsection (1) above. If distributions under an annuity purchased from an insurance company irrevocably commence to the participant before the Participant's Required Beginning Date (or to the Participant's surviving Spouse before the date distributions are required to begin to the surviving Spouse under subsection (1) above), the date distributions are considered to begin is the date distributions actually commence.

(c) **Required Minimum Distributions during Participant's lifetime.**

(1) **Amount of Required Minimum Distribution for each Distribution Calendar Year.** During the Participant's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year is the lesser of:

(i) the quotient obtained by dividing the Participant's Account Balance by the distribution period set forth in the Uniform Lifetime Table found in Treas. Reg. §1.401(a)(9)-9, Q&A-2, using the Participant's age as of the Participant's birthday in the Distribution Calendar Year; or

(ii) if the Participant's sole Designated Beneficiary for the Distribution Calendar Year is the Participant's Spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Treas. Reg. §1.401(a)(9)-9, Q&A-3, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the Distribution Calendar Year.

(2) **Lifetime Required Minimum Distributions continue through year of Participant's death.** Required Minimum Distributions will be determined under this subsection (c) beginning with the first Distribution Calendar Year and continuing up to, and including, the Distribution Calendar Year that includes the Participant's date of death.

(d) **Required Minimum Distributions after Participant's death.**

(1) **Death on or after date required distributions begin.**

(i) **Participant survived by Designated Beneficiary.** If the Participant dies on or after the date required distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's Designated Beneficiary, determined as follows:

(A) The Participant's remaining life expectancy is calculated in accordance with the Single Life Table found in Treas. Reg. §1.401(a)(9)-9, Q&A-1, using the age of the Participant in the year of death, reduced by one for each subsequent year.

(B) If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, the remaining life expectancy of the surviving Spouse is calculated using the Single Life Table found in Treas. Reg. §1.401(a)(9)-9, Q&A-1, for each Distribution Calendar Year after the year of the Participant's death using the surviving Spouse's age as of the Spouse's birthday in that year. For Distribution Calendar Years after the year of the surviving Spouse's death, the remaining life expectancy of the surviving Spouse is calculated using the age of the surviving Spouse as of the Spouse's birthday in the calendar year of the Spouse's death, reduced by one for each subsequent calendar year.

(C) If the Participant's surviving Spouse is not the Participant's sole Designated Beneficiary, the Designated Beneficiary's remaining life expectancy is calculated under the Single Life Table using the age of the Designated Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(ii) **No Designated Beneficiary.** If the participant dies on or after the date required distributions begin and there is no Designated Beneficiary as of the Participant's date of death who remains a Designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining life expectancy under the Single Life Table calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) **Death before date required distributions begin.**

(i) **Participant survived by Designated Beneficiary.** Unless designated otherwise under AA §10-4, if the Participant dies before the date required distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the remaining life expectancy of the Participant's Designated Beneficiary, determined as provided in subsection (1) above.

(ii) **No Designated Beneficiary.** If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of the date of death of the Participant who remains a Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iii) **Death of surviving Spouse before distributions to surviving Spouse are required to begin.** If the Participant dies before the date distributions begin, the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, and the surviving Spouse dies before distributions are required to begin to the surviving Spouse under Section (b)(1) above, this subsection (2) will apply as if the surviving Spouse were the Participant.

© Copyright 2020

(e) Definitions.

(1) **Designated Beneficiary.** A Beneficiary designated by the Participant (or the Plan), whose life expectancy may be taken into account to calculate minimum distributions, pursuant to Code §401(a)(9) and Treas. Reg. §1.401(a)(9)-4.

(2) **Distribution Calendar Year.** A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year that contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin pursuant to subsection (b) above. The Required Minimum Distribution for the Participant's first Distribution Calendar Year will be made on or before the Participant's Required Beginning Date. The Required Minimum Distribution for other Distribution Calendar Years, including the Required Minimum Distribution for the Distribution Calendar Year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that Distribution Calendar Year.

(3) **Life expectancy.** For purposes of determining a Participant's Required Minimum Distribution amount, life expectancy is computed using one of the following tables, as appropriate:

(i) Single Life Table;

(ii) Uniform Life Table; or

(iii) Joint and Last Survivor Table found in Treas. Reg. §1.401(a)(9)-9.

(4) **Account Balance.** For purposes of determining a Participant's Required Minimum Distribution, the Participant's Account Balance is determined based on the Account Balance as of the last Valuation Date in the calendar year immediately preceding the Distribution Calendar Year (the "valuation calendar year") increased by the amount of any contributions or forfeitures allocated to the Account Balance as of dates in the calendar year after the Valuation Date and decreased by distributions made in the calendar year after the Valuation Date. The Account Balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the Distribution Calendar Year if distributed or transferred in the valuation calendar year.

(5) **Required Beginning Date.** Unless designated otherwise under AA §10-4, a Participant's Required Beginning Date under the Plan is:

(i) **For Five-Percent Owners.** April 1 that follows the end of the calendar year in which the Participant attains age 70½.

(ii) **For Participants other than Five-Percent Owners.** April 1 that follows the end of the calendar year in which the later of the following two events occurs:

(A) the Participant attains age 70½; or

(B) the Participant terminates employment.

If a Participant is not a Five-Percent Owner for the Plan Year that ends with or within the calendar year in which the Participant attains age 70-1/2, and the Participant has not retired by the end of such calendar year, his/her Required Beginning Date is April 1 that follows the end of the first subsequent calendar year in which the Participant becomes a Five-Percent Owner or retires.

A Participant may begin in-service distributions prior to his/her Required Beginning Date only to the extent authorized under Section 8.10 and AA §10. However, if this Plan were amended to add the Required Beginning Date rules under this subsection (5), a Participant who attained age 70½ prior to January 1, 1999 (or, if later, January 1 following the date the Plan is first amended to contain the Required Beginning Date rules under this subsection (5)) may receive in-service minimum distributions in accordance with the terms of the Plan in existence prior to such amendment.

(iii) **Alternative Required Beginning Date for Participants other than Five-Percent Owners.** The Employer may designate under AA §10-4 to determine the Required Beginning Date for Participants other than Five-Percent Owners without regard to the rule in subsection (ii) above. If so designated

© Copyright 2020

under AA §10-4, the Required Beginning Date for all Participants under the Plan will be April 1 of the calendar year following attainment of age 70½.

(iv) **Five-Percent Owner.** A Participant is a Five-Percent Owner for purposes of this Section if such Participant is a Five-Percent Owner (as defined in Code §416) at any time during the Plan Year ending with or within the calendar year in which the Participant attains age 70½. Once distributions have begun to a Five-Percent Owner under this Section 8.12, they must continue to be distributed, even if the Participant ceases to be a Five-Percent Owner in a subsequent year.

(f) **Special Rules.**

(1) **Election to apply 5-year rule to required distributions after death.** If the Participant dies before distributions begin and there is a Designated Beneficiary, the Employer may elect under AA §10-4, instead of applying the provisions of subsections (b) and (d) above, to require the Participant's entire interest to be distributed to the Designated Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, and the surviving Spouse dies after the Participant but before distributions to either the Participant or the surviving Spouse begin, this election will apply as if the surviving Spouse were the Participant.

(2) **Election to allow Participants or Beneficiaries to elect 5-year rule.** If a Participant or Designated Beneficiary is permitted under AA §10-4 to elect whether to apply the life expectancy rule under subsection (b) above or the five year rule under subsection (1) above, the election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under subsection (b) above or by September 30 of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, surviving Spouse's) death. If neither the Participant nor Beneficiary makes an election under this paragraph, distributions will be made in accordance with the 5-year rule under subsection (1) above.

(3) **Forms of Distribution.** Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a lump sum on or before the Required Beginning Date, as of the first Distribution Calendar Year, distributions will be made in accordance with subsections (b) and (d) above. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code §401(a)(9) and the regulations.

(4) **Treatment of trust beneficiaries as Designated Beneficiaries.** If a trust is properly named as a Beneficiary under the Plan, the beneficiaries of the trust will be treated as the Designated Beneficiaries of the Participant solely for purposes of determining the distribution period under this Section 8.12 with respect to the trust's interests in the Participant's vested Account Balance. The beneficiaries of a trust will be treated as Designated Beneficiaries for this purpose only if, during any period during which required minimum distributions are being determined by treating the beneficiaries of the trust as Designated Beneficiaries, the following requirements are met:

(i) the trust is a valid trust under state law, or would be but for the fact there is no corpus;

(ii) the trust is irrevocable or will, by its terms, become irrevocable upon the death of the Participant;

(iii) the beneficiaries of the trust who are beneficiaries with respect to the trust's interests in the Participant's vested Account Balance are identifiable from the trust instrument; and

(iv) the Plan Administrator receives the documentation described in subsection (5)(i) below.

If the foregoing requirements are satisfied and the Plan Administrator receives such additional information as it may request, the Plan Administrator may treat such beneficiaries of the trust as Designated Beneficiaries.

(5) **Special rules applicable to trust beneficiaries.**

(i) **Information that must be supplied to Plan Administrator.**

(A) **Required minimum distribution before death where Spouse is sole beneficiary.** If a Participant designates a trust as the beneficiary of his/her entire benefit and the Participant's Spouse is the sole beneficiary of the trust, the Participant must provide the information under (I) or (II) below to satisfy the information requirements under subsection (4)(iv) above.

(I) The Participant must provide to the Plan Administrator a copy of the trust instrument and agree that if the trust instrument is amended at any time in the future, the Participant will, within a reasonable time, provide to the Plan Administrator a copy of each such amendment; or

(II) The Participant must:

(a) provide to the Plan Administrator a list of all of the beneficiaries of the trust (including contingent and remaindermen beneficiaries with a description of the conditions on their entitlement sufficient to establish that the Spouse is the sole beneficiary) for purposes of Code §401(a)(9);

(b) certify that, to the best of the Participant's knowledge, the list under subsection (a) above is correct and complete and that the requirements of subsection (4) above are satisfied;

(c) agree that, if the trust instrument is amended at any time in the future, the Participant will, within a reasonable time, provide to the Plan Administrator corrected certifications to the extent that the amendment changes any information previously certified; and

(d) agree to provide a copy of the trust instrument to the Plan Administrator upon demand.

(B) **Required minimum distribution after death.** In order to satisfy the documentation requirement of subsection (4)(iv) above for required minimum distributions after the death of the Participant (or Spouse in a case to which Treas. Reg. §1.401(a)(9)-3, Q&A-5 applies), the trustee of the trust must satisfy the requirements of subsection (I) or (II) below by October 31 of the calendar year immediately following the calendar year in which the Participant died.

(I) The trustee of the trust must:

(a) provide the Plan Administrator with a final list of all beneficiaries of the trust (including contingent and remaindermen beneficiaries with a description of the conditions on their entitlement) as of September 30 of the calendar year following the calendar year of the Participant's death;

(b) certify that, to the best of the trustee's knowledge, the list in subsection (a) above is correct and complete and that the requirements of subsection (4) above are satisfied; and

(c) agree to provide a copy of the trust instrument to the Plan Administrator upon demand.

(II) The trustee of the trust must provide the Plan Administrator with a copy of the actual trust document for the trust that is named as a beneficiary of the Participant under the Plan as of the Participant's date of death.

(ii) **Relief for discrepancy.** If required minimum distributions are determined based on the information provided to the Plan Administrator in certifications or trust instruments described in subsection (i) above, the Plan will not fail to satisfy Code §401(a)(9) merely because the actual terms of the trust instrument are inconsistent with the information in those certifications or trust instruments previously provided to the Plan Administrator, provided the Plan Administrator reasonably relied on the information provided and the required minimum distributions for calendar years after the calendar year in which the discrepancy is discovered are determined based on the actual terms of the trust instrument.

(6) **Trust beneficiary qualifying for marital deduction.** If a Beneficiary is a trust (other than an estate marital trust) that is intended to qualify for the federal estate tax marital deduction under Code §2056 ("marital trust"), then:

(i) in no event will the annual amount distributed from the Plan to the marital trust be less than the greater of:

© Copyright 2020

(A) all fiduciary accounting income with respect to such Beneficiary's interest in the Plan, as determined by the trustee of the marital trust; or

(B) the minimum distribution required under this Section 8.12;

(ii) the trustee of the marital trust (or the trustee's legal representative) shall be responsible for calculating the amount to be distributed under subsection (i) above and shall instruct the Plan Administrator in writing to distribute such amount to the marital trust;

(iii) the trustee of the marital trust may from time to time notify the Plan Administrator in writing to accelerate payment of all or any part of the portion of such beneficiary's interest that remains to be distributed, and may also notify the Plan Administrator to change the frequency of distributions (but not less often than annually); and

(iv) the trustee of the marital trust shall be responsible for characterizing the amounts so distributed from the Plan as income or principle under applicable state laws.

(g) **Transitional Rule.** Notwithstanding the other requirements of this Section 8.12, and subject to the Joint and Survivor Annuity Requirements under Section 9, distribution on behalf of any Employee, including a Five-Percent Owner, may be made in accordance with all of the following requirements (regardless of when such distribution commences):

(1) The distribution by the Plan is one that would not have disqualified the Plan under Code §401(a)(9) as in effect prior to amendment by the Deficit Reduction Act of 1984;

(2) The distribution is in accordance with a method of distribution designated by the Participant whose interest in the Plan is being distributed or, if the Participant is deceased, by a Beneficiary of such Participant;

(3) Such designation was in writing, was signed by the Participant or the beneficiary, and was made before January 1, 1984;

(4) The Participant had accrued a benefit under the Plan as of December 31, 1983; and

(5) The method of distribution designated by the Participant or the beneficiary specifies the time at which distribution will commence, the period over which distributions will be made, and in the case of any distribution upon the Participant's death, the beneficiaries of the Participant listed in order of priority.

A distribution upon death will not be covered by this transitional rule unless the information in the designation contains the required information described above with respect to the distributions to be made upon the death of the Participant.

For any distribution which commences before January 1, 1984, but continues after December 31, 1983, the Participant, or the Beneficiary, to whom such distribution is being made, will be presumed to have designated the method of distribution under which the distribution is being made if the method of distribution was specified in writing and the distribution satisfies the requirements in subsections (1) – (5) above.

If a designation is revoked any subsequent distribution must satisfy the requirements of Code §401(a)(9) and the proposed regulations thereunder. If a designation is revoked subsequent to the date distributions are required to begin, the Plan must distribute by the end of the calendar year following the calendar year in which the revocation occurs the total amount not yet distributed which would have been required to have been distributed to satisfy Code §401(a)(9) and the proposed regulations thereunder, but for the TEFRA §242(b)(2) election. For calendar years beginning after December 31, 1988, such distributions must meet the minimum distribution incidental benefit requirements. Any changes in the designation will be considered to be a revocation of the designation. However, the mere substitution or addition of another Beneficiary (one not named in the designation) under the designation will not be considered to be a revocation of the designation, so long as such substitution or addition does not alter the period over which distributions are to be made under the designation, directly or indirectly (for example, by altering the relevant measuring life). In the case in which an amount is transferred or rolled over from one plan to another plan, the rules in Treas. Reg. §1.401(a)(9)-8, Q&A-14 and Q&A-15 shall apply.

(h) **Modification of Minimum Distribution Rules Relating to Qualified Longevity Annuity Contracts.**

(1) The following provisions modify the required minimum distribution rules under this Section 8.12 of the Plan to conform the rules to final Treasury Regulation §1.401(a)(9)-6 relating to the purchase of Qualifying Longevity Annuity Contracts (QLACs). The Plan will apply the provisions consistent with the requirements under the Treas. Reg. §§1.401(a)(9)-5 and 1.401(a)(9)-6, as amended.

(2) Effective/Applicability Dates.

(i) General effective dates. This subsection (h) applies to contracts purchased on or after July 2, 2014. If on or after July 2, 2014, an existing contract is exchanged for a contract that satisfies the requirements of this subsection (h), the new contract will be treated as purchased on the date of the exchange and the fair market value of the contract that is exchanged for a QLAC will be treated as a premium paid with respect to the QLAC.

(ii) Delayed applicability date for requirement that contract state that it is intended to be QLAC. An annuity contract purchased before January 1, 2016, will not fail to be a QLAC merely because the contract does not satisfy the requirement of subsection (4)(i)(F) below, provided that:

(A) When the contract (or a certificate under a group annuity contract) is issued, the Employee is notified that the annuity contract is intended to be a QLAC; and

(B) The contract is amended (or a rider, endorsement or amendment to the certificate is issued) no later than December 31, 2016, to state that the annuity contract is intended to be a QLAC.

(3) Account Balance for Determining Minimum Distributions. For purposes of determining a Participant's Required Minimum Distribution as described under this Section 8.12 of the Plan, the Participant's Account Balance, as defined under Section 8.12(e)(4) of the Plan, does not include the value of any Qualifying Longevity Annuity Contract (QLAC), described under Section 8.12(h)(4) and Treas. Reg. §1.401(a)(9)–6, Q&A - 17, that is held under the Plan.

(4) Rules Applicable to Qualifying Longevity Annuity Contracts.

(i) Definition of Qualifying Longevity Annuity Contracts. A Qualifying Longevity Annuity Contract (QLAC) is an annuity contract that is purchased from an insurance company for an Employee and that, in accordance with the rules of application of this subsection (4) and Treas. Reg. §1.401(a)(9)-6, Q&A - 17, satisfies each of the following requirements:

(A) Premiums for the contract satisfy the requirements of subsection (ii) of this Section 8.12(h)(4);

(B) The contract provides that distributions under the contract must commence not later than a specified annuity starting date that is no later than the first day of the month next following the 85th anniversary of the Employee's birth;

(C) The contract provides that, after distributions under the contract commence, those distributions must satisfy the requirements of this Article and Treas. Reg. §1.401(a)(9) (other than the requirement that annuity payments commence on or before the Required Beginning Date);

(D) The contract does not make available any commutation benefit, cash surrender right, or other similar feature;

(E) No benefits are provided under the contract after the death of the employee other than the benefits described in Subsection (iii) of this Section 8.12(h)(4);

(F) When the contract is issued, the contract (or a rider or endorsement with respect to that contract) states that the contract is intended to be a QLAC; and

(G) The contract is not a variable contract under Code §817, an indexed contract, or a similar contract, except to the extent provided by the Commissioner of the Internal Revenue Service in revenue rulings, notices, or other guidance published in the Internal Revenue Bulletin.

(ii) Limitations on premiums.

(A) In general. The premiums paid with respect to the contract on a date satisfy the requirements of this Subsection (ii) if they do not exceed the lesser of the dollar limitation in Subsection (B) below or the percentage limitation in Subsection (C) below.

(B) Dollar limitation. The dollar limitation is an amount equal to the excess of:

© Copyright 2020

(I) $135,000 for 2020, then as adjusted under Section (d)(2) of Treas. Reg. §1.401(a)(9)-6, Q&A - 17; over

(II) The sum of:

(a) The premiums paid before that date with respect to the contract; and

(b) The premiums paid on or before that date with respect to any other contract that is intended to be a QLAC and that is purchased for the Employee under the Plan, or any other plan, annuity, or account described in Code §§ 401(a), 403(a), 403(b), or 408 or eligible governmental plan under Code §457(b).

(C) **Percentage limitation.** The percentage limitation is an amount equal to the excess of:

(I) 25 percent of the Employee's Account Balance under the Plan (including the value of any QLAC held under the plan for the Employee) as of that date, determined in accordance with Treas. Reg. §1.401(a)(9)-6, Q&A - 17 (d)(1)(iii); over

(II) The sum of:

(a) The premiums paid before that date with respect to the contract; and

(b) The premiums paid on or before that date with respect to any other contract that is intended to be a QLAC and that is held or was purchased for the employee under the plan.

(iii) **Payments after death of the Employee.**

(A) **Surviving spouse is sole beneficiary.**

(I) **Death on or after annuity starting date.** If the Employee dies on or after the annuity starting date for the contract and the Employee's surviving spouse is the sole beneficiary under the contract, then except as provided in Treas. Reg. §1.401(a)(9)-6, Q&A-17(c)(4), the only benefit permitted to be paid after the Employee's death is a life annuity payable to the surviving spouse where the periodic annuity payment is not in excess of 100 percent of the periodic annuity payment that is payable to the Employee.

(II) **Death before annuity starting date.**

(a) **Amount of annuity.** If the employee dies before the annuity starting date and the employee's surviving spouse is the sole beneficiary under the contract then except as provided in paragraph in Treas. Reg. §1.401(a)(9)-6, Q&A-17(c)(4), the only benefit permitted to be paid after the Employee's death is a life annuity payable to the surviving spouse where the periodic annuity payment is not in excess of 100 percent of the periodic annuity payment that would have been payable to the Employee as of the date that benefits to the surviving spouse commence. However, the annuity is permitted to exceed 100 percent of the periodic annuity payment that would have been payable to the employee to the extent necessary to satisfy the requirement to provide a Qualified Preretirement Survivor Annuity.

(b) **Commencement date for annuity.** Any life annuity payable to the surviving spouse under Subsection (a) above must commence no later than the date on which the annuity payable to the Employee would have commenced under the contract if the Employee had not died.

(B) **Surviving spouse is not sole beneficiary.**

(I) **Death on or after annuity starting date.** If the Employee dies on or after the annuity starting date for the contract and the Employee's surviving spouse is not the sole beneficiary under the contract, then except as provided in Treas. Reg. §1.401(a)(9)-6, Q&A-17(c)(4), the only benefit permitted to be paid after the Employee's death is a life annuity payable to the Designated Beneficiary where the periodic annuity payment is

not in excess of the applicable percentage (determined under paragraph Treas. Reg. §1.401(a)(9)-6, Q&A-17(c)(2)(iii)) of the periodic annuity payment that is payable to the Employee.

(II) Death before annuity starting date.

(a) Amount of annuity. If the Employee dies before the annuity starting date and the Employee's surviving spouse is not the sole beneficiary under the contract, then except as provided in Treas. Reg. §1.401(a)(9)-6, Q&A - 17 (c)(4), the only benefit permitted to be paid after the Employee's death is a life annuity payable to the Designated Beneficiary where the periodic annuity payment is not in excess of the applicable percentage (determined under Treas. Reg. §1.401(a)(9)-6, Q&A-17(c)(2)(iii) of the periodic annuity payment that would have been payable to the Employee as of the date that benefits to the Designated Beneficiary commence under this subsection (a).

(b) Commencement date for annuity. In any case in which the employee dies before the annuity starting date, any life annuity payable to a designated beneficiary under this Subsection (b) must commence by the last day of the calendar year immediately following the calendar year of the Employee's death.

(iv) Rules of application.

(A) Rules relating to premiums.

(I) Reliance on representations. For purposes of the limitation on premiums described in Subsections (ii)(B) and (ii)(C) above, unless the Plan Administrator has actual knowledge to the contrary, the Plan Administrator may rely on an Employee's representation (made in writing or such other form as may be prescribed by the Commissioner of the Internal revenue Service) of the amount of the premiums described in Subsections (ii)(B)(II)(b) and (ii)(C)(II)(b) above, but only with respect to premiums that are not paid under a plan, annuity, or contract that is maintained by the Employer or Related Employer.

(II) Consequences of excess premiums.

(a) General Rule. If an annuity contract fails to be a QLAC solely because a premium for the contract exceeds the limits under Subsection (b) below, then the contract is not a QLAC beginning on the date that premium payment is made unless the excess premium is returned to the non-QLAC portion of the Employee's account in accordance with Treas. Reg. §1.401(a)(9)-6, Q&A-17 (d)(1)(ii)(B). If the contract fails to be a QLAC, then the value of the contract may not be disregarded under A–3(d) of Treas. Reg. §1.401(a)(9)–5 as of the date on which the contract ceases to be a QLAC.

(b) Correction in year following year of excess. If the excess premium is returned (either in cash or in the form of a contract that is not intended to be a QLAC) to the non-QLAC portion of the Employee's account by the end of the calendar year following the calendar year in which the excess premium was originally paid, then the contract will not be treated as exceeding the limits under this Subsection (b) at any time, and the value of the contract will not be included in the Employee's Account Balance. If the excess premium (including the fair market value of an annuity contract that is not intended to be a QLAC, if applicable) is returned to the non-QLAC portion of the Employee's account after the last valuation date for the calendar year in which the excess premium was originally paid, then the Employee's account balance for that calendar year must be increased to reflect that excess premium in the same manner as an Employee's Account Balance is increased under Treas. Reg. §1.401(a)(9)–7, A–2 to reflect a rollover received after the last valuation date.

(c) Return of excess premium not a commutation benefit. If the excess premium is returned to the non-QLAC portion of the Employee's account as

described in Treas. Reg. §1.401(a)(9)-6, Q&A-17(d)(1)(ii)(B), it will not be treated as a violation of the requirement in subsection (4)(i)(D) above that the contract not provide a commutation benefit.

(III) **Application of 25-percent limit.** For purposes of the 25-percent limit under Subsection (ii)(C) above, an Employee's Account Balance on the date on which premiums for a contract are paid is the account balance as of the last valuation date preceding the date of the premium payment, adjusted as follows. The Account Balance is increased for contributions allocated to the account during the period that begins after the valuation date and ends before the date the premium is paid and decreased for distributions made from the account during that period.

(B) **Dollar and age limitations subject to adjustments.**

(I) **Dollar limitation.** In the case of calendar years beginning after January 1, 2020, the $135,000 amount under Subsection (ii)(B)(I) will be adjusted at the same time and in the same manner as the limits are adjusted under Code §415(d), except that any increase under this Subsection that is not a multiple of $10,000 will be rounded to the next lowest multiple of $10,000.

(II) **Age limitation.** The maximum age set forth in Subsection (i)(B) above may be adjusted to reflect changes in mortality, with any such adjusted age to be prescribed by the Commissioner of the Internal Revenue Service in revenue rulings, notices, or other guidance published in the Internal Revenue Bulletin.

(III) **Prospective application of adjustments.** If a contract fails to be a QLAC because it does not satisfy the dollar limitation in Subsection (ii)(B) above or the age limitation in Subsection (i)(B) above, any subsequent adjustment that is made pursuant to Subsections (iv)(B)(I) or (iv)(B)(II) above will not cause the contract to become a QLAC.

(C) **Determination of whether contract is intended to be a QLAC.** If a contract fails to be a QLAC at any time for a reason other than an excess premium described in Treas. Reg. §1.401(a)(9)-6, Q&A-17(d)(1)(ii), then as of the date of purchase the contract will not be treated as a QLAC (for purposes of A–3(d) of Treas. Reg. §1.401(a)(9)–5) or as a contract that is intended to be a QLAC as of the date of purchase.

(D) **Group annuity contract certificates.** The requirement under Subsection (i)(F) above that the contract state that it is intended to be a QLAC when issued is satisfied if a certificate is issued under a group annuity contract and the certificate, when issued, states that the Employee's interest under the group annuity contract is intended to be a QLAC.

8.13 **Correction of Qualification Defects.** Nothing in this Section 8 precludes the Plan Administrator from making a distribution to a Participant to correct a qualification defect consistent with the correction procedures under the IRS' EPCRS program. Thus, for example, if an Employee is permitted to enter the Plan prior to his/her proper Entry Date under Section 2.03(b) and the Plan Administrator determines that a corrective distribution is a proper means of correcting the operational violation, nothing in this Section 8 would prevent the Plan from making such corrective distribution. Any such distribution must be made in accordance with the correction procedures applicable under the IRS' EPCRS program.

© Copyright 2020

SECTION 9
JOINT AND SURVIVOR ANNUITY REQUIREMENTS

9.01 **Application of Joint and Survivor Annuity Rules.** The Qualified Joint and Survivor Annuity rules under this Section 9 will apply to any Participant who is credited with an Hour of Service with the Employer on or after August 23, 1984. (See Section 9.05 for special transitional rules that may apply.) The application of the Joint and Survivor Annuity rules will differ based on the type of Plan involved.

(a) **Money Purchase Plan.** If the Employer adopts the Money Purchase Plan Adoption Agreement, the Plan will be subject to the Joint and Survivor rules described under this Section 9.

(b) **Profit Sharing/401(k) Plan.** If the Employer adopts a Profit Sharing/401(k) Plan Adoption Agreement, the Employer may elect under AA §9-2(a) to apply the Joint and Survivor Annuity requirements under this Section 9 to all Participants under the Plan. If the Employer does not elect under AA §9-2(a) to apply the Joint and Survivor Annuity requirements to all Participants, such requirements will only apply to a distribution from the Plan if:

(1) the Participant elects to receive a distribution in the form of a life annuity; or

(2) the distribution is made from benefits that were directly or indirectly transferred from a plan that was subject to the Joint and Survivor Annuity requirements at the time of the transfer; or

(3) the distribution is made from benefits that are used to offset the benefits under another plan of the Employer that is subject to the Joint and Survivor Annuity requirements.

(c) **Exception to the Joint and Survivor Annuity Requirements.** If, as of the Annuity Starting Date, the Participant's vested Account Balance (for pre-death distributions) or the value of the QPSA death benefit (for post-death distributions) does not exceed $5,000, the Participant or surviving Spouse, as applicable, will receive a lump sum distribution pursuant to Section 8.07(a) or Section 8.08(b)(1), in lieu of any QJSA or QPSA benefits.

(d) **Administrative procedures.** The Plan Administrator may provide alternative procedures for applying the spousal consent requirements under this Section 9 provided such procedures are consistent with the requirements under this Section 9. For example, the Plan Administrator may require under separate administrative procedures to require spousal consent to Participant distributions or may in a separate loan procedure require spousal consent prior to granting a Participant loan, without subjecting the Plan to the Joint and Survivor Annuity requirements.

(e) **Accumulated deductible employee contributions.** A distribution from or under a separate Account under a money purchase plan which is attributable solely to accumulated deductible employee contributions, as defined in Code §72(o)(5)(B), is subject to the rules under subsection (b) above.

(f) **Plans that offer life annuity option or deferred annuity contract.** If the Plan offers a life annuity benefit option and the Participant selects this option, the Joint and Survivor Annuity rules will thereafter apply with respect to that Participant's benefits under the Plan. Thus, in this situation, the Joint and Survivor Annuity requirements may apply under the Plan on a Participant by Participant basis. Also, if there is a separate accounting of the Account Balance subject to the Participant's life annuity election, the Plan may provide that the Joint and Survivor Annuity requirements apply only to that part of the Account Balance.

If a Plan otherwise exempt from the Joint and Survivor Annuity requirements offers a deferred annuity contract as an investment option, the Plan is subject to the Joint and Survivor Annuity requirements with respect to that deferred annuity, if the annuity does not allow the Participant to elect another form of benefit prior to the Annuity Starting Date. A Plan that offers a deferred annuity contract as an investment option that allows a Participant to elect another form of benefit is not subject to the Joint and Survivor Annuity requirements until the Participant elects to receive a life annuity option. A Participant is deemed to have elected to receive a life annuity on the Annuity Starting Date if the Participant has not elected another form of benefit prior to the Annuity Starting Date. The remainder of the Participant's Account is not subject to the Joint and Survivor Annuity requirements if the Account is otherwise not subject to the Joint and Survivor Annuity requirements and the Plan separately accounts for the deferred annuity contract.

9.02 **Pre-Death Distribution Requirements.** If a pre-death distribution is subject to the Qualified Joint and Survivor Annuity requirements under this Section 9, the distribution will be paid in the form of a Qualified Joint and Survivor Annuity (QJSA), unless the Participant (and Spouse, if the Participant is married) elects to receive the distribution in an alternative form. A Participant (and Spouse) may elect to receive distribution in the form of a Qualified Optional Survivor Annuity (QOSA).

In applying the provisions under this Section 9.02, a Participant (and Spouse) may only waive out of the QJSA pursuant to a Qualified Election (as defined in Section 9.04). Under the Qualified Election provisions under Section 9.04, the QOSA form of

© Copyright 2020

benefit is treated as a QJSA form of benefit for purposes of determining whether spousal consent is required with respect to a waiver of the QJSA in favor of the QOSA form of benefit. Thus, no spousal consent is required to waive out of the QJSA form of benefit in favor of an actuarially equivalent QOSA form of benefit.

(a) **Qualified Joint and Survivor Annuity (QJSA).** A QJSA is an immediate annuity payable over the life of the Participant with a survivor annuity payable over the life of the Participant's Spouse equal to 50% of the amount of the annuity which is payable during the joint lives of the Participant and the Spouse. The Employer may elect under AA §9-2(a) to increase the percentage of the Spouse's survivor annuity to 100%, 75% or 66-2/3% (instead of 50%). If the Participant is not married as of the Annuity Starting Date, the QJSA is an immediate annuity payable over the life of the Participant.

(b) **Qualified Optional Survivor Annuity (QOSA).** A QOSA is an immediate annuity payable over the life of the Participant with a survivor annuity payable over the life of the Participant's Spouse that is equal to the applicable percentage of the amount of the annuity that is payable during the joint lives of the Participant and the Spouse and is the actuarial equivalent of a single life annuity for the life of the Participant. If the survivor annuity provided by the QJSA under the Plan is less than 75% of the annuity payable during the joint lives of the Participant and Spouse, the applicable percentage is 75%. If the survivor annuity provided by the QJSA under the Plan is greater than or equal to 75% of the annuity payable during the joint lives of the Participant and Spouse, the applicable percentage is 50%.

(c) **Notice requirements.**

(1) **Written explanation.** The Plan Administrator shall provide each Participant with a written explanation of:

(i) the terms and conditions of the QJSA;

(ii) the Participant's right to make and the effect of an election to waive the QJSA form of benefit;

(iii) the rights of the Participant's Spouse; and

(iv) the right to make, and the effect of, a revocation of a previous election to waive the QJSA.

The notice must be provided to each Participant under the Plan no less than 30 days and no more than 180 days prior to the Annuity Starting Date. The written explanation shall comply with the requirements of Treas. Reg. §1.417(a)(3)-1.

(2) **Waiver of 30-day period.** The Annuity Starting Date for a distribution in a form other than a QJSA may be less than 30 days after receipt of the written explanation described in the preceding paragraph provided:

(i) the Participant has been provided with information that clearly indicates that the Participant has at least 30 days to consider whether to waive the QJSA and elect (with spousal consent) a form of distribution other than a QJSA;

(ii) the Participant is permitted to revoke any affirmative distribution election at least until the Annuity Starting Date or, if later, at any time prior to the expiration of the 7-day period that begins the day after the explanation of the QJSA is provided to the Participant; and

(iii) the Annuity Starting Date is after the date the written explanation was provided to the Participant.

The Annuity Starting Date may be a date prior to the date the written explanation is provided to the Participant if the distribution does not commence until at least 30 days after such written explanation is provided, subject to the waiver of the 30-day period described above.

(d) **Annuity Starting Date.** The Annuity Starting Date is the date an Employee commences distributions from the Plan. If a Participant commences distribution with respect to a portion of his/her Account Balance, a separate Annuity Starting Date applies to any subsequent distribution. If distribution is made in the form of an annuity, the Annuity Starting Date is the first day of the first period for which annuity payments are made.

9.03 **Distributions After Death.** If the Joint and Survivor Annuity requirements apply with respect to a distribution on behalf of a married Participant who dies before the Annuity Starting Date (as defined in Section 9.02(d) above), the surviving Spouse of that Participant is entitled to receive such distribution in the form of a QPSA, unless the Participant and Spouse have waived the QPSA pursuant to a Qualified Election. Any portion of a Participant's vested Account Balance that is not payable to the surviving Spouse as a QPSA will be payable under the rules described in Section 8.08(b)(2)(ii)(B).

© Copyright 2020

(a) **Qualified Preretirement Survivor Annuity (QPSA).** A QPSA is an annuity payable over the life of the surviving Spouse that is purchased using 50% of the Participant's vested Account Balance (that is subject to the Qualified Joint and Survivor Annuity requirements) as of the date of death. The Employer may elect under AA §9-2(b) to increase the amount used to purchase the QPSA to 100% (instead of 50%) of the Participant's vested Account Balance. To the extent that less than 100% of the Participant's vested Account Balance is paid to the surviving Spouse, any After-Tax Employee Contributions will be allocated to the surviving Spouse in the same proportion as the After-Tax Employee Contributions bear to the total vested Account Balance of the Participant. If elected under AA §9-5(b), a surviving Spouse will not be entitled to a QPSA if the Participant and surviving Spouse were not married throughout the one-year period ending on the date of the Participant's death.

If a surviving Spouse is entitled to a QPSA distribution, the surviving Spouse may elect to receive such distribution at any time following the Participant's death (subject to the required minimum distribution rules under Section 8.12) and may elect to receive distribution in any form permitted under Section 8.02 of the Plan. A QPSA distribution will not commence to a surviving Spouse without the consent of the surviving Spouse prior to the date the Participant would have reached Normal Retirement Age (or age 62, if later). If the QPSA death benefit has been waived, in accordance with the procedures in Section 9.04(b), then the portion of the Participant's vested Account Balance that would have been payable as a QPSA death benefit in the absence of such a waiver is treated as a non-QPSA death benefit payable under Section 8.08(b)(2)(ii)(B).

The QPSA death benefit may be payable to a non-Spouse Beneficiary only if the Spouse consents to the Beneficiary designation, pursuant to the Qualified Election requirements under Section 9.04, or makes a valid disclaimer. The non-QPSA death benefit, if any, is payable to the person named in the Beneficiary designation, without regard to whether spousal consent is obtained for such designation. If a Spouse does not properly consent to a Beneficiary designation, the QPSA waiver is invalid, and the QPSA death benefit is still payable to the Spouse, but the Beneficiary designation remains valid with respect to any non-QPSA death benefit.

(b) **Notice requirements.** The Plan Administrator shall provide each Participant, within the applicable period for such Participant, a written explanation of the QPSA in such terms and in such manner as would be comparable to the explanation provided for the QJSA in Section 9.02(c) above. The applicable period for a Participant is whichever of the following periods ends last:

(1) the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35;

(2) a reasonable period ending after the individual becomes a Participant; or

(3) a reasonable period ending after the joint and survivor annuity requirements first apply to the Participant.

Notwithstanding the foregoing, notice must be provided within a reasonable period ending after separation from service in the case of a Participant who separates from service before attaining age 35.

For purposes of applying the preceding paragraph, a reasonable period ending after the enumerated events described in (2) and (3) above, is the end of the two-year period beginning one year prior to the date the applicable event occurs, and ending one year after that date. In the case of a Participant who separates from service before the Plan Year in which age 35 is attained, notice shall be provided within the two-year period beginning one year prior to separation and ending one year after separation. If such a Participant thereafter returns to employment with the employer, the applicable period for such Participant shall be redetermined.

9.04 **Qualified Election.** A Participant (and the Participant's Spouse) may waive the QJSA or QPSA pursuant to a Qualified Election. A Qualified Election is a written election signed by both the Participant and the Participant's Spouse (if applicable) that specifically acknowledges the effect of the election. The Spouse's consent must be witnessed by a plan representative or notary public. Any consent by a Spouse under a Qualified Election (or a determination that the consent of a Spouse is not required) shall be effective only with respect to such Spouse. If the Qualified Election permits the Participant to change a payment form or Beneficiary designation without any further consent by the Spouse, the Qualified Election must acknowledge that the Spouse has the right to limit consent to a specific Beneficiary, and a specific form of benefit, as applicable, and that the Spouse voluntarily elects to relinquish either or both of such rights. A Participant or Spouse may revoke a prior waiver of the QPSA benefit at any time before the commencement of benefits without limit on the number of revocations. Spousal consent is not required for a Participant to revoke a prior QPSA waiver. No consent obtained under this provision shall be valid unless the Participant has received notice as provided in Section 9.02(c) or Section 9.03(b), as applicable.

(a) **QJSA.** In the case of a waiver of the QJSA, the election must designate an alternative form of benefit payment that may not be changed without spousal consent (unless the Spouse enters into a general consent agreement expressly

© Copyright 2020

permitting the Participant to change the form of payment without any further spousal consent). Only the Participant needs consent to the commencement of a distribution in the form of a QJSA.

(b) **QPSA.** In the case of a waiver of the QPSA, the election must be made on a timely basis and the election must designate a specific alternate Beneficiary, including any class of Beneficiaries or any contingent Beneficiaries, which may not be changed without spousal consent (unless the Spouse enters into a general consent agreement expressly permitting the Participant to change the Beneficiary designation without any further spousal consent). To be timely, a Participant (and the Participant's Spouse) may waive the QPSA at any time during the period beginning on the first day of the Plan Year in which the Participant attains age 35 and ending on the date of the Participant's death. If a Participant separates from service prior to the first day of the Plan Year in which age 35 is attained, with respect to the Account Balance as of the date of separation, the election period begins on the date of separation. A Participant who has not yet attained age 35 as of the end of a Plan Year may make a special Qualified Election to waive, with spousal consent, the QPSA for the period beginning on the date of such election and ending on the first day of the Plan Year in which the Participant will attain age 35. Such election is not valid unless the Participant receives the proper notice required under Section 9.03(b). QPSA coverage is automatically reinstated as of the first day of the Plan Year in which the Participant attains age 35. Any new waiver on or after such date must satisfy all the requirements for a Qualified Election.

(c) **Identification of surviving Spouse.** If it is established to the satisfaction of the Plan Administrator that there is no Spouse or that the Spouse cannot be located, any waiver signed by the Participant is deemed to be a Qualified Election.

(1) **Definition of Spouse.** For this purpose, a Participant will be deemed to not have a Spouse if the Participant is legally separated or has been abandoned and the Participant has a court order to such effect. However, a former Spouse of the Participant will be treated as the Spouse or surviving Spouse and any current Spouse will not be treated as the Spouse or surviving Spouse to the extent provided under a QDRO. See Section 1.134 for the definition of Spouse under the Plan.

(2) **One-year marriage rule.** The Employer may elect under AA §9-5(b), for purposes of applying the provisions of this Section 9, that an individual will not be considered the surviving Spouse of the Participant if the Participant and the surviving Spouse have not been married for the entire one-year period ending on the date of the Participant's death.

9.05 **Transitional Rules.** Any living Participant not receiving benefits on August 23, 1984, who would otherwise not receive the benefits prescribed under this Section 9 must be given the opportunity to elect to have the preceding provisions of this Section 9 apply if such Participant is credited with at least one Hour of Service under this Plan or a predecessor plan in a Plan Year beginning on or after January 1, 1976, and such Participant had at least 10 years of vesting service when he or she separated from service. The Participant must be given the opportunity to elect to have this Section 9 apply during the period commencing on August 23, 1984 and ending on the date benefits would otherwise commence to such Participant. A Participant described in this paragraph who has not elected to have this Section 9 apply is subject to the rules in this Section 9.05 instead. Also, a Participant who does not qualify to elect to have this Section 9 apply because such Participant does not have at least 10 Years of Service for vesting purposes is subject to the rules of this Section 9.05.

Any living Participant not receiving benefits on August 23, 1984, who was credited with at least one Hour of Service under this Plan or a predecessor plan on or after September 2, 1974, and who is not otherwise credited with any service in a Plan Year beginning on or after January 1, 1976, must be given the opportunity to have his/her benefits paid in accordance with the following paragraph. The Participant must be given the opportunity to elect to have this Section 9.05 apply (other than the first paragraph of this Section) during the period commencing on August 23, 1984, and ending on the date benefits would otherwise commence to such Participant.

If, under either of the preceding two paragraphs, a Participant is subject to this Section 9.05, the following rules apply.

(a) **Automatic joint and survivor annuity.** If benefits in the form of a life annuity become payable to a married Participant who:

(1) begins to receive payments under the Plan on or after Normal Retirement Age;

(2) dies on or after Normal Retirement Age while still working for the Employer;

(3) begins to receive payments on or after the Qualified Early Retirement Age; or

(4) separates from service on or after attaining Normal Retirement Age (or the Qualified Early Retirement Age) and after satisfying the eligibility requirements for the payment of benefits under the Plan and thereafter dies before beginning to receive such benefits;

© Copyright 2020

then such benefits will be received under this plan in the form of a QJSA, unless the Participant has elected otherwise during the election period. For this purpose, the election period must begin at least 6 months before the participant attains Qualified Early Retirement Age and end not more than 90 days before the commencement of benefits. Any election hereunder will be in writing and may be changed by the Participant at any time.

(b) **Election of early survivor annuity.** A Participant who is employed after attaining the Qualified Early Retirement Age will be given the opportunity to elect, during the election period, to have a survivor annuity payable on death. If the Participant elects the survivor annuity, payments under such annuity must not be less than the payments that would have been made to the Spouse under the QJSA if the Participant had retired on the day before his or her death. Any election under this provision will be in writing and may be changed by the Participant at any time. For this purpose, the election period begins on the later of:

(1) the 90th day before the Participant attains the Qualified Early Retirement Age, or

(2) the date on which participation begins

and ends on the date the Participant terminates employment.

(c) **Qualified Early Retirement Age.** The Qualified Early Retirement Age is the latest of:

(1) the earliest date, under the Plan, on which the Participant may elect to receive retirement benefits,

(2) the first day of the 120th month beginning before the Participant reaches Normal Retirement Age, or

(3) the date the Participant begins participation under the Plan.

© Copyright 2020

SECTION 10
PLAN ACCOUNTING AND INVESTMENTS

10.01 **Participant Accounts.** The Plan Administrator will maintain a separate Account for each Participant to reflect the Participant's entire interest under the Plan. The Plan Administrator may maintain any (or all) of the following separate sub-Accounts:

- Pre-Tax Deferral Account
- Roth Deferral Account
- Employer Contribution Account
- Matching Contribution Account
- Qualified Nonelective Contribution (QNEC) Account
- Qualified Matching Contribution (QMAC) Account
- Traditional Safe Harbor Employer Contribution Account
- Traditional Safe Harbor Matching Contribution Account
- QACA Safe Harbor Employer Contribution Account
- QACA Safe Harbor Matching Contribution Account
- After-Tax Employee Contribution Account
- Rollover Contribution Account
- Roth Rollover Contribution Account
- In-Plan Roth Conversion Account
- Transfer Account.

The Plan Administrator may establish other Accounts, as it deems necessary, for the proper administration of the Plan.

10.02 **Valuation of Accounts.** A Participant's portion of the Trust assets is determined as of each Valuation Date under the Plan. The value of a Participant's Account consists of the fair market value of the Participant's share of the Trust assets. The Trustee must value Plan assets at least annually. The Trustee's determination of the value of Trust assets shall be final and conclusive.

(a) **Periodic valuation.** The Employer may elect under AA §11-1, or may elect operationally, to value assets on a periodic basis. The Trustee and the Plan Administrator may adopt reasonable procedures for performing such valuations.

(b) **Daily valuation.** The Employer may elect under AA §11-1, or may elect operationally, to value assets on a daily basis. The Plan Administrator may adopt reasonable procedures for performing such valuations. Unless otherwise set forth in the written procedures, a daily valued Plan will have its assets valued at the end of each business day during which the New York Stock Exchange is open. The Plan Administrator has authority to interpret the provisions of this Plan in the context of a daily valuation procedure. This includes, but is not limited to, the determination of the value of the Participant's Account for purposes of Participant loans, distribution and consent rights, and corrective distributions.

(c) **Interim valuations.** The Plan Administrator may request the Trustee to perform interim valuations, provided such valuations do not result in discrimination in favor of Highly Compensated Employees.

10.03 **Adjustments to Participant Accounts.** Unless the Plan Administrator adopts other reasonable administrative procedures, as of each Valuation Date under the Plan, each Participant's Account is adjusted in the following manner.

(a) **Distributions and forfeitures from a Participant's Account.** A Participant's Account will be reduced by any distributions, forfeitures and other reductions from the Account since the previous Valuation Date.

(b) **Life insurance premiums and dividends.** A Participant's Account will be reduced by the amount of any life insurance premium payments under the Plan made for the benefit of the Participant since the previous Valuation Date. The Account will be credited with any dividends or credits paid on any life insurance policy held by the Trust for the benefit of the Participant.

(c) **Contributions and forfeitures allocated to a Participant's Account.** A Participant's Account will be credited with any contribution, forfeiture or other additions allocated to the Participant since the previous Valuation Date.

(d) **Net income or loss.** A Participant's Account will be adjusted for any net income or loss in accordance with any reasonable procedures that the Plan Administrator may establish. Such procedures may be reflected in a funding agreement governing the applicable investments under the Plan. To the extent the Plan Administrator does not establish separate written procedures, net income or loss will be allocated to Participants' Accounts in accordance with the following provisions.

© Copyright 2020

(1) **Net income or loss attributable to General Trust Account.** To the extent a Participant's Account is invested as part of a General Trust Account, such Account is adjusted for its allocable share of net income or loss experienced by the General Trust Account. The net income or loss of the General Trust Account is allocated to the Participant Accounts in the ratio that each Participant's Account bears to all Accounts, based on the value of each Participant's Account as of the prior Valuation Date, as adjusted in subsections (a) - (c) above. In determining Participant Account Balances as of the prior Valuation Date, the Employer may apply a weighted average method that credits each Participant's Account with a portion of the contributions made since the prior Valuation Date. The Plan's investment procedures may designate the specific type(s) of contributions eligible for a weighted allocation of net income or loss and may designate alternative methods for determining the weighted allocation. If the Employer elects to apply a weighted average method, such method will be applied uniformly to all Participant Accounts under the General Trust Account.

(2) **Net income or loss attributable to a Directed Account.** If the Participant or Beneficiary is entitled to direct the investment of all or part of his/her Account (see Section 10.07), the Account (or the portion of the Account which is subject to such direction) will be maintained as a Directed Account, which reflects the value of the directed investments as of any Valuation Date. The assets held in a Directed Account may be (but are not required to be) segregated from the other investments held in the Trust. Net income or loss attributable to the investments made by a Directed Account is allocated to such Account in a manner that reasonably reflects the investment experience of such Directed Account. Where a Directed Account reflects segregated investments, the manner of allocating net income or loss shall not result in a Participant (or Beneficiary) being entitled to distribution from the Directed Account that exceeds the value of such Account as of the date of distribution.

10.04 **Share or unit accounting.** The Plan's investment procedures may provide for share or unit accounting to reflect the value of Accounts, if such method is appropriate for the investments allocable to such Accounts.

10.05 **Suspense accounts.** The Plan's investment procedures also may provide for special valuation procedures for suspense accounts that are properly established under the Plan.

10.06 **Investments under the Plan.**

(a) **Investment options.** The person(s) responsible for the investment of Plan assets is authorized to invest Plan assets in any prudent investment consistent with the funding policy of the Plan and the requirements of ERISA. Investment options include, but are not limited to, the following:

- common and preferred stock or other equity securities (including stock bought and sold on margin);
- Qualifying Employer Securities and Qualifying Employer Real Property (to the extent permitted under subsection (c) below);
- corporate bonds;
- open-end or closed-end mutual funds (including funds for which a Provider, Trustee, or affiliate serves as investment advisor or other capacity);
- money market accounts;
- certificates of deposit;
- debentures;
- commercial paper;
- put and call options;
- limited partnerships;
- mortgages;
- U.S. Government obligations, including U.S. Treasury notes and bonds;
- real and personal property having a ready market;
- life insurance or annuity policies;
- commodities;
- savings accounts;
- notes; and
- securities issued by the Trustee and/or its affiliates, as permitted by law.

(b) **Investment of tax deductible Employee contributions in life insurance and collectibles.** No portion of any voluntary, tax deductible Employee contributions being held under the Plan (or any earnings thereon) may be invested in life insurance contracts or, as with any Participant-directed investment, in tangible personal property characterized by the IRS as a collectible.

© Copyright 2020

(c) **Limitations on the investment in Qualifying Employer Securities and Qualifying Employer Real Property.** The Trustee may invest in Qualifying Employer Securities and Qualifying Employer Real Property within certain limits. Any such investment shall only be made upon written direction of the Employer who shall be solely responsible for the propriety of such investment. Additional directives regarding the purchase, sale, retention or valuing of such securities may be addressed in a funding policy, statement of investment policy, or other separate procedures or documents governing the investment of Plan assets.

(1) **Profit Sharing Plan other than a 401(k) Plan.** In the case of a Profit Sharing Plan (without a 401(k) feature), no limit applies to the percentage of Plan assets invested in Qualifying Employer Securities and Qualifying Employer Real Property, except as provided in a funding policy, statement of investment policy, or other separate procedures or documents governing the investment of Plan assets.

(2) **401(k) Plan.** With respect to the portion of the Plan consisting of amounts attributable to Salary Deferrals (including Roth Deferrals), no more than 10% of the fair market value of Plan assets attributable to Salary Deferrals and Roth Deferrals may be invested in Qualifying Employer Securities and Qualifying Employer Real Property if the Employer, the Trustee, or a person other than the Participant requires any portion of the Salary Deferrals or Roth Deferrals and attributable earnings to be invested in Qualifying Employer Securities or Qualifying Employer Real Property.

(i) **Exceptions to Limitation.** The limitation in this subsection (2) shall not apply if any one of the conditions in subsections (A), (B) or (C) below applies.

(A) Investment of Salary Deferrals or Roth Deferrals in Qualifying Employer Securities or Qualifying Real Property is solely at the discretion of the Participant.

(B) As of the last day of the preceding Plan Year, the fair market value of assets of all profit sharing plans and 401(k) plans of the Employer was not more than 10% of the fair market value of all assets under plans maintained by the Employer.

(C) The portion of a Participant's Salary Deferrals or Roth Deferrals required to be invested in Qualifying Employer Securities and Qualifying Employer Real Property for the Plan Year does not exceed 1% of such Participant's Plan Compensation.

(ii) **No application to other contributions.** The limitation in this subsection (2) has no application to Matching Contributions or Employer Contributions. Instead, the rules under subsection (1) above apply for such contributions.

(3) **Money purchase plan.** In the case of a money purchase plan, no more than 10% of the fair market value of Plan assets may be invested in Qualifying Employer Securities and Qualifying Employer Real Property.

(4) **Special rules applicable to Qualifying Employer Securities and Qualifying Employer Real Property.** The Employer may elect under AA §11-7 to limit the Accounts which can be used to invest in Qualifying Employer Securities or Qualifying Employer Real Property. In addition, the Employer may elect to apply different distribution options for Qualifying Employer Securities and/or Qualifying Employer Real Property under AA §11-7.

To the extent permitted by the Employer under this Section 10.06(c), and unless provided otherwise under AA §11-7, an Employee may direct the Employer to invest amounts in his/her Rollover Contribution Account in Qualifying Employer Securities. If an Employee is permitted to invest his/her Rollover Contribution Account in Qualifying Employer Securities, any purchase or sale of Qualifying Employer Securities must be for adequate consideration (within the meaning of ERISA §3(18)). In addition, any investment in Qualifying Employer Securities must satisfy the nondiscrimination requirements under Code §401(a)(4) and the regulations thereunder and must not violate the prohibited transaction rules under ERISA §408(e).

(d) **Diversification requirements for Defined Contribution Plans invested in Employer securities.** The following rules apply with respect to Defined Contribution Plans that provide for the investment of Plan assets in publicly-traded Employer securities. For purposes of this Article, publicly traded employer security is an employer security under ERISA §407(d)(1) which is readily tradable on an established securities market. A security is readily tradable on an established securities market if the security is traded on a national securities exchange that is registered under §6 of the Securities Exchange Act of 1934, or if the security is traded on a foreign national securities exchange that is officially recognized, sanctioned, or supervised by a governmental authority and where the security is deemed by the Securities and Exchange Commission as having a ready market under SEC Rule 15c3-1.

© Copyright 2020

(1) **Employer Contributions invested in Employer securities.** If any portion of the Account of a Participant attributable to Employer Contributions (other than Salary Deferrals) is invested in Employer securities, if the Participant (including a beneficiary of such Participant and an Alternate Payee who has an account under the Plan with respect to such Participant or a deceased Participant's beneficiary) has completed at least 3 Years of Service for vesting purposes, such Participant may elect to direct the Plan to divest any such securities and to reinvest an equivalent amount in other investment options meeting the requirements of subsection (4) below. A year of vesting service has the same meaning as described in Code §411(a)(5).

(2) **Salary Deferrals and After-Tax Employee Contributions invested in Employer securities.** If any portion of the Account of a Participant attributable to Salary Deferrals or Employee contributions (under a Profit Sharing/401(k) Plan) is invested in Employer securities, such Participant may elect to direct the Plan to divest any such securities and to reinvest an equivalent amount in other investment options meeting the requirements of subsection (4) below.

(3) **Phase-in of diversification requirements.** To the extent Employer securities are acquired with Employer Contributions during a Plan Year beginning before January 1, 2007, the provisions under subsection (1) above shall only apply a percentage of such securities (applied separately for each class of securities), as determined below.

(i) **Phase-in percentage.** For purposes of applying the phase-in rules under this subsection (3), the phase-in rules apply to the following percentage of Employer securities based on the Plan Year for which these requirements apply.

Plan Year	Applicable Percentage
2007	33
2008	66
2009 and later	100

(ii) **Exception for certain Participants over age 55.** The phase-in rules under this subsection (3) will not apply to Participants who have attained age 55 and completed at least 3 Years of Service for vesting purposes before the first Plan Year beginning on or after January 1, 2006.

(4) **Investment options.** The requirements of this subsection (d) are met if the Plan offers not less than three (3) investment options, in addition to Employer securities, to which the Participant may direct the proceeds from the divestment of employer securities pursuant to this paragraph, each of which is diversified and has materially different risk and return characteristics. The Plan may provide reasonable limits on the time for divestment and reinvestment opportunities, provided such limits allow for at least quarterly divestment and reinvestment opportunities. Except as provided in regulations, the Plan may not impose restrictions or conditions on the investment of Employer securities which are not imposed on the investment of other Plan assets, other than restrictions or conditions imposed by reason of the application of securities laws or other guidance.

(5) **Exceptions for certain plans.** The diversification requirements under this subsection (d) do not apply to:

(i) **One-participant plans.** A plan that on the first day of the Plan Year covered only one individual (or the individual and the individual's Spouse) and the individual owned 100 percent of the Employer (whether or not incorporated), or covered only one or more partners (or partners and their Spouses) and such plan:

(A) meets the minimum coverage requirements of Code §410(b) without being combined with any other plan of the Employer;

(B) does not provide benefits to anyone except the individual (and the individual's Spouse) or the partners (and their Spouses);

(C) does not cover any Related Employers (as defined in Section 1.124); and

(D) does not cover an Employer that uses the services of Leased Employees (within the meaning of Code §414(n)).

(ii) **Certain employee stock ownership plans.** An employee stock ownership plan ("ESOP") if: (i) there are no contributions to such plan (or allocable earnings) attributable to elective deferrals or matching contributions, and (ii) such plan is not aggregated (pursuant to Code §414(l)) with any other defined contribution plan or defined benefit plan maintained by the same Employer.

© Copyright 2020

(6) **Certain plans treated as holding publicly-traded Employer securities.** Except as provided in regulations, a plan holding Employer securities which are not publicly traded Employer securities shall be treated as holding publicly-traded Employer securities if any Employer corporation, or any member of a controlled group of corporations which includes such Employer corporation, has issued a class of stock which is a publicly traded Employer security. This subsection (6) will not apply if no Employer corporation, or parent corporation of an Employer corporation (as defined in Code §424(e)), has issued any publicly-traded Employer security, and no Employer corporation, or parent corporation of an Employer corporation, has issued any special class of stock which grants particular rights to, or bears particular risks for, the holder or issuer with respect to any corporation described in this subsection (6) which has issued any publicly-traded Employer security. For purposes of this subsection (6), the term controlled group of corporations has the meaning given such term by Code §1563(a), except that 50% shall be substituted for 80% each place it appears.

10.07 **Participant-directed investments.** Unless otherwise indicated in the Adoption Agreement or in separate procedures, and except as otherwise required in an Investment Arrangement, each Participant shall have the exclusive right, in accordance with the provisions of the Plan, to direct the investment of all or a portion of the amounts allocated to the separate Accounts of the Participant under the Plan. (A reference to Participant under this Section 10.07 also applies to any Beneficiary or Alternate Payee eligible to direct investments under the Plan.)

(a) **Limits on participant investment direction.** The Employer may elect under AA §C-1, or under separate investment procedures, to limit Participant direction of investments to specific types of contributions or with respect to specific investment options. The terms of an Investment Arrangement may impose additional limitations. In no case may Participants direct that investments be made in collectibles, other than U.S. Government or State issued gold and silver coins, nor may adoption or modification of an investment procedure impose a limitation and/or restriction that would be prohibited under Section 14.01(b). (See Section 10.03(d)(2) for rules regarding allocation of net income or loss to a Directed Account.)

(b) **Failure to direct investment.** If Participant direction of investments is permitted, the Employer will designate how accounts will be invested in the absence of proper affirmative direction from the Participant. The Employer may designate a default fund under the Plan on behalf of Participants who have been identified by the Plan Administrator as having not specified investment choices under the Plan.

(c) **Disclosure requirements.** To the extent the Plan allows Participant direction of investment, each Participant or beneficiary that has the right to direct the investment of Plan assets must receive the disclosures required under DOL Reg. §2550.404a-5 on a regular and periodic basis. The Plan Administrator will not be liable for the completeness and accuracy of information used to satisfy these disclosure requirements when the Plan Administrator reasonably and in good faith relies on information received from or provided by a Plan service provider or the issuer of a designated investment alternative. For purposes of this subsection (c), a designated investment alternative is an investment alternative designated by the Plan into which Participants and beneficiaries may direct the investment of Plan assets held in their individual Accounts. The term designated investment alternative shall not include brokerage windows, self-directed brokerage accounts, or similar plan arrangements that enable Participants and beneficiaries to select investments beyond those designated by the Plan.

(d) **ERISA §404(c) protection.** If the Plan (by Employer election under AA §C-1(b)(4) or pursuant to the Plan's investment procedures) is intended to comply with ERISA §404(c), the Participant investment direction program adopted by the Plan Administrator should comply with applicable Department of Labor regulations. Compliance with ERISA §404(c) is not required for plan qualification purposes. The following information is provided solely as guidance to assist the Plan Administrator in meeting the requirements of ERISA §404(c). Failure to meet any of the following safe harbor requirements does not impose any liability on the Plan Administrator (or any other fiduciary under the Plan) for investment decisions made by Participants, nor does it mean that the Plan does not comply with ERISA §404(c). Nothing in this Plan shall impose any greater duties upon the Trustee with respect to the implementation of ERISA §404(c) than those duties expressly provided for in procedures adopted by the Employer and agreed to by the Trustee.

(1) **Disclosure requirements.** The Plan Administrator (or other Plan fiduciary who has agreed to perform this activity) shall provide, or shall cause a person designated to act on his behalf to provide, the following information to Participants:

(i) **Mandatory disclosures.** To satisfy the requirements of ERISA §404(c), the Participants must receive certain mandatory disclosures, including:

© Copyright 2020

(A) an explanation that the Plan is intended to be an ERISA §404(c) plan and that the fiduciaries of the Plan may be relieved of liability for any losses which are the direct and necessary result of investment instructions given by the Participant or beneficiary;

(B) the information required pursuant to subsection (c) above; and

(C) if Participants or beneficiaries are able to directly or indirectly acquire or sell any Employer securities, a description of the procedures established to provide for the confidentiality of information relating to the purchase, holding and sale of such Employer securities, and the exercise of voting, tender and similar rights, by Participants and beneficiaries, and the name, address and phone number of the Plan fiduciary responsible for monitoring compliance with such procedures.

(2) **Diversified investment options.** The Plan must provide at least three diversified investment options that offer a broad range of investment opportunity. Each of the investment opportunities must have materially different risk and return characteristics. The procedure may allow investment under a segregated brokerage account.

(3) **Frequency of investment instructions.** Participants must have the opportunity to give investment instructions as frequently as is appropriate to the volatility of the investment. For each investment option, the frequency can be no less than quarterly.

10.08 **Investment in Life Insurance.** A group or individual life insurance policy purchased by the Plan may be issued on the life of a Participant, a Participant's Spouse, a Participant's child or children, a family member of the Participant, or any other individual with an insurable interest. If this Plan is a money purchase plan, a life insurance policy may only be issued on the life of the Participant. A life insurance policy includes any type of policy, including a second-to-die policy, provided that the holding of a particular type of policy is not prohibited under rules applicable to qualified plans.

Any premiums on life insurance held for the benefit of a Participant will be charged against such Participant's vested Account Balance. Unless directed otherwise, the Plan Administrator will reduce each of the Participant's Accounts under the Plan equally to pay premiums on life insurance held for such Participant's benefit. Any premiums paid for life insurance policies must satisfy the incidental life insurance rules under subsection (a) below.

(a) **Incidental Life Insurance Rules.** Any life insurance purchased under the Plan must meet the following requirements:

(1) **Ordinary life insurance policies.** The aggregate premiums paid for ordinary life insurance policies (i.e., policies with both nondecreasing death benefits and nonincreasing premiums) for the benefit of a Participant must be at any time less than 50% of the aggregate amount of Employer Contributions (including Salary Deferrals) and forfeitures that have been allocated to the Account of such Participant.

(2) **Life insurance policies other than ordinary life.** The aggregate premiums paid for term, universal or other life insurance policies (other than ordinary life insurance policies) for the benefit of a Participant shall not at any time exceed 25% of the aggregate amount of Employer Contributions (including Salary Deferrals) and forfeitures that have been allocated to the Account of such Participant.

(3) **Combination of ordinary and other life insurance policies.** The sum of one-half (½) of the aggregate premiums paid for ordinary life insurance policies plus all the aggregate premiums paid for any other life insurance policies for the benefit of a Participant shall not at any time exceed 25% of the aggregate amount of Employer Contributions (including Salary Deferrals) and forfeitures which have been allocated to the Account of such Participant.

(4) **Exception for certain Profit Sharing and 401(k) Plans.** If the Plan is a Profit Sharing Plan or a Profit Sharing/401(k) Plan, the limitations in this Section do not apply to the extent life insurance premiums are paid only with Employer Contributions and forfeitures that have been accumulated in the Participant's Account for at least two years or are paid with respect to a Participant who has been a Participant for at least five years. For purposes of applying this special limitation, Employer Contributions do not include any Salary Deferrals, QMACs, QNECs or Safe-Harbor Contributions under a 401(k) plan.

(5) **Exception for After-Tax Employee Contributions and Rollover Contributions.** The Plan Administrator also may invest, with the Participant's consent, any portion of the Participant's After-Tax Employee Contribution Account or Rollover Contribution Account in a group or individual life insurance policy for the benefit of such Participant, without regard to the incidental life insurance rules under this Section.

© Copyright 2020

(b) **Ownership of Life Insurance Policies.** The Trustee is the owner of any life insurance policies purchased under the Plan. Any life insurance policy purchased under the Plan must designate the Trustee as owner and beneficiary under the policy. The Trustee will pay all proceeds of any life insurance policies to the Beneficiary of the Participant for whom such policy is held in accordance with the distribution provisions under Section 8 and the Joint and Survivor Annuity requirements under Section 9. In no event shall the Trustee retain any part of the proceeds from any life insurance policies for the benefit of the Plan.

(c) **Evidence of Insurability.** Prior to purchasing a life insurance policy, the Plan Administrator may require the individual whose life is being insured to provide evidence of insurability, such as a physical examination, as may be required by the Insurer.

(d) **Distribution of Insurance Policies.** Life insurance policies under the Plan, which are held on behalf of a Participant, must be distributed to the Participant or converted to cash upon the later of the Participant's Annuity Starting Date (as defined in Section 1.12) or termination of employment. Any life insurance policies that are held on behalf of a terminated Participant must continue to satisfy the incidental life insurance rules under subsection (a) above. If a life insurance policy is purchased on behalf of an individual other than the Participant, and such individual dies, the Participant may withdraw any or all life insurance proceeds from the Plan, to the extent such proceeds exceed the cash value of the life insurance policy determined immediately before the death of the insured individual.

(e) **Discontinuance of Insurance Policies.** Investments in life insurance may be discontinued at any time, either at the direction of the Trustee or other fiduciary responsible for making investment decisions. If the Plan provides for Participant direction of investments, life insurance as an investment option may be eliminated at any time by the Plan Administrator. Where life insurance investment options are being discontinued, the Plan Administrator, in its sole discretion, may offer the sale of the insurance policies to the Participant, or to another person, provided that the prohibited transaction exemption requirements prescribed by the Department of Labor are satisfied.

(f) **Protection of Insurer.** An Insurer (as defined in Section 1.74) that issues a life insurance policy under the terms of this Section 10.08, shall not be responsible for the validity of this Plan and shall be protected and held harmless for any actions taken or not taken by the Trustee or any actions taken in accordance with written directions from the Trustee or the Employer (or any duly authorized representatives of the Trustee or Employer). An Insurer shall have no obligation to determine the propriety of any premium payments or to guarantee the proper application of any payments made by the insurance company to the Trustee.

The Insurer is not, and shall not be, considered a party to this Plan and is not a fiduciary with respect to the Plan solely as a result of the issuance of life insurance policies under this Section 10.08.

(g) **No Responsibility for Act of Insurer.** Neither the Employer, the Plan Administrator, nor the Trustee shall be responsible for the validity of the provisions under a life insurance policy issued under this Section 10.08 or for the failure or refusal by the Insurer to provide benefits under such policy. The Employer, the Plan Administrator and the Trustee are also not responsible for any action or failure to act by the Insurer, or any other person which results in the delay of a payment under the life insurance policy, or which renders the policy invalid or unenforceable in whole or in part.

© Copyright 2020

SECTION 11
PLAN ADMINISTRATION AND OPERATION

11.01 **Plan Administrator.** The Employer is the Plan Administrator, unless the Employer designates in writing an alternative Plan Administrator. The Plan Administrator has the responsibilities described in this Section 11.

11.02 **Designation of Alternative Plan Administrator.** The Employer may designate another person or persons as the Plan Administrator by name, by reference to the person or group of persons holding a particular position, by reference to a procedure under which the Plan Administrator is designated, or by reference to a person or group of persons charged with the specific responsibilities of Plan Administrator.

(a) **Acceptance of responsibility by designated Plan Administrator.** If the Employer designates an alternative Plan Administrator, the designated Plan Administrator must accept its responsibilities in writing. The Employer and the designated Plan Administrator jointly will determine the time period for which the alternative Plan Administrator will serve.

(b) **Multiple alternative Plan Administrators.** If the Employer designated more than one person as an alternative Plan Administrator, such Plan Administrators shall act by majority vote, unless the group delegates particular Plan Administrator duties to a specific person.

(c) **Resignation or removal of designated Plan Administrator.** A designated Plan Administrator may resign by delivering a written notice of resignation to the Employer. The Employer may remove a designated Plan Administrator by delivering a written notice of removal. If a designated Plan Administrator resigns or is removed, and no new alternative Plan Administrator is designated, the Employer is the Plan Administrator.

(d) **Employer responsibilities.** If the Employer designates an alternative Plan Administrator, the Employer will provide in a timely manner all appropriate information necessary for the Plan Administrator to perform its duties. This information includes, but is not limited to, Participant compensation data, Employee employment, service and termination information, and other information the Plan Administrator may require. The Plan Administrator may rely on the accuracy of any information and data provided by the Employer.

(e) **Indemnification of Plan Administrator.** The Employer will indemnify, defend and hold harmless the Plan Administrator (including the individual members of any administrative committee appointed by the Employer to handle administrative functions of the Plan or any Employees who have administrative responsibility for the Plan) with respect to any liability, loss, damage or expense resulting from any act or omission (except willful misconduct or gross negligence) in their official capacities in the administration of this Plan, including attorney, accountant and advisory fees and all other expenses reasonably incurred in their defense. The indemnification provisions of this Section do not relieve any person from any liability under ERISA for breach of a fiduciary duty. Furthermore, the Employer may execute a written agreement further delineating the indemnification agreement of this Section, provided the agreement is consistent with and does not violate ERISA.

11.03 **Named Fiduciary.** The Plan Administrator is the Named Fiduciary for the Plan, unless the Plan Administrator specifically names another person or persons as Named Fiduciary and the designated person accepts its responsibilities as Named Fiduciary in writing. The Plan must always have at least one Named Fiduciary.

11.04 **Duties, Powers and Responsibilities of the Plan Administrator.** The Plan Administrator will administer the Plan for the exclusive benefit of the Plan Participants and Beneficiaries, and in accordance with the terms of the Plan. If the terms of the Plan are unclear, the Plan Administrator may interpret the Plan, provided such interpretation is consistent with the rules of ERISA and Code §401 and is performed in a uniform and nondiscriminatory manner, and further subject to the limitations of the Investment Arrangement(s). This right to interpret the Plan is an express grant of discretionary authority to resolve ambiguities in the Plan document and to make discretionary decisions regarding the interpretation of the Plan's terms, including who is eligible to participate under the Plan, and the benefit rights of a Participant or Beneficiary. Unless an interpretation or decision is determined to be arbitrary and capricious, the Plan Administrator will not be held liable for any interpretation of the Plan terms or decision regarding the application of a Plan provision.

(a) **Delegation of duties, powers and responsibilities.** The Plan Administrator may delegate its duties, powers or responsibilities to one or more persons. Such delegation must be in writing and accepted by the person or persons receiving the delegation. The Employer must agree to such delegation by an alternative Plan Administrator.

(b) **Specific Plan Administrator responsibilities.** The Plan Administrator has the general responsibility to control and manage the operation of the Plan. This responsibility includes, but is not limited to, the following:

© Copyright 2020

(1) To interpret and enforce the provisions of the Plan, including those related to Plan eligibility, vesting and benefits;

(2) To communicate with the Trustee and other responsible persons with respect to the crediting of Plan contributions, the disbursement of Plan distributions and other relevant matters;

(3) To develop separate procedures (if necessary and subject to limitations in this Plan) consistent with the terms of the Plan to assist in the administration of the Plan, including the adoption of a separate or modified loan policy (see Section 13), procedures for direction of investment by Participants (see Section 10.07), procedures for determining whether domestic relations orders are QDROs (see Section 11.06), and procedures for the determination of investment earnings to be allocated to Participants' Accounts (see Section 10.03(d));

(4) To maintain all records necessary for tax and other administration purposes;

(5) To furnish and to file all appropriate notices, reports and other information to Participants, Beneficiaries, the Employer, the Trustee and government agencies (as necessary);

(6) To provide information relating to Plan Participants and Beneficiaries;

(7) To retain the services of other persons, including investment managers, attorneys, consultants, advisers and others, to assist in the administration of the Plan;

(8) To review and decide on claims for benefits under the Plan;

(9) To correct any defect or error in the operation of the Plan;

(10) To establish a funding policy and method for the Plan for purposes of ensuring the Plan is satisfying its financial objectives and is able to meet its liquidity needs; and

(11) To suspend contributions, including Salary Deferrals and/or After-Tax Employee Contributions, on behalf of any or all Highly Compensated Employees, if the Plan Administrator reasonably believes that such contributions will cause the Plan to discriminate in favor of Highly Compensated Employees. See Sections 6.01(c) and 6.02(c).

11.05 Plan Administration Expenses.

(a) **Reasonable Plan administration expenses.** All reasonable expenses related to plan administration will be paid from Plan assets, except to the extent the expenses are paid (or reimbursed) by the Employer. For this purpose, Plan expenses include, but are not limited to, all reasonable costs, charges and expenses incurred by the Trustee in connection with the administration of the Trust (including such reasonable compensation to the Trustee as may be agreed upon from time to time between the Employer or Plan Administrator and the Trustee and any fees for legal services rendered to the Trustee).

(b) **Plan expense allocation.** The Plan Administrator will allocate plan expenses among the accounts of Plan Participants. The Plan Administrator has authority to allocate these expenses either proportionally based on the value of the Account Balances or pro rata based on the number of Participants in the Plan. The Plan Administrator will determine the proper method for allocating expenses in accordance with such reasonable nondiscriminatory rules as the Plan Administrator deems appropriate under the circumstances. Unless the Plan Administrator decides otherwise, the following expenses will be allocated to the Participant's Account relative to which the expense is incurred: distribution expenses, including those relating to lump sums, installments, QDROs, hardship, in-service and required minimum distributions; loan expenses; participant direction expenses, including brokerage fees; and benefit calculations.

(c) **Expenses related to administration of former Employee or surviving Spouse.** The Plan may charge reasonable Plan administrative expenses to the Account of a former Employee or surviving Spouse, but only if the administrative expenses are on a pro rata basis. Under the pro rata basis, the expenses are based on the amount in each account of a former Employee or surviving Spouse receiving benefits from the Plan. The Plan Administrator may use another reasonable basis for charging the expenses, provided it complies with the requirements of Title I of ERISA. In any event, the allocation of plan expenses must meet the nondiscrimination rules of Code §401(a)(4).

(d) **ERISA Spending Account.** The Employer may maintain an ERISA Spending Account to hold certain miscellaneous amounts that are remitted to the Plan. Any amounts allocated to the ERISA Spending Account will be applied to pay reasonable Plan expenses no later than the end of the Plan Year following the Plan Year in which such amounts were allocated to the ERISA Spending Account and, unless elected otherwise under AA §11-9, any remaining amounts held

© Copyright 2020

in the ERISA Spending Account will be allocated to Participants as an allocation of earnings for the Plan Year. Such excess amounts held under the ERISA Spending Account may be allocated in a reasonable manner. For example, such excess amounts may be allocated to all Participants under the Plan prorata on the basis of Account Balances or under any other reasonable method.

11.06 Qualified Domestic Relations Orders (QDROs).

(a) **In general.** The Plan Administrator must develop written procedures for determining whether a domestic relations order is a QDRO and for administering distributions under a QDRO. For this purpose, the Plan Administrator may use the default QDRO procedures set forth in subsection (h) below or may develop separate QDRO procedures.

(b) **Definitions related to Qualified Domestic Relations Orders (QDROs).**

(1) **QDRO.** A QDRO is a domestic relations order that creates or recognizes the existence of an Alternate Payee's right to receive, or assigns to an Alternate Payee the right to receive, all or a portion of the benefits payable with respect to a Participant under the Plan. (See Code §414(p).) The QDRO must contain certain information and meet other requirements described in this Section 11.06.

(2) **Domestic relations order.** A domestic relations order is a judgment, decree, or order (including the approval of a property settlement) that is made pursuant to state domestic relations law (including community property law).

(3) **Alternate Payee.** An Alternate Payee must be a Spouse, former Spouse, child, or other dependent of a Participant.

(c) **Recognition as a QDRO.** To be a QDRO, an order must be a domestic relations order (as defined in subsection (b)(2) above) that relates to the provision of child support, alimony payments, or marital property rights for the benefit of an Alternate Payee. The Plan Administrator is not required to determine whether the court or agency issuing the domestic relations order had jurisdiction to issue an order, whether state law is correctly applied in the order, whether service was properly made on the parties, or whether an individual identified in an order as an Alternate Payee is a proper Alternate Payee under state law.

A domestic relations order otherwise meeting the requirements to be a QDRO shall not fail to be treated as a QDRO solely because:

(1) the order is issued after, or revises, another domestic relations order or QDRO; or

(2) of the time at which the order is issued, including orders issued after the death of the Participant.

Any QDRO described in this Section 11.06 shall be subject to the same requirements and protections which apply to QDROs under Code §414(p)(7).

(d) **Contents of QDRO.** A QDRO must contain the following information:

(1) the name and last known mailing address of the Participant and each Alternate Payee;

(2) the name of each plan to which the order applies;

(3) the dollar amount or percentage (or the method of determining the amount or percentage) of the benefit to be paid to the Alternate Payee; and

(4) the number of payments or time period to which the order applies.

(e) **Impermissible QDRO provisions.**

(1) The order must not require the Plan to provide an Alternate Payee or Participant with any type or form of benefit, or any option, not otherwise provided under the Plan;

(2) The order must not require the Plan to provide for increased benefits (determined on the basis of actuarial value);

(3) The order must not require the Plan to pay benefits to an Alternate Payee that are required to be paid to another Alternate Payee under another order previously determined to be a QDRO; and

© Copyright 2020

(4) The order must not require the Plan to pay benefits to an Alternate Payee in the form of a Qualified Joint and Survivor Annuity for the lives of the Alternate Payee and his or her subsequent Spouse.

(f) **Immediate distribution to Alternate Payee.** Even if a Participant is not eligible to receive an immediate distribution from the Plan, an Alternate Payee may receive a QDRO benefit immediately in a lump sum, provided such distribution is consistent with the QDRO provisions.

(g) **Fee for QDRO determination.** The Plan Administrator may condition the making of a QDRO determination on the payment of a fee by a Participant or an Alternate Payee (either directly or as a charge against the Participant's Account).

(h) **Default QDRO procedure.** If the Plan Administrator chooses this default QDRO procedure or if the Plan Administrator does not establish a separate QDRO procedure, this subsection (h) will apply as the procedure the Plan Administrator will use to determine whether a domestic relations order is a QDRO. This default QDRO procedure incorporates the requirements set forth below.

(1) **Access to information.** The Plan Administrator will provide access to Plan and Participant benefit information sufficient for a prospective Alternate Payee to prepare a QDRO. Such information might include the summary plan description, other relevant plan documents, and a statement of the Participant's benefit entitlements. The disclosure of this information is conditioned on the prospective Alternate Payee providing to the Plan Administrator information sufficient to reasonably establish that the disclosure request is being made in connection with a domestic relations order.

(2) **Notifications to Participant and Alternate Payee.** The Plan Administrator will promptly notify the affected Participant and each Alternate Payee named in the domestic relations order of the receipt of the order. The Plan Administrator will send the notification to the address included in the domestic relations order. Along with the notification, the Plan Administrator will provide a copy of the Plan's procedures for determining whether a domestic relations order is a QDRO.

(3) **Alternate Payee representative.** The prospective Alternate Payee may designate a representative to receive copies of notices and Plan information that are sent to the Alternate Payee with respect to the domestic relations order.

(4) **Evaluation of domestic relations order.** Within a reasonable period of time, the Plan Administrator will evaluate the domestic relations order to determine whether it is a QDRO. A reasonable period will depend on the specific circumstances. The domestic relations order must contain the information described in subsection (d) above. If the order is only deficient in a minor respect, the Plan Administrator may supplement information in the order from information within the Plan Administrator's control or through communication with the prospective Alternate Payee.

(i) **Separate accounting.** Upon receipt of a domestic relations order, the Plan Administrator will separately account for and preserve the amounts that would be payable to an Alternate Payee until a determination is made with respect to the status of the order. During the period in which the status of the order is being determined, the Plan Administrator will take whatever steps are necessary to ensure that amounts that would be payable to the Alternate Payee, if the order were a QDRO, are not distributed to the Participant or any other person. The separate accounting requirement may be satisfied, at the Plan Administrator's discretion, by a segregation of the assets that are subject to separate accounting.

(ii) **Separate accounting until the end of 18-month period.** The Plan Administrator will continue to separately account for amounts that are payable under the QDRO until the end of an 18-month period. The 18-month period will begin on the first date following the Plan's receipt of the order upon which a payment would be required to be made to an Alternate Payee under the order. If, within the 18-month period, the Plan Administrator determines that the order is a QDRO, the Plan Administrator must pay the Alternate Payee in accordance with the terms of the QDRO. If, however, the Plan Administrator determines within the 18-month period that the order is not a QDRO, or, if the status of the order is not resolved by the end of the 18-month period, the Plan Administrator may pay out the amounts otherwise payable under the order to the person or persons who would have been entitled to such amounts if there had been no order. If the order is later determined to be a QDRO, the order will apply only prospectively; that is, the Alternate Payee will be entitled only to amounts payable under the order after the subsequent determination.

© Copyright 2020

(iii) **Preliminary review.** The Plan Administrator will perform a preliminary review of the domestic relations order to determine if it is a QDRO. If this preliminary review indicates the order is deficient in some manner, the Plan Administrator will allow the parties to attempt to correct any deficiency before issuing a final decision on the domestic relations order. The ability to correct is limited to a reasonable period of time.

(iv) **Notification of determination.** The Plan Administrator will notify, in writing, the Participant and each Alternate Payee of the Plan Administrator's decision as to whether a domestic relations order is a QDRO. In the case of a determination that an order is not a QDRO, the written notice will contain the following information:

(A) references to the Plan provisions on which the Plan Administrator based its decision;

(B) an explanation of any time limits that apply to rights available to the parties under the Plan (such as the duration of any protective actions the Plan Administrator will take); and

(C) a description of any additional material, information, or modifications necessary for the order to be a QDRO and an explanation of why such material, information, or modifications are necessary.

(v) **Treatment of Alternate Payee.** If an order is accepted as a QDRO, the Plan Administrator will act in accordance with the terms of the QDRO as if it were a part of the Plan. Except as designated otherwise under this subsection (v), an Alternate Payee will be considered a Beneficiary under the Plan and be afforded the same rights as a Beneficiary. The Plan Administrator will provide any appropriate disclosure information relating to the Plan to the Alternate Payee. In determining the rights of an Alternate Payee, unless designated otherwise under AA §C-4, the following rules apply:

(A) **Loans.** An Alternate Payee is not permitted to take a loan from the Plan.

(B) **Death benefits.** If an Alternate Payee dies prior to receiving the entire amount designated under the QDRO, such benefits will be paid in accordance with Section 8.08, treating the Alternate Payee as the Beneficiary. If the Alternate Payee dies without a designated Beneficiary, the benefits will be paid to the Alternate Payee's estate. Any death benefit will be paid in a single sum as soon as administratively feasible after the Alternate Payee's death.

(C) **Direction of investments.** An Alternate Payee has the right to direct the investment of the portion of the Participant's benefit that is segregated for the Alternate Payee's benefit pursuant to a QDRO in the same manner as the Participant.

(D) **Voting rights.** An Alternate Payee has the right to exercise any voting rights in the same manner as the Participant.

11.07 **Claims Procedure.** The Plan Administrator shall establish and maintain reasonable procedures governing the filing of benefit claims, notification of benefit determinations, and appeal of adverse benefit determinations (hereinafter collectively referred to as claims procedures) consistent with the requirements of ERISA Reg. §2560.503-1 and any other applicable guidance. The claims procedures for a plan will be deemed to be reasonable only if:

(a) The claims procedures comply with the requirements of paragraphs (c), (d), (e), (f), (g), (h), (i), and (j) of ERISA Reg. §2560.503-1, as appropriate;

(b) A description of all claims procedures and the applicable time frames is included as part of a summary plan description meeting the requirements of 29 CFR 2520.102-3;

(c) The claims procedures do not contain any provision, and are not administered in a way, that unduly inhibits or hampers the initiation or processing of claims for benefits;

(d) The claims procedures do not preclude an authorized representative of a claimant from acting on behalf of such claimant in pursuing a benefit claim or appeal of an adverse benefit determination; and

(e) The claims procedures contain administrative processes and safeguards designed to ensure and to verify that benefit claim determinations are made in accordance with governing plan documents and that, where appropriate, the plan provisions have been applied consistently with respect to similarly situated claimants.

© Copyright 2020

11.08 **Operational Rules for Short Plan Years.** The following operational rules apply if the Plan has a Short Plan Year. A Short Plan Year is any Plan Year that is less than a 12-month period, either because of the amendment of the Plan Year, or because the Effective Date of a new Plan is less than 12 months prior to the end of the first Plan Year.

(a) If the Plan is amended to create a Short Plan Year, and an Eligibility Computation Period or Vesting Computation Period is based on the Plan Year, the applicable computation period begins on the first day of the Short Plan Year, but such period ends on the day which is 12 months from the first day of such Short Plan Year. Thus, the computation period that begins on the first day of the Short Plan Year overlaps with the computation period that starts on the first day of the next Plan Year. This rule applies only to an Employee who has at least one Hour of Service during the Short Plan Year.

If a Plan has an initial Short Plan Year, the rule in the above paragraph applies only for purposes of determining an Employee's Vesting Computation Period and only if the Employer elects under AA §8-3(a) to exclude service earned prior to the adoption of the Plan. For eligibility and vesting (where service prior to the adoption of the Plan is not ignored), if the Eligibility Computation Period or Vesting Computation Period is based on the Plan Year, the applicable Computation Period will be determined on the basis of the Plan's normal Plan Year, without regard to the initial short Plan Year.

(b) If Employer Contributions are allocated for a Short Plan Year, any allocation condition under AA §6-5 or AA §6B-7 (under the Profit Sharing/401(k) Plan Adoption Agreement) that requires a Participant to complete a specified number of Hours of Service to receive an allocation of such Employer Contributions will not be prorated as a result of such Short Plan Year unless otherwise specified under the special rules in AA §6-5 or AA §6B-7, as applicable.

(c) If the permitted disparity method is used to allocate any Employer Contributions made for a Short Plan Year, the Integration Level will be prorated to reflect the number of months (or partial months) included in the Short Plan Year.

(d) The Compensation Limit, as defined in Section 1.26, will be prorated to reflect the number of months (or partial months) included in the Short Plan Year unless the compensation used for such Short Plan Year is a period of 12 months. (See Section 6.04(l)(1) for special rules that apply for the first year of a Safe Harbor 401(k) Plan.)

In all other respects, the Plan shall be operated for the Short Plan Year in the same manner as for a 12-month Plan Year, unless the context requires otherwise. If the terms of the Plan are ambiguous with respect to the operation of the Plan for a Short Plan Year, the Plan Administrator has the authority to make a final determination on the proper interpretation of the Plan.

© Copyright 2020

SECTION 12
TRUST AND OTHER PLAN FUNDING

12.01 **Establishment of Trust or Other Funding Mechanism.** In conjunction with the establishment of this Plan, the Employer will establish and maintain a domestic Trust (or other funding mechanism) in the United States consisting of such sums as shall from time to time be paid to the Trustee under the Plan and such earnings, income and appreciation as may accrue thereon.

12.02 **Conflicting Trust Provisions.** In the event of any conflict between the terms of this Plan and any conflicting provision contained in any associated Trust, custodial account document or any document that is incorporated by reference, the terms of this Plan will govern.

12.03 **More than One Trustee.** If the Plan has more than one person acting as Trustee, the Trustees may allocate the Trustee responsibilities by mutual agreement. The Trustees may agree to make decisions by a majority vote or may permit any one of the Trustees to make any decision, undertake any action or execute any documents affecting this Trust without the approval of the remaining Trustees. The Trustees may agree to the allocation of responsibilities in a separate trust agreement or other binding document.

12.04 **Annual Valuation.** The Plan assets will be valued at least on an annual basis. The Employer may designate more frequent Valuation Dates under AA §11-1. Notwithstanding any election under AA §11-1, the Trustee and Plan Administrator may agree to value the Trust on a more frequent basis, and/or to perform an interim valuation of the Trust.

12.05 **Appointment of Custodian.** The Plan Administrator may appoint a Custodian to hold all or any portion of the Plan assets. A Custodian has the powers, rights and responsibilities similar to those of a Directed Trustee. The Custodian will be protected from any liability with respect to actions taken pursuant to the direction of the Plan Administrator, the Employer, an investment manager, a Named Fiduciary or other third party with authority to provide direction to the Custodian. The Employer may enter into a separate agreement with the Custodian. Such separate agreement must be consistent with the responsibilities and obligations set forth in this Plan document.

12.06 **Custodial Accounts, Annuity Contracts and Insurance Contracts.** As provided under Code §401(f), a custodial account, an annuity contract or a contract issued by an Insurer is treated as a qualified trust under the Plan if (i) the custodial account or contract would, except for the fact that it is not a trust, constitute a qualified trust under Code §401(a) and (ii) in the case of a custodial account the assets thereof are held by a bank (as defined in Code §408(n)) or another person who demonstrates to the IRS that the manner in which the assets are held are consistent with the requirements of Code §401(a).

No insurance contract will be purchased under the Plan unless such contract or a separate definite written agreement between the Employer and the Insurer provides that: (1) no value under contracts providing benefits under the Plan or credits determined by the Insurer (on account of dividends, earnings, or other experience rating credits, or surrender or cancellation credits) with respect to such contracts may be paid or returned to the Employer or diverted to or used for other than the exclusive benefit of the Participants or their Beneficiaries. However, any contribution made by the Employer because of a mistake of fact must be returned to the Employer within one year of the contribution.

If this Plan is funded by individual contracts that provide a Participant's benefit under the Plan, such individual contracts shall constitute the Participant's Account Balance. If this Plan is funded by group contracts, under the group annuity or group insurance contract, premiums or other consideration received by the insurance company must be allocated to Participants' accounts under the Plan.

© Copyright 2020

SECTION 13
PARTICIPANT LOANS

13.01 **Availability of Participant Loans.** The Employer may elect under Appendix B of the Adoption Agreement to permit Participants to take loans from their vested Account Balance under the Plan. Participant loans may be treated as a segregated investment on behalf of each individual Participant for whom the loan is made or may be treated as a general investment of the Plan. If the Employer elects to permit loans under the Plan, and subject to the terms of the Investment Arrangement(s), the Employer may elect to use the default loan policy under this Section 13, as modified under Appendix B of the Adoption Agreement, or an outside loan policy for purposes of administering Participant loans under the Plan. If a separate written loan policy is adopted, the terms of such separate loan policy will control over the terms of this Plan with respect to the administration of any Participant loans. Any separate written loan policy must satisfy the requirements under Code §72(p) and the regulations thereunder.

Unless designated otherwise under AA §B-3, Participant loans under this Section 13 are available to Participants and Beneficiaries who are parties in interest (as defined in ERISA §3(14)). Unless modified in a separate loan policy, any reference to Participant under this Section 13 is a reference to a Participant or Beneficiary who is a party in interest.

To receive a Participant loan, a Participant must sign (including, where applicable, using electronic or other means recognized as sufficient) a promissory note along with a pledge or assignment of the portion of the Account Balance used for security on the loan. The loan will be evidenced by a legally enforceable agreement which specifies the amount and term of the loan, and the repayment schedule.

The rules and limitations on Participant loans under this Section 13 may be modified by legislative or regulatory action. If such action occurs, the applicable rule or limitation is modified accordingly.

13.02 **Must be Available in Reasonably Equivalent Manner.** Participant loans must be made available to Participants in a reasonably equivalent manner. Participant loans will not be made available to Highly Compensated Employees in an amount greater than the amount made available to other Employees. The Employer may elect under AA §B-8 to limit the availability of Participant loans to specified events. For example, the availability of Participant loans may be limited to the occurrence of a hardship event as described in Section 8.10(e)(1)(i).

13.03 **Loan Limitations.** A Participant loan may not be made to the extent such loan (when added to the outstanding balance of all other loans made to the Participant) exceeds the lesser of:

(a) $50,000 (reduced by the excess, if any, of the Participant's highest outstanding balance of loans from the Plan during the one-year period ending on the day before the date on which such loan is made, over the Participant's outstanding balance of loans from the Plan as of the date such loan is made) or

(b) one-half (½) of the Participant's vested Account Balance, determined as of the Valuation Date coinciding with or immediately preceding such loan, adjusted for any contributions or distributions made since such Valuation Date.

If so elected under AA §B-4, a Participant may take a loan equal to the greater of $10,000 or 50% of the Participant's vested Account Balance. However, if a Participant takes a loan in excess of 50% of the Participant's vested Account Balance, such loan is still subject to the adequate security requirements under Section 13.06.

In applying the limitations under this Section 13.03, all plans maintained by the Employer are aggregated and treated as a single plan. In addition, any assignment or pledge of any portion of the Participant's interest in the Plan and any loan, pledge, or assignment with respect to any insurance contract purchased under the Plan will be treated as a loan under this Section.

13.04 **Limit on Amount and Number of Loans.** Unless elected otherwise under AA §B-5 and/or AA §B-6, or under a separate written loan policy, and except as otherwise provided in an Investment Arrangement, a Participant may not receive a Participant loan of less than $1,000 nor may a Participant have more than one Participant loan outstanding at any time.

(a) **Loan renegotiation.** Unless designated otherwise under AA §B-14, a Participant may be permitted to renegotiate a loan without violating the one outstanding loan requirement to the extent such renegotiated loan is a new loan (i.e., the renegotiated loan separately satisfies the reasonable interest rate requirement under Section 13.05, the adequate security requirement under Section 13.06, and the periodic repayment requirement under Section 13.07) and the renegotiated loan does not exceed the limitations under Section 13.03 above, treating both the replaced loan and the renegotiated loan as outstanding at the same time. However, if the term of the renegotiated loan does not end later than the original term of the replaced loan, the replaced loan may be ignored in applying the limitations under Section 13.03 above. The availability of renegotiations may be restricted, provided the ability to renegotiate a Participant loan is available on a non-discriminatory basis.

© Copyright 2020

(b) **Participant must be creditworthy.** The Plan Administrator may refuse to make a loan to any Participant who is determined to be not creditworthy. For this purpose, a Participant is not creditworthy if, based on the facts and circumstances, it is reasonable to believe that the Participant will not repay the loan. A Participant who has defaulted on a previous loan from the Plan and has not repaid such loan (with accrued interest) at the time of any subsequent loan will be treated as not creditworthy until such time as the Participant repays the defaulted loan (with accrued interest). See Section 13.10(b) for rules that apply if a Participant receives a subsequent loan while a prior defaulted loan is still outstanding.

13.05 **Reasonable Rate of Interest.** All Participant loans will be charged a reasonable rate of interest. For this purpose, the interest rate charged on a Participant loan must be commensurate with the interest rates charged by persons in the business of lending money for loans under similar circumstances. Alternative methods for determining a reasonable rate of interest may be identified under AA §B-7 or under a separate written loan policy. The interest rate assumptions must be periodically reviewed to ensure the interest rate charged on Participant loans is reasonable.

If a Participant is in military service while he/she has an outstanding Participant loan, the applicable interest charged on such loan during the period while the Participant is in military service will not exceed 6% per year provided the Participant provides written notice and a copy of his/her call-up or extension orders to the Plan Administrator within 180 days following the Participant's termination or release from military service. For this purpose, military service is as defined in the Soldier's and Sailor's Civil Relief Act of 1940 as modified by the Servicemembers Civil Relief Act of 2003. The Participant may voluntarily waive this 6% interest limitation and the Plan Administrator may petition the court to retain the original interest rate if the ability to repay is not affected by the Participant's activation to military duty.

13.06 **Adequate Security.** All Participant loans must be adequately secured. The Participant's vested Account Balance shall be used as security for a Participant loan provided the outstanding balance of all Participant loans made to such Participant does not exceed 50% of the Participants vested Account Balance, determined immediately after the origination of each loan, and if applicable, the spousal consent requirements described in Section 13.08 have been satisfied. The Plan Administrator may require a Participant to provide additional collateral to receive a Participant loan if the Plan Administrator determines such additional collateral is required to protect the interests of Plan Participants. A separate loan policy, or written modifications to this loan policy, may prescribe alternative rules for obtaining adequate security. However, the 50% rule in this paragraph may not be replaced with a greater percentage.

13.07 **Periodic Repayment.** A Participant loan must provide for level amortization with payments to be made not less frequently than quarterly. A Participant loan must be payable within a period not exceeding five (5) years, unless the loan is for the purchase of the Participant's principal residence, in which case the loan may be payable within ten (10) years or such longer period that is commensurate with the repayment period permitted by commercial lenders for similar loans. Loan repayments must be made through payroll withholding, ACH and/or coupon payment. If a Participant's paycheck is insufficient to make both Salary Deferrals and loan repayments, the Plan Administrator may establish an administrative procedure establishing the hierarchy for Salary Deferrals and loan repayments.

(a) **Leave of absence.** A Participant with an outstanding Participant loan may suspend loan payments to the Plan for up to 12 months for any period during which the Participant's pay is insufficient to fully repay the required loan payments. Upon the Participant's return to employment (or after the end of the 12-month period, if earlier), the Participant's outstanding loan will be re-amortized over the remaining period of such loan to make up for the missed payments. The re-amortized loan may extend beyond the original loan term so long as the loan is paid in full by whichever of the following dates comes first:

(1) the date which is five (5) years from the original date of the loan (or the end of the suspension, if sooner); or

(2) the original loan repayment deadline (or the end of the suspension period, if later) plus the length of the suspension period.

Alternatively, upon a Participant's return to employment (or after the end of the 12-month period, if earlier), the Plan Administrator may allow the Participant's outstanding loan payments to resume at the same loan payment amount as of the time of the loan suspension, with a balloon payment of the remaining balance due by the earlier of (1) the date which is five (5) years from the original date of the loan (or the end of the suspension, if sooner), or (2) the original loan repayment deadline (or the end of the suspension period, if later) plus the length of the suspension period.

(b) **Military leave.** A Participant with an outstanding Participant loan also may suspend loan payments for any period such Participant is on military leave, in accordance with Code §414(u)(4). Upon the Participant's return from military leave (or the expiration of five years from the date the Participant began his/her military leave, if earlier), loan payments will recommence under the amortization schedule in effect prior to the Participant's military leave, without regard to the five-year maximum loan repayment period. Alternatively, the loan may be re-amortized to require a different level of

© Copyright 2020

loan payment, as long as the amount and frequency of such payments are not less than the amount and frequency under the amortization schedule in effect prior to the Participant's military leave.

13.08 **Spousal Consent.** If this Plan is subject to the Joint and Survivor Annuity requirements under Section 9, a Participant may not use his/her Account Balance as security for a Participant loan unless the Participant's Spouse, if any, consents to the use of such Account Balance as security for the loan. The spousal consent must be made within the 180-day period ending on the date the Participant's Account Balance is to be used as security for the loan. Spousal consent is not required, however, if the value of the Participant's total Account Balance does not exceed $5,000. If the Plan is not subject to the Joint and Survivor Annuity requirements under Section 9, a Spouse's consent is not required to use a Participant's Account Balance as security for a Participant loan, regardless of the value of the Participant's Account Balance. (An Employer may elect under AA Appendix B-16 to require spousal consent for loans even though the Plan is not subject to the Joint and Survivor Annuity requirements of Section 9.)

Any spousal consent required under this Section must be in writing, must acknowledge the effect of the loan, and must be witnessed by a plan representative or notary public. Any such consent to use the Participant's Account Balance as security for a Participant loan is binding with respect to the consenting Spouse and with respect to any subsequent Spouse as it applies to such loan. A new spousal consent will be required if the Account Balance is subsequently used as security for a renegotiation, extension, renewal, or other revision of the loan. A new spousal consent also will be required only if any portion of the Participant's Account Balance will be used as security for a subsequent Participant loan.

13.09 **Designation of Accounts.** A Participant loan will be treated as a segregated investment on behalf of the individual Participant for whom the loan is made or may be treated as a general investment of the Plan. Unless designated otherwise under AA §B-15 of the Profit Sharing/401(k) Plan Adoption Agreement or under a separate loan procedure, and except as otherwise provided in an Investment Arrangement and the loan agreement, loan amounts may be taken from any available contribution source under the Plan. The Plan Administrator may determine the hierarchy of contribution sources from which a loan is taken or may follow directions of the Participant. Each payment of principal and interest paid by a Participant on his/her Participant loan shall be credited to the same Participant Accounts and investment funds within such Accounts from which the loan was taken.

13.10 **Procedures for Loan Default.** Except as otherwise provided in the Investment Arrangement and in any loan agreement, and subject to applicable requirements in Code §72(p) and the regulations thereunder, the following loan default provisions will apply. A Participant will be considered to be in default with respect to a loan if any scheduled repayment with respect to such loan is not made by the end of the calendar quarter following the calendar quarter in which the missed payment was due. The Employer may apply a shorter cure period under AA §B-10.

(a) **Offset of defaulted loan.** If a Participant defaults on a Participant loan, the Plan may not offset the Participant's Account Balance until the Participant is otherwise entitled to an immediate distribution of the portion of the Account Balance which will be offset and such amount being offset is available as security on the loan, pursuant to Section 13.06. For this purpose, a loan default is treated as an immediate distribution event to the extent the law does not prohibit an actual distribution of the type of contributions which would be offset as a result of the loan default (determined without regard to the consent requirements under Sections 8.04 and 9.04, so long as spousal consent was properly obtained at the time of the loan, if required under Section 13.08). The Participant may repay the outstanding balance of a defaulted loan (including accrued interest through the date of repayment) at any time.

Pending the offset of a Participant's Account Balance following a defaulted loan, the following rules apply to the amount in default.

(1) Interest continues to accrue on the amount in default until the time of the loan offset or, if earlier, the date the loan repayments are made current or the amount is satisfied with other collateral;

(2) A subsequent offset of the amount in default is not reported as a taxable distribution, except to the extent the taxable portion of the default amount was not previously reported by the Plan as a taxable distribution;

(3) The post-default accrued interest included in the loan offset is not reported as a taxable distribution at the time of the offset.

(b) **Subsequent loan following defaulted loan.** If a loan is defaulted and has not been repaid or distributed (e.g., by plan loan offset), any subsequent loan must satisfy one of the following conditions:

(1) There must be an arrangement between the Plan, Participant or beneficiary and the Employer, enforceable under applicable law, under which repayments will be made by payroll withholding. For this purpose, an arrangement will not fail to be enforceable merely because a party has the right to revoke the arrangement prospectively; or

© Copyright 2020

(2) The Plan receives adequate security from the Participant or beneficiary that is in addition to the Participant's or beneficiary's accrued benefit under the Plan.

If a subsequent loan is made to a Participant or beneficiary that satisfies one of the conditions in this subsection (b) and before repayment of the subsequent loan, the conditions in this subsection are no longer satisfied (e.g., the loan recipient revokes consent to payroll withholding), the second loan will be treated as a deemed distribution under Code §72(p).

A separate loan policy, or written modifications to this loan policy, may modify the procedures for determining a loan default.

13.11 Termination of Employment.

(a) **Offset of outstanding loan.** If permitted under the Investment Arrangement, the loan agreement and any loan policy and unless elected otherwise under AA §B-12 or if a Participant requests a Direct Rollover as allowed under Section 13.11(b) below, a Participant loan becomes due and payable in full immediately upon the Participant's termination of employment. Upon a Participant's termination, the Participant may repay the entire outstanding balance of the loan (including any accrued interest) within a reasonable period following termination of employment. If the Participant does not repay the entire outstanding loan balance, the Participant's vested Account Balance will be reduced by the remaining outstanding balance of the loan (without regard to the consent requirements under Sections 8.04 and 9.04, so long as spousal consent was properly obtained at the time of the loan, if required under Section 13.08), to the extent such Account Balance is available as security on the loan, pursuant to Section 13.06, and the remaining vested Account Balance will be distributed in accordance with the distribution provisions under Section 8. If the outstanding loan balance of a deceased Participant is not repaid, the outstanding loan balance shall be treated as a distribution to the Participant and shall reduce the death benefit amount payable to the Beneficiary under Section 8.08. This subsection (a) does not apply to the extent the terminated Participant is a party in interest as defined in ERISA §3(14).

(b) **Direct Rollover.** Unless elected otherwise under AA §B-13, upon termination of employment, a Participant may request a Direct Rollover of the loan note (provided the distribution is an Eligible Rollover Distribution as defined in Section 8.05(a)(1)) to another qualified plan which agrees to accept a Direct Rollover of the loan note. A Participant may not engage in a Direct Rollover of a loan to the extent the Participant has already received a deemed distribution with respect to such loan. (See the rules regarding deemed distributions upon a loan default under Section 13.10.)

13.12 Mergers, Transfers or Direct Rollovers from another Plan/Change in Loan Record Keeper. Except as otherwise provided in an Investment Arrangement and related loan agreement, and subject to applicable requirements in Code §72(p) and the regulations thereunder, any Participant loan transferred into the Plan as the result of a merger, consolidation, or plan to plan transfer, or rolled over to the Plan from another plan, shall be administered in accordance with the provisions of the note reflecting such loan, and shall remain outstanding until repaid in accordance with its terms, except that the Participant may be permitted to renegotiate the terms of the loan to the extent necessary to ensure the administration of such loan continues to satisfy the requirements of Code §72(p) and the regulations thereunder. In addition, if there is a change in the person or persons to whom the record keeping of Participant loans has been delegated, a loan shall continue to be administered in accordance with the provisions of the note reflecting such loan, and shall remain outstanding until repaid in accordance with its terms, except that the Participant may be permitted to renegotiate the terms of a loan to the extent necessary to ensure the administration of the loan after the change in the loan record keeper continues to satisfy the requirements of Code §72(p) and the regulations thereunder, regardless of any contrary election under AA §B-14.

13.13 Amendment of Plan to Eliminate Participant Loans. The Plan may be amended at any time to eliminate Participant loans on a prospective basis. However, the elimination of a Participant loan feature may not result in the acceleration of payment of any existing Participant loans, unless the terms of the Participant loan permit such acceleration.

© Copyright 2020

SECTION 14
PLAN AMENDMENTS, TERMINATION, MERGERS AND TRANSFERS

14.01 Plan Amendments.

(a) **Amendment by the Provider.** The Provider (as described in §4.08 of Revenue Procedure 2017-41 or its successor) may amend any part of the plan. However, for purposes of reliance on an Opinion Letter, the Provider will no longer have the authority to amend the plan on behalf of the Employer as of the date (1) the employer amends the plan to incorporate a type of plan described in §6.03 of Rev. Proc. 2017-41 that is not permitted under the Pre-approved Plan program, or (2) the Internal Revenue Service notifies the employer, in accordance with §8.06(3) of Rev. Proc. 2017-41, that the Plan is an individually designed plan due to the nature and extent of Employer amendments to the Plan.

For purposes of Provider amendments, the Mass Submitter shall be recognized as the agent of the Provider. If the Provider does not adopt the amendments made by the Mass Submitter, it will no longer be identical to or a minor modifier of the Mass Submitter plan.

The Provider will maintain, or have maintained on its behalf, a record of the Employers that have adopted the Plan, and the Provider will make reasonable and diligent efforts to ensure that adopting Employers have actually received and are aware of all Plan amendments and that such Employers adopt new documents when necessary.

(b) **Amendment by the Employer.** The Employer shall have the right at any time to amend the Adoption Agreement in the following manner without affecting the Plan's status as a Pre-Approved Plan. (The ability to amend the Plan as authorized under this subsection (b) applies only to the Employer that executes the Employer Signature Page of the Adoption Agreement. Any amendment to the Plan by the Employer under this subsection (b) also applies to any other Employer that participates under the Plan as a Participating Employer.)

(1) The Employer may change any optional selections under the Adoption Agreement.

(2) The Employer may add overriding language to the Adoption Agreement when such language is necessary to satisfy Code §415 or Code §416 because of the required aggregation of multiple plans.

(3) The Employer may change the Employer Information in Section 1 of the Adoption Agreement and/or the administrative selections under Appendix C of the Adoption Agreement by replacing the appropriate page(s) within the Adoption Agreement. Such amendment does not require re-execution of the Employer Signature Page of the Adoption Agreement and any such change will not affect the Employer's reliance on the Favorable IRS Letter.

(4) The Employer may amend administrative provisions of the trust or custodial document, including the name of the Plan, Employer, Trustee or Custodian, Plan Administrator and other fiduciaries, the trust year, and the name of any pooled trust in which the Plan's trust will participate.

(5) The Employer may add certain sample or model amendments published by the IRS which specifically provide that their adoption will not cause the Plan to be treated as an individually designed plan.

(6) The Employer may add or change provisions permitted under the Plan and/or specify or change the effective date of a provision as permitted under the Plan.

(7) The Employer may adopt any amendments that it deems necessary to satisfy the requirements for resolving qualification failures under the IRS' compliance resolution programs.

(8) The Employer may adopt an amendment to cure a coverage or nondiscrimination testing failure, as permitted under applicable Treasury regulations.

The Employer may amend the Plan at any time for any other reason, including a waiver of the minimum funding requirement under Code §412(d). If such amendment is not deemed to be significant, the Plan will not lose its status as a Pre-Approved Plan. However, if the Employer modifies the language of the Plan or Adoption Agreement (other than the completion of optional selections (e.g., Describe lines), the Employer may not be able to rely on the Favorable IRS Letter issued with respect to the Plan and may need to submit the Plan to the IRS for a favorable determination letter to retain reliance. If an amendment to the Plan is deemed significant, such amendment could cause the Plan to lose its status as a Pre-Approved Plan and become an individually designed plan. (The loss of reliance on the Favorable IRS Letter is determined under Rev. Proc. 2017-41 (and its successor) and any other applicable IRS guidance.)

© Copyright 2020

The above provision, limiting the ability of the adopting Employer to amend the Plan, would not preclude the Employer, in cases where the Employer is switching from an individually designed plan or from one Pre-Approved Plan to another, from attaching to the Plan a list of the §411(d)(6) protected benefits that must be preserved.

(c) **Method of amendment.** An amendment to the Plan may be adopted as a modification to the Adoption Agreement and/or Basic Plan Document or as a separate snap-on amendment. An amendment to the Plan may be adopted as part of a properly executed board resolution. Any such resolution must be executed by the board of directors or a duly authorized officer of the Employer (if the Employer is a corporation or other similarly organized business entity), by a general partner or member of the Employer (if the Employer is a partnership or limited liability company), or by a sole proprietor (if the Employer is a sole proprietorship).

(d) **Reduction of accrued benefit.** No amendment to the Plan shall be effective to the extent that it has the effect of reducing a Participant's accrued benefit. Notwithstanding the preceding sentence, a Participant's Account Balance may be reduced to the extent permitted under statute (e.g., Code §412(d)(2)), regulations (e.g., Treas. Reg. §§1.411(d)-3 and 1.411(d)-4), or other IRS guidance of general applicability. For purposes of this section, a plan amendment includes any changes to the terms of a plan, including changes resulting from a merger, consolidation, or transfer (as defined in Code §414(l)) or a Plan termination. Allocations of Employer Contributions and forfeitures will not be discontinued or decreased because of the Participant's attainment of any age.

The rules of this subsection (d) apply to a Plan amendment that decreases a Participant's benefit, or otherwise places greater restrictions or conditions on a Participant's right to protected benefits, even if the amendment merely adds a restriction or condition that is permitted under the vesting rules in Code §411. However, such an amendment does not violate this subsection (d) to the extent it applies with respect to benefits that accrue after the applicable amendment date. An amendment that satisfies the applicable requirements under DOL Reg. §2530.203-2(c) relating to Vesting Computation Periods does not fail to satisfy the requirements of this subsection (d) merely because the amendment changes the Plan's Vesting Computation Period.

If the adoption of this Plan will result in the elimination of a protected benefit, the Employer may preserve such protected benefit by identifying the protected benefit under AA §11-11. Failure to identify protected benefits under the Adoption Agreement will not override the requirement that such protected benefits be preserved under this Plan. The availability of each optional form of benefit under the Plan must not be subject to Employer discretion.

If the Plan is a Profit Sharing/401(k) Plan, the Employer may eliminate or restrict the ability of a Participant to receive payment of his/her Account Balance under a particular form of benefit for distributions with annuity starting dates after the date the amendment is adopted if, after the amendment is effective with respect to the Participant, the Participant has the ability to elect to receive distribution in the form of a lump sum that is otherwise identical to the optional form of benefit being eliminated or restricted. For this purpose, a lump sum distribution form is otherwise identical only if the lump sum distribution form is identical in all respects to the eliminated or restricted optional form of benefit (or would be identical except that it provides greater rights to the participant) except with respect to the timing of payments after commencement.

To the extent the Plan permits Participants to receive an in-kind distribution of marketable securities (other than Employer securities), the Plan Administrator may require Employees to receive distributions in the form of cash. In addition, the Plan may be amended to limit in-kind distributions to investments held in the participant's Account at the time of the amendment and for which the Plan, prior to the amendment, allowed in-kind distribution. Any such amendment may limit the availability of in-kind distributions to investments that are actually held in a Participant's Account at the time of distribution. Thus, the Plan would not have to continue to allow Participants to request an in-kind distribution after the Participant's Account no longer holds such investment (either by election of the Participant or because the Plan no longer offers that investment option).

(e) **Amendment of vesting schedule.** If the Plan's vesting schedule is amended or the Plan is amended in any way that directly or indirectly affects the computation of a Participant's nonforfeitable percentage, in the case of an Employee who is a Participant as of the later of the date such amendment or change is adopted or the date it becomes effective, the nonforfeitable percentage (determined as of such date) of such Employee's account balance will not be less than the percentage computed under the Plan without regard to such amendment or change. With respect to benefits accrued as of the later of the adoption or effective date of the amendment, the vested percentage of each Participant will be the greater of the vested percentage under the old vesting schedule or the vested percentage under the new vesting schedule.

(f) **Effective date of Plan Amendments.** If the Plan is restated or amended, such restatement or amendment is generally effective as of the Effective Date of the restatement or amendment (as designated on the Employer Signature Page with respect to such amendment), except where the context indicates a reference to an earlier Effective Date. The Employer

© Copyright 2020

may designate special effective dates for individual provisions under the Plan where provided in the Adoption Agreement or under Appendix A of the Adoption Agreement.

(1) **Retroactive Effective Date.** If the Plan is amended retroactively (e.g., to add language required to comply with IRS guidance or law), the provisions of this Plan generally override the provisions of any prior Plan. However, if the provisions of this Plan are different from the provisions of the Employer's prior plan and, after the retroactive Effective Date of this Plan, the Employer operated in compliance with the provisions of the prior plan, the provisions of such prior plan (including interim amendments) are incorporated into this Plan for purposes of determining whether the Employer operated the Plan in compliance with its terms, provided operation in compliance with the terms of the prior plan do not violate any qualification requirements under the Code, regulations, or other IRS guidance.

(2) **Retroactive effect of certain provisions.** This Plan is designed to comply with the Code, regulations, and general guidance applicable to qualified retirement plans in effect as of the Effective Date of the Plan. Certain provisions of the Plan are retroactively effective as indicated in the specific provisions. If the Plan is being restated within the remedial amendment period for retroactive compliance, the special effective dates for such provisions will apply, even if such special effective dates precede the Effective Date of the restatement designated on the Employer Signature Page of the Adoption Agreement. If the Effective Date of this restatement or amendment is later than the applicable special effective date, such special effective dates will apply and any prior plan being replaced by this Plan will be considered to have been timely amended for the applicable provisions.

(3) **Merged plans.** Except for retroactive application of the provisions under this subsection (f), if one or more qualified retirement plans have been merged into this Plan, the provisions of the merging plan(s) will remain in full force and effect until the Effective Date of the plan merger(s), unless provided otherwise under Appendix A of the Adoption Agreement.

14.02 Amendment to Correct Coverage or Nondiscrimination Violation.

(a) **Amendment within correction period under Treas. Reg. §1.401(a)(4)-11(g).** If the Plan fails the minimum coverage test under Code §410(b) or the nondiscrimination requirements under Code §401(a)(4) for any Plan Year, the Employer may amend the Plan to correct the coverage or nondiscrimination violation within 9½ months after the end of the Plan Year, as permitted under Treas. Reg. §1.401(a)(4)-11(g). Any such amendment may be adopted as a modification of the Adoption Agreement or as a snap-on amendment, as described under Section 14.01(c), and will not affect the Pre-Approved Plan status provided the amendment does not violate any of the requirements applicable to Pre-Approved Plans under Rev. Proc. 2017-41 or subsequent guidance.

(b) **Fail-Safe Coverage Provision.** If the Employer has elected to apply a last day of the Plan Year allocation condition and/or an Hours of Service allocation condition, the Employer may elect under AA §11-6 to apply the Fail-Safe Coverage Provision described in this subsection (b). Under the Fail-Safe Coverage Provision, if the Plan fails to satisfy the ratio percentage coverage requirements under Code §410(b)(1)(A) or (B) for a Plan Year due to the application of a last day of the Plan Year allocation condition and/or an Hours of Service allocation condition, such allocation condition(s) will be automatically eliminated for the Plan Year for certain Employees, under the process described in subsections (2)(i) and (2)(ii) below, until enough Employees are benefiting under the Plan so that the ratio percentage test of Treasury Regulation §1.410(b)-2(b)(2) is satisfied.

(1) **Application of Fail-Safe Coverage Provision.** If the Employer elects to have the Fail-Safe Coverage Provision apply, such provision automatically applies for any Plan Year for which the Plan does not satisfy the ratio percentage coverage test under Code §410(b). (Except as provided in the following paragraph, the Plan may not use the average benefits test to comply with the minimum coverage requirements if the Fail-Safe Coverage Provision is elected.) The Plan satisfies the ratio percentage test if the percentage of the Nonhighly Compensated Employees under the Plan is at least 70% of the percentage of the Highly Compensated Employees who benefit under the Plan. An Employee is benefiting for this purpose only if he/she actually receives an allocation of Employer Contributions or forfeitures or, if testing coverage of a 401(m) arrangement (i.e., a Plan that provides for Matching Contributions and/or After-Tax Employee Contributions), the Employee would receive an allocation of Matching Contributions by making the necessary contributions or the Employee is eligible to make After-Tax Employee Contributions. To determine the percentage of Nonhighly Compensated Employees or Highly Compensated Employees who are benefiting, the following Employees are excluded for purposes of applying the ratio percentage test:

(i) Employees who have not satisfied the Plan's minimum age and service conditions under Section 2.03;

(ii) Nonresident Alien Employees;

© Copyright 2020

(iii) Union Employees; and

(iv) Employees who terminate employment during the Plan Year with less than 501 Hours of Service and do not benefit under the Plan.

(2) **Fail-Safe Coverage test.** Under the Fail-Safe Coverage Provision, certain Employees who are not benefiting for the Plan Year as a result of a last day of the Plan Year allocation condition or an Hours of Service allocation condition will participate under the Plan based on whether such Employees are Category 1 Employees or Category 2 Employees (as described in subsection (i) and (ii) below). If after applying the Fail-Safe Coverage Provision, the Plan does not satisfy the ratio percentage coverage test, the Fail-Safe Coverage Provision does not apply, and the Plan may use any other available method (including the average benefit test) to satisfy the minimum coverage requirements under Code §410(b).

(i) **Category 1 Employees – Nonhighly Compensated Employees who are still employed by the Employer on the last day of the Plan Year but who failed to satisfy the Plan's Hours of Service condition.** The Hours of Service allocation condition will first be eliminated for Category 1 Employees (who did not receive an allocation under the Plan due to the Hours of Service allocation condition) beginning with the Category 1 Employee(s) credited with the most Hours of Service for the Plan Year and continuing with the Category 1 Employee(s) with the next most Hours of Service until the ratio percentage test is satisfied. If two or more Category 1 Employees have the same number of Hours of Service, the allocation condition will be eliminated for those Category 1 Employees starting with the Category 1 Employee(s) with the highest Plan Compensation. If the Plan still fails to satisfy the ratio percentage test after all Category 1 Employees receive an allocation, the Plan proceeds to Category 2 Employees (see subsection (ii) below).

(ii) **Category 2 Employees - Nonhighly Compensated Employees) who terminated employment during the Plan Year with more than 500 Hours of Service.** The last day of the Plan Year allocation condition will then be eliminated for Category 2 Employees (who did not receive an allocation under the Plan due to the last day of the Plan Year allocation condition) beginning with the Category 2 Employee(s) who terminated employment closest to the last day of the Plan Year and continuing with the Category 2 Employee(s) with a termination of employment date that is next closest to the last day of the Plan Year until the ratio percentage test is satisfied. If two or more Category 2 Employees terminate employment on the same day, the allocation condition will be eliminated for those Category 2 Employees starting with the Category 2 Employee(s) with the highest Plan Compensation.

(3) **Special rule for Top Heavy Plans.** In applying the Fail-Safe Coverage Provision under this Section 14.02, if the Plan is a Top-Heavy Plan, the Employer may first eliminate the Hours of Service allocation condition for all Non-Key Employees who are Nonhighly Compensated Employees, prior to applying the Fail-Safe Coverage Provisions described above.

14.03 **Plan Termination.** The Employer may terminate this Plan at any time by delivering to the Trustee and Plan Administrator written notice of such termination.

(a) **Full and immediate vesting.** Upon a full or partial termination of the Plan (or in the case of a Profit Sharing Plan, the complete discontinuance of contributions), all amounts credited to an affected Participant's Account become 100% vested, regardless of the Participant's vested percentage determined under Section 7.02. The Plan Administrator has discretion to determine whether a partial termination has occurred.

(b) **Distribution upon Plan termination.** Upon the termination of the Plan, the Plan Administrator shall direct the distribution of Plan assets to Participants in accordance with the provisions under Section 8. For purposes of applying the provisions of this subsection (b), distribution may be delayed until the Employer receives a favorable determination letter from the IRS as to the qualified status of the Plan upon termination, provided the determination letter request is made within a reasonable period following the termination of the Plan. Until all Plan assets have been distributed from the Plan, the Employer must amend the Plan in order to comply with current laws and regulations and may take any other actions necessary to retain the qualified status of the Plan.

(1) **General distribution procedures.** Upon termination of the Plan, distribution shall be made to Participants with vested Account Balances of $5,000 or less in lump sum as soon as administratively feasible following the Plan termination, regardless of any contrary election under AA §9. No consent is necessary for a distribution of a vested Account Balance of $5,000 or less. Subject to the provisions of this subsection (b), for Participants with vested Account Balances in excess of $5,000, distribution will be made through the purchase of deferred annuity contracts which protect all protected benefits under the Plan (as defined in Code §411(d)(6)), unless a

© Copyright 2020

Participant elects to receive an immediate distribution in any form of payment permitted under the Plan. If an immediate distribution is elected in a form other than a lump sum, the distribution will be satisfied through the purchase of an immediate annuity contract. Distributions will be made as soon as administratively feasible following the Plan termination, regardless of any contrary election under AA §9.

(2) **Special rule for certain Profit Sharing Plans.** If this Plan is a Profit Sharing/401(k) Plan, distribution will be made to all Participants in the form of a lump sum, without consent, as soon as administratively feasible following the termination of the Plan, without regard to the value of the Participants' vested Account Balance. This special rule applies only if the Plan does not provide for an annuity option under AA §9-1 and the Employer (or any Related Employer) does not maintain another Defined Contribution Plan (other than an ESOP defined in Code §4975(e)(8)) at any time between the termination of the Plan and the distribution. If the Employer (or Related Employer) maintains another Defined Contribution Plan (other than an ESOP), then the Participant's Account Balance will be transferred, without the Participant's consent, to the other plan, if the Participant does not consent to an immediate distribution (to the extent consent is required under this subsection (b)).

(3) **Special rules for 401(k) Plans.** If this Plan is a Profit Sharing/401(k) Plan, a distribution of Salary Deferrals, QMACs, QNECs, and Traditional Safe Harbor/QACA Safe Harbor Contributions may be distributed in a lump sum upon Plan termination only if the Employer does not maintain another Defined Contribution Plan (other than an ESOP (as defined in Code §4975(e)(7) or §409(a)), a SEP (as defined in Code §408(k)), a SIMPLE IRA (as defined in Code §408(p)), a plan or contract described in Code §403(b) or a plan described in Code §457(b) or (f)), at any time during the period beginning on the date of termination and ending 12 months after the final distribution of all Plan assets. This subsection (3) will not apply to restrict distribution upon termination of the Plan if at all times during the 24-month period beginning 12 months before the Plan termination, fewer than 2% of the Participants under the Profit Sharing/401(k) Plan are eligible under the other Defined Contribution Plan. This subsection (3) also will not apply to the extent a Participant may take a distribution under another permissible distribution event.

(4) **Missing Participants or Beneficiaries.** Upon termination of the Plan, if any Participant or Beneficiary is determined to be missing (i.e., cannot be located after a reasonable diligent search (as described in Section 7.12(c)(1))), is unresponsive to the Plan's communications, is eligible for or elected a lump sum distribution under the Plan and does not accept the Plan payment, or is otherwise considered missing under other acceptable criteria), the Plan Administrator may proceed with the distribution or disposition of the Participant's Account under the options recommended under the Department of Labor's Field Assistance Bulletin 2014-01 (or subsequent guidance) and PBGC Reg. §§4050.201-4050.207, including making a direct rollover to an IRA selected by the Plan Administrator, utilizing the PBGC's missing participant program or disposing of the Participant's Account is another acceptable method. For this purpose, the Plan Administrator will adopt procedures, similar to the procedures required under Section 8.06, for making Automatic Rollovers in applying the provisions under this subsection (4). An Automatic Rollover under this subsection (4) may be made on behalf of any missing Participant, regardless of the value of his/her vested Account Balance under the Plan.

(c) **Termination upon merger, liquidation or dissolution of the Employer.** The Plan shall terminate upon the liquidation or dissolution of the Employer or the death of the Employer (if the Employer is a sole proprietor) provided however, that in any such event, arrangements may be made for the Plan to be continued by any successor to the Employer. If the Plan Administrator or Trustee is still in existence, the Trustee or Plan Administrator may engage in any actions necessary to complete the termination of the Plan. If there is no person serving as Trustee or Plan Administrator, another person or entity may be designated to carry out the termination of the Plan. Such person or entity may be selected in writing by a majority of Participants whose Accounts under the Plan have not been fully distributed. In the case of a sole proprietor, the executor of the estate of such sole proprietor may serve as Plan Administrator for purposes of completing the termination of the Plan, unless an alternative person is designated by a majority of the Participants under the Plan. If no person or entity is designated to terminate the Plan, a qualified termination administrator (QTA) (or other entity permitted by the IRS or DOL) may terminate the Plan in accordance with rules promulgated by the IRS and DOL.

(d) **Partial Termination.** In determining whether a Plan has experienced a partial termination as described under Code §411(d)(3), the Plan Administrator will apply the principals set forth under IRS Revenue Ruling 2007-43.

14.04 **Merger or Consolidation.** In the event the Plan is merged or consolidated with another plan, each Participant must be entitled to a benefit immediately after such merger or consolidation that is at least equal to the benefit the Participant was entitled to immediately before such merger or consolidation (had the Plan terminated).

© Copyright 2020

If the Employer amends the Plan from one type of Defined Contribution Plan (e.g., a Money Purchase Plan) into another type of Defined Contribution Plan (e.g., a Profit Sharing Plan) it will not result in a partial termination or any other event that would require full vesting of some or all Plan Participants.

14.05 **Transfer of Assets.** The Plan may accept a transfer of assets from another qualified retirement plan on behalf of any Employee, even if such Employee is not eligible to receive other contributions under the Plan. If a transfer of assets is made on behalf of an Employee prior to the Employee's becoming a Participant, the Employee shall be treated as a Participant for all purposes with respect to such transferred amount. Any assets transferred to this Plan from another plan must be accompanied by written instructions designating the name of each Employee for whose benefit such amounts are being transferred, the current value of such assets, and the sources from which such amounts are derived. The Plan Administrator will deposit any transferred assets in the appropriate Participant's Transfer Account. The Transfer Account will contain any sub-Accounts necessary to separately track the sources of the transferred assets. Each sub-Account will be treated in the same manner as the corresponding Plan Account. The Plan also may transfer some or all of the assets of a Participant's account to another qualified retirement plan.

The Plan Administrator may refuse to accept a transfer of assets if the Plan Administrator reasonably believes the transfer (1) is not being made from a proper qualified plan; (2) could jeopardize the tax-exempt status of the Plan; or (3) could create adverse tax consequences for the Plan or the Employer. Prior to accepting a transfer of assets, the Plan Administrator may require evidence documenting that the transfer of assets meets the requirements of this Section 14.05. The Trustee will have no responsibility to determine whether the transfer of assets meets the requirements of this Section 14.05; to verify the correctness of the amount and type of assets being transferred to the Plan; or to perform a due diligence review with respect to such transfer.

(a) **Protected benefits.** Except in the case of a Qualified Transfer (as defined in subsection (d) below), a transfer of assets is initiated at the Plan level and does not require Participant or spousal consent. If the Plan Administrator directs the Trustee to accept a transfer of assets to this Plan, the Participant on whose behalf the transfer is made retains all protected benefits (as defined in Code §411(d)(6)) that applied to such transferred assets under the transferor plan.

(b) **Application of QJSA requirements.** Except in the case of a Qualified Transfer (as defined in subsection (d) below), if the Plan accepts a transfer of assets from another plan which is subject to the Qualified Joint and Survivor Annuity requirements (as described in Section 9), the amounts transferred to this Plan continue to be subject to the QJSA requirements. If this Plan is not otherwise subject to the QJSA requirements (as determined under AA §9-2), the QJSA requirements apply only to the extent the transferred amounts were subject to the Qualified Joint and Survivor Annuity requirements under the transferor plan. The Employer must maintain such amounts in a separate Transfer Account under this Plan in order to apply the QJSA rules to such transferred amounts. The Employer may override this default rule by checking AA §9-2(a) of the Profit Sharing/401(k) Plan Adoption Agreement thereby subjecting the entire Plan to the QJSA requirements.

(c) **Transfers from a Defined Benefit Plan, Money Purchase Plan or 401(k) Plan.**

(1) **Transfer from Defined Benefit Plan.** The Plan will not accept a transfer of assets from a Defined Benefit Plan unless such transfer qualifies as a Qualified Transfer (as defined in subsection (d) below) or the assets transferred from the Defined Benefit Plan are in the form of paid-up annuity contracts which protect all of the Participant's protected benefits (as defined under Code §411(d)(6)) under the Defined Benefit Plan.

However, the Plan may accept a transfer of assets from a Defined Benefit Plan maintained by the Employer in order to comply with the qualified replacement plan requirements under Code §4980(d) (relating to the excise tax on reversions from a qualified plan). A transfer made pursuant to Code §4980(d) will be allocated as Employer Contributions either in the Plan Year in which the transfer occurs, or over a period of Plan Years (not exceeding the maximum period permitted under Code §4980(d)). To the extent a transfer described in this paragraph is not totally allocable in the Plan Year in which the transfer occurs, the portion which is not allocable will be credited to a suspense account until allocated.

(2) **Transfer from or conversion of Money Purchase Plan.** If this Plan is a Profit Sharing Plan or a 401(k) Plan and the Plan accepts a transfer or conversion of assets from a money purchase plan (other than as a Qualified Transfer as defined in subsection (d) below), the amounts transferred or converted (and any gains attributable to such amounts) continue to be subject to the distribution restrictions applicable to money purchase plan assets under the transferor plan. Such amounts may not be distributed for reasons other than death, disability, attainment of Normal Retirement Age, attainment of age 62, or termination of employment, regardless of any distribution provisions under this Plan that would otherwise permit a distribution prior to such events.

(3) **401(k) Plan.** If the Plan accepts a transfer of Salary Deferrals, QMACs, QNECs, or Traditional Safe Harbor/QACA Safe Harbor Contributions from a 401(k) plan, such amounts retain their character under this

© Copyright 2020

Plan and such amounts (including any allocable gains or losses) remain subject to the distribution restrictions applicable to such amounts under the Code. If the Plan accepts a transfer of Roth Deferrals, the Plan must continue to apply the Roth Deferral rules (as described in Section 3.03(e)) to such transferred Roth Deferrals.

(d) **Qualified Transfer.** The Plan may eliminate certain protected benefits (as provided under subsection (3)(ii) below) related to plan assets that are received in a Qualified Transfer from another plan. A Qualified Transfer is a plan-to-plan transfer of a Participant's benefits that meets the requirements under subsection (1) or (2) below.

(1) **Elective transfer.** A plan-to-plan transfer of a Participant's benefits from another qualified plan is a Qualified Transfer if such transfer satisfies the following requirements:

(i) The Participant must have the right to receive an immediate distribution of his/her benefits under the transferor plan at the time of the Qualified Transfer. The Participant must not be eligible at the time of the Qualified Transfer to take an immediate distribution of his/her entire benefit in a form that would be entirely eligible for a Direct Rollover.

(ii) The Participant on whose behalf benefits are being transferred must make a voluntary, fully informed election to transfer his/her benefits to this Plan.

(iii) The Participant must be provided an opportunity to retain the protected benefits under the transferor plan. This requirement is satisfied if the Participant is given the option to receive an annuity that protects all protected benefits under the transferor plan or the option of leaving his/her benefits in the transferor plan.

(iv) The Participant's Spouse must consent to the Qualified Transfer if the transferor plan is subject to the Joint and Survivor Annuity requirements under Section 9. The Spouse's consent must satisfy the requirements for a Qualified Election under Section 9.04.

(v) The amount transferred (along with any contemporaneous Direct Rollover) must not be less than the value of the Participant's vested benefit under the transferor plan.

(vi) The Participant must be fully vested in the transferred benefit.

(2) **Transfer upon specified events.** A plan-to-plan transfer of a Participant's entire benefit (other than amounts the Plan accepts as a Direct Rollover) from another Defined Contribution Plan that is made in connection with an asset or stock acquisition, merger, or other similar transaction involving a change in the Employer or is made in connection with a Participant's change in employment status that causes the Participant to become ineligible for additional allocations under the transferor plan, is a Qualified Transfer if such transfer satisfies the following requirements:

(i) The Participant need not be eligible for an immediate distribution of his/her benefits under the transferor plan.

(ii) The Participant on whose behalf benefits are being transferred must make a voluntary, fully informed election to transfer his/her benefits to this Plan.

(iii) The Participant must be provided an opportunity to retain the protected benefits under the transferor plan. This requirement is satisfied if the Participant is given the option to receive an annuity that protects all protected benefits under the transferor plan or the option of leaving his/her benefits in the transferor plan.

(iv) The benefits must be transferred between plans of the same type. To satisfy this requirement, the transfer must satisfy the following requirements:

(A) To accept a Qualified Transfer under this subsection (2) from a money purchase plan, this Plan also must be a money purchase plan.

(B) To accept a Qualified Transfer under this subsection (2) from a 401(k) plan, this Plan also must be a 401(k) plan (including a plan that holds frozen 401(k) plan assets).

(C) To accept a Qualified Transfer under this subsection (2) from a profit sharing plan, this Plan may be any type of Defined Contribution Plan.

© Copyright 2020

(3) Treatment of Qualified Transfer.

(i) Rollover Contribution Account. If the Plan Administrator directs the Trustee to accept on behalf of a Participant a transfer of assets that qualifies as a Qualified Transfer under subsection (1) above, the Plan Administrator will treat such amounts as a Rollover Contribution and will deposit such amounts in the Participant's Rollover Contribution Account. A Qualified Transfer may include benefits derived from After-Tax Employee Contributions.

(ii) Elimination of protected benefits. If the Plan accepts a Qualified Transfer under subsection (1) above, the Plan does not have to protect any protected benefits (defined under Code §411(d)(6)) derived from the transferor plan. However, if the Plan accepts a Qualified Transfer that meets the requirements for a transfer under subsection (2) above, the Plan must continue to protect the QJSA benefit if the transferor plan is subject to the QJSA requirements.

(e) Trustee's right to refuse transfer. If the assets to be transferred to the Plan under this Section 14.05 are not susceptible to proper valuation and identification or are of such a nature that their valuation is incompatible with other Plan assets, the Trustee may refuse to accept the transfer of all or any specific asset, or may condition acceptance of the assets on the sale or disposition of any specific asset.

(f) Transfer of Plan to unrelated Employer. The Employer may not transfer sponsorship of the Plan to an unrelated employer if the transfer is not in connection with a transfer of business assets or operations from the Employer to the unrelated employer.

© Copyright 2020

SECTION 15
MISCELLANEOUS

15.01 **Exclusive Benefit.** Plan assets will not be used for, or diverted to, a purpose other than the exclusive benefit of Participants or their Beneficiaries.

No amendment may authorize or permit any portion of the assets held under the Plan to be used for, or diverted to, a purpose other than the exclusive benefit of Participants or their Beneficiaries, except to the extent such assets are used to pay taxes or administrative expenses of the Plan. An amendment also may not cause or permit any portion of the assets held under the Plan to revert to or become property of the Employer.

15.02 **Return of Employer Contributions.** Upon written request by the Employer, the Trustee may return any Employer Contributions provided that the circumstances and the time frames described below are satisfied. The Trustee may request the Employer to provide additional information to ensure the amounts may be properly returned. Any amounts returned shall not include earnings but must be reduced by any losses.

(a) **Mistake of fact.** Any Employer Contributions made because of a mistake of fact must be returned to the Employer within one year of the contribution.

(b) **Disallowance of deduction.** Employer Contributions to the Trust are made with the understanding that they are deductible. In the event the deduction of an Employer Contribution is disallowed by the IRS, such contribution (to the extent disallowed) must be returned to the Employer within one year of the disallowance of the deduction.

(c) **Failure to initially qualify.** Employer Contributions to the Plan are made with the understanding, in the case of a new Plan, that the Plan satisfies the qualification requirements of Code §401(a) as of the Plan's Effective Date. In the event that the Internal Revenue Service determines that the Plan is not initially qualified under the Code, any Employer Contributions (and allocable earnings) made incident to that initial qualification must be returned to the Employer within one year after the date the initial qualification is denied, but only if the application for the qualification is made by the time prescribed by law for filing the employer's return for the taxable year in which the Plan is adopted, or such later date as the Secretary of the Treasury may prescribe.

15.03 **Alienation or Assignment.** Except as permitted under applicable statute or regulation, a Participant or Beneficiary may not assign, alienate, transfer or sell any right or claim to a benefit or distribution from the Plan, and any attempt to assign, alienate, transfer or sell such a right or claim shall be void, except as permitted by statute or regulation. Any such right or claim under the Plan shall not be subject to attachment, execution, garnishment, sequestration, or other legal or equitable process. This prohibition against alienation or assignment also applies to the creation, assignment, or recognition of a right to a benefit payable with respect to a Participant pursuant to a domestic relations order, unless such order is determined to be a QDRO pursuant to Section 11.06, or any domestic relations order entered before January 1, 1985.

This Section 15.03 shall not preclude the following:

(a) The enforcement of a Federal tax levy made pursuant to Code §6331.

(b) The collection by the United States on a judgment resulting from an unpaid tax assessment.

(c) Any arrangement for the recovery by the Plan of overpayments of benefits previously made to a participant.

This Section 15.03 shall not apply to an offset of a Participant's benefits as a result of a judgment of conviction for a crime involving the Plan, under a civil judgment brought in connection with a violation (or alleged violation) of ERISA, or pursuant to a settlement agreement as defined in Code §401(a)(13)(C).

If an amount was withdrawn from the Plan due to an IRS levy that was later determined to be wrongful, the Participant may recontribute the amount, including interest, as a result of the wrongful levy.

15.04 **Offset of benefits.** A Participant's benefits under the Plan may be offset for an amount the Participant is required to pay because of:

(a) a judgment resulting from conviction for a crime involving such plan;

(b) a civil judgment involving ERISA fiduciary rules; or

(c) a settlement agreement with DOL or PBGC.

© Copyright 2020

The judgment, order, decree or settlement must expressly provide for offset against the Participant's benefit. Where the QJSA rules apply to the Participant's benefit, the QJSA rules are satisfied even though the offset occurs, but only if the Spouse consents in writing to the offset or an election to waive the survivor rights are in effect, or the Spouse is ordered or required by the judgment, order, decree, or settlement to pay an amount to the Plan in connection with an ERISA fiduciary violation, or the judgment, order, decree or settlement retains the Spouse's right to receive the survivor annuity. This exception applies to judgments, orders, and decrees issued, and settlement agreements entered into on or after August 5, 1997.

15.05 **Participants' Rights.** The adoption of this Plan by the Employer does not give any Participant, Beneficiary, or Employee a right to continued employment with the Employer and does not affect the Employer's right to discharge an Employee or Participant at any time. This Plan also does not create any legal or equitable rights in favor of any Participant, Beneficiary, or Employee against the Employer, Plan Administrator or Trustee. Unless the context indicates otherwise, any amendment to this Plan is not applicable to determine the benefits accrued (and the extent to which such benefits are vested) by a Participant or former Employee whose employment terminated before the effective date of such amendment, except where application of such amendment to the terminated Participant or former Employee is required by statute, regulation or other guidance of general applicability. Where the provisions of the Plan are ambiguous as to the application of an amendment to a terminated Participant or former Employee, the Plan Administrator has the authority to make a final determination on the proper interpretation of the Plan.

15.06 **Military Service.** To the extent required under Code §414(u), an Employee who returns to employment with the Employer following a period of qualified military service will receive any contributions, benefits and service credit required under Code §414(u), provided the Employee satisfies all applicable requirements under the Code and regulations. In determining the amount of contributions under Code §414(u), Plan Compensation will be deemed to be the compensation the Employee would have received during the period while in military service based on the rate of pay the Employee would have received from the Employer but for the absence due to military leave. If the compensation the Employee would have received during the leave is not reasonably certain, Plan Compensation will be equal to the Employee's average compensation from the Employer during the twelve (12) month period immediately preceding the military leave or, if shorter, the Employee's actual period of employment with the Employer.

(a) **Death benefits under qualified military service.** In the case of a Participant who dies while performing qualified military service (as defined in Code §414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as though the Participant resumed and then terminated employment on account of death.

(b) **Benefit accruals.** If elected under AA §11-10(a), for benefit accrual purposes, the Plan will treat an individual who dies or becomes disabled (as defined under the terms of the Plan) while performing qualified military service (as defined in Code §414(u)) with respect to the Employer, as if the individual has resumed employment in accordance with the individual's reemployment rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA) on the day preceding death or disability (as the case may be) and terminated employment on the actual date of death or disability.

(1) This subsection (b) shall apply only if all individuals performing qualified military service with respect to the Employer maintaining the Plan who die or became disabled as a result of performing qualified military service prior to reemployment by the employer are credited with service and benefits on reasonably equivalent terms.

(2) The amount of employee contributions and the amount of elective deferrals of an individual treated as reemployed under this subsection (b) shall be determined on the basis of the individual's average actual employee contributions or elective deferrals for the lesser of:

(i) the 12-month period of service with the Employer immediately prior to qualified military service; or

(ii) if service with the Employer is less than such 12-month period, the actual length of continuous service with the Employer.

(c) **Plan distributions.** Notwithstanding the provisions regarding the treatment of Differential Pay and unless otherwise elected under AA §10-1(l), an individual may be treated as having been severed from employment during any period the individual is on active duty for a period of at least 30 days while performing service in the Uniformed Services for purposes of receiving a Plan distribution under Code §401(k)(2)(B)(i)(I). If an individual elects to receive a distribution while on military leave, the individual may not make Salary Deferrals or Employee After-Tax Employee Contributions under the Plan during the 6-month period beginning on the date of the distribution. However, a distribution under this provision that is also a Qualified Reservist Distribution, as defined in Section 8.10(d)(1), is not subject to the 6-month suspension.

© Copyright 2020

(d) **Make-Up Contributions.** A Participant who is reemployed following a qualified military leave shall have the right to make up any Salary Deferrals or After-Tax Employee Contributions to which he/she would have been entitled but for the fact the Participant was on qualified military leave. The Employer will also make any Employer Contributions and Matching Contributions the Participant would have earned during the period of qualified military leave had the Participant remained employed during such period. The Employer will only be required to make Matching Contributions if the reemployed Participant makes up the underlying contributions that were eligible for the Matching Contributions.

In determining the amount of Make-Up Contributions, a Participant may make under this subsection (d), a Participant will be treated as earning Plan Compensation during the period the Participant was on qualified military leave equal to:

(1) the rate of pay the Participant would have received from the Employer during such period had the Participant not been on qualified military leave; or

(2) if the Plan Compensation the Participant would have received during such period was not reasonably certain, the Participant's average Plan Compensation during the 12-month period immediately preceding the qualified military leave (or the entire period of employment, if shorter).

If the Employer is required under this subsection (d) to make Employer Contributions for a reemployed Participant, the Employer must make such Employer Contributions not later than 90 days after the date of reemployment or the date the Employer Contributions are otherwise due for the year in which the military service was performed. For Salary Deferrals and After-Tax Employee Contributions, a Participant who is reemployed following a qualified military leave may make up such contributions during the period beginning on the date of reemployment and ending on the earlier of the date that is three times the length of the military service period or 5 years from the date of reemployment. Any required Matching Contributions must be made in the same manner as other Matching Contribution under the Plan following the Participant's contribution of the amounts eligible for the Matching Contributions.

Any make up contributions under this subsection (d) are subject to the Code §415 Limitation under Section 5.03 and the Elective Deferral Dollar Limitation under Section 5.02 for the year for which the make-up contribution would have been made had the Participant not been on qualified military leave.

15.07 **Annuity Contract.** Any annuity contract distributed under the Plan must be nontransferable. In addition, the terms of any annuity contract purchased and distributed to a Participant or to a Participant's Spouse must comply with all requirements under the Code and regulations thereunder.

15.08 **Use of IRS Compliance Programs.** Nothing in this Plan document should be construed to limit the availability of the IRS' voluntary compliance programs. An Employer may take whatever corrective actions are permitted under the IRS voluntary compliance programs, as is deemed appropriate by the Plan Administrator or Employer. For example, the Employer may make a corrective contribution, including a QNEC or QMAC, or may make corrective distributions from the Plan, to the extent authorized under the IRS' voluntary compliance programs. If the Employer's Plan fails to attain or retain qualification, such Plan will no longer participate in this Pre-Approved Plan and will be considered an individually designed plan.

15.09 **Governing Law.** The provisions of this Plan shall be construed, administered, and enforced in accordance with the provisions of applicable Federal Law and, to the extent applicable, the laws of the state in which the Trustee has its principal place of business. The foregoing provisions of this Section shall not preclude the Employer and the Trustee from agreeing to a different state law with respect to the construction, administration and enforcement of the Plan.

15.10 **Waiver of Notice.** Any person entitled to a notice under the Plan may waive the right to receive such notice, to the extent such a waiver is not prohibited by law, regulation or other pronouncement.

15.11 **Use of Electronic Media.** The Employer, Plan Administrator, Trustee and any other designated individual responsible for providing applicable notices or disclosures under the Plan, and any Participant or beneficiary making an election under the Plan may use telephonic or electronic media to satisfy any notice requirements required by this Plan. Any use of electronic medium under the Plan must comply with the requirements outlined in Treas. Reg. §1.401(a)-21 or other general guidance concerning the use of telephonic or electronic media. The Plan Administrator also may use telephonic or electronic media to conduct plan transactions such as enrolling participants, making (and changing) Salary Deferral Elections, electing (and changing) investment allocations, applying for Plan loans, and other transactions, to the extent permissible under regulations (or other generally applicable guidance).

15.12 **Severability of Provisions.** In the event that any provision of this Plan shall be held to be illegal, invalid or unenforceable for any reason, the remaining provisions under the Plan shall be construed as if the illegal, invalid or unenforceable provisions had never been included in the Plan.

© Copyright 2020

15.13 **Binding Effect.** The Plan, and all actions and decisions made thereunder, shall be binding upon all applicable parties, and their heirs, executors, administrators, successors and assigns.

© Copyright 2020

SECTION 16
PARTICIPATING EMPLOYERS

16.01 **Participation by Participating Employers.** An Employer (other than the Employer that executes the Employer Signature Page of the Adoption Agreement) may elect to participate under this Plan by executing a Participating Employer Adoption Page under the Adoption Agreement. A Participating Employer (including a Related Employer defined in Section 1.124) may not contribute to this Plan unless it (or its authorized representative) executes the Participating Employer Adoption Page. If an unrelated Employer executes a Participating Employer Adoption Page, the Plan will be a Multiple Employer Plan (see Section 16.07 for special rules applicable to Multiple Employer Plans).

16.02 **Participating Employer Adoption Page.**

(a) **Application of Plan provisions.** By executing a Participating Employer Adoption Page, a Participating Employer adopts all the provisions of the Plan, including the elective choices made by the signatory Employer under the Adoption Agreement. The Participating Employer may elect under the Participating Employer Adoption Page to modify the elective provisions under the Adoption Agreement as they apply to the Participating Employer.

(b) **Plan amendments.** In addition, unless provided otherwise under the Participating Employer Adoption Page, a Participating Employer is bound by any amendments made to the Plan in accordance with Section 14.01.

(c) **Trustee designation.** The Participating Employer agrees to use the same Trustee as is designated on the Trust Declaration under the Agreement, except as provided in a separate trust agreement.

16.03 **Compensation of Related Employers.** In applying the provisions of this Plan, Total Compensation (as defined in Section 1.142) includes amounts earned with a Related Employer, regardless of whether such Related Employer executes a Participating Employer Adoption Page. The Employer may elect under AA §5-3(h) to exclude amounts earned with a Related Employer that does not execute a Participating Employer Adoption Page for purposes of determining an Employee's Plan Compensation.

16.04 **Allocation of Contributions and Forfeitures.** Unless selected otherwise under the Participating Employer Adoption Page, any contributions made by a Participating Employer (and any forfeitures relating to such contributions) will be allocated to all Participants employed by the Employer and Participating Employers in accordance with the provisions under this Plan. A Participating Employer may elect under the Participating Employer Adoption Page to allocate its contributions (and forfeitures relating to such contributions) only to the Participants employed by the Participating Employer making such contributions. If so elected, Employees of the Participating Employer will not share in an allocation of contributions (or forfeitures relating to such contributions) made by any other Participating Employer (except in such individual's capacity as an Employee of that other Participating Employer). Thus, for example, a Participating Employer may make a different discretionary contribution and allocate such contribution only to its Employees. Where contributions are allocated only to the Employees of a contributing Participating Employer, a separate accounting must be maintained of Employees' Account Balances attributable to the contributions of a particular Participating Employer. This separate accounting is necessary only for contributions that are not 100% vested, so that the allocation of forfeitures attributable to such contributions can be allocated for the benefit of the appropriate Employees. An election to allocate contributions and forfeitures only to the Participants employed by the Participating Employer making such contributions will preclude the Plan from satisfying the nondiscrimination safe harbor rules under Treas. Reg. §1.401(a)(4)-2 and may require additional nondiscrimination testing. (See Section 16.07 for special coverage and nondiscrimination testing requirements applicable to Multiple Employer Plans.)

16.05 **Discontinuance of Participation by a Participating Employer.** A Participating Employer may discontinue its participation under the Plan at any time. To document a Participating Employer's cessation of participation, the following procedures should be followed:

(a) the Participating Employer should adopt a resolution that formally terminates active participation in the Plan as of a specified date;

(b) the Employer that has executed the Employer Signature Page of the Adoption Agreement should re-execute such page, indicating an amendment by page substitution through the deletion of the Participating Employer Adoption Page executed by the withdrawing Participating Employer; and

(c) the withdrawing Participating Employer should provide any notices to its Employees that are required by law.

Discontinuance of participation means that no further benefits accrue after the effective date of such discontinuance with respect to employment with the withdrawing Participating Employer. The portion of the Plan attributable to the withdrawing Participating Employer may continue as a separate plan, under which benefits may continue to accrue, through the adoption by the Participating Employer of a successor plan (which may be created through the execution of a separate Adoption Agreement

© Copyright 2020

by the Participating Employer) or by spin-off of the portion of the Plan attributable to such Participating Employer followed by a merger or transfer into another existing plan, as specified in a merger or transfer agreement.

16.06 **Operational Rules for Related Employer Groups.** If an Employer has one or more Related Employers, the Employer and such Related Employer(s) constitute a Related Employer group. In such case, the following rules apply to the operation of the Plan.

(a) If the term Employer is used in the context of administrative functions necessary to the operation, establishment, maintenance, or termination of the Plan, only the Employer executing the Employer Signature Page under the Adoption Agreement, and any Related Employer executing a Participating Employer Adoption Page, is treated as the Employer.

(b) Hours of Service are determined by treating all members of the Related Employer group as the Employer.

(c) The term Excluded Employee is determined by treating all members of the Related Employer group as the Employer, except as specifically provided in the Plan.

(d) Compensation is determined by treating all members of the Related Employer group as the Employer, except as specifically provided in the Plan.

(e) An Employee is not treated as terminated from employment if the Employee is employed by any member of the Related Employer group.

(f) The Code §415 Limitation described in Section 5.03 and the Top Heavy Plan rules described in Section 4 are applied by treating all members of the Related Employer group as the Employer.

In all other contexts, the term Employer generally means a reference to all members of the Related Employer group, unless the context requires otherwise. If the terms of the Plan are ambiguous with respect to the treatment of the Related Employer group as the Employer, the Plan Administrator has the authority to make a final determination on the proper interpretation of the Plan.

16.07 **Multiple Employer Plans.** Regardless of any election under AA §2-6, if an Employer (other than a Related Employer) executes a Participating Employer Adoption Page under the Adoption Agreement, the Plan is treated as a Multiple Employer Plan. Treatment of the Plan as a Multiple Employer Plan will not affect reliance on the Favorable IRS Letter issued to the Provider or any determination letter issued on the Plan.

(a) **Application of qualification rules to Multiple Employer Plans.** If the Plan is a Multiple Employer Plan, the following qualification rules apply.

(1) **Eligibility requirements.** If the Plan is a Multiple Employer Plan, the eligibility rules under Section 2 are applied as if the Employees of all Employers participating in the Multiple Employer Plan are employed by a single Employer.

(2) **Vesting rules.** If the Plan is a Multiple Employer Plan, the vesting rules under Section 7 are applied as if the Employees of all Employers participating in the Multiple Employer Plan are employed by a single Employer.

(3) **Code §415 Limit.** If the Employer is a Multiple Employer Plan, the Code §415 Limit under Section 5.03 is applied as if the Employees of all Employers participating in the Multiple Employer Plan are employed by a single Employer. Thus, if a Participant receives contributions from more than one Employer within the Multiple Employer Plan, such contributions must be aggregated for purposes of applying the Code §415 Limit. For this purpose, Total Compensation from all participating Employers may be considered in applying the Code §415 Limit.

(4) **Top Heavy rules.** If the Plan is a Multiple Employer Plan, the determination of whether the Plan is Top Heavy under Section 4 is made separately with respect to each Employer (that is not a Related Employer) that participates in the Plan, taking into account only the Account Balances of Employees of that Employer. If the Plan is a Top Heavy Plan with respect to a Participating Employer, the minimum benefit required under Section 4.04 is determined based solely on the Employees of the Top Heavy Employer. The failure of any Participating Employer to satisfy the Top Heavy requirements for a particular Plan Year may affect the qualified status of the entire Plan.

(5) **Minimum coverage and nondiscrimination testing.** Each Participating Employer (that is not a Related Employer) that participates in a Multiple Employer Plan must separately satisfy the minimum coverage requirements under Code §410(b) and the nondiscrimination requirements under Code §401(a)(4) (including the ADP and ACP Tests if the Plan is a 401(k) Plan) taking into account only Employees of that Employer. The

© Copyright 2020

failure of any participating Employer to satisfy the minimum coverage or nondiscrimination rules for a particular Plan Year may affect the qualified status of the entire Plan.

(6) **Other rules applicable to Multiple Employer Plans.** To the extent not addressed in this Section 16.07, the rules under Code §413(c) and applicable regulations will apply to a Multiple Employer Plan.

(b) **Definitions that apply to Multiple Employer Plans.**

(1) **Lead Employer.** The signatory Employer under the Adoption Agreement. See subsection (c)(2) below for rules regarding the ability of the Lead Employer to amend the Plan on behalf of Participating Employers.

(2) **Participating Employer.** An Employer which, with the consent of the Lead Employer, executes a Participating Employer Adoption Page. To the extent permitted by the Lead Employer, a Participating Employer may modify the selections made by the Lead Employer under the Adoption Agreement. Any modifications made by a Participating Employer may be described as an attachment to the Participating Employer Signature Page for that Participating Employer.

(3) **Professional Employer Organization (PEO).** An organization described in Rev. Proc. 2002-21 and any successor legislation or regulation. If the Lead Employer is a PEO, each Participating Employer is a Client Organization as defined in Rev. Proc. 2002-21. Any Employee on the PEO's payroll who receives amounts from the PEO for providing services pursuant to a service agreement between the PEO and the Client Organization shall be deemed to be the Employee of the Client Organization for whom the Employee performs services, and not of the PEO. Any amounts paid by a PEO to an Employee of a Client Organization shall be treated as paid by the Client Organization for all purposes under the Plan.

(c) **Special rules for Multiple Employer Plans.** The Lead Employer is the Named Fiduciary and Plan Administrator under the Plan, unless specifically designated otherwise under AA §11-12 or under separate written procedures assigning such responsibilities to another party. The underlying Participating Employers are co-sponsors of the Multiple Employer Plan.

(1) **Allocation of contributions.** Any contributions (and forfeitures relating to such contributions) made by a Participating Employer will be allocated only to the Participants employed by the Participating Employer making such contributions. By adopting the Plan, a Participating Employers agrees to make any contributions required under the Plan to maintain the qualified status of the Plan.

If a Participating Employer elects to separately apply the Safe Harbor 401(k) Plan provisions, such provisions will be applied solely with respect to the Participating Employer electing Safe Harbor 401(k) status. Thus, Traditional Safe Harbor/QACA Safe Harbor Contributions only need to be made for Employees of the Participating Employer and the Plan of the Participating Employer will qualify as a Safe Harbor 401(k) Plan if it separately satisfies the requirements for a Safe Harbor 401(k) Plan as described under Section 6.04.

(2) **Amendment of Plan document.** The Lead Employer reserves the right to amend the Plan on behalf of all Participating Employers. Each Employer signing a Participating Employer Signature Page shall be bound by the provisions in this Plan document and any selections made under the Adoption Agreement, except to the extent the Participating Employer makes a contrary election under the Adoption Agreement, as set forth under subsection (b)(2) above.

(i) **Plan amendments.** The Lead Employer shall be responsible for ensuring the Plan is updated for any required amendments. Unless provided otherwise under the Participating Employer Signature Page, a Participating Employer is bound by any amendments made to the Plan by the Lead Employer.

(ii) **Trustee designation.** The Participating Employer agrees to use the same Trustee as is designated on the Trust Declaration under the Lead Employer Adoption Agreement, except as provided in a separate trust agreement.

(iii) **Plan termination.** The Lead Employer may terminate this Plan at any time by delivering to the Trustee and each Participating Employer a written notice of such termination.

(iv) **Execution of Participating Employer Adoption Page.** The Employer that has executed the Employer Signature Page of the Adoption Agreement, or its designated representative, is authorized to sign the Participating Employer Adoption Page on behalf of a Participating Employer to adopt an amendment or subsequent Plan restatement, unless otherwise provided under the Participating Employer Adoption Page.

© Copyright 2020

(3) **Ability of Lead Employer to Remove Participating Employers.** The Lead Employer may remove any Participating Employer from the Plan if the Participating Employer refuses to correct a qualification defect under the Plan maintained by such Participating Employer. Upon removal from the Plan, the Participating Employer may continue to maintain its portion of the Plan as a single-Employer Plan. Upon removal of a Participating Employer, Employees of such terminated Participating Employer will cease to be eligible to accrue additional benefits under this Plan with respect to Plan Compensation earned on or after the date of termination.

The Lead Employer may develop reasonable administrative procedures outlining the procedures for removing a Participating Employer from the Plan. By adopting this Plan, each Participating Employer authorizes the Lead Employer to exercise the option to remove a Participating Employer from the Plan in accordance with such administrative procedures.

Upon removal of a Participating Employer, the terminated Participating Employer may elect to have the assets associated with Accounts of its Employees to be transferred to a separate Defined Contribution Plan maintained by the terminated Participating Employer consistent with the requirements under Code §414(l). If the Participating Employer does not establish a Defined Contribution Plan to accept the transfer of assets from this Plan, the Lead Employer may establish a new Defined Contribution Plan on behalf of the Participating Employer to which the assets attributable to the Employees of the terminating Participating Employer may be transferred consistent with the requirements under Code §414(l). Any new plan established by the Lead Employer will contain provisions consistent with the selections applicable to the Participating Employer under this Plan. The terminated Participating Employer will be responsible for designating the Trustee of the new Plan. If no such designation is made, the Trustee will be the highest ranking officer or representative of the Employer or such other financial institution designated by the Lead Employer to protect the interests of Plan Participants. Reasonable expenses associated with the establishment of the new plan may be charged to the Accounts of Participants of the terminated Participating Employer.

(4) **Withdrawal from Plan.** Upon thirty (30) days written notice to the other party, either the Lead Employer or Participating Employer may voluntarily withdraw from the Plan. If a Participating Employer withdraws from the Plan, the Participating Employer may continue to maintain the Plan as a single-Employer Plan. Plan assets attributable to the Employees of the Participating Employer will be transferred to the Participating Employer's Plan, consistent with the requirements of Code §414(l). No distributions will be permitted from the Plan solely on account of a Participating Employer's withdrawal from the Plan. The withdrawing Employer will bear all reasonable costs associated with the withdrawal and transfer of assets to a new plan. Employees of a withdrawing Employer will cease to be eligible to accrue additional benefits under this Plan with respect to Plan Compensation earned on or after the date of withdrawal. The withdrawal of a Participating Employer from the Plan is not considered a Plan termination which allows distributions to the Participants of the withdrawing Participating Employer.

(5) **Indemnification of Lead Employer.** Each Participating Employer will indemnify and hold harmless the Plan Administrator, the Lead Employer and its subsidiaries; officers, directors, shareholders, employees, and agents of the Lead Employer; the Plan; the Trustees, Fiduciaries, Participants and Beneficiaries of the Plan, as well as their respective successors and assigns, against any cause of action, loss, liability, damage, cost, or expense of any nature whatsoever (including, but not limited to, attorney's fees and costs, whether or not suit is brought, as well as IRS plan disqualifications, other sanctions or compliance fees or DOL fiduciary breach sanctions and penalties) arising out of, or relating to, the Participating Employer's noncompliance with any of the Plan's terms or requirements; any intentional or negligent act or omission the Participating Employer commits with regard to the Plan; and any omission or provision of incorrect information with regard to the Plan which causes the Plan to fail to satisfy the requirements of a tax-qualified plan.

16.08 **Special Rules for Standardized Plan Adoption Agreement.** If the Employer adopts a Standardized Plan Adoption Agreement, each Related Employer (who has Employees who may be eligible to participate in the Plan) is required to execute a Participating Employer Adoption Page. If a Related Employer fails to execute a Participating Employer Adoption Page, the Plan will be treated as an individually-designed plan, except as provided in subsections (a) and (b) below. A Related Employer will not be treated as a Participating Employer absent the completion of a Participating Employer Adoption Page by such Related Employer.

(a) **Change in status - new Related Employer.** If an Employer becomes a new Related Employer after the Effective Date of the Adoption Agreement by reason of an acquisition or disposition of stock or assets, a merger, or similar transaction, the new Related Employer must execute a Participating Employer Adoption Page no later than the end of the transition period described in Code §410(b)(6)(C). The new Related Employer must become a Participating Employer with respect to the Plan no later than the first day of the Plan Year that begins after such transition period ends. If the transition period in Code §410(b)(6)(C) is not applicable, the new Related Employer must become a

© Copyright 2020

Participating Employer as of the first day of the Plan Year beginning after the Employer becomes a Related Employer. If the new Related Employer properly executes a Participating Employer Adoption Page, the Plan will retain its status as a Standardized Plan and the Employer (including any Participating Employers) may continue to rely on the Favorable IRS Letter issued to the Standardized Plan Provider. If the new Related Employer does not properly execute a Participating Employer Adoption Page in accordance with the requirements of this subsection (a), the Plan will be treated as an individually-designed plan for any period of noncompliance.

(b) **Change in status – cessation of Related Employer relationship.** If a Related Employer ceases to be part of a Related Employer group with the Employer that signs the Employer Signature Page, the provisions of Section 16.05, relating to discontinuance of participation, apply. If the former Related Employer properly withdraws from the Standardized Plan, as provided in Section 16.05, the Plan will retain its status as a Standardized Plan and the Employer (including any Participating Employers) may continue to rely on the Favorable IRS Letter issued to the Standardized Plan Provider. If the former Related Employer does not properly withdraw from the Plan, the Plan will be treated as an individually-designed plan for any period of noncompliance.

© Copyright 2020

APPENDIX A
ACTUARIAL FACTORS
(For use with age-based contribution formula)

Actuarial Factor Table. The following table sets forth Actuarial Factors based on a testing age of 65, an interest rate of 8.5% and the UP-1984 mortality table. The Actuarial Factors in this table must be modified if the Employer uses a testing age other than age 65 or selects a different interest rate or mortality table under the age-based contribution formula. To determine a Participant's Actuarial Factor, use the factor corresponding to the number of years to the Participant's testing age. The number of years to the testing age is determined by counting the number of years from the last day of the current plan year to the last day of the Plan Year in which the Participant reaches the testing age. If the Participant has reached the testing age as of the last day of the current Plan Year, the number of years is 0 for that year and all subsequent years.

Years to Testing Age	Actuarial Factor		Years to Testing Age	Actuarial Factor
0	0.07949		25	0.01034
1	0.07326		26	0.00953
2	0.06752		27	0.00878
3	0.06223		28	0.00810
4	0.05736		29	0.00746
5	0.05286		30	0.00688
6	0.04872		31	0.00634
7	0.04490		32	0.00584
8	0.04139		33	0.00538
9	0.03814		34	0.00496
10	0.03516		35	0.00457
11	0.03240		36	0.00422
12	0.02986		37	0.00389
13	0.02752		38	0.00358
14	0.02537		39	0.00330
15	0.02338		40	0.00304
16	0.02155		41	0.00280
17	0.01986		42	0.00258
18	0.01831		43	0.00238
19	0.01687		44	0.00219
20	0.01555		45	0.00202
21	0.01433		46	0.00186
22	0.01321		47	0.00172
23	0.01217		48	0.00158
24	0.01122		49	0.00146

© Copyright 2020

APPENDIX B
INTERIM AMENDMENT #1
FINAL REGULATIONS RELATING TO HARDSHIP DISTRIBUTIONS

B-1.01 **Change in Hardship Distribution requirements.** The IRS has issued Final Regulations that amend the rules relating to Hardship distributions from the Plan. This Interim Amendment #1 (Interim Amendment) sets forth the provisions of the Final Regulations and their application to the Plan by amending Section 8.10(e) of the Plan, and providing appropriate Elective Provisions under Interim Amendment - Hardship Distributions Elective Provisions in the Adoption Agreement (Elective Provisions). The Plan Administrator shall administer the provisions of this Interim Amendment, and its Elective Provisions, consistent with a good-faith interpretation of the requirements of the Final Regulations as set forth under Treas. Reg. §§1.401(k)-1, 1.401(k)-3, and 1.401(m)-3, as amended.

(a) **Effective Dates.** Except as otherwise provided in this Interim Amendment, and its Elective Provisions, the Final Regulations and this Interim Amendment apply to Hardship distributions made on or after January 1, 2020. For Hardship distributions made before January 1, 2020, the rules applicable to Hardship distributions prior to the Final Regulations apply, unless the Employer elects earlier application as permitted under subsections (a) and (b) below.

(1) **Options for earlier application.** If elected under the Elective Provisions, the provisions of this Interim Amendment may be applied to distributions made in Plan Years beginning after December 31, 2018. The Employer may elect to apply the prohibition on the suspension of Salary Deferrals and After-Tax Employee Contributions as of the first day of the first Plan Year beginning after December 31, 2018, even if the Hardship distribution was made in a prior year. In addition, the Employer may operationally apply the revised deemed immediate and heavy financial need expenses under Section 8.10(e)(1) of the Plan, as amended by this Interim Amendment, to distributions made on or after a date as early as January 1, 2018.

(2) **Certain rules optional in 2019.** If, in accordance with the provisions of Section B-1.01(a)(1) of this Interim Amendment, the Employer applies certain Hardship distribution provisions to distributions made before January 1, 2020, then the Employer may disregard the rules relating to the employee representation, as described under Section 8.10(e)(3)(ii)(B) of the Plan, as amended by this Interim Amendment, and the rules prohibiting the suspension of contributions, as described under Section 8.10(e)(3)(iii) of the Plan, as amended by this Interim Amendment, to such distributions.

(3) **2020 effective date for employee representations and suspension prohibition.** In any event, the rules relating to the employee representation, as described under Section 8.10(e)(3)(ii)(B) of the Plan, as amended by this Interim Amendment, and the rules prohibiting the suspension of contributions, as described under Section 8.10(e)(3)(iv) of the Plan, as amended by this Interim Amendment, are formally made effective for Hardship distributions made on or after January 1, 2020.

B-2.01 **Amendment of Section 8.10(e) of the Plan.** Section 8.10(e) of the Plan is deleted and replaced with the following:

(e) **Hardship distribution.** The Employer may elect under AA §10-1 or AA §10-2 of the Profit Sharing/401(k) Plan Adoption Agreement or under Section HD-1 of the Elective Provisions to authorize an in-service distribution upon the occurrence of Hardship. A distribution is made on account of Hardship only if the distribution both is made on account of an immediate and heavy financial need and is necessary to satisfy the financial need.

(1) **Deemed immediate and heavy financial need.** A distribution is deemed to be made on account of an immediate and heavy financial need of the Employee if the distribution satisfies one of the following needs:

(i) Expenses incurred or necessary for medical care (as described in Code §213(d)) of the Participant, the Participant's Spouse or dependents (determined without regard to whether the expenses exceed 7.5% of adjusted gross income);

(ii) Costs directly related to the purchase (excluding mortgage payments) of a principal residence for the Participant;

(iii) Payment of tuition, related educational fees and room and board for up to the next 12 months of post-secondary education for the Participant, the Participant's Spouse, children or dependents;

(iv) Payments necessary to prevent the eviction of the Participant from, or a foreclosure on the mortgage of, the Participant's principal residence;

(v) Payments for funeral or burial expenses for the Participant's deceased parent, Spouse, child or dependent;

(vi) Expenses for the repair of damage to the Participant's principal residence that would qualify for the

© Copyright 2020

casualty deduction under Code §165 (determined without regard to Code §165(h)(5) and whether the loss exceeds 10% of adjusted gross income);

(vii) Expenses and losses (including loss of income) incurred by the Participant on account of a disaster declared by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Pub. L. 100-707, provided that the Participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster; or

(viii) for any other event that the IRS recognizes as a deemed immediate and heavy financial need Hardship distribution event under ruling, notice or other guidance of general applicability.

For purposes of determining eligibility for a Hardship distribution under this subsection (1), a dependent is determined under Code §152. However, the determination of dependent for purposes of tuition and related educational fees under subsection (iii) above will be made without regard to Code §§152(b)(1), (b)(2), and (d)(1)(B) and the determination of dependent for purposes of funeral or burial expenses under subsection (v) above will be made without regard to Code §152(d)(1)(B).

A Participant must provide the Plan Administrator with a written request for a Hardship distribution. The Plan Administrator may require written documentation, as it deems necessary, to sufficiently document the existence of a proper Hardship event.

(2) **Non-deemed immediate and heavy financial need.** The Employer may elect in the Profit Sharing/401(k) Plan Adoption Agreement to permit Participants to take a Hardship distribution without satisfying one of the needs in subsection (1) above by setting forth nondiscriminatory and objective standards under AA §10-3(f).

(3) **Distribution necessary to satisfy financial need.**

(i) **Distribution may not exceed amount of need.** A distribution is treated as necessary to satisfy an immediate and heavy financial need of an Employee only to the extent the amount of the distribution is not in excess of the amount required to satisfy the financial need (including any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution).

(ii) **No alternative means reasonably available.** A distribution is not treated as necessary to satisfy an immediate and heavy financial need of an employee unless each of the following requirements is satisfied:

(A) The Employee has obtained all other currently available distributions (including distributions of ESOP dividends under Code §404(k), but not Hardship distributions) under the Plan and all other plans of deferred compensation, whether qualified or nonqualified, maintained by the Employer;

(B) The Employee has provided to the Plan Administrator a representation in writing (including the use of an electronic medium as defined in Treas. Reg. §1.401(a)- 21(e)(3)), or in such other form as may be prescribed by the IRS, that he or she has insufficient cash or other liquid assets reasonably available to satisfy the need; and

(C) The Plan Administrator does not have actual knowledge that is contrary to the representation.

(iii) **Additional conditions.** The Plan generally may provide for additional conditions to demonstrate that a distribution is necessary to satisfy an immediate and heavy financial need of an employee. For example, a plan may provide that, before a Hardship distribution may be made, an Employee must obtain all nontaxable loans (determined at the time a loan is made) available under the Plan and all other plans maintained by the Employer.

(iv) **No suspensions allowed for Hardship distributions made on or after January 1, 2020.** The Plan may not provide for a suspension of an Employee's Salary Deferrals or After-Tax Employee Contributions under any plan described in Code §§401(a) or 403(a), any Code §403(b) plan, or any eligible governmental plan described in Treas. Reg. §1.457-2(f) as a condition of obtaining a Hardship distribution for Hardship distributions made on or after January1, 2020.

(4) **Sources for Hardship distributions.** For Plan Years beginning after December 31, 2018 (or such later date specified under the AA §10-1 or under §HD-1(a) and/or (b) of Elective Provisions, the Employer may permit Hardship distributions from the vested portion of a Participant's Employer Contribution Account, Matching

© Copyright 2020

Contribution Account, Pre-Tax Salary Deferral Account, Roth Deferral Account, Qualified Nonelective Employer Contribution (QNEC) Account, Qualified Matching Contribution (QMAC) Account, Safe Harbor Employer Contribution Account, Safe Harbor Matching Contribution Account, QACA Safe Harbor Contribution Account and QACA Safe Harbor Matching Contribution Account. The Hardship distribution may include earnings on these Accounts, regardless of when amounts were contributed or earned. The Employer may designate the Accounts (including earnings) from which a Participant may receive a Hardship distribution under §HD-1 of the Elective Provisions. The Plan Administrator may adopt distribution ordering rules consistent with the sources available for Hardship distributions under separate administrative procedures. This subsection (4) supersedes any contrary provisions under the Plan, including any provision that limits the sources for Hardship distribution.

(5) **Availability to terminated Employees.** If a Hardship distribution is permitted under AA §10-1 or AA §10-2 or under §HD-1 of the Interim Amendment, a Participant may take such a Hardship distribution after termination of employment to the extent no other distribution is available from the Plan.

(6) **Application of Hardship distributions rules with respect to primary beneficiaries.** If elected under AA §10-3(e) of the Profit Sharing/401(k) Plan, if the Plan otherwise permits Hardship distributions based on the deemed immediate and heavy needs under subsection 8.10(e)(1)(i) (medical expenses), (1)(iii) (educational expenses) or (1)(v) (funeral expenses) above, the existence of an immediate and heavy financial need may be determined with respect to a primary beneficiary under the Plan. For this purpose, a primary beneficiary is an individual who is named as a beneficiary under the Plan and has an unconditional right to all or a portion of a Participant's Account Balance upon the death of the Participant. Any Hardship distribution with respect to a primary beneficiary must satisfy all the other requirements applicable to Hardship distributions under Section 8.10(e) of the Plan, as amended by this Interim Amendment.

B-3.01 **Relief for Victims of Certain Qualified Natural Disasters.** Notwithstanding other provisions of the Plan, the Employer may operate the Plan to provide relief from certain qualification rules relating to Hardship distributions and loans for Participants who are victims of certain Qualified Natural Disasters, as set forth under applicable IRS or legislative guidance.

B-3.02 **Qualified Natural Disasters.** For purposes of this section, Qualified Natural Disasters, in addition to the Qualified Natural Disasters listed under the 2017 Pre-Approved Defined Contribution Plan Interim Amendment previously adopted by the Pre-Approved Plan Provider, include Hurricane Michael and Hurricane Florence, as provided under the preamble to the Final Regulations.

B-3.03 **General Rules.** If the Employer and the Plan Administrator make good-faith efforts to apply the Plan provisions in conformance with the relief provided under applicable guidance, the Plan will not be treated as failing to satisfy the requirements of the Code or regulations. In general, the following rules apply:

(a) In order to make a loan or distribution (including a Hardship distribution), the Plan must provide for loans or distributions, as applicable.

(b) Participants (victims) for whom the relief is available are determined under the appropriate IRS or legislative guidance.

(c) The amount available for Hardship distribution is limited to the maximum amount that would be available for a Hardship distribution under the Plan. However, the relief provided applies to any Hardship distribution of the Participant and no post-distribution contribution restrictions apply.

(d) To qualify for relief under this section, a Hardship distribution must be made on account of a Hardship resulting from the applicable Qualified Natural Disaster and within the time frame provided under the applicable guidance relating to the Qualified Natural Disaster.

(e) The Plan will not be treated as failing to follow Plan procedural requirements for loans or distributions during the periods provided under guidance relating to the applicable Qualified Natural Disaster, which for Hurricane Michael and Hurricane Florence ended on March 15, 2019.

© Copyright 2020

APPENDIX C
INTERIM AMENDMENT #2
CARES/SECURE ACTS

C-1.01 **Application.** To the extent that this Interim Amendment applies to a Plan, it supersedes any contrary provisions under the Plan, except as provided under IA §C-1.02. Unless the Employer wishes to override the pre-selected elections ("defaults"), if any, made by the Provider as elected under the Elective Provisions under Interim Amendment – CARES/SECURE Acts in the Adoption Agreement ("Elective Provisions"), no signature is required by the Employer to adopt this Interim Amendment. This Interim Amendment applies to the Employer and any Participating Employers of the Plan.

The Plan Administrator will interpret the provisions consistent with any current or future guidance related to the applicable provisions. A copy of this amendment will be provided to all adopting Employers and made a part of their Plans.

C-1.02 **Prior Amendments.** If the Employer previously amended the Plan to implement one or more of the provisions addressed by this Interim Amendment, such amendment(s) shall remain in effect and shall not be superseded, unless otherwise provided under the Elective Provisions. The Employer may use the Elective Provisions to memorialize prior amendments.

If a Provider previously adopted the Provider-level CARES/Disaster Interim Amendment, the provisions of such amendment are also incorporated into this CARES/SECURE Acts Interim Amendment.

C-2.01 **Applicable Laws.** This Interim Amendment includes provisions that are required or allowed under the following laws:

(a) Bipartisan American Miners Act of 2019 ("Miners Act")

(b) Consolidated Appropriations Act, 2021 ("CAA")

(c) Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")

(d) COVID-Related Tax Relief Act of 2020 ("CRTRA")

(e) Setting Every Community Up for Retirement Enhancement Act of 2019 ("SECURE Act")

(f) Taxpayer Certainty and Disaster Tax Relief Act of 2019 ("Disaster Tax Relief Act of 2019")

(g) Taxpayer Certainty and Disaster Tax Relief Act of 2020 ("Disaster Tax Relief Act of 2020")

C-2.02 **Application to Cycle 3 Defined Contribution Plans.** The Interim Amendment applies to the ASC Institute Cycle 3 Pre-Approved Defined Contribution Plan. Certain provisions of this Interim Amendment may not be applicable to all types of Plans or a specific adopting Employer.

C-3.01 **Coronavirus Aid, Relief, and Economic Security Act.** On March 27, 2020, the CARES Act became law. Provisions of the CARES Act may have affected certain Plan provisions. The provisions of the CARES Act were effective at various times, as reflected in the provisions under this section 3. The Plan Administrator administered the provisions of this section 3 consistent with a "good-faith" interpretation of the CARES Act. To the extent this section 3 applies to the Plan, the provisions of this section 3 supersede any inconsistent provisions of the Plan.

C-3.02 **Coronavirus-Related Distributions and Loans from the Plan.** This IA §C-3.02 incorporates CARES Act §2202 relating to special disaster-related rules for retirement plans. The provisions of this IA §C-3.02 apply only to the extent a distribution or loan was made to a qualified individual as provided under CARES Act §2202. If the Plan did not operationally apply the rules under this IA §C-3.02, such provisions do not apply to the Plan. The Plan Administrator documented through administrative procedures (including designating accounts from which Coronavirus-Related Distributions and loans could have been taken) or otherwise the manner in which the Plan operationally applied the rules under this IA §C-3.02. To the extent this IA §C-3.02 applies to the Plan, the provisions supersede any inconsistent provisions of the Plan or loan program. The Plan administered this IA §C-3.02 consistent with the guidance provided under IRS Notice 2020-50.

(a) **Coronavirus-Related Distributions.** As provided under CARES Act §2202(a), and as amended by CRTRA §280, the Plan (including a money purchase pension plan) could (but was not required to) make Coronavirus-Related Distributions, subject to the limits under IA §C-3.02(a)(4), without regard to certain distribution restrictions otherwise applicable under the Plan.

(1) **Definition of Coronavirus-Related Distribution.** The term Coronavirus-Related Distribution means a distribution from the Plan made:

(i) on or after January 1, 2020, and before December 31, 2020,

(ii) to an individual:

(A) who was diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (collectively referred to herein as "COVID-19") by a test approved by the Centers for Disease Control and Prevention, including a test authorized under the Federal Food, Drug, and Cosmetic Act; or

(B) whose spouse or dependent (as defined in Code §152) was diagnosed with COVID-19 by such a test; and

(C) who experienced adverse financial consequences as a result of:

(I) the individual being quarantined, being furloughed or laid off or having work hours reduced due to COVID-19;

(II) the individual being unable to work due to lack of childcare due to COVID-19;

(III) closing or reducing hours of a business owned or operated by the individual due to COVID-19;

(IV) the individual having pay or self-employment income reduced due to COVID-19;

(V) the individual having a job offer rescinded or start date for a job delayed due to COVID-19;

(VI) the individual's spouse or a member of the individual's household (i.e., someone who shares the individual's principal residence) being quarantined, being furloughed or laid off or having work hours reduced due to COVID-19, being unable to work due to lack of childcare due to COVID-19, having pay or self-employment income reduced due to COVID-19, or having a job offer rescinded or start date for a job delayed due to COVID-19; or

(VII) closing or reducing hours of a business owned or operated by the individual's spouse or a member of the individual's household due to COVID-19.

(2) **Amounts not treated as Coronavirus-Related Distributions.** The following amounts were not treated as Coronavirus-Related Distributions:

(i) corrective distributions of Elective Deferrals and After-Tax Employee Contributions that were returned to the Employee (together with the income allocable thereto) in order to comply with the Code §415 limitations;

(ii) Excess Deferrals under Code §402(g);

(iii) Excess Contributions and Excess Aggregate Contributions;

(iv) loans that were treated as deemed distributions pursuant to Code §72(p);

(v) dividends paid on applicable employer securities under Code §404(k);

(vi) the costs of current life insurance protection;

(vii) prohibited allocations that were treated as deemed distributions pursuant to §409(p);

(viii) distributions that were permissible withdrawals from an Eligible Automatic Contribution Arrangement within the meaning of Code §414(w); and

(ix) distributions of premiums for accident or health insurance under Treas. Reg. §1.402(a)-1(e)(1)(i).

(3) **Employee certification.** The Plan Administrator could have relied on an Employee's certification that the Employee satisfied the conditions of IA §C-3.02(a)(1) in determining whether any distribution was a Coronavirus-Related Distribution unless the Plan Administrator had actual knowledge to the contrary. The Plan

© Copyright 2022

Administrator had no obligation to inquire into whether an individual had satisfied the conditions for a Coronavirus-Related Distribution.

(4) **Limit on amount of Coronavirus-Related Distributions.** The aggregate amount of Coronavirus-Related Distributions received by an individual for any taxable year (from all plans maintained by the Employer and any member of a controlled group under Code §§414(b), (c), (m) or (o) which included the Employer) could not exceed $100,000.

(5) **Repayment of Coronavirus-Related Distribution.** A Participant who received a Coronavirus-Related Distribution from the Plan may, at any time during the three-year period beginning on the day after the receipt of such distribution, make one or more Rollover Contributions to an Eligible Retirement Plan (including this Plan, if the Participant is otherwise eligible to make Rollover Contributions) in an aggregate amount that does not exceed the amount of such Coronavirus-Related Distribution. In accepting a Rollover Contribution under this IA §C-3.02(a)(5), the Plan Administrator is entitled to the relief under Q&A-14 of Treas. Reg. §1.401(a)(31)-1. The Plan Administrator in accepting the Rollover Contribution must reasonably conclude that the recontribution is eligible for direct rollover treatment under CARES Act §2202(a)(3). The Plan Administrator may rely on an Employee's certification that the Employee satisfies the conditions for making such a Rollover Contribution unless the Plan Administrator has actual knowledge to the contrary.

(6) **Exemption from certain transfer and withholding rules.** For purposes of the Direct Rollover rules of Code §401(a)(31), the notice requirements of Code §402(f) and withholding rules of Code §3405, a Coronavirus-Related Distribution was not treated as an Eligible Rollover Distribution.

(b) **Special Loan Rules.** As provided under CARES Act §2202(b), the Plan Administrator was authorized (but not required) to revise the applicable loan requirements under the Plan to reflect (1) and/or (2) below. For purposes of this IA §C-3.02(b), a Qualified Individual means any individual who is described in IA §C-3.02(a)(1)(ii) above.

(1) **Increased Participant loan limits.** Notwithstanding the Participant loan limitations under the Plan, for purposes of determining the permissible Participant loans for Qualified Individuals made during the 180-day period beginning on March 27, 2020, the loan limit under Code §72(p)(2)(A) could have been applied by substituting "$100,000" for "$50,000" and the adequate security requirement under Code §72(p)(2)(A)(ii) could have been applied using "the Participant's vested Account Balance" rather than "one-half (½) of the Participant's vested Account Balance."

(2) **Delayed loan repayment date.** If a Qualified Individual had an outstanding Participant loan on or after March 27, 2020:

(i) if the due date pursuant to Code §§72(p)(2)(B) or (C) for any repayment with respect to such loan occurred during the period beginning on March 27, 2020 and ending on December 31, 2020, such due date could have been delayed for one year;

(ii) any subsequent repayments with respect to such loan could have been appropriately adjusted to reflect the delay in the due date under IA §C-3.02(b)(2)(i) above and any interest accrued during such delay; and

(iii) in determining the five-year period and the term of the loan under Code §72(p)(2)(B) and (C), the one-year delay period described in IA §C-3.02(b)(2)(i) above could have been disregarded.

C-3.03 Required Minimum Distributions for 2020.

(a) **Temporary waiver of required minimum distribution rules for 2020.** As provided under Code §401(a)(9)(I), added by CARES Act §2203 and effective as of January 1, 2020 (or such later date designated under the Elective Provisions), the applicable required minimum distribution rules of the Plan did not apply for the 2020 calendar year. A Participant or beneficiary who would have been required to receive a required minimum distribution for the 2020 calendar year (or a Participant with a Required Beginning Date of April 1, 2021 who would have received a required minimum distribution in 2021 for the 2020 calendar year) ("2020 RMD"), but for the enactment of Code §401(a)(9)(I), and who would have satisfied that requirement by receiving a distribution that is either (1) equal to the 2020 RMD, or (2) one or more payments (that include the 2020 RMD) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancies) of the Participant and the Participant's Designated Beneficiary, or for a period of at least 10 years ("2020 Extended RMD"), may have elected whether to receive the 2020 RMD or the 2020 Extended RMD. If a Participant did not specifically elect to take the 2020 RMD or 2020 Extended RMD from the Plan, such distribution was not made for the 2020 calendar year. The Employer may modify this default rule under the Elective Provisions, provided such modification

© Copyright 2022

satisfies the requirements under Code §401(a)(9)(I) and any applicable IRS guidance.

In addition, solely for purposes of applying the Direct Rollover provisions of the Plan, certain additional distributions in 2020, as elected by the Employer under the Elective Provisions, were treated as Eligible Rollover Distributions. If no election is made by the Employer in the Elective Provisions, the Plan offered a Direct Rollover only for distributions that were Eligible Rollover Distributions in the absence of Code §401(a)(9)(I).

If all or any portion of a distribution made during 2020 was treated as an Eligible Rollover Distribution, but would not have been treated as such if the applicable required minimum distribution requirements of the Plan had applied during 2020, such distribution could not be treated as an Eligible Rollover Distribution for purposes of the Direct Rollover rules under Code §401(a)(31), Code §402(f) and Code §3405(c).

(b) **Special rules regarding the temporary waiver of required minimum distribution rules for 2020.** In applying the provisions of the applicable section of the Plan for the 2020 calendar year, the following special rules apply:

(1) The Required Beginning Date with respect to any individual shall be determined without regard to this IA §C-3.03 for purposes of applying Section 8.12 of the Plan (Section 8 of the Governmental Plan; Section 6.10 of the Owners-Only Plan) for calendar years after 2020;

(2) If Code §401(a)(9)(B)(ii) applies, the five-year period described in such provision was determined without regard to the 2020 calendar year;

(3) If the Plan permitted a Participant or beneficiary to elect whether the 5-year rule or the life expectancy rule applied in determining required minimum distributions and the election period ended in the 2020 calendar year, the Plan Administrator could have extended the election deadline to the end of 2021;

(4) The Plan Administrator and Participants could have applied the transitional relief and special rules under Code §401(a)(9)(I) and IRS Notice 2020-51 relating to the temporary waiver of required minimum distributions for 2020 in any reasonable and consistent manner; and

(5) The Employer may describe any special rules that were applicable to the temporary waiver of the required minimum distribution rules for 2020 under the Elective Provisions, provided such special rules are consistent with CARES Act §2203, Code §401(a)(9)(I) and IRS Notice 2020-51.

C-4.01 **Consolidated Appropriations Act, 2021.** On December 27, 2020, the Disaster Tax Relief Act of 2020 and the CRTRA, which were enacted as part of the Consolidated Appropriations Act, 2021, became law. Provisions of the Disaster Tax Relief Act of 2020 and CRTRA may have affected certain Plan provisions. The provisions of the Disaster Tax Relief Act of 2020 and CRTRA are effective as reflected in the provisions under this section 4. The Plan Administrator administered the provisions of this section 4 consistent with a "good-faith" interpretation of the Disaster Tax Relief Act of 2020 and CRTRA. To the extent this section 4 applies to the Plan, these provisions supersede any inconsistent provisions of the Plan.

C-4.02 **Special Disaster-Related Rules.** This IA §C-4.02 incorporates the provisions of the Disaster Tax Relief Act of 2020 §302 relating to special disaster-related rules for retirement plans. The provisions of this IA §C-4.02 apply only to the extent a distribution or loan was made to a qualified individual as provided under the Disaster Tax Relief Act of 2020 §302. If the Plan did not operationally apply the rules under this IA §C-4.02, such provisions do not apply to the Plan. The Plan Administrator documented through administrative procedures (including designating accounts from which special disaster-related distributions and loans could have been taken) or otherwise the manner in which the Plan operationally applied the rules under this IA §C-4.02. To the extent this IA §C-4.02 applies to the Plan, these provisions supersede any inconsistent provisions of the Plan or loan program.

(a) **Eligibility for Qualified Disaster Distribution.** If administratively permitted by the Plan Administrator, a Participant could have taken a Qualified Disaster Distribution without regard to any distribution restrictions otherwise applicable under the Plan.

(1) **Definitions.**

(i) **Qualified Disaster Distribution.** A Qualified Disaster Distribution (as defined under the Disaster Tax Relief Act of 2020 §302(a)(4)(A)) is a distribution from the Plan made:

(A) on or after the first day of the Incident Period of a Qualified Disaster and before June 25, 2021: and

(B) to an individual whose principal place of abode at any time during the Incident Period of such Qualified Disaster was located in the Qualified Disaster Area with respect to such Qualified Disaster and who had sustained an economic loss by reason of such Qualified Disaster.

(ii) **Qualified Disaster Area.** A Qualified Disaster Area is any area with respect to which a major disaster was declared, during the period that began on January 1, 2020, and ended on February 25, 2021, by the President under Robert T. Stafford Disaster Relief and Emergency Assistance Act §401 if the Incident Period of the disaster with respect to which such declaration was made began on or after December 28, 2019, and ended on or before December 27, 2020. Such term did not include any area with respect to which such a major disaster had been so declared only by reason of COVID–19.

(iii) **Qualified Disaster.** A Qualified Disaster is, with respect to any Qualified Disaster Area, the disaster by reason of which a major disaster was declared with respect to such area.

(iv) **Incident Period.** An Incident Period is, with respect to any Qualified Disaster, the period specified by the Federal Emergency Management Agency as the period during which such disaster occurred (except that such period shall not be treated as ending after January 26, 2021).

(2) **Limit on amount of Qualified Disaster Distributions.** The aggregate amount of Qualified Disaster Distributions received by an individual for any taxable year (from all plans maintained by the Employer and any member of a controlled group which included the Employer) could not have exceeded the excess (if any) of $100,000, over the aggregate amounts treated as Qualified Disaster Distributions received by such individual for all prior taxable years.

(3) **Qualified Disaster Distributions treated as meeting certain Plan distribution requirements.** A Qualified Disaster Distribution is treated as meeting the requirements of Code §401(k)(2)(B)(i) and, in the case of a money purchase pension plan, a Qualified Disaster Distribution which was an in-service withdrawal is treated as meeting the distribution rules under Code §401(a).

(b) **Repayment of Qualified Disaster Distribution.** As provided under the Disaster Tax Relief Act of 2020 §302(a)(3), a Participant who received a Qualified Disaster Distribution from the Plan or another Eligible Retirement Plan (as defined in Code §402(c)(8)(B)) may, at any time during the three-year period beginning on the day after the receipt of such distribution, make one or more Rollover Contributions to the Plan in an aggregate amount that does not exceed the amount of such Qualified Disaster Distribution. This IA §C-4.02(b) only applies if the Plan permits Rollover Contributions.

(c) **Recontributions of Withdrawals for Home Purchases.** As provided under the Disaster Tax Relief Act of 2020 §302(b), a Participant who received a Qualified Disaster Distribution may make one or more Rollover Contributions to the Plan during the applicable period in an aggregate amount not to exceed the amount of such Qualified Disaster Distribution. For this purpose, a Qualified Disaster Distribution is any Hardship Distribution which was to be used to purchase or construct a principal residence in a Qualified Disaster Area, but which was not so used on account of the Qualified Disaster with respect to such area, and which was received during the period beginning on the date which is 180 days before the first day of the Incident Period of such Qualified Disaster and ending on the date which is 30 days after the last day of such Incident Period. This IA §C-4.02(c) only applies if the Plan permits Rollover Contributions.

(d) **Special Loan Rules.** As provided under the Disaster Tax Relief Act of 2020 §302(c), the Plan Administrator could (but was not required to) revise the applicable loan requirements under the Plan to reflect IA §C-4.02(d)(1) and §C-4.02(d)(2).

(1) **Increased Participant loan limits.** Notwithstanding the Participant loan limitations under the Plan, for purposes of determining the permissible Participant loans for a Qualified Individual during the 180-day period beginning on December 27, 2020, the loan limit under Code §72(p)(2)(A) could have been applied by substituting "$100,000" for "$50,000" and the adequate security requirement under Code §72(p)(2)(A)(ii) could have been applied using "the Participant's vested Account Balance" rather than "one-half (½) of the Participant's vested Account Balance." A Qualified Individual for this purpose was any Participant whose principal place of abode at any time during the Incident Period of any Qualified Disaster was located in the Qualified Disaster Area with respect to such Qualified Disaster, and who had sustained an economic loss by reason of such Qualified Disaster.

(2) **Delayed loan repayment date.** If a Qualified Individual (as defined in IA §C-4.02(d)(1) above) had an outstanding Participant loan on or after the first day of the Incident Period of a Qualified Disaster and ending on the date which is 180 days after the last day of the Incident Period:

(i) the due date for repayment of the Participant loan could have been delayed for one year;

(ii) any subsequent repayments with respect to such loan could have been appropriately adjusted to reflect the delay in the due date under IA §C-4.02(d)(2)(i) and any interest accruing during such delay; and

(iii) in determining the five-year period and the term of the loan under Code §72(p)(2)(B) and (C), the one-year delay period described in IA §C-4.02(d)(2)(i) could have been disregarded.

C-4.03 **Temporary Rule Preventing Partial Plan Termination.** Under the Disaster Tax Relief Act of 2020 §209, the Plan was not be treated as having a partial termination (within the meaning of Code §411(d)(3)) during any Plan Year which included the period that began on March 13, 2020, and ended on March 31, 2021, if the number of active Participants covered by the Plan on March 31, 2021 was at least 80% of the number of active Participants covered by the Plan on March 13, 2020. This IA §C-4.03 does not apply to Governmental Plans or non-electing church plans, which are exempt from the requirements of Code §411. In applying this temporary rule, the following special rules apply:

(a) A reasonable, good-faith interpretation of the term "active participant covered by the plan," applied in a consistent manner, was used when determining the number of active participants covered by a plan on March 13, 2020 and on March 31, 2021.

(b) If any part of the Plan Year fell within the period that began on March 13, 2020, and ended on March 31, 2021, then the temporary rules preventing partial plan termination applied to any partial plan termination determination for that entire plan year. For example, if the Plan had a calendar year Plan Year, the 80% partial termination test under the temporary rule applied to both the January 1 to December 31, 2020 Plan Year and the January 1 to December 31, 2021 Plan Year, because both Plan Years included a part of the statutory determination period of March 13, 2020 to March 31, 2021.

(c) The number of active participants covered by the Plan who were counted on March 31, 2021, included all individuals who were active Participants covered by the Plan on that date, regardless of whether those same individuals were active Participants covered by the Plan on March 13, 2020.

(d) The Plan Administrator could reasonably interpret the application of this IA §C-4.03 to the Plan.

C-4.04 **Coronavirus-Related Distributions in Money Purchase Pension Plans and Money Purchase Pension Assets.** Under CRTRA §280, a Coronavirus-Related Distribution as described in IA §C-3.02, if made from a money purchase pension plan or related assets, and which is an in-service withdrawal, is treated as meeting the distribution rules under Code §401(a). If the Plan Administrator allowed Coronavirus-Related Distributions, the rules under IA §C-3.02 apply.

C-5.01 **SECURE Act, Miners Act and Disaster Tax Relief Act of 2019.** On December 20, 2019, the Further Consolidated Appropriations Act, 2020, which includes the SECURE Act, the Miners Act and the Disaster Tax Relief Act of 2019 became law. The provisions of these three Acts are effective at various times, as reflected in the provisions under this section 5. The Plan Administrator shall administer the provisions of this section 5 consistent with a "good-faith" interpretation of these laws.

C-5.02 **Modification of Required Minimum Distribution Rules.**

(a) **Increase in age for Required Beginning Date for mandatory distributions.** As provided under Code §401(a)(9)(C)(i)(I) as amended by SECURE Act §114, effective for distributions required to be made after December 31, 2019, with respect to Participants who attain age 70½ after such date, all references to "age 70½" under the applicable required minimum distribution provisions of the Plan are replaced with "age 72." For purposes of determining required minimum distributions for calendar years beginning on or after January 1, 2022 (or such later date as specified in applicable regulations or guidance), the Plan Administrator must apply the provisions of this IA §C-5.02(a) consistent with proposed Treas. Reg §§1.401(a)(9)-1 through 1.401(a)(9)-9 issued on February 24, 2022 (or subsequent applicable final regulations).

(b) **Modifications of required minimum distribution rules for Designated Beneficiaries.** As provided under Code §401(a)(9)(H) as amended by SECURE Act §401, effective for distributions with respect to Participants who die after December 31, 2019 (or such later effective date applicable to the Plan), the required minimum distribution rules of the Plan must be administered consistent with the following rules as provided under SECURE Act §401. (See IA §C-5.02(b)(1)(v) for effective date rules applicable to plans maintained pursuant to a collective bargaining agreement and for Governmental Plans.) For purposes of determining required minimum distributions for calendar years beginning on or after January 1, 2022 (or such later date as specified in applicable final regulations or guidance), the Plan Administrator must apply the provisions of this IA §C-5.02(b) consistent with proposed Treas. Reg §§1.401(a)(9)-1 through 1.401(a)(9)-9 issued on February 24, 2022 (or subsequent applicable final regulations or guidance).

© Copyright 2022

(1) **10-year rule.** As provided under Code §401(a)(9)(H)(i), if a Participant dies before the distribution of the Participant's entire vested Account Balance (regardless of whether the Participant dies before, on or after beginning required minimum distributions under the Plan), the entire vested Account Balance of the Participant will be distributed by the end of the calendar year that includes the 10th anniversary of the date of the Participant's death. This is referred to as the "10-year rule."

(i) **Exception to 10-year rule for Eligible Designated Beneficiaries.** As provided under Code §401(a)(9)(H)(ii) and Code §401(a)(9)(B)(iii), if any portion of the Participant's interest is payable to an Eligible Designated Beneficiary, such portion may be distributed (in accordance with applicable regulations) over the life of such Eligible Designated Beneficiary (or over a period not extending beyond the life expectancy of such Eligible Designated Beneficiary), provided such distribution begins not later than one year after the date of the Participant's death (except as provided under Code §401(a)(9)(B)(iv) relating to a surviving spouse) or such later date as the Secretary of Treasury may prescribe by regulations. This is referred to as the "life expectancy rule." If the conditions of this exception are not satisfied, the 10-year rule under IA §C-5.02(b)(1) applies.

(ii) **Elective provisions for Eligible Designated Beneficiaries.** Unless the Employer elects otherwise under the Elective Provisions, required minimum distributions under the Plan to an Eligible Designated Beneficiary when the Participant dies prior to the Required Beginning Date shall be made by applying the pre-SECURE Act elections under the Cycle 3 plan document (including the default election if the Employer made no actual elections in the Cycle 3 plan document), except that the 10-year rule under IA §C-3.02(b)(1) shall be substituted for the pre-SECURE Act 5-year rule as appropriate. For example, if the pre-SECURE Act Plan allowed the Participant or Designated Beneficiary to elect between the life expectancy rule and the 5-year rule prior to the SECURE Act effective date, then the Plan allows the Eligible Designated Beneficiary to elect between the life expectancy rule and the 10-year rule on or after the SECURE Act effective date.

Alternatively, the Employer may elect under the Elective Provisions to (1) apply the life expectancy rule, (2) apply the 10-year rule (including a fixed number of years than less than 10), or (3) allow the Participant or the Eligible Designated Beneficiary to elect whether the 10-year rule or the life expectancy rule applies. If the Participant or Eligible Designated Beneficiary is allowed to elect whether the life expectancy rule or the 10-year rule applies and such Participant or Eligible Designated Beneficiary does not timely make such an election, then the Employer must elect under the Elective Provisions whether the life expectancy rule or the 10-year rule applies.

(A) **Timing of election.** Any Participant or Eligible Designated Beneficiary election permitted under this IA §C-5.02(b)(1)(ii) must be made no later than the end of the earlier of the calendar year by which distributions must be made in order to satisfy the 10-year rule and the calendar year in which distributions would be required to begin in order to satisfy the requirements of the life expectancy rule or, if applicable, by the time of the permitted delay if the surviving Spouse is the sole beneficiary as provided under Code §401(a)(9)(B)(iv).

(B) **Irrevocable election.** If a Participant or Eligible Designated Beneficiary elects under this IA §C-5.02(b)(1)(ii) to apply either the 10-year rule or the life expectancy rule, then, as of the last date the election may be made, the election is irrevocable with respect to the Eligible Designated Beneficiary (and all subsequent Designated Beneficiaries) and applies to all subsequent calendar years.

(iii) **Rules upon death of an Eligible Designated Beneficiary.** Generally, if an Eligible Designated Beneficiary dies before the Participant's entire vested Account Balance is distributed, the exception under IA §C-5.02(b)(1)(i) above shall not apply to any beneficiary of such Eligible Designated Beneficiary and the remainder of such portion shall be distributed by the end of the 10th calendar year following the calendar year of the death of such Eligible Designated Beneficiary.

(iv) **Special rule in case of certain trusts for disabled or chronically ill Eligible Designated Beneficiary.** The Plan may apply the special rules for certain "applicable multi-beneficiary trusts" as described under Code §§401(a)(9)(H)(iv) and (v), as added by SECURE Act §401.

(v) **Special effective date rules.**

(A) **Collective bargaining agreements.** In the case of a Plan maintained pursuant to one or more collective bargaining agreements between employee representatives and one or more Employers that were ratified before December 20, 2019, the amendments to Code §§401(a)(9)(E) and (H)

© Copyright 2022

and under this IA §C-5.02(b) apply to distributions with respect to Employees who die in calendar years beginning after December 31, 2021, or if earlier, the later of: (1) the date on which the last of the collective bargaining agreements terminated (without regard to any extension of the agreement to which the parties agree) on or after December 20, 2019, or (2) December 31, 2019.

(B) **Governmental Plans.** In the case of a Governmental Plan, the amendments to Code §§401(a)(9)(E) and (H) and this IA §C-5.02(b) apply to distributions with respect to Employees who die after December 31, 2021.

(2) **Definitions for purposes of this IA §C-5.02(b).**

(i) **Designated Beneficiary.** The term Designated Beneficiary means any individual designated as a beneficiary by the Participant or under the terms of the Plan.

(ii) **Eligible Designated Beneficiary.** The term Eligible Designated Beneficiary means, with respect to any Participant, any Designated Beneficiary who is:

(A) the surviving Spouse of the Participant;

(B) subject to IA §C-5.02(b)(2)(iii) below, a child of the Participant who has not reached age 21;

(C) disabled (within the meaning of Code §72(m)(7));

(D) a chronically ill individual (within the meaning of Code §7702B(c)(2), except that the requirements of Code §7702B(c)(2)(A)(i) thereof shall only be treated as met if there is a certification that, as of such date, the period of inability described in such subparagraph with respect to the individual is an indefinite one which is reasonably expected to be lengthy in nature);

(E) an individual not described in any of the preceding subclauses who is not more than 10 years younger than the Participant; or

(F) a Designated Beneficiary of a Participant if the Participant died before the effective date of Code §401(a)(9)(H) described in Prop. Treas. Reg. §1.401(a)(9)-1(b)(2)(i) and (ii), whichever applies to the Plan (or as provided under applicable final regulations).

The determination of whether a Designated Beneficiary is an Eligible Designated Beneficiary shall be made as of the date of death of the Participant.

(iii) **Special rules for children.** An individual described in IA §C-5.02(b)(2)(ii)(B) above shall cease to be an Eligible Designated Beneficiary as of the date the individual reaches age 21 and any remainder of the portion of the individual's interest to which Code §401(a)(9)(H)(ii) applies shall be distributed under the 10-year rule.

C-5.03 **Prohibition from Making Loans Through Credit Cards.** As provided under SECURE Act §108, effective for Participant loans made after December 20, 2019, a Plan may not make any Participant loan through any credit card or any other similar arrangement.

C-5.04 **Special Disaster-Related Distributions and Loans.** This IA §C-5.04 incorporates the provisions of the Disaster Tax Relief Act of 2019 §202 relating to special disaster-related rules for retirement plans. The provisions of this IA §C-5.04 apply only to the extent a distribution or loan was made to a qualified individual as provided under the Disaster Tax Relief Act of 2019 §202. If the Plan did not operationally apply the rules under this IA §C-5.04, such provisions do not apply to the Plan. The Plan Administrator documented through administrative procedures (including designating accounts from which special disaster-related distributions and loans could have been taken) or otherwise the manner in which the Plan operationally applied the rules under this IA §C-5.04. To the extent this IA §C-5.04 applies to the Plan, these provisions supersede any inconsistent provisions of the Plan or loan program.

(a) **Eligibility for a Qualified Disaster Distribution.** If administratively permitted by the Plan Administrator, a Participant could have taken a Qualified Disaster Distribution without regard to any distribution restrictions otherwise applicable under the Plan.

(1) **Definitions.**

© Copyright 2022

(i) **Qualified Disaster Distribution.** A Qualified Disaster Distribution (as defined under the Disaster Tax Relief Act of 2019 §202(a)(4)(A)) is a distribution from the Plan made:

(A) on or after the first day of the Incident Period of a Qualified Disaster and before June 17, 2020; and

(B) to an individual whose principal place of abode at any time during the Incident Period of such Qualified Disaster was located in the Qualified Disaster Area with respect to such Qualified Disaster and who had sustained an economic loss by reason of such Qualified Disaster.

(ii) **Qualified Disaster Area.** A Qualified Disaster Area is any area with respect to which a major disaster was declared, during the period that began on January 1, 2018, and ended on February 18, 2020, by the President under Robert T. Stafford Disaster Relief and Emergency Assistance Act §401 if the Incident Period of the disaster with respect to which such declaration was made began on or before December 20, 2019. Such term did not include the California wildfire disaster (as defined in §20101 of subdivision 2 of division B of the Bipartisan Budget Act of 2018).

(iii) **Qualified Disaster.** A Qualified Disaster is, with respect to any Qualified Disaster Area, the disaster by reason for which a major disaster was declared with respect to such area.

(iv) **Incident Period.** An Incident Period is, with respect to any Qualified Disaster, the period specified by the Federal Emergency Management Agency as the period during which such disaster occurred (except that such period shall not be treated as ending after January 19, 2020).

(2) **Limit on amount of Qualified Disaster Distributions.** The aggregate amount of Qualified Disaster Distributions received by an individual for any taxable year (from all plans maintained by the Employer and any member of a controlled group which included the Employer) could not have exceeded the excess (if any) of $100,000, over the aggregate amounts treated as Qualified Disaster Distributions received by such individual for all prior taxable years. This limitation was applied separately with respect to distributions made due to each Qualified Disaster.

(3) **Qualified Disaster Distributions treated as meeting certain Plan distribution requirements.** A Qualified Disaster Distribution under the Plan is treated as meeting the requirements of Code §401(k)(2)(B)(i).

(b) **Repayment of a Qualified Disaster Distribution.** As provided under the Disaster Tax Relief Act of 2019 §202(a)(3), a Participant who received a Qualified Disaster Distribution from the Plan or another Eligible Retirement Plan (as defined in Code §402(c)(8)(B)) may, at any time during the three-year period beginning on the day after the receipt of such distribution, make one or more Rollover Contributions to the Plan in an aggregate amount that does not exceed the amount of such Qualified Disaster Distribution. This IA §C-5.04(b) only applies if the Plan permits Rollover Contributions.

(c) **Recontributions of Withdrawals for Home Purchases.** As provided under the Disaster Tax Relief Act of 2019 §202(b), a Participant who received a Qualified Disaster Distribution may make one or more Rollover Contributions to the Plan during the applicable period in an aggregate amount not to exceed the amount of such Qualified Disaster Distribution. For this purpose, a Qualified Disaster Distribution is any Hardship Distribution which (1) was to be used to purchase or construct a principal residence in a Qualified Disaster Area, but was not so used on account of the Qualified Disaster with respect to such area, and (2) was received during the period beginning on the date which is 180 days before the first day of the Incident Period of such Qualified Disaster and ending on the date which is 30 days after the last day of such Incident Period. This IA §C-5.04(c) only applies if the Plan permits Rollover Contributions.

(d) **Special Loan Rules.** As provided under the Disaster Tax Relief Act of 2019 §202(c), the Plan Administrator could (but was not required to) revise the applicable loan requirements under the Plan to reflect IA §C-5.04(d)(1) and/or IA §C-5.04(d)(2).

(1) **Increased Participant loan limits.** Notwithstanding the Participant loan limitations under the Plan, for purposes of determining the permissible Participant loans for a Qualified Individual during the 180-day period beginning on December 20, 2019, the loan limit under Code §72(p)(2)(A) could have been applied by substituting "$100,000" for "$50,000" and the adequate security requirement under Code §72(p)(2)(A)(ii) could have been applied using "the Participant's vested Account Balance" rather than "one-half (½) of the Participant's vested Account Balance." A Qualified Individual for this purpose was any Participant whose principal place of abode at any time during the Incident Period of any Qualified Disaster was located in the Qualified Disaster Area with

© Copyright 2022

respect to such Qualified Disaster, and who had sustained an economic loss by reason of such Qualified Disaster.

(2) **Delayed loan repayment date.** If a Qualified Individual (as defined in IA §C-5.04(d)(1)) had an outstanding Participant loan on or after the first day of the Incident Period of a Qualified Disaster and that ended on the date which was 180 days after the last day of the Incident Period:

(i) the due date for repayment of the Participant loan could have been delayed for one year;

(ii) any subsequent repayments with respect to such loan could have been appropriately adjusted to reflect the delay in the due date under IA §C-5.04(d)(2)(i) and any interest accruing during such delay; and

(iii) in determining the five-year period and the term of the loan under Code §§72(p)(2)(B) and (C), the one-year delay period described in IA §C-5.04(d)(2)(i) could have been disregarded.

C-5.05 **Elimination of Notice Requirement for Nonelective Safe Harbor 401(k) Plans.** As provided under SECURE Act §103(a) and consistent with IRS Notice 2020-86, effective for Plan Years beginning after December 31, 2019, the annual safe harbor notice requirements of the Plan do not apply to a Safe Harbor 401(k) Plan that satisfies the requirements of Code §401(k)(12) by providing Traditional Safe Harbor Employer Contributions (as defined under Section 1.144 of the Plan) or the requirements of Code §401(k)(13) by providing QACA Safe Harbor Employer Contributions (as defined under Section 1.109). However, a Safe Harbor 401(k) Plan must provide each Eligible Employee with an effective opportunity to make or change an election to make Salary Deferrals at least once each Plan Year.

(a) **Special rules applicable to the elimination of the notice requirement if the Plan provides for Traditional Safe Harbor Employer Contributions.** If the Plan provides for Traditional Safe Harbor Employer Contributions, the following special rules apply:

(1) If the Plan intends to satisfy the deemed compliance with the ACP test rules under Section 6.04(i) of the Plan and Code §401(m)(11)(A), the Plan must continue to satisfy the annual notice requirements under Section 6.04(a)(4) of the Plan. However, if the Plan does not intend to satisfy the deemed compliance with the ACP test rules (and thus performs the ACP test), then the annual notice requirements under Section 6.04(a)(4) of the Plan do not apply.

(2) All other applicable notice requirements under the Plan continue to apply;

(3) The notice requirements under Treas. Reg. §§1.401(k)-3(g)(1)(ii)(A)(2) and 1.401(m)-3(h)(1)(ii)(A)(2) relating to the possible mid-year reduction or suspension of Traditional Safe Harbor Employer Contributions continue to apply;

(4) If the Plan adopts an amendment to reduce or suspend Traditional Safe Harbor Employer Contributions during a Plan Year and later readopts an amendment to provide the Traditional Safe Harbor Employer Contributions for the entirety of such Plan Year, the Plan is not required to satisfy the ADP test or the ACP test (as applicable) for the Plan Year and is not subject to the top-heavy rules under Code §416 for such Plan Year; and

(5) The contingent and supplemental notice requirements under the retroactive plans amendment requirements of Code §401(k)(12)(F) and as discussed under Section 6.04(a)(4)(iii) do not apply, unless the Plan intends to qualify as a safe harbor design as set forth under Code §401(m)(11) (i.e., deemed compliance with the ACP test).

(b) **Special rules applicable to the elimination of the notice requirement if the Plan provides for QACA Safe Harbor Employer Contributions.** If the Plan provides for QACA Safe Harbor Employer Contributions, the following special rules apply:

(1) Even if the Plan intends to satisfy the deemed compliance with the ACP test rules under Section 6.04(i) of the Plan and Code §401(m)(11)(A), the Plan is not required to satisfy the annual notice requirements under Section 6.04(b)(5) of the Plan. If the Plan does not intend to satisfy the deemed compliance with the ACP test rules (and thus performs the ACP test), then the annual notice requirements under Section 6.04(a)(4) of the Plan do not apply.

(2) All other applicable notice requirements under the Plan continue to apply.

© Copyright 2022

(3) The notice requirements under Treas. Reg. §§1.401(k)-3(g)(1)(ii)(A)(2) and 1.401(m)-3(h)(1)(ii)(A)(2) relating to the possible mid-year reduction or suspension of QACA Safe Harbor Employer Contributions continue to apply.

(4) If the Plan adopts an amendment to reduce or suspend QACA Safe Harbor Employer Contributions during a Plan Year and later readopts an amendment to provide the QACA Safe Harbor Employer Contributions for the entirety of such Plan Year, the Plan is not required to satisfy the ADP test or the ACP test (as applicable) for the Plan Year and is not subject to the top-heavy rules under Code §416 for such Plan Year.

(5) The contingent and supplemental notice requirements under the retroactive plans amendment rules of Treas. Reg. §1.401(k)-3(f) do not apply.

C-5.06 Delay in Adopting Provisions for Nonelective Safe Harbor 401(k) Plan as Provided under SECURE Act §§103(b) and (c).

(a) **Amendment into a 3% nonelective Safe Harbor 401(k) Plan.** Effective for Plan Years beginning after December 31, 2019, an Employer may amend the Plan at any time before the 30th day before the close of the Plan Year to satisfy the requirements of a Safe Harbor 401(k) Plan by making a Traditional Safe Harbor Employer Contribution of at least 3% of Plan Compensation or a QACA Safe Harbor Employer Contribution of at least 3% of Plan Compensation, as applicable. The Employer may designate the percentage of Plan Compensation and the Plan Year for which the Plan is intended to be a Safe Harbor 401(k) Plan under the Elective Provisions.

(b) **Amendment into a 4% nonelective Safe Harbor 401(k) Plan.** Effective for Plan Years beginning after December 31, 2019, an Employer may amend the Plan to satisfy the requirements of a Safe Harbor 401(k) Plan by making Traditional Safe Harbor Employer Contributions or QACA Safe Harbor Employer Contributions, as applicable, after the 30th day before the close of the Plan Year if (1) the Plan is amended to provide for a Traditional Safe Harbor Employer Contribution of at least 4% of Plan Compensation or a QACA Safe Harbor Employer Contribution of at least 4% of Plan Compensation, as applicable for all Eligible Employees for that Plan Year and (2) the Plan is amended no later than the last day for distributing Excess Contributions for the Plan Year. The Employer may designate the percentage of Plan Compensation and the Plan Year for which the Plan is intended to be a Safe Harbor 401(k) Plan under the Elective Provisions.

C-5.07 Portability of Lifetime Income Options. Effective for Plan Years beginning after December 31, 2019 and as provided under Code §401(a)(38), the Plan may allow a Qualified Distribution of a Lifetime Income Investment and a distribution of a Lifetime Income Investment in the form of a Qualified Plan Distribution Annuity Contract, provided such distribution is made within the 90-day period ending on the date when the Lifetime Income Investment is no longer authorized to be held as an investment option under the Plan. The Plan Administrator may administratively apply the rules of Code §401(a)(38) to any applicable Plan investment meeting the definition of a Lifetime Income Investment. The Plan Administrator will separately document the manner of application of rules under this IA §C-5.07 and apply the rules in a consistent and nondiscriminatory manner.

(a) **Definitions.**

(1) **Qualified Distribution.** A Qualified Distribution is a direct trustee-to-trustee transfer to another Eligible Retirement Plan.

(2) **Lifetime Income Investment.** A Lifetime Income Investment is an investment option designed to provide an Employee with election rights that (1) are not uniformly available with respect to other investment options under the Plan; and (2) are rights to a Lifetime Income Feature available through a contract or other arrangement offered under the Plan, as defined under Code §401(a)(38)(B)(ii). The Plan Administrator will determine whether an investment option under the Plan is a Lifetime Income Investment.

(3) **Lifetime Income Feature.** A Lifetime Income Feature is (1) a feature that guarantees a minimum level of income annually (or more frequently) for at least the remainder of the life of the Employee or the joint lives of the Employee and the Employee's Designated Beneficiary, or (2) an annuity payable on behalf of the Employee under which payments are made in substantially equal periodic payments (not less frequently than annually) over the life of the Employee or the joint lives of the Employee and the Employee's Designated Beneficiary, as defined under Code §401(a)(38)(B)(iii).

(4) **Qualified Plan Distribution Annuity Contract.** A Qualified Plan Distribution Annuity Contract is an annuity contract purchased for a Participant and distributed to the Participant by the Plan, as defined under Code §401(a)(38)(B)(iv).

© Copyright 2022

(b) **Restrictions on in-service distributions.** Effective no earlier than for Plan Years beginning after December 31, 2019, to the extent that the Plan Administrator applies the rules under subparagraph (a) above, the Plan does not violate the in-service distribution restrictions relating to Salary Deferrals, QNECs, QMACs, and Traditional Safe Harbor/QACA Safe Harbor Contributions described under the applicable section of the Plan.

C-5.08 **Qualified Birth or Adoption Distributions ("QBADs").** As provided for under SECURE Act §113, effective no earlier than for Plan Years beginning after December 31, 2019, if elected under the Elective Provisions, the permissible distribution events may include QBADs. The Employer may restrict in a nondiscriminatory manner the availability of QBADs to terminated Participants or certain active Participants under the Elective Provisions. If the Plan is a money purchase pension plan, a Participant may not receive a QBAD prior to the earlier of the attainment of Normal Retirement Age or age 59½. If the Plan holds assets transferred from a money purchase pension plan, a Participant may not receive a QBAD with respect to such assets prior to the earlier of the attainment of Normal Retirement Age or age 59½. The Plan Administrator may use the guidance provided under IRS Notice 2020-68 in applying the rules under this IA §C-5.08.

(a) **Definitions.**

(1) **Qualified Birth or Adoption Distribution ("QBAD").** A QBAD (as defined under Code §72(t)(2)(H)(iii)(I)) is a distribution from the Plan to a Participant made during the one-year period beginning on the date on which a child of the Participant is born or on which the legal adoption by the individual of an Eligible Adoptee is finalized.

(2) **Eligible Adoptee.** An Eligible Adoptee (as defined under Code §72(t)(2)(H)(iii)(II)) is any individual (other than a child of the Participant's spouse) who has not attained age 18 or is physically or mentally incapable of self-support. The determination of whether an individual is physically or mentally incapable of self-support is made in the same manner as the determination of whether an individual is disabled under Code §72(m)(7), which defines when an individual is disabled for purposes of the exception to the 10% additional tax under Code §72(t)(2)(A)(iii).

(b) **$5,000 limitation.** The Plan is not treated as violating any Code requirement merely because it treats a distribution (that would otherwise be a QBAD) to an individual as a QBAD, provided the aggregate amount of such distributions to that Participant from all plans maintained by the Employer does not exceed $5,000.

(1) Each parent may receive a QBAD of up to $5,000 with respect to the same child or Eligible Adoptee.

(2) An individual is permitted to receive a QBAD with respect to the birth of more than one child or the adoption of more than one Eligible Adoptee if the distributions are made during the one-year period following the date on which the children are born or the legal adoption for the Eligible Adoptees is finalized.

(c) **Recontributions to applicable Eligible Retirement Plans.** Any portion of a QBAD may, at any time after the date on which the distribution was received, be recontributed to an applicable Eligible Retirement Plan to which an Eligible Rollover Distribution can be made. If the Employer adds the ability for Plan Participants to receive QBADs to the Plan, a Participant who has received a QBAD may recontribute, up to the amount that was distributed from the Plan to the Participant, provided the Participant otherwise is eligible to make Rollover Contributions to the Plan at the time the Participant wishes to recontribute the QBAD. In the case of a recontribution made with respect to a QBAD from an applicable Eligible Retirement Plan other than an IRA, an individual is treated as having received the distribution as an Eligible Rollover Distribution (as defined in Code §402(c)(4)) and as having transferred the amount to an applicable Eligible Retirement Plan in a direct trustee-to-trustee transfer within 60 days of the distribution.

(d) **Other applicable rules.** The following rules apply to QBADs:

(1) A distribution to an individual will not be treated as a QBAD with respect to any child or Eligible Adoptee unless the individual includes the name, age, and the Taxpayer Identification Number (TIN) of the child or Eligible Adoptee on the individual's tax return;

(2) A QBAD is includible in gross income, but it is not subject to the 10% additional tax under Code §72(t)(1);

(3) In making a determination whether an individual is eligible for a QBAD, the Employer or Plan Administrator is permitted to rely on reasonable representations from the individual, unless the Employer or Plan Administrator has actual knowledge to the contrary; and

(4) A QBAD is not treated as an Eligible Rollover Distribution for purposes of the direct rollover rules of Code §401(a)(31), the notice requirement under Code §402(f), and the mandatory withholding rules under Code §3405.

© Copyright 2022

C-5.09 **Increase of Cap for QACA Safe Harbor 401(k) Plan.** As provided for under SECURE Act §102, effective for Plan Years beginning after December 31, 2019 and as elected under the Elective Provisions, the Employer may increase the limitation on the default rates under a QACA Safe Harbor 401(k) Plan up to 15% after the initial period that a Participant's deemed election applies. The automatic deferral percentage in a QACA Safe Harbor 401(k) Plan may not exceed 10% during the initial period. The initial period begins when the Employee first begins making automatic deferrals under the QACA Safe Harbor 401(k) Plan and ends on the last day of the following Plan Year, unless otherwise indicated in the Adoption Agreement.

C-5.10 **Including Difficulty of Care Payments in Total Compensation.** Effective for Plan Years beginning after December 31, 2015, as provided under Code §415(c)(8) the following paragraph (f) is added to the definition of Total Compensation in Section 1.142 of the Plan (Section 1.94 of the Governmental Plan):

"(f) **Special rules for difficulty of care payments.** In the case of a Participant who for a taxable year excludes from gross income under Code §131 a qualified foster care payment which is a difficulty of care payment, the Participant's Total Compensation shall be increased by the amount of the excludable difficulty of care payments made by the Employer. Any contribution that is allowable due to such increase shall be treated as an After-Tax Employee Contribution and shall not cause the Plan to be treated as failing applicable plan qualification requirements under Code §401(a)."

C-5.11 **In-service Distributions for Money Purchase Pension Plans and Transferred Pension Assets.** Effective for Plan Years beginning after December 31, 2019, if the Plan is a money purchase pension plan, the Employer may allow in-service distributions from the Plan upon the attainment of age 59½, if elected under the Elective Provisions. If the Plan holds assets transferred from a money purchase plan, the Employer may allow in-service distributions of amounts attributable to such transferred assets upon the attainment of age 59½ as provided for under Miners Act §104.

C-5.12 **Participation of Long-Term Part-Time Employees in 401(k) Plan.** As provided for under SECURE Act §112, effective for Plan Years beginning after December 31, 2020 (except that 12-month periods beginning before January 1, 2021 shall not be taken into account for purposes of determining an Employee's eligibility to participate under Code §401(k)(2)(D)(ii)), a cash or deferred arrangement may not require as a condition of participation in the arrangement, an Employee to complete a period of service with the Employer that extends beyond the close of the earlier of: (i) the period permitted under Code §410(a)(1) (disregarding Code §410(a)(1)(B)(i)); or (ii) subject to Code §401(k)(15), the first period of three consecutive 12-month periods (i.e., Eligibility Computation Periods) during each of which the Employee has completed at least 500 Hours of Service. Employees who must participate in the Plan under this IA §C-5.12 are referred to as "Long-Term Part-Time ("LTPT") Employees."

(a) **Special rules.** The following special rules for determining participation of LTPT Employees under the requirements under this IA §C-5.12 apply:

(1) **Age requirement must be met.** The participation requirement under this IA §C-5.12 does not apply to an Employee unless the Employee has attained age 21 by the close of the three consecutive 12-month periods;

(2) **Nondiscrimination rules.** In the case of LTPT Employees who are eligible to participate in the arrangement solely by reason of Code §401(k)(2)(D)(ii), notwithstanding the requirements of Code §401(a)(4), an Employer shall not be required to make Employer Contributions or Matching Contributions on behalf of such Employees even if such contributions are made on behalf of other Employees eligible to participate in the arrangement. In addition, an Employer may elect to exclude such LTPT Employees from the application of the requirements of Code §401(a)(4), Code §401(k)(3), Code §401(k)(12), Code §401(k)(13), Code §401(m)(2), and Code §410(b);

(3) **Top-heavy rules**. An Employer may elect to exclude all LTPT Employees who are eligible to participate in the Plan solely by reason of Code §401(k)(2)(D)(ii) from the application of the vesting and benefit requirements under the top-heavy rules of Code §§416(b) and (c);

(4) **Vesting.** For purposes of determining whether a LTPT Employee who is eligible to participate in the Plan solely by reason of Code §401(k)(2)(D)(ii) has a nonforfeitable right to Employer Contributions or Matching Contributions (if the Plan provides such LTPT Employees with Employer Contributions or Matching Contributions), each 12-month period (i.e., Vesting Computation Period) for which the Employee has at least 500 Hours of Service shall be treated as a Year of Service, and Code §411(a)(6) shall be applied by substituting 'at least 500 Hours of Service' for 'more than 500 hours of service' in Code §411(a)(6)(A). Subject to guidance by the Internal Revenue Service, all Years of Service with the Employer must be taken into account in determining an Employee's vesting rights under the Plan, including periods before January 1, 2021;

(5) **Employees who become full-time Employees.** The special rules under subparagraphs (2) and (3) above shall cease to apply to any LTPT Employee as of the first Plan Year beginning after the Plan Year in which the Employee meets the requirements of Code §410(a)(1)(A)(ii) without regard to Code §401(k)(2)(D)(ii);

© Copyright 2022

(6) **Exception for Collectively Bargained Employees.** The rules under this IA §C-5.12 do not apply to Collectively Bargained Employees as described in Code §410(b)(3); and

(7) **Time of participation.** The rules of Code §410(a)(4) relating to the timing of entry into the Plan apply to an Employee eligible to participate in the Plan solely by reason of Code §401(k)(2)(D)(ii). In no event will a LTPT Employee's entry into the Plan exceed the maximum delay in participation specified in Code §410(a)(4).

(b) **IRS guidance.** To the extent that the IRS issues guidance with respect to the requirements of this IA §C-5.12, the Employer or Plan Administrator may administer the Plan consistent with such guidance. Until such guidance is issued, the Plan Administrator may apply the requirements of this IA §C-5.12 consistent with a "good-faith" interpretation of SECURE Act §112.

C-5.13 **Plan Adopted by Filing Due Date.** As provided for under SECURE Act §201, effective for Plans adopted for taxable years beginning after December 31, 2019, if the Employer adopts the Plan after the close of a taxable year but before the time prescribed by law for filing the return of the Employer for the taxable year (including extensions thereof), the Employer may elect to treat the Plan as having been adopted as of the last day of the taxable year.

C-5.14 **Multiple Employer Plans – Application of Qualification Requirements.** As provided under SECURE Act §101 and Code §413(e)(1), a defined contribution Multiple Employer Plan, except as provided under Code §413(e)(2) as reflected in IA §C-5.14(a) below, that (A) is maintained by Employers (including Participating Employers), which have a common interest other than having adopted the Plan or, in the case of a Plan not described in (A), has a Pooled Plan Provider (as defined in Code §413(e)(3)) then the Plan shall not be treated as failing to meet the requirements under Code §401(a) applicable to the Plan, merely because one or more Participating Employers of Employees covered by the Plan fail to take such actions as are required of such Participating Employers for the Plan to meet such requirements.

(a) **Limitations.** In applying this IA §C-5.14, in the case of any Participating Employer in the Plan failing to take the actions required of such Participating Employer for the Plan to meet the requirements under §401(a) applicable to the Plan:

(1) the assets of the Plan attributable to Employees of such Participating Employer (or beneficiaries of such Employees) will be transferred to a plan maintained only by such Participating Employer (or its successor), to an Eligible Retirement Plan for each individual whose account is transferred, or to any other arrangement that the Secretary of the Treasury determines is appropriate, unless the Secretary of the Treasury determines it is in the best interests of the Employees of such Employer (and the beneficiaries of such Employees) to retain the assets in the Plan; and

(2) such Participating Employer (and not the Plan with respect to which the failure occurred or any other Participating Employer in such Plan) shall, except to the extent provided by the Secretary of the Treasury, be liable for any liabilities with respect to such Plan attributable to Employees of such Participating Employer (or beneficiaries of such Employees).

(b) **"Good faith" interpretation.** The Lead Employer (or Pooled Plan Provider) and Plan Administrator may apply a "good-faith" interpretation of the rules under this IA §C-5.14. In determining a good-faith interpretation, the Lead Employer (or Pooled Plan Provider) and Plan Administrator may use Proposed Regulation §1.413-2 issued on March 28, 2022 as a guide for such interpretation. Additionally, the Lead Employer (or Pooled Plan Provider) may add clarifying provisions under Elective Provisions CS-9 Special Provisions or in a separate addendum to the Plan relating to this IA §C-5.14. The Employer and Plan Administrator also may develop separate written administrative procedures relating to this IA §C-5.14.

© Copyright 2022

RESOLUTION # 2024-XX

A Resolution of the Board of Directors of the Community Action Partnership of Kern Approving the Restatement of Qualified Retirement Plan 403(b) with Nationwide

The Board of Directors of Community Action Partnership of Kern located at 1300 18th Street, Suite 200, Bakersfield, CA 93301, met on May 29, 2024, and resolved as follows:

WHEREAS, Community Action Partnership of Kern (CAPK) is a private, non-profit 501(c)(3) corporation established as a result of the Economic Opportunity Act of 1964, and is the federally designated community action agency serving the low-income, elderly and disadvantaged residents of Kern County; and

WHEREAS, CAPK is charged with the responsibility of continuing the battle to alleviate poverty in Kern County by developing and implementing creative and innovative programs, and has adopted the philosophical position of "Helping People, Changing Lives" in its quest to assist people in need, and families with minimal or no resources; and

WHEREAS, the CAPK Board of Directors approved the change of pension plan providers for Plan 403(b) in August 2023.; and

WHEREAS, CAPK has maintained the Community Action Partnership of Kern 403(b) Plan since January 2009 for the benefit of its eligible employees; and

WHEREAS, CAPK has decided to amend the above referenced Plan by adopting a complete restatement of the current plan document; and

WHEREAS, the Board of Directors has reviewed and evaluated the proposed amendment(s); and

WHEREAS, Section 14.01(b) of the Plan allows CAPK to amend the selections under the Adoption Agreement.

NOW, THEREFORE, be it resolved that the CAPK Board of Directors hereby approves the amendment(s) and authorizes CAPK to adopt the Community Action Partnership of Kern 403(b) Plan as a complete restatement of the prior Plan, to be effective August 21, 2024.

RESOLVED FURTHER that the undersigned members of the Board of Directors authorize the execution of the Plan document and authorize the performance of any other actions necessary to implement the adoption of the restatement by Jeremy T. Tobias, Chief Executive Officer. CAPK will maintain a copy of the restated Plan, as approved by the members of the Board of Directors, along with a copy of the prior Plan, in its files;

RESOLVED FURTHER that CAPK will act as administrator of the Plan and will be responsible for performing all actions necessary to carry out the administration of the Plan. CAPK may

designate any other person or persons to perform the necessary actions to administer the Plan; and

RESOLVED FURTHER that Plan participants shall be provided with a summary of the Plan provisions within a reasonable period of time following the adoption of the restated Plan.

APPROVED by a majority vote of the Board of Directors of Community Action Partnership of Kern, this 29th day of May 2024.

The undersigned hereby certifies that he/she is an Authorized Representative of CAPK and that the foregoing is a true record of a resolution duly adopted at a meeting of the Board of Directors, and that said meeting was held in accordance with state law and the Bylaws of the organization

WITNESS WHEREOF, I have executed my name below as an Authorized Representative of CAPK.

Fred Plane, Chair
CAPK Board of Directors

Date

SUMMARY PLAN DESCRIPTION
FOR

Community Action Partnership of Kern 403(b) Plan

REFLECTING THE TERMS OF THE PLAN
EFFECTIVE AS OF

August 21, 2024

Table of Contents

Article 1.....Introduction
Article 2 .....General Plan Information and Key Definitions
Article 3.....Description of Plan
Article 4 .....Plan Contributions
Article 5.....Eligibility Requirements
Article 6 .....Limit on Contributions
Article 7 .....Determination of Vested Benefit
Article 8.....Plan Distributions
Article 9 .....Plan Administration and Investments
Article 10 .....Participant Loans
Article 11 .....Plan Amendments and Termination
Article 12 .....Plan Participant Rights and Claim Procedures

Community Action Partnership of Kern 403(b) Plan
SUMMARY PLAN DESCRIPTION

ARTICLE 1
INTRODUCTION

Community Action Partnership of Kern has adopted the Community Action Partnership of Kern 403(b) Plan (the "Plan") to help its employees save for retirement. If you are an employee of Community Action Partnership of Kern, you may be entitled to participate in the Plan, provided you satisfy the conditions for participation as described in this Summary Plan Description.

This Summary Plan Description ("SPD") is designed to help you understand the retirement benefits provided under the Plan and your rights and obligations with respect to the Plan. This SPD contains a summary of the major features of the Plan, including the conditions you must satisfy to participate under the Plan, the amount of benefits you are entitled to as a Plan participant, when you may receive distributions from the Plan, and other valuable information you should know to understand your Plan benefits. We encourage you to read this SPD and contact the Plan Administrator if you have any questions regarding your rights and obligations under the Plan. (See Article 2 below for the name and address of the Plan Administrator.)

This SPD does not replace the formal Plan document, which contains the legal and technical requirements applicable to the Plan. However, this SPD does attempt to explain the Plan language in a non-technical manner that will help you understand your retirement benefits. If the non-technical language under this SPD and the technical, legal language under the Plan document conflict, the Plan document always governs. If you have any questions regarding the provisions contained in this SPD or if you wish to receive a copy of the legal Plan document, please contact the Plan Administrator.

The Plan document may be amended or modified due to changes in law, to comply with pronouncements by the Internal Revenue Service (IRS) or Department of Labor (DOL), or due to other circumstances. If the Plan is amended or modified in a way that changes the provisions under this SPD, you will be notified of such changes.

This SPD does not create any contractual rights to employment nor does it guarantee the right to receive benefits under the Plan. Benefits are payable under the Plan only to individuals who have satisfied all of the conditions under the Plan document for receiving benefits.

ARTICLE 2
GENERAL PLAN INFORMATION AND KEY DEFINITIONS

This Article 2 contains information regarding the day-to-day administration of the Plan as well as the definition of key terms used throughout this SPD.

Plan Name: Community Action Partnership of Kern 403(b) Plan

Plan Number: 002

Employer:

Name: Community Action Partnership of Kern
Address: 1300 18th Street, Ste. 200
Bakersfield, California 93301
Telephone number: (661) 336-5236
Employer Identification Number (EIN): 95-2402760

Plan Administrator:

The Plan Administrator is responsible for the day-to-day administration and operation of the Plan. For example, the Plan Administrator maintains the Plan records, provides you with forms necessary to request a distribution from the Plan, and directs the payment of your vested benefits when required under the Plan. The Plan Administrator may designate another person or persons to perform the duties of the Plan Administrator. The Plan Administrator or its delegate, as the case may be, has full discretionary authority to interpret the Plan, including the authority to resolve ambiguities in the Plan document and to interpret the Plan's terms, including who is eligible to participate under the Plan and the benefit rights of participants and beneficiaries. All interpretations, constructions and determinations of the Plan Administrator or its delegate shall be final and binding on all persons, unless found by a court of competent jurisdiction to be arbitrary and capricious. The Plan Administrator also will allow you to review the formal Plan document and other materials related to the Plan.

The Employer listed above is acting as Plan Administrator. The Plan Administrator may designate other persons to carry on the day-to-day operations of the Plan. If you have any questions about the Plan or your benefits under the Plan, you should contact the Plan Administrator or other Plan representative.

Service of Legal Process:

Service of legal process may be made upon the Employer. In addition, service of legal process may be made upon the Plan Administrator.

Effective Date of Plan:

This Plan is an amendment or restatement of an existing Plan to comply with current law. This Plan was originally effective January 1, 2009. However, unless designated otherwise, the provisions of the Plan as set forth in this SPD are effective as of August 21, 2024.

Plan Year:

Many of the provisions of the Plan are applied on the basis of the Plan Year. For this purpose the Plan Year is the calendar year running from January 1 – December 31.

Investment Arrangement

The Investment Arrangement is the funding medium used for the accumulation of Plan assets from which Participant's benefits will be established.

Plan Compensation:

In applying the contribution formulas under the Plan (as described in Article 4 below), your contributions may be determined based on Plan Compensation earned during the Plan Year. However, in determining Plan Compensation, no amount will be taken into account to the extent such compensation exceeds the compensation dollar limit set forth under IRS rules. For 2023, the compensation dollar limit is $330,000 ($345,000 in 2024). Thus, for Plan Years beginning in 2023, no contribution may be made under the Plan with respect to Plan Compensation above $330,000 ($345,000 in 2024). For subsequent plan years, the compensation dollar limit may be adjusted for cost-of-living increases. Note that the compensation dollar limit described above does not apply to Salary Deferrals contributed to the Plan.

For purposes of determining Plan Compensation, your total taxable wages or salary is taken into account including any Salary Deferrals you make to this 403(b) plan and any pre-tax salary reduction contributions you may make under any other plans we may maintain, which may include any pre-tax contributions you make under a medical reimbursement plan or "cafeteria" plan. Plan Compensation also generally includes compensation for services that is paid after termination of employment, as long as such amounts are paid by the end of the year or within 2½ months following termination of employment,

if later. However, for purposes of determining contributions under the Plan, Plan Compensation does not include the following types of compensation:

- Payments for unused leave, such as unused sick leave, vacation, or other leave that is paid after severance of employment. Also, certain amounts paid pursuant to a nonqualified unfunded deferred compensation plan
- Continuation payments to disabled Participants paid after severance of employment
- Exclude Vehicle Cents Per Mile - exclude the taxable amount. Exclude Tuition Reimburement in excess of $5,250 (or the limit imposed in subsequent years) - exclude the taxable amount. Exclude Group Term Life taxing in excess of $50,000 of coverage.

Period for determining Plan Compensation. For purposes of determining Plan Compensation, only compensation you earn while you are a participant in the Plan will be taken into account. Thus, any compensation you earn while you are not eligible to participate in the Plan will not be considered in determining Plan Compensation.

Normal Retirement Age:

You will reach Normal Retirement Age under the Plan when you turn age 65.

ARTICLE 3
DESCRIPTION OF PLAN

Type of Plan. This Plan is a special type of retirement plan commonly referred to as a 403(b) plan. Under the Plan, you may elect to have a portion of your salary deposited directly into a 403(b) account on your behalf. This pre-tax contribution is called a "Salary Deferral." As a pre-tax contribution, you do not have to pay any income tax while your Salary Deferrals are held in the Plan, and any earnings on your Salary Deferrals are not taxed while they stay in the Plan.

You also may choose to make contributions to the Plan on an after-tax basis, by designating your Salary Deferrals as Roth Deferrals. While you are taxed on a Roth Deferral in the year you contribute to the Plan, you will not be taxed on the contribution or earnings attributable to Roth Deferrals under the Plan when you elect to withdraw your Roth amounts from the Plan, as long as your withdrawal is a qualified distribution. See the discussion of Roth Deferrals under Article 4 below.

This Plan is a defined contribution plan, which is intended to qualify under Section 403(b) of the Internal Revenue Code. As a defined contribution plan, it is not covered under Title IV of ERISA and, therefore, benefits are not insured by the Pension Benefit Guaranty Corporation.

ARTICLE 4
PLAN CONTRIBUTIONS

The Plan provides for the contributions listed below. Article 5 discusses the requirements you must satisfy to receive the contributions described in this Article 4. Article 7 describes the vesting rules applicable to your plan benefits. Special rules also may apply if you leave employment to enter qualified military service. See your Plan Administrator if you have questions regarding the rules that apply if you are on military leave.

Salary Deferrals

If you have satisfied the conditions for participating under the Plan (as described in Article 5 below) you are eligible to make Salary Deferrals to the Plan. To begin making Salary Deferrals, you must complete a Salary Deferral election requesting that a portion of your compensation be contributed to the Plan instead of being paid to you as wages. However, see the discussion below regarding the application of the "automatic deferral" provisions under the Plan that may apply if you do not specifically elect to defer (or not defer) under the Plan. Any Salary Deferrals you make to the Plan will be invested in accordance with the Plan's investment policies.

Pre-Tax Salary Deferrals. If you make Salary Deferrals to the Plan, you will not have to pay income taxes on such amounts or on any earnings until you withdraw those amounts from the Plan.

Consider the following examples:

- If you earn $30,000 a year, are in the 22% tax bracket, are eligible to participate in the Plan and you elect to save 3% (or $900) of your salary under the 403(b) Plan this year, you would save $198 in Federal income taxes (22% of $900 = $198).

- If you earn $30,000 a year, are in the 22% tax bracket, are eligible to participate in the Plan, and you elect to save 5% (or $1,500) of your salary under the 403(b) Plan this year, you would save $330 in Federal income taxes (22% of $1,500 = $330).

- If you earn $30,000 a year, are in the 22% tax bracket, are eligible to participate in the Plan and you elect to save 8% (or $2,400) of your salary under the 403(b) Plan this year, you would save $528 in Federal income taxes (22% of $2,400 = $528).

As you can see, the more you are able to put away in the Plan and the higher your tax bracket, the greater your tax savings will be. In addition, if the amount of your Salary Deferrals grows due to investment earnings, you will not have to pay any Federal income taxes on those earnings until such time as you withdraw those amounts from the Plan.

Roth Deferrals. You also may be able to avoid taxation on earnings under the Plan by designating your Salary Deferrals as Roth Deferrals. Roth Deferrals are a form of Salary Deferral but, instead of being contributed on a pre-tax basis, you must pay income tax currently on such deferrals. However, provided you satisfy the distribution requirements applicable to Roth Deferrals (as discussed in Article 8 below), you will not have to pay any income taxes at the time you withdraw your Roth Deferrals from the Plan, including amounts attributable to earnings. Thus, if you take a qualified distribution (as described in Article 8) your entire distribution may be withdrawn tax-free. You should discuss the relative advantages of pre-tax Salary Deferrals and Roth Deferrals with a financial professional before deciding how much to designate as pre-tax Salary Deferrals and Roth Deferrals.

Salary Deferral election. You may not begin making Salary Deferrals under the Plan until you enter into a Salary Deferral election designating how much you wish to defer under the Plan. However, as described below, Salary Deferrals may be automatically withheld from your paycheck if you do not specifically elect to defer (or not defer) under the Plan.

Change of election. You can increase or decrease the amount of your Salary Deferrals as of a designated election date. For this purpose, the designated election date(s) for changing or modifying your Salary Deferral election will be set forth under the Salary Deferral election or other written procedures describing the time period for changing Salary Deferral elections. If the available election date(s) change, you will be notified in writing of any such change. You always will be able to change or modify your Salary Deferral election at least once per year. Generally, you may revoke an existing Salary Deferral election and stop making Salary Deferrals at any time. Any change you make to a Salary Deferral election will become effective as of the next designated election date, and will remain in effect until modified or canceled during a subsequent election period.

Automatic deferral election. To simplify the administrative requirements for making Salary Deferrals under the Plan, the Plan is set up with an "automatic" deferral feature. Under this feature, you do not have to make a Salary Deferral election to begin deferring under the Plan. Thus, if you have otherwise satisfied the eligibility requirements for Salary Deferrals described under Article 5 but have not made a Salary Deferral election, we will automatically withhold 3% of your Plan Compensation from each paycheck and deposit such amounts into the Plan as a Salary Deferral.

Any amounts that are automatically withheld from your paycheck will be invested in accordance with the Plan's investment policies and will be exempt from taxation just like any other pre-tax Salary Deferral. If you would like to modify your automatic deferral amount, you must make a Salary Deferral election indicating the amount you wish to defer. If you do not wish to defer under the Plan, you must make a Salary Deferral election indicating a zero deferral rate.

Application of automatic deferral provisions. The automatic deferral provisions described above will apply to all eligible participants who have not made a Salary Deferral election (including an election not to defer). Thus, if you have already made a Salary Deferral election or have entered into an agreement specifically electing not to defer, the automatic deferral provisions will not apply. If you are eligible to defer but have not made a Salary Deferral election, Salary Deferrals will automatically be withheld from your paycheck as indicated above.

Rollover Contributions

If you have an account balance in another qualified retirement plan or an IRA, you may move those amounts into this Plan, without incurring any tax liability, by means of a "rollover" contribution. You may also rollover Roth contributions from another qualified plan to this Plan. Rollovers are not permitted from a Roth IRA. You are always 100% vested in any amounts you contribute to the Plan as a rollover from another qualified plan or IRA. This means that you will always be entitled to all amounts in your rollover account. Rollover contributions will be affected by any investment gains or losses under the Plan.

You may accomplish a rollover in one of two ways. You may ask your prior plan administrator or trustee to directly rollover to this Plan all or a portion of any amount which you are entitled to receive as a distribution from your prior plan. Alternatively, if you receive a distribution from your prior plan, you may elect to deposit into this plan any amount eligible for rollover within 60 days of your receipt of the distribution. The 60-day rollover option is not available for rollovers of Roth contributions. Any rollover to the Plan will be credited to your Rollover Contribution Account. See Article 8 below for a description of the distribution provisions applicable to rollover contributions.

Generally, the Plan will accept a rollover contribution from another qualified retirement plan or IRA. The Plan Administrator may adopt separate procedures limiting the type of rollover contributions it will accept. For example, the Plan Administrator may impose restrictions on the acceptance of after-tax contributions or Salary Deferrals (including Roth Deferrals) or may restrict rollovers from particular types of plans. In addition, the Plan Administrator may, in its discretion, accept rollover contributions from Employees who are not currently participants in the Plan. You also must be a current Employee to make a Rollover Contribution to the Plan. Any procedures affecting the ability to make Rollover Contributions to the Plan will not be applied in a discriminatory manner.

If you have questions about whether you can rollover a prior plan distribution, please contact the Plan Administrator or other designated Plan representative.

ARTICLE 5
ELIGIBILITY REQUIREMENTS

This Article sets forth the requirements you must satisfy to participate under the Plan. To qualify as a participant under the Plan, you must:

- be an Eligible Employee
- satisfy the Plan's minimum age and service conditions and
- satisfy any allocation conditions required under the Plan.

Eligible Employee

To participate under the Plan, you must be an Eligible Employee. For this purpose, you are considered an Eligible Employee if you are an employee of Community Action Partnership of Kern, provided you are not otherwise excluded from the Plan.

For this purpose, if we acquire another Employer, any Employees who work for the acquired Employer will not be eligible to participate under the Plan until the end of the Plan Year following the year of the acquisition. If you have questions regarding your eligibility to participate in the Plan, please contact the Plan Administrator (or other Plan representative).

Excluded Employees. For purposes of determining whether you are an Eligible Employee, the Plan excludes from participation certain designated employees. If you fall under any of the excluded employee categories, you will not be eligible to participate under the Plan (until such time as you no longer fall into an excluded employee category). [See below for a discussion of your rights upon changing to or from an excluded employee classification.]

The following categories of employees are not eligible to participate in the Plan:

- Non-resident aliens who do not receive any compensation from U.S. sources
- Employees who are eligible for a 401(k) plan sponsored by the Employer
- Employees who are eligible for another 403(b) plan sponsored by the Employer

Minimum Age and Service Requirements

If you are an Eligible Employee, you may begin to make Salary Deferrals into the Plan as soon as administratively possible after your date of hire. There are no minimum age or service requirements to make Salary Deferrals.

Crediting eligibility service. In determining whether you satisfy any minimum age or service conditions under the Plan, all service you perform during the year is counted. In addition, if you go on a maternity or paternity leave of absence (including a leave of absence under the Family Medical Leave Act) or a military leave of absence, you may receive credit for service during your period of absence for certain purposes under the Plan. You should contact the Plan Administrator to determine the effect of a maternity/paternity or military leave of absence on your eligibility to participate under the Plan.

Eligibility upon rehire. If you terminate employment after satisfying the minimum age and service requirements under the Plan and you are subsequently rehired as an Eligible Employee, you will enter the Plan on the later of your rehire date or your Entry Date. If you terminate employment prior to satisfying the minimum age and service requirements, and you are subsequently rehired, you will have to re-satisfy the eligibility requirements in order to participate under the Plan.

Eligibility upon change in employment status. If you are not an Eligible Employee on your Entry Date, but you subsequently change status to an eligible class of Employee, you will be eligible to enter the Plan immediately (provided you have already satisfied the minimum age and service requirements). If you are an Eligible Employee and subsequently become ineligible to participate in all or certain parts of the Plan, all contributions for which you are no longer eligible for under the Plan will cease as of the date you become

ineligible to participate. See “Excluded Employees” information above for more information on exclusions to participation under the Plan. However, all service earned while you are employed, including service earned while you are ineligible, will be counted when calculating your vested percentage in your account balance.

Allocation Conditions

If you are an Eligible Employee and have satisfied the minimum age and service requirements described above, you are entitled to share in the contributions described in Article 4, provided you satisfy the allocation conditions described below.

Salary Deferrals. You do not need to satisfy any additional allocation conditions to make Salary Deferrals under the Plan. If you satisfy the eligibility conditions described above, you will be eligible to make Salary Deferrals, regardless of how many hours you work during the year or whether you terminate employment during the year. However, you may not continue to make Salary Deferrals after you terminate employment.

ARTICLE 6
LIMIT ON CONTRIBUTIONS

The IRS imposes limits on the amount of contributions you may receive under this Plan, as described below.

IRS limits on Salary Deferrals. The IRS imposes limits on the amount you can contribute as Salary Deferrals during a calendar year. For 2024, the maximum deferral limit is $23,000. For years after 2024, the maximum deferral limit may be adjusted for cost-of-living each year. The Plan Administrator will provide you with information regarding the adjusted deferral limits beginning after 2024. In addition, if you are at least age 50 by December 31 of the calendar year, you also may make a special catch-up contribution in addition to the maximum deferral limit described above. For 2024, the catch-up contribution limit is $7,500. For years after 2024, the catch-up contribution limit may be adjusted for cost-of living each year. The Plan Administrator will provide you with information concerning the catch-up contribution limit for years after 2024.

> **Example:** If you are at least age 50 by December 31, 2024, the maximum Salary Deferral you may make for the 2024 calendar year is $30,500 [i.e., $23,000 maximum deferral limit plus $7,500 catch-up contribution limit].

The IRS deferral limit applies to all Salary Deferrals you make in a given calendar year to this Plan or any other cash or deferred arrangement (including a cash or deferred arrangement maintained by an unrelated employer). For this purpose, cash or deferred arrangements include 401(k) plans, 403(b) plans, simplified employee pension (SEP) plans or SIMPLE plans. (Note: If you participate in both this Plan and a 457 eligible deferred compensation plan, special limits may apply under the 457 plan. You should contact the Plan Administrator of the 457 plan to find out how participation in this Plan may affect your limits under the 457 plan.)

If you make Salary Deferrals for a given year in excess of the deferral limit described above under this Plan or another plan maintained by the Employer (or any other employer maintaining this Plan), the Plan Administrator will automatically return the excess amount and associated earnings to you by April 15. If you make Salary Deferrals for a given year in excess of the deferral limit described above because you made Salary Deferrals under this Plan and a plan of an unrelated employer not maintaining this Plan, you must ask one of the plans to refund the excess amount to you. If you wish to take a refund from this Plan, you must notify the Plan Administrator, in writing, by March 1 of the next calendar year so the excess amount and related earnings may be refunded by April 15. The excess amount is taxable for the year in which you made the excess deferral. If you fail to request a refund, you will be subject to taxation in two separate years: once in the year of deferral and again in the year the excess amount is actually paid to you.

IRS limit on total contributions under the Plan. The IRS imposes a maximum limit on the total amount of contributions you may receive under this Plan. This limit applies to all contributions we make on your behalf, all contributions you contribute to the Plan, and any forfeitures allocated to any of your accounts during the year. Under this limit, the total of all contributions under the Plan cannot exceed a specific dollar amount or

100% of your annual compensation, whichever is less. For 2024, the dollar limit is $69,000. For years after 2024, this amount may be increased for inflation. For purposes of applying the 100% of compensation limit, your annual compensation includes all taxable compensation, increased for any Salary Deferrals you may make to this 403(b) plan and any pre-tax contributions you may make to any other plan we may maintain, such as a cafeteria health plan.

Example: Suppose in 2024 you earn compensation of $55,000 (after reduction for pre-tax 403(b) plan contributions of $5,500). Your compensation for purposes of the overall contribution limit is $60,500 ($55,000 + $5,500 of pre-tax deferrals). The maximum amount of contributions you may receive under the Plan for 2024 is $60,500 (the lesser of $69,000 or 100% of $60,500).

ARTICLE 7
DETERMINATION OF VESTED BENEFIT

Vested account balance. When you take a distribution of your benefits under the Plan, you are only entitled to withdraw your *vested* account balance. For this purpose, your *vested* account balance is the amount held under the Plan on your behalf for which you have earned an ownership interest. You earn an ownership interest in your Plan benefits if you have earned enough service with us to become *vested* based on the Plan's vesting schedule. If you terminate employment before you become fully vested in any of your Plan benefits, those non-vested amounts may be forfeited. (See below for a discussion of the forfeiture rules that apply if you terminate with a non-vested benefit under the Plan.)

The following describes the vesting schedule applicable to contributions under the Plan.

- **Salary Deferrals.** You are always 100% vested in your Salary Deferrals. In other words, you have complete ownership rights to your Salary Deferrals under the Plan.

- **Other contributions.** In addition, certain special contributions that are made to the Plan on your behalf will always be 100% vested. If any of these special contributions are made to the Plan, you will always have an immediate ownership interest in such contributions. Examples of special contributions that may be made to the Plan include:

  - Rollover Contributions

Protection of vested benefit. Once you are vested in your benefits under the Plan, you have an ownership right to those amounts. While you may not be able to immediately withdraw your vested benefits from the Plan due to the distribution restrictions described under Article 8 below, you generally will never lose your right to those vested amounts. However, it is possible that your benefits under the Plan will decrease as a result of investment losses. If your benefits decrease because of investment losses, you will only be entitled to the vested amount in your account at the time of distribution.

ARTICLE 8
PLAN DISTRIBUTIONS

The Plan contains detailed rules regarding when you can receive a distribution of your benefits from the Plan. As discussed in Article 7 above, if you qualify for a Plan distribution, you will only receive your vested benefits. This Article 8 describes when you may request a distribution and the tax effects of such a distribution.

Distribution upon termination of employment. When you terminate employment, you may be entitled to a distribution from the Plan. The availability of a distribution will depend on the amount of your vested account balance.

- **Vested account balance in excess of $5,000.** If your total vested account balance exceeds $5,000 as of the distribution date, you may receive a distribution from the Plan as soon as

administratively feasible following your termination of employment. If you do not consent to a distribution of your vested account balance, your balance will remain in the Plan. If you receive a distribution of your vested benefits when you are only partially-vested in your Plan benefits, your non-vested benefits will be forfeited.

You may elect to take your distribution in any of the following forms. In addition, in certain rare cases, you may be entitled to a distribution in the form of a joint and survivor annuity. Prior to receiving a distribution from the Plan, you will receive a distribution package that will describe the distribution options that are available to you. If you have any questions regarding your distribution options under the Plan, please contact the Plan Administrator.

- **Lump sum.** You may elect to take a distribution of your entire vested account balance in a lump sum. In addition, if permitted by the Plan Administrator, you may take a partial distribution of a portion of your vested account upon termination of employment. If you take a lump sum distribution, you may elect to rollover all (or any portion) of your distribution to an IRA or to another qualified plan. See the *Special Tax Notice*, which you may obtain from the Plan Administrator, for more information regarding your ability to rollover your plan distribution.

- **Vested account balance of $5,000 or less.** If your total vested account balance under the Plan is $5,000 or less as of the distribution date, you will be eligible to receive a distribution of your entire vested account balance in a lump sum as soon as administratively feasible following your termination of employment. If you receive a distribution of your vested benefits when you are partially-vested in your Plan benefits, your non-vested benefits will be forfeited.

  You may elect to receive your distribution in cash or you may elect to rollover your distribution to an IRA or to another qualified plan. If your total vested account balance under the Plan is between $1,000 and $5,000 as of the distribution date and you do not consent to a distribution of your vested account balance, your vested benefit automatically will be rolled over to an IRA selected by the Plan Administrator. If your total vested account balance exceeds $5,000, no distribution will be made from the Plan without your consent. If your total vested account balance is $1,000 or less as of the distribution date, your entire vested benefit will be distributed to you in a lump sum, even if you do not consent to a distribution.

  If your benefit is automatically rolled over to an IRA selected by the Plan Administrator, such amounts will be invested in a manner designed to preserve principal and provide a reasonable rate of return. Common types of investment vehicles that may be used include money market accounts, certificates of deposit or stable value funds. Reasonable expenses may be charged against the IRA account for expenses associated with the establishment and maintenance of the IRA. Any such expenses will be no greater than similar fees charged for other IRAs maintained by the IRA provider. For further information regarding the automatic rollover requirements, including further information regarding the IRA provider and the applicable fees and expenses associated with the automatic rollover IRA, please contact the Plan Administrator or other designated Plan representative.

In-service distributions. You may withdraw vested amounts from the Plan while you are still employed with us, but only if you satisfy the Plan's requirements for in-service distributions. Under the Plan, you may take an in-service distribution upon any of the following events:

- You are at least age 59 1/2 at the time of the distribution.
- You have incurred a hardship, as described below.
- You become disabled (as defined in the Plan).
- You are in certain qualified active military duty. This distribution option only applies to your Salary Deferrals under the Plan. Please contact your Plan Administrator if you have any questions regarding the available of a distribution under this provision.

No in-service distribution of Salary Deferrals may be made prior to age 59½ (other than a distribution on account of hardship or disability). Thus, regardless of any in-service distribution provisions under the Plan,

you may not request an in-service distribution of amounts attributable to your Salary Deferrals under the Plan prior to attaining age 59½ (other than a distribution on account of hardship or disability).

However, you may withdraw amounts attributable to Rollover Contributions at any time.

Hardship distribution. To receive a distribution on account of hardship, you must demonstrate one of the following hardship events.

(1) You need the distribution to pay unpaid medical expenses for yourself, your spouse or any dependent.

(2) You need the distribution to pay for the purchase of your principal residence. You must use the hardship distribution for the *purchase* of your principal residence. You may not receive a hardship distribution solely to make mortgage payments.

(3) You need the distribution to pay tuition and related educational fees (including room and board) for the post-secondary education of yourself, your spouse, your children, or other dependent. You may take a hardship distribution to cover up to 12 months of tuition and related fees.

(4) You need the distribution to prevent your eviction or to prevent foreclosure on your mortgage. The eviction or foreclosure must be related to your principal residence.

(5) You need the distribution to pay funeral or burial expenses for your deceased parent, spouse, child or dependent.

(6) You need the distribution to pay expenses to repair damage to your principal residence (provided the expenses would qualify for a casualty loss deduction on your tax return, without regard to 10% adjusted gross income limit).

(7) You need the distribution to pay expenses and losses (including loss of income) incurred due to a federally-declared disaster. Your principal residence or principal place of employment at the time of the disaster must be located in the federally-declared disaster area.

Before you may receive a hardship distribution, you must represent, in writing, that you have insufficient cash or other liquid assets to satisfy your financial need.

You may not receive a hardship distribution of more than you need to satisfy your hardship. In calculating your maximum hardship distribution, you may include any amounts necessary to pay federal, state or local income taxes or penalties reasonably anticipated to result from the distribution. See the Plan Administrator for more information regarding the maximum amount you may take from the Plan as a hardship distribution and the total amount you have available for a hardship distribution. The Plan Administrator will provide you with the appropriate forms for requesting a hardship distribution.

Required distributions. If you have not begun taking distributions before you attain your Required Beginning Date, the Plan generally must commence distributions to you as of such date. For this purpose, your Required Beginning Date generally is April 1 following the end of the calendar year in which you attain age 70½ (or age 72, if you were born after June 30, 1949) or terminate employment, whichever is later. (For 5% owners, the Required Beginning Date is April 1 following the calendar year in which you attain age 70½ (or age 72, if you were born after June 30, 1949), even if you are still employed.)

Once you attain your Required Beginning Date, the Plan Administrator will commence distributions to you as required under the Plan. The Plan Administrator will inform you of the amount you are required to receive once you attain your Required Beginning Date.

Distribution upon disability. If you should terminate employment because you are disabled, you will be eligible to receive a distribution of your vested account balance within a reasonable time following the date you terminate employment on account of disability. The following definition of disability applies for purposes of applying the distribution provisions under the Plan: The inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months. The disability of a Participant shall be determined by a licensed physician. However, if the condition constitutes total disability under the federal Social Security Acts, the Administrator may rely upon such

determination that the Participant is Totally and Permanently Disabled for the purposes of this Plan. The determination shall be applied uniformly to all Participants.

Disaster-related distributions. Special rules related to certain federally-declared natural disasters may have applied for distributions and loans under the Plan. If you received a disaster-related distribution from the Plan, you may be able to recontribute the amount of the distribution to the Plan. Please contact the Plan Administrator for more information.

Repayment of Coronavirus-Related Distributions. Special Coronavirus-Related rules may have applied for distributions under the Plan. If you received a Coronavirus-Related Distribution from the Plan, you may be able to recontribute the amount of the distribution to the Plan. Please contact the Plan Administrator for more information.

Distribution of lifetime income investment. The Plan may allow a distribution of certain lifetime income investments, provided such distribution is made within the 90-day period ending on the date when the lifetime income investment is no longer authorized to be held as an investment option under the Plan. The Plan Administrator will notify you if you are eligible for this type of distribution.

Distributions upon death. If you should die before taking a distribution of your entire vested account balance, your remaining benefit will be distributed to your beneficiary or beneficiaries, as designated on the appropriate designated beneficiary election form. You may request a designated beneficiary election form from the Plan Administrator.

If you are married, your spouse generally is treated as your beneficiary, unless you and your spouse properly designate an alternative beneficiary to receive your benefits under the Plan. The Plan Administrator will provide you with information concerning the availability of death benefits under the Plan and your rights (and your spouse's rights) to designate an alternative beneficiary for such death benefits. For purposes of determining your beneficiary to receive death distributions under the Plan, any designation of your spouse as beneficiary is automatically revoked upon a formal divorce decree unless you re-execute a new beneficiary designation form or enter into a valid Qualified Domestic Relations Order (QDRO).

Default beneficiaries. If you do not designate a beneficiary to receive your benefits upon death, your benefits will be distributed first to your spouse. If you have no spouse at the time of death, your benefits will be distributed equally to your children. If you have no children at the time of your death, your benefits will be distributed to your estate.

Taxation of distributions. Generally, you must include any Plan distribution in your taxable income in the year you receive the distribution. More detailed information on tax treatment of Plan distributions is contained in the "Special Tax Notice" which you may obtain from the Plan Administrator.

- **Roth Deferrals.** If you make Roth Deferrals under the Plan, you will not be taxed on the amount of the Roth Deferrals taken as a distribution (because you pay taxes on such amounts when you contribute them to the Plan). In addition, you will not pay taxes on any earnings associated with the Roth Deferrals, provided you take the Roth Deferrals and earnings in a qualified distribution. For this purpose, a qualified distribution occurs only if you have had your Roth Deferral account in place for at least 5 years and you take the distribution on account of death, disability, or attainment of age 59½. If you have made both pre-tax Salary Deferrals and Roth Deferrals under the Plan, you may designate the extent to which a distribution of Salary Deferrals is taken from your pre-tax Salary Deferral Account or your Roth Deferral Account. Any distribution of Salary Deferrals (including Roth Deferrals) must be authorized under the Plan distribution provisions.

  If you take a distribution that does not qualify as a qualified distribution, you will be taxed on the earnings associated with the Roth contributions. (You will never be taxed on the Roth contributions distributed since those amounts are taxed at the time you make the Roth contributions or Roth conversion.)

Distributions before age 59½. If you receive a distribution before age 59½, you generally will be subject to a 10% penalty tax in addition to regular income taxation on the amount of the distribution that is subject to

taxation. You may avoid the 10% penalty tax by rolling your distribution into another plan or IRA. Certain exceptions to the penalty tax may apply. For more information, please review the "Special Tax Notice," which may be obtained from the Plan Administrator.

Rollovers and withholding. You may "rollover" most Plan distributions to an IRA or another qualified plan and avoid current taxation. You may accomplish a rollover either directly or indirectly. In a direct rollover, you instruct the Plan Administrator that you wish to have your distribution deposited directly into another plan or an IRA. In an indirect rollover, the Plan Administrator actually makes the distribution to you and you may rollover that distribution to an IRA or another qualified plan within 60 days after you receive the Plan distribution.

If you are eligible to directly rollover a distribution but choose not to, the Plan Administrator must withhold 20% of the taxable distribution for federal income tax withholding purposes. The Plan Administrator will provide you with the appropriate forms for choosing a direct rollover. For more information, see the "Special Tax Notice," which may be obtained from the Plan Administrator.

Certain benefit payments are not eligible for rollover and therefore will not be subject to 20% mandatory withholding. The types of benefit payments that are not "eligible rollover distributions" include:

- annuities paid over your lifetime,
- installment payments for a period of at least ten (10) years,
- minimum required distributions at age 70½ (or age 72, if you were born after June 30, 1949),
- hardship withdrawals, and
- certain "corrective" distributions.

[***Note:*** *All of the above distribution options may not be available under this Plan.*]

Non-assignment of benefits and Qualified Domestic Relations Orders (QDROs) Your benefits cannot be sold, used as collateral for a loan, given away, or otherwise transferred, garnished, or attached by creditors, except as provided by law. However, if required by applicable state domestic relations law, certain court orders could require that part of your benefit be paid to someone else—your spouse or children, for example. This type of court order is known as a Qualified Domestic Relations Order (QDRO). As soon as you become aware of any court proceedings that might affect your Plan benefits, please contact the Plan Administrator. You may request a copy of the procedures concerning QDROs, including those procedures governing the qualification of a domestic relations order, without charge, from the Plan Administrator.

ARTICLE 9
PLAN ADMINISTRATION AND INVESTMENTS

Investment of Plan assets. You have the right to direct the investment of Plan assets held under the Plan on your behalf, as provided under the applicable Investment Arrangement. The Plan Administrator or other authorized person will provide you with information on the amounts available for direction, the investment choices available to you, the frequency with which you can change your investment choices and other investment information. Periodically, you will receive a benefit statement that provides information on your account balance and your investment returns. If you have any questions about the investment of your Plan accounts, please contact the Plan Administrator or other Plan representative.

Although you have the opportunity to direct the investment of your benefits under the Plan, the Plan Administrator may decline to implement investment directives where it deems it is appropriate in fulfilling its role as a fiduciary under the Plan. The Plan Administrator may adopt rules and procedures to govern Participant investment elections and directions under the Plan.

This Plan is designed to comply with the requirements of ERISA §404(c). As such, to the extent you are permitted to direct the investment of your account, you are solely responsible for the investment decisions you make with respect to your Plan benefits. No other fiduciary, including the Trustee, Employer or Plan

Administrator, will be responsible for any losses resulting from your direction of investments under the Plan. If you have questions regarding investment decisions or strategies with respect to the investment of your Plan benefits, you should consult an investment professional.

Valuation Date. To determine your share of any gains or losses incurred as a result of the investment of Plan assets, the Plan is valued on a regular basis. For this purpose, the Plan is valued on a daily basis. Thus, you will receive an allocation of gains or losses under the Plan at the end of each business day during which the New York Stock Exchange is open.

Plan fees. There may be fees or expenses related to the administration of the Plan or associated with the investment of Plan assets that will affect the amount of your Plan benefits. Any fees related to the administration of the Plan or associated with the investment of Plan assets may be paid by the Plan or by the Employer. If the Employer does not pay Plan-related expenses, such fees or expenses will generally be allocated to the accounts of Participants either proportionally based on the value of account balances or as an equal dollar amount based on the number of participants in the Plan. If you direct the investment of your benefits under the Plan, you will be responsible for any investment-related fees incurred as a result of your investment decisions. Prior to making any investment, you should obtain and read all available information concerning that particular investment, including financial statements, prospectuses, and other available information.

In addition to general administration and investment fees that are charged to the Plan, you may be assessed fees directly associated with the administration of your account. For example, if you terminate employment, your account may be charged directly for the pro rata share of the Plan's administration expenses, regardless of whether the Employer pays some of these expenses for current Employees. Other fees that may be charged directly against your account include:

- Fees related to the processing of distributions upon termination of employment.
- Fees related to the processing of in-service distributions (including hardship distributions).
- Fees related to the processing of required minimum distributions at age 70½ (or age 72, if you were born after June 30, 1949), or termination of employment, if later.
- Participant loan origination fees and annual maintenance fees.
- Charges related to processing of a Qualified Domestic Relation Order (QDRO) where a court requires that a portion of your benefits is payable to your ex-spouse or children as a result of a divorce decree.

If you are permitted to direct the investment of your benefits under the Plan, each year you will receive a separate notice describing the fees that may be charged under the Plan. In addition, you will also receive a separate notice describing any actual fees charged against your account. Please contact the Plan Administrator if you have any questions regarding the fees that may be charged against your account under the Plan.

ARTICLE 10
PARTICIPANT LOANS

The Plan permits Participants to take a loan from the Plan. Thus, you may take a loan from your vested benefits under the Plan. The following procedures generally apply for purposes of administering Participant loans. The Plan Administrator may modify these procedures in a separate, written loan policy. For more information regarding the procedures for receiving a Participant loan, please contact the Plan Administrator.

- **Availability of Participant loans.** Participant loans are available to Participants and Beneficiaries who are parties in interest under the Plan. To receive a Participant loan, you must sign a promissory note and pledge your Account Balance as security for the loan. You will have to enter into a written loan agreement that specifies the amount and term of the loan, and the repayment schedule.

- **Loan limitations.** The total amount you may take as a loan from the Plan may not exceed one-half (½) of your vested Account Balance. In addition, the total amount you may have outstanding as a loan during any 12-month period may not exceed $50,000. If you have any questions regarding the amount that is available as a Participant loan under the Plan, please contact the Plan Administrator.
- **Number of outstanding loans and minimum loan amounts.** The Plan may limit the minimum amount available for a loan and the number of loans you may take under the Plan. In determining the availability of a Plan loan, you may only have one loans outstanding at any time. The minimum amount you may take as a loan is $1,000. The Plan Administrator may refuse to make a loan if it is decided that you are not creditworthy to receive a Participant loan.
- **Reasonable rate of interest and periodic repayment requirement.** If you take a loan from the Plan, you will be charged a reasonable rate of interest. For this purpose, a reasonable rate of interest will be based on the prime interest rate plus 2 percentage points determined at the time you take a loan from the Plan. The Plan Administrator will disclose the applicable interest rate at the time you request the loan. The Plan Administrator will provide you with an amortization schedule providing for level periodic payments. The loan repayment period generally may not extend beyond five years. However, if you take a loan for the purchase of your primary residence, the loan period may extend beyond five years (but in no case more than 15 years). Loan repayments must be made through payroll withholding, except to the extent the Plan Administrator determines payroll withholding is not practical given the level of your wages, the frequency with which you are paid, or other circumstances. Please contact the Plan Administrator if you have any questions regarding the rate of interest or repayment period applicable to a Participant loan.
- **Adequate Security.** All Participant loans must be adequately secured. If you take a loan from the Plan, your vested Account Balance will be used as security for the loan. The Plan Administrator may require you to provide additional collateral if the Plan Administrator determines such additional collateral is required to protect the interests of Plan participants.
- **Loan repayment and default procedures.** If you take a loan from the Plan, you must make periodic loan payments, at least quarterly, throughout the loan period. The loan period generally cannot exceed 5 years from the date of the loan. You may be able to enter into a longer loan period if the loan is for the purchase of your principal residence. You will receive an amortization schedule setting forth the required payments under the terms of the loan. If you fail to make a required loan payment within 31 days following the end of the month in which the loan payment is missed, you will be taxed on the entire amount of the outstanding loan (plus accrued interest) through the date of the default.

  Following your termination of employment, you may continue to repay the outstanding balance of your Plan loan. If you fail to make required payments, your loan will be treated as in default and your vested Account Balance will be reduced by the remaining outstanding balance of the loan and you will be taxed on the entire amount of the outstanding loan (plus accrued interest).

ARTICLE 11
PLAN AMENDMENTS AND TERMINATION

Plan amendments. We have the authority to amend this Plan at any time. Any amendment, including the restatement of an existing Plan, may not decrease your vested benefit under the Plan, except to the extent permitted under the Internal Revenue Code, and may not reduce or eliminate any “protected benefits” (except as provided under the Internal Revenue Code or any regulation issued thereunder) determined immediately prior to the adoption or effective date of the amendment (whichever is later). However, we may amend the Plan to increase, decrease or eliminate benefits on a prospective basis.

Plan termination. Although we expect to maintain this Plan indefinitely, we have the ability to terminate the Plan at any time. For this purpose, termination includes a complete discontinuance of contributions under the Plan or a partial termination. If the Plan is terminated, all amounts credited to your account shall become 100% vested, regardless of the Plan’s current vesting schedule. In the event of the termination of the Plan, you are entitled to a distribution of your entire vested benefit. Such distribution shall be made directly to you or, at your direction, may be transferred directly to another qualified retirement plan or IRA. If you do not

consent to a distribution of your benefit upon termination of the Plan, the Plan Administrator will transfer your vested benefit directly to an IRA that we will establish for your benefit. Except as permitted by Internal Revenue Service regulations, the termination of the Plan shall not result in any reduction of protected benefits.

A partial termination may occur if either a Plan amendment or severance from service excludes a group of employees who were previously covered by this Plan. Whether a partial termination has occurred will depend on the facts and circumstances of each case. If a partial termination occurs, only those Participants who cease participation due to the partial termination will become 100% vested. The Plan Administrator will advise you if a partial termination occurs and how such partial termination affects you as a Participant.

ARTICLE 12
PLAN PARTICIPANT RIGHTS AND CLAIM PROCEDURES

Participant rights. As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

- Examine, without charge, at the Plan Administrator's office, all Plan documents including copies of all documents filed by the Plan Administrator with the U.S. Department of Labor.
- Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may assess a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to provide each participant with a copy of this summary annual report.
- Obtain a statement telling you whether you have a right to receive benefits under the Plan and, if so, what your current benefits are. You must request this statement in writing and you may only request this statement once a year. The Plan Administrator will provide the statement free of charge.
- File a claim for benefits.

Prudent Actions by Plan Fiduciaries. In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. These people, called "fiduciaries," have a duty to operate the Plan prudently and in the best interests of you, other Plan participants and beneficiaries. You may not be fired or otherwise discriminated against in any way solely to prevent you from obtaining a Plan benefit or exercising your rights under ERISA.

Enforcement of Rights. If you have a claim for benefits under the Plan that is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. For example, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive the requested documents within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the documents and pay you up to $110 a day until you receive the documents, unless the documents were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a divorce decree that affects the payment of benefits under the Plan, you may file suit in federal court. If the Plan's fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Questions. If you have any questions about the Plan or this SPD, you should contact the Plan Administrator. If you have any questions about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee

Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Claim for Benefits. Benefits will normally be payable under the Plan without the need for a formal claim. However, if you feel you are entitled to benefits under the Plan that have not been paid, you may submit to the Plan Administrator a written claim for benefits. Your request for Plan benefits will be considered a claim for Plan benefits, and it will be subject to a full and fair review. The Plan Administrator will evaluate your claim (including all relevant documents and records you submit to support your claim) to determine if benefits are payable to you under the terms of the Plan. The Plan Administrator may solicit additional information from you if necessary to evaluate the claim.

If the Plan Administrator determines the claim is valid, then you will receive a statement describing the amount of benefit, the method or methods of payment, the timing of distributions and other information relevant to the payment of the benefit.

If the Plan Administrator denies all or any portion of your claim, you (and your authorized representative, if applicable) will receive within a reasonable period of time (not to exceed 90 days after receipt of the claim form), a written or electronic notice setting forth the reasons for the denial (including references to the specific provisions of the Plan on which the decision is based), a description of any additional information needed to perfect your claim, and the steps you must take to submit the claim for review. If the Plan Administrator determines that special circumstances require an extension of time for processing your claim, it may extend the 90-day period described in the prior sentence to 180 days, provided the Plan Administrator provides you with written notice of the extension and prior to the expiration of the original 90-day period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render its decision.

If the Plan Administrator denies your claim, you will have 60 days from the date you receive notice of the denial of your claim to appeal the adverse decision of the Plan Administrator. You may submit to the Plan Administrator written comments, documents, records and other information relating to your claim for benefits. You will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim. The Plan Administrator's review of the claim and of its denial of the claim shall take into account all comments, documents, records and other information relating to the claim, without regard to whether these materials were submitted or considered by the Plan Administrator in its initial decision on the claim.

If the Plan Administrator denies your claim for benefits after appeal, you will receive within a reasonable period of time (not to exceed 60 days after receipt of the appeal), a written or electronic notice setting forth the reasons for the denial (including references to the specific provisions of the Plan on which the decision is based), and a description of your right to bring an action under ERISA Section 502(a). If the Plan Administrator determines that special circumstances require an extension of time for processing your appeal, it may extend the 60-day period described in the prior sentence to 120 days, provided the Plan Administrator provides you with written notice of the extension and prior to the expiration of the original 60-day period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render its decision. If the Plan Administrator denies your claim for benefits upon review, in whole or in part, you may file suit in a state or Federal court.

If the Plan Administrator makes a final written determination denying your claim for benefits, you may commence legal or equitable action with respect to the denied claim upon completion of the claims procedures outlined under the Plan. Any legal or equitable action must be commenced no later than the earlier of 180 days following the date of the final determination or three years following the proof of loss. If you fail to commence legal or equitable action with respect to a denied claim within the above timeframe, you will be deemed to have accepted the Plan Administrator's final decision with respect to the claim for benefits.

Disability Claims Procedures. If your claim is based on disability benefits, different claim procedures and deadlines will apply. If your disability benefits are provided or administered by a third party (such as Social Security Administration or an insurance company), that will be the entity to which claims are addressed.

The following disability claims procedures apply only to the determination under the Plan as to whether a Participant is entitled to a Plan benefit due to disability. These disability claims procedures do not apply if a third party (such as the Social Security Administration), rather than the Plan Administrator, makes the determination of disability. These disability claims procedures are intended to comply with the requirements of Department of Labor Regulation §2560.503-1 and will be interpreted accordingly.

These disability claims procedures are intended to ensure that disability claims procedures are reasonable, that "claimants" (which include Participants and Beneficiaries (and their authorized representatives, if applicable)) receive sufficient information explaining why disability benefits are denied and that the process is impartial.

If you have questions about the Plan's claims procedures, contact the Plan Administrator named under Article 2 of this Summary Plan Description.

Review of Initial Claim. In the case of a claim for disability benefits, the Plan Administrator will notify the claimant of an adverse benefit determination within a reasonable period of time, but not later than 45 days after receipt of the claim by the Plan. This period may be extended by the Plan for up to 30 days, provided that the Plan Administrator both determines that such an extension is necessary due to matters beyond the control of the Plan and notifies the claimant, prior to the expiration of the initial 45-day period, of the circumstances requiring the extension of time and the date by which the Plan expects to render a decision.

If, prior to the end of the first 30-day extension period, the Plan Administrator determines that, due to matters beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for making the determination may be extended for up to an additional 30 days, provided that the Plan Administrator notifies the claimant, prior to the expiration of the first 30-day extension period, of the circumstances requiring the extension and the date as of which the Plan expects to render a decision. In the case of any extension, the notice of extension shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues. The claimant shall have at least 45 days within which to provide the specified information.

Notice of Adverse Benefit Determination. The Plan Administrator will provide a claimant with written or electronic notification (written in a culturally and linguistically appropriate and understandable manner) of any "adverse benefit determination." An adverse benefit determination includes a rescission of coverage (except for non-payment of premiums). The notice of adverse benefit determination will set forth:

- The specific reason or reasons for the adverse determination;
- Reference to the specific Plan provisions on which the determination is based;
- A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary;
- A description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA §502(a) following an adverse benefit determination on review; and
- A discussion of the decision, including an explanation of the basis for disagreeing with or not following:
  - The views presented by the claimant to the Plan of health care professionals treating the claimant and vocational professionals who evaluated the claimant;

  - The views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and
  - A disability determination regarding the claimant presented by the claimant to the Plan made by the Social Security Administration.

- If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request;
- The specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse determination or, alternatively, a statement that such rules, guidelines, protocols, standards or other similar criteria of the Plan do not exist; and
- A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits.

The Plan Administrator will assist in language translation of a notice of adverse benefit determination, if necessary. Translation assistance can include recommending translation services, providing verbal assistance and providing the notice in a non-English language upon request.

Appeals of Adverse Benefit Determinations. A claimant shall have 180 days following receipt of a notification of an adverse benefit determination within which to appeal the determination. Any appeal will receive a full and fair review of the claim and the adverse benefit determination. With respect to such review:

- Claimants will have the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits;
- Claimants (upon request and free of charge) will have reasonable access to, and copies of, all documents, records, and other information relevant to the claimant’s claim for benefits;
- The review will take into account all comments, documents, records, and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination;
- As soon as possible and sufficiently in advance of the date on which any notice of an “adverse benefit determination on review,” the Plan Administrator will provide the claimant, free of charge, with any new or additional evidence considered, relied upon, or generated by the person making the benefit determination in connection with the claim; and
- As soon as possible and sufficiently in advance of the “notice of adverse benefit determination on review,” the Plan Administrator will provide the claimant, free of charge, with the rationale for the adverse decision.

In performing the review, the Plan will not afford deference to the initial adverse benefit determination and the review will be conducted by an appropriate named fiduciary of the Plan who is neither the individual who made the initial adverse benefit determination, nor the subordinate of such individual. If the appeal is based in whole or in part on a medical judgment, including determinations with regard to whether a particular treatment, drug, or other item is experimental, investigational, or not medically necessary or appropriate, the appropriate named fiduciary shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment. Such health care professional will not be an individual (or a subordinate of such individual) who was consulted in connection with the initial adverse benefit determination

If the Plan obtained advice from medical or vocational experts in connection with a claimant’s adverse benefit determination (without regard to whether the advice was relied upon in making the benefit determination), such experts will be identified.

The Plan Administrator shall notify the claimant of the Plan's benefit determination on review within a reasonable period of time, but not later than 45 days after receipt of the claimant's request for review by the Plan, unless the Plan Administrator determines that special circumstances (such as the need to hold a hearing) require an extension of time for processing the claim. If the Plan Administrator determines that an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 45-day period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the determination on review.

Notice of Adverse Benefit Determination on Review. The Plan Administrator will provide a claimant with written or electronic notification (written in a culturally and linguistically appropriate and understandable manner) of any "adverse benefit determination." The notice of adverse benefit determination on review will set forth:

- The specific reason or reasons for the adverse determination;
- Reference to the specific Plan provisions on which the determination is based;
- That the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits;
- A description of any voluntary appeal procedures offered by the Plan and the claimant's right to obtain the information about such procedures;
- A description of the claimant's right to bring an action under ERISA §502(a) (including a description of any applicable contractual limitation period that applies to the claimant's right to bring such an action);
- A discussion of the decision, including an explanation of the basis for disagreeing with or not following:
  - The views presented by the claimant to the Plan of health care professionals treating the claimant and vocational professionals who evaluated the claimant;
  - The views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and
  - A disability determination regarding the claimant presented by the claimant to the Plan made by the Social Security Administration;
- If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the claimant's medical circumstances, or, alternatively, a statement that such explanation will be provided free of charge upon request; and
- The specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse determination or, alternatively, a statement that such rules, guidelines, protocols, standards or other similar criteria of the Plan do not exist.

The Plan Administrator will assist in language translation of a notice of adverse benefit determination on review, if necessary. Translation assistance can include recommending translation services, providing verbal assistance and providing the notice in a non-English language upon request.

403(b) PLAN
BASIC PLAN DOCUMENT #08

(for use with Adoption Agreement #001)

TABLE OF CONTENTS

SECTION 1
PLAN DEFINITIONS

1.01 Account ... 1
1.02 Account Balance ... 1
1.03 Accumulated Benefit. ... 1
1.04 Actual Contribution Percentage Test (ACP Test) ... 1
1.05 Adoption Agreement (AA) ... 1
1.06 After-Tax Contributions ... 1
1.07 Age 50 Catch-Up Contributions ... 1
1.08 Age 50 Catch-Up Contribution Limit ... 1
1.09 Alternate Payee ... 1
1.10 Anniversary Years ... 2
1.11 Annual Additions ... 2
1.12 Annuity Contract ... 2
1.13 Annuity Starting Date ... 2
1.14 ASC Institute ... 2
1.15 Automatic Contribution Arrangement ... 2
1.16 Automatic Rollover ... 2
1.17 Average Contribution Percentage (ACP) ... 2
1.18 Beneficiary ... 2
1.19 Benefiting Participant ... 2
1.20 Break in Service ... 2
1.21 Cash-Out Distribution ... 2
1.22 Church ... 2
1.23 Church Plan ... 2
1.24 Church-Related Organization ... 2
1.25 Code ... 2
1.26 Code §415 Limitation ... 2
1.27 Code §501(c)(3) Organization ... 3
1.28 Collectively Bargained Employee ... 3
1.29 Compensation Limit ... 3
1.30 Computation Period ... 3
(a) Eligibility Computation Period ... 3
(b) Vesting Computation Period ... 3
1.31 Current Year Testing Method ... 3
1.32 Custodial Account. ... 3
1.33 Custodian ... 4
1.34 Denominational Service.. ... 4
1.35 Determination Year ... 4
1.36 Direct Rollover ... 4
1.37 Disabled ... 4
1.38 Dual Status Code §501(c)(3)/Governmental Organization ... 4
1.39 Early Retirement Age ... 4
1.40 Effective Date ... 4
1.41 Elapsed Time ... 4
1.42 Elective Deferral Dollar Limit ... 4
1.43 Electing Church ... 4
1.44 Elective Deferrals ... 4
1.45 Eligible Automatic Contribution Arrangement (EACA) ... 4
1.46 Eligible Employee ... 4
1.47 Eligible Employer. ... 4
1.48 Eligible Retirement Plan ... 5
1.49 Eligible Rollover Distribution ... 5
1.50 Employee ... 5
1.51 Employer ... 5
1.52 Employer Contributions ... 5
1.53 Employer Pick-up Contributions ... 5
1.54 Employment Commencement Date ... 5
1.55 Entry Date ... 5
1.56 Equivalency Method ... 5
1.57 ERISA ... 5

© Copyright 2020

1.58 Excess Aggregate Contributions 5
1.59 Excess Amount 5
1.60 Excess Deferrals 5
1.61 Fail-Safe Coverage Provision 5
1.62 Favorable IRS Letter 6
1.63 [Reserved] 6
1.64 Governmental Plan 6
1.65 Hardship 6
1.66 Highly Compensated 6
(a) Determination Year 6
(b) Lookback Year 6
(c) Total Compensation 6
(d) Top Paid Group 6
1.67 Highly Compensated Group 6
1.68 Hour of Service 6
(a) Performance of duties 6
(b) Nonperformance of duties 6
(c) Back pay award 6
(d) Related Employers 6
(e) Maternity/paternity leave 7
1.69 In-Plan Roth Conversion Account 7
1.70 Indian Tribal Government 7
1.71 Insurance Company. 7
1.72 Integration Level 7
1.73 Investment Arrangement 7
1.74 Limitation Year 7
1.75 Lookback Year 7
1.76 Mandatory Contribution 7
1.77 Matching Contributions 7
1.78 Maximum Disparity Rate 7
1.79 Minimum Gateway Contribution 7
1.80 Minister. 8
1.81 Multiple Employer Plan 8
1.82 Mutual Fund 8
1.83 Nonhighly Compensated 8
1.84 Nonhighly Compensated Group 8
1.85 Non-Qualified Church-Controlled Organization (NQCCO) 8
1.86 Nonvested Participant Break in Service 8
1.87 Normal Retirement Age 8
1.88 Part-Time Employee 8
1.89 Participant 8
1.90 Participating Employer 8
1.91 Period of Severance 8
1.92 Plan 8
1.93 Plan Administrator 9
1.94 Plan Compensation 9
(a) Application to safe harbor formulas 9
(b) Determination period 9
(c) Partial period of participation 10
1.95 Plan Year 10
1.96 Predecessor Employer 10
1.97 Pre-Tax Deferrals 10
1.98 Prior Year Testing Method 10
1.99 Public School. 10
1.100 QACA Safe Harbor Contribution 10
1.101 QACA Safe Harbor Employer Contribution 10
1.102 QACA Safe Harbor Matching Contribution 10
1.103 Qualified Automatic Contribution Arrangement (QACA) 10
1.104 Qualified Church-Controlled Organization (QCCO) 10
1.105 Qualified Domestic Relations Order (QDRO) 10
1.106 Qualified Election 10
1.107 Qualified Joint and Survivor Annuity (QJSA) 10
1.108 Qualified Nonelective Contribution (QNEC) 10

© Copyright 2017

1.109 Qualified Organization. 10
1.110 Qualified Preretirement Survivor Annuity (QPSA) 11
1.111 Qualified Longevity Annuity contract (QLAC) 11
1.112 Reemployment Commencement Date 11
1.113 Related Employer 11
1.114 Retirement Income Account. 11
1.115 Rollover Contribution 11
1.116 Roth Deferrals 11
1.117 Safe Harbor Plan 11
1.118 Safe Harbor Contribution 11
1.119 Safe Harbor Employer Contributions 11
1.120 Safe Harbor Matching Contributions 11
1.121 Salary Deferrals 11
1.122 Salary Reduction Agreement 11
1.123 Seasonal Employee 11
1.124 Section 403(b) Contract. 11
1.125 Severance from Employment. 11
1.126 Short Plan Year 12
1.127 Special Catch-Up Contributions 12
1.128 Spouse 12
1.129 State. 12
1.130 Student Employee 12
1.131 Targeted QNECs 12
1.132 Taxable Wage Base 12
1.133 Taxable Year 12
1.134 Temporary Employee 12
1.135 Testing Compensation 12
1.136 Top Paid Group 13
1.137 Total Compensation 13
(a) Total Compensation definitions 13
(b) Post-severance compensation 13
(c) Continuation payments for disabled Participants 14
(d) Deemed §125 compensation 14
(e) Differential Pay 14
1.138 Valuation Date 15
1.139 Vendor 15
1.140 Volume Submitter Sponsor 15
1.141 Volume Submitter Plan 15
1.142 Year of Service 15

SECTION 2
ELIGIBILITY AND PARTICIPATION

2.01 Eligibility 16
(a) Salary Deferrals 16
(b) Employer Contributions and Matching Contributions 16
(c) After-Tax Contributions and Safe Harbor Contributions 16
2.02 Eligible Employees 16
(a) Only Employees may participate in the Plan 16
(b) Excluded Employees 16
(c) Employees of Related Employers 18
(d) Employees of an Employer acquired as part of a Code §410(b)(6)(C) transaction. 18
(e) Ineligible Employee becomes Eligible Employee 18
(f) Eligible Employee becomes ineligible Employee 18
(g) Improper exclusion of eligible Participant 18
2.03 Minimum Age and Service Conditions 18
(a) Application of age and service conditions 18
(b) Entry Dates for Employer Contributions and Matching Contributions 20
2.04 Participation on Effective Date of Plan 21
2.05 Rehired Employees 21
2.06 Service with Predecessor Employers 21
2.07 Break in Service Rules 21
(a) Break in Service 21
(b) Nonvested Participant Break in Service rule 21
(c) Special Break in Service rule for Plans using two Years of Service for eligibility 22

© Copyright 2017

(d) One-Year Break in Service rule 22
2.08 Waiver of Participation 22

SECTION 3
PLAN CONTRIBUTIONS

3.01 Types and Timing of Contributions 23
(a) Types of Contributions 23
(b) Timing of Contributions 23
(c) Contributions for former Employees. 23
(d) Contributions of Accrued Unpaid Sick and/or Vacation Leave. 23
3.02 Employer Contribution Formulas 23
(a) Employer Contribution formulas 23
(b) Mandatory Contributions 29
(c) Period for determining Employer Contributions 23
(d) Offset of Employer Contributions 23
3.03 Salary Deferrals 29
(a) Salary Reduction Agreement 29
(b) Change in deferral election 29
(c) Automatic Contribution Arrangement 30
(d) Age 50 Catch-Up Contributions 33
(e) Special Catch-Up Contributions for certain Employees of Qualified Organizations 34
(f) Coordination of Age 50 Catch-Up Contributions and Special Catch-Up Contributions 34
(g) Roth Deferrals 34
(h) In-Plan Roth Conversions. 35
(i) Non-ERISA Salary Reduction Only Plan 36
3.04 Matching Contributions 37
(a) Contributions eligible for Matching Contributions 38
(b) Period for determining Matching Contributions 38
(c) True-up contributions 38
3.05 Safe Harbor/QACA Safe Harbor Contributions 38
3.06 After-Tax Employee Contributions 38
3.07 Allocation Conditions 38
(a) Application to designated period 39
(b) Special rule for year of termination 40
3.08 Service with Predecessor Employers 40

SECTION 4
ROLLOVER CONTRIBUTIONS AND TRANSFERS

4.01 Rollover Contributions 41
4.02 Contract Exchanges and Transfers 42

SECTION 5
LIMITS ON CONTRIBUTIONS

5.01 Limits on Employer Contributions 43
(a) Limitation on Salary Deferrals 43
(b) Limitation on total Employer Contributions 43
5.02 Elective Deferral Dollar Limit 43
(a) Excess Deferrals 43
(b) Correction of Excess Deferrals 43
5.03 Code §415 Limitation on Annual Additions 44
(a) General Limitation on Annual Additions. 44
(b) Aggregation of §403(b) Plans of the Employer.. 44
(c) Aggregation Where Participant is in Control of Any Employer. 44
(d) Annual Notice to Participants 44
(e) Coordination of Limitation on Annual Additions Where Employer Has Another §403(b) Pre-approved Plan or Participant is in Control of Employer 44
(f) Excess Annual Additions 44
(g) Coordination of Limitation on Annual Additions Where Employer Has Another §403(b) Plan that is Not a Pre-approved Plan. 45
(h) Correction of Excess Annual Additions.. 45
(i) Definitions 45
(j) Special Rules 45

© Copyright 2017

SECTION 6
SPECIAL RULES AFFECTING 403(b) PLANS

6.01 Universal Availability for Salary Deferrals ... 48
(a) Eligible Participants ... 48
(b) Implementation of Participant's election to make Salary Deferrals ... 48
(c) Effective opportunity ... 48
(d) Special Rules ... 45
6.02 Nondiscrimination Testing of Matching Contributions and After-Tax Contributions – ACP Test ... 48
(a) ACP Test ... 48
(b) Correction of Excess Aggregate Contributions ... 50
(c) Adjustment of contribution rate for Highly Compensated Employees ... 51
(d) Special testing rules ... 51
6.03 Disaggregation of Plans ... 51
(a) Plans covering Collectively Bargained Employees and non-Collectively Bargained Employees. ... 51
(b) Otherwise excludable Employees ... 51
6.04 Safe Harbor 403(b) Plan Provisions ... 51
(a) Safe Harbor 403(b) Plan requirements ... 52
(b) Qualified Automatic Contribution Arrangement (QACA) requirements ... 53
(c) Eligibility for Safe Harbor/QACA Safe Harbor Contributions ... 55
(d) Different eligibility conditions ... 56
(e) Provision of Safe Harbor Contribution in separate plan ... 56
(f) Mid-Year Changes to Safe Harbor 403(b) Plan ... 56
(g) Reduction or suspension of Safe Harbor/QACA Safe Harbor Contributions ... 56
(h) Deemed compliance with ACP Test ... 56
(i) Rules for applying the ACP Test ... 57
(j) Plan Year ... 57

SECTION 7
PARTICIPANT VESTING AND FORFEITURES

7.01 Vesting of Contributions ... 59
7.02 Vesting Schedules ... 59
(a) Vesting schedule ... 59
(b) Special vesting rules ... 59
7.03 Year of Service ... 60
(a) Hours of Service ... 60
(b) Elapsed Time method ... 61
(c) Change in service crediting method ... 61
7.04 Vesting Computation Period ... 62
7.05 Excluded service ... 62
(a) Service before the Effective Date of the Plan ... 62
(b) Service before a specified age ... 62
7.06 Service with Predecessor Employers ... 62
7.07 Break in Service Rules ... 62
(a) Break in Service ... 62
(b) One-Year Break in Service rule ... 62
(c) Nonvested Participant Break in Service rule ... 63
(d) Five-Year Forfeiture Break in Service ... 63
7.08 Amendment of Vesting Schedule ... 63
7.09 Special Vesting Rule -In-Service Distribution When Account Balance is Less than 100% Vested ... 63
7.10 Forfeiture of Benefits ... 64
(a) Cash-Out Distribution ... 64
(b) Five-Year Forfeiture Break in Service ... 65
(c) Missing Participant or Beneficiary ... 65
(d) Excess Deferrals and Excess Aggregate Contributions ... 66
7.11 Allocation of Forfeitures ... 66
(a) Reallocation as additional contributions ... 66
(b) Reduction of contributions ... 67
(c) Payment of Plan expenses ... 67
(d) Forfeiture rules for other contribution types ... 67

SECTION 8
PLAN DISTRIBUTIONS

8.01 Deferred distributions ... 68
8.02 Available Forms of Distribution ... 68

© Copyright 2017

8.03 Amount Eligible for Distribution 68
(a) Individual or Participant-Directed Accounts 68
(b) Permissible distribution events 68
8.04 Participant Consent 69
(a) Involuntary Cash-Out threshold 69
(b) Rollovers disregarded in determining value of Account Balance for Involuntary Cash-Outs 69
(c) Participant notice 69
(d) Special rules 70
8.05 Direct Rollovers 70
(a) Definitions 70
(b) Direct Rollover notice 71
(c) Direct Rollover by non-Spouse beneficiary. 71
(d) Direct Rollover of non-taxable amounts. 71
(e) Rollovers to Roth IRA 71
8.06 Automatic Rollover 72
(a) Automatic Rollover requirements 72
(b) Involuntary Cash-Out Distribution 72
(c) Treatment of Rollover Contributions 72
8.07 Distribution Upon Termination of Employment 72
(a) Account Balance not exceeding $5,000 72
(b) Account Balance exceeding $5,000 72
8.08 Distribution Upon Death 72
(a) Death after commencement of benefits 72
(b) Death before commencement of benefits 72
(c) Determining a Participant's Beneficiary 73
8.09 In-Service Distributions 74
(a) After-Tax Contributions and Rollover Contributions 74
(b) Employer Contributions 74
(c) Salary Deferrals, QNECs, and Safe Harbor Contributions 75
(d) Penalty-free withdrawals for individuals called to active duty 75
(e) Hardship distribution 75
(f) Qualified Distributions for Retired Public Safety Officers 77
8.10 Sources of Distribution 77
(a) Exception for Hardship withdrawals 77
(b) Roth Deferrals 77
(c) In-kind distributions 78
8.11 Required Minimum Distributions 78
8.12 Correction of Plan Defects 78

SECTION 9
JOINT AND SURVIVOR ANNUITY REQUIREMENTS

9.01 Application of Joint and Survivor Annuity Rules 79
(a) Election to apply Joint and Survivor Annuity Requirements 79
(b) Exception to the Joint and Survivor Annuity Requirements 79
(c) Administrative procedures 79
9.02 Pre-Death Distribution Requirements 79
(a) Qualified Joint and Survivor Annuity (QJSA) 79
(b) Qualified Optional Survivor Annuity 79
(c) Notice requirements 79
(d) Annuity Starting Date 80
9.03 Distributions After Death 80
(a) Qualified Preretirement Survivor Annuity (QPSA) 80
(b) Notice requirements 80
9.04 Qualified Election 81
(a) QJSA 81
(b) QPSA 81
(c) Identification of surviving Spouse 81

SECTION 10
INVESTMENT ARRANGEMENTS AND PARTICIPANT ACCOUNTS

10.01 Permissible Investment Arrangements 82
10.02 Annuity Contract Requirements 82
10.03 Custodial Account Requirements 82
10.04 Participant Accounts 82

© Copyright 2017

10.05 Value of Participant Accounts 82
(a) Periodic valuation 82
(b) Daily valuation 83
(c) Interim valuation 83
10.06 Adjustments to Participant Accounts 83
(a) Distributions and forfeitures from a Participant's Account 83
(b) Contributions and forfeitures allocated to a Participant's Account 83
(c) Net income or loss 83
10.07 Procedures for Determining Net Income or Loss 83
10.08 Investments under the Plan. 83
(a) Investment options 83
(b) Individual/Pooled Accounts. 83
10.09 Information Sharing 83
10.10 Participant-directed investments 83
(a) Limits on participant investment direction 83
(b) Failure to direct investment. 83
(c) Disclosure requirements 83
(d) ERISA §404(c) protection 84
10.11 Life Insurance 83

SECTION 11
PLAN ADMINISTRATION AND OPERATION

11.01 Plan Administrator 85
11.02 Allocation of Administrative Functions. 85
11.03 Administrative and Vendor Addendums 83
11.04 Information Provided by a Participant 83
11.05 Information Sharing 83
11.06 Named Fiduciary 85
11.07 Duties, Powers and Responsibilities of the Plan Administrator 85
(a) Delegation of duties, powers and responsibilities 85
(b) Specific Plan Administrator responsibilities. 85
11.08 Plan Administration Expenses 86
(a) Reasonable Plan administration expenses 86
(b) Plan expense allocation. 86
(c) Expenses related to administration of former Employee or surviving Spouse 86
11.09 Qualified Domestic Relations Orders (QDROs) 86
(a) In general 86
(b) Definitions related to Qualified Domestic Relations Orders (QDROs) 86
(c) Recognition as a QDRO 87
(d) Contents of QDRO 87
(e) Impermissible QDRO provisions 87
(f) Immediate distribution to Alternate Payee 87
(g) Fee for QDRO determination 87
(h) Default QDRO procedure 87
11.10 Claims Procedure. 89
(a) Filing a claim 89
(b) Plan Administrator's decision 89
(c) Review procedure 89
(d) Decision on review 89
(e) Final review 89
11.11 Operational Rules for Short Plan Years 89

SECTION 12
CUSTODIAL AGREEMENTS/ANNUITY CONTRACTS

12.01 Creation of Custodial Agreement 91
12.02 Annuity Contracts 91

SECTION 13
PARTICIPANT LOANS

13.01 Availability of Participant Loans 92
13.02 Must be Available in Reasonably Equivalent Manner 92
13.03 Loan Limitations 92
13.04 Limit on Amount and Number of Loans. 92
(a) Loan renegotiation 92
(b) Participant must be creditworthy. 92

© Copyright 2017

13.05 Reasonable Rate of Interest 92
13.06 Adequate Security 93
13.07 Periodic Repayment 93
(a) Unpaid leave of absence 93
(b) Military leave 93
13.08 Spousal Consent 93
13.09 Designation of Accounts. 93
13.10 Procedures for Loan Default 94
13.11 Termination of Employment 94
(a) Offset of outstanding loan 94
(b) Direct Rollover 94
(c) Modified loan policy 94
13.12 Mergers, Transfers or Direct Rollovers from another Plan/Change in Loan Record Keeper 94
13.13 Amendment of Plan to Eliminate Participant Loans 95

SECTION 14
PLAN AMENDMENTS, TERMINATION, MERGERS, EXCHANGES, AND TRANSFERS

14.01 Plan Amendments 96
(a) Amendment by the Volume Submitter Sponsor 96
(b) Amendment by the Employer 96
(c) Method of amendment 96
(d) Reduction of accrued benefit 96
(e) Amendment of vesting schedule 97
14.02 Amendment to Correct Coverage or Nondiscrimination Violation 96
(a) Amendment within correction period under Treas. Reg. §1.401(a)(4)-(11)g. 97
(b) Fail-Safe Coverage Provision 97
14.03 Plan Termination 98
(a) Full and immediate vesting 98
(b) Distribution upon Plan termination 98
(c) Termination upon merger, liquidation or dissolution of the Employer 98
(d) Missing Participants 98
14.04 Merger or Consolidation 99
14.05 Contract exchanges within the Plan 99
14.06 Plan-To-Plan Transfers 99
14.07 Transfers to purchase permissive service credits 99

SECTION 15
MISCELLANEOUS

15.01 Exclusive Benefit 101
15.02 Return of Contributions 101
15.03 General Compliance with Code §403(b) 101
15.04 Alienation or Assignment 101
15.05 Participants' Rights 101
15.06 Military Service 102
15.07 Annuity Contracts 102
15.08 IRS Levy 102
15.09 Use of IRS compliance programs 102
15.10 Governing Law 102
15.11 Waiver of Notice 102
15.12 Use of Electronic Media 102
15.13 Severability of Provisions 102
15.14 Binding Effect 102

SECTION 16
PARTICIPATING EMPLOYERS

16.01 Participation by Participating Employers 103
16.02 Participating Employer Adoption Page. 103
(a) Application of Plan provisions. 103
(b) Plan amendments. 103
(c) Investment Arrangements. 103
16.03 Compensation of Related Employers. 103
16.04 Allocation of Contributions and Forfeitures 103
16.05 Discontinuance of Participation by a Participating Employer 103
16.06 Operational Rules for Related Employer Groups. 103
16.07 Special rules for Multiple Employer Plans 104

© Copyright 2017

(a) Eligibility requirements 104
(b) Vesting rules 104
(c) Code §415 Limit 104
(d) Minimum coverage and nondiscrimination testing 104
(e) Other rules applicable to Multiple Employer Plans 104

APPENDIX A
ACTUARIAL FACTORS

Actuarial Factor Table 105

APPENDIX B
INTERIM AMENDMENT #1
SAFE HARBOR PLANS, FORFEITURES, REQUIRED MINIMUM DISTRIBUTIONS, DISABILITY CLAIMS AND DISASTER RELIEF

B-1.01 Adoption by Pre-Approved Plan Sponsor 106
B-1.02 Application 106
B-2.01 Change in Definition for QNEC 106
B-2.02 Forfeiture Rules for Other Contributions 106
B-2.03 Mid-year Changes to Safe Harbor 403(b) Plans 106
B-3.01 Application of the Minimum Distribution Requirements of Code §401(a)(9) 106
B-3.02 General Rules Regarding Minimum Distribution Requirements 108
B-3.03 Required Minimun Distributions 107
B-3.04 Death On or After Required Beginning Date or Date Required Annuity Payments Begin 107
B-3.05 Death Before Required Beginning Date or Date Required Annuity Payments Begin 108
B-4.01 Claims for Disability Benefits 108
B-4.02 Revision to Disability Claims Regulations 108
B-5.01 Relief for Victims of Certain Qualified Natural Disasters 109
B-5.02 Qualified Natural Disasters 109
B-5.03 General Rules 109

APPENDIX C
INTERIM AMENDMENT #2
EXTENDED ROLLOVER PERIOD FOR PLAN LOAN OFFSET AMOUNTS AND SPECIAL DISASTER-RELATED RULES

C-1.01 Adoption by Pre-Approved Plan Sponsor 110
C-1.02 Application 110
C-2.01 Rollovers of Qualified Plan Loan Offset Amounts 110
(a) Effective date 110
(b) Definition of Qualified Plan Loan Offset Amount 110
C-2.02 Acceptance of Rollover Contributions 110
C-3.01 In General 110
C-3.02 Tax-favored Withdrawals from the Plan 110
(a) Eligibility for Qualified Disaster Distribution 110
(b) Repayment of Qualified Disaster Distribution 111
(c) Recontributions of Withdrawals for Home Purchases 111
(d) Special Loan Rules 111

APPENDIX D
INTERIM AMENDMENT #3
FINAL REGULATIONS RELATING TO HARDSHIP DISTRIBUTIONS

D-1.01 Change in Hardship Distribution Requirements 112
D-2.01 Amendment of Section 8.09(e) of the Plan 112
D-3.01 Relief for Victims of Certain Qualified Natural Disasters 114
D-3.02 Qualified Natural Disasters 114
D-3.03 General Rules 114

APPENDIX E
INTERIM AMENDMENT #4
CARES/SECURE ACTS

E-1.01 Application 116
E-1.02 Prior Amendments 116
E-2.01 Applicable Laws 116
E-2.02 Application to Cycle 1 403(b) Plans 116
E-3.01 Coronavirus Aid, Relief, and Economic Security Act 116
E-3.02 Coronavirus-Related Distributions and Loan from the Plan 116

© Copyright 2017

E-3.03 Required Minimum Distributions for 2020....118
E-4.01 Disaster Tax Relief Act of 2020....119
E-4.02 Special Disaster-Related Rules....119
E-5.01 SECURE Act and Disaster Tax Relief Act of 2019....121
E-5.02 Modification of Required Minimum Distribution Rules....121
E-5.03 Prohibition from Making Loans Through Credit Cards....123
E-5.04 Special Disaster-Related Distributions and Loans....123
E-5.05 Elimination of Notice Requirement for Nonelective Safe Harbor 403(b) Plans....124
E-5.06 Delay in Adopting Provisions for Nonelective Safe Harbor 403(b) Plan under SECURE Acts §§103(b) and (c)....125
E-5.07 Portability of Lifetime Income Options....125
E-5.08 Qualified Birth or Adoption Distributions ("QBADs")....126
E-5.09 Increase of Cap for QACA Safe Harbor 403(b) Plan....127
E-5.10 Including Difficulty of Care Payments in Total Compensation....127
E-5.11 Adoption of Retirement Income Account by a QCCO or NQCCO....127

© Copyright 2017

SECTION 1
PLAN DEFINITIONS

This Section contains definitions for common terms that are used throughout the Plan. All capitalized terms under the Plan are defined in this Section or in the relevant section of the Plan document where such term is used.

1.01 **Account.** The separate Account that the Plan Administrator, Custodian or Insurance Company maintains for each Participant, Beneficiary or Alternate Payee under the Plan. A Participant may have any (or all) of the following separate Accounts under the Plan:

- Pre-Tax Deferral Account
- Roth Deferral Account
- Employer Contribution Account
- Matching Contribution Account
- Qualified Nonelective Contribution (QNEC) Account
- Safe Harbor Employer Contribution Account
- Safe Harbor Matching Contribution Account
- QACA Employer Contribution Account
- QACA Matching Contribution Account
- After-Tax Contribution Account
- Mandatory Contribution Account
- Rollover Contribution Account
- Roth Rollover Account
- In-Plan Roth Conversion Account
- Transfer Account

The Plan Administrator will maintain separate Accounts for the vested and non-vested portions of any Employer Contribution Account and Matching Contribution Account and the excess amounts under Code §415.

The Plan Administrator may establish other Accounts, as it deems necessary, for the proper administration of the Plan.

1.02 **Account Balance.** Account Balance shall mean a Participant's balances in all of the Accounts that the Plan Administrator, Custodian or Insurance Company maintains for the Participant under any Investment Arrangement under the Plan. The Account Balance includes any part of the Participant's Account that is treated under the Plan as a separate contract to which Code §403(c) (or another applicable Code provision) applies.

1.03 **Accumulated Benefit.** The total benefit to which a Participant or Beneficiary is entitled under all Investment Arrangements under the Plan, including all contributions made to the Plan and all associated earnings.

1.04 **Actual Contribution Percentage Test (ACP Test).** The special nondiscrimination test that applies to Matching Contributions and/or After-Tax Contributions under the 403(b) Plan.

1.05 **Adoption Agreement (AA).** The Adoption Agreement contains the elective provisions that an Employer may complete to supplement or modify the provisions under the Plan. Each adopting Employer must complete and execute the Adoption Agreement. Employers adopting the Plan (other than the Employer that executes the Signature Page of the Adoption Agreement) must execute a Participating Employer Signature Page under the Adoption Agreement. (See Section 16 for rules applicable to adoption by multiple Employers.) An Employer may adopt more than one Adoption Agreement associated with this Plan document. Each executed Adoption Agreement is treated as a separate Plan. All elections the Employer makes under the Adoption Agreement are subject to the terms of the governing Investment Arrangement(s).

1.06 **After-Tax Contributions.** Employee Contributions that may be made to the 403(b) Plan by a Participant that are included in the Participant's gross income in the year such amounts are contributed to the Plan and are maintained under a separate After-Tax Contribution Account to which earnings and losses are allocated. (For this purpose, Roth Deferrals are not considered as After-Tax Contributions.)

1.07 **Age 50 Catch-Up Contributions.** Salary Deferrals made to the Plan that are in excess of an otherwise applicable Plan or IRS limit and that are made by Participants who are age 50 or over by the end of their taxable years.

1.08 **Age 50 Catch-Up Contribution Limit.** The annual limit applicable to Age 50 Catch-Up Contributions.

1.09 **Alternate Payee.** A person designated to receive all or a portion of the Participant's benefit pursuant to a QDRO.

© Copyright 2017

1.10 **Anniversary Years.** An alternative period for measuring Eligibility Computation Periods (under Section 2.03(a)(3)) and Vesting Computation Periods (under Section 7.04). An Anniversary Year is any 12-month period which commences with the Employee's Employment Commencement Date or which commences with the anniversary of the Employee's Employment Commencement Date.

1.11 **Annual Additions.** The amounts taken into account under a defined contribution plan for purposes of applying the limitation on allocations under Code §415. (See Section 5.)

1.12 **Annuity Contract.** A nontransferable group or individual contract as defined in Code §§403(b)(1) and 401(g), established for each Participant by the Employer, or by each Participant individually, that is issued by an insurance company qualified to issue annuities in a State and that includes payment in the form of an annuity.

1.13 **Annuity Starting Date.** The date a Participant (or Beneficiary) commences distribution from the Plan. If a Participant (or Beneficiary) commences distribution with respect to a portion of his/her Account Balance, a separate Annuity Starting Date applies to any subsequent distribution. If distribution is made in the form of an annuity, the Annuity Starting Date may be treated as the first day of the first period for which annuity payments are made.

1.14 **ASC Institute.** The mass submitter of this Volume Submitter Plan as defined in Revenue Procedure 2013-22.

1.15 **Automatic Contribution Arrangement.** An Automatic Contribution Arrangement is a Plan that provides for automatic deferrals for eligible Participants who do not make an affirmative election to defer (or not to defer) under the Plan. The Employer may elect under AA §6A-8 to designate the Plan as an Automatic Contribution Arrangement. If the Employer designates the Plan as an Automatic Contribution Arrangement, the Employer will automatically withhold the amount designated under AA §6A-8 from a Participant's Plan Compensation, unless the Participant completes a Salary Reduction Agreement electing a different deferral amount (including a zero deferral amount).

1.16 **Automatic Rollover.** For Involuntary Cash-Out Distributions (as defined in Section 8.06(b)), the Plan Administrator will make a Direct Rollover to an individual retirement plan (IRA) designated by the Plan Administrator. (See Section 8.06.)

1.17 **Average Contribution Percentage (ACP).** The average of the contribution percentages for the Highly Compensated Group and the Nonhighly Compensated Group, which are tested for nondiscrimination under the ACP Test. (See Section 6.02(a)(1).)

1.18 **Beneficiary.** A person or entity designated by the Participant (or by the terms of the Plan) to receive a benefit under the Plan upon the death of the Participant, as identified under the terms of the Plan or the applicable Investment Arrangement. (See Section 8.08(c) for the applicable rules for determining a Participant's Beneficiaries under the Plan.)

1.19 **Benefiting Participant.** A Participant who receives an allocation of Employer Contributions or forfeitures under the new comparability allocation formula.

1.20 **Break in Service.** The Computation Period (as defined in Section 2 for purposes of eligibility and Section 7 for purposes of vesting) during which an Employee does not complete more than five hundred (500) Hours of Service with the Employer. However, if the Employer elects under the AA to require less than 1,000 Hours of Service to earn a Year of Service for eligibility or vesting purposes, a Break in Service will occur for any Computation Period during which the Employee does not complete more than one-half (1/2) of the Hours of Service required to earn a Year of Service for eligibility or vesting purposes, as applicable. However, if the Elapsed Time method applies under AA §4-3(c) (for purposes of eligibility) or AA §8-5(c) (for purposes of vesting), an Employee will incur a Break in Service if the Employee incurs at least a one year Period of Severance.

1.21 **Cash-Out Distribution.** A total distribution made to a terminated Participant in accordance with Section 8.

1.22 **Church.** An organization described in Code §3121(w)(3)(A) and the Treasury Regulations thereunder, and generally refers to a church, a convention or association of churches, or an elementary, secondary school or seminary that is controlled, operated, or principally supported by a church or a convention or association of churches.

1.23 **Church Plan.** A Plan described in Code §414(e) and ERISA §3(33).

1.24 **Church-Related Organization.** A Church or convention or association of Churches, including an organization described under Code §414(e)(3)(A).

1.25 **Code.** The Internal Revenue Code of 1986, as amended.

1.26 **Code §415 Limitation.** The limit on the amount of Annual Additions a Participant may receive under the Plan during a Limitation Year. (See Section 5.03.)

© Copyright 2017

1.27 **Code §501(c)(3) Organization.** An organization that is described under Code §501(c)(3) and exempt from tax under Code §501(a).

1.28 **Collectively Bargained Employee.** An Employee who is included in a unit of Employees covered by a collective bargaining agreement between the Employer and Employee representatives and whose retirement benefits are subject to good faith bargaining. Such Employees may be excluded from the Plan if designated under AA §3-1(b). (See Section 2.02(b)(1) for additional requirements related to the exclusion of Collectively Bargained Employees.)

1.29 **Compensation Limit.** The Compensation Limit is $265,000, as adjusted for cost-of-living increased in accordance with Code §401(a)(17)(B). In determining the Compensation Limit for any applicable period (the "determination period"), the cost-of-living adjustment in effect for a calendar year applies to any determination period that begins with or within such calendar year.

If a determination period consists of fewer than 12 months, the Compensation Limit for such period is an amount equal to the otherwise applicable Compensation Limit multiplied by a fraction, the numerator of which is the number of months in the short determination period, and the denominator of which is 12. A determination period will not be considered to be less than 12 months merely because compensation is taken into account only for the period the Employee is a Participant. If Salary Deferrals, Matching Contributions, or After-Tax Contributions are separately determined on the basis of specified periods within the determination period (e.g., on the basis of payroll periods), no proration of the Compensation Limit is required with respect to such contributions.

If compensation for any prior determination period is taken into account in determining a Participant's allocations for the current Plan Year, the compensation for such prior determination period is subject to the applicable Compensation Limit in effect for that prior period.

In determining the amount of a Participant's Salary Deferrals, a Participant may defer on Plan Compensation that exceeds the Compensation Limit, provided the total deferrals made by the Participant satisfy the Elective Deferral Dollar Limit and any other limitations under the Plan.

The Compensation Limit applies to Governmental Plans and to Employers that are Non-Qualified Church-Controlled Organizations. The Compensation Limit does not apply to Employers that are Churches or Qualified Church-Controlled Organizations.

For a Governmental Plan, this Section 1.29 will not apply to an eligible Participant to the extent it would reduce the Participant's Plan Compensation taken into account to an amount less than the amount allowed under the Plan as in effect on July 1, 1993, as provided under Treas. Reg. §1.401(a)(17)-1(d)(4)(ii). An "eligible Participant" is a Participant who first became a Participant during a Plan Year beginning before January 1, 1996 (or, if earlier, the first Plan Year in which the Employer amended the Plan to reflect the limitation of Code §401(a)(17)).

1.30 **Computation Period.** The 12-consecutive month period used for measuring whether an Employee completes a Year of Service for eligibility or vesting purposes.

(a) **Eligibility Computation Period.** The 12-consecutive month period used for measuring Years of Service for eligibility purposes. (See Section 2.03(a)(3).)

(b) **Vesting Computation Period.** The 12-consecutive month period used for measuring Years of Service for vesting purposes. (See Section 7.04.)

1.31 **Current Year Testing Method.** A method for applying the ACP Test wherein the Matching Contributions and/or After-Tax Contributions taken into account under the ACP Test are based on contributions in the current Plan Year.

1.32 **Custodial Account.** A separate account established for each Participant by the Employer or by each Participant individually in which Plan contributions or rollovers are held by a bank or a person who satisfies the conditions of Code §401(f)(2), if:

(a) All amounts held in the account are invested in stock of a regulated investment company (as defined in Code §851(a) relating to mutual funds;

(b) The restrictions on distributions under Treas. Reg. §1.403(b)-6(c) are satisfied with respect to the amounts held in the account; and

(c) The assets held in the account cannot be used for, or diverted to, purposes other than for the exclusive benefit of Plan Participants and Beneficiaries.

© Copyright 2017

1.33 **Custodian.** The company(ies) that hold Custodial Accounts held under the Plan.

1.34 **Denominational Service.** A person's completed years and months in the paid employment of a Church or convention or association of churches with which the Employer is associated, and/or in the paid employment of an agency or organization that is exempt from tax under Code §501 and that is controlled by or associated with the church or convention or association of churches with which the Employer is associated. Denominational Service also includes all years of service by a duly ordained, commissioned, or licensed Minister of a Church.

1.35 **Determination Year.** The Plan Year for which an Employee's status as a Highly Compensated Employee is being determined.

1.36 **Direct Rollover.** A rollover, at the Participant's direction, of all or a portion of the Participant's vested Account Balance directly to an Eligible Retirement Plan. (See Section 8.05.)

1.37 **Disabled.** Unless provided otherwise under AA §9-4(b) or under the terms governing the applicable Investment Arrangement, an individual is considered Disabled for purposes of applying the provisions of this Plan if the individual is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. The permanence and degree of such impairment shall be supported by medical evidence. The Plan Administrator may establish reasonable procedures for determining whether a Participant is Disabled.

1.38 **Dual Status Code §501(c)(3)/Governmental Organization.** A governmental organization that also is recognized as a tax-exempt under Code §501(c)(3). A Plan that is established by a Dual Status Code §501(c)(3)/Governmental Organization is considered a Governmental Plan.

1.39 **Early Retirement Age.** The age and/or Years of Service set forth in AA §7-2. Early Retirement Age may be used to determine distribution rights and/or vesting rights. Unless otherwise described under the Adoption Agreement, if a Participant separates from service before satisfying the age requirement for early retirement, but has satisfied the service requirement, the Participant will be entitled to elect an early retirement benefit upon satisfaction of such age requirement. The Plan is not required to have an Early Retirement Age.

1.40 **Effective Date.** The date this Plan, including any restatement or amendment of this Plan, is effective. (See the Employer Signature Page of the Adoption Agreement.)

1.41 **Elapsed Time.** A special method for crediting service for eligibility or vesting. (See Section 2.03(a)(6) for more information on the Elapsed Time method of crediting service for eligibility purposes and Section 7.03(b) for more information on the Elapsed Time method of crediting service for vesting purposes.)

1.42 **Elective Deferral Dollar Limit.** The maximum amount of Elective Deferrals a Participant may make for any calendar year. (See Section 5.02.)

1.43 **Electing Church.** A Church, a QCCO or a NQCCO or any other eligible organization that has elected under Treasury Regulation §1.410(d)-1(c) to be covered by certain provisions of the Code and ERISA as if the Plan were not a Church Plan. Once a Church makes the election under Treasury Regulation §1.410(d)-1(c), the election generally is irrevocable.

1.44 **Elective Deferrals.** A Participant's Elective Deferrals is the sum of all Salary Deferrals and other contributions made pursuant to a Salary Reduction Agreement under a plan described under Code §401(k), a SARSEP described in Code §408(k)(6), a SIMPLE IRA plan described in Code §408(p), a plan described under Code §501(c)(18) (i.e., certain trusts created before June 25, 1959 funded by employee contributions), and a custodial account or other arrangement described in Code §403(b). A contribution that is made pursuant to an Employee's one-time irrevocable election made on or before the Employee's first becoming eligible to participate under the Plan and a contribution made as a condition of employment that reduces an Employee's compensation is not an Elective Deferral and is treated as an Employer Contribution to the Plan.

1.45 **Eligible Automatic Contribution Arrangement (EACA).** An Automatic Contribution Arrangement that satisfies the requirements for an EACA under Section 3.03(c)(1).

1.46 **Eligible Employee.** An Employee who is not excluded from participation under Section 2.02 of the Plan or AA §3-1.

1.47 **Eligible Employer.** An Eligible Employer is an organization that is qualified to maintain a plan under Code §403(b) as provided under Treas. Reg. §1.403(b)-2(b)(8), including:

(a) A State, but only with respect to an Employee performing services for a public school;

(b) A Code §501(c)(3) Organization with respect to any Employee of the Code §501(c)(3) Organization; or

© Copyright 2017

(c) A Dual Status Code §501(c)(3)/Governmental Organization; or

(d) Any employer of a Minister described in Code §414(e)(5)(A), but only with respect to the minister.

1.48 **Eligible Retirement Plan.** A retirement plan or IRA that may receive a rollover contribution, including: a qualified plan described in Code §401(a); an individual retirement account described in Code §408(a); an individual retirement annuity described in Code §408(b); an annuity plan described in Code §403(a); an annuity contract described in Code §403(b); a simple retirement account to the extent rollovers are allowed under Code §408(p)(1)(B); or an eligible plan under Code §457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan.

1.49 **Eligible Rollover Distribution.** An amount distributed from the Plan that is eligible for rollover to an Eligible Retirement Plan.

1.50 **Employee.** An Employee is any individual employed by the Employer (including any Related Employers) as a common law employee. An independent contractor is not an Employee. An Employee is not eligible to participate under the Plan if the individual is not an Eligible Employee under Section 2.02.

For a Public School, Employee means each individual who is a common law employee of a State performing services for a Public School of the State, including an individual who is appointed or elected. This definition is not applicable unless the Employee's compensation for performing services for a Public School is paid by the State. Further, a person occupying an elective or appointive public office is not an Employee performing services for a Public School unless such office is one to which an individual is elected or appointed only if the individual has received training, or is experienced, in the field of education. A public office includes any elective or appointive office of a State.

For a Church or Church-Related Organization, Employee shall also include a minister described under Code §414(e)(3)(B), a self-employed minister described in Code §414(e)(5)(A)(i)(I) of the Code or a minister described in Code §414(e)(5)(A)(i)(II).

1.51 **Employer.** Except as otherwise provided, Employer means the Employer that adopts this Plan and any Related Employer.

Solely for purposes of eligibility to make contributions to the Plan, the term Employer also includes any entity that is an Eligible Employer within the meaning of §1.403(b)-2(b)(8) of the Treasury Regulations through which Participants are eligible to accrue Denominational Service and which makes contributions to the Plan for the benefit of Participants.

1.52 **Employer Contributions.** Contributions the Employer makes pursuant to AA §6, including any QNECs the Employer makes and any Safe Harbor Employer Contributions the Employer makes pursuant to AA §6C. Employer Contributions also include a contribution that is made pursuant to an Employee's onetime irrevocable election made on or before the Employee's first becoming eligible to participate under the Plan and a contribution made as a condition of employment that reduces an Employee's compensation.

1.53 **Employer Pick-up Contributions.** Contributions to a qualified plan under Code §401(a) made by the Employee and picked up by the Employer in accordance with Code §414(h)(2). Employer Pick-Up Contributions are not allowed under a Code §403(b) plan.

1.54 **Employment Commencement Date.** The date the Employee first performs an Hour of Service for the Employer.

1.55 **Entry Date.** The date on which an Employee becomes a Participant upon satisfying the Plan's minimum age and service conditions.

1.56 **Equivalency Method.** An alternative method for crediting Hours of Service for purposes of eligibility and vesting.

1.57 **ERISA.** The Employee Retirement Income Security Act of 1974, as amended.

1.58 **Excess Aggregate Contributions.** Amounts which are distributed to correct the ACP Test.

1.59 **Excess Amount.** Amounts which exceed the Code §415 Limitation.

1.60 **Excess Deferrals.** Elective Deferrals that exceed the Elective Deferral Dollar Limit (as defined in Section 5.02).

1.61 **Fail-Safe Coverage Provision.** A correction provision that permits the Plan to automatically correct a coverage violation resulting from the application of a last day of employment or Hours of Service allocation condition.

© Copyright 2017

1.62 **Favorable IRS Letter.** An advisory letter issued by the IRS to a Volume Submitter Sponsor as to the qualified status of a Volume Submitter Plan.

1.63 **[Reserved]**

1.64 **Governmental Plan.** A Governmental Plan is a Plan established and maintained for its Employees by the U.S. government, any State or political subdivision of a State, or any Federal or State agency or instrumentality, as defined under Code §414(d). A Governmental Plan is exempt from certain Code requirements and generally is exempt from the Title I requirements of ERISA.

1.65 **Hardship.** A heavy and immediate financial need which meets the requirements of Section 8.09(e).

1.66 **Highly Compensated.** An Employee or Participant is Highly Compensated for a Plan Year if he/she has Total Compensation above the compensation limit. For purposes of this determination, an individual is Highly Compensated if, at any time during the Lookback Year, such individual has Total Compensation from the Employer in excess of $120,000 (for 2016 and as adjusted for future years) and, if elected under AA §11-2, is in the Top Paid Group, as defined in subsection (d) below. The $120,000 amount is adjusted at the same time and in the same manner as under Code §415(d), except that the base period is the calendar quarter ending September 30, 1996. The definition of Highly Compensated only applies if the Plan is subject to the nondiscrimination rules under Code §401(a)(4).

In determining whether an Employee or Participant is Highly Compensated, the following definitions apply:

(a) **Determination Year.** The Determination Year is the Plan Year for which the Highly Compensated determination is being made.

(b) **Lookback Year.** The Lookback Year is the 12-month period immediately preceding the Determination Year. If the Plan Year is not the calendar year, the Employer may elect in AA §11-2(b) to use the calendar year that begins in the Lookback Year. This election to use the calendar year as the Lookback Year only applies for purposes of applying the compensation limit under this subsection 1.66.

(c) **Total Compensation.** Total Compensation as defined under Section 1.137.

(d) **Top Paid Group.** The Top Paid Group is the top 20% of Employees ranked by Total Compensation. In determining the Top Paid Group, the Employer may use any reasonable method of rounding or tie-breaking. In determining the number of Employees in the Top Paid Group, the Employer may exclude Employees described in Code §414(q)(5) or applicable regulations.

1.67 **Highly Compensated Group.** The group of Highly Compensated Employees who are included in the ACP Test.

1.68 **Hour of Service.** Each Employee of the Employer will receive credit for each Hour of Service he/she works for purposes of applying the eligibility, vesting and allocation rules under the Plan. An Employee will not receive credit for the same Hour of Service under more than one category listed below.

(a) **Performance of duties.** Hours of Service include each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer. These hours will be credited to the Employee for the computation period in which the duties are performed.

(b) **Nonperformance of duties.** Hours of Service include each hour for which an Employee is paid, or entitled to payment, by the Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. No more than 501 hours of service will be credited under this paragraph for any single continuous period (whether or not such period occurs in a single Computation Period). Hours under this paragraph will be calculated and credited pursuant to §2530.200b-2 of the Department of Labor Regulations which is incorporated herein by this reference.

(c) **Back pay award.** Hours of Service include each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. The same Hours of Service will not be credited both under subsection (a) or subsection (b), as the case may be, and under this subsection (c). These hours will be credited to the Employee for the Computation Period(s) to which the award or agreement pertains rather than the Computation Period in which the award, agreement or payment is made.

(d) **Related Employers.** Hours of Service will be credited for employment with any Related Employer.

© Copyright 2017

(e) **Maternity/paternity leave.** Solely for purposes of determining whether a Break in Service has occurred in a Computation Period, an individual who is absent from work for maternity or paternity reasons will receive credit for the Hours of Service which would otherwise have been credited to such individual but for such absence, or in any case in which such hours cannot be determined, 8 Hours of Service per day of such absence. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of a birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement. The Hours of Service credited under this paragraph will be credited (1) in the Computation Period in which the absence begins if the crediting is necessary to prevent a Break in Service in that period, or (2) in all other cases, in the following Computation Period.

1.69 **In-Plan Roth Conversion Account.** An Account to hold amounts that are converted to Roth Deferrals as part of an In-Plan Roth Conversion.

1.70 **Indian Tribal Government.** The governing body of any tribe, band, community, village, or group of Indians, or (if applicable) Alaska Natives, which is determined by the Secretary of Treasury, after consultation with the Secretary of Interior, to exercise governmental functions, as defined under Code §7701(a)(40) and regulations thereunder.

1.71 **Insurance Company.** A life insurance company that issues an Annuity Contract on behalf of a Participant under the Plan.

1.72 **Integration Level.** The amount used for purposes of applying the permitted disparity allocation formula. The Integration Level is the Taxable Wage Base, unless the Employer designates a different amount under the Adoption Agreement.

1.73 **Investment Arrangement.** An Annuity Contract or Custodial Account that satisfies the requirements of §1.403(b)-3 of the Treasury Regulations and that is issued or established for funding amounts held under the Plan. A list of Vendors of Investment Arrangements approved for use under the Plan, including sufficient information to identify the approved Investment Arrangements, shall be maintained in an appendix to the Plan. The terms governing each Investment Arrangement under the Plan, excluding those terms that are inconsistent with the Plan or Code §403(b), are hereby incorporated by reference in the Plan. In the event of any conflict between the terms of the Plan and the terms of any associated Investment Arrangement, the terms of the Plan shall govern.

1.74 **Limitation Year.** The measuring period for determining whether the Plan satisfies the Code §415 Limitation under Section 5 of the Plan.

1.75 **Lookback Year.** The 12-month period immediately preceding the current Plan Year during which an Employee's status as Highly Compensated Employee is determined.

1.76 **Mandatory Contribution.** A contribution made as a condition of employment that reduces an Employee's compensation, pursuant to an employment contract or otherwise, in order for the Employee to participate in the 403(b) Plan. Mandatory Contributions are not Salary Deferrals and are treated as Employer Contributions to the Plan. These contributions will be maintained under a separate Mandatory Contribution Account to which earnings and losses are allocated.

1.77 **Matching Contributions.** Matching Contributions are contributions made by the Employer on behalf of a Participant on account of Salary Deferrals or After-Tax Contributions made by such Participant, as designated under AA §6B or AA §6D (if applicable). Matching Contributions also include any Safe Harbor/QACA Safe Harbor Matching Contributions the Employer makes pursuant to AA §6C (if applicable).

A contribution will not be considered a Matching Contribution if such contribution is contributed before the underlying Salary Deferral or After-Tax Contribution election is made or before an Employee performs the services with respect to which the underlying Salary Deferrals or After-Tax Contributions are made (or when the cash that is subject to such election would be currently available, if earlier). A Matching Contribution will not be treated as failing to satisfy the requirements of this paragraph merely because contributions are occasionally made before the Employee performs the services with respect to which the underlying Salary Deferral or After-Tax Contribution election is made (or when the cash that is subject to such elections would be currently available, if earlier) in order to accommodate bona fide administrative considerations (and such amounts are not paid early for the principal purpose of accelerating deductions).

1.78 **Maximum Disparity Rate.** The maximum amount that may be allocated with respect to Excess Compensation under the permitted disparity allocation formula.

1.79 **Minimum Gateway Contribution.** The minimum allocation described under the new comparability allocation method that must be provided to each Benefiting Participant in order to use cross-testing to demonstrate compliance with the nondiscrimination requirements under Treas. Reg. §1.401(a)(4)-8.

© Copyright 2017

1.80 **Minister.** A minister as described in Code §414(e)(5)(A), which includes a duly ordained, commissioned or licensed minister of a Church, if, in connection with the exercise of their ministry; a self-employed minister within the meaning of Code §401(c)(1)(B); or a minister employed by an organization other than an organization described in Code §501(c)(3) and with respect to which the minister shares common religious beliefs. If applicable, a Minister may use the special rules of Code §107 and related IRS guidance relating to housing allowances, including the ability of retired Ministers to exclude from income amounts distributed from the Plan used as a housing allowance.

1.81 **Multiple Employer Plan.** A Plan that covers Employees of an Employer that does not qualify as a Related Employer. To be a Multiple Employer Plan, an unrelated Employer must execute a Participating Employer Adoption Page. (See Section 16 for special rules that apply to Multiple Employer Plans.)

1.82 **Mutual Fund.** A "regulated investment company" within the meaning of Code §851(a).

1.83 **Nonhighly Compensated.** An Employee or Participant who is not a Highly Compensated Employee.

1.84 **Nonhighly Compensated Group.** The group of Nonhighly Compensated Employees included in the ACP Test.

1.85 **Non-Qualified Church-Controlled Organization (NQCCO).** A church-controlled, tax-exempt organization described in Code §501(c)(3) that does not meet the definition of a Qualified Church-Controlled Organization (QCCO).

1.86 **Nonvested Participant Break in Service.** Break in Service rule that applies for eligibility and vesting under Sections 2.07(b) and 7.01(c).

1.87 **Normal Retirement Age.** The age selected under AA §7-1. If a Participant's Normal Retirement Age is determined wholly or partly with reference to an anniversary of the date the Participant commenced participation in the Plan and/or the Participant's Years of Service, Normal Retirement Age is the Participant's age when such requirements are satisfied. If the Employer enforces a mandatory retirement age, the Normal Retirement Age is the lesser of that mandatory age or the age specified in the Adoption Agreement.

1.88 **Part-Time Employee.** Unless designated otherwise under AA §3-1, a Part-Time Employee is an Employee who is normally scheduled to work 20 or fewer hours per week. Notwithstanding the foregoing, if the Employer is a post-secondary educational institution, an Employee who is a teacher shall not be considered a Part-Time Employee if he/she normally has classroom hours of one-half or more of the number of classroom hours designated by the Employer as constituting full-time employment, provided that such designation is reasonable under all of the facts and circumstances.

1.89 **Participant.** Except as provided under AA §3-1, a Participant is an Employee (or former Employee) who has satisfied the conditions for participating under the Plan, as described in Section 2.03 and AA §4-1. A Participant also includes any Employee (or former Employee) who has an Account Balance under the Plan, including an Account Balance derived from a rollover or transfer from another plan or IRA. A Participant is entitled to share in an allocation of contributions or forfeitures under the Plan for a given year only if the Participant is an Eligible Employee as defined in Section 2.02, and satisfies the applicable allocation conditions.

An Employee is treated as a Participant with respect to Salary Deferrals and After-Tax Contributions once the Employee has satisfied the eligibility conditions under AA §4-1 for making such contributions, even if the Employee chooses not to actually make such contributions to the Plan. An Employee is treated as a Participant with respect to Matching Contributions once the Employee has satisfied the eligibility conditions under AA §4-1 for receiving such contributions, even if the Employee does not receive a Matching Contribution because of the Employee's failure to make contributions eligible for the Matching Contribution.

1.90 **Participating Employer.** An Employer that adopts this Plan by executing the Participating Employer Adoption Page under the Adoption Agreement. (See Section 16 for the rules applicable to contributions made by a Participating Employer.)

1.91 **Period of Severance.** A continuous period of time during which the Employee is not employed by the Employer and which is used to determine an Employee's Participation under the Elapsed Time method.

1.92 **Plan.** The Plan is the retirement plan established or continued by the Employer for the benefit of its Employees under this Plan document. The Employer must be an Eligible Employer to establish the Plan and the Plan must satisfy the requirements of Treas. Reg. §1.403(b)-3. The Plan consists of the basic plan document and the elections made under the Adoption Agreement. The basic plan document is the portion of the Plan that contains the non-elective provisions. The Employer may supplement or modify the basic plan document through its elections in the Adoption Agreement or by separate governing documents that are expressly authorized by the Plan. If the Employer adopts more than one Adoption Agreement under this Plan, then each executed Adoption Agreement represents a separate Plan. This Plan is a Volume Submitter Plan under Revenue Procedure 2013-22.

© Copyright 2017

1.93 **Plan Administrator.** The Plan Administrator is the person designated to be responsible for the administration and operation of the Plan. Unless otherwise designated by the Employer, the Plan Administrator is the Employer. If another Employer has executed a Participating Employer Adoption Page, the Employer referred to in this Section is the Employer that executes the Employer Signature Page of the Adoption Agreement. Functions of the Plan Administrator, including those described in the Plan, may be performed by Vendors, designated agents of the Plan Administrator, or others (including Employees a substantial portion of whose duties is administration of the Plan) pursuant to the terms of Investment Arrangements, written service agreements or other documents under the Plan. For this purpose, an Employee is treated as having a substantial portion of his or her duties devoted to administration of the Plan if the Employee's duties with respect to administration of the Plan are a regular part of the Employee's duties and the Employee's duties relate to Participants and Beneficiaries generally (and the Employee only performs those duties for himself or herself as a consequence of being a Participant or Beneficiary).

1.94 **Plan Compensation.** Plan Compensation is Total Compensation, as modified under AA §5-3, which is actually paid to an Employee during the determination period. In determining Plan Compensation, the Employer may elect under AA §5-3(b) to exclude all Elective Deferrals (as defined in Section 1.44), pre-tax contributions to a Code §125 cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code§132(f)(4). In addition, the Employer may elect under AA §5-3 to exclude other designated elements of compensation.

Plan Compensation generally includes amounts an Employee earns with a Participating Employer and amounts earned with a Related Employer (even if the Related Employer has not executed a Participating Employer Adoption Page under the Adoption Agreement). However, the Employer may elect under AA §5-3 to exclude all amounts earned with a Related Employer that has not executed a Participating Employer Adoption Page.

Generally, the Plan may use any definition of Plan Compensation for allocation purposes, even if such definition does not meet the requirements of Code §414(s). However, if Plan Compensation is also used as Testing Compensation for purposes of demonstrating compliance with the nondiscrimination requirements under Code §401(a)(4) or the ACP Tests, or if the contribution formulas under the Plan is designed to satisfy a nondiscrimination safe harbor, and compensation elements are excluded from the definition of Plan Compensation that do not meet the safe harbor exclusions set forth in Treas. Reg. §1.414(s)-1, additional nondiscrimination testing may be required.

In no case may Plan Compensation for any Participant exceed the Compensation Limit.

(a) **Application to safe harbor formulas.** If the Plan provides for Employer Contributions using the permitted disparity allocation method or if the Plan is a Safe Harbor Plan, the compensation used for Plan Compensation must meet a definition of compensation as set forth in Treas. Reg. §1.414(s)-1. Failure to use a definition of Plan Compensation that satisfies the nondiscrimination requirements under Treas. Reg. §1.414(s)-1 will cause the Plan to fail to qualify for any contribution safe harbors, such as the permitted disparity allocation or Safe Harbor Plan safe harbors. To ensure the definition of Plan Compensation satisfies a nondiscriminatory definition under Code §414(s), the Employer may elect to exclude only compensation elements that meet the safe harbor exclusions set forth in Treas. Reg. §1.414(s)-1. Alternatively, the Employer may elect under AA§5-3(l) or under AA §6C-4, as applicable, to restrict the application of any compensation adjustments only to Highly Compensated Employees.

If the Employer elects to apply a definition of Plan Compensation under a Safe Harbor Plan that does not satisfy a nondiscriminatory definition under Code §414(s) for a given Plan Year, the Employer will be deemed to have elected to use Total Compensation for purposes of determining the Safe Harbor Contribution under the Plan for such Plan Year. In addition, any election to exclude compensation above a specific dollar amount under AA §5-3(d) or under AA §6C-4(a)(6) will not apply for purposes of determining Safe Harbor Contributions for Nonhighly Compensated Employees. The Employer may elect to restrict any of the exclusions under AA §5-3 or AA §6C-4 solely to Highly Compensated Employees by designating such restriction in AA §5-3(l) or AA §6C-4(b), if applicable.

The Employer may elect to exclude specific types of compensation for purposes of determining the amount that may be made as Salary Deferrals under a Safe Harbor Plan, provided that each eligible Nonhighly Compensated Employee is permitted to make Salary Deferrals under a definition of Plan Compensation that would be a reasonable definition of compensation within the meaning of Treas. Reg. §1.414(s)-1(d)(2). Thus, the definition of Plan Compensation from which Salary Deferrals may be made is not required to satisfy the nondiscrimination requirement of §1.414(s)-1(d)(3).

(b) **Determination period.** Unless designated otherwise under AA §5-4, Plan Compensation is determined based on the Plan Year. Alternatively, the Employer may elect under AA §5-4 to determine Plan Compensation on the basis of the calendar year ending in the Plan Year or any other 12-month period ending in the Plan Year. If the determination period is the calendar year or other 12-month period ending in the Plan Year, for any Employee whose date of hire is less than 12 months before the end of the designated 12-month period, Plan Compensation will be determined over the Plan Year.

© Copyright 2017

(c) **Partial period of participation.** If an Employee is a Participant for only part of a Plan Year, Plan Compensation may be determined over the entire Plan Year or over the period during which such Employee is a Participant. In determining whether an Employee is a Participant for purposes of applying this subsection, the Employee's status will be determined solely with respect to the contribution type for which the definition of Plan Compensation is being determined. To the extent this subsection applies to Salary Deferrals, any limitations on the amount of Salary Deferrals permitted under AA §6A-2 will be determined using the definition of Plan Compensation as determined under AA §5-4. However, this subsection does not affect the amount of Salary Deferrals elected under the Salary Reduction Agreement which is generally determined for each separate payroll period. Plan Compensation does not include any amounts earned for any period while an individual is not an Eligible Employee.

1.95 **Plan Year.** The 12-consecutive month period designated under AA §2 on which the records of the Plan are maintained. If the Plan Year is amended to create a Short Plan Year or if a new Plan has an initial Short Plan Year, the Employer may document such Short Plan Year under AA §2-4(c).

1.96 **Predecessor Employer.** An employer that previously employed the Employees of the Employer.

1.97 **Pre-Tax Deferrals.** Pre-tax Deferrals are a Participant's Salary Deferrals that are not includible in the Participant's gross income at the time deferred.

1.98 **Prior Year Testing Method.** A method for applying the ACP Test.

1.99 **Public School.** A State-sponsored educational organization described under Code §170(b)(1)(A)(ii). Public Schools include educational organizations sponsored by Indian Tribal Governments.

1.100 **QACA Safe Harbor Contribution.** A contribution authorized under AA §6C-2 that allows the Plan to qualify as a Qualified Automatic Contribution Arrangement (QACA). A QACA Safe Harbor Contribution may be a QACA Safe Harbor Matching Contribution or a QACA Safe Harbor Employer Contribution.

1.101 **QACA Safe Harbor Employer Contribution.** An Employer Contribution that satisfies the requirements of a QACA Safe Harbor Contribution.

1.102 **QACA Safe Harbor Matching Contribution.** A Matching Contribution that satisfies the requirements of a QACA Safe Harbor Contribution.

1.103 **Qualified Automatic Contribution Arrangement (QACA).** A 403(b) plan that satisfies the conditions under Section 6.04(b).

1.104 **Qualified Church-Controlled Organization (QCCO).** An organization described in Code §3121(w)(3)(B) and the Treasury Regulations thereunder, and generally refers to any church controlled, tax-exempt organization described in Code§501(c)(3) of the Internal Revenue Code, other than an organization which:

(a) Offers goods, services, or facilities for sale, other than on an incidental basis, to the general public, other than goods, services, or facilities which are sold at a nominal charge which is substantially less than the cost of providing such goods, services, or facilities; and

(b) Normally receives more than 25% of its support from either: (1) governmental sources, or (2) receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities, in activities which are not unrelated trades or businesses, or both.

1.105 **Qualified Domestic Relations Order (QDRO).** A domestic relations order that provides for the payment of all or a portion of the Participant's benefits to an Alternate Payee and satisfies the requirements under Code §414(p).

1.106 **Qualified Election.** An election to waive the QJSA or QPSA under the Plan.

1.107 **Qualified Joint and Survivor Annuity (QJSA).** A QJSA is an immediate annuity payable over the life of the Participant with a survivor annuity payable over the life of the Spouse. If the Participant is not married as of the Annuity Starting Date, the QJSA is an immediate annuity payable over the life of the Participant.

1.108 **Qualified Nonelective Contribution (QNEC).** An Employer Contribution made by the Employer that satisfies the requirements under Section 3.02(a)(6).

1.109 **Qualified Organization.** An Eligible Employer that is an educational organization described under Code §170(b)(1)(A)(ii); a hospital, a health and welfare service agency (including a home health service agency) described under Treas. Reg. §1.403(b)-4(c)(3)(ii)(C); a Church-Related Organization; or any organization described under Code §414(e)(3)(B)(ii).

© Copyright 2017

1.110 **Qualified Preretirement Survivor Annuity (QPSA).** A QPSA is an annuity payable over the life of the surviving Spouse that is purchased using 50% of the Participant's vested Account Balance as of the date of death. The Employer may modify the 50% QPSA level under the AA.

1.111 **Qualifying Longevity Annuity Contract (QLAC).** An annuity contract that is purchased from an insurance company for an Employee and that satisfies the requirements under Treas. Reg. §1.401(a)(9)-6, Q&A-17.

1.112 **Reemployment Commencement Date.** The first date upon which an Employee is credited with an Hour of Service following a Break in Service (or Period of Severance, if the Plan is using the Elapsed Time method of crediting service).

1.113 **Related Employer.** A Related Employer means any entity which is under common control with the Employer under Code §§414(b), (c), (m) or (o). This determination is made consistent with the principles set forth under Treas. Reg.§1.414(c)-5 and any other guidance issued by the IRS relating to control groups of tax-exempt organizations or Electing Churches. If the Employer is a Public School, a Church, or a QCCO, the Employer shall determine which entities are Related Employers based on a reasonable, good faith standard and taking into account the special rules applicable under IRS Notice 89-23, 1989-1 C.B. 654. For purposes of applying the provisions under this Plan, the Employer and any Related Employers are treated as a single Employer, unless specifically stated otherwise. (See Section 16.06 for operating rules that apply when the Employer is a member of a Related Employer group. Also, see Section 16 for rules regarding participation of Employees of Related Employers.)

1.114 **Retirement Income Account.** A defined contribution program established and maintained by a Church-Related Organization to provide benefits under Code §403(b) for its Employees and beneficiaries as described under Treas. Reg. §1.403(b)-9.

1.115 **Rollover Contribution.** A contribution made by an Employee to the Plan attributable to an Eligible Rollover Distribution (as defined in Section 8.05(a)(1)) from another retirement plan or IRA.

1.116 **Roth Deferrals.** Roth Deferrals are Salary Deferrals that are includible in the Participant's gross income at the time deferred and have been irrevocably designated as Roth Deferrals in the Participant's Salary Reduction Agreement. A Participant's Roth Deferrals will be maintained in a separate Account containing only the Participant's Roth Deferrals and gains and losses attributable to those Roth Deferrals.

1.117 **Safe Harbor Plan.** A 403(b) plan that satisfies the conditions for a Safe Harbor 403(b) Plan, including a QACA, under Section 6.04.

1.118 **Safe Harbor Contribution.** A contribution authorized under AA §6C that allows the Plan to qualify as a Safe Harbor Plan. A Safe Harbor Contribution may be a Safe Harbor Matching Contribution, a Safe Harbor Employer Contribution, a QACA Safe Harbor Matching Contribution or a QACA Safe Harbor Employer Contribution.

1.119 **Safe Harbor Employer Contributions.** An Employer Contribution that satisfies the requirements under Section 6.04(a).

1.120 **Safe Harbor Matching Contributions.** A Matching Contribution that satisfies the requirements under Section 6.04(a).

1.121 **Salary Deferrals.** Amounts contributed to the Plan at the election of the Participant, in lieu of cash compensation, which are made pursuant to a Salary Reduction Agreement or other deferral mechanism. Salary Deferrals include Roth Deferrals and Pre-Tax Deferrals. Salary Deferrals shall not include any amounts properly distributed as an Excess Annual Addition under Code §415. An Employee's Salary Deferrals are treated as employer contributions for all purposes under this Plan, except as otherwise provided under the Code or Treasury regulations. A contribution that is made pursuant to an Employee's one-time irrevocable election made on or before the Employee's first becoming eligible to participate under the Plan or a Mandatory Contribution is not a Salary Deferral and is treated as an Employer Contribution to the Plan.

1.122 **Salary Reduction Agreement.** A written agreement between a Participant and the Employer, whereby the Participant elects to have a specific percentage or dollar amount withheld from his/her Plan Compensation and the Employer agrees to contribute such amount into the §403(b) Plan. The Salary Reduction Agreement shall take effect as soon as administratively practicable following the date indicated under the Employee's election.

1.123 **Seasonal Employee.** An Employee who normally works on a full-time basis less than five months during any year.

1.124 **Section 403(b) Contract.** A contract that satisfies the requirements of Treas. Reg. §1.403(b)-3.

1.125 **Severance from Employment.** Severance from Employment occurs when the Employee ceases to be employed by the Employer maintaining the Plan or a Related Employer that is eligible to maintain a §403(b) plan under §1.403(b)-2(b)(8) of the Treasury Regulations (an "Eligible Employer"), even if the Employee remains employed with another entity that is a Related

© Copyright 2017

Employer where either (a) such Related Employer is not an eligible employer or (b) the Employee is employed or in a capacity that is not employment with an Eligible Employer.

1.126 **Short Plan Year.** Any Plan Year that is less than 12 months long, either because of the amendment of the Plan Year, or because the Effective Date of a new Plan is less than 12 months prior to the end of the first Plan Year. (See Section 11.11 for the operational rules that apply if the Plan has a Short Plan Year.)

1.127 **Special Catch-Up Contributions.** A special catch-up contribution allowed for certain Employees of Qualified Organizations as permitted under Treas. Reg. §1.403(b)-4(c)(3).

1.128 **Spouse.** Subject to any additional guidance by the IRS or other agency or court, a Spouse is any individual who is lawfully married to the Participant under a state or foreign jurisdiction. However, a former Spouse of the Participant will be treated as the Spouse or surviving Spouse and any current Spouse will not be treated as the Spouse or surviving Spouse to the extent provided under a valid QDRO.

1.129 **State.** A State, a political subdivision of a State, or any agency or instrumentality of a State.

1.130 **Student Employee.** A student enrolled and regularly attending classes at the school, college or university, and performing services for such school, college or university as described in Code §3121(b)(10).

1.131 **Targeted QNECs.** QNECs that are allocated under the Targeted QNEC allocation method under Section 3.02(a)(6)(ii)(B) (if applicable).

1.132 **Taxable Wage Base.** The maximum amount of wages taken into account for Social Security purposes. The Taxable Wage Base is used to determine the Integration Level for purposes of applying the permitted disparity allocation formula.

1.133 **Taxable Year.** The annual accounting period for keeping records and reporting income and expenses. A Taxable Year may be a calendar year - 12 consecutive months beginning January 1 and ending December 31 or a fiscal year - 12 consecutive months ending on the last day of any month except December.

1.134 **Temporary Employee.** Any Employee performing services under a contractual arrangement with the Employer of two years or less duration. Possible contract extensions may be considered in determining the duration of a contractual arrangement, but only if, under the facts and circumstances, there is a significant likelihood that the Employee's contract will be extended. Future contract extensions are considered significantly likely to occur for purposes of this rule if:

(a) on average 80 percent of similarly situated Employees have had bona fide offers to renew their contracts in the immediately preceding two academic or calendar years; or

(b) the Employee with respect to whom the determination is being made has a history of contract extensions with respect to his or her current position.

An Employee is not considered a Temporary Employee solely because he or she is included in a unit of Employees covered by a collective bargaining agreement of two years or less duration.

1.135 **Testing Compensation.** The compensation used for purposes of the nondiscrimination tests under Code §401(a)(4) and the ACP Tests. In determining the Testing Compensation used for purposes of applying the nondiscrimination and ACP Tests, the Plan Administrator is not bound by any elections made under AA §5 with respect to Total Compensation or Plan Compensation under the Plan. Thus, the Plan Administrator may use Total Compensation or any other nondiscriminatory definition of compensation under Code §414(s) and the regulations thereunder. The Plan Administrator may determine on an annual basis (and within its discretion) the components of Testing Compensation, provided such definition is applied consistently to all Participants.

In determining whether a definition of Plan Compensation or Testing Compensation satisfies a nondiscriminatory definition of compensation under Code §414(s), the Plan may use any allowable exclusion under Treas. Reg. §1.414(s)-1. For this purpose, an exclusion of any of the following compensation items is deemed to qualify as a safe harbor nondiscriminatory definition of compensation under Code §414(s):

(a) All Elective Deferrals, pre-tax contributions to a Code §125 cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4);

(b) All fringe benefits (cash and noncash), reimbursements or other expense allowances, moving expenses, deferred compensation, and welfare benefits;

© Copyright 2017

(c) Differential Pay as defined in Section 1.137(e);

(d) Compensation above a specific dollar amount; and

(e) Any other amounts to the extent such exclusions are limited to only Highly Compensated Employees.

In addition, a definition of Plan Compensation or Testing Compensation will satisfy a nondiscriminatory definition of compensation under Code §414(s) if the definition of compensation qualifies as a reasonable definition of compensation as set forth in Treas. Reg. §1.414(s)-1(d), including the additional nondiscrimination testing required under Treas. Reg. §1.414(s)-1(d)(3).

Testing Compensation may be determined over the Plan Year for which the applicable test is being performed or the calendar year ending within such Plan Year. In determining Testing Compensation, the Plan Administrator may take into consideration only the compensation received while the Employee is a Participant under the component of the Plan being tested. In no event may Testing Compensation for any Participant exceed the Compensation Limit defined in Section 1.29.

1.136 **Top Paid Group.** The top 20% of Employees ranked by Total Compensation for purposes of determining status as a Highly Compensated Employee.

1.137 **Total Compensation.** A Participant's compensation for services with the Employer. Total Compensation may be defined in AA §5-1 to be either W-2 Wages, Wages under Code §3401(a), or Code §415 Compensation. Each definition of Total Compensation includes Elective Deferrals, elective contributions to a cafeteria plan under Code §125 or to an eligible deferred compensation plan under Code §457, and elective contributions that are not includible in the Employee's gross income as a qualified transportation fringe under Code §132(f)(4). Total Compensation does not include nontaxable amounts paid to Ministers as a housing allowance under Code §107.

(a) **Total Compensation definitions.** The Employer may elect under AA §5-1 to define Total Compensation as any of the following definitions:

(1) **W-2 Wages.** Wages within the meaning of Code §3401(a) and all other payments of compensation to an Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under Code §6041(d), 6051(a)(3), and 6052, determined without regard to any rules under Code §3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed.

(2) **Wages under Code §3401(a).** Wages within the meaning of Code §3401(a) for the purposes of income tax withholding at the source but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed.

(3) **Code §415 Compensation.** Wages, salaries, fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Employer (without regard to whether or not such amounts are paid in cash) to the extent that the amounts are includible in gross income, including amounts that are includible in the gross income of an Employee under the rules of Code §409A or §457(f)(1)(A) or because the amounts are constructively received by the Employee. Such amounts include, but are not limited to, commissions, compensation for services on the basis of a percentage of profits, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan (as described in Treas. Reg. §1.62-2(c)), and excluding the following:

(i) Employer contributions (other than elective contributions described in Code §402(e)(3), §408(k)(6), §408(p)(2)(A)(i), or §457(b)) to a plan of deferred compensation (including a SEP described in Code §408(k) or a SIMPLE IRA described in Code §408(p), and whether or not qualified) to the extent such contributions are not includible in the Employee's gross income for the taxable year in which contributed, and any distributions (whether or not includible in gross income when distributed) from a plan of deferred compensation (whether or not qualified); and

(ii) Other amounts which received special tax benefits, or contributions made by the Employer (other than Elective Deferrals) towards the purchase of an annuity contract described in Code §403(b) (whether or not the contributions are actually excludable from the gross income of the Employee).

(b) **Post-severance compensation.** Total Compensation includes compensation that is paid after an Employee severs employment with the Employer, provided the compensation is paid by the later of 2½ months after Severance from Employment with the Employer maintaining the Plan or the end of the Limitation Year that includes such date of Severance from Employment. For this purpose, compensation paid after Severance of Employment may only be

© Copyright 2017

included in Total Compensation to the extent such amounts would have been included as compensation if they were paid prior to the Employee's Severance from Employment.

For purposes of applying this subsection (b), unless designated otherwise under AA §5-2, the following amounts that are paid after a Participant's severance of employment are included in Total Compensation:

(1) **Regular pay.** Compensation for services during the Employee's regular working hours, or compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments;

(2) **Unused leave payments.** Payment for unused accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if employment had continued; and

(3) **Deferred compensation.** Payments received by an Employee pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the Employee at the same time if the Employee had continued in employment and only to the extent that the payment is includible in the Employee's gross income.

Other post-severance payments (such as severance pay, parachute payments within the meaning of Code §280G(b)(2), or post-severance payments under a nonqualified unfunded deferred compensation plan that would not have been paid if the Employee had continued in employment) are not included as Total Compensation, even if such amounts are paid within the time period described in this subsection (b).

In determining the amount of a Participant's Employer Contributions, Matching Contributions, Salary Deferrals or After-Tax Contributions, Plan Compensation may not include any amounts that do not satisfy the requirements of this subsection (b) or subsection (c). If Total Compensation is defined to include post-severance compensation, the Employer may elect to exclude all such compensation paid after termination of employment from the definition of Plan Compensation under AA §5-3(j) or may elect to exclude any of the specific types of post-severance compensation defined in subsections (1), (2) and/or (3) above, by designating such compensation types under AA §5-3(l). The exclusion of post-severance compensation from the definition of Plan Compensation that is otherwise includible in Total Compensation may cause the Plan to fail the nondiscriminatory compensation rules under Treas. Reg. §1.414(s)-1.

(c) **Continuation payments for disabled Participants.** Unless designated otherwise under AA §5-2(b), Total Compensation does not include compensation paid to a Participant who is permanently and totally disabled (as defined in Code §22(e)(3)). If elected under AA §5-2(b), the Plan may take into account compensation the Participant would have received for the year if the Participant was paid at the rate of compensation paid immediately before becoming permanently and totally disabled (if such compensation is greater than the Participant's compensation determined without regard to this subsection (c)), provided contributions made with respect to amounts treated as compensation under this subsection (c) are nonforfeitable when made.

If so elected under AA §5-2(b), payment to disabled Participants will be included as Total Compensation, notwithstanding the rules under subsection (b). The Employer may elect under AA §5-2(b) to apply this rule only to Nonhighly Compensated Employees or to all Participants.

(d) **Deemed §125 compensation.** A reference to elective contributions under a Code §125 cafeteria plan includes any amounts that are not available to a participant in cash in lieu of group health coverage because the Participant is unable to certify that he or she has other health coverage. Such deemed §125 compensation will be treated as an amount under Code §125 only if the Employer does not request or collect information regarding the Participant's other health coverage as part of the enrollment process for the health plan. If the Employer elects under AA §5-3(i) to exclude deemed §125 compensation from the definition of Plan Compensation, such exclusion also will apply for purposes of determining Total Compensation under this Section and Includible Compensation.

(e) **Differential Pay.** In the case of an individual who receives Differential Pay from the Employer:

(1) such individual will be treated as an Employee of the Employer making the payment, and

(2) the Differential Pay shall be treated as wages and will be included in calculating an Employee's Total Compensation under the Plan.

If all Employees performing service in the Uniformed Services are entitled to receive Differential Pay on reasonably equivalent terms and are eligible to make contributions based on the payments on reasonably equivalent terms, the Plan shall not be treated as failing to meet the requirements of any provision described in Code §414(u)(1)(C) by reason of

© Copyright 2017

any contribution or benefit based on Differential Pay. However, for purposes of applying this subparagraph, the provisions of Code §§410(b)(3), (4), and (5) shall apply. The Employer may elect to exclude Differential Pay from the definition of Plan Compensation.

For purposes of this subsection (e), Differential Pay means any payment which is made by an Employer to an individual while the individual is performing service in the Uniformed Services while on active duty for a period of more than 30 days, and represents all or a portion of the wages the individual would have received from the Employer if the individual were performing services for the Employer. In applying the provisions of this subsection (e), Uniformed Services are services as described in Code §3401(h)(2)(A).

1.138 **Valuation Date.** The date or dates upon which Plan assets are valued. Plan assets will be valued as of the last day of each Plan Year. In addition, the Employer may elect under AA §11-1 to establish additional Valuation Dates. Notwithstanding any election under AA §11-1, the Custodian and the Employer and/or the Plan Administrator may agree to more frequent valuation dates.

1.139 **Vendor.** The provider of an Annuity Contract or Custodial Account under the Plan.

1.140 **Volume Submitter Sponsor.** A person meeting the eligibility requirements of Section 11.02 or Section 11.03 of Revenue Procedure 2013-22 (or subsequent IRS guidance) that submits an application for an advisory letter for a Code §403(b) Volume Submitter Plan.

1.141 **Volume Submitter Plan.** This Basic Plan Document #08 and the applicable Adoption Agreement that qualifies for an advisory letter under Revenue Procedure 2013-22.

1.142 **Year of Service.** For purposes of determining Includible Compensation or Special Catch-Up Contributions, "Year of Service" means each full year during which an individual is a full-time Employee of the Employer, plus fractional credit for each part of a year during which the individual is either a full-time Employee of the Employer for a part of a year or a part-time Employee of the Employer. The Employee must be credited with a full Year of Service for each year during which the Employee is a full-time Employee and a fraction of a year for each part of a work period during which the Employee is a full-time or part-time Employee of the Employer. An Employee's number of Years of Service equals the aggregate of the annual work periods during which the Employee is employed by the Employer. The work period is the Employer's annual work period.

For purposes of applying the eligibility, vesting and allocation rules, a "Year of Service" is a 12-consecutive month period ("Computation Period") during which an Employee completes 1,000 Hours of Service. For purposes of applying the eligibility rules under Section 2.03 of the Plan, an Employee will earn a Year of Service if he/she completes 1,000 Hours of Service with the Employer during an Eligibility Computation Period (as defined in Section 2.03(a)(3)). For purposes of applying the vesting rules under Section 7.03, an Employee will earn a Year of Service if he/she completes 1,000 Hours of Service with the Employer during a Vesting Computation Period (as defined in Section 7.04). The Employer may elect under AA §4-3(a) (for eligibility purposes) and AA §8-5(a) (for vesting purposes) to require the completion of any lesser number of Hours of Service to earn a Year of Service. Alternatively, the Employer may elect to apply the Elapsed Time method (for eligibility and/or vesting purposes) in calculating an Employee's Years of Service under the Plan.

© Copyright 2017

SECTION 2
ELIGIBILITY AND PARTICIPATION

2.01 **Eligibility.** In order to participate in the Plan, an Employee must be an Eligible Employee (as defined in Section 2.02) and must satisfy the Plan's minimum age and service conditions (as defined in Section 2.03). Once an Employee satisfies the Plan's minimum age and service conditions, such Employee shall become a Participant on the appropriate Entry Date (as selected in AA §4-2). An Employee who meets the minimum age and service requirements set forth herein, but who is not an Eligible Employee, will be eligible to participate in the Plan only upon becoming an Eligible Employee.

(a) **Salary Deferrals.** Each Employee (other than an Employee excluded from participation under Section 2.02(b)) is an Eligible Participant, without regard to any age or service conditions applicable to other types of contributions to the Plan. An Eligible Participant shall be eligible to make Salary Deferrals as of his/her Employment Commencement Date. The Employer will contribute a Participant's Salary Deferrals to the Plan on behalf of the Participant. To be eligible to make Salary Deferrals, an Eligible Participant must complete a Salary Reduction Agreement. The Employer has a reasonable period of time to begin withholding Salary Deferrals with respect to an Eligible Participant.

(b) **Employer Contributions and Matching Contributions.** An Employee who is not excluded from participation under Section 2.02(b) will become an Eligible Participant under the Plan for purposes of receiving Employer Contributions and Employer Matching Contributions (as applicable) as of the Entry Date elected in the Adoption Agreement following the satisfaction of the age and service conditions specified in AA §4-1. If the Employer is an educational organization described in Code §170(b)(1)(A)(ii) exempt from tax under Code §501(a), the maximum age cannot exceed age 26, provided the Plan does not require more than one Year of Service to participate and all Participants are immediately vested in their Accounts.

(c) **After-Tax Contributions and Safe Harbor Contributions.** If the Plan provides for Safe Harbor Contributions or After-Tax Contributions, the same eligibility conditions that apply with respect to Salary Deferrals will also apply to the Safe Harbor Contributions and/or After-Tax Contributions. The Employer may elect to provide different eligibility conditions for Safe Harbor Contributions under AA §6C-3 and for After-Tax Contributions under the AA §6D-2.

2.02 **Eligible Employees.** Unless specifically excluded under AA §3-1 or this Section 2.02, all Employees of the Employer are Eligible Employees. AA §3-1 lists various classes of Employees that may be excluded from Plan participation. If an Employee is not an Eligible Employee (e.g., such Employee is a member of a class of Employees excluded under AA §3-1), that individual may not participate under the Plan, unless he/she subsequently becomes an Eligible Employee.

(a) **Only Employees may participate in the Plan.** To participate in the Plan, an individual must be an Employee. If an individual is not an Employee (e.g., the individual performs services with the Employer as an independent contractor) such individual may not participate under the Plan. If an individual's status as a non-Employee is challenged by the IRS, the reclassification of such individual as an Employee will not create retroactive rights to participate in the Plan. Thus, for example, if the IRS should find that an independent contractor is really an Employee, such individual will be eligible to participate in the Plan as of the date the IRS issues a final determination declaring such individual to be an Employee (provided the individual has satisfied all conditions for participating in the Plan (as described in Section 2.01). For periods prior to the date of such final determination, the reclassified Employee will not have any rights to accrued benefits under the Plan, except as agreed to by the Employer and the IRS, or as set forth in an amendment adopted by the Employer.

(b) **Excluded Employees.** The Employer may elect under AA §3-1 to exclude designated classes of Employees. The Employer may elect to exclude different classes of Employees for different contribution sources under the Plan.

(1) **Collectively Bargained Employees.** Unless the applicable collective bargaining agreement provides otherwise, the Employer may elect under AA §3-1(b) to exclude Collectively Bargained Employees with respect to Employer Contributions and Matching Contributions. For this purpose, a Collectively Bargained Employee is an Employee who is included in a unit of Employees covered by a collective bargaining agreement between the Employer and Employee representatives and whose retirement benefits are subject to good faith bargaining. For this purpose, an Employee will not be considered a Collectively Bargained Employee for a Plan Year if more than two percent of the Employees who are covered pursuant to the collective bargaining agreement are professionals as defined in Treas. Reg. §1.410(b)-9. For this purpose, the term "Employee representatives" does not include any organization more than half of whose members are Employees who are owners, officers, or executives of the Employer.

(2) **Nonresident aliens.** The Employer may elect under AA §3-1(c) to exclude Employees who are nonresident aliens with respect to Salary Deferrals, Employer Contributions and Matching Contributions. For this purpose, a nonresident alien is neither a citizen of the United States nor a resident of the United States for U.S. tax purposes (as defined in Code §7701(b)), and who does not have any earned income (as defined in Code §911) for the

© Copyright 2017

Employer that constitutes U.S. source income (within the meaning of Code §861). If a nonresident alien Employee has U.S. source income, he/she is treated as satisfying this definition if all of his/her U.S. source income from the Employer is exempt from U.S. income tax under an applicable income tax treaty.

(3) **Student Employees.** The Employer may elect under AA §3-1(d) (subject to the conditions in Code §410(b)(4)) to exclude Employees who are Student Employees with respect to Salary Deferrals, Employer Contributions and Matching Contributions. A Student Employee is an Employee of the Employer who is a student enrolled and regularly attending classes at the school, college or university, and performs services for the school, college or university as described in Code §3121(b)(10).

(4) **Employees who normally work fewer than 20 hours per week.** The Employer may elect under AA §3-1(e) (subject to the conditions in Code §410(b)(4)) to exclude Employees who normally work fewer than 20 hours per week (or such lower number of hours per week as elected in the Adoption Agreement) with respect to Salary Deferrals, Employer Contributions and Matching Contributions. An Employee normally works fewer than 20 hours per week if and only if (1) for the 12-month period beginning on the date of the Employee's Employment Commencement date, the Employer reasonably expects the Employee to work fewer than 1,000 Hours of Service and (2) for each Plan Year after the close of the 12-month period beginning on the date of the Employee's Employment Commencement date, the Employee worked fewer than 1,000 Hours of Service in the preceding 12-month period.

If a Plan is covered by Title I of ERISA, the Plan must satisfy the minimum age and service requirements of ERISA §202(a) and an Employee otherwise excluded under AA §3-1 must enter the Plan no later than the first day of the Plan Year or 6 months (whichever is earlier) following the attainment of age 21 and completion of a Year of Service. For this purpose, an Employee is credited with a Year of Service if such Employee is credited with 1,000 Hours of Service in the 12-month period starting with the Employee's Employment Commencement Date or in any Plan Year commencing after the Employment Commencement Date. Once eligible due to satisfaction of this service condition, the Employee will continue to be eligible under the Plan.

(5) **Additional exclusions for Salary Deferral contributions.** With respect to Employees eligible to make Salary Deferrals, the Employer may elect to exclude from the Plan any person:

(i) who participates in an eligible governmental deferred compensation plan within the meaning of Code §457(b) sponsored by the Employer;

(ii) who is eligible to participate in a 401(k) plan or another 403(b) plan sponsored by the Employer which provides for contributions pursuant to a Salary Reduction Agreement; or

(iii) whose contribution to the Plan under its maximum deferral percentage would be $200 or less.

(6) **Inclusion of excludable Employee.** If the Employer does not exclude an individual excludable from participation under categories in Sections 2.02(b)(3) and 2.02(b)(4), then all Employees within the same category must be eligible to participate in the Plan.

(7) **Leased Employees.** Leased employees as defined in Code §414(n) are not common law employees of the Employer and not eligible to participate in the Plan.

(8) **Special restrictions that apply to "short-service" Employees.** The Employer may designate additional excluded classes of Employees under AA §3-1(j) or AA §6C-3(d). If the Employer elects under AA §3-1(j) or AA §6C-3(d) to exclude an additional class of Employees, such Employee class must be defined in such a way that it precludes Employer discretion and may not be based on time or service (e.g., part-time Employees). The Employer may not use AA §3-1(j) or AA §6C-3(d) to cover only Nonhighly Compensated Employees with the lowest amount of compensation and/or the shortest periods of service in order to satisfy the minimum coverage rules.

(9) **Disguised service conditions.** An exclusion of employees by job category may not indirectly impose an impermissible service condition (i.e., a service condition that fails to satisfy the requirements of Code §410(a)). The exclusion of part-time Employees, seasonal Employees, temporary Employees or other job categories may be considered a disguised service condition where such categories are based solely on the amount of service performed by those Employees. A disguised service condition will not violate the minimum service conditions if such Employees are eligible to participate upon completion of a Year of Service. If the Employer excludes Employees under AA §3-1 or under AA §6C-3 using a disguised service condition, such as part-time or seasonal Employee status, and any such Employee completes a Year of Service, such Employee will no longer be treated as an Excluded Employee.

© Copyright 2017

(c) **Employees of Related Employers.** If the Employer is a member of a Related Employer group, Employees of each member of the Related Employer group may participate under this Plan, provided the Related Employer executes a Participating Employer Adoption Page under the Adoption Agreement. If a Related Employer does not execute a Participating Employer Adoption Page, any Employees of such Related Employer are not eligible to participate in the Plan. (See Section 16.06 for operating rules that apply when the Employer is a member of a Related Employer group. Also see Section 16 for rules regarding participation of Employees of Related Employers.)

(d) **Employees of an Employer acquired as part of a Code §410(b)(6)(C) transaction.** The Employer may designate under AA §3-2 to include/exclude Employees acquired as part of a Code §410(b)(6)(C) transaction. If no election is made under AA §3-2, an individual who becomes an Employee of the Employer as part of a Code §410(b)(6)(C) transaction will be an Eligible Employee as of the date of the transaction (unless the Employee is otherwise excluded under AA §3-1). The Employer may elect under AA §3-2(a) that an Employee acquired as part of a Code §410(b)(6)(C) transaction will not become an Eligible Employee until after the expiration of the transition period described in Code §410(b)(6)(C)(ii) (i.e., the period beginning on the date of the transaction and ending on the last day of the first Plan Year beginning after the date of the transaction). For this purpose, a Code §410(b)(6)(C) transaction includes an asset sale, stock sale or other disposition or acquisition that results in the movement of Employees from one Employer to another Employer or causes a change in status as a Related Employer group. (See AA §4-5 for rules regarding the crediting of service with a Predecessor Employer to determine if an Employee has satisfied the Plan's minimum age and service conditions).

Regardless of any selection under AA §3-2, an Employee of a Related Employer will be eligible to participate under the Plan only if the Related Employer executes a Participating Employer Adoption Agreement.

(e) **Ineligible Employee becomes Eligible Employee.** If an Employee changes status from an ineligible Employee to an Eligible Employee, such Employee will become a Participant immediately on the date he/she changes status to an Eligible Employee, provided the Employee has satisfied the Plan's minimum age and service conditions (with respect to Employer Contributions and Employer Matching Contributions) and has passed the Entry Date (as defined in AA §4-2) that would otherwise have applied had the Employee been an Eligible Employee. If the Employee's original Entry Date (determined as if the Employee was always an Eligible Employee) has not passed as of the date the Employee becomes an Eligible Employee, the Employee will not become a Participant until such Entry Date. This requirement is deemed satisfied with respect to Salary Deferrals under the Plan if the Employee is permitted to commence making deferrals under the Plan within a reasonable period of time after the Employee becomes an Eligible Employee. If an ineligible Employee has not satisfied the Plan's minimum age and service conditions applicable to Employer Contributions and Employer Matching Contributions at the time such Employee becomes an Eligible Employee, such Employee will become a Participant on the appropriate Entry Date following satisfaction of the Plan's minimum age and service requirements.

(f) **Eligible Employee becomes ineligible Employee.** If an Employee ceases to qualify as an Eligible Employee (i.e., the Employee changes status from an eligible class to an ineligible class of Employees), such Employee will immediately cease to participate in the Plan. If such Employee should subsequently become an Eligible Employee, he/she will be able to participate in the Plan in accordance with subsection (e) above.

(g) **Improper exclusion of eligible Participant.** If the Plan improperly excludes a Participant who has satisfied the requirements under this Section 2 for participating under the Plan, the Employer may take reasonable action to correct such violation, provided such corrective action is consistent with the requirements of the Employee Plans Compliance Resolution System (EPCRS) program. For example, the violation may be corrected by making an additional contribution to the Plan on behalf of the omitted Participant or by allocating any available forfeitures under the Plan to such Participant to restore any missed contributions under the Plan. (See Rev. Proc. 2013-12 or subsequent IRS guidance for a description of the EPCRS program.)

2.03 **Minimum Age and Service Conditions.** AA §4-1 contains specific elections as to the minimum age and service conditions which an Employee must satisfy prior to becoming eligible to participate under the Plan. **The Employer may not impose age or service conditions on an Employee's ability to make Salary Deferrals.**

(a) **Application of age and service conditions.** The Employer may elect under AA §4-1 to impose minimum age and service conditions that an Employee must satisfy in order to participate under the Plan. The Plan may not require an Employee to attain an age older than age 21 (or 26 for a qualified educational institution as provided under Code §410(a)(1)(B)(ii)) or to complete more than one Year of Service. However, the Plan may require an Employee to complete two Years of Service prior to participating in the Plan if the Employer elects full and immediate vesting under AA §8.

(1) **Year of Service.** In applying the minimum service requirements under AA §4-1, an Employee will earn a Year of Service if the Employee completes at least 1,000 Hours of Service with the Employer during an Eligibility

© Copyright 2017

Computation Period (as defined in subsection (3) below). The Employer may modify the definition of Year of Service under AA §4-3(a) to require a lesser number of Hours of Service to earn a Year of Service. An Employee will receive credit for a Year of Service, as of the end of the Eligibility Computation Period during which the Employee completes the required Hours of Service needed to earn a Year of Service. An Employee need not be employed for the entire Eligibility Computation Period to receive credit for a Year of Service, provided the Employee completes the required Hours of Service during such period.

(2) **Months of service.** The Employer may elect under AA§4-1(a) to require a specific number of Hours of Service during a designated number of months of employment. If an Employee is required under AA §4-1(a) to complete a certain number of Hours of Service during a designated period, an Employee generally will satisfy the eligibility conditions as of the end of the designated period, regardless of whether the Employee is employed during the entire period. Alternatively, the Employer may elect under AA §4-1(a)(3)(ii) to require an Employee to be employed continuously throughout the designated period, provided the Employee is eligible to participate in the Plan upon completing a Year of Service.

If an Employee does not complete the required Hours of Service during the designated period or does not work continuously during the designated period, if required under AA §4-1(a)(3)(ii), the Employee will satisfy eligibility upon completion of a Year of Service. For purposes of applying the Year of Service requirement, an Employee need not be employed during the entire measuring period as long as the Employee completes the required Hours of Service. For example, an Employee who is not employed throughout the designated period, if required under AA §4-1(a)(3)(ii), would still satisfy the eligibility conditions as of the end of the Eligibility Computation Period if the Employee completes a Year of Service, regardless of whether the Employee is employed during the entire period.

(3) **Eligibility Computation Periods.** In determining whether an Employee has earned a Year of Service for eligibility purposes, an Employee's initial Eligibility Computation Period is the 12-month period beginning on the Employee's Employment Commencement Date. Subsequent Eligibility Computation Periods will either be based on Plan Years or Anniversary Years (as set forth in AA §4-3(b)).

(i) **Plan Years.** If the Employer bases subsequent Eligibility Computation Periods on Plan Years, the Plan will begin measuring Years of Service on the basis of Plan Years beginning with the first Plan Year commencing after the Employee's Employment Commencement Date. Thus, for the first Plan Year following the Employee's Employment Commencement Date, the initial Eligibility Computation Period and the first Plan Year Eligibility Computation Period may overlap.

(ii) **Anniversary Years.** If the Employer elects under AA §4-3(b) to base subsequent Eligibility Computation Periods on Anniversary Years, the Plan will measure Years of Service after the initial Eligibility Computation Period on the basis of 12-month periods commencing with the anniversaries of the Employee's Employment Commencement Date.

(iii) **Two Years of Service requirement.** If a two Years of Service eligibility condition applies under AA §4-1(a)(6), subsequent Eligibility Computation Periods will be based on Anniversary Years as defined in subsection (ii) above. However, if an Employee fails to earn a Year of Service during the first or second Eligibility Computation Period, subsequent Eligibility Computation Periods will be determined on the basis of the Plan Year commencing within the first or second Eligibility Computation Period, as applicable, and subsequent Plan Years. The Employer may elect under AA §4-3(b) to determine subsequent Eligibility Computation Periods on the basis of Anniversary Years, rather than Plan Years.

(iv) **Rehired Employee**. If an Employee is rehired following a Break in Service, the Employee's initial Eligibility Computation Period following the Employee's return to employment will be measured from the Employee's Reemployment Commencement Date. Subsequent Eligibility Computation Periods will be measured based on the Plan Year or anniversaries of the Reemployment Commencement Date, as designated under subsection (i) or (ii) above. For this purpose, an Employee's Reemployment Commencement Date is the first day the Employee is entitled to be credited with an Hour of Service after the first Eligibility Computation Period in which the Employee incurs a Break in Service.

(4) **Hours of Service.** In calculating an Employee's Hours of Service for purposes of applying the eligibility rules under this Section 2.03, the Employer will count the actual Hours of Service an Employee works during the year. The Employer may elect under AA §4-3(c) or (d) to use the Elapsed Time Method or Equivalency Method (instead of counting the actual Hours of Service an Employee works). (See subsections (5) and (6) below for a description of the Equivalency Method and Elapsed Time method of crediting service.)

© Copyright 2017

(5) **Equivalency Method.** Instead of counting actual Hours of Service in applying the minimum service conditions under this Section 2.03, the Employer may elect under AA §4-3(d) to determine Hours of Service based on the Equivalency Method. Under the Equivalency Method, an Employee receives credit for a specified number of Hours of Service based on the period worked with the Employer.

(i) **Monthly.** Under the monthly Equivalency Method, an Employee is credited with 190 Hours of Service for each calendar month during which the Employee completes at least one Hour of Service with the Employer.

(ii) **Daily.** Under the daily Equivalency Method, an Employee is credited with 10 Hours of Service for each day during which the Employee completes at least one Hour of Service with the Employer.

(iii) **Weekly.** Under the weekly Equivalency Method, an Employee is credited with 45 Hours of Service for each week during which the Employee completes at least one Hour of Service with the Employer.

(iv) **Semi-monthly.** Under the semi-monthly Equivalency Method, an Employee is credited with 95 Hours of Service for each semi-monthly period during which the Employee completes at least one Hour of Service with the Employer.

(6) **Elapsed Time method.** Instead of counting actual Hours of Service in applying the minimum service requirements under this Section 2.03, the Employer may elect under AA §4-3(c) to apply the Elapsed Time method for calculating an Employee's service with the Employer. Under the Elapsed Time method, an Employee receives credit for the aggregate period of time worked for the Employer commencing with the Employee's first day of employment (or reemployment, if applicable) and ending on the date the Employee begins a Period of Severance which lasts at least 12 consecutive months. In calculating an Employee's aggregate period of service, an Employee receives credit for any Period of Severance that lasts less than 12 consecutive months. If an Employee's aggregate period of service includes fractional years, such fractional years are expressed in terms of days.

(i) **Period of Severance.** For purposes of applying the Elapsed Time method, a Period of Severance is any continuous period of time during which the Employee is not employed by the Employer. A Period of Severance begins on the date the Employee retires, quits or is discharged, or if earlier, the 12-month anniversary of the date on which the Employee is first absent from service for a reason other than retirement, quit or discharge.

In the case of an Employee who is absent from work for maternity or paternity reasons, the 12-consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a Period of Severance. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (i) by reason of the pregnancy of the Employee, (ii) by reason of the birth of a child of the Employee, (iii) by reason of the placement of a child with the Employee in connection with the adoption of such child by the Employee, or (iv) for purposes of caring for a child of the Employee for a period beginning immediately following the birth or placement of such child.

(ii) **Related Employers.** For purposes of applying the Elapsed Time method, service will be credited for employment with any Related Employer.

(7) **Amendment of age and service requirements.** If the Plan's minimum age and service conditions are amended, an Employee who is a Participant immediately prior to the effective date of the amendment is deemed to satisfy the amended requirements. This provision may be modified under the special Effective Date provisions under Appendix A of the Adoption Agreement.

(b) **Entry Dates for Employer Contributions and Matching Contributions.** Once an Eligible Employee satisfies the minimum age and service conditions (as set forth in AA §4-1), the Employee will be eligible to participate under the Plan as of his/her Entry Date (as set forth in AA §4-2). The Employer may elect different Entry Dates with respect to Matching Contributions and Employer Contributions.

(1) **Entry Date requirements.** In no event may a Participant's Entry Date be later than: (i) the first day of the Plan Year beginning after the date on which the Participant satisfies the minimum age and service conditions described in subsection (a) above, or (ii) six months after the date the Participant satisfies such age and service conditions. An Eligible Employee must be employed by the Employer on his/her Entry Date to begin participating in the Plan on such date.

© Copyright 2017

(2) **Single annual Entry Date.** If the Employer elects a single annual Entry Date under AA §4-2(f), the maximum permissible age and service conditions described in subsection (a) above are reduced by one-half (1/2) year, unless: (1) the Employer elects under AA §4-2(i) to use the Entry Date *nearest* the date the Employee satisfies the Plan's minimum age and service conditions *and* the Entry Date is the first day of the Plan Year or (2) the Employer elects under AA §4-2(j) to use the Entry Date *preceding* the date the Employee satisfies the Plan's minimum age and service conditions.

2.04 **Participation on Effective Date of Plan.** An Employee who has satisfied the minimum age and service conditions and reached his/her Entry Date as of the Effective Date of the Plan will be eligible to participate in the Plan as of such Effective Date. If an Employee has satisfied the minimum age and service conditions as of the Effective Date of the Plan but has not yet reached his/her Entry Date, the Employee will be eligible to participate on the appropriate Entry Date. The Employer may modify this rule under AA §4-2 by electing to treat all Employees employed on the Effective Date of the Plan as Participants (regardless of whether they have satisfied the Plan's minimum age and service conditions) or by designating a specific date as of which all Eligible Employees will be deemed to be a Participant, (regardless of whether the Employee has otherwise satisfied the minimum age and service conditions).

2.05 **Rehired Employees.** Subject to the Break in Service rules under Section 2.07, if a terminated Employee is subsequently rehired, such Employee will be eligible to participate in the Plan on his/her reemployment date, if the Employee is an Eligible Employee and the Employee had satisfied the Plan's minimum age and service conditions and reached his/her Entry Date prior to termination of employment. If the Employee had satisfied the Plan's minimum age and service conditions but terminated prior to reaching his/her Entry Date, the Employee will be eligible to participate on his/her reemployment date or the original Entry Date, if later. If a rehired Employee had not satisfied the Plan's minimum age and service conditions prior to termination of employment, such Employee is eligible to participate in the Plan on the appropriate Entry Date following satisfaction of the eligibility requirements under this Section 2. For purposes of Salary Deferrals, the requirement to participate on the reemployment date is deemed satisfied if a rehired Employee is permitted to commence making Salary Deferrals within a reasonable period following reemployment.

2.06 **Service with Predecessor Employers.** If the Employer maintains the plan of a Predecessor Employer, any service with such Predecessor Employer is treated as service with the Employer for purposes of applying the provisions of this Plan. If the Employer does not maintain the plan of a Predecessor Employer, service with such Predecessor Employer does not count for eligibility purposes under this Section 2, unless the Employer specifically designates under AA §4-5 to credit service with such Predecessor Employer for eligibility. Unless designated otherwise under AA §4-5, if the Employer takes into account service with a Predecessor Employer, such service will count for purposes of eligibility under this Section 2, vesting under Section 7 (see Section 7.06) and for purposes of the minimum allocation conditions under Section 3.08.

The Employer may designate under AA §4-5(a)(1) to count service with all Employers acquired as part of a Code §410(b)(6)(C) transaction, as defined under Section 2.02(d) or may elect specific Employers for whom service will not be credited. Alternatively, the Employer may designate under AA §4-5(a)(2) specific Predecessor Employers for which service will be credited. The Employer may designate to credit predecessor service only for purposes of eligibility, vesting and/or any minimum allocation conditions under the Plan.

Governmental and Church Plans are not subject to coverage and nondiscrimination rules applicable to the crediting of service with Predecessor Employers under Title I of ERISA.

2.07 **Break in Service Rules.** Generally, an Employee will be credited with all service earned for the Employer, including service earned prior to the effective date of the Plan and service earned while the Employee is an ineligible Employee. However, the Employer may elect under AA §4-3 to disregard an Employee's service with the Employer under the Break in Service rules set forth in this Section 2.07. Governmental and Church Plans are not subject to the break in service rules applicable under Title I of ERISA.

(a) **Break in Service.** An Employee incurs a Break in Service for any Eligibility Computation Period (as defined in Section 2.03(a)(3)) during which the Employee does not complete more than five hundred (500) Hours of Service with the Employer. However, if the Employer elects under AA §4-3(a) to require less than 1,000 Hours of Service to earn a Year of Service for eligibility purposes, a Break in Service will occur for any Eligibility Computation Period during which the Employee does not complete more than one-half (1/2) of the Hours of Service required to earn an eligibility Year of Service.

(b) **Nonvested Participant Break in Service rule.** Under the Nonvested Participant Break in Service rule, if a Participant is totally nonvested (i.e., 0% vested) in his/her entire Account Balance, and such Participant incurs five (5) or more consecutive one-year Breaks in Service (or, if greater, a consecutive period of Breaks in Service at least equal to the Participant's aggregate number of Years of Service with the Employer), the Plan will disregard all service earned prior to such consecutive Breaks in Service for purposes of determining eligibility to participate in the Plan. If the Employee returns to employment with the Employer, such Employee will be treated as a new Employee for purposes of

© Copyright 2017

determining eligibility under the Plan. For this purpose, a Participant who has made Salary Deferrals under the Plan will be treated as having a vested interest in the Plan. Thus, the Nonvested Participant Break in Service rule may not be used with respect to any contributions under the Plan (even if such Employee is totally nonvested in such contributions) for a Participant who has made Salary Deferrals under the Plan. The Employer must elect to apply the Nonvested Participant Break in Service rule under AA §4-3(e).

(c) **Special Break in Service rule for Plans using two Years of Service for eligibility.** If the Employer has elected under AA §4-1(a)(6) to require Employees to complete two Years of Service to become eligible to participate in the Plan, any Employee who incurs a one-year Break in Service before satisfying the two Years of Service eligibility condition will not be credited with service earned before such one-year Break in Service.

(d) **One-Year Break in Service rule.** Under the One-Year Break in Service rule, if an Employee incurs a one-year Break in Service, such Employee will not be credited with any service earned prior to such one-year Break in Service for purposes of determining eligibility to participate under the Plan until the Employee has completed a Year of Service after the Employee's return to employment. The Employer must elect to apply the One-Year Break in Service rule under AA §4-3(f).

(1) **Temporary disregard of service.** If a Participant has service disregarded under the One-Year Break in Service rule, such Participant will have his/her service reinstated upon returning to employment as of the first day of the Eligibility Computation during which the Participant completes a Year of Service. For this purpose, the Eligibility Computation Period is the 12-month period commencing on the date the Employee first performs an Hour of Service following the Break in Service. If a Participant does not complete a Year of Service during the first Eligibility Computation Period following his/her return to employment, subsequent Eligibility Computation Periods will be determined based on Plan Years beginning with the first Plan Year following the Employee's return to employment (unless the Employer selects Anniversary Years as the Eligibility Computation Period under AA §4-3(b).

(2) **Application to Salary Deferrals.** The One-Year Break in Service rule will not apply to Salary Deferrals under the Plan.

2.08 **Waiver of Participation.** An Employee may not waive participation under the Plan unless specifically permitted under AA §11. For this purpose, the mere failure to make Salary Deferrals or After-Tax Employee Contributions under the Plan is not a waiver of participation. The Employer may elect under AA §11 to permit Employees to make a one-time irrevocable election to not participate under the Plan. Such election must be made upon inception of the Plan or at any time prior to the time the Employee first becomes eligible to participate under any plan maintained by the Employer. An Employee, in accordance with the regulations under Code §403(b), who makes a one-time irrevocable election not to participate may not subsequently elect to participate under the Plan. Waiver of participation by an Employee who makes a one-time irrevocable election does not violate the universal availability rule. If the Plan permits Employees to waive participation, any Employee who elects not to participate will be treated as a non-benefiting Participant for purposes of the minimum coverage requirements under Code §410(b).

© Copyright 2017

SECTION 3
PLAN CONTRIBUTIONS

This Section 3 describes the type of contributions that may be made to the Plan. The type of contributions that may be made to the Plan and the method for allocating such contributions may vary depending on the type of Plan involved. (See Section 5 for a discussion of the limits that apply to any contributions made under the Plan.)

3.01 Types and Timing of Contributions.

(a) Types of Contributions. An Employer may designate under AA §6 the amount and type of contributions that may be made under this Plan. To share in a contribution under the Plan, an Employee must satisfy all of the conditions for being a Participant (as described in Section 2) and must satisfy any allocation conditions applicable to the particular type of contribution. A contribution that is made pursuant to an Employee's one-time irrevocable election made on or before the Employee's first becoming eligible to participate under the Plan and a Mandatory Contribution made as a condition of employment that reduces an Employee's compensation are treated as Employer Contributions to the Plan. All types of contributions are subject to the terms of the governing Investment Arrangement(s).

(b) Timing of Contributions. The Employer must make contributions to the Plan within a reasonable period of time for the proper administration of the Plan. With regard to Salary Deferrals, a reasonable period of time is no longer than 15 business days following the month in which the Employer otherwise would have paid the Salary Deferrals to the Employee. An Employer with a Plan subject to ERISA must contribute Salary Deferrals and After-Tax Contributions within a reasonable period of time after the Employee otherwise would have been paid the Salary Deferrals or Employee Contributions, but in no case, can this time be longer than 15 business days following the month in which the Employer otherwise would have paid the Salary Deferrals or After-Tax Contributions to the Employee.

(c) Contributions for former Employees. If so provided under AA §6-5(a), the Employer may continue to make Employer Contributions on behalf of a former Employee. For purposes of determining Employer Contributions for a former Employee, the former Employee is deemed to have monthly Total Compensation for the period through the end of the Taxable Year of the Employee in which he or she ceases to be an Employee and through the end of each of the next five Taxable Years. The amount of monthly Total Compensation is equal to 1/12 of the former Employee's Total Compensation during the former Employee's most recent year of service, as defined in Treas. Reg. §1.403(b)-4(e).

(d) Contributions of Accrued Unpaid Sick and/or Vacation Leave. If so provided under AA §6-5(b), the Employer may make Employer Contributions of amounts of accrued unpaid sick and/or vacation leave to the Plan. The Employer must describe the manner in which such Employer Contributions will be made to the Plan under AA §6-5(b).

3.02 Employer Contribution Formulas. If permitted under AA §6 and subject to the terms of the applicable Investment Arrangement(s), the Employer may make an Employer Contribution to the Plan, in accordance with the contribution formula selected under AA §6-2. Any Employer Contribution authorized under the Plan must be allocated in accordance with a definite allocation formula as set forth in AA §6-3. To receive an allocation of Employer Contributions, a Participant must satisfy any allocations conditions designated under the Plan, as described below.

(a) Employer Contribution formulas. The Employer may elect under AA §6-2 to make any of the following Employer Contributions. If the Employer elects more than one Employer Contribution formula, each formula is applied separately. The Employer's aggregate Employer Contribution for a Plan Year will be the sum of the Employer Contributions under all such formulas.

(1) Discretionary Employer Contribution. If a discretionary contribution is selected under AA §6-2(a), the Employer may decide on an annual basis how much (if any) it wishes to contribute to the Plan as an Employer Contribution. If the Employer elects to make a discretionary contribution, such amount may be allocated under the pro rata, permitted disparity, Employee group, age-based or uniform points allocation method (as selected in AA §6-3).

(i) Pro rata allocation formula. Under the pro rata allocation formula, a pro rata share of the Employer Contribution is allocated to each Participant's Employer Contribution Account. A Participant's pro rata share may be determined based on the ratio such Participant's Plan Compensation bears to the total Plan Compensation of all Participants or as a uniform dollar amount, as designated in AA §6-3(a). This allocation formula will satisfy a design-based safe harbor under Treas. Reg. §1.401(a)(4)-2(b) provided if the allocation is based on Plan Compensation, the Plan uses a definition of Plan Compensation that satisfies the nondiscrimination requirements under Treas. Reg. §1.414(s)-1.

(ii) Permitted disparity allocation formula. Under the permitted disparity allocation formula, the Employer Contribution is allocated to Participants' Employer Contribution Accounts using a two-step

© Copyright 2017

method. This allocation formula is designed to satisfy a design-based safe harbor under Treas. Reg. §1.401(a)(4)-2(b).

Notwithstanding any other provision under this subsection, for any Plan Year this Plan benefits any Participant who benefits under another Code §403(b) plan maintained by the Employer that provides for permitted disparity (or imputes disparity), Employer Contributions and forfeitures will be allocated to the account of each Participant who either completes more than 500 Hours of Service during the Plan Year or who is employed on the last day of the Plan Year in the ratio that such Participant's Total Compensation bears to the Total Compensation of all Participants.

(A) **Two-step method.** Under the two-step method, the discretionary Employer Contribution is allocated under the following method:

(I) **Step one.** The Employer Contribution is allocated to each Participant's Employer Contribution Account in the ratio that the sum of each Participant's Plan Compensation plus Excess Compensation (as defined in subsection (B) below) bears to the sum of the total Plan Compensation plus Excess Compensation of all Participants, but not in excess of the Maximum Disparity Rate (as defined in subsection (D) below).

(II) **Step two.** Any Employer Contribution remaining after the allocation in subsection (I) above one will be allocated in the ratio that each Participant's Plan Compensation bears to the total Plan Compensation of all Participants.

(B) **Excess Compensation.** The amount of Plan Compensation that exceeds the Integration Level.

(C) **Integration Level.** The Taxable Wage Base, unless specified otherwise under AA §6-3(c)(1).

(D) **Maximum Disparity Rate.** The Maximum Disparity Rate is the maximum amount that may be allocated with respect to Excess Compensation. The amount allocated as a percentage of Plan Compensation and Excess Compensation may not exceed the following percentage:

Integration Level (as a percentage of the Taxable Wage Base)	Maximum Disparity Rate
100%	5.7%
More than 80% but less than 100%	5.4%
More than 20% and not more than 80%	4.3%
20% or less	5.7%

(E) **Taxable Wage Base.** The maximum amount of wages that are considered for Social Security purposes as in effect at the beginning of the Plan Year.

(iii) **Uniform points allocation.** Under the uniform points allocation, the Employer will allocate the discretionary Employer Contribution on the basis of each Participant's total points for the Plan Year, as determined under AA §6-3(d). A Participant's allocation of the Employer Contribution is determined by multiplying the Employer Contribution by a fraction, the numerator of which is the Participant's total points for the Plan Year and the denominator of which is the sum of the points for all Participants for the Plan Year.

A Participant will receive points for each year(s) of age and/or each Year(s) of Service designated under AA §6-3(d). In addition, a Participant also may receive points based on his/her Plan Compensation. Each Participant will receive the same number of points for each designated year of age and/or service and the same number of points for each designated level of Plan Compensation. If the Employer provides points based on Plan Compensation, the Employer may not designate a level of Plan Compensation that exceeds $200.

To satisfy the nondiscrimination safe harbor under Treas. Reg. §1.401(a)(4)-2(b), the average of the allocation rates for Highly Compensated Employees in the Plan must not exceed the average of the

© Copyright 2017

allocation rates for the Nonhighly Compensated Employees in the Plan. For this purpose, the average allocation rates are determined in accordance with Treas. Reg. §1.401(a)(4)-2(b)(3)(B).

(iv) **Employee group allocation.** Under the Employee group allocation method, the Employer may make a different discretionary contribution to each Participant's Employer Contribution Account based on the Employee allocation groups designated under AA §6-3(e). The Employer Contribution made for an allocation group will be allocated as a uniform percentage of Plan Compensation or as a uniform dollar amount. If the Employer Contribution is allocated as a percentage of Plan Compensation, the amount that will be allocated to each Participant within an allocation group is determined by multiplying the Employer Contribution made for that allocation group by the following fraction:

$$\frac{\text{Participant's Plan Compensation}}{\text{Plan Compensation of all Participants in the allocation group}}$$

Alternatively, the Employer may set forth in the description of the Employee groups under AA §6-3(e)(2) a fixed contribution amount for a designated Employee group. If a fixed contribution is provided for a specific Employee group, the amount designated as the fixed contribution will be allocated to each Participant within the designated Employee group.

The Plan must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c) with respect to the separate allocation rates under the Plan. The Plan may be tested on the basis of allocation rates or equivalent benefit rates. If the Plan is tested on the basis of equivalent benefit rates, the Plan will use standard interest rate and mortality table assumptions in accordance with Treas. Reg. §1.401(a)(4)-12 when testing the allocation formula for nondiscrimination.

(A) **Must designate contribution in writing.** The Employer must designate in writing how much of the Employer Contribution is made for each of the Employee allocation groups and whether such amounts are allocated on the basis of Plan Compensation or as a uniform dollar amount. The portion of the Employer Contribution designated for a specific allocation group will be allocated only to Participants within that allocation group. If a Participant is in more than one allocation group during the Plan Year, the Participant will receive an Employer Contribution based on the Participant's status on the last day of the Plan Year. In the event a Participant is in two or more allocation groups on the last day of the Plan Year, the Participant will receive an Employer Contribution based on the first allocation group listed under AA §6-3(e) in which the Participant is a part. The Employer can provide for a different treatment of Employees in multiple groups under AA §6-3(e)(3)(ii).

(B) **Special rules.**

(I) **Benefiting Participants.** The Employer may designate in AA §6-3(e)(3)(i) to establish a separate allocation group for any Nonhighly Compensated Benefiting Participant who does not receive the Minimum Gateway Contribution described below. For this purpose, a Participant is treated as a Benefiting Participant if such Participant receives an allocation of Employer Contributions (other than Salary Deferrals or Matching Contributions (including Safe Harbor/QACA Safe Harbor Matching Contributions)) or receives an allocation of forfeitures for the Plan Year (other than forfeitures that are subject to Code §401(m) because they are allocated as a Matching Contribution).

(II) **Special gateway contribution.** If a separate allocation group is not established for Benefiting Participants under AA §6-3(e)(3)(ii), the Employer may make an additional discretionary Employer Contribution ("special gateway contribution") for all Nonhighly Compensated Benefiting Participants in an amount necessary to provide the Minimum Gateway Contribution described below. The special gateway contribution will be allocated to all Nonhighly Compensated Benefiting Participants who have not otherwise received the Minimum Gateway Contribution without regard to any allocation conditions otherwise applicable to Employer Contributions under the Plan. However, Participants who the Plan Administrator disaggregates pursuant to Treas. Reg. §1.410(b)-7(c)(4) because they have not satisfied the greatest minimum age and service conditions permissible under Code §410(a) shall not be eligible to receive an allocation of any special gateway contribution made pursuant to this subsection.

© Copyright 2017

(a) **Minimum Gateway Contribution.** A Benefiting Participant is treated as receiving the Minimum Gateway Contribution if the Participant has an allocation rate that is equal to the lesser of: (1) one-third of the allocation rate of the Highly Compensated Employee with the highest allocation rate for the Plan Year or (2) 5% of Compensation (as defined below).

In determining whether a Benefiting Participant has received an allocation that satisfies the Minimum Gateway Contribution, all Employer Contributions allocated to the Participant for the Plan Year are taken into account. For this purpose, Employer Contributions do not include any Matching Contributions or Salary Deferrals.

(b) **Compensation for 5% gateway allocation.** For purposes of the 5% gateway contribution under subsection (a) above, Compensation means Total Compensation for the Plan Year. However, for this purpose, Total Compensation may exclude amounts paid while an Employee is not a Participant in the Plan.

(c) **Compensation under one-third gateway allocation.** To determine whether a Benefiting Participant has received an allocation that satisfies the one-third gateway allocation requirement under subsection (a) above, a Participant's allocation rate is determined by dividing the total Employer Contribution made on behalf of such Participant by the Participant's Plan Compensation (as defined in AA §5-3) or by any other definition of compensation that satisfies the requirements of Treas. Reg. §1.414(s). Any definition of compensation used under this subsection (c) must be applied uniformly in determining the allocation rates of Benefiting Participants.

(III) **Special gateway contribution for combination plans.** If this Plan is aggregated with a Defined Benefit Plan for purposes of nondiscrimination testing, the Employer may make an additional discretionary Employer Contribution for Nonhighly Compensated Benefiting Participants in an amount necessary to satisfy the minimum gateway requirements applicable to such combination plans. However, Participants who the Plan Administrator disaggregates pursuant to Treas. Reg. §1.410(b)-7(c)(4) because they have not satisfied the greatest minimum age and service conditions permissible under Code §410(a) shall not be eligible to receive an allocation of any special gateway contribution made pursuant to this subsection (III).

(a) **Combination plans gateway contribution.** For this purpose, the minimum gateway requirement for DB/DC plans is equal to the lesser of: (1) one-third (1/3) of the Aggregate Normal Allocation Rate of the Highly Compensated Participant with the highest Aggregate Normal Allocation Rate, or (2) the lesser of: (i) 5% of Code §414(s) Compensation (increased by one percentage point for each 5 percentage point increment (or portion thereof) by which the Aggregate Normal Allocation Rate of the Highly Compensated Participant exceeds 25%) or (ii) 7½% of Code §414(s) Compensation.

(b) **Aggregate Normal Allocation Rate.** The Aggregate Normal Allocation Rate shall be determined in accordance with Treas. Reg. §1.401(a)(4)-9(b)(2)(ii).

(c) **Benefiting Participants.** A Participant is treated as a Benefiting Participant if such Participant receives an allocation of Employer Contributions (other than Salary Deferrals or Matching Contributions (including Safe Harbor/QACA Safe Harbor Matching Contributions)) or receives an allocation of forfeitures for the Plan Year (other than forfeitures that are subject to Code §401(m) because they are allocated as a Matching Contribution) or accrues a benefit under the Defined Benefit Plan which is aggregated with this Plan for nondiscrimination testing.

(d) **Code §414(s) Compensation.** For purposes of this subsection (III), Code §414(s) Compensation is any definition of compensation that satisfies the requirements under Treas. Reg. §1.414(s)-1. Thus, the Plan may use full-year compensation or compensation earned while a Participant, provided such definition satisfies the requirements of Treas. Reg. §1.414(s)-1.

© Copyright 2017

(IV) **Special restrictions that apply to "short-service" Employees.** A designated Employee allocation group which is limited to Nonhighly Compensated Employees with the lowest amount of compensation and/or the shortest periods of service may be deemed to violate the nondiscrimination requirements under Code §401(a)(4).

(v) **Age-based allocation formula.** Under the age-based allocation formula, the Employer will allocate the discretionary Employer Contribution on the basis of each Participant's adjusted Plan Compensation. Amounts allocated under an age-based allocation must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c).

(A) **Adjusted Plan Compensation.** For this purpose, a Participant's adjusted Plan Compensation is determined by multiplying the Participant's Plan Compensation by an Actuarial Factor (as described in subsection (B) below).

(B) **Actuarial Factor.** A Participant's Actuarial Factor is determined based on standard actuarial assumptions that satisfy Treas. Reg. §1.401(a)(4)-12 using a testing age that is the later of Normal Retirement Age or the Employee's current age. Unless designated otherwise under AA §6-3(f), a Participant's Actuarial Factor is determined based on an 8.5% interest rate and the UP-1984 mortality table. (See Appendix A of the Plan for the Actuarial Factors associated with an 8.5% interest rate and the UP-1984 mortality table and a testing age of 65. If an interest rate other than 8.5% or a mortality table other than the UP-1984 mortality table is selected under AA §6-3(f), or if a testing age other than age 65 is used, the Plan must determine the appropriate Actuarial Factors based on the designated interest rate, mortality table and testing age.)

(2) **Fixed Employer Contribution.** The Employer may elect under AA §6-2 to make a fixed contribution to the Plan. The Employer may elect under AA §6-2 to make a fixed contribution as a designated percentage of Plan Compensation or as a uniform dollar amount. In addition, the contribution may be allocated in accordance with a Collective Bargaining Agreement. If a fixed contribution is selected under AA §6-2, the Employer Contribution will be allocated under the fixed contribution formula under AA §6-3 in accordance with the selections made in AA §6-2. The allocation of the fixed Employer Contribution will satisfy a design-based safe harbor under Treas. Reg. §1.401(a)(4)-2(b) provided, if the allocation is based on Plan Compensation, the Plan uses a definition of Plan Compensation that satisfies the nondiscrimination requirements under Treas. Reg. §1.414(s)-1.

(3) **Outside Agreements, Contracts or Arrangements.** The Employer may elect under AA §6-2(c) to determine contributions in accordance with any Collective Bargaining Agreement(s) addressing retirement benefits of Collectively Bargained Employees under the Plan, or in accordance with any applicable employment contract or other arrangement the Employer has with the Participant(s). Any contribution based on the provisions of a Collective Bargaining Agreement or employment contract will be allocated in accordance with the provisions of the Collective Bargaining Agreement(s) or employment contract.

(4) **Service-based Employer Contribution.** If elected in AA §6-2(d), the Employer may make a contribution based on an Employee's service with the Employer during the Plan Year (or other period designated under AA §6-4). The Employer may elect to make the service-based contribution as a discretionary contribution or as a fixed contribution. Any such contribution will be allocated on the basis of Participants' Hours of Service, weeks of employment or other measuring period selected under AA §6-2(d). The Employer Contribution will be allocated under the service-based allocation formula under AA §6-3(g). Amounts allocated on the basis of service must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c).

(5) **Year of Service Employer Contribution.** The Employer may elect under AA §6-2(e) to provide an Employer Contribution based on an Employee's Years of Service with the Employer. Unless designated otherwise under AA §6-2(e), an Employee earns a Year of Service for each Plan Year during which the Employee completes at least 1,000 Hours of Service. The Employer may designate an alternative definition of Year of Service under AA §6-2(e). The Employer Contribution will be allocated under the Year of Service allocation formula under AA §6-3(h). Amounts allocated on the basis of Years of Service must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c).

(6) **Qualified Nonelective Contributions (QNECs).** Notwithstanding any contrary selections in the Adoption Agreement, for any Plan Year, the Employer may make a discretionary QNEC on behalf of Nonhighly Compensated Participants under the Plan. Such QNEC may be allocated as a uniform percentage of Plan Compensation or a uniform dollar amount to all Nonhighly Compensated Participants or as a Targeted QNEC (as defined in subsection (ii)(B) below), without regard to any allocation conditions selected in AA §6-7, unless designated otherwise under AA §6D-3.

© Copyright 2017

A QNEC must satisfy the requirements for a QNEC described in subsection (i) below at the time the contribution is made to the Plan, regardless of any inconsistent elections under the Plan Adoption Agreement. If the Employer elects to disaggregate the Plan for otherwise excludable Employees, the Employer may allocate the QNEC only to Participants in a particular disaggregated portion of the Plan.

If the Employer makes both a discretionary Employer Contribution under AA §6-2(a) and a discretionary QNEC, the Employer must designate the amount of the Employer Contribution which is designated as a regular Employer Contribution and the amount designated as a QNEC.

The Employer may make a QNEC to correct the ACP Test only if the Employer is using the Current Year Testing Method.

(i) **Requirements for a QNEC.** In order to qualify as a QNEC, an Employer Contribution must satisfy the following requirements:

(A) **100% vesting.** A QNEC must be 100% vested when contributed to the Plan.

(B) **Distribution restrictions.** A QNEC must be subject to the same distribution restrictions applicable to Salary Deferrals under Section 8.09(c), except that no portion of a Participant's QNEC Account may be distributed on account of Hardship. (See Section 8.09(e).)

(C) **Allocation conditions.** A QNEC will not be subject to the allocation provisions applicable to Employer Contributions, as designated under AA §6-3, unless provided otherwise under AA §6D-3.

(ii) **Allocation method for QNECs.**

(A) **Participants.** The Employer may allocate the QNEC as a uniform percentage of Plan Compensation or as a uniform dollar amount to all Nonhighly Compensated Participants Alternatively, the Employer may elect under AA §6D-3(a) to allocate any QNEC under the Plan to all Participants (rather than to just Nonhighly Compensated Participants).

(B) **Targeted QNEC.** The Employer may allocate the QNEC as a Targeted QNEC. If the Employer makes a Targeted QNEC, the QNEC will be allocated to Nonhighly Compensated Participants in the QNEC Allocation Group, starting with Nonhighly Compensated Participants with the lowest Plan Compensation for the Plan Year. For this purpose, the QNEC Allocation Group is made up of the Nonhighly Compensated Participants (equal to one-half of total Nonhighly Compensated Participants under the Plan), with the lowest level of Plan Compensation for the Plan Year.

(I) **5% of Plan Compensation limit.** The QNEC will be allocated to the Nonhighly Compensated Employees in the QNEC Allocation Group up to a maximum of 5% of Plan Compensation. The QNEC will be allocated first to the Nonhighly Compensated Participant(s) with the lowest Plan Compensation (up to the 5% of Plan Compensation maximum allocation) and continuing with Nonhighly Compensated Employees in the QNEC Allocation Group with the next higher level of Plan Compensation, until all of the QNEC has been allocated (or until all Nonhighly Compensated Employees in the QNEC Allocation Group have received the maximum 5% of Plan Compensation QNEC allocation).

(II) **Reallocation to lowest one-half of Nonhighly Compensated Participants.** If a QNEC remains unallocated after the allocation under subsection (I), the remaining QNEC will continue to be allocated in accordance with subsection (I), in increments equal to twice the level of QNEC allocated to the rest of the QNEC Allocation Group. Thus, for example, if a QNEC remains unallocated after allocating the full 5% of Plan Compensation to the QNEC Allocation Group, the QNEC will continue to be allocated up to 10% of Plan Compensation (twice the QNEC already allocated to the QNEC Allocation Group) beginning with the Nonhighly Compensated Employee in the QNEC Allocation Group with the lowest Plan Compensation.

(III) **Additional members in QNEC Allocation Group.** If at any time, a Nonhighly Compensated Participant is not able to receive a full QNEC allocation under subsection (I) or (II) (e.g., due to the application of the Code §415 Limitation), the Nonhighly

© Copyright 2017

Compensated Participant with the next higher level of Plan Compensation (that is not in the QNEC Allocation Group) will be added to the QNEC Allocation Group.

(7) **Frozen Plan.** The Employer may designate under AA §2 that the Plan is a frozen Plan. As a frozen Plan, the Employer will not make any Employer Contributions with respect to Plan Compensation earned after the date identified in AA §2. In addition, if the Plan allows Salary Deferrals, no Participant will be permitted to make Elective Deferrals or After-Tax Employee Contributions to the Plan for any period following the effective date of the freeze as identified in AA §2. All amounts credited to an affected Participant's Account become 100% vested, regardless of the Participant's vested percentage. If the Plan holds any unallocated forfeitures at the time of the freeze, such forfeitures may be allocated to all eligible Participants in the year of the freeze, regardless of any contrary selections under AA §8-6.

(b) **Mandatory Contributions.** The Employer may elect under AA §6 to have Mandatory Contributions under the Plan. Mandatory Contributions are treated as Employer Contributions under the Plan.

(c) **Period for determining Employer Contributions.** In determining the amount of Employer Contributions to be allocated to Participants under the Plan, the Plan will take into account Plan Compensation for the Plan Year. The Employer may designate under the AA alternative periods for determining the allocation of Employer Contributions. If alternative periods are designated, a Participant's allocation of Employer Contributions will be determined separately for each designated period based on Plan Compensation earned during such period. If an alternative period is designated, the Employer need not actually make the Employer Contribution during the designated period, provided the total Employer Contribution for the Plan Year is allocated based on the proper Plan Compensation. (If the permitted disparity allocation method applies and the Employer is subject to the nondiscrimination requirements under Code §401(a)(4), the allocation will be based on the Plan Year.)

(d) **Offset of Employer Contributions.**

(1) **Offset of Employer Contributions by Safe Harbor Employer Contributions.** If the Plan provides for Safe Harbor Employer Contributions and such Safe Harbor Employer Contributions are not available to all eligible Participants, the Employer may elect under the AA to offset any additional Employer Contributions a Participant would otherwise receive by the amount of Safe Harbor Employer Contributions the Participant receives under the Plan. Thus, when allocating any additional Employer Contributions under the Plan, if so elected under the AA, no amounts will be allocated to Participants who receive a Safe Harbor Employer Contribution until the amount of additional Employer Contributions exceeds the amount of Safe Harbor Employer Contributions received under the Plan. For this purpose, if the permitted disparity allocation method applies, this offset applies only to the second step of the permitted disparity formula.

(2) **Offset for contributions under another qualified plan maintained by the Employer.** If the Employer maintains any other qualified plan(s) which cover any Participants under this Plan, the Employer may elect under the AA to reduce such Participants' allocation under this Plan to take into account the benefits provided under the Employer's other qualified plan(s). If applicable, for purposes of satisfying the coverage requirements under Code §410(b) and the nondiscrimination requirements under Code §401(a)(4), this Plan may need to be aggregated with such other qualified plan(s) in accordance with Treas. Reg. §1.410(b)-7. The Employer may attach an addendum to the Adoption Agreement describing how the offset will be applied.

3.03 **Salary Deferrals.** Subject to the terms of the applicable Investment Arrangement(s), the Employer may elect under AA §6A to authorize Participants to make Salary Deferrals under the Plan. A Participant's total Salary Deferrals under this Plan may not exceed the Elective Deferral Dollar Limit described under Section 5.02 or the amount permitted under the Code §415 Limitation described under Section 5.03. Subject to the universal availability requirements, the Employer may elect under AA §6A-2 to apply a different limit on Salary Deferrals.

(a) **Salary Reduction Agreement.** In order to make Salary Deferrals under the Plan, a Participant must enter into a Salary Reduction Agreement which authorizes the Employer to withhold a specific dollar amount or a specific percentage from the Participant's Plan Compensation. The Salary Reduction Agreement may permit a Participant to specify a different percentage or dollar amount be withheld from specified components of Plan Compensation, such as base pay, bonuses, commissions, etc. The Employer may apply special limits on the amount of Salary Deferrals that may be deferred from bonus payments or may apply special deferral limits applicable to bonus payments under the Salary Reduction Agreement, without regard to any limitations selected under the Adoption Agreement. The Employer will deposit any amounts withheld from a Participant's Plan Compensation as Salary Deferrals into the Participant's Salary Deferral Account under the Plan. A Salary Reduction Agreement may only relate to Plan Compensation that is not currently available at the time the Salary Reduction Agreement is completed. The Salary Reduction Agreement may provide that the Employee's deferral election will increase by a designated amount unless the Employee affirmatively elects otherwise. In determining the amount to be withheld from a Participant's Plan Compensation, the Plan Administrator

© Copyright 2017

may round any Salary Reduction Agreement election to the next highest or lowest whole dollar amount and may require that any Salary Reduction Agreement election must designate a whole percentage of Plan Compensation for a Salary Deferral. The Employer may designate under AA §6A-9 to apply a special effective date as of which Participants may begin making Salary Deferrals under the Plan. Regardless of any special effective date designated under AA §6A-9, a Salary Reduction Agreement may not be effective prior to the later of:

(1) the date the Employee becomes a Participant;

(2) the date the Participant executes the Salary Reduction Agreement; or

(3) the date the Plan is first adopted or effective.

For this purpose, Salary Deferrals may be taken into account for a Plan Year only if the Salary Deferrals are allocated to the Employee's Account as of a date within that Plan Year. For this purpose, Salary Deferrals are considered allocated as of a date within a Plan Year only if the allocation is not contingent on the Employee's participation in the Plan or performance of services on any subsequent date and the Salary Deferrals are actually paid to the Plan no later than the end of the 12-month period immediately following the year to which the contribution relates. In addition, the Salary Deferrals must relate to Plan Compensation that either would have been received by the Employee in the Plan Year but for the Employee's election to defer or are attributable to services performed by the Employee in the Plan Year and, but for the Employee's election to defer, would have been received by the Employee within 2½ months after the close of the Plan Year.

In addition, Salary Deferrals made pursuant to a Salary Reduction Agreement may not be made earlier than the date the Participant performs the services to which such Salary Deferrals relate or the date the compensation subject to such Salary Reduction Agreement would be currently available to the Participant absent the deferral election (if earlier). Regardless of when a Participant elects to commence making Salary Deferrals, the Employer may delay commencement for a reasonable period of time in order to implement the Salary Reduction Agreement.

A Salary Reduction Agreement is valid even though it is executed by an Employee before he/she actually has qualified as a Participant, so long as the Salary Reduction Agreement is not effective before the date the Employee is a Participant.

Unless a Salary Reduction Agreement is otherwise revised, if an Employee is absent from work by leave of absence, Salary Deferrals under the Plan shall continue to the extent that Plan Compensation continues.

(b) **Change in deferral election.** An Employee must be permitted to enter into a new Salary Reduction Agreement or to modify or terminate an existing Salary Reduction Agreement at least once a year. The Employer may designate additional dates on the Salary Reduction Agreement form (or other written procedures) as to when a Participant may modify or terminate a Salary Reduction Agreement. Any election to modify or terminate a Salary Reduction Agreement will take effect within a reasonable period following such election and will apply only on a prospective basis. The Employer may allow an Employee to increase his/her deferral election up to the Elective Deferral Dollar Limit at any time during the last two months of the Plan Year. The rules for modifying a Salary Reduction Agreement are subject to the terms governing the applicable Investment Arrangement.

(c) **Automatic Contribution Arrangement.** The Employer may elect under AA §6A-8 to provide for an automatic deferral election under the Plan. If the Employer elects to apply an automatic deferral election, the Employer will automatically withhold the amount designated under AA §6A-8 from Participants' Plan Compensation, unless the Participant completes a Salary Reduction Agreement electing a different deferral amount (including a zero deferral amount). Unless provided otherwise under AA §6A-8, an Employee who is automatically enrolled under a prior plan document will continue to be automatically enrolled under the current Plan document.

(1) **Eligible Automatic Contribution Arrangement (EACA).** To the extent an Automatic Contribution Arrangement satisfies the requirements of an EACA for a Plan Year, as set forth below, such Automatic Contribution Arrangement will automatically qualify as an EACA for purposes of applying the special rules applicable to EACAs described in subsection (2) below. If an Automatic Contribution Arrangement does not satisfy the requirement for an EACA for an entire Plan Year, the Automatic Contribution Arrangement will not be eligible for the special EACA provisions under subsection (3) for such Plan Year. However, the Automatic Contribution Arrangement continues to apply for such Plan Year and the failure to qualify as an EACA has no impact on the qualified status of the Plan or on the Employer's ability to rely on the Favorable IRS Letter issued with respect to the Plan. Thus, the provisions under subsection (2) will continue to apply as selected in AA 6A-8 for the Plan Year, even if the Automatic Contributions Arrangement does not qualify as an EACA for the entire Plan Year. For this purpose, an Automatic Contribution Arrangement that satisfies the requirements for a QACA under Section 6.04(b) also may qualify as an EACA under this subsection (c).

© Copyright 2017

(2) **Definition of Eligible Automatic Contribution Arrangement (EACA).** The Plan will qualify as an EACA if the Plan provides for an automatic deferral election (as described in subsection (i)) and provides an annual written notice as described in subsection (iv) below. Any Salary Deferrals withheld pursuant to an automatic deferral election will be deposited into the Participant's Salary Deferral Account.

(i) **Automatic deferral election.** To qualify as an EACA, each Employee eligible to participate in the Plan must have a reasonable opportunity after receipt of the notice described in subsection (iv) to make an affirmative election to defer (or an election not to defer) under the Plan before any automatic deferral election goes into effect. If an automatic deferral election applies under the Plan, such election will not apply to Participants who have entered into a Salary Reduction Agreement for an amount equal to or greater than the automatic deferral amount designated under AA §6A-8. The Employer also may elect to apply the automatic deferral election only to Participants who become eligible to participate after a specified date. If the Plan otherwise qualifies as an EACA but the automatic contribution arrangement does not apply to all eligible Employees (who have not entered into an affirmative deferral election), the Plan will not qualify for the extended 6-month correction period described in subsection (3)(ii) below.

An automatic deferral election ceases to apply with respect to any Employee who makes an affirmative election (that remains in effect) to make Salary Deferrals or to not have any Salary Deferrals made on his/her behalf. Salary Deferrals made pursuant to an automatic deferral election will cease as soon as administratively feasible after an Eligible Employee makes an affirmative deferral election. In addition, automatic deferrals will be reduced or stopped to meet the limitations under Code §§402(g), and 415 and to satisfy any suspension period required after a distribution.

Unless elected otherwise under AA §6A-8(a)(6)(i), a Participant's affirmative election to defer (or to not defer) will cease upon termination of employment. If a terminated Participant's affirmative election to defer (or to not defer) ceases upon termination of employment, the Participant will be subject to the automatic deferral provisions of this subsection (i) upon rehire, including the default election provisions and the notice requirements under subsection (iv) below.

(ii) **Uniformity requirement.** If an Eligible Employee does not make an affirmative deferral election, such Employee will be treated as having elected to make Salary Deferrals in an amount equal to a uniform percentage of Plan Compensation as set forth in AA §6A-8. For this purpose, an automatic deferral election will not fail to be a uniform percentage of Plan Compensation merely because:

(A) The deferral percentage varies based on the number of years an eligible Employee has participated in the Plan (e.g., due to the application of an automatic increase provisions);

(B) The automatic deferral election does not reduce a Salary Deferral election in effect immediately prior to the effective date of the automatic deferral election;

(C) The rate of Salary Deferrals is limited so as not to exceed the limits of Code §402(g) (determined with or without Catch-Up Contributions) and 415; or

(D) The automatic deferral election is not applied during the period an employee is not permitted to make Salary Deferrals.

(iii) **Automatic increase.** The Plan may provide under AA §6A-8 that the automatic deferral amount will automatically increase by a designated percentage each Plan Year. Unless designated otherwise under AA §6A-8(a)(5), in applying any automatic deferral increase under AA §6A-8, the initial deferral amount will apply for the period that begins when the employee first participates in the automatic contribution arrangement and ends on the last day of the following Plan Year. The automatic increase will apply for each Plan Year beginning with the Plan Year immediately following the initial deferral period and for each subsequent Plan Year. For example, if an Employee makes his/her first automatic deferral for the period beginning July 1, 2017, and no special election is made under AA §6A-8(a)(5), the first automatic increase would take effect on January 1, 2019 (assuming the Plan is using a calendar Plan Year) which is the first day of the Plan Year beginning after the first Plan Year following the period for which the Employee makes his/her first automatic deferral under the Plan.

(iv) **Annual notice requirement.** Each eligible Employee must receive a written notice describing the Participant's rights and obligations under the Plan which is sufficiently accurate and comprehensive to apprise the Employee of such rights and obligations, and is written in a manner calculated to be understood by the average Plan Participant. The annual notice only needs to be provided to those

© Copyright 2017

Employees who are covered under the Automatic Contribution Arrangement. If it is impractical to provide the annual notice to a newly eligible Participant before the date such individual becomes eligible to participate under the Plan, the notice will be treated as timely if it is provided as soon as practicable after such date and the Employee is permitted to defer from Plan Compensation earned beginning on the date of participation.

(A) **Contents of annual notice.** To qualify as an EACA, the annual notice must contain the same information as applies for purposes of the safe harbor notice described under Section 6.04. However, to qualify as an EACA, the annual notice must also include a description of:

(I) the level of Salary Deferrals which will be made on the Employee's behalf if the Employee does not make an affirmative election;

(II) the Employee's right under the EACA to elect not to have Salary Deferrals made on the Employee's behalf (or to elect to have such Salary Deferrals made in a different amount or percentage of Plan Compensation);

(III) how contributions under the EACA will be invested and, if the Plan provides for Participant direction of investment, how Salary Deferrals made pursuant to an automatic deferral election will be invested in the absence of an investment election by the Employee; and

(IV) the Employee's right to make a permissible withdrawal (as described under subsection (3)(i) below), if applicable, and the procedures to elect such a withdrawal.

(B) **Timing of annual notice.** The annual notice described under this subsection (iv) must be provided at the same time and in the same manner as the annual safe harbor notice described in Section 6.04. The annual notice must be provided within a reasonable period before the beginning of each Plan Year (or, in the year an Employee becomes an eligible Employee, within a reasonable period before the Employee becomes an eligible Employee). In addition, a notice satisfies the timing requirements only if it is provided sufficiently early so that the Employee has a reasonable period of time after receipt of the notice and before the first Salary Deferral made under the arrangement to make an alternative deferral election.

The annual notice will be deemed timely if it is provided to each eligible Employee at least 30 days (and no more than 90 days) before the beginning of each Plan Year. In the case of an Employee who does not receive the notice within such period because the Employee becomes an eligible Employee after the 90th day before the beginning of the Plan Year, the timing requirement is deemed to be satisfied if the notice is provided no more than 90 days before the Employee becomes an eligible Employee (and no later than the date the Employee becomes an eligible Employee).

(v) **Timing of automatic deferral.** Generally, the automatic deferral will commence as of the date the Employee is otherwise eligible to make Salary Deferrals under the Plan, if the Employee had completed a Salary Reduction Agreement. However, the automatic deferral will be treated as timely if the automatic deferral commences no later than the earlier of the pay date for the second payroll period or the pay date that occurs at least 30 days following the later of:

(A) the date on which the Employee first becomes an Eligible Employee (or becomes an Eligible Employee following a rehire); or

(B) the date on which such Employee is provided notice of the automatic deferral.

(3) **Special Rules for Eligible Automatic Contribution Arrangement (EACA).** If the Plan provides for an automatic deferral election provision under AA §6A-8 and such automatic deferral election qualifies as an EACA, the Employer may elect to offer special permissible withdrawals (as set forth in subsection (i) below) and will qualify for the special delayed testing date for purposes of making refunds of Excess Aggregate Contributions (as described in subsection (ii) below). To qualify as an EACA, the Plan must satisfy the provisions of subsection (2) for the entire Plan Year. Generally, a Plan that satisfies the QACA requirements will also satisfy the requirements for an EACA.

(i) **Permissible Withdrawals under EACA.** If so elected under AA §6A-8(b), any Employee who has Salary Deferrals contributed to the Plan pursuant to an automatic deferral election under an EACA may

© Copyright 2017

elect to withdraw such contributions (and earnings attributable thereto) in accordance with the requirements of this subsection (i). A permissible withdrawal under this subsection (i) may be made without regard to any elections under AA §10 and will not cause the Plan to fail the prohibition on in-service distribution applicable to Salary Deferrals under Section 8.09(c). In addition, such withdrawal may be made without regard to any notice or consent otherwise required under Code §401(a)(11) or §417. Any Salary Deferrals that are distributed under this subsection (i) are not taken into account under the ACP Test for the Plan Year for which the Salary Deferrals were made or for any other Plan Year.

(A) **Amount of distribution.** A distribution satisfies the requirement of this subsection (i) if the distribution is equal to the amount of Salary Deferrals made pursuant to the automatic deferral election through the effective date of the withdrawal election (as described in subsection (C)) adjusted for allocable gains and losses as of the date of the distribution.

The distribution amount determined under this subsection (A) may be reduced by any generally applicable fees. However, the Plan may not charge a greater fee for a permissible distribution under this subsection (i) than applies with respect to other Plan distributions.

(B) **Timing of permissive withdrawal election.** An election to withdraw Salary Deferrals under this subsection (i) must be made no later than 90 days after the date of the first default Salary Deferral under the EACA. The date of the first default Salary Deferral is the date that the Plan Compensation from which such Salary Deferrals are withheld would otherwise have been included in gross income. The Employer may designate an alternative period for making permissive withdrawals under AA §6A-8(b)(3).

(C) **Effective date of permissible withdrawal.** The effective date of a permissible withdrawal election cannot be later than the pay date for the second payroll period that begins after the election is made or, if earlier, the first pay date that occurs at least 30 days after the election is made. If an Employee does not make automatic deferrals to the Plan for an entire Plan Year (e.g., due to termination of employment), the Plan may allow such Employee to take a permissive withdrawal, but only with respect to default contributions made after the Employee's return to employment.

(D) **Consequences of permissible withdrawal.** Any amount distributed under this subsection (i) is includible in the Employee's gross income for the Taxable Year in which the distribution is made. However, the portion of any distribution consisting of Roth Deferrals is not included in an Employee's gross income a second time. In addition, a permissible withdrawal under this subsection (i) is not subject to any penalty tax under Code §72(t). Unless the Employee affirmatively elects otherwise, any withdrawal request will be treated as an affirmative election to stop having Salary Deferrals made on the Employee's behalf as of the date specified in subsection (C) above.

(E) **Forfeiture of Matching Contributions.** In the case of any withdrawal made under this subsection (i), any Matching Contributions made with respect to such withdrawn Salary Deferrals must be forfeited. Any forfeiture of Matching Contributions under this subsection (E) will be made in accordance with the requirements of Section 7.11.

(ii) **Expansion of corrective distribution period for EACAs.** If the Plan qualifies as an EACA (as defined in subsection (2) above), the corrective distribution provisions applicable to Excess Aggregate Contributions under Section 6.02(b)(2) are modified to allow a corrective distribution no later than 6 months (instead of 2½ months) after the last day of the Plan Year in which such excess amounts arose to avoid the 10% excise tax with respect to such corrective distributions.

(iii) **Preemption of state law.** In applying the provisions of this subsection (c), if the Plan satisfies the requirements for an EACA (as defined under subsection (2)), any law of a State which would directly or indirectly prohibit or restrict the inclusion of an automatic contribution arrangement shall be superseded.

(d) **Age 50 Catch-Up Contributions.** If permitted under AA §6A-4 and subject to the terms of the applicable Investment Arrangement(s), a Participant who is aged 50 or over by the end of his/her Taxable Year beginning in the calendar year may make Age 50 Catch-Up Contributions under the Plan, provided such Age 50 Catch-Up Contributions are in excess of an otherwise applicable limit under the Plan. For this purpose, an otherwise applicable Plan limit is a limit in the Plan that applies to Salary Deferrals without regard to Age 50 Catch-up Contributions, such as the Code §415 Limitation (described in Section 5.03) and the Elective Deferral Dollar Limit (described in Section 5.02).

© Copyright 2017

(1) **Age 50 Catch-Up Contribution Limit.** Age 50 Catch-up Contributions for a Participant for a Taxable Year may not exceed the Age 50 Catch-Up Contribution Limit. The Age 50 Catch-Up Contribution Limit for Taxable Years beginning in 2015 is $6,000. For Taxable Years beginning after 2015, the Age 50 Catch-Up Contribution Limit will be adjusted for cost-of-living increases under Code §414(v)(2)(C).

(2) **Special treatment of Catch-Up Contributions.** Age 50 Catch-up Contributions are not subject to the Elective Deferral Dollar Limit or the Code §415 Limitation.

(e) **Special Catch-Up Contributions for certain Employees of Qualified Organizations.** If permitted under AA §6A-4 and subject to the terms of the applicable Investment Arrangement(s), solely for a Participant who is an Employee with 15 years of service (as defined in Treas. Reg. §1.403(b)-4(c)(3)) with an Employer that is a Qualified Organization (a "Qualified Employee"), the limit under Code §402(g) for a Participant's Taxable Year is increased to the least of the following:

(1) $3,000;

(2) The excess of:

(i) $15,000, reduced by

(ii) The total Special §403(b) Catch-up Contributions made for the Qualified Employee by the Qualified Organization for prior years; or

(3) The excess of:

(i) $5,000 multiplied by the number of Years of Service of the Employee with the Qualified Organization, reduced by

(ii) The total Salary Deferrals made for the Employee by the Qualified Organization for prior years.

(f) **Coordination of Age 50 Catch-Up Contributions and Special Catch-Up Contributions.** The Plan will treat any catch-up amount that is contributed by an Employee who is eligible for both the Age 50 Catch-Up Contribution and Special Catch-Up Contribution first as a Special Catch-Up Contribution to the extent permitted and then as an Age 50 Catch-Up Contribution. However, in no event may the amount of Salary Deferrals for a year exceed the Participant's Plan Compensation for the year.

(g) **Roth Deferrals.** If permitted under AA §6A-5 and subject to the terms of the applicable Investment Arrangement(s), a Participant may designate all or a portion of his/her Salary Deferrals as Roth Deferrals. For this purpose, a Roth Deferral is a Salary Deferral that satisfies the following conditions.

(1) **Irrevocable election.** The Participant makes an irrevocable election (at the time the Participant enters into his/her Salary Reduction Agreement) designating all or a portion of his/her Salary Deferrals as Roth Deferrals. The irrevocable election applies with respect to Salary Deferrals that are made pursuant to such election. A Participant may modify or change a Salary Reduction Agreement to increase or decrease the amount of Salary Deferrals designated as Roth Deferrals, provided such change or modification applies only with respect to Salary Deferrals made after such change or modification. (See subsection (b) above for rules regarding the timing of permissible changes or modifications to a Participant's Salary Reduction Agreement.)

(2) **Subject to immediate taxation.** To the extent a Participant designates all or a portion of his/her Salary Deferrals as Roth Deferrals, such amounts will be includible in the Participant's income at the time the Participant would have received the contribution amounts in cash if the Employee had not made the Salary Deferral election.

(3) **Separate account.** Any amounts designated as Roth Deferrals will be maintained by the Plan in a separate Roth Deferral Account. The Plan will credit and debit all contributions and withdrawals of Roth Deferrals to such separate Account. The Plan will separately allocate gains, losses, and other credits and charges to the Roth Deferral Account on a reasonable basis that is consistent with such allocations for other Accounts under the Plan. However, in no event may the Plan allocate forfeitures under the Plan to the Roth Deferral Account. The Plan will separately track Participants' accumulated Roth Deferrals and the earnings on such amounts.

(4) **Satisfaction of Salary Deferral requirements.** Roth Deferrals are subject to the same requirements as apply to Salary Deferrals. Thus, Roth Deferrals are subject to the following requirements:

© Copyright 2017

(i) Roth Deferrals are always 100% vested;

(ii) Roth Deferrals are subject to the Elective Deferral Dollar Limit. For this purpose, all Salary Deferrals (both Pre-Tax Deferrals and Roth Deferrals) are aggregated in applying the Elective Deferral Dollar Limit;

(iii) Roth Deferrals are subject to the same distribution restrictions as apply to Salary Deferrals under Section 8.09(c); and

(iv) Roth Deferrals are subject to the required minimum distribution requirements under Code §401(a)(9).

(5) **Rollover of Roth Deferrals.**

(i) **Rollovers from this Plan.** For purposes of the rollover rules under Section 8.05, a Direct Rollover of a distribution from a Participant's Roth Deferral Account will only be made to another Roth Deferral Account under a qualified plan described in Code §401(a) or an annuity contract or custodial account described in Code §403(b) or to a Roth IRA described in §408A, and only to the extent the rollover is permitted under the rules of Code §402(c).

(ii) **Rollovers to this Plan.** Subject to the provisions under Article 4, a Participant may make a Rollover Contribution to his/her Roth Deferral Account only if the rollover is a Direct Rollover from another Roth Deferral Account under a qualified retirement plan (as described in Article 4) and only to the extent the rollover is permitted under the rules of Code §402(c). A rollover of Roth Deferrals may not be made to this Plan from a Roth IRA. Any rollover of Roth Deferrals to this Plan will be held in a separate Roth Rollover Account.

(iii) **Minimum rollover amount.** The Plan will not provide for a Direct Rollover (including an Automatic Rollover) for distributions from a Participant's Roth Deferral Account if it is reasonably expected (at the time of the distribution) that the total amount the Participant will receive as a distribution during the calendar year will total less than $200. In addition, any distribution from a Participant's Roth Deferral Account is not taken into account in determining whether distributions from a Participant's other Accounts are reasonably expected to total less than $200 during a year. However, Eligible Rollover Distributions from a Participant's Roth Deferral Account are taken into account in determining whether the total amount of the Participant's Account Balances under the Plan exceeds $1,000 for purposes of applying the Automatic Rollover provisions under Section 8.06.

(iv) **Separate treatment of Roth Deferrals.** The provisions under Section 8.05 that allow a Participant to elect a Direct Rollover of only a portion of an Eligible Rollover Distribution but only if the amount rolled over is at least $500 is applied by treating any amount distributed from the Participant's Roth Deferral Account as a separate distribution from any amount distributed from the Participant's other Accounts in the Plan, even if the amounts are distributed at the same time.

(h) **In-Plan Roth Conversions.** The Employer may elect under the Adoption Agreement to permit In-Plan Roth Conversions under the Plan. For this purpose, an In-Plan Roth Conversion is a conversion of amounts held in a Participant's Plan Account, other than a Roth Deferral Account or Roth Rollover Account, into the Participant's In-Plan Roth Conversion Account under the Plan, pursuant to Code §402A(c)(4). Any election to make an In-Plan Roth Conversion during a Taxable Year may not be changed after the In-Plan Roth Conversion is completed. (For In-Plan Roth Conversions completed prior to January 1. 2013, a Participant had to be eligible to receive a distribution of the converted amounts at the time of the In-Plan Roth Conversion.)

An In-Plan Roth Conversion may be elected by a Participant, a Spousal beneficiary, or an Alternate Payee who is a Spouse or former Spouse. To the extent the term "Participant" is used for purposes of determining eligibility to make an In-Plan Roth Conversion, such term will also include a Spousal beneficiary and an Alternate Payee who is a Spouse or former Spouse.

To permit In-Plan Roth Conversions, the Plan must provide for Roth Deferrals under AA §6A-5(a) as of the date the In-Plan Roth Conversion is permitted under the Plan. If In-Plan Roth Conversions are not specifically authorized under AA §6A-5(c), Participants may not make an In-Plan Roth Conversion.

(1) **Amounts Eligible for In-Plan Roth Conversion.** If permitted under the Adoption Agreement, a Participant may convert any portion of his/her vested Account Balance (other than amounts attributable to Roth Deferrals or Roth Deferral rollovers) to an In-Plan Roth Conversion Account. Unless elected otherwise under the Adoption

© Copyright 2017

Agreement, a Participant need not be eligible to receive a distribution from the Plan at the time of the In-Plan Roth Conversion.

In addition, an In-Plan Roth Conversion will not be treated as a distribution for the following purposes:

(i) **Participant loans.** A Participant loan directly transferred in an In-Plan Roth Conversion without changing the repayment schedule is not treated as a new loan. The Employer may elect in the Adoption Agreement to not permit Participant loans to be distributed as part of an In-Plan Roth Conversion.

(ii) **Spousal consent.** An In-Plan Roth Conversion is not treated as a distribution for purposes of applying the spousal consent requirements under the Plan. Thus, a married Plan Participant is not required to obtain spousal consent in connection with an election to make an In-Plan Roth Conversion, even if the Plan is otherwise subject to spousal consent requirements.

(iii) **Participant consent.** An In-Plan Roth Conversion is not treated as a distribution for purposes of applying the participant consent requirements under Code §411(a)(11). Thus, amounts that are converted as part of an In-Plan Roth Conversion continue to be taken into account in determining whether the Participant's vested Account Balance exceeds $5,000 for purposes of applying the Involuntary Cash-Out provisions and will not trigger the requirement for a notice of the Participant's right to defer receipt of the distribution.

(2) **Mandatory withholding.** An In-Plan Roth Conversion is not subject to 20% mandatory withholding under Code §3405(c).

(3) **Distribution restrictions.** Generally, a distribution will be permitted from the In-Plan Roth Conversion Account to the extent permitted for regular Roth Deferrals under AA §10-1. The distribution restrictions normally applicable to Roth Deferrals, as described in Section 8.09(c), do not apply to the extent the conversion is from a contribution source that is not otherwise subject to the distribution restrictions applicable to Roth Deferrals. In addition, distribution restrictions that otherwise apply with respect to a specific contribution source will continue to apply if such contribution source is converted to Roth Deferrals. For example, if Safe Harbor Contributions are converted to Roth Deferrals, such amounts may not be distributed on account of hardship or other event not otherwise permitted under Section 8.09(c), unless permitted otherwise under IRS guidance.

(4) **Effect of In-Plan Roth Conversion.** A Participant must include in gross income the taxable amount of an In-Plan Roth Conversion. For this purpose, the taxable amount of an In-Plan Roth Conversion is the fair market value of the distribution reduced by any basis in the converted amounts. If an outstanding loan is rolled over as part of an In-Plan Roth Conversion, the amount includible in gross income includes the balance of the loan.

Generally, the taxable amount of an In-Plan Roth Conversion is includible in gross income in the Taxable Year in which the conversion occurs.

(5) **Application of Early Distribution Penalty under Code §72(t).** An In-Plan Roth Conversion is not subject to the early distribution penalty under Code §72(t) at the time of the conversion. However, if an amount allocable to the taxable amount of an In-Plan Roth Conversion is subsequently distributed within the 5-taxable-year period beginning with the first day of the Participant's Taxable Year in which the conversion was made, the amount distributed is treated as includible in gross income for purposes of applying the Code §72(t) early distribution penalty. For this purpose, the 5-taxable-year period ends on the last day of the Participant's fifth Taxable Year in the period. This subsection (5) will not apply to the extent the distribution is rolled over to a Roth account in another qualified plan or is rolled over to a Roth IRA. However, the rule under this subsection (5) will apply to any subsequent distributions made from such other Roth account or Roth IRA within the 5-taxable-year period.

(6) **Contribution Sources.** Unless elected otherwise under the Adoption Agreement, an In-Plan Roth Conversion may be made from any contribution source under the Plan, other than a Roth Deferral Account or Roth Rollover Account. The Employer may elect to limit the contribution sources that are eligible for In-Plan Roth Conversion. In addition, the Employer may elect to limit In-Plan Roth Conversions to contribution accounts that are 100% vested.

(i) **Non-ERISA Salary Reduction Only Plan.** If the Plan is funded solely through Salary Reduction Agreements with Employees, the Plan is not subject to the requirements under Title I of ERISA if it satisfies the safe harbor conditions of Department of Labor regulation §2510.3-2(f). The Plan must also satisfy the requirements under Department of Labor Field Assistance Bulletins 2007-02 and 2010-01.

(1) **Safe harbor conditions**. The safe harbor conditions are:

© Copyright 2017

(i) The participation of Employees is completely voluntary;

(ii) All rights under the applicable Annuity Contract or Custodial Account are enforceable solely by the Employee or beneficiary of such Employee, or by an authorized representative of such Employee or beneficiary;

(iii) The involvement of the Employer is limited to certain optional specified activities, including:

(A) The Employer may permit annuity contractors—including agents or brokers who offer Annuity Contracts or make available Custodial Accounts—to publicize their products.

(B) The Employer may request information concerning proposed funding media, products, or annuity contractors, and may compile such information to facilitate review and analysis by the Employees.

(C) The Employer may enter into Salary Reduction Agreements and collect Annuity Contract or Custodial Account considerations required by the agreements, remit them to annuity contractors, and maintain records of such collections.

(D) The Employer may hold one or more group Annuity Contracts in the Employer's name covering its Employees and exercise rights as representative of its Employees under the contract, at least with respect to amendments of the contract.

(E) The Employer may limit funding media or products available to Employees, or annuity contractors who may approach the Employees, to a number and selection designed to afford Employees a reasonable choice in light of all relevant circumstances.

(F) The Employer may comply with the requirements of the IRS regulations under Code §403(b), including having a written plan document.

(iv) The Employer receives no direct or indirect consideration or compensation in cash or otherwise other than reasonable reimbursement to cover expenses properly and actually incurred in performing the employer's duties pursuant to the salary reduction agreements;

(v) The Employer must generally offer a choice of more than one Vendor and more than one investment product; and

(vi) The Employer may not have discretionary authority to exchange or move Employee funds.

(2) **Satisfaction of the safe harbor conditions of Department of Labor regulation §2510.3-2(f).** If the Plan satisfies the safe harbor conditions of Department of Labor regulation §2510.3-2(f), the Plan is not subject to the requirements of Title I of ERISA that are enumerated under the terms of this Plan.

(3) **Failure to satisfy the safe harbor conditions of Department of Labor regulation §2510.3-2(f).** If the Plan fails to satisfy the safe harbor conditions of Department of Labor regulation §2510.3-2(f) at the inception of the Plan or at any later time, the Plan is subject to the requirements of Title I of ERISA that are enumerated under the terms of this Plan.

3.04 **Matching Contributions.** The Employer may elect under AA §6B to authorize Matching Contributions under the Plan. If the Employer elects more than one Matching Contribution formula under AA §6B-2, each formula is applied separately. A Participant's aggregate Matching Contributions will be the sum of the Matching Contributions under all such formulas. Any Matching Contribution made under the Plan will be allocated to Participants' Matching Contribution Account. To receive an allocation of Matching Contributions, a Participant must satisfy any allocations conditions designated under the Plan.

A contribution will not be considered a Matching Contribution if such contribution is contributed before the underlying Salary Deferral or After-Tax Employee Contribution election is made or before an Employee performs the services with respect to which the underlying Salary Deferrals or After-Tax Employee Contributions are made (or when the cash that is subject to such election would be currently available, if earlier). A Matching Contribution will not be treated as failing to satisfy the requirements of this paragraph merely because contributions are occasionally made before the Employee performs the services with respect to which the underlying Salary Deferral or After-Tax Employee Contribution election is made (or when the cash that is subject to such elections would be currently available, if earlier) in order to accommodate bona fide administrative considerations (and such amounts are not paid early for the principal purpose of accelerating deductions).

© Copyright 2017

(a) **Contributions eligible for Matching Contributions.** The Matching Contribution formula(s) apply to Salary Deferrals made under the Plan, to the extent authorized under the Adoption Agreement. The Employer may elect under AA §6D-2(c) to include After-Tax Employee Contributions in the Matching Contribution formula(s). If the Matching Contribution formula(s) applies to both Salary Deferrals and After-Tax Employee Contributions, such contributions are aggregated to determine the Matching Contributions under the Plan. Any reference to Salary Deferrals under the Matching Contribution formula(s) includes After-Tax Employee Contributions to the extent such amounts are eligible for Matching Contributions under the Plan.

In addition, the Employer may elect under AA §6B-3(b) to match Elective Deferrals under another 403(b) plan, a qualified plan under Code §401(a) or 457 plan maintained by the Employer. If the Employer elects to make a Matching Contribution based on the Employee's Elective Deferrals or Roth Deferrals under another 403(b) plan, a qualified plan under Code §401(a) or §457 plan, the Employer shall make a Matching Contribution on behalf of any eligible Participant who makes Elective Deferrals or Roth Deferrals to the plan designated under AA §6B-3(b). Any such Matching Contribution made to the Plan will be allocated in accordance with any special provisions added under AA §6B-3(b). Any such Matching Contributions will be in addition to any Matching Contributions made with respect to Salary Deferrals or After-Tax Employee Contributions under this Plan.

(b) **Period for determining Matching Contributions.** AA §6B-5 sets forth the period for which the Matching Contribution formula(s) applies. For this purpose, the period designated in AA §6B-5 applies for purposes of determining the amount of Salary Deferrals (and After-Tax Employee Contributions, if applicable) taken into account in applying the Matching Contribution formula(s) and in applying any limits on the amount of Salary Deferrals that may be taken into account under the Matching Contribution formula(s).

If the Employer elects a discretionary Matching Contribution under AA §6B-2, the Employer may elect to make a different Matching Contribution for each period designated in AA §6B-5. Thus, for example, if the discretionary Matching Contribution is based on the Plan Year quarter under AA §6B-5, the Employer may elect to make a different level of Matching Contribution for each Plan Year quarter. The Matching Contribution for the full Plan Year must be taken into account in applying the ACP Test with respect to such Plan Year.

(c) **True-up contributions.** If the Employer makes Matching Contributions more frequently than annually, the Employer may have to make true-up contributions for Participants. True-up contributions will be required if the Employer actually contributes Matching Contributions to the Plan on a more frequent basis than the period that is used to determine the amount of the Matching Contributions under AA §6B-5 or AA §6C-2(a)(3) with respect to Safe Harbor Contributions. For example, if Matching Contributions apply with respect to Salary Deferrals made for the Plan Year, but the Employer contributes the Matching Contributions on a quarterly basis, the Employer may have to make a true-up contribution to any Participant based on Salary Deferrals for the Plan Year. If a true-up contribution is required under this subsection, the Employer may make such additional contribution as required to satisfy the contribution requirements under the Plan. Similar true-up contribution requirements will apply with respect to Safe Harbor/QACA Safe Harbor Matching Contributions under Section 6.04. If true-up contributions will not be made for any Participant under the Plan, payroll period should be selected under AA §6B-5(a) or AA §6C-2(a)(3)(i), as applicable.

If a period other than the Plan Year is selected under AA §6B-5, the Employer may make an additional discretionary Matching Contribution equal to the true-up contribution that would otherwise be required if Plan Year was selected under AA §6B-5. If an additional discretionary Matching Contribution is made under this subsection (c), such contribution must be provided to all eligible Participants who would otherwise be entitled to a true-up contribution based on Plan Compensation for the Plan Year.

3.05 **Safe Harbor/QACA Safe Harbor Contributions.** The Employer may elect under AA §6C to treat the Plan as a Safe Harbor 403(b) Plan. To qualify as a Safe Harbor 403(b) Plan, the Employer must make a Safe Harbor/QACA Safe Harbor Employer Contribution or a Safe Harbor/QACA Safe Harbor Matching Contribution. Such contributions are subject to special vesting and distribution restrictions and will be allocated to a Participant's Safe Harbor/QACA Safe Harbor Employer Contribution Account or Safe Harbor/QACA Safe Harbor Matching Contribution Account, as applicable. (See Section 6.04 for the requirements that must be met to qualify as a Safe Harbor 403(b) Plan.)

3.06 **After-Tax Employee Contributions.** The Employer may elect under AA §6D-2 to allow Participants to make After-Tax Employee Contributions under the Plan. If permitted under AA §6D-2, as applicable, a Participant's compensation will be reduced by the amount the Participant elects to contribute as an After-Tax Employee Contribution. Any After-Tax Employee Contributions made under this Plan are subject to the ACP Test outlined in Section 6.02(a). Any After-Tax Employee Contributions made under the Plan will be held in Participants' After-Tax Employee Contribution Account, which are always 100% vested. The Employer has a reasonable period of time to begin withholding After-Tax Employee Contributions with respect to an Eligible Participant.

© Copyright 2017

A Participant may increase, decrease, discontinue or resume his/her After-Tax Employee Contributions as set forth in AA §6D-2(d), as applicable. An Employee must be permitted to modify or terminate an existing After-Tax Employee Contribution election at least once a year. The Employer may designate additional dates on the After-Tax Employee Contribution election form (or other written procedures) as to when a Participant may commence, modify or terminate After-Tax Employee Contributions. Alternatively, the Employer may designate under the Adoption Agreement, specific dates as of which a Participant may commence, modify or terminate After-Tax Employee Contributions. Any election to modify or terminate an After-Tax Employee Contribution election will take effect within a reasonable period following such election and will apply only on a prospective basis.

A Participant may withdraw amounts from his/her After-Tax Employee Contribution Account at any time, in accordance with the distribution rules under Section 8.09(a), except as otherwise provided under AA §10. No forfeitures will occur solely as a result of an Employee's withdrawal of After-Tax Employee Contributions. The Employer may collect Participants' After-Tax Employee Contributions using payroll reduction or other collection procedures. The Employer may designate in the Adoption Agreement or in separate administrative procedures any special rules regarding the acceptance of After-Tax Employee Contributions. Any separate procedures will apply uniformly to all Participants under the Plan.

3.07 **Allocation Conditions.** In order to receive an allocation of Employer Contributions (other than Salary Deferrals and Safe Harbor Contributions) or an allocation of Matching Contributions, a Participant must satisfy any allocation conditions designated under AA §6-7 or AA §6B-7, as applicable. If the Employer elects under AA §6-7(d) or AA §6B-7(d) to apply a minimum service requirement, the Employer may elect to base such minimum service requirement on the basis of Hours of Service or on the basis of consecutive days of employment under the Elapsed Time method. The imposition of an allocation condition may cause the Plan to fail the minimum coverage requirements under Code §410(b), unless the only allocation condition under the Plan is a safe harbor allocation condition. Under the safe harbor allocation condition, a Participant who completes the minimum service required under AA §6-7(b) or AA §6B-7(b), as applicable, will satisfy the safe harbor allocation condition for receiving an Employer Contribution or Matching Contribution, even if the Participant's employment terminates during the Plan Year.

(a) **Application to designated period.** Instead of applying the allocation conditions on the basis of the Plan Year, the Employer may elect in AA §6-7(e) or AA §6B-7(e) to apply the allocation conditions on the basis of designated periods. If the Employer elects to apply a last day of employment condition on the basis of designated periods, a Participant will not be entitled to an allocation of Employer Contributions or Matching Contributions for any period designated under AA §6-7(e)(1) or AA §6B-7(e)(1), as applicable, unless the Participant is employed by the Employer at the end of such designated period. If the Employer elects to apply an Hours of Service allocation condition on the basis of designated periods, a Participant will not be entitled to an allocation of Employer Contributions or Matching Contributions for any period designated under AA §6-7(e)(1) or AA §6B-7(e)(1), as applicable, unless the Participant satisfies the required service condition before the end of such designated period.

If the Employer elects to apply the allocation conditions on the basis of designated periods, the Employer may elect to apply any Hours of Service condition using the cumulative method (as described in subsection (1) below) or the period-by-period method (as described in subsection (2) below). The Employer may elect operationally to use either method in applying the Hours of Service condition, provided the Employer uses the same method for all affected Employees during any given period. (If the Employer elects to apply a minimum service requirement on the basis of days of employment under AA §6-7(d)(2) or AA §6B-7(d)(2), as applicable, the Employer may not apply such minimum service condition on the basis of designated periods. Likewise, the Employer may not apply any Hours of Service requirement under a safe harbor allocation condition on the basis of designated periods. In either case, however, the Employer may apply a last day of employment condition, if applicable, on the basis of designated periods.)

(1) **Cumulative method.** Under the cumulative method, the Hours of Service condition is applied with respect to each designated period on a cumulative basis for the Plan Year. The required service condition for any period is determined by multiplying the required Hours of Service (or days of employment, if applicable) by a fraction, the numerator of which is the total number of periods completed during the Plan Year (including the current period) and the denominator of which is the total number of periods during the Plan Year. For example, if a Participant must complete 1,000 Hours of Service to receive an Employer Contribution or Matching Contribution under the Plan, and the Employer elects to apply such condition on the basis of Plan Year quarters under AA §6-7(e)(1)(i) or AA §6B-7(e)(1)(i), as applicable, a Participant would have to complete 250 Hours of Service by the end of the first Plan Year quarter [1/4 x 1,000], 500 Hours of Service by the end of the second Plan Year quarter [2/4 x 1,000], 750 Hours of Service by the end of the third Plan Year quarter [3/4 x 1,000] and 1,000 Hours of Service by the end of the Plan Year [4/4 x 1,000] to receive an allocation of the Employer Contribution or Matching Contribution for such period. If a Participant does not satisfy the required service condition for any designated period during the Plan Year, no Employer Contribution or Matching Contribution will be allocated to that Participant for such period.

© Copyright 2017

(2) **Period-by-period method.** Under the period-by-period method, the minimum service allocation condition is applied separately for each designated period. The required service condition for any period is determined by multiplying the required Hours of Service (or days of employment, if applicable) by a fraction, the numerator of which is one (1) and the denominator of which is the total number of periods during the Plan Year. For example, if a Participant must complete 1,000 Hours of Service to receive an Employer Contribution or Matching Contribution under the Plan, and the Employer elects to apply such condition on the basis of Plan Year quarters under AA §6-7(e)(1)(i) or AA §6B-7(e)(1)(i), as applicable, a Participant would have to complete 250 Hours of Service in each Plan Year quarter [1/4 x 1,000] to receive an allocation of the Employer Contribution or Matching Contribution for such period. If a Participant does not satisfy the required service condition for any designated period during the Plan Year, no Employer Contribution or Matching Contribution will be allocated to that Participant for such period.

(b) **Special rule for year of termination.** A last day employment condition automatically applies for any Plan Year in which the Plan is terminated, regardless of whether the Employer has elected to apply a last day employment condition under AA §6-7(c) or AA §6B-7(c), as applicable. Thus, the Employer will not be obligated to make an Employer Contribution or Matching Contribution for the Plan Year in which the Plan terminates, unless the Employer provides for an Employer Contribution and/or Matching Contribution in its termination amendment. If there are unallocated forfeitures at the time of Plan termination, such forfeitures will be allocated to Participants under the Plan's procedures for allocating forfeitures.

3.08 **Service with Predecessor Employers.** If the Employer maintains the plan of a Predecessor Employer, any service with such Predecessor Employer is treated as service with the Employer for purposes of applying the allocation conditions under this Section. If the Employer does not maintain the plan of a Predecessor Employer, service with such Predecessor Employer does not count for purposes of applying the allocation conditions under this Section, unless the Employer specifically designates under AA §4-5 to credit service with such Predecessor Employer. Unless designated otherwise under AA §4-5, if the Employer takes into account service with a Predecessor Employer, such service will count for purposes of eligibility under Section 2 (see Section 2.06), vesting under Section 7 (see Section 7.06) and for purposes of the minimum allocation conditions under this Section.

© Copyright 2017

SECTION 4
ROLLOVER CONTRIBUTIONS AND TRANSFERS

This Section provides the rules regarding Rollover Contributions and transfers that may be made under this Plan. The Plan Administrator has the authority under Section 11 to accept Rollover Contributions under this Plan and to enter into transfer agreements concerning the transfer of assets from another plan to this Plan.

4.01 **Rollover Contributions.** Subject to the terms governing the applicable Investment Arrangement, an Employee (or former Employee) may make a Rollover Contribution to this Plan from a qualified retirement plan or from an IRA, if the acceptance of rollovers is permitted under AA §C-2 or if the Plan Administrator adopts administrative procedures regarding the acceptance of Rollover Contributions. Any Rollover Contribution an Employee (or former Employee) makes to this Plan will be held in the Employee's Rollover Contribution Account (or Roth Rollover Account), which is always 100% vested. Subject to the terms governing the applicable Investment Arrangement a Participant may withdraw amounts from his/her Rollover Contribution Account at any time, in accordance with the distribution rules under Section 8, except as prohibited under AA §10. Any amounts received as a Rollover Contribution under this Section will not be treated as an Annual Addition for purposes of applying the Code §415 Limitation.

For purposes of this Section, a qualified retirement plan is a tax-qualified retirement plan described in Code §401(a) or Code §403(a), an annuity contract described in §403(b) of the Code, or an eligible plan under §457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state. To qualify as a Rollover Contribution under this Section, the Rollover Contribution must be transferred directly from the qualified retirement plan or IRA in a Direct Rollover or must be transferred to the Plan by the Employee within sixty (60) days following receipt of the amounts from the qualified plan or IRA. The Plan will not accept rollovers of non-deductible IRA contributions.

If Rollover Contributions are permitted, an Employee (or former Employee) may make a Rollover Contribution to the Plan even if the Employee is not a Participant with respect to any or all other contributions under the Plan, unless otherwise prohibited under AA §C-2 or separate administrative procedures adopted by the Plan Administrator. An Employee who makes a Rollover Contribution to this Plan prior to becoming a Participant shall be treated as a Participant only with respect to such Rollover Contribution Account, but shall not be treated as a Participant with respect to other contribution sources under the Plan until he/she otherwise satisfies the eligibility conditions under the Plan. To the extent Participant loans are authorized under the Plan, a "limited Participant" under this paragraph may request a Participant loan from the Rollover Contribution Account, unless provided otherwise under AA §B-3 or separate administrative procedures adopted by the Plan Administrator.

The Plan Administrator may refuse to accept a Rollover Contribution if the Plan Administrator reasonably believes the Rollover Contribution:

(a) is not being made from a proper plan or IRA;

(b) is not being made within sixty (60) days from receipt of the amounts from a qualified retirement plan or IRA;

(c) could jeopardize the tax-exempt status of the Plan; or

(d) could create adverse tax consequences for the Plan or the Employer.

Prior to accepting a Rollover Contribution, the Plan Administrator may require the Employee to provide satisfactory evidence establishing that the Rollover Contribution meets the requirements of this Section.

Under Treas. Reg. §1.401(a)(31)-1, Q&A-14, if the Plan accepts an invalid Rollover Contribution, the contribution will be treated, for purposes of applying the qualification requirements of Code §401(a) to the Plan, as if it were a valid Rollover Contribution if two conditions are satisfied:

(a) When accepting the amount from the Employee as a Rollover Contribution, the Plan Administrator must reasonably conclude that the contribution is a valid Rollover Contribution; and

(b) If the Plan Administrator later determines that the contribution was an invalid Rollover Contribution, the Plan Administrator must distribute the amount of the invalid Rollover Contribution, plus any earnings attributable thereto, to the Employee within a reasonable time after such determination.

The Plan Administrator may use reasonable criteria in determining whether a Rollover Contribution is valid. Thus, the Plan Administrator may access the EFAST2 database maintained by the Department of Labor to assist in determining whether a potential Rollover Contribution was distributed by a plan intended to be a qualified plan. If the Plan Administrator later

© Copyright 2017

determines that the Rollover Contribution was not valid, the Plan Administrator must have the amount rolled over plus any attributable earnings distributed within a reasonable period of time after such determination.

The Plan Administrator may apply different conditions for accepting Rollover Contributions from qualified retirement plans and IRAs. For example, the Plan Administrator may decide in its discretion whether to accept a Direct Rollover of a loan note from another retirement plan. Any conditions on Rollover Contributions must be applied uniformly to all Employees under the Plan.

4.02 **Contract Exchanges and Transfers.** Provided that the Plan allows contract exchanges or plan-to-plan transfers and subject to the terms governing the applicable Investment Arrangement, the Plan Administrator may accept such exchange or transfer from one Code §403(b) investment to another investment, provided the requirements under Sections 14.05 and 14.06 are satisfied. The Employer may set forth restrictions on contract exchanges and transfers in Addendum B.

© Copyright 2017

SECTION 5
LIMITS ON CONTRIBUTIONS

5.01 **Limits on Employer Contributions.** Any contributions the Employer makes under the Plan are subject to the limitations set forth in this Section 5.

(a) **Limitation on Salary Deferrals.** Any Salary Deferrals made under the Plan are subject to the Elective Deferral Dollar Limit, as described in Section 5.02 below.

(b) **Limitation on total Employer Contributions.** All Employer Contributions the Employer makes under the Plan are subject to the Code §415 Limitation, as described in Section 5.03 below. For purposes of applying the Code §415 Limitation, Employer Contributions include any Employer Contributions, Salary Deferrals, Matching Contributions, QNECs, or Safe Harbor Contributions made under the Plan.

5.02 **Elective Deferral Dollar Limit.** No Participant may contribute as Elective Deferrals to this Plan (and any other plan, contract or arrangement maintained by the Employer) during any calendar year, an amount that exceeds the Elective Deferral Dollar Limit in effect for the Participant's Taxable Year beginning in such calendar year. Additional restrictions apply if a Participant participates in a plan maintained by an unrelated employer.

The Elective Deferral Dollar Limit is $18,000 for Taxable Years beginning in 2015. For Taxable Years beginning after 2015, the Elective Deferral Dollar Limit will be adjusted for cost-of-living increases under Code §402(g)(4). Any such adjustments will be in multiples of $500.

If elected under the Adoption Agreement, the Elective Deferral Dollar Limit is increased by the Age 50 Catch-Up Contribution Limit and the Special Catch-Up Contribution Limit for eligible Participants. If the Plan does not provide for Age 50 Catch-up Contributions or the Special Catch-Up Contributions, the Elective Deferral Dollar Limit is not increased.

(a) **Excess Deferrals.** Excess Deferrals are Elective Deferrals made during the Participant's Taxable Year that exceed the Elective Deferral Dollar Limit (as described above) for such year; counting only Elective Deferrals made under this Plan and any other plan, contract or arrangement maintained by the Employer. (See subsection (b)(6) below for provisions that apply when a Participant makes Elective Deferrals to a plan of an unrelated Employer.)

(b) **Correction of Excess Deferrals.** If a Participant makes Excess Deferrals (i.e., Elective Deferrals in excess of the Elective Deferral Dollar Limit) under this Plan and any other plan maintained by the Employer, such Excess Deferrals (plus allocable income or loss) shall be distributed to the Participant no later than April 15 of the following calendar year.

(1) **Amount of corrective distribution.** The amount to be distributed from this Plan as a correction of Excess Deferrals equals the amount of Elective Deferrals the Participant contributes during the Taxable Year to this Plan and any other plan maintained by the Employer in excess of the Elective Deferral Dollar Limit, reduced by any corrective distribution of Excess Deferrals the Participant receives during the calendar year from this Plan or other plan(s) maintained by the Employer.

(2) **Allocable gain or loss.** A corrective distribution of Excess Deferrals must include any allocable gain or loss for the Taxable Year in which the Excess Deferrals are contributed to the Plan. The gain or loss allocable to Excess Deferrals may be determined in any reasonable manner, provided the manner used to determine allocable gain or loss is applied consistently for all Participants and in a manner that is reasonably reflective of the method used by the Plan for allocating income to Participants' Accounts.

(3) **Taxation of corrective distribution.** If a corrective distribution of Excess Deferrals is made by April 15 of the following calendar year, amounts attributable to the Excess Deferrals will be includible in the Participant's gross income in the Taxable Year in which such amounts are deferred under the Plan and amounts attributable to income or loss on the Excess Deferrals will be includible in gross income in the year of distribution. If a corrective distribution of Excess Deferrals is made after April 15, the amount of the corrective distribution attributable to Excess Deferrals will be includible in the Participant's gross income in both the Taxable Year in which such amounts are deferred under the Plan and the Taxable Year in which such amounts are distributed.

(4) **Coordination with other provisions.** A corrective distribution of Excess Deferrals made by April 15 of the following calendar year may be made without consent of the Participant or the Participant's Spouse, and without regard to any distribution restrictions applicable under Section 8. A corrective distribution of Excess Deferrals made by the appropriate April 15 also is not treated as a distribution for purposes of applying the required minimum distribution rules.

© Copyright 2017

(5) **Suspension of Salary Deferrals.** If a Participant's Salary Deferrals under this Plan, in combination with any Elective Deferrals the Participant makes during the calendar year under any other plan maintained by the Employer, equal or exceed the Elective Deferral Dollar Limit, the Employer may suspend the Participant's Salary Deferrals under this Plan for the remainder of the calendar year without the Participant's consent.

(6) **Correction of Excess Deferrals under plans not maintained by the Employer.** The correction provisions under this subsection (b) apply only if a Participant makes Excess Deferrals under this Plan (or under this Plan and other plans maintained by the Employer). However, if a Participant has Excess Deferrals for a calendar year on account of making Elective Deferrals to a plan of an unrelated employer, the Participant may assign to this Plan any portion of his/her Elective Deferrals made under all plans during the calendar year to the extent such Elective Deferrals exceed the Elective Deferral Dollar Limit. The Participant must notify the Plan Administrator in writing on or before March 1 of the following calendar year of the amount of the Excess Deferrals to be assigned to this Plan. Upon receipt of a timely notification, the Excess Deferrals assigned to this Plan will be distributed (along with any allocable income or loss) to the Participant in accordance with the corrective distribution provisions under this subsection (b). A Participant is deemed to notify the Plan Administrator of Excess Deferrals to the extent such Excess Deferrals arise only under this Plan and any other plan maintained by the Employer.

5.03 Code §415 Limitation on Annual Additions.

(a) **General Limitation on Annual Additions.** A Participant's Annual Additions under the Plan for a Limitation Year may not exceed the Maximum Annual Addition as set forth below.

(b) **Aggregation of §403(b) Plans of the Employer.** If Annual Additions are credited to a Participant under any §403(b) plans of the Employer in addition to this Plan for a Limitation Year, the sum of the Participant's Annual Additions for the Limitation Year under this Plan and such other §403(b) plans may not exceed the Maximum Annual Addition as set forth below.

(c) **Aggregation Where Participant is in Control of Any Employer.** If a Participant is in control of any employer for a Limitation Year, the sum of the Participant's Annual Additions for the Limitation Year under this Plan, any other §403(b) plans of the Employer, any defined contribution plans maintained by controlled employers, and any §403(b) plans of any other employers may not exceed the Maximum Annual Addition as set forth below. For purposes of this paragraph, a Participant is in control of an employer based upon the rules of Code §§414(b), 414(c), and 415(h); and a defined contribution plan means a defined contribution plan that is qualified under Code §401(a) or §403(a), a §403(b) plan, or a simplified employee pension within the meaning of Code §408(k).

(d) **Annual Notice to Participants.** The Plan Administrator will provide written or electronic notice to Participants that explains the limitation in Section 5.03(c) in a manner calculated to be understood by the average Participant and informs Participants of their responsibility to provide information to the Plan Administrator that is necessary to satisfy Section 5.03(c). The notice will advise Participants that the application of the limitations in Section 5.03(c) will take into account information supplied by the Participant and that failure to provide necessary and correct information to the Plan Administrator could result in adverse tax consequences to the Participant, including the inability to exclude contributions to the Plan under Code §403(b). The notice will be provided annually, beginning no later than the year in which the Employee becomes a Participant.

(e) **Coordination of Limitation on Annual Additions Where Employer Has Another §403(b) Pre-Approved Plan or Participant is in Control of Employer.** The Annual Additions which may be credited to a Participant under this Plan for any Limitation Year will not exceed the Maximum Annual Addition, reduced by the Annual Additions credited to the Participant under any other §403(b) Pre-Approved Plans of the Employer in addition to this Plan and, if the Participant is in control of an employer, any defined contribution plans maintained by controlled employers and §403(b) plans of any other employers. Contributions to the Participant's Accounts under this Plan will be reduced to the extent necessary to prevent this limitation from being exceeded.

(f) **Excess Annual Additions.**

(1) If, notwithstanding Sections 5.03(a)-(e), a Participant's Annual Additions under this Plan, or under this Plan and plans aggregated with this Plan under Sections 5.03(b) and (c), result in an Excess Annual Addition for a Limitation Year, the Excess Annual Addition will be deemed to consist of the Annual Additions last credited, except Annual Additions to a defined contribution plan qualified under §401(a) of the Internal Revenue Code or a simplified employee pension maintained by an employer controlled by the Participant will be deemed to have been credited first.

© Copyright 2017

(2) If an Excess Annual Addition is credited to a Participant under this Plan and another Section 403(b) pre-approved plan of the Employer on the same date, the Excess Annual Addition attributable to this Plan will be the product of:

(i) the total Excess Annual Addition credited as of such date, times

(ii) the ratio of (i) the Annual Additions credited to the Participant for the Limitation Year as of such date under this Plan to (ii) the total Annual Additions credited to the Participant for the Limitation Year as of such date under this Plan and all other §403(b) Pre-Approved Plans of the Employer.

(3) Any Excess Annual Addition attributable to this Plan will be corrected in the manner described in Section 5.03(h).

(g) **Coordination of Limitation on Annual Additions Where Employer Has Another §403(b) Plan that is Not a Pre-Approved Plan.** If Annual Additions are credited to the Participant for the Limitation Year under another §403(b) plan of the Employer which is not a §403(b) Pre-Approved Plan, the Annual Additions which may be credited to the Participant under this Plan for the Limitation Year will be limited in accordance with Sections 5.03(e) and (f) as though the other plan were a §403(b) Pre-Approved Plan unless the Employer provides other limitations in the Adoption Agreement.

(h) **Correction of Excess Annual Additions.** A Participant's Excess Annual Additions for a Taxable Year are includible in the Participant's gross income for that Taxable Year. A Participant's Excess Annual Additions attributable to this Plan will be credited in the year of the excess to a separate account under the Plan for such Excess Annual Additions which will be maintained by the Vendor until the Excess Annual Additions are distributed. This separate account will be treated as a separate contract to which Code §403(c) (or another applicable provision of the Code) applies. Amounts in the separate account may be distributed at any time, notwithstanding any other provisions of the Plan.

(i) **Definitions.**

(1) **Annual Additions.** The sum of the following amounts credited to a Participant's Account for the Limitation Year:

(i) Employer Contributions, including Matching Contributions, Salary Deferrals, Special Catch-Up Contributions, Mandatory Contributions, QNECs, and Safe Harbor Contributions (but not including Age 50 Catch-Up Contributions and contributions that have been distributed to the Participant as Excess Elective Deferrals);

(ii) After-Tax Contributions;

(iii) Forfeitures;

(iv) Amounts allocated to an individual medical account, as defined in Code§415(l)(2), which is part of a pension or annuity plan, and amounts derived from contributions paid or accrued which are attributable to post-retirement medical benefits, allocated to the separate account of a key employee, as defined in Code §419A(d)(3), under a welfare benefit fund, as defined in Code §419(e); and

(v) Allocations under a simplified employee pension.

Amounts described in (i), (ii), (iii), and (v) are annual additions for purposes of both the dollar limitation under Section 5.03(i)(6)(i) and the percentage of compensation limitation under Section 5.03(i)(6)(ii). Amounts described in (iv) are annual additions solely for purposes of the dollar limitation under Section 5.03(i)(6)(i).

For this purpose, any Excess Amount applied in the Limitation Year to reduce Employer Contributions will be considered Annual Additions for such Limitation Year.

An Annual Addition is credited to a Participant's Account for a particular Limitation Year if such amount is allocated to the Participant's Account as of any date within that Limitation Year. An Annual Addition will not be deemed credited to a Participant's Account for a particular Limitation Year unless such amount is actually contributed to the Plan no later than 30 days after the time prescribed by law for filing the Employer's income tax return (including extensions) for the Taxable Year with or within which the Limitation Year ends. In the case of After-Tax Contributions, such amount shall not be deemed credited to a Participant's Account for a particular Limitation Year unless the contributions are actually contributed to the Plan no later than 30 days after the close of that Limitation Year.

© Copyright 2017

Restorative payments are not considered Annual Additions for any Limitation Year. For this purpose, restorative payments are payments made to restore losses to the Plan resulting from actions (or a failure to act) by a fiduciary for which there is a reasonable risk of liability under Title I of ERISA or under other applicable federal or state law, where Participants who are similarly situated are treated similarly with respect to the payments. Examples of restorative payments include payments made pursuant to a Department of Labor order, the Department of Labor's Voluntary Fiduciary Correction Program, or a court-approved settlement, to restore losses to the Plan on account of the breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan). Payments made to the Plan to make up for losses due merely to market fluctuations and other payments that are not made on account of a reasonable risk of liability for breach of a fiduciary duty under Title I of ERISA are not restorative payments and generally constitute contributions that give rise to Annual Additions.

(2) **Employer.** For purposes of this Section 5.03, Employer shall mean the Employer that adopts this Plan, and all members of a controlled group of corporations (as defined in §414(b) of the Code as modified by §415(h)), all commonly controlled trades or businesses (as defined in §414(c) of the Code as modified by §415(h)) or affiliated service groups (as defined in §414(m)) of which the adopting Employer is a part, and any other entity required to be aggregated with the Employer pursuant to regulations under §414(o) of the Code.

(3) **Excess Annual Addition.** The excess of the Annual Additions credited to the Participant for the Limitation Year under the Plan and plans aggregated with the Plan under Sections 5.03(b) and (c) over the Maximum Annual Addition for the Limitation Year under Section 5.03(i)(6).

(4) **Includible Compensation.** An Employee's compensation received from the Employer that is includible in the Participant's gross income for Federal income tax purposes (computed without regard to §911 of the Internal Revenue Code, relating to United States citizens or residents living abroad), including differential wage payments under §3401(h) of the Internal Revenue Code for the most recent period that is a Year of Service. Includible Compensation for a Minister who is self-employed means the Minister's earned income as defined in Code §401(c)(2) (computed without regard to Code §911). Includible Compensation also includes any Elective Deferral or other amount contributed or deferred by the Employer at the election of the Employee that would be includible in gross income but for the rules of Code §§125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b). Includible Compensation does not include any compensation received during a period when the Employer was not an eligible employer within the meaning of §1.403(b)-2(b)(8) of the Treasury Regulations. The amount of Includible Compensation is determined without regard to any community property laws. Except as provided in §1.401(a)(17)-1(d)(4)(ii) of the Treasury Regulations with respect to eligible participants in Governmental Plans, the amount of Includible Compensation of each Participant taken into account in determining contributions shall not exceed $265,000, as adjusted for cost-of- living increases in accordance with Code §401(a)(17)(B) for periods after 2015. Includible Compensation does not include Employer Pick-Up Contributions to a qualified plan under Code §401(a).

For purposes of applying the limitations on Annual Additions to nonelective Employer Contributions pursuant to Code §415, Includible Compensation for a Participant who is permanently and totally disabled (as defined in Code §22(e)(3)) is the compensation such Participant would have received for the Limitation Year if the Participant had been paid at the rate of compensation paid immediately before becoming permanently and totally disabled.

(5) **Limitation Year.** The Plan Year, unless the Employer elects another 12-consecutive month period under AA §11. All retirement plans under Code §403(b) maintained by the Employer must use the same Limitation Year. If there is a change of Limitation Year, a "short" Limitation Year exists for the period beginning with the first day of the Limitation Year and ending on the day before the change in Limitation Year is effective. For this purpose, if the Plan is terminated effective as of a date other than the last day of the Limitation Year, the Plan is treated as if it were amended to change its Limitation Year.

If the Plan has an initial Plan Year that is less than 12 months, the Limitation Year for such first Plan Year is the 12-month period ending on the last day of that Plan Year, unless otherwise specified in AA §11-3(a).

If the Participant is in control of an Employer pursuant to Section (c) above, the Limitation Year shall be the Limitation Year in the defined contribution plan controlled by the Participant.

(6) **Maximum Annual Addition.** The Annual Addition that may be contributed or allocated to a Participant's account under the Plan for any Limitation Year shall not exceed the lesser of:

(i) $53,000, as adjusted for increases in the cost-of-living under Code §415(d) for periods after 2015, or

© Copyright 2017

(ii) 100 percent of the Participant's Includible Compensation for the Limitation Year.

The Includible Compensation limit referred to in (ii) shall not apply to any contribution for medical benefits after separation from service (within the meaning of Code §§401(h) or 419A(f)(2)) which is otherwise treated as an Annual Addition.

(7) **§403(b) Pre-Approved Plan.** A §403(b) plan the form of which is the subject of a favorable advisory or opinion letter from the Internal Revenue Service.

(8) **Year of service.** For purposes of determining Includible Compensation under this Section 5.03, the year of service used to determine Includible Compensation is based on the most recent period during which the Employee is credited with a year of service under the following rules. For this purpose, such period may not end after the close of the Employee's Taxable Year and may not precede the Taxable Year by more than five years. The period used to calculate a year of service under this subsection may not exceed 12 months.

(i) An Employee is credited with a year of service for each full year during which the individual is a full-time Employee of the Employer. For this purpose, a full year of service for a particular position is based on the usual annual work period of individuals employed full-time in that general type of employment at the place of employment.

(ii) An Employee is credited with a fractional year of service for each full year during which the individual is a part-time Employee of the Employer and for each part of a year during which the individual is a full-time or part-time Employee of the Employer. (See Treas. Reg. §1.403(b)-4(e) for additional rules for determining years of service.)

(iii) If at the close of a Taxable Year, an Employee has a period of service less than one year, such Employee will be considered as having one year of service for purposes of determining Includible Compensation.

(j) **Special Rules.**

(1) **Few weeks rule.** If elected under the Adoption Agreement, Includible Compensation for a Limitation Year may include amounts earned during that Limitation Year but not paid during that Limitation Year solely because of the timing of pay periods and pay dates if:

(i) These amounts are paid during the first few weeks of the next Limitation Year;

(ii) The amounts are included on a uniform and consistent basis with respect to all similarly situated Employees; and

(iii) No compensation is included in more than one Limitation Year.

(2) **Disabled Participants.** Includible Compensation does not include any imputed compensation for the period a Participant is Disabled. However, the Employer may elect under the AA to include under the definition of Includible Compensation, the amount a terminated Participant who is permanently and totally Disabled would have received for the Limitation Year if the Participant had been paid at the rate of Includible Compensation paid immediately before becoming permanently and totally Disabled. If the Employer elects under AA §11-3(b) to include imputed compensation for a Disabled Participant, a Disabled Participant will receive an allocation of any Employer Contribution the Employer makes to the Plan based on the Employee's imputed compensation for the Plan Year. Any Employer Contributions made to a Disabled Participant under this subsection are fully vested when made and will be made only to Non-Highly Compensated Employees.

© Copyright 2017

SECTION 6
SPECIAL RULES AFFECTING 403(b) PLANS

6.01 **Universal Availability for Salary Deferrals.** No special nondiscrimination rules apply to Salary Deferrals, other than the universal availability requirements set forth under Treas. Reg. §1.403(b)-5(b)(2), to make such Salary Deferrals as provided under Section 2.01(a) and this Section 6.01. The Employer will timely provide Eligible Participants with any applicable notice relating to the universal availability requirement.

(a) **Eligible Participants.** Each Employee (other than an Employee excluded from participation under Section 2.02(b)) is an Eligible Participant, without regard to any age or service conditions applicable to other types of contributions to the Plan. An Eligible Participant shall be eligible to make Salary Deferrals as of his/her Employment Commencement Date.

(b) **Implementation of Participant's election to make Salary Deferrals.** The Plan Administrator may establish reasonable administrative procedures to implement a Participant's election to make Salary Deferrals. Such reasonable procedures will not cause the plan to violate the universal availability rule under Treas. Reg. §1.403(b)-5(b)(2). If the Plan provides notice of the right to defer no later than 30 days after his/her Employment Commencement Date, allows the Participant to make an election up to 30 days after notice is provided, and provides that the Participant's election will be effective as soon as administratively practicable, then the Plan will be treated as having reasonable administrative procedures that do not cause the plan to fail to satisfy Treas. Reg. §1.403(b)-5(b)(2).

(c) **Effective opportunity.** For purposes of the universal availability requirement, an Eligible Participant is not treated as being permitted to make Salary Deferrals to the Plan unless the Eligible Participant is provided an effective opportunity to make Salary Deferrals to the Plan. Whether an Eligible Participant has an effective opportunity is determined based on all the relevant facts and circumstances, including notice of the availability of the election, the period of time during which an election may be made, and any other conditions on elections. An effective opportunity is not considered to exist if there are any other rights or benefits (other than rights or benefits listed in Treasury Regulation §1.401(k)-1(e)(6)(i)(A), (B), or (D)) that are conditioned (directly or indirectly) upon an Eligible Participant making or failing to make a cash or deferred election with respect to a contribution to the Plan.

(d) **Special Rules.**

(1) **Code §501(c)(3) Organizations.** In the case of a Plan that covers the employees of more than one Code §501(c)(3) Organization, the universal availability requirement of this paragraph (d) applies separately to each common law entity (that is, applies separately to each Code §501(c)(3) Organization).

(2) **State entities.** In the case of a Plan that covers the employees of more than one State entity, the universal availability requirement applies separately to each entity that is not part of a common payroll.

(3) **Historical Treatment.** For purposes of the universal availability requirement, an Employer that historically has treated one or more of its various geographically distinct units as separate for Employee benefit purposes may treat each unit as a separate organization if the unit is operated independently on a day-to-day basis. Units are not geographically distinct if such units are located within the same Standard Metropolitan Statistical Area (SMSA).

(4) **Application of Universal Availability Requirement to Churches and Church-Controlled Organizations.** The universal availability requirements of Code §403(b) do not apply to Employers that are Churches or Qualified Church-Controlled Organizations. The universal availability requirements do apply to Non-Qualified Church-Controlled Organizations.

6.02 **Nondiscrimination Testing of Matching Contributions and After-Tax Contributions – ACP Test.** Except as provided under Section 6.04 for Safe Harbor Plans, if the Plan provides for Matching Contributions and/or After-Tax Contributions, the Plan must satisfy the Actual Contribution Percentage Test ("ACP Test") each Plan Year. The Plan Administrator shall maintain records sufficient to demonstrate satisfaction of the ACP Test, including the amount of any Salary Deferrals or QNECs included in such test, pursuant to subsection (a)(4) below. If the Plan fails the ACP Test for any Plan Year, the corrective provisions under subsection (b) below will apply.

(a) **ACP Test.** The ACP Test compares the Average Contribution Percentage (ACP) of the Highly Compensated Group with the ACP of the Nonhighly Compensated Group. The Highly Compensated Group is the group of Participants who are Highly Compensated for the current Plan Year. The Nonhighly Compensated Group is the group of Participants who are Nonhighly Compensated for the applicable Plan Year. If the Prior Year Testing Method is selected under the AA, the Nonhighly Compensated Group is the group of Participants in the prior Plan Year who were Nonhighly Compensated for that year. If the Current Year Testing Method is selected under the AA, the Nonhighly Compensated Group is the group of Participants who are Nonhighly Compensated for the current Plan Year.

© Copyright 2017

(1) **Average Contribution Percentage – ACP.** The ACP for a specified group is the average of the contribution percentages calculated separately for each Participant in the group. A Participant's contribution percentage is the ratio of the contributions made on behalf of the Participant that are included under the ACP Test, expressed as a percentage of the Participant's Testing Compensation for the Plan Year. For this purpose, the contributions included under the ACP Test are the sum of the After-Tax Contributions and Matching Contributions made under the Plan on behalf of the Participant for the Plan Year. The ACP may also include other contributions as provided in subsection (4) below, if applicable but excluding Matching Contributions that are forfeited either to correct Excess Aggregate Contributions or because the contributions to which they relate are Excess Deferrals or Excess Aggregate Contributions.

For purposes of computing Actual Contribution Percentages, a Participant who is eligible for After-Tax Contributions or Matching Contributions (including forfeitures) but does not make or receive any such contributions shall be included in the ACP Test as a Participant on whose behalf no such contributions are made.

(2) **ACP Test testing methods.** In applying the ACP Test for any Plan Year, the Plan may use the Prior Year Testing Method or the Current Year Testing Method, as selected under the AA. If no testing method is selected under AA, the Plan will use the Current Year Testing Method. Unless specifically precluded under statute, regulations or other IRS guidance, the Employer may amend the testing method designated under the AA for a particular Plan Year (subject to the requirements under subsection (ii) below) at any time through the end of the 12-month period following the Plan Year for which the amendment is effective.

(i) **Prior Year Testing Method.** Under the Prior Year Testing Method, ACP of the Highly Compensated Group (as defined in subsection (a) above) for the current Plan Year and the ACP of the Nonhighly Compensated Group (as defined in subsection (a) above) for the prior Plan Year must satisfy one of the following tests for each Plan Year:

(A) The ACP of the Highly Compensated Group for the current Plan Year shall not exceed 1.25 times the ACP of the Nonhighly Compensated Group for the prior Plan Year.

(B) The ACP of the Highly Compensated Group for the current Plan Year shall not exceed the percentage (whichever is less) determined by (A) adding 2 percentage points to the ACP of the Nonhighly Compensated Group for the prior Plan Year or (B) multiplying the ACP of the Nonhighly Compensated Group for the prior Plan Year by 2.

(ii) **Current Year Testing Method.** Under the Current Year Testing Method, the Average Contribution Percentage ("ACP") of the Highly Compensated Group (as defined in subsection (a) above) for the current Plan Year and the ACP of the Nonhighly Compensated Group (as defined in subsection (a) above) for the current Plan Year must satisfy the ACP Test, as described in subsection (i) above, for each Plan Year. If the Current Year Testing Method is used for a Plan Year, the Plan may switch to the Prior Year Testing Method for a Plan Year only if the Plan has used Current Year Testing for each of the preceding five Plan Years (or if lesser, the number of Plan Years the Plan has been in existence) or if, as a result of a merger or acquisition described in Code §410(b)(6)(C)(i), the Employer maintains both a plan using Prior Year Testing and a plan using Current Year Testing and the change is made within the transition period described in Code §410(b)(6)(C)(ii).

(3) **Special rule for first Plan Year.** For the first Plan Year that the Plan provides for either Matching Contributions or After-Tax Contributions, the Employer may elect under the AA to apply the ACP Test using the Prior Year Testing Method, by assuming the ACP for the Nonhighly Compensated Group is 3%. Alternatively, the Employer may elect in the AA to use the Current Year Testing Method using the actual data for the Nonhighly Compensated Group in the first Plan Year. This first Plan Year rule does not apply if this Plan is a successor to a plan (as described in IRS Notice 98-1 or subsequent guidance) that was subject to the ACP Test or if the Plan is aggregated for purposes of applying the ACP Test with another plan that was subject to the ACP test in the prior Plan Year. For subsequent Plan Years, the testing method selected under the AA will apply.

(4) **Use of QNECs under the ACP Test.** The Plan Administrator may take into account QNECs for purposes of applying the ACP Test. QNECs made to another plan maintained by the Employer may also be taken into account, so long as the other plan has the same Plan Year as this Plan. To include QNECs under the ACP Test, all Employer Nonelective Contributions, including the QNECs, must satisfy Code §401(a)(4). In addition, the Employer Contributions, excluding any QNECs used in the ACP Test, must also satisfy Code §401(a)(4). The Employer may make a QNEC to correct the ACP Test only if the Employer is using the Current Year Testing Method.

© Copyright 2017

(i) **Timing of contributions.** In order to be used in the ACP Test for a given Plan Year, QNECs must be made before the end of the 12-month period immediately following the Plan Year for which they are allocated.

(ii) **Testing flexibility.** The Plan Administrator is expressly granted the full flexibility permitted by applicable Treasury regulations to determine the amount of QNECs used in the ACP Test. QNECs taken into account under the ACP Test do not have to be uniformly determined for each Participant and may represent all or any portion of the QNECs allocated to each Participant, provided the conditions described above are satisfied.

(b) **Correction of Excess Aggregate Contributions.** If the Plan fails the ACP Test for a Plan Year, the Plan Administrator may use any combination of the correction methods under this Section to correct the Excess Aggregate Contributions under the Plan.

(1) **Excess Aggregate Contributions.** Excess Aggregate Contributions are the amount of Matching Contributions and/or After-Tax Contributions taken into account in computing the ACP of the Highly Compensated Group that exceed the maximum amount permitted under the ACP Test for the Plan Year. The amount of Excess Aggregate Contributions for a Plan Year are the amounts determined by hypothetically reducing the ACP contributions of the Highly Compensated Employees, beginning with the Highly Compensated Employee(s) with the highest ACP for the Plan Year, and reducing the ACP of such Highly Compensated Employees until the reduced percentage reaches the ACP of the Highly Compensated Employee(s) with the next higher ACP or until the adjusted ACP percentage satisfies the ACP Test. The reduction continues for each level of Highly Compensated Employees until the Plan satisfies the ACP Test. The total dollar amount so determined is then divided among the Highly Compensated Group in the manner described in subsection (2) to determine the actual corrective distributions to be made.

(2) **Corrective distribution of Excess Aggregate Contributions.** If the Plan fails the ACP Test for a Plan Year, the Plan Administrator may, in its discretion, distribute Excess Aggregate Contributions (including any allocable income or loss) no later than 12 months following the end of the Plan Year to correct the ACP Test violation. Excess Aggregate Contributions will be distributed only to the extent they are vested under Section 7.02, determined as of the last day of the Plan Year for which the contributions are made to the Plan. To the extent Excess Aggregate Contributions are not vested, the Excess Aggregate Contributions, plus any income and minus any loss allocable thereto, shall be forfeited in the Plan Year in which the corrective distribution is made from the Plan. If the Excess Aggregate Contributions are distributed more than 2½ months after the last day of the Plan Year in which such excess amounts arose, a 10-percent excise tax will be imposed on the Employer with respect to such amounts. If the Plan qualifies as an EACA, a corrective distribution of Excess Aggregate Contributions that are made no later than 6 months (instead of 2½ months) after the last day of the Plan Year in which such excess amounts arose will not be subject to the 10% excise tax with respect to such corrective distributions. This subsection (2) is effective for corrective distributions made for Plan Years beginning on or after January 1, 2008.

(i) **Amount to be distributed.** In determining the amount of Excess Aggregate Contributions to be distributed to a Highly Compensated Employee under this Section, Excess Aggregate Contributions are first allocated equally to the Highly Compensated Employee(s) with the largest dollar amount of ACP contributions for the Plan Year in which the excess occurs until all of the Excess Aggregate Contributions are allocated or until the dollar amount of ACP contributions for such Highly Compensated Employee(s) is reduced to the next highest dollar amount of such contributions for any other Highly Compensated Employee(s).

(ii) **Allocable gain or loss.** A corrective distribution of Excess Aggregate Contributions must include any allocable gain or loss for the Plan Year in which the excess occurs. For this purpose, allocable gain or loss on Excess Aggregate Contributions may be determined in any reasonable manner, provided the manner used is applied uniformly and in a manner that is reasonably reflective of the method used by the Plan for allocating income to Participants' Accounts.

(iii) **Coordination with other provisions.** A corrective distribution of Excess Aggregate Contributions made by the end of the Plan Year following the Plan Year in which the excess occurs may be made without consent of the Participant or the Participant's Spouse, and without regard to any distribution restrictions applicable under Section 8.09. Excess Aggregate Contributions are treated as Annual Additions for purposes of Code §415 even if distributed from the Plan. A corrective distribution of Excess Aggregate Contributions is not treated as a distribution for purposes of applying the required minimum distribution rules under Section 8.11.

© Copyright 2017

(iv) **Accounting for Excess Aggregate Contributions.** Excess Aggregate Contributions are distributed from the following sources and in the following priority:

(A) After-Tax Contributions that are not matched;

(B) proportionately from After-Tax Contributions not distributed under (A) and related Matching Contributions that are included in the ACP Test;

(C) Matching Contributions included in the ACP Test that are not distributed under (B); and

(D) QNECs included in the ACP Test.

(3) **Making QNECs.** Regardless of any elections under the AA, the Employer may make additional QNECs to the Plan on behalf of the Nonhighly Compensated Employees and use such amount to correct an ACP Test violation. Any QNECs contributed under this subsection (3) which are not specifically authorized under the AA will be allocated to all Participants who are Nonhighly Compensated Employees in the ratio that each such Participant's Plan Compensation bears to the Plan Compensation of all Participants for the Plan Year.

(c) **Adjustment of contribution rate for Highly Compensated Employees.** The Employer may suspend (or automatically reduce the rate of) After-Tax Contributions for the Highly Compensated Group, to the extent necessary to satisfy the ACP Test or to reduce the margin of failure. A suspension or reduction shall not affect After-Tax Contributions already contributed by the Highly Compensated Employees for the Plan Year. As of the first day of the subsequent Plan Year, After-Tax Contributions shall resume at the levels elected by the Highly Compensated Employees.

(d) **Special testing rules.**

(1) **Special rule for determining ACP of Highly Compensated Group.** When calculating the ACP of the Highly Compensated Group for any Plan Year, a Highly Compensated Employee's After-Tax Contributions and/or Matching Contributions under all plans maintained by the Employer are taken into account as if such contributions were made to a single plan. For this purpose, any QNECs taken into account under the ACP Test also are treated as made under a single plan. In addition, if a Highly Compensated Employee participates in two or more plans of the Employer that have different Plan Years, all ACP contributions made during the Plan Year under all such plans shall be aggregated. For Plan Years beginning before 2006, all ACP contributions made in Plan Years that end with or within the same calendar year are treated as made under a single plan. This aggregation rule does not apply to plans that are mandatorily disaggregated under regulations under Code §401(m).

(2) **Aggregation of plans.** When calculating the ACP Test, if this Plan satisfies the requirements of Code §401(m), §401(a)(4), or §410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Code sections only if aggregated with this Plan, all such plans are treated as a single plan. Plans may be aggregated in order to satisfy Code §401(m) only if they have the same Plan Year and use the same ACP testing method.

6.03 **Disaggregation of Plans.** Subject to the provisions of this Section 6.03, certain plans shall be treated as constituting separate plans to the extent required under the mandatory disaggregation rules under Code §401(m).

(a) **Plans covering Collectively Bargained Employees and non-Collectively Bargained Employees.** If the Plan covers Collectively Bargained Employees and non-Collectively Bargained Employees, the Plan is mandatorily disaggregated for purposes of applying the ACP Test into two separate plans, one covering the Collectively Bargained Employees and one covering the non-Collectively Bargained Employees. A separate ACP Test must be applied to the disaggregated portion of the Plan that covers the non-Collectively Bargained Employees. The disaggregated portion of the Plan that includes the Collectively Bargained Employees is deemed to pass the ACP Test.

(b) **Otherwise excludable Employees.** If the minimum coverage test under Code §410(b) is performed by disaggregating "otherwise excludable Employees" (i.e., Employees who have not satisfied the maximum age 21 and one Year of Service eligibility conditions permitted under Code §410(a)), then the Plan is treated as two separate plans, one benefiting the otherwise excludable Employees and the other benefiting Employees who have satisfied the maximum age and service eligibility conditions.

6.04 **Safe Harbor 403(b) Plan Provisions.** The Employer may elect in AA §6C to apply the Safe Harbor 403(b) Plan provisions under this Section 6.04. For this purpose, the Plan satisfies the requirements of this Section 6.04 if the Plan is a Safe Harbor 403(b) Plan, as described in subsection (a) or a Qualified Automatic Contribution Arrangement (QACA), as described in

© Copyright 2017

subsection (b). In addition, if Matching Contributions are made for such Plan Year, the ACP Test is deemed satisfied with respect to such contributions if the conditions of subsections (a) or (b) below are satisfied. To qualify as a Safe Harbor 403(b) Plan, the requirements under this Section 6.04 must be satisfied for the entire Plan Year. In accordance with Treas. Reg. §1.401(m)-1(c)(2), it is impermissible to use the ACP Test for a Plan Year in which the Plan is intended to be a Safe Harbor 403(b) Plan and the requirements of this Section 6.04 are not satisfied for the entire Plan Year.

(a) **Safe Harbor 403(b) Plan requirements.** To qualify as a Safe Harbor 403(b) Plan, the Plan must provide a Safe Harbor Contribution, as described under subsection (1), and must satisfy the requirements under subsections (2), (3) and (4) below.

(1) **Safe Harbor Contribution.** To qualify as a Safe Harbor 403(b) Plan, the Employer must provide a Safe Harbor Employer Contribution or a Safe Harbor Matching Contribution to Nonhighly Compensated Participants under the Plan. (See subsection (c) below for a discussion of the Participants eligible for a Safe Harbor Contribution.) The Safe Harbor Contribution must be made to the Plan no later than 12 months following the close of the Plan Year for which it is being used to qualify the Plan as a Safe Harbor 403(b) Plan.

(i) **Safe Harbor Employer Contribution.** The Employer may elect under AA §6C-2(b) to make a Safe Harbor Employer Contribution of at least 3% of Plan Compensation. The Employer has the discretion to increase the amount of the Safe Harbor Employer Contribution in excess of the percentage designated under AA §6C-2(b). (See subsection (4)(iii) below for the ability to condition the Safe Harbor Employer Contribution on the provision of a supplemental notice.)

(ii) **Safe Harbor Matching Contribution.** The Employer may elect under AA §6C-2(a)(1) to satisfy the Safe Harbor Contribution requirement by making a Safe Harbor Matching Contribution with respect to each Participant's Salary Deferrals under the Plan. If After-Tax Employee Contributions are authorized under AA §6D, the Employer may elect in AA §6D-2(c) to provide the Safe Harbor Matching Contribution with respect to such After-Tax Employee Contributions. The Employer may elect under AA §6C-2(a)(1) to provide a basic Safe Harbor Matching Contribution, an enhanced Safe Harbor Matching Contribution, or a tiered Safe Harbor Matching Contribution.

(A) **Basic Safe Harbor Matching Contribution.** Under the basic Safe Harbor Matching Contribution formula, each eligible Participant (as defined in AA §6C-3) will receive a Safe Harbor Matching Contribution equal to:

(I) 100% of the amount of a Participant's Salary Deferrals that do not exceed 3% of the Participant's Plan Compensation, plus

(II) 50% of the amount of a Participant's Salary Deferrals that exceed 3% of the Participant's Plan Compensation but that do not exceed 5% of the Participant's Plan Compensation.

(B) **Enhanced Safe Harbor Matching Contribution.** Under the enhanced Safe Harbor Matching Contribution formula, the Safe Harbor Matching Contribution must not be less, at each level of Salary Deferrals, than the amount required under the basic Safe Harbor Matching Contribution formula under subsection (A) above. Under the enhanced Safe Harbor Matching Contribution formula, the rate of Matching Contributions may not increase as an Employee's rate of Salary Deferrals increase.

(C) **Contributions for Highly Compensated Employees.** The Plan will not fail to be a Safe Harbor 403(b) Plan merely because Highly Compensated Employees also receive a Safe Harbor Matching Contribution under the Plan. However, a Safe Harbor Matching Contribution will not satisfy this section if any Highly Compensated Employee is eligible for a higher rate of Safe Harbor Matching Contribution than is provided for any Nonhighly Compensated Employee who has the same rate of Salary Deferrals.

(D) **Period for making Safe Harbor Matching Contribution.** In determining a Participant's Safe Harbor Matching Contributions, the Employer may elect under the Adoption Agreement to determine the Safe Harbor Matching Contribution on the basis of Salary Deferrals the Participant makes during the Plan Year. Alternatively, the Employer may elect to determine the Safe Harbor Matching Contribution on a payroll, monthly, or quarterly basis. If the Employer elects to use a period other than the Plan Year, the Safe Harbor Matching Contribution must be deposited into the Plan by the last day of the Plan Year quarter following the Plan Year quarter for which the Salary Deferrals are made. (See Section 3.04(c) for rules applicable to true-up contributions

© Copyright 2017

where the Employer contributes Matching Contributions to the Plan on a different period than selected under AA §6C-2(a)(3).)

(2) **Full and immediate vesting.** The Safe Harbor Contribution under subsection (1) above must be 100% vested, regardless of the Employee's length of service, at the time the contribution is made to the Plan. Any additional amounts contributed under the Plan may be subject to a vesting schedule.

(3) **Distribution restrictions.** Distributions of the Safe Harbor Contribution under subsection (1) must be restricted in the same manner as Salary Deferrals under Section 8.09(c), except that such contributions may not be distributed upon Hardship. (See Section 8.09(e).)

(4) **Annual notice.** Each eligible Participant must receive a written notice describing the Participant's rights and obligations under the Plan.

(i) **Contents of notice.** The annual notice must include a description of:

(A) the Safe Harbor Contribution formula being used under the Plan;

(B) any other contributions under the Plan;

(C) the plan to which the Safe Harbor Contributions will be made (if different from this Plan);

(D) the type and amount of Plan Compensation that may be deferred under the Plan;

(E) the administrative requirements for making and changing Salary Deferral elections; and

(F) the withdrawal and vesting provisions under the Plan.

In addition to any other election periods provided under the Plan, each eligible Participant may make or modify his/her Salary Deferral election during the 30-day period immediately following receipt of the annual notice.

(ii) **Timing of notice.** Each Participant must receive the annual notice within a reasonable period before the beginning of the Plan Year (or within a reasonable period before an Employee becomes a Participant, if later). For this purpose, an Employee will be deemed to have received the notice in a timely manner if the Employee receives such notice at least 30 days, but not more than 90 days, before the beginning of the Plan Year. For an Employee who becomes a Participant after the 90th day before the beginning of the Plan Year, the notice will be deemed timely if it is provided before the date the Employee becomes eligible to participate under the Plan (but no more than 90 days before the Employee becomes eligible).

(iii) **Supplemental notice.** If the Employer elects to provide the Safe Harbor Employer Contribution described in subsection (1) above, the Employer may elect under AA §6C-2(b)(1) to make such contribution only as authorized under a supplemental notice described in this subsection (iii). If the Employer elects to make the Safe Harbor Employer Contribution pursuant to a supplemental notice, the Employer will notify each Participant in the annual notice described in this subsection (4) that the Employer *may* provide the Safe Harbor Employer Contribution and that a supplemental notice will be provided if the Employer decides to make the Safe Harbor Employer Contribution. The supplemental notice indicating the Employer's intention to make the Safe Harbor Employer Contribution must be provided no later than 30 days prior to the last day of the Plan Year for the Plan to qualify as a Safe Harbor 403(b) Plan. If the Employer does not provide the supplemental notice in accordance with this paragraph, the Employer is not obligated to make the Safe Harbor Employer Contribution and the Plan does not qualify as a Safe Harbor 403(b) Plan. The Plan will qualify as a Safe Harbor 403(b) Plan for subsequent Plan Years if the appropriate notices are provided for such years. No amendment is required to make the Safe Harbor Employer Contribution in subsequent Plan Years.

(b) **Qualified Automatic Contribution Arrangement (QACA) requirements.** The Employer may elect in the Adoption Agreement to apply the Qualified Automatic Contribution Arrangement (QACA) provisions under this subsection (b). To qualify as a QACA, the Plan must satisfy the requirements for an EACA as set forth in Section 3.03(c)(1), must provide for an automatic deferral as described in subsection (1), and must provide for a QACA Safe Harbor Contribution as described under subsection (2). The Plan also must satisfy the requirements under subsections (3) - (6).

(1) **Automatic deferral.** To qualify as a QACA, the Plan must provide for an automatic deferral election equal to a qualified percentage of Plan Compensation.

© Copyright 2017

(i) **Automatic deferral percentage.** For this purpose, a qualified percentage is, with respect to any Employee, a uniform percentage of Plan Compensation that does not exceed 10%, and which is at least:

(A) 3% during the period that begins when the Employee first begins making automatic deferrals under the QACA and ending on the last day of the following Plan Year,

(B) 4% during the first Plan Year following the initial period described in subsection (A),

(C) 5% during the second Plan Year following the initial period described in subsection (A), and

(D) 6% during any subsequent Plan Year.

The Employer may elect under AA §6A to apply the automatic increase described under this subsection (i) as of a date other than the beginning of the Plan Year. If a date other than the first day of the Plan Year is selected under AA §6A, the Plan still must satisfy the minimum deferral percentage requirements under this subsection (i) as of the beginning of the periods designated above. Thus, if an automatic increase becomes effective as of a date within a Plan Year, the Plan must provide for an automatic deferral percentage at least equal to the minimum percentage as of the designated date in the Plan Year commencing before the Plan Years described under (B) – (D) above. (See Rev. Rul. 2009-30.)

(ii) **Eligible Employees.** In applying the QACA provisions under this subsection (b), the automatic deferral election described under subsection (1) must apply to all eligible Employees without taking into account any Employee who:

(A) was eligible to participate in the Plan (or a predecessor Plan) immediately prior to the effective date of the QACA, and

(B) had an affirmative election in effect on such effective date (which remains in effect) either to:

(I) make Salary Deferrals in a specified amount or percentage of Plan Compensation, or

(II) not have any Salary Deferrals made on his/her behalf.

(iii) **Treatment of rehires.** The minimum deferral percentages described in subsection (1) are determined based on the date the Participant first begins making automatic deferrals under the Plan, without regard to whether the Employee continues to be eligible to make contributions after such date. Thus, the minimum percentage is generally determined based on the number of years since an Employee first has automatic deferrals made under the QACA.

However, if an Employee is precluded from making automatic deferrals to the Plan for an entire Plan Year (e.g., due to termination of employment), the Plan may treat such Employee as having a new initial period for determining the minimum required default percentage under subsection (1) (if such Employee recommences making default contributions under the QACA), regardless of what minimum percentage would otherwise apply to that Employee. The provisions of this subsection (iii) will automatically apply, unless designated otherwise under AA §6A.

Unless elected otherwise under AA §6A, a Participant's affirmative election to defer (or to not defer) will cease upon termination of employment. If a terminated Participant's affirmative election to defer (or to not defer) ceases upon termination of employment, the Participant will be subject to the automatic deferral provisions of this subsection (1) upon rehire, including the default election provisions and the notice requirements under subsection (5) below.

(2) **QACA Safe Harbor Contribution.** To qualify as a QACA, the Employer must provide a QACA Safe Harbor Employer Contribution or a QACA Safe Harbor Matching Contribution to Nonhighly Compensated Employees under the Plan.

(i) **QACA Safe Harbor Employer Contribution.** The Employer may elect under AA §6C to make a QACA Safe Harbor Employer Contribution of at least 3% of Plan Compensation.

(ii) **QACA Safe Harbor Matching Contribution.** The Employer may elect under AA §6C to make a QACA Safe Harbor Matching Contribution with respect to each Participant's Salary Deferrals under the Plan. The Employer may elect to provide a basic QACA Safe Harbor Matching Contribution, an

© Copyright 2017

enhanced QACA Safe Harbor Matching Contribution, or a tiered QACA Safe Harbor Matching Contribution.

(A) **Basic QACA Safe Harbor Matching Contribution.** Under the basic QACA Safe Harbor Matching Contribution formula, each eligible Participant (as defined in AA §6C-3) will receive a QACA Safe Harbor Matching Contribution equal to:

(I) 100% of the Participant's Salary Deferrals that do not exceed 1% of the Participant's Plan Compensation plus

(II) 50% of the Participant's Salary Deferrals that exceed 1% of the Participant's Plan Compensation but that do not exceed 6% of the Participant's Plan Compensation.

(B) **Enhanced QACA Safe Harbor Matching Contribution.** Under the enhanced QACA Safe Harbor Matching Contribution formula, the QACA Safe Harbor Matching Contribution must not be less, at each level of Salary Deferrals, than the amount required under the basic QACA Safe Harbor Matching Contribution formula under subsection (A) above. Under the enhanced QACA Safe Harbor Matching Contribution formula, the rate of Matching Contributions may not increase as an Employee's rate of Salary Deferrals increase.

(C) **Contributions for Highly Compensated Employees.** The Plan will not fail to be a QACA merely because Highly Compensated Employees also receive a QACA Safe Harbor Matching Contribution under the Plan. However, a QACA Safe Harbor Matching Contribution will not satisfy this section if any Highly Compensated Employee is eligible for a higher rate of QACA Safe Harbor Matching Contribution than is provided for any Nonhighly Compensated Employee who has the same rate of Salary Deferrals.

(D) **Period for making QACA Safe Harbor Matching Contribution.** In determining a Participant's QACA Safe Harbor Matching Contributions, the Employer may elect under AA §6C-2(a)(3) to determine the QACA Safe Harbor Matching Contribution on the basis of Salary Deferrals the Participant makes during the Plan Year. Alternatively, the Employer may elect to determine the QACA Safe Harbor Matching Contribution on a payroll, monthly, or quarterly basis.

(3) **2-year cliff vesting.** A Participant must be 100% vested in any QACA Safe Harbor Contributions under subsection (2) above upon the completion of two (2) Years of Service. Any additional amounts contributed under the Plan may be subject to any vesting schedule described under Section 7.02. For this purpose, a QACA Safe Harbor Contribution is treated as a separate contribution source for purposes of applying the rules under Section 7.08 relating to the amendment of a vesting schedule.

(4) **Distribution restrictions.** Distributions of the QACA Safe Harbor Contribution must be restricted in the same manner as Salary Deferrals under Section 8.09(c), except that such contributions may not be distributed upon Hardship.

(5) **Annual notice.** Each eligible Employee must receive a written notice as described in subsection (a)(4) above.

(6) **Definition of Plan Compensation.** For Plan Years beginning on or after January 1, 2010, the definition of Plan Compensation used for purposes of determining default Salary Deferral contributions under the QACA must satisfy the safe harbor requirements under Treas. Reg. §1.401(k)-3(b)(2). For this purpose, if the Plan defines Plan Compensation in a manner that does not satisfy the safe harbor requirements under Treas. Reg. §1.401(k)-3(b)(2), effective for the first Plan Year beginning on or after January 1, 2010, the definition of Plan Compensation used for determining default Salary Deferral contributions will automatically be modified so that any exclusions that cause the definition of Plan Compensation to fail the safe harbor requirements will apply only to Highly Compensated Employees.

(c) **Eligibility for Safe Harbor/QACA Safe Harbor Contributions.** The Employer may elect under AA §6C-3(a) to provide the Safe Harbor/QACA Safe Harbor Contribution to all Participants or only to Participants who are Nonhighly Compensated Employees.

The Employer also may elect under AA §6C-3(b) to exclude certain designated Employees from the Safe Harbor/QACA Safe Harbor Contribution. If any Non-Highly Compensated Employee who is eligible to make Salary Deferrals under the Plan is excluded from the Safe Harbor/QACA Safe Harbor Contribution under AA §6C-3(b), the Plan must be disaggregated into separate plans for minimum coverage purposes pursuant to Code §410(b)(4). If each of

© Copyright 2017

the disaggregated plans can separately satisfy the minimum coverage requirements under Code §401(a)(4), the separate component plans may be tested separately for nondiscrimination under Code §401(a)(4), including the safe harbor rules under this Section 6.04. If the Plan is disaggregated into separate plans for nondiscrimination purposes, the portion of the disaggregated plan that covers Employees who are not eligible for the Safe Harbor/QACA Safe Harbor Contribution must satisfy the ACP Test, if applicable.

(d) **Different eligibility conditions.** In determining who is a Participant for purposes of the Safe Harbor/QACA Safe Harbor Contribution, the eligibility conditions applicable to Salary Deferrals under AA §4-1 apply. However, the Employer may elect under AA §6C-3(c) to apply different eligibility conditions for the Safe Harbor/QACA Safe Harbor Contribution than apply to Salary Deferrals. If the Employer elects under AA §6C-3(c)(1)(iv) to require a Year of Service for determining eligibility for Safe Harbor/QACA Safe Harbor Contributions, a Year of Service for this purpose is the completion of 1,000 Hours of Service during an Eligibility Computation Period.

An Eligibility Computation Period is as defined under Section 2.03(a)(3) using Plan Years for subsequent Eligibility Computation Periods. If different eligibility conditions are selected for Safe Harbor/QACA Safe Harbor Contributions that are more restrictive than the eligibility conditions applicable for Salary Deferrals, the Plan must be disaggregated into separate plans for coverage purposes pursuant to Code §410(b)(4). If the Plan uses different eligibility conditions for Safe Harbor/QACA Safe Harbor Contributions, the portion of the disaggregated plan that covers Employees who are not eligible for the Safe Harbor/QACA Safe Harbor Contribution must satisfy the ACP Test, if applicable.

(e) **Provision of Safe Harbor Contribution in separate plan.** The Employer may elect under AA §6C to provide the Safe Harbor Contribution under another defined contribution plan maintained by the Employer. The Safe Harbor Contribution under such other plan must satisfy the conditions under this Section 6.04 for this Plan to qualify as a Safe Harbor 403(b) Plan. To make the Safe Harbor Contribution under another defined contribution plan, each Employee eligible to participate under this Plan must also be eligible to participate under the other defined contribution plan and the other defined contribution plan must have the same Plan Year as this Plan.

(f) **Mid-Year Changes to Safe Harbor 403(b) Plan**. A Plan will not fail to satisfy the requirements relating to Safe Harbor 403(b) plans because of the adoption of a mid-year amendment, unless such amendment is prohibited by IRS regulation or other guidance.

(g) **Reduction or suspension of Safe Harbor/QACA Safe Harbor Contributions.** The Employer may amend the Plan during the Plan Year to reduce or suspend the Safe Harbor/QACA Safe Harbor Contributions (on a prospective basis) provided the following conditions are satisfied:

(1) The Employer must provide a supplemental notice to all Participants explaining the consequences and effective date of the amendment.

(2) Participants must be given a reasonable opportunity (including a reasonable period after receipt of the supplemental notice) to change their Salary Deferral and/or After-Tax Employee Contribution elections, as applicable.

(3) The amendment reducing or eliminating the Safe Harbor/QACA Safe Harbor Contribution must be effective no earlier than the later of:

(i) 30 days after Participants are given the supplemental notice or

(ii) the date the amendment is adopted.

(4) The Plan is subject to the ACP Test for the entire Plan Year in which the reduction or suspension occurs using the Current Year Testing Method.

(5) If the Plan is amended to reduce or eliminate a Safe Harbor/QACA Safe Harbor Employer Contribution, the Employer must operate at an economic loss as described in Code §412(c)(2)(A) for the Plan Year or the notice provided under subsection (4) must include a statement that the Plan may be amended during the Plan Year to reduce or suspend the Safe Harbor/QACA Safe Harbor Employer Contribution and that the reduction or suspension will not apply until at least 30 days after all Eligible Employees are provided notice of the reduction or suspension.

(h) **Deemed compliance with ACP Test.** If the Plan satisfies all the conditions to qualify as a Safe Harbor 403(b) Plan, the Plan is deemed to satisfy the ACP Test for the Plan Year with respect to Matching Contributions (including Matching Contributions that are not used to qualify as a Safe Harbor 403(b) Plan), provided the following conditions are satisfied.

© Copyright 2017

If the Plan does not satisfy the requirements to qualify as a Safe Harbor 403(b) Plan for a Plan Year, the Plan must satisfy the ACP Test for such Plan Year.

(1) **Only Safe Harbor/QACA Safe Harbor Matching Contributions.** If the only Matching Contributions provided under the Plan are Safe Harbor/QACA Safe Harbor Matching Contributions under AA §6C, the Plan is deemed to satisfy the ACP Test, without regard to the conditions under subsections (2)-(5) below.

(2) **Additional Matching Contributions.** If Matching Contributions are provided in addition to Safe Harbor/QACA Safe Harbor Matching Contributions under AA §6C, the total Matching Contributions provided under the Plan (including any Safe Harbor/QACA Safe Harbor Matching Contributions) may not apply to any Salary Deferrals or After-Tax Employee Contributions that exceed 6% of Plan Compensation. If a Matching Contribution formula applies to both Salary Deferrals and After-Tax Employee Contributions, then the Matching Contributions may not apply to the sum of such contributions that exceed 6% of Plan Compensation. If Matching Contributions under the Plan apply to Salary Deferrals in excess of 6% of Plan Compensation, the Plan will be subject to ACP Testing to the extent provided under subsection (i) below.

(3) **Discretionary Matching Contributions.** If the Employer elects to provide discretionary Matching Contributions under a Safe Harbor 403(b) Plan, such discretionary Matching Contributions will not be subject to the ACP Test only if the total amount of the discretionary Matching Contributions are limited to no more than 4% of the Employee's Plan Compensation.

(4) **Rate of Matching Contribution may not increase.** The Matching Contribution formula may not provide a higher rate of match at higher levels of Salary Deferrals or After-Tax Employee Contributions.

(5) **Limit on Matching Contributions for Highly Compensated Employees.** The Matching Contributions made for any Highly Compensated Employee at any rate of Salary Deferrals and/or After-Tax Employee Contributions cannot be greater than the Matching Contributions provided for any Nonhighly Compensated Employee at the same rate of Salary Deferrals and/or After-Tax Employee Contributions.

(6) **After-Tax Employee Contributions.** If the Plan permits After-Tax Employee Contributions, such contributions must satisfy the ACP Test, regardless of whether the Matching Contributions under Plan are deemed to satisfy the ACP Test under this subsection (h). The ACP Test must be performed in accordance with subsection (i) below.

(7) **Additional Matching Contributions may be subject to vesting and distribution restrictions.** Additional Matching Contributions may satisfy the ACP Test Safe Harbor described in this subsection (h) even if such Matching Contributions are subject to the normal vesting schedule and distribution rules applicable to Matching Contributions. However, if such Matching Contributions are subject to allocation conditions under AA §6B-7, such Matching Contributions may fail to satisfy the ACP Test Safe Harbor described in this subsection (h).

(i) **Rules for applying the ACP Test.** If the ACP Test must be performed under a Safe Harbor 403(b) Plan, either because there are After-Tax Employee Contributions, or because the Matching Contributions do not satisfy the conditions described in subsection (h) above, the Current Year Testing Method must be used to perform such test, even if the Adoption Agreement specifies that the Prior Year Testing Method applies. In addition, the testing rules provided in IRS Notice 98-52 (or any successor guidance) are applicable in applying the ACP Test.

(j) **Plan Year.** Except as provided in subsections (1)-(3) below, to qualify as a Safe Harbor 403(b) Plan, the safe harbor requirements under this Section 6.04 must be satisfied for an entire 12-month Plan Year.

(1) **First year of plan.** A newly established plan (other than a successor plan within the meaning of Treas. Reg. §1.401(m)-2(c)(2)(iii)) will not fail to satisfy the requirements of this subsection (j) merely because the Plan Year is less than 12 months, provided that the Plan Year is at least 3 months long. If an Employer is newly established and adopts the Plan as soon as administratively feasible after the Employer comes into existence, the initial Plan Year may be shorter than 3 months.

If the Plan has an initial Plan Year that is less than 12 months, for purposes of applying the Code §415 Limitation under Section 5.03, the Limitation Year will be the 12-month period ending on the last day of the short Plan Year. Thus, no proration of the Defined Contribution Dollar Limitation will be required. In addition, the Employer's Plan Compensation will be determined for the 12-month period ending on the last day of the short Plan Year. Thus, no proration of the Compensation Limit will be required. (See Section 1.29.)

(2) **Change of Plan Year.** If the Plan is amended to change its Plan Year, resulting in a Short Plan Year (see Section 11.11), the Plan will not fail to satisfy the requirements of subsection (j), provided:

© Copyright 2017

(i) The Plan satisfies the safe harbor requirements under this Section 6.04 for the immediately preceding Plan Year; and

(ii) The plan satisfies the safe harbor requirements under this Section 6.04 (determined without regard to subsection (g) above) for the immediately following Plan Year or for the immediately following 12 months if the immediately following Plan Year is less than 12 months.

(3) **Final plan year.** If the Plan is terminated during a Plan Year, the Plan will not fail to satisfy the requirements of subsection (j) merely because the final Plan Year is less than 12 months, provided that the plan satisfies the safe harbor requirements under this Section 6.04 through the date of termination and either:

(i) The Plan would satisfy the requirements of subsection (g), treating the termination of the Plan as a reduction or suspension of Safe Harbor Matching Contributions (other than the requirement that Employees have a reasonable opportunity to change their Salary Deferral or After-Tax Employee Contribution elections); or

(ii) The Plan termination is in connection with a transaction described in Code §410(b)(6)(C) or the Employer incurs a substantial business hardship, comparable to a substantial business hardship described in Code §412(d). If this subsection (ii) applies, the Plan will continue to qualify as a Safe Harbor 403(b) Plan for the year of termination.

© Copyright 2017

SECTION 7
PARTICIPANT VESTING AND FORFEITURES

7.01 **Vesting of Contributions.** A Participant's vested interest in his/her Employer Contribution Account and Matching Contribution Account is determined based on the vesting schedule elected in AA §8. A Participant is always fully vested in his/her Salary Deferral Account, After-Tax Contribution Account, QNEC Account, Safe Harbor Employer Contribution Account, Safe Harbor Matching Contribution Account, and Rollover Contribution Account.

7.02 **Vesting Schedules.** A Participant's vested interest in his/her Employer Contribution Account and/or Matching Contribution Account is determined by multiplying the Participant's vesting percentage (determined under the applicable vesting schedule selected in AA §8) by the total amount under the applicable Account.

(a) **Vesting schedule.** The Employer may choose any of the vesting schedules described in this subsection (a) as the normal vesting schedule with respect to Employer Contributions.

(1) **Full and immediate vesting schedule.** Under the full and immediate vesting schedule, the Participant is always 100% vested in his/her Account Balance.

(2) **5-year graded vesting schedule.** Under the 5-year graded vesting schedule, an Employee vests in his/her Employer Contribution Account and/or Matching Contribution Account in the following manner:

After 1 Year of Service – 20% vesting
After 2 Years of Service – 40% vesting
After 3 Years of Service – 60% vesting
After 4 Years of Service – 80% vesting
After 5 Years of Service – 100% vesting

(3) **6-year graded vesting schedule.** Under the 6-year graded vesting schedule, an Employee vests in his/her Employer Contribution Account and/or Matching Contribution Account in the following manner:

After 2 Years of Service – 20% vesting
After 3 Years of Service – 40% vesting
After 4 Years of Service – 60% vesting
After 5 Years of Service – 80% vesting
After 6 Years of Service – 100% vesting

(4) **3-year cliff vesting schedule.** Under the 3-year cliff vesting schedule, an Employee is 100% vested after 3 Years of Service. Prior to the third Year of Service, the vesting percentage is zero.

(5) **Modified vesting schedule.** Under the modified vesting schedule, the Employer may designate in the Adoption Agreement the vesting percentage that applies for each Year of Service.

(b) **Special vesting rules.**

(1) **Normal Retirement Age.** Regardless of the Plan's vesting schedule, a Participant's right to his/her Account Balance is fully vested upon the date he/she attains Normal Retirement Age (as defined in AA §7-1), provided the Participant is an Employee on or after such date.

(2) **Separate Accounting.** The Plan Administrator will maintain separate bookkeeping account for each type of contribution made by the Employer on behalf of a Participant that is subject to a different vesting schedule. Any portion of such account in which the Participant is not vested shall be accounted for separately and treated as a contract to which Code §403(c) (or another applicable provision of the Internal Revenue Code) applies. On or after the date on which the Participant's interest in the separate account becomes nonforfeitable, the contract shall be treated as a Code §403(b) Annuity Contract if:

(i) No election has been made under Code §83(b) with respect to the contract;

(ii) The Participant's interest in the separate account has been subject to a substantial risk of forfeiture before becoming nonforfeitable;

(iii) Contributions subject to different vesting schedules have been maintained in separate accounts; and

© Copyright 2017

(iv) The separate account at all times satisfied the requirements of section 403(b) except for the nonforfeitability requirement in Code §403(b)(1)(C).

If only a portion of the Participant's interest in a separate account becomes nonforfeitable in a year, then that portion of the contract will be considered a Code §403(b) Annuity Contract and the remaining forfeitable portion will be considered a separate contract to w Code §403(c) (or another applicable provision of the Internal Revenue Code) applies. Each contribution (and earning thereon) that is subject to a different vesting schedule must be maintained in a separate account for the Participant.

(3) **100% vesting upon death, or becoming Disabled.** The Employer may elect under AA §8-4 to allow a Participant's vesting percentage to automatically increase to 100% if the Participant dies, becomes Disabled while employed by the Employer or reaches Early Retirement Age while employed with the Employer.

(4) **Safe Harbor Plans.** If the Plan is a Safe Harbor Plan as defined in Section 6.04, any Safe Harbor Contributions made under the Plan are always 100% vested. If the Plan provides for QACA Safe Harbor Contributions under AA §6C-2, such contributions will vest in accordance with the vesting schedule selected under AA §8-2(b). If a Safe Harbor Plan provides for regular Employer Contributions or Matching Contributions, such amounts will be vested in accordance with the vesting schedule selected under AA §8. Section 7.08 will not apply merely because the Plan is amended to add a vesting schedule for regular Employer Contributions or Matching Contributions.

(5) **Vesting upon merger, consolidation or transfer.** No accelerated vesting will be required solely because a Code §403(b) Plan is merged with another Code §403(b) Plan, or because assets are transferred from a Code §403(b) Plan to another Code §403(b) Plan.

7.03 **Year of Service.** An Employee's position on the vesting schedule is dependent on the Employee's Years of Service with the Employer. Generally, an Employee will earn a vesting Year of Service for each Vesting Computation Period during which the Employee completes at least 1,000 Hours of Service. Alternatively, the Employer may elect under AA §8-5 to modify the definition of Year of Service to require completion of any lesser number of Hours of Service or may elect to calculate Years of Service using the Elapsed Time method (as defined in subsection (b) below).

(a) **Hours of Service.** Unless the Employer elects to use the Elapsed Time method under AA §8-5(c), vesting Years of Service will be determined based on an Employee's Hours of Service earned during the Vesting Computation Period.

(1) **Actual Hours of Service.** In determining an Employee's vesting Years of Service, the Employer will credit an Employee with the actual Hours of Service earned during the Vesting Computation Period, unless the Employer elects under AA §8-5(d) to determine Hours of Service using the Equivalency Method.

(2) **Equivalency Method.** Instead of counting actual Hours of Service in applying the Plan's vesting schedules, the Employer may elect under AA §8-5(d) to determine Hours of Service based on the Equivalency Method. Under the Equivalency Method, an Employee receives credit for a specified number of Hours of Service based on the period worked with the Employer.

(i) **Monthly.** Under the monthly Equivalency Method, an Employee is credited with 190 Hours of Service for each calendar month during which the Employee completes at least one Hour of Service with the Employer.

(ii) **Daily.** Under the daily Equivalency Method, an Employee is credited with 10 Hours of Service for each day during which the Employee completes at least one Hour of Service with the Employer.

(iii) **Weekly.** Under the weekly Equivalency Method, an Employee is credited with 45 Hours of Service for each week during which the Employee completes at least one Hour of Service with the Employer.

(iv) **Semi-monthly.** Under the semi-monthly Equivalency Method, an Employee is credited with 95 Hours of Service for each semi-monthly period during which the Employee completes at least one Hour of Service with the Employer.

(3) **Employee need not be employed for entire Vesting Computation Period.** If an Employee completes the required Hours of Service during a Vesting Computation Period, the Employee will receive credit for a Year of Service as of the end of such Vesting Computation Period, even if the Employee is not employed for the entire Vesting Computation Period.

© Copyright 2017

(b) **Elapsed Time method.** Instead of using Hours of Service in applying the Plan's vesting schedules, the Employer may elect under AA §8-5(c) to apply the Elapsed Time method for calculating an Employee's vesting service with the Employer. Under the Elapsed Time method, an Employee receives credit for the aggregate period of time worked for the Employer commencing with the Employee's first day of employment (or reemployment, if applicable) and ending on the date the Employee begins a Period of Severance which lasts at least 12 consecutive months. In calculating an Employee's aggregate period of service, an Employee receives credit for any Period of Severance that lasts less than 12 consecutive months. If an Employee's aggregate period of service includes fractional years, such fractional years are expressed in terms of days.

(1) **Period of Severance.** For purposes of applying the Elapsed Time method, a Period of Severance is any continuous period of time during which the Employee is not employed by the Employer. A Period of Severance begins on the date the Employee retires, quits or is discharged, or if earlier, the 12-month anniversary of the date on which the Employee is first absent from service for a reason other than retirement, quit or discharge.

In the case of an Employee who is absent from work for maternity or paternity reasons, the 12-consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a Period of Severance. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (i) by reason of the pregnancy of the Employee, (ii) by reason of the birth of a child of the Employee, (iii) by reason of the placement of a child with the Employee in connection with the adoption of such child by the Employee, or (iv) for purposes of caring for a child of the Employee for a period beginning immediately following the birth or placement of such child.

(2) **Related Employers.** For purposes of applying the Elapsed Time method, service will be credited for employment with any Related Employer.

(c) **Change in service crediting method.** If the service crediting method is changed from an Hours of Service method to the Elapsed Time method or from the Elapsed Time method to an Hours of Service method, the amount of service credited to an Employee will be determined under subsection (1) or (2) below. For this purpose, a change in service crediting method will occur if the Plan is amended to change the service crediting method or if the service crediting method is changed as a result of an Employee's change in employment status.

(1) **Change to Elapsed Time method.** If the service crediting method is changed from an Hours of Service method to the Elapsed Time method, the amount of vesting service credited to an Employee will equal the sum of the service under subsections (i) and (ii) below:

(i) The number of Years of Service equal to the number of Years of Service credited under the Hours of Service method before the Vesting Computation Period during which the change to the Elapsed Time method occurs.

(ii) For the Vesting Computation Period in which the change occurs, the greater of:

(A) the period of service that would be credited under the Elapsed Time method from the first day of that Vesting Computation Period through the date of the change, or

(B) the service that would be taken into account under the Hours of Service method for the Vesting Computation Period which includes the date of the change.

If the period of service described in subsection (A) is the greater amount, then subsequent periods of service are credited under the Elapsed Time method beginning with the date of the change. If the period of service described in subsection (B) applies, the Elapsed Time method will be used beginning with the first day of the Vesting Computation Period that would have followed the Vesting Computation Period in which the change to the Elapsed Time method occurred.

If the change to the Elapsed Time method occurs as of the first day of a Vesting Computation Period, the use of the Elapsed Time method begins as of the date of the change, and the calculation in subsection (B) above does not apply. In such case, the Employee's service is determined under subsection (A) above plus the subsequent periods of service determined under the Elapsed Time method, starting with the effective date of the change.

(2) **Change to Hours of Service method.** If the service crediting method is changed from the Elapsed Time method to an Hours of Service method, the Employee's Elapsed Time service earned as of the date of the change is converted into Years of Service under the Hours of Service method, determined as the sum of subsections (i) and (ii), below:

© Copyright 2017

(i) A number of Years of Service is credited that equals the number of 1-year periods of service credited under the Elapsed Time method as of the date of the change.

(ii) For the Vesting Computation Period which includes the date of the change, the Employee is credited with an equivalent number of Hours of Service, using one of the Equivalency Methods defined in Section 7.03(a)(2) above for any fractional year that was credited under the Elapsed Time method as of the date of the change.

For the portion of the Vesting Computation Period following the date of the change, actual Hours of Service are counted. The Hours of Service credited for the portion of the Vesting Computation Period in which the Elapsed Time method was in effect are added to the actual Hours of Service credited for the remaining portion of the Vesting Computation Period to determine if the Employee has a Year of Service for that Vesting Computation Period.

7.04 **Vesting Computation Period.** Generally, the Vesting Computation Period is the Plan Year. Alternatively, the Employer may elect under AA §8-5(b) to use the 12-month period commencing on the Employee's date of hire (or reemployment date, if applicable) and each subsequent 12-month period commencing on the anniversary of such date or the Employer may elect to use any other 12-consecutive month period as the Vesting Computation Period.

7.05 **Excluded service.** Generally, except as provided under Section 7.07 with respect to service excluded under the Break in Service rules, all service with the Employer counts for purposes of applying the Plan's vesting schedules. However, the Employer may elect under AA §8-3 to exclude certain service with the Employer in calculating an Employee's vesting Years of Service.

(a) **Service before the Effective Date of the Plan.** The Employer may elect under AA §8-3(a) to exclude service earned during any period prior to the date the Employer established the Plan or a Predecessor Plan. For this purpose, a Predecessor Plan is a plan maintained by the Employer that is terminated within the 5-year period immediately preceding or following the establishment of this Plan. A Participant's service under a Predecessor Plan must be counted for purposes of determining the Participant's vested percentage under this Plan.

(b) **Service before a specified age.** The Employer may elect under AA §8-3(b) to exclude service before an Employee attains a specified age (not to exceed age 18). An Employee will be credited with a Year of Service for the Vesting Computation Period during which the Employee attains the required age, provided the Employee satisfies all other conditions required for a Year of Service.

7.06 **Service with Predecessor Employers.** If the Employer maintains the plan of a Predecessor Employer, any service with such Predecessor Employer is treated as service with the Employer for purposes of applying the provisions of this Plan. If the Employer does not maintain the plan of a Predecessor Employer, service with such Predecessor Employer does not count for vesting purposes under this Section 7, unless the Employer specifically designates under AA §4-5 to credit service with such Predecessor Employer for vesting. Unless designated otherwise under AA §4-5, if the Employer takes into account service with a Predecessor Employer, such service will count for purposes of eligibility under Section 2 (see Section 2.06) vesting under this Section 7, and for purposes of the minimum allocation conditions under Section 3.07.

7.07 **Break in Service Rules.** In addition to any service excluded under Section 7.05, the Employer may elect under AA §8-5 to disregard an Employee's vesting service with the Employer under the Break in Service rules set forth in this Section 7.07.

(a) **Break in Service.** An Employee incurs a Break in Service for any Vesting Computation Period (as defined in Section 7.04) during which the Employee does not complete more than five hundred (500) Hours of Service with the Employer. However, if the Employer elects under AA §8-5(a) to require less than 1,000 Hours of Service to earn a vesting Year of Service, a Break in Service will occur for any Vesting Computation Period during which the Employee does not complete more than one-half (1/2) of the Hours of Service required to earn a vesting Year of Service. In applying these Break in Service rules, Years of Service and Breaks in Service are measured on the same Vesting Computation Period.

(b) **One-Year Break in Service rule.** Under the One-Year Break in Service rule, if an Employee incurs a one-year Break in Service, such Employee will not be credited with any service earned prior to such one-year Break in Service for purposes of applying the Plan's vesting schedules until the Employee has completed a Year of Service after the Employee's return to employment. The Employer must elect to apply the One-Year Break in Service rule under AA §8-5(f).

If a Participant has service disregarded under the One-Year Break in Service rule, such Participant will have his/her service reinstated upon returning to employment as of the first day of the Vesting Computation Period during which the Participant completes a Year of Service.

© Copyright 2017

(c) **Nonvested Participant Break in Service rule.** Under the Nonvested Participant Break in Service rule, if an Employee is totally nonvested (i.e., 0% vested) in his/her Account Balance attributable to Employer and Matching Contributions, and such Employee incurs five (5) or more consecutive one-year Breaks in Service (or, if greater, a consecutive period of Breaks in Service at least equal to the Employee's aggregate number of Years of Service with the Employer), the Plan will disregard all service earned prior to such consecutive Breaks in Service for purposes of applying the vesting schedules under the Plan. If the Employer elects the Elapsed Time method of crediting service, an Employee will be treated as incurring five consecutive Breaks in Service when he/she incurs a Period of Severance of at least 60 months.

If the Employee continues in employment with the Employer after incurring the requisite Break in Service, such Employee will be treated as a new Employee for purposes of determining vesting under the Plan. For this purpose, a Participant who has made Salary Deferrals under the Plan will be treated as having a vested interest in the Plan. Thus, the Nonvested Participant Break in Service rule may not be used with respect to any contributions under the Plan (even if such Participant is totally nonvested in his/her Account Balance attributable to Employer and Matching Contributions) for a Participant who has made Salary Deferrals under the Plan. The Employer must elect to apply the Nonvested Participant Break in Service rule under AA §8-5. Unless elected otherwise under AA §8-5, the Nonvested Participant Break in Service rule applies only with respect to an Employee who has terminated employment. In determining an Employee's aggregate Years of Service for purposes of applying the Nonvested Participant Break in Service rule, any Years of Service otherwise disregarded under a previous application of this rule are not counted.

(d) **Five-Year Forfeiture Break in Service.** A Participant's vesting service also may be disregarded if the Participant incurs a Five-Year Forfeiture Break in Service, as described in Section 7.10(b) below.

7.08 **Amendment of Vesting Schedule.** If the Plan's vesting schedule is amended or if the plan is amended in any way that directly or indirectly affects the computation of the Participant's vested percentage, each Participant with at least three (3) Years of Service with the Employer, as of the end of the election period described in the following paragraph, may elect to have his/her vested interest computed under the Plan without regard to such amendment or change. However, the new vesting schedule will apply automatically to an Employee, and no election will be provided, if the new vesting schedule is at least as favorable to such Employee, in all circumstances, as the prior vesting schedule.

The period during which the election may be made shall commence with the date the amendment is adopted or is deemed to be made and shall end on the latest of:

(a) 60 days after the amendment is adopted;

(b) 60 days after the amendment becomes effective; or

(c) 60 days after the Participant is issued written notice of the amendment by the Employer or Plan Administrator.

Furthermore, if the vesting schedule of the Plan is amended, in the case of an Employee who is a Participant as of the later of the date such amendment is adopted or effective, the vested percentage (determined as of such date) of such Employee's Account Balance will not be less than the percentage computed under the Plan without regard to such amendment. With respect to benefits accrued as of the later of the adoption or effective date of the amendment, the vested percentage of each Participant will be the greater of the vested percentage under the old vesting schedule or the vested percentage under the new vesting schedule.

No amendment to the plan shall be effective to the extent that it has the effect of decreasing a participant's accrued benefit. Notwithstanding the preceding sentence, a participant's Account Balance may be reduced to the extent permitted under Code §412(d)(2) or to the extent permitted under Treas. Reg. §§1.411(d)-3 and 1.411(d)-4. For purposes of this section, a Plan amendment includes any changes to the terms of the Plan, including changes resulting from a merger, consolidation, or transfer (as defined in Code §414(l)) or a Plan termination. The rules of this Section 7.08 apply to a Plan amendment that decreases a Participant's benefit, or otherwise places greater restrictions or conditions on a Participant's right to protected benefits, even if the amendment merely adds a restriction or condition that is permitted under the vesting rules in Code §411. However, such an amendment does not violate this Section 7.08 to the extent it applies with respect to benefits that accrue after the applicable amendment date. An amendment that satisfies the applicable requirements under DOL Reg. §2530.203-2(c) relating to Vesting Computation Periods does not fail to satisfy the requirements of this Section 7.08 merely because the amendment changes the Plan's Vesting Computation Period.

7.09 **Special Vesting Rule - In-Service Distribution When Account Balance is Less than 100% Vested.** If amounts are distributed from a Participant's Employer Contribution Account or Matching Contribution Account at a time when the Participant's vested percentage in such amounts is less than 100% and the Participant may increase the vested percentage in the Account Balance:

© Copyright 2017

(a) A separate Account will be established for the Participant's interest in the Plan as of the time of the distribution, and

(b) At any relevant time, the Participant's vested portion of the separate Account will be equal to an amount ("X") determined by the formula:

X = P (AB + D) - D

Where:

P is the vested percentage at the relevant time;

AB is the Account Balance at the relevant time; and

D is the amount of the distribution.

7.10 **Forfeiture of Benefits.** A Participant will forfeit the nonvested portion of his/her Employer Contribution and/or Matching Contribution Account upon the occurrence of any of the events described below. The Plan Administrator has the responsibility to determine the amount of a Participant's forfeiture. Until an amount is forfeited pursuant to this Section, a Participant's entire Account must remain in the Plan and continue to share in gains and losses. A Participant will not forfeit any of his/her nonvested Account until the occurrence of one of the following events.

(a) **Cash-Out Distribution.** Following termination of employment, a Participant may receive a total distribution of his/her vested benefit under the Plan (a Cash-Out Distribution) in accordance with the distribution and Participant consent provisions under Section 8. If a Participant receives a Cash-Out Distribution upon termination of employment, the Participant's nonvested benefit under the Plan will be forfeited in accordance with subsection (1) below. If at the time of termination, a Participant is totally nonvested in his/her entire Account Balance, the Participant will be deemed to receive a total Cash-Out Distribution of his/her entire vested Account Balance (i.e., a deemed Cash-Out Distribution of zero dollars) as of the date of termination, subject to the forfeiture provisions under subsection (1) below.

A Cash-Out Distribution does not occur until such time as the Participant receives a distribution of his/her entire vested Account Balance, including amounts attributable to Salary Deferrals. If a Participant receives a distribution of less than the entire vested portion of his/her Account Balance (including any additional amounts to be allocated under subsection (1)(ii) below), the Participant will not be treated as receiving a Cash-Out Distribution until such time as the Participant receives a distribution of the remainder of the vested portion of his/her Account Balance.

(1) **Timing of forfeiture.** Unless elected otherwise under AA §8-7(b), if a Participant receives a Cash-Out Distribution of his/her vested Account Balance, the Participant will immediately forfeit the nonvested portion of such Account Balance, as of the date of the distribution or deemed distribution (as determined under subsection (i) or (ii) below, whichever applies). (See Section 7.11 below for a discussion of the treatment of forfeitures under the Plan.)

(i) **No further allocations.** For purposes of applying the Cash-Out Distribution rules, a terminated Participant who receives a total distribution of his/her vested Account Balance will be treated as receiving the Cash-Out Distribution as of the date the Participant receives such distribution (or in the case of a deemed Cash-Out Distribution as of the date the Participant terminates employment), provided the Participant is not entitled to any further allocations under the Plan for the Plan Year in which the Participant terminates employment. The Participant will forfeit his/her nonvested benefit as of the date the Participant receives the Cash-Out Distribution, in accordance with the provisions under Section 7.11.

(ii) **Additional allocations.** For purposes of applying the Cash-Out Distribution rules, if upon termination of employment, a Participant is entitled to an additional allocation for the Plan Year in which the Participant terminates, such Participant will not be deemed to receive a Cash-Out Distribution until such time as the Participant receives a distribution of his/her entire vested Account Balance, including any amounts that are still to be allocated under the Plan. Thus, a terminated Participant who is entitled to an additional allocation (e.g., an additional Employer Contribution) for the Plan Year of termination will not be deemed to have a total Cash-Out Distribution until the Participant receives a distribution of such additional amounts. In the case of a deemed Cash-Out Distribution, if the Participant is entitled to an additional allocation under the Plan for the Plan Year in which the Participant terminates employment, the deemed Cash-Out Distribution is deemed to occur on the first day of the Plan Year following the Plan Year in which the termination occurs, provided the Participant is still totally nonvested in his/her Account Balance.

© Copyright 2017

(iii) **Modification of Cash-Out Distribution rules.** The Employer may elect under AA §8-7(a) to modify the Cash-Out Distribution provision under subsection (a) above to provide that the Cash-Out Distribution and related forfeiture occur immediately upon distribution (or deemed distribution) of the terminated Participant's vested Account Balance, without regard to whether the Participant is entitled to an additional allocation under the Plan.

(2) **Repayment of Cash-Out Distribution.** If a Participant receives a Cash-Out Distribution that results in a forfeiture under subsection (a) above, and the Participant resumes employment covered under the Plan, such Participant may repay to the Plan the amount received as a Cash-Out Distribution. For this purpose, to be entitled to a restoration of benefits (as described below), the Participant must repay the entire amount of the Cash-Out Distribution, including any amounts attributable to Salary Deferrals. A Participant will only be permitted to repay his/her Cash-Out Distribution if such repayment is made before the earlier of:

(i) five (5) years after the first date on which the Participant is subsequently re-employed by the Employer, or

(ii) the date the Participant incurs a Five-Year Forfeiture Break in Service (as defined in subsection (b) below).

If a Participant receives a deemed Cash-Out Distribution, and the Participant resumes employment covered under this Plan before the date the Participant incurs a Five-Year Forfeiture Break in Service, the Participant is deemed to repay the Cash-Out Distribution immediately upon his/her reemployment.

(3) **Restoration of forfeited benefit.** If a rehired Participant repays a Cash-Out Distribution in accordance with subsection (2) above, any amounts that were forfeited on account of such Cash-Out Distribution (unadjusted for any interest that might have accrued on such amounts after the distribution date) will be restored to the Plan no later than the end of the Plan Year following the Plan Year in which the Participant repays the Cash-Out Distribution (or is deemed to repay the Cash-Out Distribution under subsection (2) above). No amount will be restored under the Plan, however, until such time as the Participant repays the entire amount of the Cash-Out Distribution. (However, see subsection (d) below for a discussion of special rules that apply if a Participant's Cash-Out Distribution includes a distribution of Salary Deferrals.) In no event will a Participant be entitled to a restoration under this subsection (3) if the Participant returns to employment after incurring a Five-Year Forfeiture Break in Service (as defined in subsection (b) below).

(4) **Sources of restoration.** If a Participant's forfeited benefit is required to be restored under subsection (3), the restoration of such forfeited benefits will occur from the following sources. If the following sources are not sufficient to completely restore the Participant's benefit, the Employer must make an additional contribution to the Plan.

(i) Any unallocated forfeitures for the Plan Year of the restoration.

(ii) Any unallocated earnings for the Plan Year of the restoration.

(iii) Any portion of a discretionary Employer Contribution to the extent such contribution has not been allocated to Participants' Accounts for the Plan Year of the restoration.

(b) **Five-Year Forfeiture Break in Service.** If a Participant has five (5) consecutive one-year Breaks in Service (a "Five-Year Forfeiture Break in Service"), all Years of Service after such Breaks in Service will be disregarded for the purpose of vesting in the portion of the Participant's Employer Contribution Account and/or Matching Contribution Account that accrued before such Breaks in Service. A Participant who incurs a Five-Year Forfeiture Break in Service will forfeit the nonvested portion of his/her Employer Contribution and/or Matching Contribution Account as of the end of the Vesting Computation Period in which the Participant incurs the fifth consecutive Break in Service. Except as provided under Section 7.07, a Participant who is rehired after incurring a Five-Year Forfeiture Break in Service will be credited with both pre-break and post-break service for purposes of determining his/her vested percentage in amounts that accrue under the Plan after the Five-Year Forfeiture Break in Service.

(c) **Missing Participant or Beneficiary.** If the Plan is able to make a distribution to a Participant or Beneficiary without consent (as permitted under Section 8.04) and such Participant or Beneficiary cannot be located within a reasonable period following a reasonable diligent search, the Plan Administrator may forfeit the missing Participant's or Beneficiary's Account, as provided in subsection (2) below. An Employer will be deemed to have performed a reasonable diligent search if it performs the actions described in subsection (1) below. In determining whether a reasonable period has elapsed following a reasonable diligent search, the Plan Administrator may follow any applicable guidance provided under statute, regulation, or other IRS or DOL guidance of general applicability. However, the Plan

© Copyright 2017

Administrator will be deemed to have waited a reasonable period following a reasonable diligent search if the Plan Administrator waits at least 6 months following the completion of the actions described in subsection (1) below. For purposes of applying this subsection (c), a Participant or Beneficiary is considered missing only if the Plan may make a distribution to such Participant or Beneficiary without consent. (See Section 8.06 for the availability of Automatic Rollover rules that permit the Plan Administrator to automatically rollover a Participant's Involuntary Cash-Out Distribution to an IRA upon the Participant's failure to consent to a distribution, without the need to locate the Participant.)

(1) **Reasonable diligent search.** The Plan Administrator will be deemed to have performed a reasonable diligent search if it performs the following actions:

(i) Send a certified letter to the Participant's or Beneficiary's last known address.

(ii) Check related plan records of the Employer (e.g., health plan records) to determine if a more current address exists for the Participant or Beneficiary.

(iii) If the Participant cannot be located, the Plan Administrator may attempt to identify and contact any individual that the Participant has designated as a Beneficiary under the Plan for updated information concerning the location of the missing Participant.

(iv) In addition to the search methods discussed above, the Plan Administrator may use other search methods, including the use of Internet search tools, commercial locator services, and credit reporting agencies to locate the missing Participant.

(2) **Forfeiture of Account of missing Participant or Beneficiary.** If a Participant or Beneficiary is deemed to be missing (as described in subsection (c) above), the Plan Administrator may forfeit the distributable amount attributable to such missing Participant or Beneficiary, as permitted under applicable laws and regulations and subject to the terms of the applicable Investment Arrangement. If, after an amount is forfeited under this subsection (2), the missing Participant or Beneficiary is located, the Plan will restore the forfeited amount (unadjusted for gains or losses) to such Participant or Beneficiary within a reasonable time. However, if a missing Participant or Beneficiary has not been located by the time the Plan terminates, the forfeiture of such Participant's or Beneficiary's distributable amount will be irrevocable.

(3) **Expenses attributable to search for missing Participant.** Reasonable expenses attendant to locating a missing Participant may be charged to such Participant's Account, provided that the amount of such expenses is reasonable. The Plan Administrator may take into account the size of a Participant's Account in relation to the cost of the search when deciding how extensive a search is required before declaring such Participant as missing under subsection (c).

(d) **Excess Deferrals and Excess Aggregate Contributions.** If a Participant receives a distribution of Excess Deferrals or Excess Aggregate Contributions, the Employer will forfeit the portion of his/her Matching Contribution Account (whether vested or not) which is attributable to such distributed amounts (except to the extent such amount has been distributed as Excess Aggregate Contributions, pursuant to Section 6.02(b)(2)). A forfeiture of Matching Contributions under this subsection (d) occurs in the Plan Year in which the Participant receives the distribution of Excess Deferrals and/or Excess Aggregate Contributions.

7.11 **Allocation of Forfeitures.** The Employer may elect in AA §8-6 how it wishes to allocate forfeitures under the Plan. Forfeitures may be allocated in the Plan Year in which the forfeitures occur or in the Plan Year following the Plan Year in which the forfeitures occur. In applying the forfeiture provisions under the Plan, if there are any unused forfeitures as of the end of the Plan Year designated in AA §8-6, as applicable, any remaining forfeiture will be used (as designated in AA §8-6) in the immediately following Plan Year.

(a) **Reallocation as additional contributions.** The Employer may elect in AA §8-6 to reallocate forfeitures as additional contributions under the Plan. If the Employer elects to reallocate forfeitures as additional contributions, the Employer may elect, in its discretion, to allocate such amounts as additional Employer Contributions and/or additional Matching Contributions. Forfeitures allocated under this subsection (a) will be allocated in the same manner as selected under AA §6-3 or AA §6B-2 with respect to the contribution type being allocated. If no allocation method is selected for a particular contribution type, forfeitures will be reallocated as a pro rata allocation (as described in AA §6-3(a)) if such amount is reallocated as an additional Employer Contribution or as a discretionary Matching Contribution (as described in AA §6B-2(a)) if such amount is reallocated as an additional Matching Contribution. In applying the provisions of this subsection (a), no allocation of forfeitures will be made to any Participant with respect to forfeitures that arise out of his/her own Account.

© Copyright 2017

(b) **Reduction of contributions.** The Employer may elect in AA §8-6 to use forfeitures to reduce Employer Contributions and/or Matching Contributions under the Plan. If the Employer elects to use forfeitures to reduce contributions, the Employer may, in its discretion, use such forfeitures to reduce Employer Contributions, Matching Contributions, or both. The Employer may adjust its contribution deposits in any manner, provided the total Employer Contributions made for the Plan Year properly take into account the forfeitures that are to be used to reduce such contributions for that Plan Year. If contributions are allocated over multiple allocation periods, the Employer may reduce its contribution for any allocation periods within the Plan Year in which the forfeitures are to be allocated so that the total amount allocated for the Plan Year is proper. If the Employer elects to use forfeitures to reduce contributions and there are forfeitures remaining after all required contributions have been reduced to zero, then Employer may elect to reallocate any remaining forfeitures as additional contributions, pursuant to subsection (a).

(c) **Payment of Plan expenses.** The Employer may elect under AA §8-6 to first use forfeitures to pay Plan expenses for the Plan Year in which the forfeitures would otherwise be applied. If any forfeitures remain after the payment of Plan expenses under this subsection, the remaining forfeitures will be allocated as selected under AA §8-6.

(d) **Forfeiture rules for other contribution types.**

(1) **Forfeitures under a Safe Harbor 403(b) Plan.** Effective with the adoption of this Plan, if the Plan is a Safe Harbor 403(b) Plan, the Employer may not use forfeitures to reduce the Safe Harbor Employer Contribution or Safe Harbor Matching Contribution under the Plan, unless provided otherwise under IRS guidance. However, regardless of any elections under AA §8-6, forfeitures may be used to reduce Matching Contributions that satisfy the ACP Test Safe Harbor or may be allocated as additional discretionary Matching Contributions. If forfeitures under a Safe Harbor 403(b) Plan are allocated as additional discretionary Matching Contributions, such discretionary Matching Contributions will be subject to the requirements applicable to ACP Test Safe Harbor Matching Contributions, without regard to any elections under the Plan.

(2) **Prior Employer and/or Matching Contributions.** If the Plan maintains Employer Contribution and/or Matching Contribution Accounts, but the Plan no longer provides for such contributions, such amounts will continue to vest under the vesting schedule applicable to such contributions under the prior Plan or under any vesting schedule designated under Appendix A of the Adoption Agreement. If there are any forfeitures related to such prior contributions, such amounts may be reallocated as an additional Employer Contribution or as an additional Matching Contribution in accordance with the provisions of subsection (a), to the extent such contributions are authorized under the Plan, or may be used to reduce any Employer Contribution or Matching Contribution, consistent with the provisions of subsection (b) above. If the Plan does not provide for either Employer Contributions or Matching Contributions, the Employer may reallocate forfeitures of prior contributions as an Employer Contribution (using the pro rata allocation formula) or as a discretionary Matching Contribution. Alternatively, the Employer may use such forfeitures to pay Plan expenses as authorized under subsection (c). The Employer may elect to use such forfeitures in the Plan Year the forfeiture occurs or in the following Plan Year.

(3) **Excess Contributions and Excess Aggregate Contributions.** If a Participant forfeits any portion of his/her Matching Contribution Account as a result of a corrective distribution of Excess Aggregate Contributions, such amounts will be treated as a forfeiture in the Plan Year in which the Participant receives the distribution of Excess Contributions and/or Excess Aggregate Contributions. A forfeiture of Matching Contributions under this subsection (3) will be treated in accordance with the selections applicable to Matching Contributions under the Adoption Agreement. If Matching Contributions are 100% vested, the Employer may elect to reallocate the forfeiture as an additional Matching Contribution or may use the forfeiture to reduce Matching Contributions in the year the forfeiture occurs or in the following Plan Year. Alternatively, the Employer may use such forfeitures to pay Plan expenses as authorized under subsection (c) above.

(4) **Other contributions.** If a Participant has any other amounts under the Plan which are treated as forfeited (e.g., a forfeiture for a missing Participant), such amounts may be forfeited.

© Copyright 2017

SECTION 8
PLAN DISTRIBUTIONS

Subject to the Qualified Joint and Survivor Annuity Requirements under Section 9 and to the terms of any Investment Arrangement associated with the Plan, a Participant may receive a distribution of his/her vested Account Balance at the time and in the manner provided under this Section 8. A Participant must begin receiving required minimum distributions under the Plan (in accordance with the provisions of Section 8.11).

8.01 **Deferred distributions.** A Participant must be permitted to receive a distribution from the Plan no later than the 60th day after the latest of the close of the Plan Year in which:

(a) the Participant attains age 65 (or Normal Retirement Age, if earlier);

(b) occurs the 10th anniversary of the year in which the Participant commenced participation in the Plan; or

(c) the Participant terminates service with the Employer.

A failure by the Participant (and Spouse, if applicable) to consent to a distribution while a benefit is immediately distributable shall be deemed to be an election to defer commencement of payment of any benefit sufficient to satisfy this section. For this purpose, an Account Balance is immediately distributable if any part of the Account Balance could be distributed to the Participant (or surviving Spouse) before the Participant attains (or would have attained if not deceased) the later of Normal Retirement Age or age 62.

8.02 **Available Forms of Distribution.** Subject to the Qualified Joint and Survivor Annuity (QJSA) rules described in Section 9 and the terms governing the applicable Investment Arrangement, the Employer may elect under AA §9-1 the forms of distribution that are available to a Participant or Beneficiary under the Plan. Different distribution options may apply depending on whether a distribution is made upon termination of employment, death, disability or as an in-service withdrawal. Available distribution options under AA §9-1 may include a lump sum of all or a portion of the Participant's vested Account Balance, installments, annuity payments, or any other form designated in AA §9-1. Any distribution options selected under the Plan must comply with the required minimum distribution rules under Section 8.11.

If the Plan provides for installment payments as an optional form of distribution, such payments may be made in monthly, quarterly, semi-annual, or annual payments over a period not exceeding the life expectancy of the Participant and his/her designated Beneficiary. The Plan Administrator may permit a Participant or Beneficiary to accelerate the payment of all, or any portion, of an installment distribution. If the Plan provides for annuity payments, the Plan must purchase an annuity that provides for payments over a period that does not extend beyond either the life of the Participant (or the lives of the Participant and his/her designated Beneficiary) or the life expectancy of the Participant (or the life expectancy of the Participant and his/her designated Beneficiary). (The availability of installments and or annuity payments may be restricted under AA §9-1(c).)

Regardless of the distribution options selected under AA §9-1, if the Plan is subject to the Joint and Survivor Annuity requirements (as described in Section 9), the Plan must make distribution in the form of a QJSA (as defined in Section 9.02(a)) unless the Participant (and Spouse, if the Participant is married) elects an alternative distribution form in accordance with a Qualified Election (as defined in Section 9.04).

8.03 **Amount Eligible for Distribution.** For purposes of determining the amount a Participant may receive as a distribution from the Plan, a Participant's Account Balance is determined as of the Valuation Date which immediately precedes the date the Participant receives his/her distribution from the Plan. For this purpose, the Participant's Account Balance must be increased for any contributions allocated to the Participant's Account since the most recent Valuation Date and must be reduced for any distributions the Participant received from the Plan since the most recent Valuation Date. A Participant does not share in any allocation of gains or losses attributable to the period between the Valuation Date and the date of the distribution under the Plan, unless the Plan Administrator establishes an alternative policy.

(a) **Individual or Participant-Directed Accounts.** In the case of a Participant-directed Account, an individual Custodial Account or individual Annuity Contract, the determination of the value of the Participant's Account for distribution purposes is subject to the funding and valuation procedures applicable to such directed Account, individual Custodial Account or individual Annuity Contract.

(b) **Permissible distribution events.** In no event may Participants receive distributions under the Plan until the conditions set forth below are satisfied. The Employer and the terms of the applicable Investment Arrangement may further restrict the distribution conditions under the Adoption Agreement.

(1) **Salary Deferral Account.** A Participant may not receive a distribution of any amounts held under a Salary Deferral Account unless the Participant satisfies one of the following conditions:

© Copyright 2017

(i) The Participant has a Severance from Employment with the Employer.

(ii) The Participant has attained age 59 ½.

(iii) The Participant dies or becomes Disabled.

(iv) The Participant qualifies for a Hardship distribution.

(2) **Custodial Account.** A Participant may not receive a distribution of any amounts attributable to Matching Contributions or Employer Contributions held under a Custodial Account unless the Participant satisfies one of the following conditions:

(i) The Participant has a Severance from Employment with the Employer.

(ii) The Participant has attained age 59 ½.

(iii) The Participant dies or becomes Disabled.

(3) **Annuity Contract.** A Participant may not receive a distribution of any amounts attributable to Matching Contributions or Employer Contributions held under an Annuity Contract unless the Participant satisfies one of the following conditions:

(i) The Participant has a Severance from Employment with the Employer.

(ii) The Participant qualifies for a distribution due to the occurrence of some event, such as after affixed number of years or the attainment of a stated age, as specified under the Adoption Agreement.

(iii) The Participant dies or becomes Disabled.

(iv) The Participant qualifies for a Hardship distribution.

(4) **Special rule regarding deemed Severance from Employment for military service.** For purposes of Plan distributions, a Participant shall be treated as having a deemed Severance from Employment during any period the Participant is performing service in the uniformed services described in Code §3401(h)(2)(A). A Participant who elects to receive a distribution pursuant to the preceding sentence may not make an Elective Deferral or an After-Tax Employee Contribution during the 6-month period beginning on the date of the distribution.

8.04 **Participant Consent.** If the value of a Participant's entire vested Account Balance exceeds the Involuntary Cash-Out threshold (as defined in subsection (a) below), the Participant must consent to any distribution of such Account Balance prior to his/her required beginning date for minimum distribution purposes or, if so provided in AA §9, as of the date the Participant attains (or would have attained if not deceased) the later of Normal Retirement Age or age 62. If a distribution is subject to Participant consent, the Participant must consent in writing to the distribution within the 180-day period ending on the Annuity Starting Date. If the distribution is subject to the Qualified Joint and Survivor Annuity requirements under Section 9, the Participant's Spouse (if the Participant is married at the time of the distribution) also must consent to the distribution in accordance with Section 9. In any event, the Participant's consent must be obtained before any distribution regardless of the amount, if such participant is the sole owner of the investment vehicle under the Plan.

(a) **Involuntary Cash-Out threshold.** For purposes of determining whether a distribution is subject to the Participant consent requirements as described in Section 8.04, the Involuntary Cash-Out threshold is $5,000 unless a lesser amount is designated under AA §9-6. (See Section 8.06 for a discussion of the Automatic Rollover rules that apply if a Participant does not consent to a distribution that does not exceed the Involuntary Cash-Out threshold.)

(b) **Rollovers disregarded in determining value of Account Balance for Involuntary Cash-Outs.** For purposes of determining whether a Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold described in subsection (a), the value of the Participant's vested Account Balance shall be determined without regard to that portion of the Account Balance that is attributable to Rollover Contributions (and earnings allocable thereto) within the meaning of Code §§402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16). The Employer may elect in the AA to include Rollover Contributions (and earnings allocable thereto) in determining whether the Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold.

(c) **Participant notice.** Prior to receiving a distribution from the Plan, a Participant must be notified of his/her right to defer any distribution from the Plan in accordance with the provisions under Section 8.01. The notification shall include a

© Copyright 2017

general description of the material features, the consequences of a Participant's decision not to defer the receipt of a distribution, and the relative values of the optional forms of benefit available under the Plan (consistent with the requirements under Code §417(a)(3)). The notice must be provided no less than 30 days and no more than 180 days prior to the Participant's Annuity Starting Date. However, distribution may commence less than 30 days after the notice is given, if the Participant is clearly informed of his/her right to take 30 days after receiving the notice to decide whether or not to elect a distribution (and, if applicable, a particular distribution option), and the Participant, after receiving the notice, affirmatively elects to receive the distribution prior to the expiration of the 30-day minimum period. (But see Section 9.02(c) for the rules regarding the timing of distributions when the Qualified Joint and Survivor Annuity requirements apply.) The notice requirements described in this paragraph may be satisfied by providing a summary of the required information, so long as the conditions described in applicable regulations for the provision of such a summary are satisfied, and the full notice is also provided (without regard to the 180-day period described in this subsection).

(d) **Special rules.** The consent rules under this Section 8.04 apply to distributions made after the Participant's termination of employment and to distributions made prior to the Participant's termination of employment. However, the consent of the Participant (and the Participant's Spouse, if applicable) shall not be required to the extent that a distribution is required to satisfy the required minimum distribution rules under Section 8.11 or to satisfy the requirements of Code §415, as described in Section 5.03. A Participant also will not be required to consent to a corrective distribution of Excess Deferrals or Excess Aggregate Contributions.

8.05 **Direct Rollovers.** Notwithstanding any provision in the Plan to the contrary, a Participant may elect, at the time and the manner prescribed by the Plan Administrator, to have all or any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan in a Direct Rollover. If an Eligible Rollover Distribution is less than $500, the Participant may not elect a Direct Rollover of only a portion of such distribution (i.e., a Participant must elect a complete Direct Rollover if the Eligible Rollover Distribution is less than $500). For purposes of this Section 8.05, a Participant includes a Participant or former Participant. In addition, this Section applies to any distribution from the Plan made to a Participant's surviving Spouse or to a Participant's Spouse or former Spouse who is the Alternate Payee under a QDRO.

(a) **Definitions.**

(1) **Eligible Rollover Distribution.** An Eligible Rollover Distribution is any distribution of all or any portion of a Participant's Account Balance, except an Eligible Rollover Distribution does not include:

(i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancies) of the Participant and the Participant's Beneficiary, or for a specified period of ten years or more;

(ii) any distribution to the extent such distribution is a required minimum distribution under Code §401(a)(9), as described under Section 8.11;

(iii) any Hardship distribution, as described in Section 8.09;

(iv) any distribution if it is reasonably expected (at the time of the distribution) that the total amount the Participant will receive as a distribution during the calendar year will total less than $200; or

(v) a distribution made to satisfy the requirements of Code §415 or a distribution to correct Excess Deferrals or Excess Aggregate Contributions.

(2) **Eligible Retirement Plan.** For purposes of applying the Direct Rollover provisions under this Section 8.05, an Eligible Retirement Plan is:

(i) a qualified plan described in Code §401(a);

(ii) an individual retirement account described in Code §408(a);

(iii) an individual retirement annuity described in Code §408(b);

(iv) an annuity plan described in Code §403(a);

(v) a simple retirement account to the extent rollovers are allowed under Code §408(p)(1)(B);

(vi) an annuity contract described in Code §403(b); or

© Copyright 2017

(vii) an eligible plan under Code §457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan.

The definition of Eligible Retirement Plan also applies in the case of a distribution to a surviving Spouse, or to a Spouse or former Spouse who is the Alternate Payee under a QDRO.

To the extent any portion of an Eligible Rollover Distribution is attributable to Roth Deferrals, an Eligible Retirement Plan with respect to such portion of the distribution shall include only another designated Roth account of the Participant or a Roth IRA. To the extent any portion of an Eligible Rollover Distribution is attributable to After-Tax Employee Contributions, an Eligible Retirement Plan with respect to such portion of the distribution shall include only an individual retirement account or annuity described in Code §408(a) or (b) or a qualified defined contribution plan described in Code §401(a) or §403(a) that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not includible in gross income.

(3) **Direct Rollover.** A Direct Rollover is a payment made directly from the Plan to the Eligible Retirement Plan specified by the Participant. The Plan Administrator may develop reasonable procedures for accommodating Direct Rollover requests.

(b) **Direct Rollover notice.** A Participant entitled to an Eligible Rollover Distribution must receive a written explanation of his/her right to a Direct Rollover, the tax consequences of not making a Direct Rollover, and, if applicable, any available special income tax elections. The notice must be provided within 30 – 180 days prior to the Participant's Annuity Starting Date, in the same manner as described in Section 8.04(c). The Direct Rollover notice must be provided to all Participants, unless the total amount the Participant will receive as a distribution during the calendar year is expected to be less than $200.

If a Participant terminates employment and is eligible for a distribution which is not subject to Participant consent, and the Participant does not respond to the Direct Rollover notice indicating whether a Direct Rollover is desired and the name of the Eligible Retirement Plan to which the Direct Rollover is to be made, the Plan Administrator may distribute the Participant's entire vested Account Balance in the form of an Automatic Rollover (pursuant to Section 8.06). (However, see Section 8.06(b) for special rules that apply to Involuntary Cash-Out Distributions below $1,000.) If a distribution would qualify for Automatic Rollover, the Direct Rollover notice must describe the procedures for making an Automatic Rollover, including the name, address, and telephone number of the IRA trustee and information regarding IRA maintenance and withdrawal fees and how the IRA funds will be invested. The Direct Rollover notice also must describe the timing of the Automatic Rollover and the Participant's ability to affirmatively opt out of the Automatic Rollover.

(c) **Direct Rollover by non-Spouse beneficiary.** Effective for Plan Years beginning after December 31, 2009, the Plan must permit a non-Spouse beneficiary (as defined in Code §401(a)(9)(E)) to make a direct rollover of an eligible rollover distribution to an individual retirement account under Code §408(a) or an individual retirement annuity under Code §408(b) that is established on behalf of the designated beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Code §402(c)(11). A non-Spouse rollover made after December 31, 2009 will be subject to the direct rollover requirements under Code §401(a)(31), the rollover notice requirements under Code §402(f) or the mandatory withholding requirements under Code §3405(c).

(d) **Direct Rollover of non-taxable amounts.** Notwithstanding any other provision of the Plan, effective for Taxable Years beginning on or after January 1, 2007, an Eligible Rollover Distribution may include the portion of any distribution that is not includible in gross income. For this purpose, an Eligible Retirement Plan includes a Defined Contribution or Defined Benefit Plan qualified under Code §401(a) and a tax-sheltered annuity plan under Code §403(b), provided the rollover is accomplished through a direct rollover and the recipient Eligible Retirement Plan separately accounts for any amounts attributable to the rollover of any nontaxable distribution and earnings thereon.

(e) **Rollovers to Roth IRA.** For distributions occurring on or after January 1, 2008, a Participant or beneficiary (including a non-spousal beneficiary to the extent permitted under subsection (c) above), may rollover an Eligible Rollover Distribution (as defined in subsection (a)(1)) to a Roth IRA, provided the Participant (or beneficiary) satisfies the requirements for making a Roth contribution under Code §408A(c)(3)(B). Any amounts rolled over to a Roth IRA will be included in gross income to the extent such amounts would have been included in gross income if not rolled over (as required under Code §408A(d)(3)(A)). For purposes of this subsection (e), the Plan Administrator is not responsible for assuring the Participant (or beneficiary) is eligible to make a rollover to a Roth IRA.

© Copyright 2017

8.06 **Automatic Rollover.** The Automatic Rollover rules in this Section 8.06 are effective for all Involuntary Cash-Out Distributions (as defined in subsection (b)) made on or after March 28, 2005.

(a) **Automatic Rollover requirements.** If a Participant is entitled to an Involuntary Cash-Out Distribution (as defined in subsection (b)), and the Participant does not elect to receive a distribution of such amount (either as a Direct Rollover to an Eligible Retirement Plan or as a direct distribution to the Participant), then the Plan Administrator may pay the distribution in a Direct Rollover to an individual retirement plan (IRA) designated by the Plan Administrator. (The Automatic Rollover provisions under this subsection (a) apply to any Involuntary Cash-Out Distribution for which the Participant fails to consent to a distribution, without regard to whether the Participant can be located. See Section 7.10(c) for alternatives if the Participant cannot be located after a reasonable diligent search.)

(b) **Involuntary Cash-Out Distribution.** An Involuntary Cash-Out Distribution is any distribution that is made from the Plan without the Participant's consent. Unless elected otherwise under the AA, an Involuntary Cash-Out Distribution, for purposes of applying the Automatic Rollover requirements under this Section 8.06, does not include any amounts below $1,000. (See Section 8.04 for the Participant consent requirements with respect to distributions under the Plan.)

(c) **Treatment of Rollover Contributions.** Unless elected otherwise under the AA, for purposes of determining whether a mandatory distribution is greater than $1,000, the portion of the Participant's distribution attributable to any Rollover Contribution is excluded.

8.07 **Distribution Upon Termination of Employment.** Subject to the required minimum distribution provisions under Section 8.11 and the terms governing the applicable Investment Arrangement, a Participant who terminates employment for any reason (other than death) is entitled to receive a distribution of his/her vested Account Balance in accordance with this Section 8.07. (See Section 8.08 for the applicable rules when a Participant dies before distribution of his/her vested Account Balance is completed.)

(a) **Account Balance not exceeding $5,000.** If a Participant's vested Account Balance does not exceed $5,000 (or other Cash-Out threshold designated under AA §9) at the time of distribution, the only distribution option available under the Plan is a lump sum option. The Participant will be eligible to receive a distribution of his/her vested Account Balance as of the date selected in AA §9. The Employer may elect in AA §9 to require a Participant to consent to a distribution where his/her vested Account Balance does not exceed $5,000. However, this will not change the distribution options described in this subsection (a), unless the Employer specifically modifies such options under AA §9. In any event, the Participant's consent must be obtained before any distribution regardless of the amount, if such participant is the sole owner of the investment vehicle under the Plan.

(b) **Account Balance exceeding $5,000.** If a Participant's vested Account Balance exceeds $5,000 (or other Cash-Out threshold designated under AA §9) at the time of distribution, the Participant may elect to receive a distribution of his/her vested Account Balance in any form permitted under AA §9. The Participant will be eligible to receive a distribution of his/her vested Account Balance as of the date selected in AA §9.

8.08 **Distribution Upon Death.** Subject to the required minimum distribution rules in Section 8.11 and the terms governing the applicable Investment Arrangement, a Participant's vested Account Balance will be distributed to the Participant's Beneficiary(ies) in accordance with this Section 8.08. (See subsection (c) for rules regarding the determination of Beneficiaries upon the death of the Participant.) The form of benefit payable with respect to a deceased Participant will depend on whether the Participant dies before or after distribution of his/her Account Balance has commenced.

(a) **Death after commencement of benefits.** If a Participant begins receiving a distribution of his/her benefits under the Plan, and subsequently dies prior to receiving the full value of his/her vested Account Balance, the remaining benefit will continue to be paid to the Participant's Beneficiary(ies) in accordance with the form of payment that has already commenced. If a Participant commences distribution prior to death only with respect to a portion of his/her Account Balance, then the rules in subsection (b) apply to the rest of the Account Balance.

(b) **Death before commencement of benefits.** If a Participant dies before commencing distribution of his/her benefits under the Plan, the form and timing of any death benefits will depend on whether the value of the death benefit exceeds $5,000 (or other threshold designated under AA §9). In determining whether the value of the death benefit exceeds $5,000, if there is both a QPSA death benefit and a non-QPSA death benefit, each death benefit is valued separately to determine whether it exceeds $5,000.

(1) **Death benefit not exceeding $5,000.** If the value of the death benefit does not exceed $5,000, such benefit will be paid to the Participant's Beneficiary(ies) in a single sum as soon as administratively feasible following the Participant's death.

© Copyright 2017

(2) **Death benefit exceeding $5,000.** If the value of the death benefit exceeds $5,000, the payment of the death benefit will depend on whether the Qualified Joint and Survivor Annuity requirements apply. (See Section 9 to determine whether the Qualified Joint and Survivor Annuity rules apply to a death distribution from the Plan.)

(i) **If the Qualified Joint and Survivor Annuity requirements do not apply**, the entire death benefit is payable in the form and at the time described in subsection (ii)(B).

(ii) **If the Qualified Joint and Survivor Annuity requirements apply**, the death benefit may consist of a QPSA death benefit (as described in Section 9.03(a)) and, if applicable, a non-QPSA death benefit.

(A) **QPSA death benefit.** Subject to the waiver procedures under Section 9.04(b), if the Participant is married at the time of death, the surviving Spouse is entitled to a QPSA death benefit payable in accordance with the provisions under Section 9.03. (See Section 9.04(c) for rules regarding the determination of a Participant's marital status.)

(B) **Non-QPSA death benefits.** If a Participant is not married at the time of death, the QPSA death benefit was waived under a Qualified Election, or if the QPSA death benefit is less than 100% of the Participant's vested Account Balance, then the non-QPSA death benefit is payable in the form and at the time described in this subsection (B). Any death benefit payable under this subsection (B) will be paid in a lump sum as soon as administratively feasible following the Participant's death. However, the death benefit may be payable in a different form if prescribed by the Participant's Beneficiary designation, or the Beneficiary, before a lump sum payment of the benefit is made, elects to receive the distribution in an alternative form of benefit permitted under Section 8.02.

In no event will any death benefit be paid in a manner that is inconsistent with the required minimum distribution rules under Section 8.11. The Beneficiary of any pre-retirement death benefit described in this subsection (b) may postpone the commencement of the death benefit to a date that is not later than the latest commencement date permitted under Section 8.11, unless such election is prohibited in AA §9-1.

(c) **Determining a Participant's Beneficiary.** Subject to the terms governing the applicable Investment Arrangement, the determination of a Participant's Beneficiary(ies) to receive any death benefits under the Plan will be based on the Participant's Beneficiary designation under the Plan. If a Participant does not designate a Beneficiary to receive the death benefits under the Plan, distribution will be made to the default Beneficiaries, as set forth in subsection (3) below. However, any designation of a Beneficiary other than the Participant's Spouse, must satisfy the consent requirements under subsection (1) and (2) below.

(1) **Post-retirement death benefit.** If a Participant dies after commencing distribution of benefits under the Plan (but prior to receiving a distribution of his/her entire vested Account Balance under the Plan), the Beneficiary of any post-retirement death benefit is the Participant's surviving Spouse, unless (i) there is no surviving Spouse, (ii) the surviving Spouse has consented to the designation of an alternate Beneficiary(ies) under a Qualified Election (as defined in Section 9.04), or (iii) the surviving Spouse makes a valid disclaimer of the death benefit. If the Qualified Joint and Survivor Annuity requirements apply, the Spouse is determined as of the Annuity Starting Date for purposes of determining whether a valid election has been made to waive the post-retirement death benefit. If the Qualified Joint and Survivor Annuity requirements do not apply, the Spouse is determined as of the Participant's date of death for purposes of determining whether a valid election has been made to waive the post-retirement death benefit.

(2) **Pre-retirement death benefit.** If a Participant dies before commencing distribution of his/her benefits under the Plan, the determination of the Participant's Beneficiary will be determined as follows:

(i) **If the Qualified Joint and Survivor Annuity requirements apply**, the QPSA death benefit will be payable in accordance with Section 9.02. If a QPSA death benefit is payable under Section 9.02, such benefit will be paid to the Participant's surviving Spouse, unless the Spouse consents to the designation of an alternative Beneficiary pursuant to a Qualified Election under Section 9.04 or a valid disclaimer. If the QPSA death benefit applies to less than 100% of the Participant's vested Account Balance, the remaining death benefit is payable to any Beneficiary(ies) named in the Participant's Beneficiary designation, without regard to whether spousal consent is obtained for such designation. If a Spouse does not properly consent to a Beneficiary designation, the QPSA waiver is invalid, and the QPSA death benefit is still payable to the Spouse, but the Beneficiary designation remains valid with respect to any non-QPSA death benefit.

© Copyright 2017

(ii) **If the Joint and Survivor Annuity requirements do not apply**, the surviving Spouse (determined at the time of the Participant's death) will be treated as the sole Beneficiary, regardless of any contrary Beneficiary designation, unless there is no surviving Spouse, or the Spouse has consented to the Beneficiary designation in a manner that is consistent with the requirements for a Qualified Election under Section 9.04 or makes a valid disclaimer. (See Section 9.04(c) for rules regarding the determination of a Participant's marital status.)

(3) **Default beneficiaries.** Subject to the terms governing the applicable Investment Arrangement and to the extent a Beneficiary has not been named by the Participant (subject to the spousal consent rules discussed above) and is not designated under the terms of this Plan to receive all or any portion of the deceased Participant's death benefit, such amount shall be distributed to the Participant's surviving Spouse (if the Participant was married at the time of death). If the Participant does not have a surviving Spouse at the time of death, distribution will be made to the Participant's surviving children, in equal shares. If the Participant has no surviving children, distribution will be made to the Participant's estate. The Employer may modify the default beneficiary rules described in this subparagraph under AA §9-5(a).

(4) **Identification of Beneficiaries.** The Plan Administrator may request proof of the Participant's death and may require the Beneficiary to provide evidence of his/her right to receive a distribution from the Plan in any form or manner the Plan Administrator may deem appropriate. The Plan Administrator's determination of the Participant's death and of the right of a Beneficiary to receive payment under the Plan shall be conclusive. If a distribution is to be made to a minor or incompetent Beneficiary, payments may be made to the person's legal guardian, conservator recognized under state law, or custodian in accordance with the Uniform Gifts to Minors Act or similar law as permitted under the laws of the state where the Beneficiary resides. The Plan Administrator will not be liable for any payments made in accordance with this subsection (4) and will not be required to make any inquiries with respect to the competence of any person entitled to benefits under the Plan.

(5) **Death of Beneficiary.** Unless specified otherwise in the Participant's Beneficiary designation form or under AA §9-5(a), if a Beneficiary does not predecease the Participant but dies before distribution of the death benefit is made to the Beneficiary, the death benefit will be paid to the Beneficiary's estate. If the Participant and the Participant's Beneficiary die simultaneously, and the Participant's Beneficiary designation form does not address simultaneous death, the determination of the death beneficiary will be determined under any state simultaneous death laws, to the extent applicable. If no applicable state law applies, the death benefit will be paid to the any contingent beneficiaries named under the Participant's beneficiary designation. If there are no contingent beneficiaries, the death benefit will be paid to the Participant's default beneficiaries, as described in subsection (3).

(6) **Divorce from Spouse.** Unless designated otherwise under AA §9-5(c), if a Participant designates his/her Spouse as Beneficiary and subsequent to such Beneficiary designation, the Participant and Spouse are divorced, the designation of the Spouse as Beneficiary under the Plan is automatically rescinded unless specifically provided otherwise under a divorce decree or QDRO, or unless the Participant enters into a new Beneficiary designation naming the prior Spouse as Beneficiary. In addition, the provisions under this subsection (6) will not apply if the Participant has entered into a Beneficiary designation that specifically overrides the provisions of this subsection (6). For periods prior to the date this Plan is executed by the Employer, this subsection (6) also applies to situations where the Participant and Spouse are legally separated.

8.09 **In-Service Distributions.** Subject to the terms governing the applicable Investment Arrangement, the Employer may elect under AA §10 to permit in-service distributions under the Plan. If an in-service distribution is not specifically permitted under AA §10, a Participant may not receive a distribution from the Plan until termination of employment, death or disability. If the Plan permits a Participant to receive an in-service distribution, and such distribution is subject to the Qualified Joint and Survivor Annuity requirements under Section 9, such distribution may be made only if the Participant's Spouse (if the Participant is married at the time of distribution) consents to such distribution in accordance with the requirements under Section 9.04.

(a) **After-Tax Contributions and Rollover Contributions.** A Participant may withdraw at any time, upon written request, all or any portion of his/her Account Balance attributable to After-Tax Contributions or Rollover Contributions. No forfeiture will occur solely as a result of an Employee's withdrawal of After-Tax Contributions.

(b) **Employer Contributions.** The Employer may elect under AA §10 the extent to which in-service distributions will be permitted from Employer Contributions (including Matching Contributions, if applicable) under the Plan. (See subsection (c) below for the in-service distribution rules applicable to Salary Deferrals, QNECs and Safe Harbor Contributions.) If permitted under AA §10, Employer Contributions may be withdrawn upon the occurrence of a specified event (including a Hardship, as defined in subsection (e)) or upon the completion of a certain number of years, provided no distribution on account of years may be made with respect to Employer Contributions that have been

© Copyright 2017

accumulated in the Plan for less than 2 years, unless the Participant has been a Participant in the Plan for at least 5 years. (See Section 7.09 for special vesting rules that apply if a Participant takes an in-service distribution prior to becoming 100% vested in such contributions.) Mandatory Contributions are treated as Employer Contributions for purposes of in-service distributions, unless otherwise specified in the Adoption Agreement.

(c) **Salary Deferrals, QNECs, and Safe Harbor Contributions.** Any Salary Deferrals, QNECs, or Safe Harbor Contributions (including any earnings on such amounts) generally may not be distributed prior to the Participant's severance from employment, death, or disability. However, the Employer may elect under AA §10 to permit an in-service distribution of such amounts upon attainment of a specified age (no earlier than age 59½) or upon a Hardship (as defined in subsection (e)). A Hardship distribution is not available with respect to QNECs, or Safe Harbor Contributions.

(d) **Penalty-free withdrawals for individuals called to active duty.** The distribution provisions applicable to Salary Deferrals include a Qualified Reservist Distribution, as defined in subsection (1) below. If a Participant takes a Qualified Reservist Distribution, such distributions will not be subject to the 10% penalty tax under Code §72(t). A Qualified Reservist Distribution is only available if permitted under AA §10-1.

(1) **Qualified Reservist Distribution.** For purposes of this subsection (d), a Qualified Reservist Distribution means any distribution to an individual if:

(i) such distribution is from amounts attributable to elective deferrals described in Code §402(g)(3)(A) or (C) or Code §501(c)(18)(D)(iii),

(ii) such individual was (by reason of being a member of a reserve component (as defined in §101 of Title 37 of the United States Code)) ordered or called to active duty for a period in excess of 179 days or for an indefinite period, and

(iii) such distribution is made during the period beginning on the date of such order or call and ending at the close of the active duty period.

(2) **Active duty.** A Qualified Reservist Distribution will only be available for individuals who are ordered or called into active duty after September 11, 2001.

(e) **Hardship distribution.** Subject to the terms governing the applicable Investment Arrangement, the Employer may elect under AA §10 to authorize an in-service distribution upon the occurrence of a Hardship event. A Hardship distribution must meet the requirements of a safe harbor Hardship as described under subsection (1) or a non-safe harbor Hardship as described under subsection (2) below. A Hardship distribution is not available for QNECs or Safe Harbor Contributions.

(1) **Safe harbor Hardship distribution.** To qualify for a safe harbor Hardship, a Participant must demonstrate an immediate and heavy financial need, as described in subsection (i), and the distribution must be necessary to satisfy such need, as described in subsection (ii).

(i) **Immediate and heavy financial need.** To be considered an immediate and heavy financial need, the Hardship distribution must be made to satisfy one of the following financial needs:

(A) to pay expenses incurred or necessary for medical care (as described in Code §213(d)) of the Participant, the Participant's Spouse or dependents (determined without regard to whether the expenses exceed 7.5% of adjusted gross income);

(B) for the purchase (excluding mortgage payments) of a principal residence for the Participant;

(C) for payment of tuition and related educational fees (including room and board) for the next 12 months of post-secondary education for the Participant, the Participant's Spouse, children or dependents;

(D) to prevent the eviction of the Participant from, or a foreclosure on the mortgage of, the Participant's principal residence;

(E) to pay funeral or burial expenses for the Participant's deceased parent, Spouse, child or dependent;

© Copyright 2017

(F) to pay expenses to repair damage to the Participant's principal residence that would qualify for a casualty loss deduction under Code §165 (determined without regard to whether the loss exceeds the 10% of adjusted gross income limit); or

(G) for any other event that the IRS recognizes as a safe harbor Hardship distribution event under ruling, notice or other guidance of general applicability, provided the event sets forth nondiscriminatory and objective standards for determining the existence of an immediate and heavy financial need.

For purposes of determining eligibility of a Hardship distribution under this subsection (i), a dependent is determined under Code §152. However, the determination of dependent for purposes of tuition and education fees under subsection (C) above will be made without regard to Code §152(b)(1), (b)(2), and (d)(1)(B) and the determination of dependent for purposes of funeral or burial expenses under subsection (E) above will be made without regard to Code §152(d)(1)(B).

A Participant must provide the Plan Administrator with a written request for a Hardship distribution. The Plan Administrator may require written documentation, as it deems necessary, to sufficiently document the existence of a proper Hardship event.

(ii) **Distribution necessary to satisfy need.** A distribution will be considered as necessary to satisfy an immediate and heavy financial need of the Participant if:

(A) The distribution is not in excess of the amount of the immediate and heavy financial need (including amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution);

(B) The Participant has obtained all available distributions, other than Hardship distributions, and all nontaxable loans under the Plan and all plans maintained by the Employer; and

(C) The Participant is suspended from making Salary Deferrals (and After-Tax Contributions) for 6 months after the receipt of the Hardship distribution.

(2) **Non-safe harbor Hardship distribution.** The Employer may elect in the Adoption Agreement to permit Participants to take a Hardship distribution without satisfying the requirements of subsection (1) above, provided the hardship distribution event sets forth nondiscriminatory and objective standards for determining the existence of an immediate and heavy financial need. A non-safe harbor Hardship distribution is not available for QNECs or Safe Harbor Contributions.

(i) **Immediate and heavy financial need.** For purposes of determining whether a Hardship exists under this subsection (2), the same Hardship distribution events described in subsection (1)(i) will qualify as a Hardship distribution event under this subsection (2). The Employer may modify the permissible Hardship distribution events under the Adoption Agreement.

(ii) **Distribution necessary to satisfy need.** A Hardship distribution under this subsection (2) need not satisfy the requirements under subsection (1)(ii) above. Instead, all relevant facts and circumstances are considered to determine whether the Employee has other resources reasonably available to relieve or satisfy the need. For this purpose, resources include assets of the Employee's Spouse and minor children that are reasonably available to the Employee. In addition, the amount withdrawn for hardship may include amounts necessary to pay federal, state or local income taxes, or penalties reasonably anticipated to result from the distribution.

The Employer may rely upon the Employee's written representation that the need cannot be reasonably relieved through the following sources:

(A) Reimbursement or compensation by insurance;

(B) Liquidation of the Employee's assets;

(C) Cessation of Salary Deferrals or After-Tax Employee Contributions under the Plan;

(D) Other currently available distributions or nontaxable loans from the Plan or any other plan maintained by the Employer (or any other employer); or

© Copyright 2017

(E) Borrowing from commercial sources on reasonable commercial terms in an amount sufficient to satisfy the need.

The Employer may not rely upon the written representation under this subsection (ii) if the Employer has actual knowledge to the contrary.

(3) **Amount available for Hardship distribution.** A Participant in an Annuity Contract (but not a Custodial Account) may receive a Hardship distribution of any portion of his/her vested Employer Contribution Account or Matching Contribution Account (including earnings thereon), as permitted under AA §10. A Participant may receive a Hardship distribution of Salary Deferrals provided such distribution, when added to other Hardship distributions from Salary Deferrals, does not exceed the total Salary Deferrals the Participant has made to the Plan (increased by income allocable to such Salary Deferrals as of the later of December 31, 1988 or the end of the last Plan Year ending before July 1, 1989).

(4) **Application of Hardship distributions rules with respect to primary beneficiaries.** If elected under AA §10-3(e), if the Plan otherwise permits Hardship distributions based on the safe harbor hardship provisions under subsection (1), the existence of an immediate and heavy financial need under subsection (1)(i) may be determined with respect to a primary beneficiary under the Plan. For this purpose, a primary beneficiary is an individual who is named as a beneficiary under the Plan and has an unconditional right to all or a portion of a Participant's Account Balance upon the death of the Participant. Hardship distributions with respect to primary beneficiaries under this subsection (4) are limited to hardship distributions on account of medical expenses, educational expenses and funeral expenses. Any Hardship distribution with respect to a primary beneficiary must satisfy all the other requirements applicable to Hardship distributions.

(f) **Qualified Distributions for Retired Public Safety Officers.** A Participant who is an eligible retired public safety officer may elect, after separation from service, to have qualified health insurance premiums deducted from amounts to be distributed from the Plan that would otherwise be includible in gross income, and to have such amounts paid directly to the insurer or group health plan. The distribution shall be excluded from the Participant's gross income to the extent that the aggregate amount of the distribution does not exceed the lesser of the amount used to pay the qualified health insurance premiums of the Participant, the Participant's Spouse, and the Participant's dependents (as defined in Code §152), or $3,000, determined by aggregating all distributions with respect to the Participant that are used to pay qualified health insurance premiums from all eligible retirement plans of the Employer.

(1) **Qualified health insurance premiums.** The term "qualified health insurance premiums" means premiums for coverage for the Participant, the Participant's Spouse, and the Participant's dependents (as defined in Code Section 152) by an accident or health insurance plan (including under a self-insured plan) or qualified long-term care insurance contract (within the meaning of Code Section 7702B(b)).

(2) **Eligible retired public safety officer.** The term "eligible retired public safety officer" means an individual who separated from service, either by reason of disability or after attainment of Normal Retirement Age, as a public safety officer with the Employer. For this purpose, a public safety officer is an individual serving the Employer in an official capacity, with or without compensation, as a law enforcement officer, a firefighter, a chaplain, or a member of a rescue squad or ambulance crew.

8.10 **Sources of Distribution.** Unless provided otherwise in separate administrative provisions adopted by the Plan Administrator, in applying the distribution provisions under this Section 8.10, distributions will be made on a pro rata basis from all Accounts from which a distribution is permitted under this Section 8. Alternatively, the Plan Administrator may permit Participants to direct the Plan Administrator as to which Account the distribution is to be made. Regardless of a Participant's direction as to the source of any distribution, the tax effect of such a distribution will be governed by Code §72 and the regulations thereunder.

(a) **Exception for Hardship withdrawals.** If the Plan permits a Hardship withdrawal from both Salary Deferrals (including Roth Deferrals) and Employer Contributions (including Employer Matching Contributions), a Hardship distribution will first be treated as having been made from a Participant's Employer Contribution Account and then from the Employer's Matching Contribution Account, to the extent such Hardship distribution is available with respect to such Accounts. Only when all available amounts have been exhausted under the Participant's Employer Contribution Account and/or Matching Contribution Account will a Hardship distribution be made from a Participant's Pre-Tax Deferral Account and/or Roth Deferral Account. (See subsection (b) below for the ordering rules for distributions from the Pre-Tax Deferral and Roth Deferral Accounts.) The Plan Administrator may modify the ordering rules under this subsection (a) under separate administrative procedures.

(b) **Roth Deferrals.** Unless designated otherwise under AA §6A-5 or separate administrative procedures, if a Participant has both a Pre-Tax Deferral Account and a Roth Deferral Account, the Participant may designate the extent to which a distribution or withdrawal of Salary Deferrals will come from the Pre-Tax Deferral Account or the Roth Deferral

© Copyright 2017

Account. Alternatively, the Employer may provide under AA §6A-5 (or under separate administrative procedures) that any distribution or withdrawal of Salary Deferrals will be made on a pro rata basis from the Pre-Tax Deferral Account and the Roth Deferral Account. Alternatively, the Employer may designate any other order of distribution and withdrawals under AA §6A-5 or separate administrative procedures.

(c) **In-kind distributions.** Nothing in this Section 8 precludes the Plan Administrator from making a distribution in the form of property, or other in-kind distribution.

8.11 **Required Minimum Distributions.** The Plan shall comply with the minimum distribution requirements of Code §401(a)(9) and the regulations thereunder in accordance with the terms governing each Investment Arrangement (if applicable), unless and to the extent otherwise permitted by law and in regulations or other rules of general applicability published by the Department of the Treasury or the Internal Revenue Service. For purposes of applying the distribution rules of Code §401(a)(9) of the Code, each Investment Arrangement is treated as an individual retirement account (IRA) and distributions shall be made in accordance with the provisions of Treas. Reg. §1.408-8, except as provided in Treas. Reg. §1.403(b)-6(e).

8.12 **Correction of Plan Defects.** Nothing in this Section 8 precludes the Plan Administrator from making a distribution to a Participant to correct a Plan defect consistent with the correction procedures under the IRS' voluntary compliance programs. Thus, for example, if an Employee is permitted to enter the Plan prior to his/her proper Entry Date under Section 2.03(b) and the Plan Administrator determines that a corrective distribution is a proper means of correcting the operational violation, nothing in this Section 8 would prevent the Plan from making such corrective distribution. Any such distribution must be made in accordance with the correction procedures applicable under the IRS' voluntary correction programs.

© Copyright 2017

SECTION 9
JOINT AND SURVIVOR ANNUITY REQUIREMENTS

9.01 **Application of Joint and Survivor Annuity Rules.** The Joint and Survivor Annuity rules apply only to the extent that the Plan is subject to such rules under Title I of ERISA. A Plan that receives only Salary Deferral contributions and is not otherwise subject to Title I of ERISA is not subject to the rules under this Section 9. With respect to any Plan that is not otherwise subject to the Joint and Survivor Annuity rules under ERISA §205, the Employer may elect, under AA §9-2, to apply the rules of this Section 9.

(a) **Election to apply Joint and Survivor Annuity Requirements.** The Employer may elect under AA §9-2 to apply the Joint and Survivor Annuity requirements under this Section 9 to all Participants under the Plan. If the Employer does not elect under AA §9-2 to apply the Joint and Survivor Annuity requirements to all Participants, such requirements will only apply to a distribution from the Plan if:

(1) the Participant elects to receive a distribution in the form of a life annuity; or

(2) the distribution is made from benefits that were directly or indirectly transferred from a plan that was subject to the Joint and Survivor Annuity requirements at the time of the transfer; or

(3) the distribution is made from benefits that are used to offset the benefits under another plan of the Employer that is subject to the Joint and Survivor Annuity requirements.

(b) **Exception to the Joint and Survivor Annuity Requirements.** If, as of the Annuity Starting Date, the Participant's vested Account Balance (for pre-death distributions) or the value of the Qualified Preretirement Survivor Annuity death benefit (for post-death distributions) does not exceed $5,000, the Participant or surviving Spouse, as applicable, will receive a lump sum distribution pursuant to Section 8.07(a) or Section 8.08(b)(1), in lieu of any Qualified Joint and Survivor Annuity or Qualified Preretirement Survivor Annuity benefits.

(c) **Administrative procedures.** The Plan Administrator may provide alternative procedures for applying the spousal consent requirements under this Section 9 provided such procedures are consistent with the requirements under this Section 9. For example, the Plan Administrator may require under separate administrative procedures to require spousal consent to Participant distributions or may in a separate loan procedure require spousal consent prior to granting a Participant loan, without subjecting the Plan to the Joint and Survivor Annuity requirements.

9.02 **Pre-Death Distribution Requirements.** If a pre-death distribution is subject to the Qualified Joint and Survivor Annuity requirements under this Section 9, the distribution will be paid in the form of a Qualified Joint and Survivor Annuity, unless the Participant (and Spouse, if the Participant is married) elects to receive the distribution in an alternative form. Any election of an alternative form of distribution must be pursuant to a Qualified Election (as defined in Section 9.04).

(a) **Qualified Joint and Survivor Annuity (QJSA).** A QJSA is an immediate annuity payable over the life of the Participant with a survivor annuity payable over the life of the Spouse equal to 50% of the amount of the annuity which is payable during the joint lives of the Participant and the Spouse. The Employer may elect under AA §9-2(a)(2) to increase the percentage of the Spouse's survivor annuity to 100%, 75% or 66-2/3% (instead of 50%). If the Participant is not married as of the Annuity Starting Date, the QJSA is an immediate annuity payable over the life of the Participant.

(b) **Qualified Optional Survivor Annuity.** At the election of the Participant, benefits will be paid in the form of a Qualified Optional Survivor Annuity. A Qualified Optional Survivor Annuity is an annuity for the life of the Participant with a survivor annuity for the life of the Spouse which is equal to the "applicable percentage" of the amount of the annuity that is: (1) payable during the joint lives for the Participant and the Spouse; and (2) the actuarial equivalent of a single annuity for the life of the Participant.

If the survivor annuity provided by the QJSA under the Plan is less than 75% of the annuity payable during the joint lives of the Participant and Spouse, then the "applicable percentage" is 75%. If the survivor annuity provided by the QJSA under the Plan is greater than or equal to 75% of the annuity payable during the joint lives of the Participant and Spouse, the "applicable percentage" is 50%.

(c) **Notice requirements.** **T**he Plan Administrator shall provide each Participant with a written explanation of: (1) the terms and conditions of the QJSA; (2) the Participant's right to make and the effect of an election to waive the QJSA form of benefit; (3) the rights of the Participant's Spouse; and (4) the right to make, and the effect of, a revocation of a previous election to waive the QJSA. The notice must be provided to each Participant under the Plan no less than 30 days and no more than 180 days prior to the Annuity Starting Date. The written explanation shall comply with the requirements of Treas. Reg. §1.417(a)(3)-1.

© Copyright 2017

The Annuity Starting Date for a distribution in a form other than a QJSA may be less than 30 days after receipt of the written explanation described in the preceding paragraph provided: (1) the Participant has been provided with information that clearly indicates that the Participant has at least 30 days to consider whether to waive the QJSA and elect (with spousal consent) a form of distribution other than a QJSA; (2) the Participant is permitted to revoke any affirmative distribution election at least until the Annuity Starting Date or, if later, at any time prior to the expiration of the 7-day period that begins the day after the explanation of the QJSA is provided to the Participant; and (3) the Annuity Starting Date is after the date the written explanation was provided to the Participant. For distributions on or after December 31, 1996, the Annuity Starting Date may be a date prior to the date the written explanation is provided to the Participant if the distribution does not commence until at least 30 days after such written explanation is provided, subject to the waiver of the 30-day period described above.

(d) **Annuity Starting Date.** The Annuity Starting Date is the date a Participant (or Beneficiary) commences distributions from the Plan. If a Participant commences distribution with respect to a portion of his/her Account Balance, a separate Annuity Starting Date applies to any subsequent distribution. If distribution is made in the form of an annuity, the Annuity Starting Date is the first day of the first period for which annuity payments are made.

9.03 **Distributions After Death.** If the Joint and Survivor Annuity requirements apply with respect to a distribution on behalf of a married Participant who dies before the Annuity Starting Date (as defined in Section 9.02(d) above), the surviving Spouse of that Participant is entitled to receive such distribution in the form of a QPSA, unless the Participant and Spouse have waived the QPSA pursuant to a Qualified Election. Any portion of a Participant's vested Account Balance that is not payable to the surviving Spouse as a QPSA will be payable under the rules described in Section 8.08(b)(2)(ii)(B).

(a) **Qualified Preretirement Survivor Annuity (QPSA).** A QPSA is an annuity payable over the life of the surviving Spouse that is purchased using 50% of the Participant's vested Account Balance (that is subject to the QJSA requirements) as of the date of death. The Employer may elect under AA §9-2(b) to increase the amount used to purchase the QPSA to 100% (instead of 50%) of the Participant's vested Account Balance. To the extent that less than 100% of the Participant's vested Account Balance is paid to the surviving Spouse, any After-Tax Contributions will be allocated to the surviving Spouse in the same proportion as the After-Tax Contributions bear to the total vested Account Balance of the Participant. If elected under AA §9, a surviving Spouse will not be entitled to a QPSA if the Participant and surviving Spouse were not married throughout the one year period ending on the date of the Participant's death.

If a surviving Spouse is entitled to a QPSA distribution, the surviving Spouse may elect to receive such distribution at any time following the Participant's death (subject to the required minimum distribution rules under Section 8.11) and may elect to receive distribution in any form permitted under Section 8.02 of the Plan. A QPSA distribution will not commence to a surviving Spouse without the consent of the surviving Spouse prior to the date the Participant would have reached Normal Retirement Age (or age 62, if later). If the QPSA death benefit has been waived, in accordance with the procedures in Section 9.04(b), then the portion of the Participant's vested Account Balance that would have been payable as a QPSA death benefit in the absence of such a waiver is treated as a non-QPSA death benefit payable under Section 8.08(b)(2)(ii)(B).

The QPSA death benefit may be payable to a non-Spouse Beneficiary only if the Spouse consents to the Beneficiary designation, pursuant to the Qualified Election requirements under Section 9.04, or makes a valid disclaimer. The non-QPSA death benefit, if any, is payable to the person named in the Beneficiary designation, without regard to whether spousal consent is obtained for such designation. If a Spouse does not properly consent to a Beneficiary designation, the QPSA waiver is invalid, and the QPSA death benefit is still payable to the Spouse, but the Beneficiary designation remains valid with respect to any non-QPSA death benefit.

(b) **Notice requirements.** The Plan Administrator shall provide each Participant within the applicable period for such Participant a written explanation of the QPSA in such terms and in such manner as would be comparable to the explanation provided for the QJSA in subsection 9.02(b) above. The applicable period for a Participant is whichever of the following periods ends last: (1) the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35; (2) a reasonable period ending after the individual becomes a Participant; or (3) a reasonable period ending after the joint and survivor annuity requirements first apply to the Participant. Notwithstanding the foregoing, notice must be provided within a reasonable period ending after separation from service in the case of a Participant who separates from service before attaining age 35.

For purposes of applying the preceding paragraph, a reasonable period ending after the enumerated events described in (2) and (3) is the end of the two-year period beginning one year prior to the date the applicable event occurs, and ending one year after that date. In the case of a Participant who separates from service before the Plan Year in which age 35 is attained, notice shall be provided within the two-year period beginning one year prior to separation and ending one year

© Copyright 2017

after separation. If such a Participant thereafter returns to employment with the employer, the applicable period for such Participant shall be redetermined.

9.04 **Qualified Election.** A Participant (and the Participant's Spouse) may waive the QJSA or QPSA pursuant to a Qualified Election. A Qualified Election is a written election signed by both the Participant and the Participant's Spouse (if applicable) that specifically acknowledges the effect of the election. The Spouse's consent must be witnessed by a plan representative or notary public. Any consent by a Spouse under a Qualified Election (or a determination that the consent of a Spouse is not required) shall be effective only with respect to such Spouse. If the Qualified Election permits the Participant to change a payment form or Beneficiary designation without any further consent by the Spouse, the Qualified Election must acknowledge that the Spouse has the right to limit consent to a specific Beneficiary, and a specific form of benefit, as applicable, and that the Spouse voluntarily elects to relinquish either or both of such rights. A Participant or Spouse may revoke a prior waiver of the QPSA benefit at any time before the commencement of benefits. Spousal consent is not required for a Participant to revoke a prior QPSA waiver. No consent obtained under this provision shall be valid unless the Participant has received notice as provided in Section 9.02(c) or Section 9.03(b), as applicable.

(a) **QJSA.** In the case of a waiver of the QJSA, the election must designate an alternative form of benefit payment that may not be changed without spousal consent (unless the Spouse enters into a general consent agreement expressly permitting the Participant to change the form of payment without any further spousal consent). Only the Participant needs to consent to the commencement of a distribution in the form of a QJSA.

(b) **QPSA.** In the case of a waiver of the QPSA, the election must be made on a timely basis and the election must designate a specific alternate Beneficiary, including any class of Beneficiaries or any contingent Beneficiaries, which may not be changed without spousal consent (unless the Spouse enters into a general consent agreement expressly permitting the Participant to change the Beneficiary designation without any further spousal consent). To be timely, a Participant (and the Participant's Spouse) may waive the QPSA at any time during the period beginning on the first day of the Plan Year in which the Participant attains age 35 and ending on the date of the Participant's death. If a Participant separates from service prior to the first day of the Plan Year in which age 35 is attained, with respect to the Account Balance as of the date of separation, the election period begins on the date of separation. A Participant who has not yet attained age 35 as of the end of a Plan Year may make a special Qualified Election to waive, with spousal consent, the QPSA for the period beginning on the date of such election and ending on the first day of the Plan Year in which the Participant will attain age 35. Such election is not valid unless the Participant receives the proper notice required under Section 9.03(b). QPSA coverage is automatically reinstated as of the first day of the Plan Year in which the Participant attains age 35. Any new waiver on or after such date must satisfy all the requirements for a Qualified Election.

(c) **Identification of surviving Spouse.** If it is established to the satisfaction of the Plan Administrator that there is no Spouse or that the Spouse cannot be located, any waiver signed by the Participant is deemed to be a Qualified Election.

(1) **Definition of Spouse.** For this purpose, a Participant will be deemed to not have a Spouse if the Participant is legally separated or has been abandoned and the Participant has a court order to such effect. However, a former Spouse of the Participant will be treated as the Spouse or surviving Spouse and any current Spouse will not be treated as the Spouse or surviving Spouse to the extent provided under a QDRO.

(2) **One-year marriage rule.** The Employer may elect under AA §9-5(b), for purposes of applying the provisions of this Section 9, that an individual will not be considered the surviving Spouse of the Participant if the Participant and the surviving Spouse have not been married for the entire one-year period ending on the date of the Participant's death.

© Copyright 2017

SECTION 10
INVESTMENT ARRANGEMENTS AND PARTICIPANT ACCOUNTS

10.01 **Permissible Investment Arrangements.** Amounts contributed to this Plan may only be invested in Annuity Contracts, Custodial Accounts or a combination of these investment vehicles. The 403(b) Fund will consist of all Annuity Contracts and Custodial Accounts held under the Plan and identified under Addendum B of the Adoption Agreement. The terms of each Investment Arrangement under the Plan, excluding those terms that are inconsistent with the Plan or Code §403(b), are incorporated by reference in the Plan.

10.02 **Annuity Contract Requirements.**

(a) An Annuity Contract must meet the requirements of Code §403(b)(1).

(b) An Annuity Contract may only be offered by an Insurance Company.

(c) The Annuity Contract may be owned by the Participant, or in the case of a group annuity contract, by the Employer maintaining the Annuity Contract may hold variable or guaranteed annuities.

(d) The Annuity Contract must provide that it is nontransferable and meets the requirements of Code §401(g).

A life insurance contract, an endowment contract, a health or accident insurance contract, or a property, casualty, or liability insurance contract do not constitute an Annuity Contract. However, this does not apply for contracts issued before September 24, 2007.

10.03 **Custodial Account Requirements.**

(a) The Custodial Account must meet the requirements of Code §403(b)(7).

(b) The assets of a Custodial Account must be held by a bank or approved non-bank trustee or custodian under Code §401(f).

(c) The assets of the Custodial Account must be invested exclusively in regulated investment company within the meaning of Code §851(a).

10.04 **Participant Accounts.** The Plan Administrator will direct the Custodian/Insurance Company to establish and maintain a separate Account (or multiple Accounts, if appropriate) for each Participant to reflect the Participant's entire interest under the Plan. To the extent applicable, the Plan Administrator may direct the Custodian and/or Insurance Company to establish and maintain separate sub-Accounts for a Participant. Accounts may include, but are not limited to:

- Pre-Tax Deferral Account
- Roth Deferral Account
- Employer Contribution Account
- Matching Contribution Account
- Qualified Nonelective Contribution (QNEC) Account
- Safe Harbor Employer Contribution Account
- Safe Harbor Matching Contribution Account
- QACA Employer Contribution Account
- QACA Matching Contribution Account
- After-Tax Contribution Account
- Mandatory Contribution Account
- Rollover Contribution Account
- Roth Rollover Account
- In-Plan Roth Conversion Account
- Transfer Account

The Plan Administrator will maintain separate Accounts for the vested and non-vested portions of any Employer Contribution Account and Matching Contribution Account, for any excess amounts under Code §415 and for Retirement Income Accounts.

10.05 **Value of Participant Accounts.** The value of a Participant's Account consists of the fair market value of the Participant's share of the Plan assets.

(a) **Periodic valuation.** The Custodian/Insurance Company must value Plan assets at least annually.

© Copyright 2017

(b) **Daily valuation.** If the Employer elects daily valuation under AA §11-1(a) or, if in operation, the Employer elects to have the Plan daily valued, the Plan Administrator may adopt reasonable procedures for performing such valuations. Unless otherwise set forth in the written procedures, a daily valued Plan will have its assets valued at the end of each business day during which the New York Stock Exchange is open. The Plan Administrator has authority to interpret the provisions of this Plan in the context of a daily valuation procedure. This includes, but is not limited to, the determination of the value of the Participant's Account for purposes of Participant loans, distribution and consent rights, and corrective distributions.

(c) **Interim valuations.** The Plan Administrator may perform interim valuations, provided such valuations do not result in discrimination in favor of Highly Compensated Employees.

10.06 **Adjustments to Participant Accounts.** As of each Valuation Date under the Plan, each Participant's Account is adjusted in the following manner.

(a) **Distributions and forfeitures from a Participant's Account.** A Participant's Account will be reduced by any distributions and forfeitures from the Account since the previous Valuation Date.

(b) **Contributions and forfeitures allocated to a Participant's Account.** A Participant's Account will be credited with any contribution or forfeiture allocated to the Participant since the previous Valuation Date.

(c) **Net income or loss.** A Participant's Account will be adjusted for any net income or loss in accordance with the provisions under Section 10.07.

10.07 **Procedures for Determining Net Income or Loss.** The Plan Administrator may establish any reasonable procedures for determining net income or loss under Section 10.06(c). Such procedures may be reflected in a funding agreement governing the applicable investments under the Plan and the terms of any applicable Investment Arrangement under the Plan.

10.08 **Investments under the Plan.**

(a) **Investment options.** Amounts contributed to this Plan may only be invested in Annuity Contracts, Custodial Accounts or a combination of these investment vehicles. The choice of investments is subject to the terms governing the applicable Investment Arrangement.

(b) **Individual/Pooled Accounts.** The Plan may maintain individual or pooled accounts for Participants.

10.09 **Information Sharing.** Each Vendor and the Plan Administrator shall exchange such information as may be necessary to satisfy Code §403(b) or other requirements of applicable law. In the case of a Vendor which is not eligible to receive Elective Deferrals under the Plan (including a Vendor which has ceased to be a Vendor eligible to receive Elective Deferrals under the Plan and a Vendor holding assets under the Plan), the Eligible Employer shall keep the Vendor informed of the name and contact information of the Plan Administrator in order to coordinate information necessary to satisfy Code §403(b) or other requirements of applicable law.

10.10 **Participant-directed investments.** If the Plan (by election in AA §C-1, under separate investment procedures or under the applicable Investment Arrangement) permits Participant direction of investments, each Participant shall have the exclusive right, in accordance with the provisions of the Plan, to direct the investment of all or a portion of the amounts allocated to the separate Accounts of the Participant under the Plan. (A reference to Participant under this Section 10.10 also applies to any Beneficiary or Alternate Payee eligible to direct investments under the Plan.)

(a) **Limits on participant investment direction.** The Employer may elect under AA §C-1 or under separate investment procedures to limit Participant direction of investment to specific types of contributions or with respect to specific investment options. The terms of the governing Investment Arrangement may limit Participant direction of investment. If Participant investment direction is limited to specific investment options, it shall be the sole and exclusive responsibility of the Employer, Plan Administrator or Vendor to select the investment options. In no case may Participants direct that investments be made in collectibles, other than U.S. Government or State issued gold and silver coins.

(b) **Failure to direct investment.** If Participant direction of investments is permitted, the Plan Administrator will designate how accounts will be invested in the absence of proper affirmative direction from the Participant. The Plan or Plan Administrator may designate a default fund under the Plan.

(c) **Disclosure requirements.** To the extent the Plan allows Participant direction of investment, each Participant or beneficiary that has the right to direct the investment of Plan assets must receive the disclosures required under DOL

© Copyright 2017

Reg. §2550.404a-5 on a regular and periodic basis. The Plan Administrator will not be liable for the completeness and accuracy of information used to satisfy these disclosure requirements when the Plan Administrator reasonably and in good faith relies on information received from or provided by a Plan service provider or the issuer of a designated investment alternative. For purposes of this subsection (c), a designated investment alternative is an investment alternative designated by the Plan into which Participants and beneficiaries may direct the investment of Plan assets held in their individual Accounts. The term designated investment alternative shall not include brokerage windows, self-directed brokerage accounts, or similar plan arrangements that enable Participants and beneficiaries to select investments beyond those designated by the Plan.

(d) **ERISA §404(c) protection.** If the Plan (by Employer election under AA §C-1(b) or pursuant to the Plan's investment procedures) is intended to comply with ERISA §404(c), the Participant investment direction program adopted by the Plan Administrator should comply with applicable Department of Labor regulations. Compliance with ERISA §404(c) is not required for plan qualification purposes. The following information is provided solely as guidance to assist the Plan Administrator in meeting the requirements of ERISA §404(c). Failure to meet any of the following safe harbor requirements does not impose any liability on the Plan Administrator (or any other fiduciary under the Plan) for investment decisions made by Participants, nor does it mean that the Plan does not comply with ERISA §404(c).

(1) **Disclosure requirements.** The Plan Administrator (or other Plan fiduciary who has agreed to perform this activity) shall provide, or shall cause a person designated to act on his behalf to provide, the following information to Participants:

(i) **Mandatory disclosures.** To satisfy the requirements of ERISA §404(c), the Participants must receive certain mandatory disclosures, including:

(A) an explanation that the Plan is intended to be an ERISA §404(c) plan and that the fiduciaries of the Plan may be relieved of liability for any losses which are the direct and necessary result of investment instructions given by the Participant or beneficiary; and

(B) the information required pursuant to subsection (c) above.

(2) **Diversified investment options.** The Plan must provide at least three diversified investment options that offer a broad range of investment opportunity. Each of the investment opportunities must have materially different risk and return characteristics. The procedure may allow investment under a segregated brokerage account.

(3) **Frequency of investment instructions.** Participants must have the opportunity to give investment instructions as frequently as is appropriate to the volatility of the investment. For each investment option, the frequency can be no less than quarterly.

10.11 **Life Insurance.** Plan assets may not be held under a life insurance contract issued on or after September 24, 2007. If Plan assets include life insurance contracts issued before September 24, 2007, those contracts will continue to be held pursuant to the terms of the plan relating to life insurance as in effect immediately prior to September 24, 2007 until discontinued by the Participant.

© Copyright 2017

SECTION 11
PLAN ADMINISTRATION AND OPERATION

11.01 **Plan Administrator.** The Employer is the Plan Administrator, unless the Employer designates in writing an alternative Plan Administrator. The Plan Administrator has the responsibilities described in this Section 11.

11.02 **Allocation of Administrative Functions.** Administrative functions, including functions to comply with Code §403(b) and other tax requirements, may be allocated among various persons pursuant to service agreements or other written documents. However, in no case shall administrative functions be allocated to Participants (other than permitting Participants to make investment elections for self-directed accounts). Any administrative functions not allocated to other persons are reserved to the Administrator.

11.03 **Administrative and Vendor Addendums.** Persons to whom administrative functions have been allocated and the specific functions allocated to such persons shall be identified in Addendum A – Allocation of Administrative Functions – in the Adoption Agreement. Service agreements and other records or information pertaining to the administration of the Plan may be included or incorporated by reference in Addendum A. Addendum B of the Adoption Agreement will include a list of all the Vendors of Investment Arrangements approved for use under the Plan, including sufficient information to identify the approved Investment Arrangements. Addendums A and B may be modified from time to time. A modification of the Addendums is not an amendment of the Plan.

11.04 **Information Provided by a Participant.** Each Participant shall provide at the time of initial enrollment, and later if there are any changes, any information necessary or advisable for the administration of the Plan, including any information required under the terms governing the Investment Arrangement.

11.05 **Information Sharing.** Each Vendor and the Plan Administrator shall exchange such information as may be necessary to satisfy Code §403(b) or other requirements of applicable law. In the case of a Vendor which is not eligible to receive Elective Deferrals under the Plan (including a Vendor which has ceased to be a Vendor eligible to receive Elective Deferrals under the Plan and a Vendor holding assets under the Plan), the Eligible Employer shall keep the Vendor informed of the name and contact information of the Plan Administrator in order to coordinate information necessary to satisfy Code §403(b) or other requirements of applicable law.

11.06 **Named Fiduciary.** The Plan Administrator is the Named Fiduciary for the Plan, unless the Plan Administrator specifically names another person or persons as Named Fiduciary and the designated person accepts its responsibilities as Named Fiduciary in writing. The Plan must always have at least one Named Fiduciary.

11.07 **Duties, Powers and Responsibilities of the Plan Administrator.** The Plan Administrator will administer the Plan for the exclusive benefit of the Plan Participants and Beneficiaries, and in accordance with the terms of the Plan. If the terms of the Plan are unclear, the Plan Administrator may interpret the Plan. This right to interpret the Plan is an express grant of discretionary authority to resolve ambiguities in the Plan document and to make discretionary decisions regarding the interpretation of the Plan's terms, including who is eligible to participate under the Plan, and the benefit rights of a Participant or Beneficiary. Unless an interpretation or decision is determined to be arbitrary and capricious, the Plan Administrator will not be held liable for any interpretation of the Plan terms or decision regarding the application of a Plan provision.

(a) **Delegation of duties, powers and responsibilities.** The Employer, as Plan Administrator, may delegate its duties, powers or responsibilities to one or more persons under Addendum A. Such delegation must be in writing and accepted by the person or persons receiving the delegation. The Employer may not delegate responsibilities to Plan Participants. The Employer must agree to such delegation by an alternative Plan Administrator. In delegating responsibilities, the Plan may, under Addendum A, incorporate by reference other documents, including annuity policies and custodial agreements.

(b) **Specific Plan Administrator responsibilities.** The Plan Administrator has the general responsibility to control and manage the operation of the Plan. This responsibility includes, but is not limited to, the following:

(1) To interpret and enforce the provisions of the Plan and applicable rules under Code §403(b) including those related to Plan eligibility, vesting, benefits and other tax requirements;

(2) To communicate with the appropriate persons with respect to the crediting of Plan contributions, the disbursement of Plan distributions and other relevant matters;

(3) To develop separate procedures (if necessary) consistent with the terms of the Plan to assist in the administration of the Plan, including the adoption of a separate or modified loan policy), procedures for direction of investment by Participants, procedures for determining whether domestic relations orders are QDROs), and procedures for the determination of investment earnings to be allocated to Participants' Accounts:

© Copyright 2017

(4) To maintain all records necessary for tax and other administration purposes;

(5) To furnish and to file all appropriate notices, reports and other information to Participants, Beneficiaries, the Employer, the Custodian, Insurance Company and government agencies (as necessary);

(6) To provide information relating to Plan Participants and Beneficiaries;

(7) To retain the services of other persons, including investment managers, attorneys, consultants, advisers and others, to assist in the administration of the Plan;

(8) To review and decide on claims for benefits under the Plan;

(9) To correct any defect or error in the operation of the Plan;

(10) To establish a "funding policy and method" for the Plan for purposes of ensuring the Plan is satisfying its financial objectives and is able to meet its liquidity needs; and

(11) To suspend contributions, including Salary Deferrals and/or After-Tax Contributions, on behalf of any or all Highly Compensated Employees, if the Plan Administrator reasonably believes that such contributions will cause the Plan to discriminate in favor of Highly Compensated Employees. (See Section 6.02(c).)

11.08 Plan Administration Expenses.

(a) **Reasonable Plan administration expenses.** All reasonable expenses related to plan administration may be paid from Plan assets, except to the extent the expenses are paid (or reimbursed) by the Employer. For this purpose, Plan expenses include, but are not limited to, all reasonable costs, charges and expenses incurred in connection with the administration of the Plan.

(b) **Plan expense allocation.** The Plan Administrator may allocate plan expenses among the accounts of Plan Participants. The Plan Administrator has authority to allocate these expenses either proportionally based on the value of the Account Balances or pro rata based on the number of Participants in the Plan. The Plan Administrator will determine the proper method for allocating expenses in accordance with such reasonable nondiscriminatory rules as the Plan Administrator deems appropriate under the circumstances. Unless the Plan Administrator decides otherwise, the following expenses will be allocated to the Participant's Account relative to which the expense is incurred: distribution expenses, including those relating to lump sums, installments, QDROs, hardship, in-service and required minimum distributions; loan expenses; participant direction expenses, including brokerage fees; and benefit calculations.

(c) **Expenses related to administration of former Employee or surviving Spouse.** If the Plan is making distributions to a former Employee, surviving Spouse or non-Spouse beneficiary, the Plan may charge reasonable Plan administrative expenses to the Account of that former Employee, surviving Spouse or nonSpouse beneficiary, but only if the administrative expenses are on a pro rata basis. Under the pro rata basis, the expenses are based on the amount in each account of a former Employee, surviving Spouse or nonSpouse beneficiary receiving benefits from the Plan. The Plan Administrator may use another reasonable basis for charging the expenses, provided it complies with the requirements of Title I of ERISA). In any event, the allocation of plan expenses must meet the nondiscrimination rules of §401(a)(4).

11.09 Qualified Domestic Relations Orders (QDROs).

(a) **In general.** The Plan Administrator must develop written procedures for determining whether a domestic relations order is a QDRO and for administering distributions under a QDRO. For this purpose, the Plan Administrator may use the default QDRO procedures set forth in subsection (h) below or may develop separate QDRO procedures. If applicable, the procedures must recognize the requirements under applicable State law.

(b) **Definitions related to Qualified Domestic Relations Orders (QDROs).**

(1) **QDRO.** A QDRO is a domestic relations order that creates or recognizes the existence of an Alternate Payee's right to receive, or assigns to an Alternate Payee the right to receive, all or a portion of the benefits payable with respect to a Participant under the Plan. (See Code §414(p).) The QDRO must contain certain information and meet other requirements described in this Section 11.09.

(2) **Domestic relations order.** A domestic relations order is a judgment, decree, or order (including the approval of a property settlement) that is made pursuant to state domestic relations law (including community property law).

© Copyright 2017

(3) **Alternate Payee.** An Alternate Payee must be a Spouse, former Spouse, child, or other dependent of a Participant.

(4) **Revision of QDRO.** A domestic relations order otherwise meeting the requirements to be a QDRO under Code §414(p) shall not fail to be treated as a QDRO solely because:

(i) the order is issued after, or revises, another domestic relations order or QDRO; or

(ii) of the time at which the order is issued, including orders issued after the death of the Participant.

Any QDRO described in this Section 11.09 shall be subject to the same requirements and protections which apply to QDROs under Code §414(p)(7).

(c) **Recognition as a QDRO.** To be a QDRO, an order must be a domestic relations order (as defined in subsection (b)(2) above) that relates to the provision of child support, alimony payments, or marital property rights for the benefit of an Alternate Payee. The Plan Administrator is not required to determine whether the court or agency issuing the domestic relations order had jurisdiction to issue an order, whether state law is correctly applied in the order, whether service was properly made on the parties, or whether an individual identified in an order as an Alternate Payee is a proper Alternate Payee under state law.

(d) **Contents of QDRO.** A QDRO must contain the following information:

(1) the name and last known mailing address of the Participant and each Alternate Payee;

(2) the name of each plan to which the order applies;

(3) the dollar amount or percentage (or the method of determining the amount or percentage) of the benefit to be paid to the Alternate Payee; and

(4) the number of payments or time period to which the order applies.

(e) **Impermissible QDRO provisions.**

(1) The order must not require the Plan to provide an Alternate Payee or Participant with any type or form of benefit, or any option, not otherwise provided under the Plan;

(2) The order must not require the Plan to provide for increased benefits (determined on the basis of actuarial value);

(3) The order must not require the Plan to pay benefits to an Alternate Payee that are required to be paid to another Alternate Payee under another order previously determined to be a QDRO; and

(4) The order must not require the Plan to pay benefits to an Alternate Payee in the form of a Qualified Joint and Survivor Annuity for the lives of the Alternate Payee and his or her subsequent Spouse.

(f) **Immediate distribution to Alternate Payee.** Even if a Participant is not eligible to receive an immediate distribution from the Plan, an Alternate Payee may receive a QDRO benefit immediately in a lump sum, provided such distribution is consistent with the QDRO provisions.

(g) **Fee for QDRO determination.** The Plan Administrator may condition the making of a QDRO determination on the payment of a fee by a Participant or an Alternate Payee (either directly or as a charge against the Participant's Account).

(h) **Default QDRO procedure.** If the Plan Administrator chooses this default QDRO procedure or if the Plan Administrator does not establish a separate QDRO procedure, this subsection (h) will apply as the procedure the Plan Administrator will use to determine whether a domestic relations order is a QDRO. This default QDRO procedure incorporates the requirements set forth below.

(1) **Access to information.** The Plan Administrator will provide access to Plan and Participant benefit information sufficient for a prospective Alternate Payee to prepare a QDRO. Such information might include the summary plan description, other relevant plan documents, and a statement of the Participant's benefit entitlements. The disclosure of this information is conditioned on the prospective Alternate Payee providing to the Plan Administrator information sufficient to reasonably establish that the disclosure request is being made in connection with a domestic relations order.

© Copyright 2017

(2) **Notifications to Participant and Alternate Payee.** The Plan Administrator will promptly notify the affected Participant and each Alternate Payee named in the domestic relations order of the receipt of the order. The Plan Administrator will send the notification to the address included in the domestic relations order. Along with the notification, the Plan Administrator will provide a copy of the Plan's procedures for determining whether a domestic relations order is a QDRO.

(3) **Alternate Payee representative.** The prospective Alternate Payee may designate a representative to receive copies of notices and Plan information that are sent to the Alternate Payee with respect to the domestic relations order.

(4) **Evaluation of domestic relations order.** Within a reasonable period of time, the Plan Administrator will evaluate the domestic relations order to determine whether it is a QDRO. A reasonable period will depend on the specific circumstances. The domestic relations order must contain the information described in subsection (d). If the order is only deficient in a minor respect, the Plan Administrator may supplement information in the order from information within the Plan Administrator's control or through communication with the prospective Alternate Payee.

(i) **Separate accounting.** Upon receipt of a domestic relations order, the Plan Administrator will separately account for and preserve the amounts that would be payable to an Alternate Payee until a determination is made with respect to the status of the order. During the period in which the status of the order is being determined, the Plan Administrator will take whatever steps are necessary to ensure that amounts that would be payable to the Alternate Payee, if the order were a QDRO, are not distributed to the Participant or any other person. The separate accounting requirement may be satisfied, at the Plan Administrator's discretion, by a segregation of the assets that are subject to separate accounting.

(ii) **Separate accounting until the end of "18-month period."** The Plan Administrator will continue to separately account for amounts that are payable under the QDRO until the end of an "18-month period." The "18-month period" will begin on the first date following the Plan's receipt of the order upon which a payment would be required to be made to an Alternate Payee under the order. If, within the "18-month period," the Plan Administrator determines that the order is a QDRO, the Plan Administrator must pay the Alternate Payee in accordance with the terms of the QDRO. If, however, the Plan Administrator determines within the "18-month period" that the order is not a QDRO, or, if the status of the order is not resolved by the end of the "18-month period," the Plan Administrator may pay out the amounts otherwise payable under the order to the person or persons who would have been entitled to such amounts if there had been no order. If the order is later determined to be a QDRO, the order will apply only prospectively; that is, the Alternate Payee will be entitled only to amounts payable under the order after the subsequent determination.

(iii) **Preliminary review.** The Plan Administrator will perform a preliminary review of the domestic relations order to determine if it is a QDRO. If this preliminary review indicates the order is deficient in some manner, the Plan Administrator will allow the parties to attempt to correct any deficiency before issuing a final decision on the domestic relations order. The ability to correct is limited to a reasonable period of time.

(iv) **Notification of determination.** The Plan Administrator will notify in writing the Participant and each Alternate Payee of the Plan Administrator's decision as to whether a domestic relations order is a QDRO. In the case of a determination that an order is not a QDRO, the written notice will contain the following information:

(A) references to the Plan provisions on which the Plan Administrator based its decision;

(B) an explanation of any time limits that apply to rights available to the parties under the Plan (such as the duration of any protective actions the Plan Administrator will take); and

(C) a description of any additional material, information, or modifications necessary for the order to be a QDRO and an explanation of why such material, information, or modifications are necessary.

(v) **Treatment of Alternate Payee.** If an order is accepted as a QDRO, the Plan Administrator will act in accordance with the terms of the QDRO as if it were a part of the Plan. An Alternate Payee will be considered a Beneficiary under the Plan and be afforded the same rights as a Beneficiary. The Plan

© Copyright 2017

Administrator will provide any appropriate disclosure information relating to the Plan to the Alternate Payee.

11.10 **Claims Procedure.** The Plan Administrator shall establish a procedure for benefit claims consistent with the requirements of ERISA Reg. §2560.503-1. The Plan Administrator is authorized to conduct an examination of the relevant facts to determine the merits of a Participant's or Beneficiary's claim for Plan benefits. The claims procedure must incorporate the following guidelines:

The Plan Administrator may establish procedures for administering benefit claims. Such benefit claims procedures should provide claimants with a reasonable opportunity to have a full and fair review of a denied claim. The Plan Administrator is authorized to conduct an examination of the relevant facts to determine the merits of a Participant's or Beneficiary's claim for Plan benefits.

(a) **Filing a claim.** The claims procedure will set forth a reasonable means for a Participant or Beneficiary to file a claim for benefits under the Plan.

(b) **Plan Administrator's decision.** The Plan Administrator must provide a claimant with written notification of the Plan Administrator's decision relating to a claim within a reasonable period of time (not more than 90 days unless special circumstances require an extension to process the claim) after the claim was filed. If the claim is denied, the notification must set forth the reasons for the denial, specific reference to pertinent Plan provisions on which the denial is based, a description of any additional information necessary for the claimant to perfect the claim, and the steps the claimant must take to submit the claim for review.

(c) **Review procedure.** The claims procedure will provide a claimant a reasonable opportunity to have a full and fair review of a denied claim. Such procedure shall allow a review upon a written application, for the claimant to review pertinent documents, and to allow the claimant to submit written comments to the Plan Administrator. The procedure may establish a limited period (not less than 60 days after the claimant receives written notification of the denial of the claim) for the claimant to request a review of the claim denial.

(d) **Decision on review.** If a claimant requests a review, the Plan Administrator must respond promptly to the request. Unless special circumstances exist (such as the need for a hearing), the Plan Administrator must respond in writing within 60 days of the date the claimant submitted the review application. The response must explain the Plan Administrator's decision on review.

(e) **Final review.** If the Plan Administrator makes a final written determination denying a Participant's or Beneficiary's benefit claim, the Participant or Beneficiary may commence legal or equitable action with respect to the denied claim upon completion of the claims procedures under this Section 11.10. Any legal or equitable action must be commenced no later than the earlier of: (1) 180 days following the date of the final determination or (2) three years following the proof of loss. If a claimant fails to commence legal or equitable action with respect to the denied claim within the above timeframe, the claimant will be deemed to have accepted the Plan Administrator's final decision with respect to the claim for benefits.

11.11 **Operational Rules for Short Plan Years.** The following operational rules apply if the Plan has a Short Plan Year. A Short Plan Year is any Plan Year that is less than a 12-month period, either because of the amendment of the Plan Year, or because the Effective Date of a new Plan is less than 12 months prior to the end of the first Plan Year.

(a) If the Plan is amended to create a Short Plan Year, and an Eligibility Computation Period or Vesting Computation Period is based on the Plan Year, the applicable computation period begins on the first day of the Short Plan Year, but such period ends on the day which is 12 months from the first day of such Short Plan Year. Thus, the computation period that begins on the first day of the Short Plan Year overlaps with the computation period that starts on the first day of the next Plan Year. This rule applies only to an Employee who has at least one Hour of Service during the Short Plan Year.

If a Plan has an initial Short Plan Year, the rule in the above paragraph applies only for purposes of determining an Employee's Vesting Computation Period and only if the Employer elects under AA §8-3 to exclude service earned prior to the adoption of the Plan. For eligibility and vesting (where service prior to the adoption of the Plan is not ignored), if the Eligibility Computation Period or Vesting Computation Period is based on the Plan Year, the applicable computation period will be determined on the basis of the Plan's normal Plan Year, without regard to the initial short Plan Year.

(b) If Employer Contributions and/or Matching Contributions are allocated for a Short Plan Year, any allocation condition under AA §6-7 or AA §6B-7 that requires a Participant to complete a specified number of Hours of Service to receive

© Copyright 2017

an allocation of such Employer Contributions and/or Matching Contributions will not be prorated as a result of such Short Plan Year unless otherwise specified in AA §6-7 or AA §6B-7, if applicable.

(c) The Compensation Limit will be prorated to reflect the number of months (or partial months) included in the Short Plan Year unless the compensation used for such Short Plan Year is a period of 12 months.

In all other respects, the Plan shall be operated for the Short Plan Year in the same manner as for a 12-month Plan Year, unless the context requires otherwise. If the terms of the Plan are ambiguous with respect to the operation of the Plan for a Short Plan Year, the Plan Administrator has the authority to make a final determination on the proper interpretation of the Plan.

© Copyright 2017

SECTION 12
CUSTODIAL AGREEMENTS/ANNUITY CONTRACTS

12.01 **Creation of Custodial Agreement.** If the Employer elects in the Adoption Agreement to fund the Plan using Custodial Accounts, the Employer (or, if applicable each Participant) will execute a Custodial Agreement with the Custodian, as a Vendor, in which Participants' Accounts are invested. The Custodial Agreement will describe the duties and responsibilities of the Custodian. The Custodian will be listed in Addendum B – Vendors of Investment Arrangements. The Addendum will include sufficient information to identify the approved Investment Arrangement. The terms governing each Investment Arrangement under the Plan, excluding those terms that are inconsistent with the Plan or Code §403(b), are incorporated by reference in the Plan.

12.02 **Annuity Contracts.** If the Employer elects in the Adoption Agreement to provide Annuity Contracts as an investment option, the Employer will list the Vendor of the Annuity Contract in Addendum B – Vendors of Investment Arrangements. The Addendum will include sufficient information to identify the approved Investment Arrangement. The terms governing each Investment Arrangement under the Plan, excluding those terms that are inconsistent with the Plan or Code §403(b), are incorporated by reference in the Plan.

© Copyright 2017

SECTION 13
PARTICIPANT LOANS

13.01 **Availability of Participant Loans.** Subject to the terms governing the applicable Investment Arrangement, the Employer may elect under Appendix B of the Adoption Agreement to permit Participants to take loans from their vested Account Balance under the Plan. If the Employer elects to permit loans under the Plan, the Employer may elect to use the default loan policy under this Section 13, as modified under Appendix B of the Adoption Agreement, or may establish an outside loan policy for purposes of administering Participant loans under the Plan. If the Employer adopts a separate written loan policy, the terms of such separate loan policy will control over the terms of this Plan with respect to the administration of any Participant loans. Any separate written loan policy must satisfy the requirements under Code §72(p) and the regulations thereunder. Participant loans are subject to the terms of any Investment Arrangements associated with the Plan.

Participant loans under this Section 13 are available to Participants and Beneficiaries who are parties in interest (as defined in ERISA §3(14)). The Employer may describe in a separate loan policy the treatment of parties in interest and terminated Employees. Unless modified in a separate loan policy, any reference to Participant under this Section is a reference to a Participant or Beneficiary who is a party in interest.

To receive a Participant loan, a Participant must sign a promissory note along with a pledge or assignment of the portion of the Account Balance used for security on the loan. The loan will be evidenced by a legally enforceable agreement which specifies the amount and term of the loan, and the repayment schedule.

13.02 **Must be Available in Reasonably Equivalent Manner.** Participant loans must be made available to Participants in a reasonably equivalent manner. Participant loans will not be made available to Highly Compensated Employees in an amount greater than the amount made available to other Employees. The Employer may elect under AA §B-8 to limit the availability of Participant loans to specified events.

13.03 **Loan Limitations.** A Participant loan may not be made to the extent such loan (when added to the outstanding balance of all other loans made to the Participant) exceeds the lesser of:

(a) $50,000 (reduced by the excess, if any, of the Participant's highest outstanding balance of loans from the Plan during the one-year period ending on the day before the date on which such loan is made, over the Participant's outstanding balance of loans from the Plan as of the date such loan is made) or

(b) one-half (½) of the Participant's vested Account Balance, determined as of the Valuation Date coinciding with or immediately preceding such loan, adjusted for any contributions or distributions made since such Valuation Date, or, if the Plan is not subject to ERISA, $10,000, if greater.

In applying the limitations under this Section 13.03, all plans maintained by the Employer are aggregated and treated as a single plan. In addition, any assignment or pledge of any portion of the Participant's interest in the Plan and any loan, pledge, or assignment with respect to any insurance contract purchased under the Plan will be treated as loan under this Section.

13.04 **Limit on Amount and Number of Loans.** Unless elected otherwise under AA §B-5 and/or AA §B-6, or under a separate written loan policy, a Participant may not receive a Participant loan of less than $1,000 nor may a Participant have more than one Participant loan outstanding at any time.

(a) **Loan renegotiation.** A Participant may renegotiate a loan without violating the one outstanding loan requirement to the extent such renegotiated loan is a new loan (i.e., the renegotiated loan separately satisfies the reasonable interest rate requirement under Section 13.05, the adequate security requirement under Section 13.06, and the periodic repayment requirement under Section 13.07) and the renegotiated loan does not exceed the limitations under Section 13.03 above, treating both the replaced loan and the renegotiated loan as outstanding at the same time. However, if the term of the renegotiated loan does not end later than the original term of the replaced loan, the replaced loan may be ignored in applying the limitations under Section 13.03 above.

(b) **Participant must be creditworthy.** The Plan Administrator may refuse to make a loan to any Participant who is determined to be not creditworthy. For this purpose, a Participant is not creditworthy if, based on the facts and circumstances, it is reasonable to believe that the Participant will not repay the loan. A Participant who has defaulted on a previous loan from the Plan and has not repaid such loan (with accrued interest) at the time of any subsequent loan will be treated as not creditworthy until such time as the Participant repays the defaulted loan (with accrued interest).

13.05 **Reasonable Rate of Interest.** All Participant loans will be charged a reasonable rate of interest. For this purpose, the interest rate charged on a Participant loan must be commensurate with the interest rates charged by persons in the business of lending money for loans under similar circumstances. The Employer may identify alternative methods for determining a reasonable rate

© Copyright 2017

of interest under AA §B-7 or under a separate written loan policy. The Plan Administrator must periodically review its interest rate assumptions to ensure the interest rate charged on Participant loans is reasonable.

If a Participant is in "military service" while he/she has an outstanding Participant loan, the applicable interest charged on such loan during the period while the Participant is in "military service" will not exceed 6% per year provided the Participant provides written notice and a copy of his/her call-up or extension orders to the Plan Administrator within 180 days following the Participant's termination or release from "military service." For this purpose, "military service" is as defined in the Soldier's and Sailor's Civil Relief Act of 1940 as modified by the Servicemembers Civil Relief Act of 2003. The Participant may voluntarily waive this 6% interest limitation and the Plan Administrator may petition the court to retain the original interest rate if the ability to repay is not affected by the Participant's activation to military duty.

13.06 **Adequate Security.** All Participant loans must be adequately secured. The Participant's vested Account Balance shall be used as security for a Participant loan provided the outstanding balance of all Participant loans made to such Participant does not exceed 50% of the Participants vested Account Balance, determined immediately after the origination of each loan, and if applicable, the spousal consent requirements described in Section 13.08 have been satisfied. The Plan Administrator may require a Participant to provide additional collateral to receive a Participant loan if the Plan Administrator determines such additional collateral is required to protect the interests of Plan Participants. A separate loan policy or written modifications to this loan policy may prescribe alternative rules for obtaining adequate security. However, the 50% rule in this paragraph may not be replaced with a greater percentage, unless the Plan is not subject to ERISA.

13.07 **Periodic Repayment.** A Participant loan must provide for level amortization with payments to be made not less frequently than quarterly. A Participant loan must be payable within a period not exceeding five (5) years from the date the Participant receives the loan from the Plan, unless the loan is for the purchase of the Participant's principal residence, in which case the loan must be payable within a reasonable time commensurate with the repayment period permitted by commercial lenders for similar loans. Loan repayments must be made through payroll withholding, except to the extent the Plan Administrator determines payroll withholding is not practical given the level of a Participant's wages, the frequency with which the Participant is paid, or other circumstances.

(a) **Unpaid leave of absence.** A Participant with an outstanding Participant loan may suspend loan payments to the Plan for up to 12 months for any period during which the Participant is on an unpaid leave of absence. Upon the Participant's return to employment (or after the end of the 12-month period, if earlier), the Participant's outstanding loan will be reamortized over the remaining period of such loan to make up for the missed payments. The reamortized loan may extend beyond the original loan term so long as the loan is paid in full by whichever of the following dates comes first: (1) the date which is five (5) years from the original date of the loan (or the end of the suspension, if sooner), or (2) the original loan repayment deadline (or the end of the suspension period, if later) plus the length of the suspension period. Alternatively, the Participant may resume loan payments under the pre-leave of absence amortization schedule with a balloon payment due at the end of the loan term.

(b) **Military leave.** A Participant with an outstanding Participant loan also may suspend loan payments for any period such Participant is on military leave, in accordance with Code §414(u)(4). Upon the Participant's return from military leave (or the expiration of five years from the date the Participant began his/her military leave, if earlier), loan payments will recommence under the amortization schedule in effect prior to the Participant's military leave, without regard to the five-year maximum loan repayment period. Alternatively, the loan may be reamortized to require a different level of loan payment, as long as the amount and frequency of such payments are not less than the amount and frequency under the amortization schedule in effect prior to the Participant's military leave.

13.08 **Spousal Consent.** If this Plan is subject to the Joint and Survivor Annuity requirements under Section 9, a Participant may not use his/her Account Balance as security for a Participant loan unless the Participant's Spouse, if any, consents to the use of such Account Balance as security for the loan. The spousal consent must be made within the 180-day period ending on the date the Participant's Account Balance is to be used as security for the loan. Spousal consent is not required, however, if the value of the Participant's total vested Account Balance does not exceed $5,000. If the Plan is not subject to the Joint and Survivor Annuity requirements under Section 9, a Spouse's consent is not required to use a Participant's Account Balance as security for a Participant loan, regardless of the value of the Participant's Account Balance.

Any spousal consent required under this Section must be in writing, must acknowledge the effect of the loan, and must be witnessed by a plan representative or notary public. Any such consent to use the Participant's Account Balance as security for a Participant loan is binding with respect to the consenting Spouse and with respect to any subsequent Spouse as it applies to such loan. A new spousal consent will be required if the Account Balance is subsequently used as security for a renegotiation, extension, renewal, or other revision of the loan. A new spousal consent also will be required only if any portion of the Participant's Account Balance will be used as security for a subsequent Participant loan.

13.09 **Designation of Accounts.** A Participant loan will be treated as a segregated investment on behalf of the individual Participant for whom the loan is made or may be treated as a general investment of the Plan. Unless designated otherwise under the AA or

© Copyright 2017

under a separate loan procedure, loan amounts may be taken from any available contribution source under the Plan. The Plan Administrator may determine the contribution sources from which a loan is taken or may follow directions of the Participant. Each payment of principal and interest paid by a Participant on his/her Participant loan shall be credited to the same Participant Accounts and investment funds within such Accounts from which the loan was treated.

13.10 **Procedures for Loan Default.** A Participant will be considered to be in default with respect to a loan if any scheduled repayment with respect to such loan is not made by the end of the calendar quarter following the calendar quarter in which the missed payment was due.

If a Participant defaults on a Participant loan, the Plan may not offset the Participant's Account Balance until the Participant is otherwise entitled to an immediate distribution of the portion of the Account Balance which will be offset and such amount being offset is available as security on the loan, pursuant to Section 13.06. For this purpose, a loan default is treated as an immediate distribution event to the extent the law does not prohibit an actual distribution of the type of contributions which would be offset as a result of the loan default (determined without regard to the consent requirements under Sections 8.04 and 9.04, so long as spousal consent was properly obtained at the time of the loan, if required under Section 13.08). The Participant may repay the outstanding balance of a defaulted loan (including accrued interest through the date of repayment) at any time.

Pending the offset of a Participant's Account Balance following a defaulted loan, the following rules apply to the amount in default.

(a) Interest continues to accrue on the amount in default until the time of the loan offset or, if earlier, the date the loan repayments are made current or the amount is satisfied with other collateral.

(b) A subsequent offset of the amount in default is not reported as a taxable distribution, except to the extent the taxable portion of the default amount was not previously reported by the Plan as a taxable distribution.

(c) The post-default accrued interest included in the loan offset is not reported as a taxable distribution at the time of the offset.

A separate loan policy or written modifications to this loan policy may modify the procedures for determining a loan default.

13.11 **Termination of Employment.**

(a) **Offset of outstanding loan.** A Participant loan becomes due and payable in full immediately upon the Participant's termination of employment. Upon a Participant's termination, the Participant may repay the entire outstanding balance of the loan (including any accrued interest) within a reasonable period following termination of employment. If the Participant does not repay the entire outstanding loan balance, the Participant's vested Account Balance will be reduced by the remaining outstanding balance of the loan (without regard to the consent requirements under Sections 8.04 and 9.05, so long as spousal consent was properly obtained at the time of the loan, if required), to the extent such Account Balance is available as security on the loan, pursuant to Section 13.06, and the remaining vested Account Balance will be distributed in accordance with the distribution provisions under Section 8. If the outstanding loan balance of a deceased Participant is not repaid, the outstanding loan balance shall be treated as a distribution to the Participant and shall reduce the death benefit amount payable to the Beneficiary under Section 8.08.

(b) **Direct Rollover.** Unless otherwise elected under the AA**,** upon termination of employment, a Participant may request a Direct Rollover of the loan note (provided the distribution is an Eligible Rollover Distribution as defined in Section 8.05(a)(1)) to another plan which agrees to accept a Direct Rollover of the loan note. A Participant may not engage in a Direct Rollover of a loan to the extent the Participant has already received a deemed distribution with respect to such loan.

(c) **Modified loan policy.** A separate loan policy or written modifications to this loan policy may modify this Section 13.11, including, but not limited to: (1) a provision to permit loan repayments to continue beyond termination of employment; (2) to prohibit the Direct Rollover of a loan note; and (3) to provide for other events that may accelerate the Participant's repayment obligation under the loan.

13.12 **Mergers, Transfers or Direct Rollovers from another Plan/Change in Loan Record Keeper.** Any Participant loan transferred into the Plan as the result of a merger, consolidation, or plan to plan transfer, or rolled over to the Plan from another plan, shall be administered in accordance with the provisions of the note reflecting such loan, and shall remain outstanding until repaid in accordance with its terms, except that the Employer may permit the renegotiation of the terms of the loan to the extent necessary to ensure the administration of such loan continues to satisfy the requirements of Code §72(p) and the regulations thereunder. In addition, if there is a change in the person or persons to whom the record keeping of Participant loans has been delegated, a loan shall continue to be administered in accordance with the provisions of the note reflecting such loan, and shall

© Copyright 2017

remain outstanding until repaid in accordance with its terms, except that the Employer may permit the renegotiation of the terms of a loan to the extent necessary to ensure the administration of the loan after the change in the loan record keeper continues to satisfy the requirements of Code §72(p) and the regulations thereunder, regardless of any contrary election under AA §B-14.

13.13 **Amendment of Plan to Eliminate Participant Loans.** The Plan may be amended at any time to eliminate Participant loans on a prospective basis. However, the elimination of a Participant loan feature may not result in the acceleration of payment of any existing Participant loans, unless the terms of the Participant loan permit such acceleration.

© Copyright 2017

SECTION 14
PLAN AMENDMENTS, TERMINATION, MERGERS, EXCHANGES, AND TRANSFERS

14.01 Plan Amendments.

(a) **Amendment by the Volume Submitter Sponsor.** The Volume Submitter Sponsor may amend the Plan on behalf of all adopting Employers, including those Employers who adopt the Plan prior to or after the amendment, for changes in the Code, regulations, revenue rulings, and other statements published by the Internal Revenue Service, including model, sample or other required good faith amendments (but only if their adoption will not cause such Plan to be individually designed), and for corrections of prior approved plans. These amendments will be applied to all Employers who have adopted the Plan.

For purposes of Volume Submitter Plan amendments, the ASC Institute, as mass submitter, shall be recognized as the agent of the Volume Submitter Sponsor. If the Volume Submitter Sponsor does not adopt the amendments made by ASC Institute, as the mass submitter, it no longer will be identical to the ASC Institute mass submitter plan.

The Volume Submitter Sponsor will maintain, or have maintained on its behalf, a record of the Employers that have adopted the Plan, and the Volume Submitter Sponsor will make reasonable and diligent efforts to ensure that adopting Employers have actually received and are aware of all Plan amendments and that such Employers adopt new documents when necessary.

(b) **Amendment by the Employer.** The Employer shall have the right at any time to amend the Adoption Agreement in the following manner without affecting the Plan's status as a Volume Submitter Plan. (The ability to amend the Plan as authorized under this subsection (b) applies only to the Employer that executes the Employer Signature Page of the Adoption Agreement. Any amendment to the Plan by the Employer under this subsection (b) also applies to any other Employer that participates under the Plan as a Participating Employer.)

(1) The Employer may change any optional selections under the Adoption Agreement.

(2) The Employer may add overriding language to the Adoption Agreement when such language is necessary to satisfy Code §415 because of the required aggregation of multiple plans.

(3) The Employer may change the administrative selections under Appendix C of the Adoption Agreement by replacing the appropriate page(s) within the Adoption Agreement. Such amendment does not require re-execution of the Employer Signature Page of the Adoption Agreement.

(4) The Employer may amend Addendum A – Allocation of Administrative Functions – and Addendum B – Vendors of Investment Arrangements - in the Adoption Agreement. Such amendment does not require re-execution of the Employer Signature Page of the AA.

(5) The Employer may add certain sample or model amendments published by the IRS which specifically provide that their adoption will not cause the Plan to be treated as an individually designed plan.

(6) The Employer may add or change provisions permitted under the Plan and/or specify or change the effective date of a provision as permitted under the Plan.

(7) The Employer may adopt any amendments that it deems necessary to satisfy the requirements for resolving qualification failures under the IRS' compliance resolution programs.

(8) The Employer may adopt an amendment to cure a coverage or nondiscrimination testing failure, as permitted under applicable Treasury regulations.

The Employer may amend the Plan at any time for any other reason. The Plan will not lose its status as a Volume Submitter Plan, unless the amendment causes the Plan to not be substantially similar to the approved Volume Submitter Plan.

(c) **Method of amendment.** An amendment to the Plan may be adopted as a modification to the Adoption Agreement and/or Basic Plan Document or as a separate snap-on amendment. An amendment to the Plan may be adopted as part of a properly executed board resolution or other authorized action of the Employer. Any such amendment must be executed by the board of directors or a duly authorized officer of the Employer.

(d) **Reduction of accrued benefit.** No amendment to the plan shall be effective to the extent that it has the effect of reducing a Participant's accrued benefit. Notwithstanding the preceding sentence, a Participant's Account Balance may

© Copyright 2017

be reduced to the extent permitted under statute, regulations, or other IRS guidance of general applicability. For this purpose, a Plan amendment (or other transaction having the effect of a Plan amendment, such as a merger, acquisition, plan transfer, or similar transaction) shall have the effect of reducing a Participant's accrued benefit to the extent such amendment eliminates or reduces a protected benefit (as defined in Code §411(d)(6)) with respect to benefits accrued prior to the adoption date (or effective date, if later) of the Plan amendment. If the adoption of this Plan will result in the elimination of a protected benefit, the Employer may preserve such protected benefit by identifying the protected benefit in AA §11-13. Failure to identify protected benefits under the Adoption Agreement will not override the requirement that such protected benefits be preserved under this Plan.

The Employer may eliminate or restrict the ability of a Participant to receive payment of his/her Account Balance under a particular form of benefit for distributions with annuity starting dates after the date the amendment is adopted if, after the amendment is effective with respect to the Participant, the Participant has the ability to elect to receive distribution in the form of a lump sum that is otherwise identical to the optional form of benefit being eliminated or restricted. For this purpose, a lump sum distribution form is otherwise identical only if the lump sum distribution form is identical in all respects to the eliminated or restricted optional form of benefit (or would be identical except that it provides greater rights to the participant) except with respect to the timing of payments after commencement.

(e) **Amendment of vesting schedule.** If the Plan's vesting schedule is amended or the Plan is amended in any way that directly or indirectly affects the computation of a Participant's nonforfeitable percentage, in the case of an Employee who is a Participant as of the later of the date such amendment or change is adopted or the date it becomes effective, the nonforfeitable percentage (determined as of such date) of such Employee's account balance will not be less than the percentage computed under the Plan without regard to such amendment or change. With respect to benefits accrued as of the later of the adoption or effective date of the amendment, the vested percentage of each Participant will be the greater of the vested percentage under the old vesting schedule or the vested percentage under the new vesting schedule.

14.02 Amendment to Correct Coverage or Nondiscrimination Violation.

(a) **Amendment within correction period under Treas. Reg. §1.401(a)(4)-11(g).** If the Plan fails the minimum coverage test under Code §410(b) or the nondiscrimination requirements under Code §401(a)(4) for any Plan Year, the Employer may amend the Plan to correct the coverage or nondiscrimination violation within 9½ months after the end of the Plan Year, as permitted under Treas. Reg. §1.401(a)(4)-11(g). Any such amendment will not be subject to the general amendment timing requirements under Rev. Proc. 2007-44. Any such amendment may be adopted as a modification of the Adoption Agreement or as a snap-on amendment as described under Section 14.01(c) and will not affect the Volume Submitter status of the Plan, provided the amendment does not violate any of the requirements applicable to Volume Submitter plans under Rev. Proc. 2013-22.

(b) **Fail-Safe Coverage Provision.** If the Employer has elected to apply a last day of the Plan Year allocation condition and/or an Hours of Service allocation condition, the Employer may elect under AA §11 to apply the Fail-Safe Coverage Provision described in this subsection (b). Under the Fail-Safe Coverage Provision, if the Plan fails to satisfy the ratio percentage coverage requirements under Code §410(b) for a Plan Year due to the application of a last day of the Plan Year allocation condition and/or an Hours of Service allocation condition, such allocation condition(s) will be automatically eliminated for the Plan Year for certain Employees, under the process described in subsections (2)(i) through (2)(ii) below, until enough Employees are benefiting under the Plan so that the ratio percentage test of Treasury Regulation §1.410(b)-2(b)(2) is satisfied.

(1) **Application of Fail-Safe Coverage Provision.** If the Employer elects to have the Fail-Safe Coverage Provision apply, such provision automatically applies for any Plan Year for which the Plan does not satisfy the ratio percentage coverage test under Code §410(b). (Except as provided in the following paragraph, the Plan may not use the average benefits test to comply with the minimum coverage requirements if the Fail-Safe Coverage Provision is elected.) The Plan satisfies the ratio percentage test if the percentage of the Nonhighly Compensated Employees under the Plan is at least 70% of the percentage of the Highly Compensated Employees who benefit under the Plan. An Employee is benefiting for this purpose only if he/she actually receives an allocation of Employer Contributions or forfeitures or, if testing coverage of a 401(m) arrangement (i.e., a Plan that provides for Matching Contributions and/or After-Tax Employee Contributions), the Employee would receive an allocation of Matching Contributions by making the necessary contributions or the Employee is eligible to make After-Tax Employee Contributions. To determine the percentage of Nonhighly Compensated Employees or Highly Compensated Employees who are benefiting, the following Employees are excluded for purposes of applying the ratio percentage test:

(i) Employees who have not satisfied the Plan's minimum age and service conditions under Section 2.03;

(ii) Nonresident Alien Employees;

© Copyright 2017

(iii) Union Employees; and

(iv) Employees who terminate employment during the Plan Year with less than 501 Hours of Service and do not benefit under the Plan.

(2) **Fail-Safe Coverage test.** Under the Fail-Safe Coverage Provision, certain Employees who are not benefiting for the Plan Year as a result of a last day of the Plan Year allocation condition or an Hours of Service allocation condition will participate under the Plan based on whether such Employees are Category 1 Employees or Category 2 Employees. If after applying the Fail-Safe Coverage Provision, the Plan does not satisfy the ratio percentage coverage test, the Fail-Safe Coverage Provision does not apply, and the Plan may use any other available method (including the average benefit test) to satisfy the minimum coverage requirements under Code §410(b).

(i) **Category 1 Employees – Nonhighly Compensated Employees who are still employed by the Employer on the last day of the Plan Year but who failed to satisfy the Plan's Hours of Service condition.** The Hours of Service allocation condition will first be eliminated for Category 1 Employees (who did not receive an allocation under the Plan due to the Hours of Service allocation condition) beginning with the Category 1 Employee(s) credited with the most Hours of Service for the Plan Year and continuing with the Category 1 Employee(s) with the next most Hours of Service until the ratio percentage test is satisfied. If two or more Category 1 Employees have the same number of Hours of Service, the allocation condition will be eliminated for those Category 1 Employees starting with the Category 1 Employee(s) with the lowest Plan Compensation. If the Plan still fails to satisfy the ratio percentage test after all Category 1 Employees receive an allocation, the Plan proceeds to Category 2 Employees.

(ii) **Category 2 Employees - Nonhighly Compensated Employees) who terminated employment during the Plan Year with more than 500 Hours of Service.** The last day of the Plan Year allocation condition will then be eliminated for Category 2 Employees (who did not receive an allocation under the Plan due to the last day of the Plan Year allocation condition) beginning with the Category 2 Employee(s) who terminated employment closest to the last day of the Plan Year and continuing with the Category 2 Employee(s) with a termination of employment date that is next closest to the last day of the Plan Year until the ratio percentage test is satisfied. If two or more Category 2 Employees terminate employment on the same day, the allocation condition will be eliminated for those Category 2 Employees starting with the Category 2 Employee(s) with the lowest Plan Compensation.

14.03 **Plan Termination.** The Employer may terminate this Plan at any time by delivering to the Plan Administrator written notice of such termination. However, to the extent that the Plan holds Salary Deferral Accounts and/or Custodial Accounts, Plan termination is only permitted if the Employer does not make contributions to any Code §403(b) plan that is not part of the Plan during the period beginning on the date of Plan termination and ending 12 months after the distribution of all assets from the terminated Plan. The Employer may terminate the Plan pursuant to a Board resolution or other appropriate Employer action. The Employer should amend the Plan to reflect the effective date of the Plan termination and any laws or regulations effective as of the date of termination.

(a) **Full and immediate vesting.** Upon a full or partial termination of the Plan (or the complete discontinuance of contributions), all amounts credited to an affected Participant's Account become 100% vested, regardless of the Participant's vested percentage. The Plan Administrator has discretion to determine whether a partial termination has occurred.

(b) **Distribution upon Plan termination.** Upon the termination of the Plan, the Plan Administrator shall direct the distribution of Accumulated Benefits to Participants in accordance with the provisions under Section 8 and subject to any restrictions contained in the terms governing the applicable Investment Arrangement as soon as administratively practicable after termination of the Plan.

(c) **Termination upon merger, liquidation or dissolution of the Employer.** The Plan may terminate upon the liquidation or dissolution of the Employer provided however, that in any such event, arrangements may be made for the Plan to be continued by any successor to the Employer.

(d) **Missing Participants.** Upon termination of the Plan, if any Participant cannot be located after a reasonable diligent search, the Plan Administrator may make a direct rollover to an IRA selected by the Plan Administrator. For this purpose, the Plan Administrator will adopt procedures similar to the procedures required under Section 8.06 for making Automatic Rollovers in applying the provisions under this subsection (d). An Automatic Rollover under this subsection (d) may be made on behalf of any missing Participant, regardless of the value of his/her vested Account Balance under the Plan.

© Copyright 2017

14.04 **Merger or Consolidation.** In the event the Plan is merged or consolidated with another plan, each Participant must be entitled to a benefit immediately after such merger or consolidation that is at least equal to the benefit the Participant would have been entitled to had the Plan terminated immediately before such merger or consolidation.

14.05 **Contract exchanges within the Plan.** Subject to the terms governing the applicable Investment Arrangement, the Plan Administrator may, but is not required to, exchange Section 403(b) contracts among the Vendors of Investment Arrangements approved for use under the Plan. Such exchanges must satisfy the following conditions:

(a) The Plan provides for the exchange;

(b) The Participant or Beneficiary has an Accumulated Benefit immediately after the exchange that is at least equal to the Accumulated Benefit of that Participant or Beneficiary immediately before the exchange (taking into account the Accumulated Benefit of that Participant or Beneficiary under both Section 403(b) Contracts immediately before the exchange);

(c) The other Section 403(b) contract is subject to distribution restrictions with respect to the Participant that are not less stringent than those imposed on the contract being exchanged, and the Employer enters into an agreement with the issuer of the other Section 403(b) contract under which the employer and the issuer will from time to time in the future provide each other with the following information:

(1) Information necessary for the resulting Section 403(b) contract, or any other contract to which contributions have been made by the employer, to satisfy Code §403(b), including information concerning the Participant's employment and information that takes into account other Section 403(b) contracts or employer plans (such as whether a Severance from Employment has occurred for purposes of the distribution restrictions in Treas. Reg. §1.403(b)-6 and whether the hardship withdrawal rules of Treas. Reg. §1.403(b)-6(d)(2) are satisfied).

(2) Information necessary for the resulting Section 403(b) contract, or any other contract to which contributions have been made by the Employer, to satisfy other tax requirements (such as whether a plan loan satisfies the conditions in Code §72(p)(2) so that the loan is not a deemed distribution under Code §72(p)(1)).

14.06 **Plan-To-Plan Transfers.** Subject to the terms governing the applicable Investment Arrangement, the Plan Administrator may, but is not required to, permit plan-to-plan transfers. The Plan Administrator may decide in a separate policy whether the Plan accepts plan-to-plan transfers into the Plan and separately whether the Plan allows plan-to-plan transfers from the plan. Plan-to-plan transfers must satisfy the following conditions:

(a) In the case of a transfer for a Participant, the Participant is an Employee or former Employee of the Employer (or the business of the employer) for the receiving plan;

(b) In the case of a transfer for a Beneficiary of a deceased Participant, the Participant was an Employee or former Employee of the Employer (or business of the Employer) for the receiving plan;

(c) The transferor plan provides for transfers;

(d) The receiving plan provides for the receipt of transfers;

(e) The Participant or Beneficiary whose assets are being transferred has an Accumulated Benefit immediately after the transfer that is at least equal to the Accumulated Benefit of that Participant or Beneficiary immediately before the transfer;

(f) The receiving plan provides that, to the extent any amount transferred is subject to any distribution restrictions under Treas. Reg. §1.403(b)-6, the receiving plan imposes restrictions on distributions to the participant or beneficiary whose assets are being transferred that are not less stringent than those imposed on the transferor plan; and

(g) If a plan-to-plan transfer does not constitute a complete transfer of the Participant's or Beneficiary's interest in the Plan, the transferee plan treats the amount transferred as a continuation of a pro rata portion of the Participant's or Beneficiary's interest in the Plan.

14.07 **Transfers to purchase permissive service credits.** The Plan Administrator may, but is not required to, permit transfers to purchase service credits as provided under this Section.

(a) If a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Code §414(d)) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect

© Copyright 2017

to have any portion of the Participant's Accumulated Benefit transferred to the defined benefit governmental plan. A transfer may be made before the Participant has had a Severance from Employment.

(b) A transfer may be made only if the transfer is either for the purchase of permissive service credits (as defined in Code §415(n)(3)(A)) under the receiving defined benefit governmental plan or a repayment to which Code §415 does not apply by reason of Code §415(k)(3).

© Copyright 2017

SECTION 15
MISCELLANEOUS

15.01 **Exclusive Benefit.** Except as provided under Section 15.02, no part of the Plan assets may revert to the Employer prior to the satisfaction of all liabilities under the Plan nor will such Plan assets be used for, or diverted to, a purpose other than the exclusive benefit of Participants or their Beneficiaries.

No amendment may authorize or permit any portion of the assets held under the Plan to be used for or diverted to a purpose other than the exclusive benefit of Participants or their Beneficiaries, except to the extent such assets are used to pay taxes or administrative expenses of the Plan. An amendment also may not cause or permit any portion of the assets held under the Plan to revert to or become property of the Employer.

15.02 **Return of Contributions.** Upon written request by the Plan Administrator, the Custodian/Insurance Company must return any Plan contributions (adjusted for any income or loss in value, if any) made because of a mistake of fact within one year of the contribution.

15.03 **General Compliance with Code §403(b).**

(a) A Participant may not transfer his interest in the Plan, except as allowed by IRS regulations and approved by the Plan Administrator.

(b) A Participant may not make Salary Deferrals under the Plan and all other plans, contracts or arrangements maintained by the Employer in any calendar year which exceeds the dollar limitation in effect under Code §402(g)(1).

(c) Distributions of a Participant's benefits from the Plan shall begin no later than the Participant's required beginning date under Code §401(a)(9) and all payments shall satisfy the minimum distribution and incidental death benefit requirements of Code §401(a)(9).

(d) In form and in operation, the Plan shall satisfy the direct rollover rules under Code §§403(b)(10) and 401(a)(31).

(e) In form and in operation, the Plan shall satisfy the nondiscrimination requirements of Code §403(b)(12), if applicable.

15.04 **Alienation or Assignment.** Except as permitted under applicable statute or regulation, a Participant or Beneficiary may not assign, alienate, transfer or sell any right or claim to a benefit or distribution from the Plan, and any attempt to assign, alienate, transfer or sell such a right or claim shall be void, except as permitted by statute or regulation. Any such right or claim under the Plan shall not be subject to attachment, execution, garnishment, sequestration, or other legal or equitable process. This prohibition against alienation or assignment also applies to the creation, assignment, or recognition of a right to a benefit payable with respect to a Participant pursuant to a domestic relations order, unless such order is determined to be a QDRO pursuant to Section 11.09, or any domestic relations order entered before January 1, 1985.

This Section 15.04 shall not preclude the following:

(a) The enforcement of a Federal tax levy made pursuant to Code §6331.

(b) The collection by the United States on a judgment resulting from an unpaid tax assessment.

(c) Any arrangement for the recovery by the plan of overpayments of benefits previously made to a participant.

This Section 15.04 shall not apply to an offset of a Participant's benefits as a result of a judgment of conviction for a crime involving the Plan, under a civil judgment brought in connection with a violation (or alleged violation) of ERISA, or pursuant to a settlement agreement as defined in Code §401(a)(13)(C).

15.05 **Participants' Rights.** The adoption of this Plan by the Employer does not give any Participant, Beneficiary, or Employee a right to continued employment with the Employer and does not affect the Employer's right to discharge an Employee or Participant at any time. This Plan also does not create any legal or equitable rights in favor of any Participant, Beneficiary, or Employee against the Employer or Plan Administrator. Unless the context indicates otherwise, any amendment to this Plan is not applicable to determine the benefits accrued (and the extent to which such benefits are vested) by a Participant or former Employee whose employment terminated before the effective date of such amendment, except where application of such amendment to the terminated Participant or former Employee is required by statute, regulation or other guidance of general applicability. Where the provisions of the Plan are ambiguous as to the application of an amendment to a terminated Participant or former Employee, the Plan Administrator has the authority to make a final determination on the proper interpretation of the Plan.

© Copyright 2017

15.06 **Military Service.** To the extent required under Code §414(u), an Employee who returns to employment with the Employer following a period of qualified military service will receive any contributions, benefits and service credit required under Code §414(u), provided the Employee satisfies all applicable requirements under the Code and regulations. In addition, the survivors of any Participant who dies on or after January 1, 2007, while performing qualified military service, are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) that would have been provided under the Plan had the Participant resumed employment and then terminated employment on account of death.

The Employer may, for benefit accrual purposes, treat an individual who dies or becomes disabled while performing qualified military service as if that individual had resumed employment in accordance with USERRA reemployment rights on the day preceding the death or disability and then terminated employment on the actual date of death or disability.

15.07 **Annuity Contracts.** Any annuity contract distributed under the Plan must be nontransferable. In addition, the terms of any annuity contract purchased and distributed to a Participant or to a Participant's Spouse must comply with all requirements under this Plan.

15.08 **IRS Levy.** The Plan Administrator may pay from a Participant's or Beneficiary's Accumulated Benefit the amount that the Plan Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.

15.09 **Use of IRS compliance programs.** Nothing in this Plan document should be construed to limit the availability of the IRS' voluntary compliance programs, An Employer may take whatever corrective actions are permitted under the IRS voluntary compliance programs, as is deemed appropriate by the Plan Administrator or Employer.

15.10 **Governing Law.** The provisions of this Plan shall be construed, administered, and enforced in accordance with the provisions of applicable Federal Law and, to the extent applicable, the laws of the State in which the Employer has its principal place of business.

15.11 **Waiver of Notice.** Any person entitled to a notice under the Plan may waive the right to receive such notice, to the extent such a waiver is not prohibited by law, regulation or other pronouncement.

15.12 **Use of Electronic Media.** The Plan Administrator may use telephonic or electronic media to satisfy any notice requirements required by this Plan, to the extent permissible under regulations (or other generally applicable guidance). In addition, a Participant's consent to immediate distribution, as required by Section 8.04, may be provided through telephonic or electronic means, to the extent permissible under regulations (or other generally applicable guidance). The Plan Administrator also may use telephonic or electronic media to conduct plan transactions such as enrolling participants, making (and changing) salary reduction elections, electing (and changing) investment allocations, applying for Plan loans, and other transactions, to the extent permissible under regulations (or other generally applicable guidance).

15.13 **Severability of Provisions.** In the event that any provision of this Plan shall be held to be illegal, invalid or unenforceable for any reason, the remaining provisions under the Plan shall be construed as if the illegal, invalid or unenforceable provisions had never been included in the Plan.

15.14 **Binding Effect.** The Plan, and all actions and decisions made thereunder, shall be binding upon all applicable parties, and their heirs, executors, administrators, successors and assigns.

© Copyright 2017

SECTION 16
PARTICIPATING EMPLOYERS

16.01 **Participation by Participating Employers.** An Employer (other than the Employer that executes the Employer Signature Page of the Adoption Agreement) may elect to participate under this Plan by executing a Participating Employer Adoption Page under the Adoption Agreement. A Participating Employer (including a Related Employer) may not contribute to this Plan unless it executes the Participating Employer Adoption Page. If an unrelated Employer executes a Participating Employer Adoption Page, the Plan will be a Multiple Employer Plan. (See Section 16.07 for special rules applicable to Multiple Employer Plans).

16.02 **Participating Employer Adoption Page.**

(a) **Application of Plan provisions.** By executing a Participating Employer Adoption Page, a Participating Employer adopts all the provisions of the Plan, including the elective choices made by the signatory Employer under the Adoption Agreement. The Participating Employer may elect under the Participating Employer Adoption Page to modify the elective provisions under the Adoption Agreement as they apply to the Participating Employer.

(b) **Plan amendments.** In addition, unless provided otherwise under the Participating Employer Adoption Page, a Participating Employer is bound by any amendments made to the Plan in accordance with Section 14.01.

(c) **Investment Arrangements.** The Participating Employer agrees to use the same Vendors of Investment Arrangements designated in Addendum B – Vendors of Investment Arrangements. The Participating Employer may add additional Vendors of Investment Arrangements under Addendum B.

16.03 **Compensation of Related Employers.** In applying the provisions of this Plan, Total Compensation includes amounts earned with a Related Employer, regardless of whether such Related Employer executes a Participating Employer Adoption Page. The Employer may elect under AA §5-3(h) to exclude amounts earned with a Related Employer that does not execute a Participating Employer Adoption Page for purposes of determining an Employee's Plan Compensation.

16.04 **Allocation of Contributions and Forfeitures.** Unless selected otherwise under the Participating Employer Adoption Page, any contributions made by a Participating Employer (and any forfeitures relating to such contributions) will be allocated to all Participants employed by the Employer and Participating Employers in accordance with the provisions under this Plan. A Participating Employer may elect under the Participating Employer Adoption Page to allocate its contributions (and forfeitures relating to such contributions) only to the Participants employed by the Participating Employer making such contributions. If so elected, Employees of the Participating Employer will not share in an allocation of contributions (or forfeitures relating to such contributions) made by any other Participating Employer (except in such individual's capacity as an Employee of that other Participating Employer). Thus, for example, a Participating Employer may make a different discretionary contribution and allocate such contribution only to its Employees. Where contributions are allocated only to the Employees of a contributing Participating Employer, a separate accounting must be maintained of Employees' Account Balances attributable to the contributions of a particular Participating Employer. This separate accounting is necessary only for contributions that are not 100% vested, so that the allocation of forfeitures attributable to such contributions can be allocated for the benefit of the appropriate Employees. An election to allocate contributions and forfeitures only to the Participants employed by the Participating Employer making such contributions will preclude the Plan from satisfying the nondiscrimination safe harbor rules under Treas. Reg. §1.401(a)(4)-2 and may require additional nondiscrimination testing. (See Section 16.07 for special coverage and nondiscrimination testing requirements applicable to Multiple Employer Plans.)

16.05 **Discontinuance of Participation by a Participating Employer.** A Participating Employer may discontinue its participation under the Plan at any time. To document a Participating Employer's cessation of participation, the following procedures should be followed: (1) the Participating Employer should adopt a resolution that formally terminates active participation in the Plan as of a specified date, (2) the Employer that has executed the Employer Signature Page of the Adoption Agreement should re-execute such page, indicating an amendment by page substitution through the deletion of the Participating Employer Adoption Page executed by the withdrawing Participating Employer, and (3) the withdrawing Participating Employer should provide any notices to its Employees that are required by law. Discontinuance of participation means that no further benefits accrue after the effective date of such discontinuance with respect to employment with the withdrawing Participating Employer. The portion of the Plan attributable to the withdrawing Participating Employer may continue as a separate plan, under which benefits may continue to accrue, through the adoption by the Participating Employer of a successor plan (which may be created through the execution of a separate Adoption Agreement by the Participating Employer) or by spin-off of the portion of the Plan attributable to such Participating Employer followed by a merger or transfer into another existing plan, as specified in a merger or transfer agreement.

16.06 **Operational Rules for Related Employer Groups.** If an Employer has one or more Related Employers, the Employer and such Related Employer(s) constitute a Related Employer group. In such case, the following rules apply to the operation of the Plan.

© Copyright 2017

(a) If the term "Employer" is used in the context of administrative functions necessary to the operation, establishment, maintenance, or termination of the Plan, only the Employer executing the Employer Signature Page under the Adoption Agreement, and any Related Employer executing a Participating Employer Adoption Page, is treated as the Employer.

(b) Hours of Service are determined by treating all members of the Related Employer group as the Employer.

(c) The term Excluded Employee is determined by treating all members of the Related Employer group as the Employer, except as specifically provided in the Plan.

(d) Compensation is determined by treating all members of the Related Employer group as the Employer, except as specifically provided in the Plan.

(e) An Employee is not treated as terminated from employment if the Employee is employed by any member of the Related Employer group.

(f) The Code §415 Limitation described in Section 5.03 is applied by treating all members of the Related Employer group as the Employer.

In all other contexts, the term "Employer" generally means a reference to all members of the Related Employer group, unless the context requires otherwise. If the terms of the Plan are ambiguous with respect to the treatment of the Related Employer group as the Employer, the Plan Administrator has the authority to make a final determination on the proper interpretation of the Plan.

16.07 **Special rules for Multiple Employer Plans.** If an Employer (other than a Related Employer) executes a Participating Employer Adoption Page under the Adoption Agreement, the Plan is treated as a Multiple Employer Plan. If the Plan is a Multiple Employer Plan, the following rules apply.

(a) **Eligibility requirements.** If the Plan is a Multiple Employer Plan, the eligibility rules under Section 2 are applied as if the Employees of all Employers participating in the Multiple Employer Plan are employed by a single Employer.

(b) **Vesting rules.** If the Plan is a Multiple Employer Plan, the vesting rules under Section 7 are applied as if the Employees of all Employers participating in the Multiple Employer Plan are employed by a single Employer.

(c) **Code §415 Limit.** If the Employer is a Multiple Employer Plan, the Code §415 Limit under Section 5.03 is applied as if the Employees of all Employers participating in the Multiple Employer Plan are employed by a single Employer. Thus, if a Participant receives contributions from more than one Employer within the Multiple Employer Plan, such contributions must be aggregated for purposes of applying the Code §415 Limit. For this purpose, Total Compensation from all participating Employers may be considered in applying the Code §415 Limit.

(d) **Minimum coverage and nondiscrimination testing.** Each Participating Employer (that is not a Related Employer) that participates in a Multiple Employer Plan must separately satisfy, if applicable, the minimum coverage requirements under Code §410(b) and the nondiscrimination requirements under Code §401(a)(4) (including the ACP Tests) taking into account only Employees of that Employer. The failure of any participating Employer to satisfy the minimum coverage or nondiscrimination rules for a particular Plan Year may affect the tax status of the entire Plan.

(e) **Other rules applicable to Multiple Employer Plans.** To the extent not addressed in this Section 16.07, rules similar to the rules under Code §413(c) and applicable regulations will apply to a Multiple Employer Plan.

© Copyright 2017

APPENDIX A
ACTUARIAL FACTORS
(For use with age-based allocation formula)

Actuarial Factor Table. The following table sets forth Actuarial Factors based on a testing age of 65, an interest rate of 8.5% and a UP-1984 mortality table. The Actuarial Factors in this table must be modified if the Employer uses a testing age other than age 65 or selects a different interest rate or mortality table under AA §6-3(f). To determine a Participant's Actuarial Factor, use the factor corresponding to the number of years to the Participant's testing age. The number of years to the testing age is determined by counting the number of years from the last day of the current Plan Year to the last day of the Plan Year in which the Participant reaches the testing age. If the Participant has reached the testing age as of the last day of the current Plan Year, the number of years is 0 for that year and all subsequent years.

Years to Testing Age	Actuarial Factor		Years to Testing Age	Actuarial Factor
0	0.07949		25	0.01034
1	0.07326		26	0.00953
2	0.06752		27	0.00878
3	0.06223		28	0.00810
4	0.05736		29	0.00746
5	0.05286		30	0.00688
6	0.04872		31	0.00634
7	0.04490		32	0.00584
8	0.04139		33	0.00538
9	0.03814		34	0.00496
10	0.03516		35	0.00457
11	0.03240		36	0.00422
12	0.02986		37	0.00389
13	0.02752		38	0.00358
14	0.02537		39	0.00330
15	0.02338		40	0.00304
16	0.02155		41	0.00280
17	0.01986		42	0.00258
18	0.01831		43	0.00238
19	0.01687		44	0.00219
20	0.01555		45	0.00202
21	0.01433		46	0.00186
22	0.01321		47	0.00172
23	0.01217		48	0.00158
24	0.01122		49	0.00146

© Copyright 2017

APPENDIX B
INTERIM AMENDMENT #1

ARTICLE I
PURPOSE OF APPENDIX B

B-1.01 **Adoption by Pre-Approved Plan Sponsor.** Pursuant to Revenue Procedure 2013-22 and Section 14.01(a) of the Plan, the Plan is being amended by the Pre-Approved Plan Sponsor on behalf of all adopting Employers. This interim amendment is intended to qualify as a good-faith amendment to document the Plan's compliance with the plan qualification requirements under IRS guidance. A copy of this amendment will be provided to all adopting Employers of the Pre-Approved Plan and made a part of their Plans.

B-1.02 **Application.** This Appendix B supersedes any contrary provisions under the Plan. However, this amendment does not replace any prior amendments that were adopted to comply with applicable requirements. Thus, the date of adoption of any prior amendments will continue to control in determining the date as of which such amendments were first adopted.

ARTICLE II
AMENDMENTS APPLICABLE TO SAFE HARBOR 403(b) PLANS USE OF FORFEITURES TO FUND QUALIFIED NONELECTIVE EMPLOYER CONTRIBUTIONS AND SAFE HARBOR 403(b) CONTRIBUTIONS; and MID-YEAR CHANGES TO 403(b) PLANS

B-2.01 **Change in Definition for QNEC.** This section amends the Plan to reflect the proposed Treasury regulations issued January 18, 2017, which change the definitions of Qualified Nonelective Contribution (QNEC) under Treas. Reg. §1.401(k)-6. As provided in the preamble of the proposed regulations, the Employer may rely on the change in definition of QNECs for periods preceding the applicability date of the proposed regulations. These amendments supersede any contrary provisions under the Plan. Pursuant to this amendment, Section 3.02(a)(6)(i) is deleted and replaced with the following:

> **"Requirements for a QNEC.** In order to qualify as a QNEC, an Employer Contribution must satisfy the following requirements:
>
> **(A)** **100% vesting.** A QNEC must be 100% vested when allocated to a Participant's Account.
>
> **(B)** **Distribution restrictions.** A QNEC when allocated to a Participant's Account must be subject to the same distribution restrictions applicable to Salary Deferrals under Section 8.09(c), except that no portion of a Participant's QNEC Account may be distributed on account of Hardship.
>
> **(C)** **Allocation conditions.** A QNEC will not be subject to the allocation provisions applicable to Employer Contributions, as designated under AA §6-3, unless provided otherwise under the AA §6D-3."

B-2.02 **Forfeiture Rules for Other Contributions.** Section 7.11(d)(1) of the Plan is amended by deleting the sentence that reads: "Effective with the adoption of this Plan, if the Plan is a Safe Harbor 403(b) Plan, the Employer may not use forfeitures to reduce the Safe Harbor Employer Contribution or Safe Harbor Matching Contribution under the Plan, unless provided otherwise under IRS guidance." and inserting the following sentence: "The Employer may use forfeitures to reduce the Safe Harbor Employer Contribution and/or Safe Harbor Matching Contribution under the Plan."

B-2.03 **Mid-Year Changes to Safe Harbor 403(b) Plans.** Effective for mid-year changes to Safe Harbor 403(b) Plans, the Employer may make mid-year changes to the Plan as provided under IRS Notice 2016-16.

ARTICLE III
AMENDMENTS RELATING TO REQUIRED MINIMUM DISTRIBUTION REQUIREMENTS

B-3.01 **Application of the Minimum Distribution Requirements of Code §401(a)(9).** As set forth in Section 8.11 of the Plan, the Plan shall comply with the minimum distribution requirements of Code §401(a)(9) and the regulations thereunder as applicable to Code §403(b) plans. These requirements are incorporated by reference into the Plan, with the general rules set forth in Sections B-3.02 – B-3.07 below. Subject to the terms of the applicable Investment Arrangements, the Plan Administrator shall ensure that the Plan conforms with the minimum distribution requirements, including the final regulations under Treas. Reg. §1.401(a)(9)-6 relating to the purchase of Qualifying Longevity Annuity Contracts. The Plan Administrator may adopt appropriate administrative procedures, consistent with the provisions of the applicable Investment Arrangements, to assist in compliance with the minimum distribution requirements of Code §401(a)(9) and the regulations thereunder as applicable to

© Copyright 2017

Code §403(b) plans. In the event of any conflict between the terms of the Plan and terms of any associated Investment Arrangement, the terms of the Plan shall govern.

B-3.02 **General Rules Regarding Minimum Distribution Requirements.** Unless and to the extent otherwise permitted by law and in regulations or other rules of general applicability published by the Department of the Treasury or the Internal Revenue Service, the Plan shall comply with the minimum distribution requirements of section 401(a)(9) of the Internal Revenue Code and the regulations thereunder in accordance with Sections B-3.03 through B-3.07. The distribution requirements in Sections B-3.03 through B-3.07 generally apply to a Participant's entire Accumulated Benefit. However, these requirements do not apply to the undistributed portion of a Participant's Accumulated Benefit valued as of December 31, 1986, exclusive of subsequent earnings (the pre-'87 account balance), provided that the applicable requirements of §1.401(a)(9)-6(e)(6) of the Treasury Regulations are satisfied. In this case, a Participant's pre-'87 account balance shall be distributed in accordance with the incidental benefit requirements of §1.401-1(b)(1)(i) of the Treasury Regulations. To the extent permitted under §1.403(b)-6(e)(7), a Participant's Investment Arrangement(s) under the Plan, or under the Plan and other §403(b) plans in which the Participant participates as an Employee, may be aggregated and the minimum distribution requirements satisfied by distribution from any one or more of the Investment Arrangements.

B-3.03 **Required Minimum Distributions.** Distribution of the Participant's Accumulated Benefit will begin no later than the first day of April following the later of the calendar year in which the Participant attains age 70½ or the calendar year in which the Participant retires from employment (the "required beginning date") over (1) the life of the Participant, (2) the lives of the Participant and Beneficiary, or (3) a period certain not extending beyond the life expectancy of the Participant or the joint and last survivor expectancy of the Participant and Beneficiary. However, distributions to a 5-percent owner (if applicable) must commence by April 1 of the calendar year following the calendar year in which the owner attains age 70½.

(a) If the Participant's Accumulated Benefit is not distributed as an annuity, the amount to be distributed each year, beginning with the calendar year the Participant attains age 70 ½ or retires and continuing through the year of death, shall not be less than the quotient obtained by dividing the value of the Accumulated Benefit, including outstanding rollovers and transfers, as of the end of the preceding year by the distribution period in the Uniform Lifetime Table in Q&A-2 of §1.401(a)(9)-9 of the Treasury Regulations, using the Participant's age as of his or her birthday in the Distribution Calendar Year. However, if the Participant's sole Beneficiary is his or her surviving Spouse and such Spouse is more than 10 years younger than the Participant, then the distribution period is determined under the Joint and Last Survivor Table in Q&A-3 of §1.401(a)(9)-9, using the ages as of the Participant's and Spouse's birthdays in the year of the Spouse's death.

(b) If the Participant's Accumulated Benefit is distributed as an annuity, the distribution periods described in paragraph (a) above cannot exceed the periods specified in §1.401(a)(9)-6 of the Treasury Regulations. Payments must be made in periodic payments at intervals of no longer than one year and must be either non-increasing or they may increase only as provided in Q&As-1 and -4 of §1.401(a)(9)-6 of the Treasury Regulations. In addition, any distribution must satisfy the incidental benefit requirements specified in Q&A-2 of §1.401(a)(9)-6.

(c) The required minimum distribution for the year the Participant attains age 70 ½ or retires (or first required annuity payment) can be made as late as the required beginning date. The required minimum distribution (or required annuity payment) for any other year, including the year that contains the required beginning date, must be made by the end of such year.

B-3.04 **Death On or After Required Beginning Date or Date Required Annuity Payments Begin.** If the Participant's Accumulated Benefit is distributed as an annuity and the Participant dies on or after required payments begin, the remaining portion of the Participant's interest will continue to be distributed under the contract option chosen. If the Participant's Accumulated Benefit is not distributed as an annuity and the Participant dies on or after the required beginning date, the remaining portion of the Participant's interest will be distributed at least as rapidly as follows:

(a) If the Beneficiary is someone other than the Participant's surviving Spouse, the remaining interest will be distributed over the remaining life expectancy of the Beneficiary, with such life expectancy determined using the Beneficiary's age as of his or her birthday in the year following the year of the Participant's death, or over the period described in paragraph (c) below if longer.

(b) If the Participant's sole Beneficiary is the Participant's surviving Spouse, the remaining interest will be distributed over the Spouse's life or over the period described in paragraph (c) below if longer. Any interest remaining after the Spouse's death will be distributed over the Spouse's remaining life expectancy determined using the Spouse's age as of his or her birthday in the year of the Spouse's death, or, if the distributions are being made over the period described in paragraph (c) below, over such period.

(c) If there is no Beneficiary, or if applicable by operation of paragraph (a) or (b) above, the remaining interest will be distributed over the Participant's remaining life expectancy determined in the year of the Participant's death.

© Copyright 2017

(d) The amount to be distributed each year under paragraph (a), (b) or (c), beginning with the calendar year following the calendar year of the Participant's death, is the quotient obtained by dividing the value of the Accumulated Benefit as of the end of the preceding year by the remaining life expectancy specified in such paragraph. Life expectancy is determined using the Single Life Table in Q&A-1 of §1.401(a)(9)-9 of the Treasury Regulations. If distributions are being made to a surviving Spouse as the sole Beneficiary, the Spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such Spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the Beneficiary's or Participant's age in the year specified in paragraph (a), (b) or (c) and reduced by 1 for each subsequent year.

B-3.05 **Death Before Required Beginning Date or Date Required Annuity Payments Begin.** If the Participant dies before the required beginning date (or the date required payments begin, in the case of an annuity), his or her entire interest will be distributed at least as rapidly as follows:

(a) If the Beneficiary is someone other than the Participant's surviving Spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Participant's death, over the remaining life expectancy of the Beneficiary, with such life expectancy determined using the age of the Beneficiary as of his or her birthday in the year following the year of the Participant's death, or, if elected, in accordance with paragraph (c) below.

(b) If the Participant's Beneficiary is the Participant's surviving Spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Participant's death (or by the end of the calendar year in which the Participant would have attained age 70½, if later), over the Spouse's life, or, if elected, in accordance with paragraph (c) below. If the surviving Spouse dies before distributions are required to begin, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the Spouse's death, over the Spouse's Beneficiary's remaining life expectancy determined using the Beneficiary's age as of his or her birthday in the year following the death of the Spouse, or, if elected, will be distributed in accordance with paragraph (c) below. If the surviving Spouse dies after distributions are required to begin, any remaining interest will be distributed under the contract option chosen, in the case of an annuity, or over the Spouse's remaining life expectancy determined using the Spouse's age as of his or her birthday in the year of the Spouse's death.

(c) If there is no Beneficiary, or if applicable by operation of paragraph (a) or (b) above, the entire interest, to the extent required by regulations, will be distributed by the end of the calendar year containing the fifth anniversary of the Participant's death (or of the Spouse's death in the case of the surviving Spouse's death before distributions are required to begin under paragraph (b) above).

B-3.06 Except in the case of a distribution as an annuity, the amount to be distributed each year under paragraph B-3.05(a) or B-3.05(b) is the quotient obtained by dividing the value of the account as of the end of the preceding year by the remaining life expectancy specified in such paragraph. Life expectancy is determined using the Single Life Table in Q&A-1 of §1.401(a)(9)-9 of the Treasury Regulations. If distributions are being made to a surviving Spouse as the designated Beneficiary, the Spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to the Spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the Beneficiary's age in the year specified in Section B-3.05(a) or B-3.05(b) and reduced by 1 for each subsequent year. The "value" of the Accumulated Benefit or the "interest" in the annuity includes the amount of any outstanding rollover and transfer and the actuarial value of any other benefits provided under the annuity such as guaranteed death benefits, to the extent required under applicable regulations.

B-3.07 For purposes of Sections B-3.04 and B-3.05 above, required annuity payments are considered to begin on the Participant's required beginning date or, if applicable, on the date distributions are required to begin to the surviving Spouse under Section B-3.05(b) above. However, if distributions start prior to the applicable date in the preceding sentence, on an irrevocable basis (except for acceleration) under an Annuity Contract meeting the requirements of §1.401(a)(9)-6 of the Treasury Regulations, then required annuity payments are considered to begin on the annuity starting date.

ARTICLE IV
AMENDMENTS RELATING TO CLAIMS FOR DISABILITY BENEFITS

B-4.01 **Claims for Disability Benefits.** Effective for all claims for disability benefits filed on or after January 1, 2018 and to the extent applicable to the Plan, the Plan Administrator must follow the revised claims procedure rules as enumerated by the Department of Labor under ERISA §503 and revised regulations under Department of Labor Regulation §2560-503-1. To the extent that the claims procedures under Section 11.10 of the Plan conflict with the revised disability claims procedures rules, those procedures are superseded. The new disability claims procedures apply only to the determination under the Plan as to whether a Participant is entitled to a Plan benefit due to disability. The new disability claims procedures do not apply if a third party (such as the Social Security Administration), rather than the Plan Administrator, makes the determination of disability.

© Copyright 2017

B-4.02 **Revision to Disability Claims Regulations.** If the Department of Labor revises, delays or withdraws its Regulation §2560-503-1, the claims procedures applicable to claims for disability benefits will change accordingly.

ARTICLE V
AMENDMENTS RELATING TO DISASTER RELIEF

B-5.01 **Relief for Victims of Certain Qualified Natural Disasters.** Notwithstanding other provisions of the Plan, the Employer may operate the Plan to provide relief from certain qualification rules relating to hardship distributions and loans for Participants who are victims of certain Qualified Natural Disasters, as set forth under applicable IRS or legislative guidance.

B-5.02 **Qualified Natural Disasters.** For purposes of this section, Qualified Natural Disasters include:

(a) Louisiana storms, as provided under IRS Announcement 2016-30.

(b) Hurricane Matthew, as provided under IRS Announcement 2016-36.

(c) Hurricane Harvey, as provided under IRS Announcement 2017-11.

(d) Hurricane Irma, as provided under IRS Announcement 2017-13.

(e) Hurricane Maria and the California Wildfires, as provided under IRS Announcement 2017-15.

(f) Any other natural disaster for which the IRS or Congress provides relief from certain qualification rules.

B-5.03 **General Rules.** If the Employer and the Plan Administrator make good-faith efforts to apply the Plan provisions in conformance with the relief provided under applicable guidance, the Plan will not be treated as failing to satisfy the requirements of the Code or regulations. In general, the following rules apply:

(a) In order to make a loan or distribution (including a hardship distribution), the Plan must provide for loans or distributions, as applicable.

(b) Participants (victims) for whom the relief is available are determined under the appropriate IRS or legislative guidance.

(c) The amount available for hardship distribution is limited to the maximum amount that would be available for a hardship distribution under the Plan. However, the relief provided applies to any hardship of the Participant and no post-distribution contribution restrictions apply.

(d) To qualify for relief under this section, a hardship distribution must be made on account of a hardship resulting from the applicable Qualified Natural Disaster and within the time frame provided under the applicable guidance relating to the Qualified Natural Disaster.

(e) The Plan will not be treated as failing to follow Plan procedural requirements for loans or distributions during the periods provided under guidance relating to the applicable Qualified Natural Disaster.

© Copyright 2017

APPENDIX C – INTERIM AMENDMENT #2

ARTICLE I
PURPOSE OF APPENDIX C

C-1.01 **Adoption by Pre-Approved Plan Sponsor.** Pursuant to Revenue Procedure 2013-22 and Section 14.01(a) of the Pre-Approved Plan, the Pre-Approved Plan is being amended by the Pre-Approved Plan Sponsor on behalf of all adopting Employers. This interim amendment is intended to qualify as a good-faith amendment to document the Pre-Approved Plan's compliance with the plan qualification requirements under IRS guidance. A copy of this amendment will be provided to all adopting Employers of the Pre-Approved Plan and made a part of their Plans.

C-1.02 **Application.** This interim amendment supersedes any contrary provisions under the Pre-Approved Plan. No signature is required by the Employer to adopt this interim amendment. This interim amendment applies to the signatory Employer and any other adopting Employers of the Pre-Approved Plan.

ARTICLE II
AMENDMENT RELATING TO THE EXTENDED ROLLOVER PERIOD FOR PLAN LOAN OFFSET AMOUNTS AND ACCEPTANCE OF ROLLOVER CONTRIBUTIONS

C-2.01 **Rollovers of Qualified Plan Loan Offset Amounts.** Pursuant to §13613 of the Tax Cuts and Jobs Act of 2017, notwithstanding any other provisions of the Plan, the period during which a Qualified Plan Loan Offset Amount may be contributed to the Plan as a Rollover Contribution is extended from 60 days after the date of the offset to the due date (including extensions) for filing the individual's Federal income tax return for the taxable year in which the Plan loan offset occurs.

(a) **Effective date.** This Section C-2.01 is effective for Qualified Plan Loan Offset Amounts distributed in taxable years beginning after December 31, 2017.

(b) **Definition of Qualified Plan Loan Offset Amount.** For purposes of this Section C-2.01, a Qualified Plan Loan Offset Amount is a Plan loan offset amount that is treated as distributed from a tax-qualified retirement plan described in Code §401(a) or Code §403(a), an annuity contract described in Code §403(b), or a governmental plan under Code §457(b) solely by reason of termination of the Plan or failure to meet the repayment terms of the loan because of Severance from Employment.

C-2.02 **Acceptance of Rollover Contributions.** Notwithstanding any other provision of the Plan, the Plan Administrator may accept any Rollover Contribution that satisfies the requirements including the time period to make Rollover Contributions, under Code §402(c) and applicable IRS regulations and other guidance. Thus, for example, the Plan Administrator may accept a Rollover Contribution as provided under Revenue Procedure 2016-47 relating to the waiver of the 60-day rollover period and acceptable self-certification by an Employee.

ARTICLE III
AMENDMENT RELATING TO SPECIAL DISASTER-RELATED RULES

C-3.01 **In General.** This Article III incorporates the provisions of Section 502 of the Disaster Tax Relief and Airport and Airway Extension Act of 2017, Section 11028 of the Tax Cuts and Jobs Act of 2017, and Section 20102 of the Bipartisan Budget Act of 2018 relating to special disaster-related rules for retirement plans. The provisions of this Article III will apply only to the extent a distribution or loan has been made to a qualified individual as provided under the applicable law. If the Plan does not operationally apply the rules under this Article III, such provisions do not apply to the Plan. To the extent this Article III applies to the Plan, the provisions of this Article III supersede any inconsistent provisions of the Plan or loan program.

C-3.02 **Tax-favored Withdrawals from the Plan.**

(a) **Eligibility for Qualified Disaster Distribution.** A qualified individual (as determined under the appropriate provisions of the laws referenced in Section C-3.01 above) may take a Qualified Disaster Distribution without regard to any distribution restrictions otherwise applicable under the Plan.

(1) **Definition of Qualified Disaster Distribution.** A Qualified Disaster Distribution is a distribution within the applicable time periods to a qualified individual as described in Section 502(a) of the Disaster Tax Relief and Airport and Airway Extension Act of 2017, Section 11028(b)(1) of the Tax Cuts and Jobs Act of 2017, and Section 20102(b)(1) of the Bipartisan Budget Act of 2018.

© Copyright 2017

(2) **Limit on amount of Qualified Disaster Distributions.** The aggregate amount of Qualified Disaster Distributions received by an individual for any taxable year (from all plans maintained by the Employer and any member of a controlled group which includes the Employer) may not exceed the excess (if any) of $100,000, over the aggregate amounts treated as Qualified Disaster Distributions (under the applicable relief law) received by such individual for all prior taxable years.

(b) **Repayment of Qualified Disaster Distribution.** A Participant who received a Qualified Disaster Distribution from the Plan or another eligible retirement plan (as defined in Code §402(c)(8)(B)) may, at any time during the 3-year period beginning on the day after the receipt of such distribution, make one or more rollover contributions to the Plan in an aggregate amount that does not exceed the amount of such Qualified Disaster Distribution. This subsection (b) only applies if the Plan permits rollover contributions.

(c) **Recontributions of Withdrawals for Home Purchases.** As provided under Section 502(b) of the Disaster Tax Relief and Airport and Airway Extension Act of 2017 and Section 20102(b) of the Bipartisan Budget Act of 2018, a Participant who received a qualified distribution to purchase a home, but does not purchase the home due to the disaster may, under the applicable law, make one or more rollover contributions to the Plan during the applicable period in an aggregate amount not to exceed the amount of such qualified distribution. This subsection (c) only applies if the Plan permits rollover contributions.

(d) **Special Loan Rules.** As provided under Section 502(c) of the Disaster Tax Relief and Airport and Airway Extension Act of 2017 and Section 20102(c) of the Bipartisan Budget Act of 2018, the Plan Administrator is authorized (but not required) to revise the applicable loan requirements under the Plan to reflect (1) and (2) below.

(1) **Increased Participant loan limits.** Notwithstanding the Participant loan limitations under the Plan, for purposes of determining the permissible Participant loans for qualified individuals during the applicable periods (as provided for under Section 502(c) of the Disaster Tax Relief and Airport and Airway Extension Act of 2017 and Section 20102(c) of the Bipartisan Budget Act of 2018), the loan limit under Code §72(p)(2)(A) shall be applied by substituting "$100,000" for "$50,000" and the adequate security requirement under Code §72(p)(2)(A) (ii) may be applied using "the Participant's vested Account Balance" rather than "one-half (½) of the Participant's vested Account Balance."

(2) **Delayed loan repayment date.** If a qualified individual has an outstanding Participant loan on or after the qualified beginning date (as provided under Section 502(c) of the Disaster Tax Relief and Airport and Airway Extension Act of 2017 and Section 20102(c) of the Bipartisan Budget Act of 2018), and the due date for repayment of such loan occurs during the applicable period beginning on the qualified beginning date (as described under the applicable disaster relief law):

(i) the due date for repayment of the Participant loan shall be delayed for 1 year;

(ii) any subsequent repayments with respect to such loan shall be appropriately adjusted to reflect the delay in the due date under subsection (i) and any interest accruing during such delay; and

(iii) in determining the 5-year period and the term of the loan under Code §72(p)(2)(B) and (C), the 1-year delay period described in subsection (i) shall be disregarded.

© Copyright 2017

APPENDIX D
INTERIM AMENDMENT #3
FINAL REGULATIONS RELATING TO HARDSHIP DISTRIBUTIONS

D-1.01 **Change in Hardship Distribution requirements.** The Internal Revenue Service has issued Final Regulations that amend the rules relating to Hardship distributions from the Plan. This Interim Amendment #4 sets forth the provisions of the Final Regulations and their application to the Plan by amending Section 8.09(e) of the Plan and providing appropriate Elective Provisions under Interim Amendment – Hardship Distributions Elective Provisions in the Adoption Agreement (Elective Provisions). The Plan Administrator shall administer the provisions of this Interim Amendment and its Elective Provisions consistent with a good-faith interpretation of the requirements of the Final Regulations as set forth under Treas. Reg. §§1.401(k)-1, 1.401(k)-3 and 1.401(m)-3, as amended.

(a) **Effective Dates.** Except as otherwise provided in this Interim Amendment and its Elective Provisions, the Final Regulations and this Interim Amendment apply to Hardship distributions made on or after January 1, 2020. For Hardship distributions made before January 1, 2020, the rules applicable to Hardship distributions prior to the Final Regulations apply, unless the Employer elects earlier application as permitted under subsections (a) and (b) below.

(1) **Options for earlier application.** If elected under the Elective Provisions, the provisions of this Interim Amendment may be applied to distributions made in Plan Years beginning after December 31, 2018. The Employer may elect to apply the prohibition on the suspension of Salary Deferrals and After-Tax Employee Contributions as of the first day of the first Plan Year beginning after December 31, 2018, even if the Hardship distribution was made in a prior year. In addition, the Employer may operationally apply the revised deemed immediate and heavy financial need expenses under Section 8.09(e)(1) of the Plan, as amended by this Interim Amendment, to distributions made on or after a date as early as January 1, 2018.

(2) **Certain rules optional in 2019.** If, in accordance with the provisions of Section D-1.01(a)(1) of this Interim Amendment, the Employer applies certain Hardship distribution provisions to distributions made before January 1, 2020, then the Employer may disregard the rules relating to the employee representation, as described under Section 8.09(e)(3)(ii)(B) of the Plan, as amended by this Interim Amendment, and the rules prohibiting the suspension of contributions, as described under Section 8.09(e)(3)(iii) of the Plan, as amended by this Interim Amendment, to such distributions.

(3) **2020 effective date for employee representations and suspension prohibition.** In any event, the rules relating to the employee representation, as described under Section 8.09(e)(3)(ii)(B) of the Plan, as amended by this Interim Amendment, and the rules prohibiting the suspension of contributions, as described under Section 8.09(e)(3)(iv) of the Plan, as amended by this Interim Amendment, are formally made effective for Hardship distributions made on or after January 1, 2020.

D-2.01 **Amendment of Section 8.09(e) of the Plan.** Section 8.09(e) of the Plan is deleted and replaced with the following:

(e) **Hardship distribution.** Subject to the terms governing the applicable Investment Arrangements and the restrictions under Section 8.09(e)(5) and if otherwise permitted under the Plan, the Employer may elect under AA §10-1 or AA §10-2 of the Adoption Agreement or under Section HD-1 of the Elective Provisions to authorize an in-service distribution upon the occurrence of Hardship. A distribution is made on account of Hardship only if the distribution both is made on account of an immediate and heavy financial need and is necessary to satisfy the financial need.

(1) **Deemed (safe harbor) immediate and heavy financial need.** A distribution is deemed to be made on account of an immediate and heavy financial need of the Employee if the distribution satisfies one of the following needs:

(i) Expenses incurred or necessary for medical care (as described in Code §213(d)) of the Participant, the Participant's Spouse or dependents (determined without regard to whether the expenses exceed 7.5% of adjusted gross income);

(ii) Costs directly related to the purchase (excluding mortgage payments) of a principal residence for the Participant;

(iii) Payment of tuition, related educational fees and room and board for up to the next 12 months of post-secondary education for the Participant, the Participant's Spouse, children or dependents;

(iv) Payments necessary to prevent the eviction of the Participant from, or a foreclosure on the mortgage of, the Participant's principal residence;

© Copyright 2020

(v) Payments for funeral or burial expenses for the Participant's deceased parent, Spouse, child or dependent;

(vi) Expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Code §165 (determined without regard to Code §165(h)(5) and whether the loss exceeds 10% of adjusted gross income);

(vii) Expenses and losses (including loss of income) incurred by the Participant on account of a disaster declared by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Pub. L. 100-707, provided that the Participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster; or

(viii) for any other event that the IRS recognizes as a deemed immediate and heavy financial need Hardship distribution event under ruling, notice or other guidance of general applicability.

For purposes of determining eligibility for a Hardship distribution under this subsection (1), a dependent is determined under Code §152. However, the determination of dependent for purposes of tuition and related educational fees under subsection (iii) above will be made without regard to Code §§152(b)(1), (b)(2), and (d)(1)(B) and the determination of dependent for purposes of funeral or burial expenses under subsection (v) above will be made without regard to Code §152(d)(1)(B).

A Participant must provide the Plan Administrator with a written request for a Hardship distribution. The Plan Administrator may require written documentation, as it deems necessary, to sufficiently document the existence of a proper Hardship event.

(2) **Non-deemed immediate and heavy financial need.** The Employer may elect in the Adoption Agreement to permit Participants to take a Hardship distribution without satisfying one of the needs in subsection (1) above by setting forth nondiscriminatory and objective standards under AA §10-3(f).

(3) **Distribution necessary to satisfy financial need.**

(i) **Distribution may not exceed amount of need.** A distribution is treated as necessary to satisfy an immediate and heavy financial need of an Employee only to the extent the amount of the distribution is not in excess of the amount required to satisfy the financial need (including any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution).

(ii) **No alternative means reasonably available.** A distribution is not treated as necessary to satisfy an immediate and heavy financial need of an employee unless each of the following requirements is satisfied:

(A) The Employee has obtained all other currently available distributions, but not Hardship distributions, under the Plan and all other plans of deferred compensation, whether qualified or nonqualified, maintained by the Employer;

(B) The Employee has provided to the Plan Administrator a representation in writing (including the use of an electronic medium as defined in Treas. Reg. §1.401(a)- 21(e)(3)), or in such other form as may be prescribed by the IRS, that he or she has insufficient cash or other liquid assets reasonably available to satisfy the need; and

(C) The Plan Administrator does not have actual knowledge that is contrary to the representation.

(iii) **Additional conditions.** The Plan generally may provide for additional conditions to demonstrate that a distribution is necessary to satisfy an immediate and heavy financial need of an employee. For example, a plan may provide that, before a Hardship distribution may be made, an Employee must obtain all nontaxable loans (determined at the time a loan is made) available under the Plan and all other plans maintained by the Employer.

(iv) **No suspensions allowed for Hardship distributions made on or after January 1, 2020.** The Plan may not provide for a suspension of an Employee's Salary Deferrals or After-Tax Employee Contributions under any plan described in Code §§401(a) or 403(a), any Code §403(b) plan, or any eligible governmental plan described in Treas. Reg. §1.457-2(f) as a condition of obtaining a Hardship distribution for Hardship distributions made on or after January1, 2020.

© Copyright 2020

(4) **Sources for Hardship distributions.** Subject to the terms governing the applicable Investment Arrangements, and except as restricted under Subsection (5) below, for Plan Years beginning after December 31, 2018 (or such later date specified under the AA §10-1 or under §HD-1(a) and/or (b) of Elective Provisions), the Employer may permit Hardship distributions from the vested portion of a Participant's Employer Contribution Account, Matching Contribution Account, Pre-Tax Salary Deferral Account, Roth Deferral Account, Qualified Nonelective Employer Contribution (QNEC) Account, Safe Harbor Employer Contribution Account, Safe Harbor Matching Contribution Account, QACA Safe Harbor Contribution Account and QACA Safe Harbor Matching Contribution Account held in Annuity Contracts, as applicable. With respect to amounts held in a Custodial Account, the Employer may permit Hardship distributions from the Participant's Pre-Tax Salary Deferral Account and Roth Deferral Account.

A Hardship distribution (except for those from a Salary Deferral Account and as restricted under subsection (5)(ii) below) may include earnings on these Accounts, regardless of when amounts were contributed or earned. The Employer may designate the Accounts (including earnings, if allowed) from which a Participant may receive a Hardship distribution under §HD-1 of the Elective Provisions. The Plan Administrator may adopt distribution ordering rules consistent with the sources available for Hardship distributions under separate administrative procedures.

(5) **Restrictions on amounts available for Hardship distributions.**

(i) **Matching Contributions and Employer Contributions held in Custodial Accounts.** Subject to the terms governing the applicable Investment Arrangements, and as restricted under Section 8.03(b)(2) of the Plan, a Participant may not receive a Hardship distribution of any amounts attributable to Matching Contributions or Employer Contributions (including amounts in a Qualified Nonelective Employer Contribution (QNEC) Account, Safe Harbor Employer Contribution Account, Safe Harbor Matching Contribution Account, QACA Safe Harbor Contribution Account and QACA Safe Harbor Matching Contribution Account) held under a Custodial Account.

(ii) **Earnings held in Salary Deferral Accounts.** Subject to the terms governing the applicable Investment Arrangements, with respect to amounts held in a Salary Deferral Account, a Participant may receive a Hardship distribution of Salary Deferrals provided such distribution, when added to other Hardship distributions from Salary Deferrals, does not exceed the total amount of Salary Deferrals the Participant has made to the Plan (increased by income allocable to such Salary Deferrals as of the later of December 31, 1988 or the end of the last Plan Year ending before July 1, 1989).

(6) **Availability to terminated Employees.** If a Hardship distribution is permitted under AA §10-1 or AA §10-2 or under §HD-1 of the Interim Amendment, a Participant may take such a Hardship distribution after termination of employment to the extent no other distribution is available from the Plan, subject to the terms governing the applicable Investment Arrangements.

(7) **Application of Hardship distributions rules with respect to primary beneficiaries.** If elected under AA §10-3(e) of the Plan, if the Plan otherwise permits Hardship distributions based on the deemed immediate and heavy needs under subsection (1)(i) (medical expenses), (1)(iii) (educational expenses) or (1)(v) (funeral expenses) above, the existence of an immediate and heavy financial need may be determined with respect to a primary beneficiary under the Plan. For this purpose, a primary beneficiary is an individual who is named as a beneficiary under the Plan and has an unconditional right to all or a portion of a Participant's Account Balance upon the death of the Participant. Any Hardship distribution with respect to a primary beneficiary must satisfy all the other requirements applicable to Hardship distributions under Section 8.09(e) of the Plan, as amended by this Interim Amendment.

D-3.01 **Relief for Victims of Certain Qualified Natural Disasters.** Notwithstanding other provisions of the Plan, and subject to the terms governing the applicable Investment Arrangements, the Employer may operate the Plan to provide relief from certain qualification rules relating to Hardship distributions and loans for Participants who are victims of certain Qualified Natural Disasters, as set forth under applicable IRS or legislative guidance.

D-3.02 **Qualified Natural Disasters.** For purposes of this section, Qualified Natural Disasters, in addition to the Qualified Natural Disasters listed under the 2017 Pre-Approved Defined Contribution Plan Interim Amendment previously adopted by the Pre-Approved Plan Provider, include Hurricane Michael and Hurricane Florence, as provided under the preamble to the Final Regulations.

D-3.03 **General Rules.** If the Employer and the Plan Administrator make good-faith efforts to apply the Plan provisions in

© Copyright 2020

conformance with the relief provided under applicable guidance, the Plan will not be treated as failing to satisfy the requirements of the Code or regulations. In general, the following rules apply:

(a) In order to make a loan or distribution (including a Hardship distribution), the Plan must provide for loans or distributions, as applicable.

(b) Participants (victims) for whom the relief is available are determined under the appropriate IRS or legislative guidance.

(c) The amount available for Hardship distribution is limited to the maximum amount that would be available for a Hardship distribution under the Plan. However, the relief provided applies to any Hardship distribution of the Participant and no post-distribution contribution restrictions apply.

(d) To qualify for relief under this section, a Hardship distribution must be made on account of a Hardship resulting from the applicable Qualified Natural Disaster and within the time frame provided under the applicable guidance relating to the Qualified Natural Disaster.

(e) The Plan will not be treated as failing to follow Plan procedural requirements for loans or distributions during the periods provided under guidance relating to the applicable Qualified Natural Disaster, which for Hurricane Michael and Hurricane Florence ended on March 15, 2019.

© Copyright 2020

APPENDIX E
INTERIM AMENDMENT #4
CARES/SECURE ACTS

E-1.01 **Application.** To the extent that this Interim Amendment applies to a Plan, it supersedes any contrary provisions under the Plan, except as provided under IA §E-1.02. Unless the Employer wishes to override the pre-selected elections (defaults), if any, made by the Provider as elected under the Elective Provisions under Interim Amendment – CARES/SECURE Acts in the Adoption Agreement ("Elective Provisions"), no signature is required by the Employer to adopt this Interim Amendment. This Interim Amendment applies to the signatory Employer and any other Participating Employers of the Plan.

The Plan Administrator will interpret the provisions consistent with any current or future guidance related to the applicable provisions. A copy of this amendment will be provided to all adopting Employers and made a part of their Plans.

E-1.02 **Prior Amendments.** If the Employer previously amended the Plan to implement one or more of the provisions addressed by this Interim Amendment, such amendment(s) shall remain in effect and shall not be superseded, unless otherwise provided under the Elective Provisions. The Employer may use the Elective Provisions of this Interim Amendment to memorialize prior amendments.

If a Provider previously adopted the Provider-level CARES/Disaster Interim Amendment, the provisions of such amendment are also incorporated into this CARES/SECURE Acts Interim Amendment.

E-2.01 **Applicable Laws.** This Interim Amendment includes provisions that are required or allowed under the following laws:

(a) Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")

(b) Setting Every Community Up for Retirement Enhancement Act ("SECURE Act")

(c) Taxpayer Certainty and Disaster Tax Relief Act of 2019 ("Disaster Tax Relief Act of 2019")

(d) Taxpayer Certainty and Disaster Tax Relief Act of 2020 ("Disaster Tax Relief Act of 2020")

E-2.02 **Application to Cycle 1 403(b) Plans.** This Interim Amendment applies to the ASC Institute Cycle 1 403(b) Pre-Approved Plan Plans, #08-001 - #08-005. Certain provisions of this Interim Amendment may not be applicable to all types of Plans or a specific adopting Employer. Application of the Interim Amendment may depend on the Investment Arrangement(s) associated with the Plan.

E-3.01 **Coronavirus Aid, Relief, and Economic Security Act.** On March 27, 2020, the CARES Act became law. Provisions of the CARES Act may have affected certain Plan provisions. The provisions of the CARES Act were effective at various times, as reflected in the provisions under this section 3. The Plan Administrator administered the provisions of this section 3 consistent with a "good-faith" interpretation of the CARES Act. To the extent this section 3 applies to the Plan, the provisions of this section 3 supersede any inconsistent provisions of the Plan.

E-3.02 **Coronavirus-Related Distributions and Loans from the Plan.** This IA §E-3.02 incorporates CARES Act §2202 relating to special disaster-related rules for retirement plans. The provisions of this IA §E-3.02 apply only to the extent a distribution or loan was made to a qualified individual as provided under CARES Act §2202. If the Plan did not operationally apply the rules under this IA §E-3.02, such provisions did not apply to the Plan. The Plan Administrator documented through administrative procedures (including designating accounts from which Coronavirus-Related Distributions and loans could have been taken) or otherwise the manner in which the Plan operationally applied the rules under this IA §E-3.02. To the extent this IA §E-3.02 applies to the Plan, the provisions supersede any inconsistent provisions of the Plan or loan program. The Plan administered this IA §E-3.02 consistent with the guidance provided under IRS Notice 2020-50.

(a) **Coronavirus-Related Distributions.** As provided under CARES Act §2202(a), the Plan could (but was not required to) make Coronavirus-Related Distributions, subject to the limits under IA §E-3.02(a)(4), without regard to certain distribution restrictions otherwise applicable under the Plan.

(1) **Definition of Coronavirus-Related Distribution.** The term Coronavirus-Related Distribution means a distribution from the Plan made:

(i) on or after January 1, 2020, and before December 31, 2020,

(ii) to an individual:

© Copyright 2022

(A) who was diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (collectively referred to herein as "COVID-19") by a test approved by the Centers for Disease Control and Prevention, including a test authorized under the Federal Food, Drug, and Cosmetic Act; or

(B) whose spouse or dependent (as defined in Code §152) was diagnosed with COVID-19 by such a test; and

(C) who experienced adverse financial consequences as a result of:

(I) the individual being quarantined, being furloughed or laid off or having work hours reduced due to COVID-19;

(II) the individual being unable to work due to lack of childcare due to COVID-19;

(III) closing or reducing hours of a business owned or operated by the individual due to COVID-19;

(IV) the individual having pay or self-employment income reduced due to COVID-19;

(V) the individual having a job offer rescinded or start date for a job delayed due to COVID-19; or

(VI) the individual's spouse or a member of the individual's household (i.e., someone who shares the individual's principal residence) being quarantined, being furloughed or laid off or having work hours reduced due to COVID-19, being unable to work due to lack of childcare due to COVID-19, having pay or self-employment income reduced due to COVID-19, or having a job offer rescinded or start date for a job delayed due to COVID-19; or

(VII) closing or reducing hours of a business owned or operated by the individual's spouse or a member of the individual's household due to COVID-19.

(2) **Amounts not treated as Coronavirus-Related Distributions.** The following amounts were not treated as Coronavirus-Related Distributions:

(i) corrective distributions of Elective Deferrals and After-Tax Employee Contributions that were returned to the Employee (together with the income allocable thereto) in order to comply with the Code §415 limitations;

(ii) Excess Deferrals under Code §402(g);

(iii) Excess Aggregate Contributions;

(iv) loans that were treated as deemed distributions pursuant to Code §72(p);

(v) the costs of current life insurance protection;

(vi) distributions that were permissible withdrawals from an Eligible Automatic Contribution Arrangement within the meaning of Code §414(w); and

(vii) distributions of premiums for accident or health insurance under Treas. Reg. §1.402(a)-1(e)(1)(i).

(3) **Employee certification.** The Plan Administrator could have relied on an Employee's certification that the Employee satisfied the conditions of IA §E-3.02(a)(1) in determining whether any distribution was a Coronavirus-Related Distribution unless the Plan Administrator had actual knowledge to the contrary. The Plan Administrator had no obligation to inquire into whether an individual had satisfied the conditions for a Coronavirus-Related Distribution.

(4) **Limit on amount of Coronavirus-Related Distributions.** The aggregate amount of Coronavirus-Related Distributions received by an individual for any taxable year (from all plans maintained by the Employer and any member of a controlled group under Code §§414(b), (c), (m) or (o) which included the Employer) could not exceed $100,000.

© Copyright 2022

(5) **Repayment of Coronavirus-Related Distribution.** A Participant who received a Coronavirus-Related Distribution from the Plan may, at any time during the three-year period beginning on the day after the receipt of such distribution, make one or more Rollover Contributions to an Eligible Retirement Plan (including this Plan, if the Participant is otherwise eligible to make Rollover Contributions) in an aggregate amount that does not exceed the amount of such Coronavirus-Related Distribution. In accepting a Rollover Contribution under this IA §E-3.02(a)(5), the Plan Administrator is entitled to the relief under Q&A-14 of Treas. Reg. §1.401(a)(31)-1. The Plan Administrator in accepting the Rollover Contribution must reasonably conclude that the recontribution is eligible for direct rollover treatment under CARES Act §2202(a)(3). The Plan Administrator may rely on an Employee's certification that the Employee satisfies the conditions for making such a Rollover Contribution unless the Plan Administrator has actual knowledge to the contrary.

(6) **Exemption from certain transfer and withholding rules.** For purposes of the Direct Rollover rules of Code §401(a)(31), the notice requirements of Code §402(f) and withholding rules of Code §3405, a Coronavirus-Related Distribution was not treated as an Eligible Rollover Distribution.

(b) **Special Loan Rules.** As provided under CARES Act §2202(b), the Plan Administrator was authorized (but not required) to revise the applicable loan requirements under the Plan to reflect (1) and/or (2) below. For purposes of this IA §E-3.02(b), a Qualified Individual means any individual who is described in IA §E-3.02(a)(1)(ii) above.

(1) **Increased Participant loan limits.** Notwithstanding the Participant loan limitations under the Plan, for purposes of determining the permissible Participant loans for Qualified Individuals made during the 180-day period beginning on March 27, 2020, the loan limit under Code §72(p)(2)(A) could have been applied by substituting "$100,000" for "$50,000" and the adequate security requirement under Code §72(p)(2)(A)(ii) could have been applied using "the Participant's vested Account Balance" rather than "one-half (½) of the Participant's vested Account Balance."

(2) **Delayed loan repayment date.** If a Qualified Individual had an outstanding Participant loan on or after March 27, 2020:

(i) if the due date pursuant to Code §§72(p)(2)(B) or (C) for any repayment with respect to such loan occurred during the period beginning on March 27, 2020 and ending on December 31, 2020, such due date could have been delayed for one year;

(ii) any subsequent repayments with respect to such loan could have been appropriately adjusted to reflect the delay in the due date under IA §E-3.02(b)(2)(i) above and any interest accrued during such delay; and

(iii) in determining the five-year period and the term of the loan under Code §72(p)(2)(B) and (C), the one-year delay period described in IA §E-3.02(b)(2)(i) above could have been disregarded.

E-3.03 **Required Minimum Distributions for 2020.**

(a) **Temporary waiver of required minimum distribution rules for 2020.** As provided under Code §401(a)(9)(I), added by CARES Act §2203 and effective as of January 1, 2020 (or such later date designated under the Elective Provisions), the applicable required minimum distribution rules of the Plan did not apply for the 2020 calendar year. A Participant or beneficiary who would have been required to receive a required minimum distribution for the 2020 calendar year (or a Participant with a Required Beginning Date of April 1, 2021 who would have received a required minimum distribution in 2021 for the 2020 calendar year) ("2020 RMD"), but for the enactment of Code §401(a)(9)(I), and who would have satisfied that requirement by receiving a distribution that is either (1) equal to the 2020 RMD, or (2) one or more payments (that include the 2020 RMD) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancies) of the Participant and the Participant's Designated Beneficiary, or for a period of at least 10 years ("2020 Extended RMD"), may elect whether to receive the 2020 RMD or the 2020 Extended RMD. If a Participant did not specifically elect to take the 2020 RMD or 2020 Extended RMD from the Plan, such distribution was not made for the 2020 calendar year. The Employer may modify this default rule under the Elective Provisions, provided such modification satisfies the requirements under Code §401(a)(9)(I) and any applicable IRS guidance.

In addition, solely for purposes of applying the Direct Rollover provisions of the Plan, certain additional distributions in 2020, as elected by the Employer under the Elective Provisions, were treated as Eligible Rollover Distributions. If no election is made by the Employer in the Elective Provisions, the Plan offered a Direct Rollover only for distributions that were Eligible Rollover Distributions in the absence of Code §401(a)(9)(I).

© Copyright 2022

If all or any portion of a distribution made during 2020 was treated as an Eligible Rollover Distribution, but would not have been treated as such if the applicable required minimum distribution requirements of the Plan had applied during 2020, such distribution could not be treated as an Eligible Rollover Distribution for purposes of the Direct Rollover rules under Code §401(a)(31), Code §402(f) and Code §3405(c).

The Plan could have applied the temporary waiver of required minimum distributions for 2020 in accordance with the terms of the applicable Investment Arrangement. If so, this should be indicated under the Elective Provisions and the Employer is not required to make further elections relating to the temporary waiver of required minimum distributions for 2020.

(b) **Special rules regarding the temporary waiver of required minimum distribution rules for 2020.** In applying the provisions of the applicable section of the Plan for the 2020 calendar year, the following special rules apply:

(1) The Required Beginning Date with respect to any individual was determined without regard to this IA §E-3.03 for purposes of applying the required minimum distribution rules applicable to the Plan;

(2) If Code §401(a)(9)(B)(ii) applies, the five-year period described in such provision was determined without regard to the 2020 calendar year;

(3) If the Plan permitted a Participant or beneficiary to elect whether the five-year rule or the life expectancy rule applied in determining required minimum distributions and the election period ended in the 2020 calendar year, the Plan Administrator could have extended the election deadline to the end of 2021;

(4) The Plan Administrator and Participants could have applied the transitional relief and special rules under Code §401(a)(9)(I) and IRS Notice 2020-51 relating to the temporary waiver of required minimum distributions for 2020 in any reasonable and consistent manner; and

(5) The Employer may describe any special rules that were applicable to the temporary waiver of the required minimum distribution rules for 2020 under the Elective Provisions, provided such special rules are consistent with CARES Act §2203, Code §401(a)(9)(I) and IRS Notice 2020-51.

E-4.01 **Disaster Tax Relief Act of 2020.** On December 27, 2020, the Disaster Tax Relief Act of 2020, which was enacted as part of the Consolidated Appropriations Act, 2021, became law. Provisions of the Disaster Tax Relief Act of 2020 may have affected certain Plan provisions. The provisions of the Disaster Tax Relief Act of 2020 are effective as reflected in the provisions under this section 4. The Plan Administrator administered the provisions of this section 4 consistent with a "good-faith" interpretation of the Disaster Tax Relief Act of 2020. To the extent this section 4 applies to the Plan, these provisions supersede any inconsistent provisions of the Plan.

E-4.02 **Special Disaster-Related Rules.** This IA §E-4.02 incorporates the provisions of the Disaster Tax Relief Act of 2020 §302 relating to special disaster-related rules for retirement plans. The provisions of this IA §E-4.02 apply only to the extent a distribution or loan was made to a qualified individual as provided under the Disaster Tax Relief Act of 2020 §302. If the Plan did not operationally apply the rules under this IA §E-4.02, such provisions do not apply to the Plan. The Plan Administrator documented through administrative procedures (including designating accounts from which special disaster-related distributions and loans could have been taken) or otherwise the manner in which the Plan operationally applied the rules under this IA §E-4.02. To the extent this IA §E-4.02 applies to the Plan, these provisions supersede any inconsistent provisions of the Plan or loan program.

(a) **Eligibility for Qualified Disaster Distribution.** If administratively permitted by the Plan Administrator, a Participant could have taken a Qualified Disaster Distribution without regard to any distribution restrictions otherwise applicable under the Plan.

(1) **Definitions.**

(i) **Qualified Disaster Distribution.** A Qualified Disaster Distribution (as defined under the Disaster Tax Relief Act of 2020 §302(a)(4)(A)) is a distribution from the Plan made:

(A) on or after the first day of the Incident Period of a Qualified Disaster and before June 25, 2021, and

(B) to an individual whose principal place of abode at any time during the Incident Period of such Qualified Disaster was located in the Qualified Disaster Area with respect to such Qualified Disaster and who had sustained an economic loss by reason of such Qualified Disaster.

(ii) **Qualified Disaster Area.** A Qualified Disaster Area is any area with respect to which a major disaster was declared, during the period beginning on January 1, 2020, and ending on February 25, 2021, by the President under Robert T. Stafford Disaster Relief and Emergency Assistance Act §401 if the Incident Period of the disaster with respect to which such declaration was made began on or after December 28, 2019, and ended on or before December 27, 2020. Such term did not include any area with respect to which such a major disaster had been so declared only by reason of COVID–19.

(iii) **Qualified Disaster.** A Qualified Disaster is, with respect to any Qualified Disaster Area, the disaster by reason of which a major disaster was declared with respect to such area.

(iv) **Incident Period.** An Incident Period is, with respect to any Qualified Disaster, the period specified by the Federal Emergency Management Agency as the period during which such disaster occurred (except that such period shall not be treated as ending after January 26, 2021).

(2) **Limit on amount of Qualified Disaster Distributions.** The aggregate amount of Qualified Disaster Distributions received by an individual for any taxable year (from all plans maintained by the Employer and any member of a controlled group which included the Employer) could not have exceeded the excess (if any) of $100,000, over the aggregate amounts treated as Qualified Disaster Distributions received by such individual for all prior taxable years.

(3) **Qualified Disaster Distributions treated as meeting certain Plan distribution requirements.** A Qualified Disaster Distribution is treated as meeting the requirements of Code §401(k)(2)(B)(i) and, in the case of a money purchase pension plan, a Qualified Disaster Distribution which was an in-service withdrawal is treated as meeting the distribution rules under Code §401(a).

(b) **Repayment of Qualified Disaster Distribution.** As provided under the Disaster Tax Relief Act of 2020 §302(a)(3), a Participant who received a Qualified Disaster Distribution from the Plan or another Eligible Retirement Plan (as defined in Code §402(c)(8)(B)) may, at any time during the three-year period beginning on the day after the receipt of such distribution, make one or more Rollover Contributions to the Plan in an aggregate amount that does not exceed the amount of such Qualified Disaster Distribution. This IA §E-4.02(b) only applies if the Plan permits Rollover Contributions.

(c) **Recontributions of Withdrawals for Home Purchases.** As provided under the Disaster Tax Relief Act of 2020 §302(b), a Participant who received a Qualified Distribution may make one or more Rollover Contributions to the Plan during the applicable period in an aggregate amount not to exceed the amount of such Qualified Distribution. For this purpose, a Qualified Distribution is any Hardship Distribution which was to be used to purchase or construct a principal residence in a Qualified Disaster Area, but which was not so used on account of the Qualified Disaster with respect to such area, and which was received during the period beginning on the date which is 180 days before the first day of the Incident Period of such Qualified Disaster and ending on the date which is 30 days after the last day of such Incident Period. This IA §E-4.02(c) only applies if the Plan permits Rollover Contributions.

(d) **Special Loan Rules.** As provided under the Disaster Tax Relief Act of 2020 §302(c), the Plan Administrator could (but was not required to) revise the applicable loan requirements under the Plan to reflect (1) and (2) below.

(1) **Increased Participant loan limits.** Notwithstanding the Participant loan limitations under the Plan, for purposes of determining the permissible Participant loans for a Qualified Individual during the 180-day period beginning on December 27, 2020, the loan limit under Code §72(p)(2)(A) could have been applied by substituting "$100,000" for "$50,000" and the adequate security requirement under Code §72(p)(2)(A)(ii) could have been applied using "the Participant's vested Account Balance" rather than "one-half (½) of the Participant's vested Account Balance." A Qualified Individual for this purpose was any Participant whose principal place of abode at any time during the Incident Period of any Qualified Disaster is located in the Qualified Disaster Area with respect to such Qualified Disaster, and who had sustained an economic loss by reason of such Qualified Disaster.

(2) **Delayed loan repayment date.** If a Qualified Individual (as defined in IA §E-4.02(d)(1) above) had an outstanding Participant loan on or after the first day of the Incident Period of a Qualified Disaster and ending on the date which is 180 days after the last day of the Incident Period:

© Copyright 2022

(i) the due date for repayment of the Participant loan could have been delayed for one year;

(ii) any subsequent repayments with respect to such loan could have been appropriately adjusted to reflect the delay in the due date under IA §E-4.02(d)(2)(i) and any interest accruing during such delay; and

(iii) in determining the five-year period and the term of the loan under Code §72(p)(2)(B) and (C), the one-year delay period described in IA §E-4.02(d)(2)(i) could have been disregarded.

E-5.01 **SECURE Act and Disaster Tax Relief Act of 2019.** On December 20, 2019, the Further Consolidated Appropriations Act of 2019, which includes the SECURE Act and the Disaster Tax Relief Act of 2019 became law. The provisions of the Acts are effective at various times, as reflected in the provisions under this section 5. The Plan Administrator shall administer the provisions of this section 5 consistent with a "good-faith" interpretation of these laws.

E-5.02 **Modification of Required Minimum Distribution Rules.**

(a) **Increase in age for Required Beginning Date for mandatory distributions.** As provided under Code §401(a)(9)(C)(i)(I) as amended by SECURE Act §114, effective for distributions required to be made after December 31, 2019, with respect to Participants who attain age 70½ after such date, all references to "age 70½" under the applicable required minimum distribution provisions of the Plan are replaced with "age 72." For purposes of determining required minimum distributions for calendar years beginning on or after January 1, 2022 (or such later date as specified in applicable regulations or guidance), the Plan Administrator must apply the provisions of this IA §E-5.02(a) consistent with proposed Treas. Reg §§1.401(a)(9)-1 through 1.401(a)(9)-9 issued on February 24, 2022 (or subsequent applicable final regulations).

(b) **Modifications of required minimum distribution rules for Designated Beneficiaries.** As provided under Code §401(a)(9)(H) as amended by SECURE Act §401, effective for distributions with respect to Participants who die after December 31, 2019 (or such later effective date applicable to the Plan), the applicable required minimum distribution rules under the Plan must be administered consistent with the following rules as provided under SECURE Act §401. (See IA §E-5.02(b)(1)(v) for effective date rules applicable to plans maintained pursuant to a Collective Bargaining Agreement and for Governmental Plans.) For purposes of determining required minimum distributions for calendar years beginning on or after January 1, 2022 (or such later date as specified in applicable final regulations or guidance), the Plan Administrator must apply the provisions of this IA §E-5.02(b) consistent with proposed Treas. Reg §§1.401(a)(9)-1 through 1.401(a)(9)-9 issued on February 24, 2022 (or subsequent applicable final regulations or guidance). Application of the provisions of this IA §E-5.02(b) may depend on the Investment Arrangement(s) associated with the Plan.

(1) **10-year rule.** As provided under Code §401(a)(9)(H)(i), if a Participant dies before the distribution of the Participant's entire vested Account Balance (regardless of whether the Participant dies before, on or after beginning required minimum distributions under the Plan), the entire vested Account Balance of the Participant will be distributed by the end of the calendar year that includes the 10th anniversary of the date of the Participant's death. This is referred to as the "10-year rule."

(i) **Exception to 10-year rule for Eligible Designated Beneficiaries.** As provided under Code §401(a)(9)(H)(ii) and Code §401(a)(9)(B)(iii), if any portion of the Participant's interest is payable to an Eligible Designated Beneficiary, such portion may be distributed (in accordance with applicable regulations) over the life of such Eligible Designated Beneficiary (or over a period not extending beyond the life expectancy of such Eligible Designated Beneficiary), provided such distribution begins not later than one year after the date of the Participant's death (except as provided under Code §401(a)(9)(B)(iv) relating to a surviving spouse) or such later date as the Secretary of Treasury may prescribe by regulations. This is referred to as the "life expectancy rule." If the conditions of this exception are not satisfied, the 10-year rule under subparagraph (1) applies.

(ii) **Elective provisions for Eligible Designated Beneficiaries.** Unless the Employer elects otherwise under the Elective Provisions or the Plan applies the required minimum distribution rules in accordance with the terms of the Plan's applicable Investment Arrangement(s), required minimum distributions under the Plan to an Eligible Designated Beneficiary when the Participant dies prior to the Required Beginning Date shall be made by applying the Plan's pre-SECURE Act elections (including administrative and default elections) applicable to required minimum distributions, except that the 10-year rule under IA §E-3.02(b)(1) shall be substituted for the pre-SECURE Act 5-year rule as appropriate. For example, if the pre-SECURE Act Plan allowed the Participant or Designated Beneficiary to elect between the life expectancy rule and the 5-year rule prior to the SECURE Act effective date, then the Plan allows the

© Copyright 2022

Eligible Designated Beneficiary to elect between the life expectancy rule and the 10-year rule on or after the SECURE Act effective date.

Alternatively, the Employer may elect under the Elective Provisions to (1) apply the life expectancy rule, (2) apply the 10-year rule (including a fixed number of years than less than 10), or (3) allow the Participant or the Eligible Designated Beneficiary to elect whether the 10-year rule or the life expectancy rule applies. If the Participant or Eligible Designated Beneficiary is allowed to elect whether the life expectancy rule or the 10-year rule applies and such Participant or Eligible Designated Beneficiary does not timely make such an election, then the Employer must elect under the Elective Provisions whether the life expectancy rule or the 10-year rule applies.

(A) **Timing of election.** Any Participant or Eligible Designated Beneficiary election permitted under this IA §E-5.02(b)(1)(ii) must be made no later than the end of the earlier of the calendar year by which distributions must be made in order to satisfy the 10-year rule and the calendar year in which distributions would be required to begin in order to satisfy the requirements of the life expectancy rule or, if applicable, by the time of the permitted delay if the surviving Spouse is the sole beneficiary as provided under Code §401(a)(9)(B)(iv).

(B) **Irrevocable election.** If a Participant or Eligible Designated Beneficiary elects under this IA §E-5.02(b)(1)(ii) to apply either the 10-year rule or the life expectancy rule, then, as of the last date the election may be made, the election is irrevocable with respect to the Eligible Designated Beneficiary (and all subsequent Designated Beneficiaries) and applies to all subsequent calendar years.

(iii) **Rules upon death of an Eligible Designated Beneficiary.** Generally, if an Eligible Designated Beneficiary dies before the Participant's entire vested Account Balance is distributed, the exception under IA §E-5.02(b)(1)(i) above shall not apply to any beneficiary of such Eligible Designated Beneficiary and the remainder of such portion shall be distributed by the end of the 10th calendar year following the calendar year of the death of such Eligible Designated Beneficiary.

(iv) **Special rule in case of certain trusts for disabled or chronically ill Eligible Designated Beneficiary.** The Plan may apply the special rules for certain "applicable multi-beneficiary trusts" as described under Code §§401(a)(9)(H)(iv) and (v), as added by SECURE Act §401.

(v) **Special effective date rules.**

(A) **Collective bargaining agreements.** In the case of a Plan maintained pursuant to one or more collective bargaining agreements between employee representatives and one or more Employers that were ratified before December 20, 2019, the amendments to Code §§401(a)(9)(E) and (H) and under this IA §E-5.02(b) apply to distributions with respect to Employees who die in calendar years beginning after December 31, 2021, or if earlier, the later of: (1) the date on which the last of the collective bargaining agreements terminated (without regard to any extension of the agreement to which the parties agree) on or after December 20, 2019, or (2) December 31, 2019.

(B) **Governmental Plans.** In the case of a Governmental Plan, the amendments to Code §§401(a)(9)(E) and (H) and this IA §E-5.02(b) apply to distributions with respect to Employees who die after December 31, 2021.

(2) **Definitions for purposes of this IA §E-5.02(b).**

(i) **Designated Beneficiary.** The term Designated Beneficiary means any individual designated as a beneficiary by the Participant or under the terms of the Plan.

(ii) **Eligible Designated Beneficiary.** The term Eligible Designated Beneficiary means, with respect to any Participant, any Designated Beneficiary who is:

(A) the surviving Spouse of the Participant;

(B) subject to IA §E-5.02(b)(2)(iii) below, a child of the Participant who has not reached age 21;

(C) disabled (within the meaning of Code §72(m)(7));

© Copyright 2022

(D) a chronically ill individual (within the meaning of Code §7702B(c)(2), except that the requirements of Code §7702B(c)(2)(A)(i) thereof shall only be treated as met if there is a certification that, as of such date, the period of inability described in such subparagraph with respect to the individual is an indefinite one which is reasonably expected to be lengthy in nature);

(E) an individual not described in any of the preceding subclauses who is not more than 10 years younger than the Participant; or

(F) a Designated Beneficiary of a Participant if the Participant died before the effective date of Code §401(a)(9)(H) described in Prop. Treas. Reg. §1.401(a)(9)-1(b)(2)(i) and (ii), whichever applies to the Plan (or as provided under applicable final regulations).

The determination of whether a Designated Beneficiary is an Eligible Designated Beneficiary shall be made as of the date of death of the Participant.

(iii) **Special rules for children.** An individual described in IA §E-5.02(b)(2)(ii)(B) above shall cease to be an Eligible Designated Beneficiary as of the date the individual reaches age 21 and any remainder of the portion of the individual's interest to which Code §401(a)(9)(H)(ii) applies shall be distributed under the 10-year rule.

E-5.03 **Prohibition from Making Loans Through Credit Cards.** As provided under SECURE Act §108, effective for Participant loans made after December 20, 2019, a Plan may not make any Participant loan through any credit card or any other similar arrangement.

E-5.04 **Special Disaster-Related Distributions and Loans.** This IA §E-5.04 incorporates the provisions of the Disaster Tax Relief Act of 2019 §202 relating to special disaster-related rules for retirement plans. The provisions of this IA §E-5.04 applied only to the extent a distribution or loan was made to a qualified individual as provided under the Disaster Tax Relief Act of 2019 §202. If the Plan did not operationally apply the rules under this IA §E-5.04, such provisions do not apply to the Plan. The Plan Administrator documented through administrative procedures (including designating accounts from which special disaster-related distributions and loans could have been taken) or otherwise the manner in which the Plan operationally applied the rules under this IA §E-5.04. To the extent this IA §E-5.04 applies to the Plan, these provisions supersede any inconsistent provisions of the Plan or loan program.

(a) **Eligibility for Qualified Disaster Distribution.** If administratively permitted by the Plan Administrator, a Participant could have taken a Qualified Disaster Distribution without regard to any distribution restrictions otherwise applicable under the Plan.

(1) **Definitions.**

(i) **Qualified Disaster Distribution.** A Qualified Disaster Distribution (as defined under the Disaster Tax Relief Act of 2019 §202(a)(4)(A)) is a distribution from the Plan made:

(A) on or after the first day of the Incident Period of a Qualified Disaster and before June 17, 2020, and

(B) to an individual whose principal place of abode at any time during the Incident Period of such Qualified Disaster was located in the Qualified Disaster Area with respect to such Qualified Disaster and who had sustained an economic loss by reason of such Qualified Disaster.

(ii) **Qualified Disaster Area.** A Qualified Disaster Area is any area with respect to which a major disaster was declared, during the period beginning on January 1, 2018, and ending on February 18, 2020, by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act §401 if the Incident Period of the disaster with respect to which such declaration was made began on or before December 20, 2019. Such term shall not include the California wildfire disaster (as defined in §20101 of subdivision 2 of division B of the Bipartisan Budget Act of 2018).

(iii) **Qualified Disaster.** A Qualified Disaster is, with respect to any Qualified Disaster Area, the disaster by reason for which a major disaster was declared with respect to such area.

© Copyright 2022

(iv) **Incident Period.** An Incident Period is, with respect to any Qualified Disaster, the period specified by the Federal Emergency Management Agency as the period during which such disaster occurred (except that such period shall not be treated as ending after January 19, 2020).

(2) **Limit on amount of Qualified Disaster Distributions.** The aggregate amount of Qualified Disaster Distributions received by an individual for any taxable year (from all plans maintained by the Employer and any member of a controlled group which included the Employer) could not have exceeded the excess (if any) of $100,000, over the aggregate amounts treated as Qualified Disaster Distributions received by such individual for all prior taxable years. This limitation was applied separately with respect to distributions made due to each Qualified Disaster.

(3) **Qualified Disaster Distributions treated as meeting certain Plan distribution requirements.** A Qualified Disaster Distribution under the Plan is treated as meeting the requirements of Code §401(k)(2)(B)(i).

(b) **Repayment of Qualified Disaster Distribution.** As provided under the Disaster Tax Relief Act of 2019 §202(a)(3), a Participant who received a Qualified Disaster Distribution from the Plan or another Eligible Retirement Plan (as defined in Code §402(c)(8)(B)) may, at any time during the three-year period beginning on the day after the receipt of such distribution, make one or more Rollover Contributions to the Plan in an aggregate amount that does not exceed the amount of such Qualified Disaster Distribution. This IA §E-5.04(b) only applies if the Plan permits Rollover Contributions.

(c) **Recontributions of Withdrawals for Home Purchases.** As provided under the Disaster Tax Relief Act of 2019 §202(b), a Participant who received a Qualified Disaster Distribution may make one or more Rollover Contributions to the Plan during the applicable period in an aggregate amount not to exceed the amount of such Qualified Disaster Distribution. For this purpose, a Qualified Disaster Distribution is any Hardship Distribution which (1) was to be used to purchase or construct a principal residence in a Qualified Disaster Area, but was not so used on account of the Qualified Disaster with respect to such area, and (2) was received during the period beginning on the date which is 180 days before the first day of the Incident Period of such Qualified Disaster and ending on the date which is 30 days after the last day of such Incident Period. This IA §E-5.04(c)(c) only applies if the Plan permits Rollover Contributions.

(d) **Special Loan Rules.** As provided under the Disaster Tax Relief Act of 2019 §202(c), the Plan Administrator could (but was not required to) revise the applicable loan requirements under the Plan to reflect IA §E-5.04(d)(1) and/or IA §E-5.04(d)(2) below.

(1) **Increased Participant loan limits.** Notwithstanding the Participant loan limitations under the Plan, for purposes of determining the permissible Participant loans for a Qualified Individual during the 180-day period beginning on December 20, 2019, the loan limit under Code §72(p)(2)(A) could have been applied by substituting "$100,000" for "$50,000" and the adequate security requirement under Code §72(p)(2)(A)(ii) could have been applied using "the Participant's vested Account Balance" rather than "one-half (½) of the Participant's vested Account Balance." A Qualified Individual for this purpose was any Participant whose principal place of abode at any time during the Incident Period of any Qualified Disaster was located in the Qualified Disaster Area with respect to such Qualified Disaster, and who had sustained an economic loss by reason of such Qualified Disaster.

(2) **Delayed loan repayment date.** If a Qualified Individual (as defined in IA §E-5.04(d)(1) above) had an outstanding Participant loan on or after the first day of the Incident Period of a Qualified Disaster and that ended on the date which was 180 days after the last day of the Incident Period:

(i) the due date for repayment of the Participant loan could have been delayed for one year;

(ii) any subsequent repayments with respect to such loan could have been appropriately adjusted to reflect the delay in the due date under IA §E-5.04(d)(2)(i) and any interest accruing during such delay; and

(iii) in determining the five-year period and the term of the loan under Code §72(p)(2)(B) and (C), the one-year delay period described in subparagraph (i) could have been disregarded.

E-5.05 **Elimination of Notice Requirement for Nonelective Safe Harbor 403(b) Plans.** As provided under SECURE Act §103(a) and consistent with IRS Notice 2020-86, effective for Plan Years beginning after December 31, 2019, the annual safe harbor notice requirements do not apply to a Safe Harbor 403(b) Plan that satisfies the requirements of Code §401(k)(12) by providing Safe Harbor Employer Contributions (as defined under Section 1.119 of the Plan) or the requirements of Code §401(k)(13) by providing QACA Safe Harbor Employer Contributions (as defined under Section 1.101). However, a Safe Harbor 403(b) Plan

© Copyright 2022

must provide each Eligible Employee with an effective opportunity to make or change an election to make Salary Deferrals at least once each Plan Year.

(a) **Special rules applicable to the elimination of the notice requirement if the Plan provides for Safe Harbor Employer Contributions.** If the Plan provides for Safe Harbor Employer Contributions, the following special rules apply:

(1) If the Plan intends to satisfy the deemed compliance with the ACP test rules under Section 6.04(h) of the Plan and Code §401(m)(11)(A), the Plan must continue to satisfy the annual notice requirements under Section 6.04(a)(4) of the Plan. However, if the Plan does not intend to satisfy the deemed compliance with the ACP test rules (and thus performs the ACP test), then the annual notice requirements under Section 6.04(a)(4) of the Plan do not apply.

(2) All other applicable notice requirements under the Plan continue to apply.

(3) The notice requirements under Treas. Reg. §§1.401(k)-3(g)(1)(ii)(A)(2) and 1.401(m)-3(h)(1)(ii)(A)(2) relating to the possible mid-year reduction or suspension of Safe Harbor Employer Contributions continue to apply.

(4) If the Plan adopts an amendment to reduce or suspend Safe Harbor Employer Contributions during a Plan Year and later readopts an amendment to provide the Safe Harbor Employer Contributions for the entirety of such Plan Year, the Plan is not required to satisfy the ACP test (as applicable) for the Plan Year.

(5) The contingent and supplemental notice requirements under the retroactive plans amendment requirements of Code §401(k)(12)(F) and as discussed under Section 6.04(a)(4)(iii) do not apply, unless the Plan intends to qualify as a safe harbor design as set forth under Code §401(m)(11) (i.e., deemed compliance with the ACP test).

(b) **Special rules applicable to the elimination of the notice requirement if the Plan provides for QACA Safe Harbor Employer Contributions.** If the Plan provides for QACA Safe Harbor Employer Contributions, the following special rules apply:

(1) Even if the Plan intends to satisfy the deemed compliance with the ACP test rules under Section 6.04(h) of the Plan and Code §401(m)(11)(A), the Plan is not required to satisfy the annual notice requirements under Section 6.04(b)(5) of the Plan. If the Plan does not intend to satisfy the deemed compliance with the ACP test rules (and thus performs the ACP test), then the annual notice requirements under Section 6.04(a)(4) of the Plan do not apply.

(2) All other applicable notice requirements under the Plan continue to apply.

(3) The notice requirements under Treas. Reg. §§1.401(k)-3(g)(1)(ii)(A)(2) and 1.401(m)-3(h)(1)(ii)(A)(2) relating to the possible mid-year reduction or suspension of QACA Safe Harbor Employer Contributions continue to apply.

(4) If the Plan adopts an amendment to reduce or suspend QACA Safe Harbor Employer Contributions during a Plan Year and later readopts an amendment to provide the QACA Safe Harbor Employer Contributions for the entirety of such Plan Year, the Plan is not required to satisfy the ACP test (as applicable) for the Plan Year.

(5) The contingent and supplemental notice requirements under the retroactive plans amendment rules of Treas. Reg. §1.401(k)-3(f) do not apply.

E-5.06 **Delay in Adopting Provisions for Nonelective Safe Harbor 403(b) Plan as Provided under SECURE Act §§103(b) and (c).**

(a) **Amendment into a 3% nonelective Safe Harbor 403(b) Plan.** Effective for Plan Years beginning after December 31, 2019, an Employer may amend the Plan at any time before the 30th day before the close of the Plan Year to satisfy the requirements of a Safe Harbor 403(b) Plan by making a Safe Harbor Employer Contribution of at least 3% of Plan Compensation or a QACA Safe Harbor Employer Contribution of at least 3% of Plan Compensation, as applicable. The Employer may designate the percentage of Plan Compensation and the Plan Year for which the Plan is intended to be a Safe Harbor 403(b) Plan under the Elective Provisions.

(b) **Amendment into a 4% nonelective Safe Harbor 403(b) Plan.** Effective for Plan Years beginning after December 31, 2019, an Employer may amend the Plan to satisfy the requirements of a Safe Harbor 403(b) Plan by making Safe

© Copyright 2022

Harbor Employer Contributions or QACA Safe Harbor Employer Contributions, as applicable, after the 30th day before the close of the Plan Year if (1) the Plan is amended to provide for a Safe Harbor Employer Contribution of at least 4% of Plan Compensation or a QACA Safe Harbor Employer Contribution of at least 4% of Plan Compensation, as applicable for all Eligible Employees for that Plan Year and (2) the Plan is amended no later than the last day for distributing Excess Contributions for the Plan Year. The Employer may designate the percentage of Plan Compensation and the Plan Year for which the Plan is intended to be a Safe Harbor 403(b) Plan under the Elective Provisions.

E-5.07 **Portability of Lifetime Income Options.** Effective for Plan Years beginning after December 31, 2019 and as provided under Code §§403(b)(11)(D) and 403(b)(7)(A)(i)(VI), the Plan may allow a Qualified Distribution of a Lifetime Income Investment and a distribution of a Lifetime Income Investment in the form of a Qualified Plan Distribution Annuity Contract, provided such distribution is made within the 90-day period ending on the date when the Lifetime Income Investment is no longer authorized to be held as an investment option under the Plan. The Plan Administrator may administratively apply the rules of Code §§403(b)(11)(D) and 403(b)(7)(A)(i)(VI) to any applicable Plan investment meeting the definition of a Lifetime Income Investment. The Plan Administrator will separately document the manner of application of the rules under this IA §E-5.07 and apply the rules in a consistent and nondiscriminatory manner.

(a) **Definitions.**

(1) **Qualified Distribution.** A Qualified Distribution is a direct trustee-to-trustee transfer to an Eligible Retirement Plan.

(2) **Lifetime Income Investment.** A Lifetime Income Investment is an investment option designed to provide an Employee with election rights that (1) are not uniformly available with respect to other investment options under the Plan; and (2) are rights to a Lifetime Income Feature available through a contract or other arrangement offered under the Plan, as defined under Code §401(a)(38)(B)(ii). The Plan Administrator will determine whether an investment option under the Plan is a Lifetime Income Investment.

(3) **Lifetime Income Feature.** A Lifetime Income Feature is (1) a feature that guarantees a minimum level of income annually (or more frequently) for at least the remainder of the life of the Employee or the joint lives of the Employee and the Employee's Designated Beneficiary, or (2) an annuity payable on behalf of the Employee under which payments are made in substantially equal periodic payments (not less frequently than annually) over the life of the Employee or the joint lives of the Employee and the Employee's Designated Beneficiary, as defined under Code §401(a)(38)(B)(iii).

(4) **Qualified Plan Distribution Annuity Contract.** A Qualified Plan Distribution Annuity Contract is an annuity contract purchased for a Participant and distributed to the Participant by the Plan, as defined under Code §401(a)(38)(B)(iv).

(b) **Restrictions on in-service distributions.** Effective no earlier than for Plan Years beginning after December 31, 2019, to the extent that the Plan Administrator applies the rules under subparagraph (a) above, the Plan does not violate the in-service distribution restrictions described under Section 8.03(b) of the Plan.

E-5.08 **Qualified Birth or Adoption Distributions ("QBADs").** As provided for under SECURE Act §113, effective no earlier than for Plan Years beginning after December 31, 2019, if elected under the Elective Provisions, the permissible distribution events may include QBADs. The Employer may restrict in a nondiscriminatory manner the availability of QBADs to terminated Participants or certain active Participants under the Elective Provisions. The Plan Administrator may use the guidance provided under IRS Notice 2020-68 in applying the rules under this IA §E-5.08.

(a) **Definitions.**

(1) **Qualified Birth or Adoption Distribution ("QBAD").** A QBAD (as defined under Code §72(t)(2)(H)(iii)(I)) is a distribution from the Plan to a Participant if made during the one-year period beginning on the date on which a child of the Participant is born or on which the legal adoption by the individual of an Eligible Adoptee is finalized.

(2) **Eligible Adoptee.** An Eligible Adoptee (as defined under Code §72(t)(2)(H)(iii)(II)) is any individual (other than a child of the Participant's spouse) who has not attained age 18 or is physically or mentally incapable of self-support. The determination of whether an individual is physically or mentally incapable of self-support is made in the same manner as the determination of whether an individual is disabled under Code §72(m)(7), which defines when an individual is disabled for purposes of the exception to the 10% additional tax under Code §72(t)(2)(A)(iii).

© Copyright 2022

(b) **$5,000 limitation.** The Plan is not treated as violating any Code requirement merely because it treats a distribution (that would otherwise be a QBAD) to an individual as a QBAD, provided that the aggregate amount of such distributions to that Participant from all plans maintained by the Employer does not exceed $5,000.

(1) Each parent may receive a QBAD of up to $5,000 with respect to the same child or Eligible Adoptee.

(2) An individual is permitted to receive a QBAD with respect to the birth of more than one child or the adoption of more than one Eligible Adoptee if the distributions are made during the one-year period following the date on which the children are born or the legal adoption for the Eligible Adoptees is finalized.

(c) **Recontributions to applicable Eligible Retirement Plans.** Any portion of a QBAD may, at any time after the date on which the distribution was received, be recontributed to an applicable Eligible Retirement Plan to which an Eligible Rollover Distribution can be made. If the Employer adds the ability for Plan Participants to receive QBADs to the Plan, a Participant who has received a QBAD may recontribute, up to the amount that was distributed from the Plan to the Participant, provided the Participant otherwise is eligible to make Rollover Contributions to the Plan at the time the Participant wishes to recontribute the QBAD. In the case of a recontribution made with respect to a QBAD from an applicable Eligible Retirement Plan other than an IRA, an individual is treated as having received the distribution as an Eligible Rollover Distribution (as defined in Code §402(c)(4)) and as having transferred the amount to an applicable Eligible Retirement Plan in a direct trustee-to-trustee transfer within 60 days of the distribution.

(d) **Other applicable rules.** The following rules apply to QBADs:

(1) A distribution to an individual will not be treated as a QBAD with respect to any child or Eligible Adoptee unless the individual includes the name, age, and the Taxpayer Identification Number (TIN) of the child or Eligible Adoptee on the individual's tax return.

(2) A QBAD is includible in gross income, but it is not subject to the 10% additional tax under Code §72(t)(1).

(3) In making a determination whether an individual is eligible for a QBAD, the Employer or Plan Administrator is permitted to rely on reasonable representations from the individual, unless the Employer or Plan Administrator has actual knowledge to the contrary.

(4) A QBAD is not treated as an Eligible Rollover Distribution for purposes of the direct rollover rules of Code §401(a)(31), the notice requirement under Code §402(f), and the mandatory withholding rules under Code §3405.

E-5.09 **Increase of Cap for QACA Safe Harbor 403(b) Plan. As provided for under SECURE Act §**102, effective for Plan Years beginning after December 31, 2019 and as elected under the Elective Provisions, the Employer may increase the limitation on the default rates under a QACA Safe Harbor 403(b) Plan up to 15% after the initial period that a Participant's deemed election applies. The automatic deferral percentage in a QACA Safe Harbor 403(b) Plan may not exceed 10% during the initial period. The initial period begins when the Employee first begins making automatic deferrals under the QACA Safe Harbor 403(b) Plan and ends on the last day of the following Plan Year, unless otherwise indicated in the Adoption Agreement.

E-5.10 **Including Difficulty of Care Payments in Total Compensation.** Effective for Plan Years beginning after December 31, 2015, as provided under Code §415(c)(8) the following paragraph (f) is added to the definition of Total Compensation:

"(f) **Special rules for difficulty of care payments.** In the case of a Participant who for a taxable year excludes from gross income under Code §131 a qualified foster care payment which is a difficulty of care payment, the Participant's Total Compensation shall be increased by the amount of the excludable difficulty of care payments made by the Employer. Any contribution that is allowable due to such increase shall be treated as an After-Tax Employee Contribution and shall not cause the Plan to be treated as failing applicable plan requirements under Code §403(b)."

E-5.11 **Adoption of Retirement Income Account by a QCCO or NQCCO.** Notwithstanding any other provision of the Plan, as provided under SECURE Act §111, the Retirement Income Account 403(b) Plan (#09-001) may permit the participation of an Employee described in Code §414(e)(3)(B), effective July 1, 2020. Thus, a Qualified Church-Controlled Organization (QCCO) and a Non-Qualified Church-Controlled Organization (NQCCO) (as defined below) may adopt the Retirement Income Account 403(b) Plan (#09-001) and the Note under AA §1-3(a) indicating that QCCOs and NQCCOs may not adopt the Retirement Income Account 403(b) Plan (#09-001) no longer applies. The Plan Administrator will administer the Plan consistent with a "good-faith" interpretation of the provisions of Code §403(b)(9)(B), as amended.

(a) **Application of the nondiscrimination rules.** The nondiscrimination rules of Code §403(b)(12) apply to any Employee participating in the Retirement Income Account 403(b) Plan other than an Employee of a Church-Related Organization or QCCO. Thus, the Plan provisions relating to the nondiscrimination rules applicable to a Church retirement/welfare

© Copyright 2022

board and a self-employed Minister apply for this purpose. The adopting Employer must identify whether it is a Church-Related Organization, QCCO, NQCCO or any other employer that may adopt a Retirement Income Account. In the case of Multiple Employer Plan, Participating Employers that are not part of the same Related Employer group must identify whether it is a Church-Related Organization, QCCO, NQCCO or any other employer that may adopt a Retirement Income Account.

(b) Definitions.

(1) Qualified Church-Controlled Organization (QCCO). An organization described in Code §3121(w)(3)(B) and the Treasury Regulations thereunder, and generally refers to any church controlled, tax-exempt organization described in Code§501(c)(3) of the Internal Revenue Code, other than an organization which:

(i) offers goods, services, or facilities for sale, other than on an incidental basis, to the general public, other than goods, services, or facilities which are sold at a nominal charge which is substantially less than the cost of providing such goods, services, or facilities; and

(ii) normally receives more than 25% of its support from either: (1) governmental sources, or (2) receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities, in activities which are not unrelated trades or businesses, or both.

(2) Non-Qualified Church-Controlled Organization (NQCCO). A church-controlled, tax-exempt organization described in Code §501(c)(3) that does not meet the definition of a Qualified Church-Controlled Organization (QCCO).

© Copyright 2022

BUDGET AND FINANCE COMMITTEE

MAY 22, 2024

FINANCIAL REPORT

TABLE OF CONTENTS

SECTION		Pages (s)
A.	Schedule of Programs for the period March 1, 2024 through February 28, 2025	A1 - A6
B.	Functional Classification by Fund	B1 - B3
C.	Line of Credit Summary	C1
D.	- Cash Summary as of March 31, 2024	D1
	- Bank Reconciliations	D2 - D8
E.	Wells Fargo Visa Summary and Statements	E1 - E25
F.	Central Kitchen Budget to Actual March 31, 2024	F1
G.	State Department of Education Contract - Earned Revenue	G1 - G2
H.	Finance Division Monthly Report	H1
I.	Financial Statements as of February 29, 2024	I1
J.	Financial Statements as of March 31, 2024	J1
K.	Agency-wide Budget to Actual as of March 31, 2024	K1 - K7
L.	Indirect Fund Budget To Actual as of March 31, 2024	L1
M.	Check Register as of March 31, 2024	M1

COMMUNITY ACTION PARTNERSHIP OF KERN
SCHEDULE OF PROGRAMS (FUNDS)
FOR THE PERIOD MARCH 1, 2024 THROUGH FEBRUARY 28, 2025

PROGRAM (COMPONENT)	AMOUNT	CFDA #	GRANT NUMBER	PROGRAM YEAR	FUND#	FUNDING SOURCE
UNRESTRICTED						
GENERAL FUND			NOT APPLICABLE	03/01/24 - 02/28/25	501	NOT APPLICABLE
DISCRETIONARY FUND			NOT APPLICABLE	03/01/24 - 02/28/25	502	NOT APPLICABLE
FOOD BANK			NOT APPLICABLE	03/01/24 - 02/28/25	504	SHARED MAINTENANCE, MEMBERSHIP FEES, DONATIONS, ETC.
FOOD BANK EXPANSION			NOT APPLICABLE	03/01/24 - 02/28/25	505	DONATIONS
ENERGY			NOT APPLICABLE	03/01/24 - 02/28/25	524	NOT APPLICABLE
SHAFTER YOUTH CENTER			NOT APPLICABLE	03/01/24 - 02/28/25	527	DONATIONS, RENTAL INCOME
FRIENDSHIP HOUSE			NOT APPLICABLE	03/01/24 - 02/28/25	531	DONATIONS, RENTAL INCOME
EAST KERN FAMILY RESOURCE CENTER			NOT APPLICABLE	03/01/24 - 02/28/25	533	DONATIONS
OASIS FAMILY RESOURCE CENTER			NOT APPLICABLE	03/01/24 - 02/28/25	534	DONATIONS
211			NOT APPLICABLE	03/01/24 - 02/28/25	536	FEE FOR SERVICE
M STREET NAVIGATION CENTER			NOT APPLICABLE	03/01/24 - 02/28/25	541	DONATIONS
TAX ASSISTANCE			NOT APPLICABLE	03/01/24 - 02/28/25	545	DONATIONS
FUND RAISING			NOT APPLICABLE	03/01/24 - 02/28/25	595	DONATIONS
RESTRICTED						
EARLY HEAD START/HEAD START - NO COST EXTENSION	39,182,883	93.600	09CH011132-05	03/01/23 - 02/28/25	108/109/117	U S DEPT OF HEALTH & HUMAN SERVICES
EARLY HEAD START/HEAD START	17,869,274	93.600	09CH012489-01	03/01/24 - 02/28/25	108/109/117	
HUD - COORDINATED ENTRY SYSTEM	236,838	14.267	CA1799L9D042204	08/01/23 - 07/31/24	160	U S DEPT OF HOUSING AND URBAN DEVELOPMENT OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT
VITA	258,775	21.009	24VITAA0111	10/01/23 - 09/30/24	149	U S DEPT OF THE TREASURY - INTERNAL REVENUE SERVICE
CSBG (COMMUNITY SERVICES BLOCK GRANT)	1,791,327	93.569	24F - 3015	01/01/24 - 12/31/24	103	U S DEPT OF HEALTH & HUMAN SERVICES - STATE OF DEPT OF COMMUNITY SERVICES AND DEVELOPMENT
LIHEAP (LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM)	7,629,640	93.568	24B-2012	11/01/23 - 06/30/25	122-34	U S DEPT OF HEALTH & HUMAN SERVICES - STATE OF DEPT OF COMMUNITY SERVICES AND DEVELOPMENT
SLIHEAP (SUPPLEMENTAL LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM)	284,366	93.568	23Q-5561	05/01/23 - 05/31/24	122-44	U S DEPT OF HEALTH & HUMAN SERVICES - STATE OF CALIFORNIA, DEPT OF COMMUNITY SERVICES AND DEVELOPMENT
ESLIHEAP (EMERGENCY SUPPLEMENTAL LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM	5,432,583	93.568	22J-5716	04/1523 - 05/31/25	122-43	U S DEPT OF HEALTH & HUMAN SERVICES - STATE OF CALIFORNIA, DEPT OF COMMUNITY SERVICES AND DEVELOPMENT

A1

COMMUNITY ACTION PARTNERSHIP OF KERN
SCHEDULE OF PROGRAMS (FUNDS)
FOR THE PERIOD MARCH 1, 2024 THROUGH FEBRUARY 28, 2025

PROGRAM (COMPONENT)	AMOUNT	CFDA #	GRANT NUMBER	PROGRAM YEAR	FUND#	FUNDING SOURCE
DOE (DEPARTMENT OF ENERGY) BIL (BIPARTISAN INFRASTRUCTURE LAW)	3,000,000	81.042	22P-7010	06/01/23 - 06/30/27	123-67	U S DEPT OF HEALTH & HUMAN SERVICES - STATE OF CALIFORNIA, DEPT OF COMMUNITY SERVICES AND DEVELOPMENT
LIHWAP (LOW INCOME HOUSEHOLD WATER ASSISTANCE PROGRAM)	537,098	93.499	21Z-9556	04/01/22 - 3/31/24	124	U S DEPT OF HEALTH & HUMAN SERVICES - STATE OF CALIFORNIA, DEPT OF COMMUNITY SERVICES AND DEVELOPMENT
GENERAL CENTER CHILD CARE	611,225	93.575	CCTR - 3063	07/01/23 - 06/30/24	253	U S DEPT OF HEALTH & HUMAN SERVICES - STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
GENERAL CENTER CHILD CARE	275,855	93.596	CCTR - 3063	07/01/23 - 06/30/24	253	U S DEPT OF HEALTH & HUMAN SERVICES - STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
MIGRANT ALTERNATIVE PAYMENT	5,466,652	93.575	CMAP - 3000	07/01/23 - 06/30/24	261	U S DEPT OF HEALTH & HUMAN SERVICES - STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
NEOPB CAL FRESH HEALTHY LIVING	1,903,731	10.561	23-10317	10/01/22 - 09/30/23	145	U S DEPT OF AGRICULTURE - STATE OF CALIFORNIA DEPT OF PUBLIC HEALTH, NUTRITION EDUCATION AND OBESITY PREVENTION BRANCH
211 HOSPITAL PREPAREDNESS PROGRAM - EMERGENCY RESPONSE & SURGE C/	10,000	93.074	659 - 2017	PENDING	186	U S DEPT OF HEALTH & HUMAN SERVICES - STATE OF CALIFORNIA, DEPT OF HEALTH SERVICES, COUNTY OF KERN, DEPT OF PUBLIC HEALTH
EFAP (EMERGENCY FOOD ASSISTANCE PROGRAM)	146,294	10.568/.569	15 - MOU - 00118	10/01/23 - 09/30/24	105/111	U S DEPT OF AGRICULTURE - STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
EFAP REACH AND RESILIENCY	96,159	10.568	15 - MOU - 00118	06/13/22 - 06/30/24	105-103	U S DEPT OF AGRICULTURE - STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
EFAP REACH AND RESILIENCY Round 2	229,526	10.568	15 - MOU - 00118	07/01/23 - 06/30/25	105-105	U S DEPT OF AGRICULTURE - STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
EFAP COMMUNITY CREDIT CORPORATION Phase 1, 2, and 3	99,138	10.187	15 - MOU - 00118	00/00/00 - 09/30/24	105-106	U S DEPT OF AGRICULTURE - STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
SNFMP (SENIOR FARMERS MARKET NUTRITION PROGRAM)	17,000	10.576		7/1/2020 - TBD	113	U S DEPT OF AGRICULTURE - STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
EF&S Phase 40	56,733	97.024		4/1/2022 - 5/31/2023	114	U S DEPT OF AGRICULTURE - STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
LOCAL FOOD PURCHASE ASSISTANCE PROGRAM (LFPA)	815,097	10.182		PENDING	131	U S DEPT OF AGRICULTURE - STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
SAFE CAMPING - COUNTY OF KERN	1,275,824	21.027		7/1/2023 - 6/30/2024	142-000	U S DEPT OF TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS (CSLFRF) FROM AMERICAN RESCUE PLAN, COUNTY OF KERN
CSFP (COMMODITY SUPPLEMENTAL FOOD PROGRAM)	453,040	10.565	MOU-20-6003	10/01/23 - 09/30/24	147	U S DEPT OF AGRICULTURE - STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES

A2

COMMUNITY ACTION PARTNERSHIP OF KERN
SCHEDULE OF PROGRAMS (FUNDS)
FOR THE PERIOD MARCH 1, 2024 THROUGH FEBRUARY 28, 2025

PROGRAM (COMPONENT)	AMOUNT	CFDA #	GRANT NUMBER	PROGRAM YEAR	FUND#	FUNDING SOURCE
CHILD AND ADULT CARE FOOD PROGRAM (CACFP) - KERN & SAN JOAQUIN	BASED ON MEALS SERVED	10.558	15 - 1248 - OJ	10/01/23 - 09/30/24	112/139	U S DEPT OF AGRICULTURE - STATE OF CALIFORNIA, DEPT OF EDUCATION
WIC (WOMEN, INFANTS & CHILDREN)	4,273,247	10.557	22 - 10236	10/01/23 - 09/30/24	115	U S DEPT OF AGRICULTURE - STATE OF CALIFORNIA, DEPT OF PUBLIC HEALTH
ASTHO VACCINE EQUITY PROJECT	575,000 145,000	93.185	00-FE-3400-01-00 00-FE-3400-03-00	05/01/22 - 07/31/23 09/01/23 - 07/30/24	151	US DEPARTMENT OF HEALTH AND HUMAN SERVICES / CENTERS OF DISEASE CONTROL AND PREVENTION, ASSOCIATION OF STATE AND TERRITORIAL HEALTH OFFICIALS (ASTHO)
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) AKA CALFRESH PRO(	55,428	10.561	22 - CF - SUB - KERN	10/01/23 - 09/30/24	164	U S DEPT OF AGRICULTURE - STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES, INFO LINE OF SAN DIEGO dba 211 SAN DIEGO
HUD COMMUNTY PROJECT FUNDING - FOOD BANK EXPANSION	3,000,000	14.251	B-22-CP-CA-0119	11/01/22 - 08/31/30	168	DEPARTMENT OF URBANK HOUSING AND DEVELOPMENT
QUALITY RATING AND IMPROVEMENT SYSTEM (QRIS) - SAN JOAQUIN	20,000	84.412	N/A	07/01/23 - 06/30/24	117-005	U.S. DEPT OF EDUCATION - STATE OF CALIFORNIA, DEPT OF EDUCATION - FIRST 5 CALIFORNIA, COUNTY OF SAN JOAQUIN, FIRST 5 SAN JOAQUIN, RACE TO THE TOP
CALCAPA DIAPER DISTRIBUTION PILOT	125,000	93.647	90EDA0009-DDDRP	10/01/23 - 04/30/25	191	U.S. DEPT OF SOCIAL SERVICES, CAL CAPA
BCSD CA SCHOOL COMMUNITY PARTNERSHIP	500,000	N/A		08/03/2022 - 06/30/2027	205	STATE OF CALIFORNIA, DEPT OF EDUCATION, BAKERSFIELD CITY SCHOOL DISTRICT (BCSD)
KCCD CERF REGIONAL CONVENER	160,000	N/A		03/06/23 - 09/30/24	208	STATE OF CALIFORNIA - EMPLOYMENT DEVELOPMENT DEPARTMENT, KERN COMMUNITY COLLEGE DISTRICT
KCCD CALIFORNIA WORKFORCE DEVELOPMENT BOARD (CWDB) HIGH ROAD TRAINING PARTNERSHIP RESILIENT (HRTPR) WORKFORCE FUND	75,000	N/A		10/01/23 - 03/30/26	209	STATE OF CALIFORNIA - CALIFORNIA WORKFORCE DEVELOPMENT BOARD, KERN COMMUNITY COLLEGE DISTRICT
CFDA - HEALTHY REFRIGERATION PROGRAM GRANT (HRPG)	73,862	N/A	23-0821-000-SG	04/01/24 - 03/31/25	218	STATE OF CALIFORNIA, CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CFDA)
CITY OF BAKERSFIELD - FHCC SPORTS FIELD	1,000,000	N/A	2023 - 073	07/01/2022 - 07/30/2026	231	STATE OF CALIFORNIA, DEPT OF PARKS AND RECREATION, CITY OF BAKERSFIELD
CITY OF BAKERSFIELD - CALVIP OUTREACH	225,000	N/A	2023-244	10/11/23 - 12/31/25	243	STATE OF CALIFORNIA, CORRECTIONS PLANNING AND GRANTS PROGRAMS, OFFICE OF GRANT AND LOCAL RESOURCES, CITY OF BAKERSFIELD
CITY OF BAKERSFIELD CALVIP	578,731	N/A	2022-199	9/21/22-12/31/25	247	STATE OF CALIFORNIA, CORRECTIONS PLANNING AND GRANTS PROGRAMS, OFFICE OF GRANT AND LOCAL RESOURCES, CITY OF BAKERSFIELD

A3

COMMUNITY ACTION PARTNERSHIP OF KERN
SCHEDULE OF PROGRAMS (FUNDS)
FOR THE PERIOD MARCH 1, 2024 THROUGH FEBRUARY 28, 2025

PROGRAM (COMPONENT)	AMOUNT	CFDA #	GRANT NUMBER	PROGRAM YEAR	FUND#	FUNDING SOURCE
SAN JOAQUIN COE GENERAL CHILD CARE (CCTR)	2,458,117		N/A	07/01/23 - 06/30/24	248	STATE OF CALIFORNIA, DEPT OF EDUCATION - SAN JOAQUIN COUNTY OFFICE OF EDUCATION, EARLY CHILDHOOD EDUCATION
CSPP QRIS BLOCK GRANT	17,990		N/A	07/01/23 - 06/30/24	258-005	STATE OF CALIFORNIA, DEPT OF EDUCATION - KERN COUNTY SUPERINTENDENT OF SCHOOLS, KERN EARLY STARS
CDSS CHILD CARE FACILITIES	249,637	N/A	FGRT-22-IGPMRR-0828-A1	08/16/22 - 06/30/24	260	STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
MIGRANT ALTERNATIVE PAYMENT	23,809,862		CMAP - 3000	07/01/23 - 06/30/24	261	STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
GENERAL CENTER CHILD CARE	3,043,423		CCTR - 3063	07/01/23 - 06/30/24	253	STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
CALIFORNIA STATE PRESCHOOL PROGRAM	7,087,664		CSPP - 3124	07/01/23 - 06/30/24	258	STATE OF CALIFORNIA, DEPT OF EDUCATION
MIGRANT CHILD CARE	291,239		CMIG - 3004	07/01/23 - 06/30/24	250	STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
MIGRANT SPECIALIZED SERVICES	40,079		CMSS - 3004	07/01/23 - 06/30/24	252	STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
CAL EITC FREE TAX PREPARATION ASSISTANCE GRANT	2,304,654		21T-1015	12/01/21 - 06/30/24	234	STATE OF CALIFORNIA, DEPT OF COMMUNITY SERVICES AND DEVELOPMENT
HOME VISIT INITIATIVE (COUNTY OF KERN)	4,874,043		022-2024	07/01/23 - 06/30/24	270	STATE OF CALIFORNIA, DEPT OF HUMAN SERVICES, COUNTY OF KERN
POSITIVE YOUTH DEVELOPMENT SERVICES (COUNTY OF KERN)	70,000		216-2023	07/01/23 - 06/30/24	271	STATE OF CALIFORNIA, DEPT OF HUMAN SERVICES, COUNTY OF KERN
POSITIVE YOUTH DEVELOPMENT SERVICES (COUNTY OF KERN) - MEDI-CAL	311,248		217-2023	07/01/23 - 06/30/24	274	STATE OF CALIFORNIA, DEPT OF HUMAN SERVICES, COUNTY OF KERN
COUNTY OF KERN LOW BARRIER HOMELESS SHELTER OPERATIONAL	2,715,812		017-2020	07/01/20-06/30/21	275-000	STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES, COUNTY OF KERN
BAKERSFIELD KERN REGIONAL HOMELESS COLLABORATIVE HOMELESS HOUSING ASSISTANCE AND PREVENTION (HHAP)	78,000 200,000 300,000		N/A 2022-017 2023-302	10/01/20 - 09/30/23 08/01/22 - 01/31/24 05/01/23 - 06/30/26	276 276-072 276-073	STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES, BAKERSFIELD REGIONAL HOMELESS COLLABORATIVE

A4

COMMUNITY ACTION PARTNERSHIP OF KERN
SCHEDULE OF PROGRAMS (FUNDS)
FOR THE PERIOD MARCH 1, 2024 THROUGH FEBRUARY 28, 2025

PROGRAM (COMPONENT)	AMOUNT	CFDA #	GRANT NUMBER	PROGRAM YEAR	FUND#	FUNDING SOURCE
FOOD BANK CAPACITY PROGRAM - FOOD BANK EXPANSION	4,859,606		SGRT-22-0012	07/01/21 - 06/30/26	215-100	STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
TAX CHECK - OFF (FOOD BANK)	13,749		15 MOU - 00118	07/01/22 - 06/30/23	216-000	STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
STATE EMERGENCY FOOD ASSISTANCE (FOOD BANK) CAL FOOD	256,506		MOU-22-00118	07/01/23 - 06/30/24	216-087	STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
STATE EMERGENCY FOOD ASSISTANCE (FOOD BANK) DROUGHT FOOD ASSISTANCE	339,726		MOU-22-00118	07/01/23 - 06/30/24	216-088	STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
STATE EMERGENCY FOOD ASSOSTANCE CAL FOOD ONE-TIME FUNDS	3,669,360		N/A	07/01/22 - 04/30/25	216-102	STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
STATE EMERGENCY FOOD ASSOSTANCE CAL FOOD ONE-TIME FUNDS ROUND 2	1,727,122		MOU-22-00118	07/01/23 - 04/30/25	216-104	STATE OF CALIFORNIA, DEPT OF SOCIAL SERVICES
BOARD OF STATE AND COMMUNITY CORRECTIONS WARM HAND-OFF	750,000		BSCC 1012-22	10/01/22 - 04/30/26	277	STATE OF CALIFORNIA, BOARD OF STATE AND COMMUNITY CORRECTIONS
FIRST 5 KERN - HELPLINE 211	93,282		2020.2.05	07/01/23 - 06/30/24	288	STATE OF CALIFORNIA, FIRST 5 CALIFORNIA, COUNTY OF KERN, FIRST 5 KERN
FIRST 5 KERN EAST KERN FAMILY RESOURCE CENTER	147,799		2020.2.06	07/01/23 - 06/30/24	281	STATE OF CALIFORNIA, FIRST 5 CALIFORNIA, COUNTY OF KERN, FIRST 5 KERN
FIRST 5 KERN - HELP ME GROW	256,718		2020.1.06	07/01/23 - 06/30/24	284	STATE OF CALIFORNIA, FIRST 5 CALIFORNIA, COUNTY OF KERN, FIRST 5 KERN
FIRST 5 KERN - RIDGECREST FAMILY RESOURCE CENTER	173,165		2020.2.18	07/01/23 - 06/30/24	286	STATE OF CALIFORNIA, FIRST 5 CALIFORNIA, COUNTY OF KERN, FIRST 5 KERN
BKRHC - ENCAMPMENT RESOLUTION FUNDING	139,968		2023-307	12/01/23 - 12/30/25	293	STATE OF CALIFORNIA, CALIFORNIA INTERAGENCY COUNCIL ON HOMELESSNESS, BAKERSFIELD KERN REGIONAL HOMELES COLLABORTIVE
COUNTY OF KERN - PPSA COVID-19	116,000	93.323	N/A	08/01/23 - 06/30/24	305	DEPARTMERN OF HEALTH AND HUMAN SERVICES, COUNTY OF KERN, HEALTH DEPARTMENT
COUNTY OF KERN HELPLINE 211	45,000		TBD	07/01/23 - 06/30/24	389	COUNTY OF KERN
READY KERN	1,126		N/A	07/01/23 - 06/30/24	366	COUNTY OF KERN, FIRE DEPT - OFFICE OF EMERGENCY SERV
DAY ONE FAMILIES FUND	5,000,000		N/A	12/01/23 - 11/30/27	410	DAY ONE FAMILIES FUND
211 LA County	15,000		N/A	07/01/23 - 06/30/24	536-230	CALIFORNIA 211 PROVIDERS NETWORK

A5

COMMUNITY ACTION PARTNERSHIP OF KERN
SCHEDULE OF PROGRAMS (FUNDS)
FOR THE PERIOD MARCH 1, 2024 THROUGH FEBRUARY 28, 2025

PROGRAM (COMPONENT)	AMOUNT	CFDA #	GRANT NUMBER	PROGRAM YEAR	FUND#	FUNDING SOURCE
211 KINGS COUNTY	22,868		N/A	07/01/22 - 06/30/23	536-231	KINGS UNITED WAY
211 TULARE COUNTY	63,017		N/A	07/01/22 - 06/30/23	536-232	UNITED WAY OF TULARE COUNTY
211 STANISLAUS COUNTY	93,600		N/A	07/01/22 - 06/30/23	536-234	UNITED WAY OF STANISLAUS COUNTY
211 FRESNO AND MADERA COUNTIES	96,737		N/A	01/01/23 - 12/31/23	536-235	UNITED WAY OF FRESNO AND MADERA COUNTIES
211 MERCED & MARIPOSA	25,910		N/A	07/1/22 - 06/30/23	536-235	UNITED WAY OF MERCED & MARIPOSA COUNTIES
KAISER PERMANENTE MEDICAID REDETERMINATIONS	90,000		N/A	08/01/23 - 07/31/24	419	KAISER PERMANENTE
FEEDING AMERICA SERVICE INSIGHTS	100,000		N/A	01/01/23 - TBD	423	FEEDING AMERICA SERVICE INSIGHTS
FOOD BANK FREE FARMERS MARKET - WASCO	150,000		N/A	12/01/23 - 11/30/24	467	THE WONDERFUL COMPANY FOUNDATION
FARMWORKERS INITIATIVE	25,000		N/A	01/01/18 - TBD	456	BANK OF THE WEST
KERN FAMILY HEALTH SYSTEMS CAL AIM	PER VISIT			07/01/22 - TBD	550	KERN FAMILY HEALTH SYSTEMS

A6

COMMUNITY ACTION PARTNERSHIP OF KERN
FUNCTIONAL CLASSIFICATIONS BY FUND
FISCAL YEAR 2023/24

Abila Fund #	Fund Name	PROGRAM SERVICES				SUPPORT SERVICES	
		Education	Nutrition	Energy Conservation	Community Services	Discretionary/ Fund Raising	General & Admin
103	Community Services Block Grant (CSBG)	X	X		X		X
501	General Fund				X		X
800	GAAP Fund						X
910	Community Development Pool				X		
915	Operations Pool			X	X		X
920	Facilities Pool						X
925	Health & Nutrition Pool	X	X		X		
999	Indirect Fund						X
502	Discretionary Fund					X	
595	Fund Raising					X	
108	Early Head Start	X					
109	Head Start	X					
117	Early Head Start San Joaquin	X					
117-005	EHS San Joaquin QRIS	X					
248	San Joaquin COE General Child Care (CCTR)	X					
250	Migrant Child Care	X					
252	Migrant Specialized	X					
253	General Child Care	X					
253-005	CCTR - QRIS	X					
258	California State Preschool (CSPP)	X					
258-005	CSPP QRIS	X					
260	Child Care Facilities	X					
261	Migrant Alternative Payment	X					
262/265	Child Development Reserve	X					
270	Home Visit Initiative	X					
112	Child Care Food Program (CACFP)		X				
115	Women, Infants & Children		X				
145	NEOPB Cal Fresh		X				
139	CACFP - San Joaquin		X				
	Food Bank		X				
105	Emergency Food Assistance		X				
111	USDA Commodities		X				
114	Emergency Food & Shelter		X				
135	County of Kern CARES Food Delivery Program		X				
147	Commodity Supplemental Food Program		X				
175-032	CSBG Discretionary - Ridgecrest		X				
215	Food Bank Capacity Project		X				
216-000	Food Bank Tax Check-Off		X				
216-087	State Emergency Food Assistance		X				
413	Resnick Foundation		X				
422	Feeding America Senior Hunger		X				
423	Feeding America Service Insights		X				
475	Wonderful Company Food Bank Expansion		X				
485	Southern California Gas Company (Solar)		X				
461	CAFB Food Access for Farmworkers Initiative		X				
467	Wonderful Company Foundation		X				
504	Food Bank		X				
505	Food Bank - Expansion		X				

COMMUNITY ACTION PARTNERSHIP OF KERN
FUNCTIONAL CLASSIFICATIONS BY FUND
FISCAL YEAR 2023/24

Abila Fund #	Fund Name	PROGRAM SERVICES				SUPPORT SERVICES	
		Education	Nutrition	Energy Conservation	Community Services	Discretionary/ Fund Raising	General & Admin
	Energy						
122	Low Income Home Energy Assistance			X			
123	Dept of Energy Weatherization			X			
124	Low Income Home Water Assistance			X			
241	LIWP Solar PV Pilot			X			
245	LIWP Single Family			X			
484	DAP (Disgorgement Assistance Program)			X			
494	PG&E			X			
524	Energy			X			
	VITA (Volunteer Income Tax Assistance)						
149	Internal Revenue Service - VITA				X		
234	CalEITC				X		
	East Kern Family Resource Center						
171	Economic Empowerment				X		
280	Differential Response				X		
281	First 5 East Kern Family Resource				X		
286	First 5 Oasis Family Resource Center				X		
454	Dignity Health East Kern Health Link				X		
501-005	EKFRC: KHS Emergency Closet				X		
533	East Kern Family Resource Center				X		
534	Oasis Family Resource Center				X		
	Youth Services						
120	Information & Education				X		
271	Positive Youth Development Svcs				X		
274	Positive Youth Development Svcs-Medi-Cal				X		
448	Wells Fargo Foundation				X		
527	Shafter Youth Center				X		
527-068	SYC - Robotics/STEM				X		
527-260	SYC - KHS Make Bakersfield				X		
531	Friendship House Community Center				X		
531-068	FHCC - Robotics/STEM				X		
531-070	FHCC - Aggression Replacement Training				X		
531-260	FHCC - KHS Museum on the Move				X		
	Homeless Services						
141	ESG CARES Act Homeless Services				X		
142	County of Kern LBNC - Safe Camping				X		
160	HUD Coordinated Entry System				X		
275	County of Kern LBNC				X		
276	BKRHC HHAP				X		
278	City of Bakersfield HHAP				X		
292	United Way Stanislaus CES				X		
550	CalAIM Homeless Prevention Services				X		

COMMUNITY ACTION PARTNERSHIP OF KERN
FUNCTIONAL CLASSIFICATIONS BY FUND
FISCAL YEAR 2023/24

Abila Fund #	Fund Name	PROGRAM SERVICES				SUPPORT SERVICES	
		Education	Nutrition	Energy Conservation	Community Services	Discretionary/ Fund Raising	General & Admin
	2-1-1						
164	Cal Fresh				X		
186	2-1-1 Hospital Preparedness Program				X		
284	First 5 Kern Help Me Grow				X		
288	First 5 Kern 2-1-1				X		
366	ReadyKern				X		
389	County of Kern 2-1-1				X		
428	2-1-1 United Way				X		
428-240	United Way - Coordinate Entry System				X		
429	Southern CA Gas CRM Development Program				X		
430	Goodwill Industries - CA COVID-19 Call Ctr				X		
431	United Way - COVID-19 Comm Resp & Relief				X		
536-231	2-1-1: Kings County				X		
536-232	2-1-1: Tulare County				X		
536-233	2-1-1: Merced County				X		
536-234	2-1-1: Stanislaus County				X		
536-260	2-1-1: KHS Homeless Collaborative				X		
	Other						
151	ASTHO Vaccine Equity				X		
205	BCSD Community School Partnership Program				X		

COMMUNITY ACTION PARTNERSHIP OF KERN

LINE OF CREDIT ADVANCES AND REPAYMENTS

FISCAL YEAR 2023/24

Date	Advance Amount	Repayment Amount	No. of Days Borrowed	Interest Expense	Interest Rate
03/31/24	n/a				

Note 1: Line of Credit agreement was entered into with Wells Fargo Bank as of January 15, 2023 for $1.5 million during January , February, July, August 2023 and will decrease to $350,000 during March - June 2023, Sept - Dec 2023. This agreement will terminate on January 15, 2024. A varied amount decrease to better manage the cash flow need during peak months.

LINE OF CREDIT COMMITMENT FEE (Based on the daily unused amount of the line of credit calculated quarterly)

Period	No. of Days in Period	Commitment Fee	Interest Rate
12/31/23 - 3/31/24	90 days	$ 1,875.00	9.18%
04/01/24 - 6/30/24	90 days		
07/01/24 - 9/30/24	90 days		
10/01/24 - 12/31/24	90 days		

Note 3: The interest expense and commitment fee are automatically deducted from CAPK's operating bank account at Wells Fargo Bank.

COMMUNITY ACTION PARTNERSHIP OF KERN
OPERATING CASH SUMMARY AS OF MARCH 31, 2024

PROGRAM (FUND)	CASH BALANCE
CHILD AND ADULT CARE FOOD PROGRAM	(238,307.78)
HEAD START/EARLY HEAD START	1,987,238.53
SUBTOTAL	**1,748,930.75**
GENERAL CHILD CARE	350,486.76
MIGRANT A/P	3,303,875.17
Child Development Reserve Fund No. 1	(7,509.91)
Child Development Reserve Fund No. 2	(7,962.35)
MIGRANT CHILD CARE	94,449.42
MIGRANT SPECIALIZED SERVICES	(7,515.00)
SAN JOAQUIN COE GENERAL CHILD CARE	(407,939.78)
STATE PRESCHOOL	3,333,514.17
SUBTOTAL	**6,651,398.48**
COMMODITY SUPPLEMENTAL FOOD PROGRAM	(95,736.90)
EF&S	(6,725.38)
EFAP	(84,777.50)
HUD CPF Food Bank Expansion	(165,317.29)
FEEDING AMERICA SERVICE INSIGHTS	14,961.32
FOOD BANK	(284,708.83)
FOOD BANK EXPANSION	349,641.29
FOOD BANK CAPACITY PROGRAM	170,600.63
FOOD BANK - STATE	(149,953.31)
SOUTHERN CA GAS COMPANY	(20,200.96)
WONDERFUL FOOD BANK EXPANSION	789,351.93
WONDERFUL FOUNDATION	161,045.45
SUBTOTAL	**678,180.45**
ENERGY	(284,194.59)
LIHEAP	(1,162,562.26)
DOE	(6,286.68)
LIWHAP	(150,789.51)
PG&E	17,359.01
TRANSFER NEGATIVE BALANCE	1,586,474.03
SUBTOTAL	**0.00**
CENTRAL VALLEY SMALL BUSINESS DEVELOPMENT	0.00
SUBTOTAL	**0.00**
211	322,384.10
ARG III - Warm Handoff	(69,281.40)
BCSD CA COMMUNITY SCHOOL PARTNERSHIP (CCSPP)	(65,462.39)
KCCD CERF REGIONAL CONVENOR	(54,293.53)
KCCD CWDB High Road Training Partnership	(3,046.79)
BKRHC HOMELESS HOUSING ASSISTANCE & PREVENTION	(42,515.97)
BKRHC-Encampment Resolution	(10,648.60)
CALAIM HOMELESS PREVENTION SERVICES	289,142.74
CAL FRESH	(23,912.15)
CALEITC	(256,880.97)
CAPK FOUNDATION	(17,470.81)
Child Care Facilities	249,637.00
COST POOLS	287,568.34
COUNTY OF KERN LOW BARRIER HOMELESS CENTER	(498,623.39)
County of Kern - PPSA COVID-19	(4,285.57)
CSBG	(465,567.27)
CSBG - DISCRETIONARY	0.00
DIFFERENTIAL RESPONSE	142.23
DIGNITY HEALTH	1,048.70
DISCRETIONARY FUND	654,221.45
EAST KERN FAMILY RESOURCE CENTER	58,226.08
HOMELESS SAFE CAMPING - CSLRFR (ARPA)	(124,071.72)
Day 1 Families Housing Support	(3.50)
ASTHO VACCINE EQUITY	5,893.48
CITY OF BAKERSFIELD CAL VIP	(14,197.57)
FIRST 5 KERN 211	(20,357.25)
FIRST 5 KERN EAST KERN FAMILY RESOURCE CENTER	(24,916.60)
FIRST 5 HELP ME GROW	(49,882.11)
FIRST 5 RIDGECREST FAMILY RESOURCE CENTER	(31,692.54)
FRIENDSHIP HOUSE	43,510.69
City of Bakersfield - FHCC Sports Field	(19,688.00)
City of Bkfd-Cal VIP Outreach	(14,528.52)
FUNDRAISING	275,059.44
GENERAL FUND	120,781.73
GOODWILL IND-CA State 211 COVID-19 Call Cntr Response	0.00
HOME VISIT INITIATIVE (CO OF KERN)	(426,040.57)
HUD-COORDINATED ENTRY SYSTEM	(12,152.28)
Kaiser	64,765.94
INDIRECT FUND	2,517,267.81
IRS - VITA	(132,814.36)
TAX ASSISTANCE	30,768.40
M ST NAVIGATION CENTER	26,096.08
NEOPB CAL FRESH HEALTHY LIVING	(226,339.18)
POSITIVE YOUTH DEV SVC	(10,055.64)
POSITIVE YOUTH M	(37,979.01)
SHAFTER YOUTH CENTER	34,647.71
OASIS FAMILY RESOURCE CENTER	23,108.38
CalCAPA-Diaper Distribution Pilot	(8,191.87)
SIERRA FOUNDATION - ASTHMA MITIGATION	(179.83)
UNITED WAY 211	981.55
WELLS FARGO FOUNDATION	46,933.12
WIC	(785,562.87)
LESS: ENERGY NEGATIVE BALANCE	(1,586,474.03)
ADD: LINE OF CREDIT	0.00
SUBTOTAL	**15,068.68**
TOTAL OPERATING CASH	9,093,578.36

COMMUNITY ACTION PARTNERSHIP OF KERN (CAPK)

WELLS FARGO BANK ACCOUNTS

1. Operating Account: Used to make all CAPK disbursements and for deposits of all cash receipts unless there are requirements to deposit cash to a restricted bank account.

2. Head Start Accrued Vacation: This is an interest-bearing restricted bank account that holds cash reserved for the payment of accrued vacation for Head Start and Early Head Start employees.

3. CSD Advances Account: This is an interest-bearing restricted bank account for CSBG and Energy grants. Advances on the Community Services Block Grant (CSBG), Department of Energy – Weatherization Assistance Program (DOE WAP) and Low-Income Home Energy Assistance Program (LIHEAP) grants are required to be deposited to a restricted bank account until there is an immediate need for the cash. Once the immediate need is determined, the cash is transferred to the Operating Account to make disbursements.

4. Day 1 Families Fund: This is an interest-bearing restricted bank account that is designated for funds received for the Day 1 Families Housing Fund. As the grant is expended, funds are subsequently transferred to the Operating Account.

5. Child Development Reserve #1: This is an interest-bearing restricted bank account that is required by the California Department of Education for center-based contracts, such as General Childcare (CCTR), State Preschool (CSPP) and State Migrant (CMIG) for the purpose of holding revenue earned in excess of costs. When the revenue is used, the cash is transferred to the Operating Account to make disbursements.

6. Child Development Reserve #2: This is an interest-bearing restricted bank account that is required by the California Department of Education for alternative payment contracts, such as Migrant Childcare Alternative Payment (CMAP) for the purpose of holding revenue earned in excess of costs. When the revenue is used, the cash is transferred to the Operating Account to make disbursements.

7. Head Start Facilities Fund: This is an interest-bearing restricted bank account required by the Office of Head Start to retain funds from the proceeds of sale for the Central Kitchen and Business Park North properties. These funds will be held in this restricted account and used for the construction of the new Central Kitchen.

Note: All CAPK bank accounts are with Wells Fargo Bank.

COMMUNITY ACTION PARTNERSHIP OF KERN
1300 18TH STREET, SUITE 200
BAKERSFIELD, CA 93301

BANK RECONCILIATION FOR THE MONTH ENDED
March 31, 2024

WELLS FARGO BANK, N.A.
P. O. BOX 63020
SAN FRANCISCO, CA 94163

OPERATING ACCOUNT
ACCOUNT NO: XXXXX-X2976

BANK BALANCE AT 03/31/24		9,938,675.77
LESS: OUTSTANDING CHECKS	853,432.06	
ADJUSTED BANK BALANCE AT 03/31/24		9,085,243.71
GENERAL LEDGER BALANCE AT 02/29/24		12,064,487.10
ADD: DEPOSITS	3,646,533.16	
US TREAS DRAWDOWNS	3,951,460.96	
FUNDS FROM OTHER GRANTS	1,030,488.81	
TRANSFERS FROM RESTRICTED ACCOUNTS	429,173.52	
ADP /HEALTH EQUITY REFUND	514.22	
REIMBURSEMENT OF ALTERED PAYEE	20,102.29	
LESS: CHECKS	2,241,808.96	
ADP PAYROLL 3/8/24	1,953,834.51	
ADP PAYROLL 3/22/24	1,954,007.18	
EFTS FOR HRA/HSA/ STD/403B	286,139.50	
REC LOAN PRINCIPAL/INT EXPENSES	-	
TRANSFERS TO RESTRICTED ACCOUNTS	157,355.04	
CREDIT CARD	48,507.40	
BANK FEES	530.64	
ACH VOUCHERS	5,415,333.12	
GENERAL LEDGER BALANCE AT 03/31/24		9,085,243.71
	DIFFERENCE:	-

PREPARED BY: Lili Solorio TITLE: Accountant DATE: 04/04/2024

APPROVED BY: Tracy Webster TITLE: Chief Financial Officer DATE: Apr 5, 2024

COMMUNITY ACTION PARTNERSHIP OF KERN
HEADSTART ACCRUED VACATION*
1300 18TH STREET, SUITE 200
BAKERSFIELD, CA 93301

BANK RECONCILIATION FOR MONTH ENDING
March 31, 2024

WELLS FARGO BANK, N.A.
P. O. BOX 63020
SAN FRANCISCO, CA 94163

ACCOUNT NO.: XXXXX-X6256

BANK BALANCE ENDING:	**03/31/24**		**1,099,747.31**
DEPOSITS IN TRANSIT		0.00	
OUTSTANDING CHECKS		0.00	
OTHER		0.00	
ADJUSTED BANK BALANCE:	**03/31/24**		**1,099,747.31**

BALANCE PER G/L	**02/29/24**		**1,020,103.73**
ADD: DEPOSITS		0.00	
INTEREST		966.06	
ROUNDING ERROR		0.00	
BANK ACCOUNT TRANSFER FROM GENERAL FUND		157,355.04	
LESS: CHECKS		0.00	
CLIENT ANALYSIS SERVICE CHARGE		0.00	
BANK ACCOUNT TRANSFER TO GENERAL FUND		78,677.52	
BALANCE PER G/L	**03/31/24**		**1,099,747.31**

DIFFERENCE: 0.00

* *This account changed name in March 2011 from "Discretionary Fund" to "Head Start Accrued Vacation".*

PREPARED BY: Lili Solorio TITLE: Accountant DATE: 04/03/24

APPROVED BY: Stacy Webster TITLE: Chief Financial Officer DATE: Apr 3, 2024

COMMUNITY ACTION PARTNERSHIP OF KERN
CSD ADVANCES ACCOUNT**
1300 18TH STREET, SUITE 200
BAKERSFIELD, CA 93301

BANK RECONCILIATION FOR MONTH ENDING
March 31, 2024

WELLS FARGO BANK, N.A.
P. O. BOX 63020
SAN FRANCISCO, CA 94163

ACCOUNT NO.: XXXXX-X1095

BANK BALANCE ENDING:	**03/31/24**		**448,127.27**
DEPOSITS IN TRANSIT		0.00	
OUTSTANDING CHECKS		0.00	
OTHER		0.00	
ADJUSTED BANK BALANCE:	**03/31/24**		**448,127.27**

BALANCE PER G/L	**02/29/24**		**295.25**
ADD:	DEPOSITS	447,831.75	
	INTEREST	0.27	
	BANK ACCOUNT TRANSFER FROM GENERAL FUND	0.00	
LESS:	CHECKS	0.00	
	CLIENT ANALYSIS SERVICE CHARGE	0.00	
	BANK ACCOUNT TRANSFER TO GENERAL FUND	0.00	
BALANCE PER G/L	**03/31/24**		**448,127.27**

** December 2009 name changed from Food Bank to DOE ARRA.*
*** January 2018 name changed from DOE ARRA to CSD Advances.*

DIFFERENCE: 0.00

PREPARED BY: Lili Solorio TITLE: Accountant DATE: 04/03/24

APPROVED BY: Stacy Webster TITLE: Chief Financial Officer DATE: Apr 3, 2024

COMMUNITY ACTION PARTNERSHIP OF KERN
DAY 1 FAMILIES ACCOUNT
1300 18TH STREET, SUITE 200
BAKERSFIELD, CA 93301

BANK RECONCILIATION FOR MONTH ENDING
March 31, 2024

WELLS FARGO BANK, N.A.
P. O. BOX 6302(
SAN FRANCISCO, CA 94163

ACCOUNT NO.: XXXXX-X1921

BANK BALANCE ENDING:	**03/31/24**		**2,507,804.69**
DEPOSITS IN TRANSIT		0.00	
OUTSTANDING CHECKS		0.00	
OTHER		0.00	
ADJUSTED BANK BALANCE	**03/31/24**		**2,507,804.69**

BALANCE PER GENERAL LEDGER	**02/29/24**		**2,505,529.20**
ADD:	DEPOSITS (Credit Card Donations & Shared Fee)	0.00	
	WIRE TRANSFER	0.00	
	PAYPAL DEPOSIT	0.00	
	INTEREST	2,292.94	
LESS:	APPLIED MERCHANT DEBITS	0.00	
	CLIENT ANALYSIS SERVICE CHARGE	17.45	
	BANKCARD FEES	0.00	
	CASH CONCENTRATION FEE	0.00	
	FUND TRANSFER TO GENERAL FUND	0.00	
		0.00	
BALANCE PER GENERAL LEDGER:	**03/31/24**		**2,507,804.69**

** October 2009 name changed from WIC Account to CSBG ARRA Account and is now interest-bearing.*
*** August 2010 name changed from CSBG ARRA Account to HOPE Program Account.*
**** January 2018 name changed from HOPE Program Account to On-line Donations Account.*
***** January 2024 name changed from Online Donations to Day 1 Families*

Difference: **0.00**

PREPARED BY: Lili Solorio TITLE: Accountant DATE: 04/03/24

APPROVED BY: Stacy Webster TITLE: Chief Financial Officer DATE: Apr 3, 2024

COMMUNITY ACTION PARTNERSHIP OF KERN
CHILD DEVELOPMENT RESERVE #1
1300 18TH STREET, SUITE 200
BAKERSFIELD, CA 93301

BANK RECONCILIATION FOR MONTH ENDING
March 31, 2024

WELLS FARGO BANK, N.A.
P. O. BOX 63020
SAN FRANCISCO, CA 94163

ACCOUNT NO.: XXXXX-X6264

BANK BALANCE ENDING:	**03/31/24**		**7,600.08**
DEPOSITS IN TRANSIT		0.00	
OUTSTANDING CHECKS		0.00	
OTHER		0.00	
ADJUSTED BANK BALANCE:	**03/31/24**		**7,600.08**

BALANCE PER G/L	**02/29/24**		**7,593.13**
ADD:	DEPOSITS	0.00	
	INTEREST	6.95	
	BANK ACCOUNT TRANSFER FROM GENERAL FUND	0.00	
LESS:	CHECKS	0.00	
	CLIENT ANALYSIS SERVICE CHARGE	0.00	
	BANK ACCOUNT TRANSFER TO GENERAL FUND	0.00	
BALANCE PER G/L	**03/31/24**		**7,600.08**

DIFFERENCE: 0.00

PREPARED BY: Lili Solorio TITLE: Accountant DATE: 04/03/24

APPROVED BY: Stacy Webster TITLE: Chief Financial Officer DATE: Apr 3, 2024

COMMUNITY ACTION PARTNERSHIP OF KERN
CHILD DEVELOPMENT RESERVE #2
1300 18TH STREET, SUITE 200
BAKERSFIELD, CA 93301

BANK RECONCILIATION FOR MONTH ENDING
March 31, 2024

WELLS FARGO BANK, N.A.
P. O. BOX 63020
SAN FRANCISCO, CA 94163

ACCOUNT NO.: XXXXX-X2049

BANK BALANCE ENDING:		**03/31/24**		**97,602.55**
DEPOSITS IN TRANSIT			0.00	
OUTSTANDING CHECKS			0.00	
OTHER			0.00	
ADJUSTED BANK BALANCE:		**03/31/24**		**97,602.55**
BALANCE PER G/L		**02/29/24**		**97,513.31**
ADD:	DEPOSITS		0.00	
	INTEREST		89.24	
	BANK ACCOUNT TRANSFER FROM GENERAL FUND		0.00	
LESS:	CHECKS		0.00	
	CLIENT ANALYSIS SERVICE CHARGE		0.00	
	BANK ACCOUNT TRANSFER TO GENERAL FUND		0.00	
BALANCE PER G/L		**03/31/24**		**97,602.55**
			DIFFERENCE:	0.00

PREPARED BY: Lili Solorio TITLE: Accountant DATE: 04/03/24

APPROVED BY: Stacy Webster TITLE: Chief Financial Officer DATE: Apr 3, 2024

COMMUNITY ACTION PARTNERSHIP OF KERN
HEAD START FACILITY ACCOUNT
1300 18TH STREET, SUITE 200
BAKERSFIELD, CA 93301

BANK RECONCILIATION FOR MONTH ENDING
March 31, 2024

WELLS FARGO BANK, N.A.
P. O. BOX 63020
SAN FRANCISCO, CA 94163

ACCOUNT NO.: XXXXX-X7297

BANK BALANCE ENDING:		**03/31/24**	**2,987,304.79**
DEPOSITS IN TRANSIT		0.00	
OUTSTANDING CHECKS		0.00	
OTHER		0.00	
ADJUSTED BANK BALANCE:		**03/31/24**	**2,987,304.79**
BALANCE PER G/L		**02/29/24**	**3,334,857.45**
ADD:	DEPOSITS	0.00	
	INTEREST	2,943.34	
	BANK ACCOUNT TRANSFER FROM GENERAL FUND	0.00	
LESS:	CHECKS	0.00	
	CLIENT ANALYSIS SERVICE CHARGE	0.00	
	BANK ACCOUNT TRANSFER TO GENERAL FUND	350,496.00	
BALANCE PER G/L		**03/31/24**	**2,987,304.79**
		DIFFERENCE:	0.00

PREPARED BY: Lili Solorio TITLE: Accountant DATE: 04/02/24

APPROVED BY: Stacy Webster TITLE: Chief Financial Officer DATE: Apr 2, 2024

COMMUNITY ACTION PARTNERSHIP OF KERN
WELLS FARGO VISA SUMMARY
STATEMENTS DATED March 1, 2024 - March 31, 2024

Cardholder	Position	Amount Charged
CAPK	Accounts Payable	$ -
Catherine Anspach	Foundation Director of Development	893.53
Gloria Barbero	Administrator - EHS San Joaquin	3,621.02
Yolanda Gonzales	Director of Head Start/State Child Development Programs	8,946.62
Freddy Hernandez	Director of Youth and Community Services	8,888.90
Louis Gill	Chief Program Officer	8,968.65
Lisa McGranahan	Director of Human Resources	1,263.66
Jerry Meade	Assistant Director of Head Start/State Child Development Programs	2,749.00
Pritika Ram	Chief Business Development Officer	6,522.01
Jeremy Tobias	Chief Executive Officer	2,779.74
Emilio Wagner	Chief Facilities and Technology Officer	5,223.48
Tracy Webster	Chief Financial Officer	5,803.88
Rebecca Moreno	Director of Housing Support Services	668.39
Susana Magana	Director of Nutrition Services	5,253.13
	Total	$ 61,582.01

WELLS FARGO

Reporting Period : 3/1/2024 - 3/29/2024

Statement Summary

Name	Capk Ap	**Company**	Community Action Partnership O
Account #	XXXX-XXXX-XXXX-7017	**Currency**	US Dollar
Reporting Period	3/1/2024 - 3/29/2024		

Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount

Transaction Count: 0

Total: 0.00

Employee Signature **Date**

Authorized Approver Signature **Date**

WELLS FARGO

Reporting Period : 3/1/2024 - 3/29/2024

Statement Summary

Name	Catherine Anspach	**Company**	Community Action Partnership O
Account #	XXXX-XXXX-XXXX-1647	**Currency**	US Dollar
Reporting Period	3/1/2024 - 3/29/2024		

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
1	3/12/2024	3/14/2024	Moo Creamery Bakersfield, CA				17.81
	Dessert tasting for Gourmet for Good event.						
2	3/13/2024	3/14/2024	Smart And Final 362 Bakersfield, CA				19.95
	Ice and beverages for Gourmet for Good Planning Committee Meeting						
3	3/13/2024	3/14/2024	Urbane Cafe Olo.Com, CA				69.23
	Food for Gourmet for Good Planning Committee Meeting						
4	3/14/2024	3/15/2024	Urbane Cafe Bakersfiel Bakersfield, CA				37.89
	Food for Gourmet for Good Planning Committee Meeting						
5	3/18/2024	3/19/2024	Nfgthe Open Door Netw 888-284-7978, DC				386.25
	Tickets for Savannah Maldonado, Rebecca Moreno and Catherine Anspach.						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
6	3/26/2024	3/28/2024	Moo Creamery Bakersfield, CA				362.40
	Food for Foundation Board Meeting						

Transaction Count: 6

Total: 893.53

Employee Signature **Date**

Authorized Approver Signature **Date**

WELLS FARGO

Reporting Period : 3/1/2024 - 3/29/2024

Statement Summary

Name	Gloria Barbero	**Company**	Community Action Partnership O
Account #	XXXX-XXXX-XXXX-7058	**Currency**	US Dollar
Reporting Period	3/1/2024 - 3/29/2024		

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
1	2/29/2024	3/1/2024	Cps Hr Consulting 916-2633600, CA				54.85
	Site Supervisor registration for the CCL Childcare Center Application Online Orientation.						
2	2/29/2024	3/1/2024	Cps Hr Consulting 916-2633600, CA				4.85
	Site Supervisor registration for the CCL Record Keeping Orientation.						
3	3/1/2024	3/4/2024	Long Beach Hilton Long Beach, CA				556.40
	2 Night Hotel stay at the Hilton & Resorts for Gloria Barbero attending the Head Start Association Conference in Long Beach, CA on 2/27/24 - 3/1/24						
4	3/1/2024	3/4/2024	Long Beach Hilton Long Beach, CA				556.40
	2 Night Hotel stay at the Hilton & Resorts for Patricia Mexicano attending the Head Start Association Conference in Long Beach, CA on 2/27/24 - 3/1/24						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
5	3/1/2024	3/4/2024	Long Beach Hilton 562-9833400, CA				13.23
	Employee Maria Duarte used bottle of water that was available in the hotel room when attending the HSA Conference. It will be deducted on her liquidation from reimbursement amount.						
6	3/1/2024	3/4/2024	Long Beach Hilton 562-9833400, CA				13.23
	Employee Patricia Mexicano used bottle of water that was available in the Hotel room when attending the HSA Conference. It will be deducted on her liquidation from reimbursement amount.						
7	3/1/2024	3/4/2024	A-B-Cpr & First Aid Abcpr.Com, CA				75.00
	Childcare Preventative Health Care Online Training for Site Supervisor.						
8	3/1/2024	3/4/2024	Long Beach Hilton Long Beach, CA				556.40
	2 Night Hotel stay at the Hilton & Resorts for Maria Duarte attending the Head Start Association Conference in Long Beach, CA on 2/27/24 - 3/1/24						
9	3/22/2024	3/25/2024	Sheraton 602-2622500, AZ				1,790.66
	Hotel Stay (4 nights) for Nelly Mendoza attending the R9HSA Childhood STEM Institute in Phoenix AZ on 3/20/24 - 3/22/24						

Transaction Count: 9

Total: 3,621.02

Employee Signature **Date**

Authorized Approver Signature **Date**

WELLS FARGO

Reporting Period : 3/1/2024 - 3/29/2024

Statement Summary

Name	Yolanda Gonzales	**Company**	Community Action Partnership O
Account #	XXXX-XXXX-XXXX-7009	**Currency**	US Dollar
Reporting Period	3/1/2024 - 3/29/2024		

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
1	2/28/2024	3/1/2024	United United.Com, TX				24.74
	Travel-United Flight Change for HSC Annual Education Conference in Long Beach, CA 2/27/24-3/1/2024-Gloria B. 117@100%=$24.74						
2	2/28/2024	3/1/2024	Long Beach Hilton Long Beach, CA				601.40
	Travel-Lodging for HSC Parent & Family Engagement Conf. in Long Beach, CA 2/26/24-2/28/24-Yolanda G. 108@17%=$102.24/109@68%= $408.95/117@15%=$90.21						
3	2/28/2024	3/1/2024	Long Beach Hilton Long Beach, CA				556.40
	Travel-Lodging for HSC Parent & Family Engagement Conf. in Long Beach, CA 2/26/24-2/28/24- Elsa N. 108@20%=$111.28/109@80%=$445.12						
4	2/28/2024	3/1/2024	Long Beach Hilton Long Beach, CA				601.40
	Travel-Lodging for HSC Parent & Family Engagement Conf. in Long Beach, CA 2/26/24-2/28/24- Sylvia O. 108@20%=$120.28/109@80%=$481.12						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
5	2/28/2024	3/1/2024	United United.Com, TX				24.74
	Travel-United Flight Change for HSC Annual Education Conference in Long Beach, CA 2/27/24-3/1/2024- Patricia M. 117@100%=$24.74						
6	2/28/2024	3/1/2024	United United.Com, TX				24.74
	Travel-United Flight Change for HSC Annual Education Conference in Long Beach, CA 2/27/24-3/1/2024- Maria D. 117@100%=$24.74						
7	3/4/2024	3/6/2024	Sdi Corestrengths 7606020086, CA				2,500.00
	Registration for SDI Core Strengths Certification Class- Yolanda G. 108@17%= $425/109@68%=$1,700/117@15%=$375						
8	3/5/2024	3/6/2024	Cps Hr Consulting 916-2633600, CA				54.85
	Registration for CDSS Community Care Licensing CCC Applications Orientation Training- Yoshira Perez acting SS at San Diego 108@100%=$54.85						
9	3/5/2024	3/6/2024	Cps Hr Consulting 916-2633600, CA				27.43
	Registration for CDSS Community Care Licensing Family Child Care Home Orientation- Yoshira Perez acting SS at San Diego 108@100%=$27.43						
10	3/5/2024	3/6/2024	Cps Hr Consulting 916-2633600, CA				4.85
	Registration for CDSS Community Care Licensing CCC Operations and Record Keeping Training- Yoshira Perez acting SS at San Diego 108@100%=$4.85						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
11	3/5/2024	3/6/2024	Target 00027151 Bakersfield, CA				77.30
	Purchased children's books for Read Across America- Sterling Class B 109@100%=$77.30						
12	3/6/2024	3/7/2024	American Air Fort Worth, TX				407.20
	Travel--AA Flight for Early Childhood STEM Institute in Phoenix, AZ 3/18/24-3/22/24- Yolanda G. 108@17%=$69.22/109@68%=$276.90/117@15%=$61.08						
13	3/6/2024	3/12/2024	Cps Hr Consulting 916-2633600, CA				-27.43
	Refund- Registration for CDSS Community Care Licensing Family Child Care Home Orientation- Yoshira Perez acting SS at San Diego 108@100%=$27.43						
14	3/12/2024	3/14/2024	Embassy Suites Scrmnt Sacramento, CA				611.29
	Travel--Lodging for HSC March BOD's Meeting & 2024 Advocacy Day at the Capitol 3/11/24-3/12/24- Elsa N. 108@20%=$122.26/109@80%=$489.03						
15	3/12/2024	3/14/2024	Embassy Suites Scrmnt Sacramento, CA				683.29
	Travel--Lodging for HSC March BOD's Meeting & 2024 Advocacy Day at the Capitol 3/11/24-3/12/24-Yolanda G. 108@17%=$116.16/109@68%=$464.64/117@15%=$102.49						
16	3/12/2024	3/14/2024	82592 - 800 J Lofts Sacramento, CA				24.00
	Travel-- Parking for HSC 2024 Advocacy Day at the Capitol on 3/12/24-Yolanda G. 108@17%=$4.08/109@68%=$16.32/117@15%=$3.60						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
17	3/13/2024	3/14/2024	American Air Fort Worth, TX				17.51
	Travel-- AA Flight change for Early Childhood STEM Institute in Phoenix, AZ 3/18/24-3/22/24- Yolanda G. 108@17%=$2.98/109@68%=$11.91/117@15%= $2.62						
18	3/21/2024	3/25/2024	Sheraton Phoenix, AZ				942.24
	Travel-- Lodging for R9HSA Early Childhood STEM Institute in Phoenix, AZ 3/18/24-3/22/24- Yolanda G. 108@17%=$160.18/109@68%= $640.72/117@15%=$141.34						
19	3/23/2024	3/25/2024	Sheraton 602-2622500, AZ				1,790.67
	Travel-- Lodging for R9HSA Early Childhood STEM Institute in Phoenix, AZ 3/18/24-3/22/24- Safiya Price 117@100%=$1,790.67						

Transaction Count: 19

Total: 8,946.62

Employee Signature **Date**

Authorized Approver Signature **Date**

WELLS FARGO

Reporting Period : 3/1/2024 - 3/29/2024

Statement Summary

Name	Freddy Hernandez	**Company**	Community Action Partnership O
Account #	XXXX-XXXX-XXXX-8850	**Currency**	US Dollar
Reporting Period	3/1/2024 - 3/29/2024		

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
1	3/2/2024	3/4/2024	3475 El Pollo Loco 310-6747924, CA				124.64
	VITA Volunteer Lunch						
2	3/7/2024	3/11/2024	Latino Tax Professionals 866-936-2587, CA				449.00
	Registration for Andrea Chavez to attend the Latino Tax Fest in June 2024						
3	3/7/2024	3/11/2024	Mojave Thai Cuisine Mojave, CA				91.85
	Youth & Community Services EKFRC Staff Development Meeting						
4	3/7/2024	3/11/2024	Latino Tax Professionals 866-936-2587, CA				449.00
	Registration for Jacqueline Guerra to attend the Latino Tax Fest Conference in June 2024						
5	3/8/2024	3/11/2024	Latino Tax Professionals 866-936-2587, CA				499.00
	Registration for Jayshree Madeka to attend the Latino Tax Fest Conference in June 2024						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
6	3/8/2024	3/11/2024	Latino Tax Professionals 866-936-2587, CA				499.00
	Registration for Sulema Garcia to attend the Latino Tax Fest Conference June 2024						
7	3/9/2024	3/11/2024	Pizza Hut 27385 Https://lpcha, CA				100.36
	VITA Volunteer Lunch						
8	3/10/2024	3/11/2024	Dd *toofatsandwich2 Www.Doordash., CA				122.32
	VITA Volunteer Lunch						
9	3/11/2024	3/13/2024	Wipfli Llp Madison, WI				2,125.00
	Registration for Lois Hannible to attend the WIPFLI Conference 2024 Las Vegas, CA July 2024						
10	3/12/2024	3/13/2024	Eb Community Violence 801-413-7200, CA				2,120.20
	Reg for 4 staff to attend the Community Violence Conference in June 2024 Los Angeles, CA						
11	3/12/2024	3/13/2024	Caesars Place Adv Rsvn 8662094732, NV				274.38
	Lodging deposit for Lois Hannible to attend the WIPFLI Conference 2024 Las Vegas, CA July 2024						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
12	3/15/2024	3/18/2024	Little Caesars 0292 0015 661-746-4444, CA				84.56
	VITA - Volunteer Lunch						
13	3/18/2024	3/19/2024	Cvent, Inc* Meeting So Www.Cvent.Com, VA				950.00
	Registration for Freddy Hernandez to attend the NEUAC Annual Conference Chicago, IL May 2024						
14	3/22/2024	3/25/2024	Family Development Resour 435-6495822, UT				191.90
	Youth & Community Services / Oasis FRC Nurturing Parent Training Assessment Material						
15	3/22/2024	3/25/2024	Cvent, Inc* Meeting So Www.Cvent.Com, VA				-200.00
	Registration refund for Freddy Hernandez to attend the NEUAC Annual Conference Chicago, IL May 2024						
16	3/25/2024	3/27/2024	Irs Nationwide Tax Forums 202-4952919, DC				255.00
	Registration for Jacqueline Guerra to attend the VITA IRS Tax Forum September 2024 - San Diego, CA						
17	3/28/2024	3/29/2024	American Air Fort Worth, TX				752.69
	Airfare for Freddy Hernandez to attend the NEUAC Annual Conference Chicago, IL May 2024						

Transaction Count: 17

Total: 8,888.90

Employee Signature **Date**

Authorized Approver Signature **Date**

WELLS FARGO

Reporting Period : 3/1/2024 - 3/29/2024

Statement Summary

Name	Louis Gill	**Company**	Community Action Partnership O
Account #	XXXX-XXXX-XXXX-6829	**Currency**	US Dollar
Reporting Period	3/1/2024 - 3/29/2024		

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
1	2/28/2024	3/1/2024	Hilton San Francisco 415-7711400, CA				1,464.36
	Lodging for Hannah Weightman at the NAEH Conference March 2024						
2	2/29/2024	3/4/2024	Travelodge 661-3250772, CA				313.60
	M Street client lodging A.R.						
3	3/1/2024	3/4/2024	Travelodge 661-3250772, CA				560.00
	M Street client lodging D.B.						
4	3/1/2024	3/4/2024	Travelodge 661-3250772, CA				235.20
	M Street client lodging A.R.						
5	3/1/2024	3/4/2024	Travelodge 661-3250772, CA				560.00
	M Street client lodging C.B.						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
6	3/2/2024	3/4/2024	Travelodge 661-3250772, CA				336.00
	M Street client lodging G.D						
7	3/4/2024	3/6/2024	Travelodge 661-3250772, CA				112.00
	M Street client lodging C.B.						
8	3/4/2024	3/6/2024	Hilton San Francisco 415-7711400, CA				300.00
	Lodging hold for Laurie Hughey at the NAEH Conference March 2024						
9	3/4/2024	3/6/2024	Hilton San Francisco 415-7711400, CA				300.00
	Lodging hold for Rebecca Moreno at the NAEH Conference March 2024						
10	3/4/2024	3/6/2024	Travelodge 661-3250772, CA				560.00
	M Street client lodging						
11	3/4/2024	3/6/2024	Hilton San Francisco 415-7711400, CA				300.00
	Lodging hold at the NAEH Conference March 2024 - need to investigate.						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
12	3/5/2024	3/7/2024	Travelodge 661-3250772, CA				224.00
	M Street client lodging G.D.						
13	3/6/2024	3/8/2024	Travelodge 661-3250772, CA				100.00
	M Street client lodging						
14	3/7/2024	3/13/2024	Hilton San Francisco 415-7711400, CA				-3.60
	Lodging hold refund for Laurie Hughey at the NAEH Conference March 2024						
15	3/7/2024	3/13/2024	Hilton San Francisco 415-7711400, CA				-3.60
	Lodging hold refund for Rebecca Moreno at the NAEH Conference March 2024						
16	3/7/2024	3/13/2024	Hilton San Francisco 415-7711400, CA				-300.00
	Lodging hold refund for Rebecca Moreno at the NAEH Conference March 2024						
17	3/7/2024	3/13/2024	Hilton San Francisco 415-7711400, CA				-300.00
	Lodging hold refund for Laurie Hughey at the NAEH Conference March 2024						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
18	3/11/2024	3/13/2024	American Air Fort Worth, TX				30.00
	Airfare baggage for Louis Gill traveling to NCAF Conference & Pre-Conference in Washington, DC March 11-15, 2024						
19	3/12/2024	3/13/2024	American Air Fort Worth, TX				79.75
	Airfare for Louis Gill to attend the NCAF Conference & Pre-Conference in Washington, DC March 11-15, 2024 - pending liquidation						
20	3/12/2024	3/13/2024	American Air Fort Worth, TX				359.01
	Airfare for Louis Gill to attend the NCAF Conference & Pre-Conference in Washington, DC March 11-15, 2024 flight changes due to weather conditions.						
21	3/13/2024	3/14/2024	Bonnies Best Cafe Bakersfield, CA				84.00
	Lunch for the PRE-Committee Meeting March 13, 2024						
22	3/13/2024	3/14/2024	Sq *uvc Inc Washington, DC				10.45
	Uber for Louis Gill during the NCAF Conference in Washington DC March 11-15, 2024						
23	3/15/2024	3/18/2024	Sq *uvc Inc Arlington, VA				19.89
	Uber for Louis Gill during the NCAF Conference in Washington DC March 11-15, 2024						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
24	3/15/2024	3/18/2024	Hilton Hotels Washington, DC				2,109.69
	Lodging for Louis Gill during the NCAF Conference in Washington DC March 11-15, 2024						
25	3/15/2024	3/20/2024	Hilton Hotels 202-6282100, DC				-34.79
	Lodging for Louis Gill during the NCAF Conference in Washington DC March 11-15, 2024						
26	3/16/2024	3/18/2024	Rps Bakersfield Bakersfield, CA				50.00
	Airport parking for Louis Gill during the NCAF Conference in Washington DC March 11-15, 2024						
27	3/26/2024	3/27/2024	Cvent, Inc* Meeting So Www.Cvent.Com, VA				750.00
	Registration for Louis Gill to attend the NEUAC Annual Conference Chicago, IL May 2024 (CSD Approved Conference)						
28	3/28/2024	3/29/2024	American Air Fort Worth, TX				752.69
	Airfare for Louis Gill to attend the NEUAC Annual Conference Chicago, IL May 2024 (CSD Approved Conference)						

Transaction Count: 28

Total: 8,968.65

Employee Signature **Date**

Authorized Approver Signature **Date**

WELLS FARGO

Reporting Period : 3/1/2024 - 3/29/2024

Statement Summary

Name	Lisa McGranahan	**Company**	Community Action Partnership O
Account #	XXXX-XXXX-XXXX-9914	**Currency**	US Dollar
Reporting Period	3/1/2024 - 3/29/2024		

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
1	3/4/2024	3/5/2024	Sequoia Sand Downtown Bakersfield, CA				203.50
	Sequoia Sand Downtown-Personnel Committee Meeting						
2	3/10/2024	3/12/2024	Biometrics4all Inc 714-568-9888, CA				21.00
	Relay Fees for running New Hire Fingerprints Invoice Period 02/1/2024 02/29/2024 Invoice Date 03/01/2024						
3	3/15/2024	3/18/2024	Safety Holdings 888-9472622, NM				1,039.16
	Driving Monitoring Services						

Transaction Count: 3

Total: 1,263.66

Employee Signature **Date**

Authorized Approver Signature **Date**

WELLS FARGO

Reporting Period : 3/1/2024 - 3/29/2024

Statement Summary

Name	Jerry Meade	**Company**	Community Action Partnership O
Account #	XXXX-XXXX-XXXX-8086	**Currency**	US Dollar
Reporting Period	3/1/2024 - 3/29/2024		

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
1	2/29/2024	3/1/2024	Schlpay*kerncounty 661-636-4558, CA				50.00
	Parents attending Specially Yours Conference March 17, 2024 with the Inclusion Team.						
2	3/1/2024	3/4/2024	Sdi Corestrengths 7606020086, CA				2,500.00
	Training cost for train the trainer for SDI.						
3	3/14/2024	3/15/2024	Ep* Past To Present: C Expopass.Com, IL				199.00
	Registration for Assistant Director to attend the CAL CAPPA Conference in Sacramento CA.						

Transaction Count: 3

Total: 2,749.00

Employee Signature **Date**

Authorized Approver Signature **Date**

WELLS FARGO

Reporting Period : 3/1/2024 - 3/29/2024

Statement Summary

Name	Pritika Ram	**Company**	Community Action Partnership O
Account #	XXXX-XXXX-XXXX-7074	**Currency**	US Dollar
Reporting Period	3/1/2024 - 3/29/2024		

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
1	3/1/2024	3/4/2024	Linkedin Ads 9287261536 855-6535653, CA				51.95
	Head Start Recruitment Ad						
2	3/1/2024	3/4/2024	Stk*shutterstock 866-6633954, NY				29.00
	Monthly subscription fee for stock photos.						
3	3/7/2024	3/8/2024	Linkedin Ads 9311679456 855-6535653, CA				96.05
	Head Start Recruitment Ad						
4	3/8/2024	3/11/2024	Facebk 9wmh22cfm2 650-5434800, CA				100.00
	Facebook Ads: Indirect, KCCE Grant & Kaiser Grant						
5	3/8/2024	3/11/2024	Hotel Queen Mary 562-4353510, CA				244.61
	Hotel fee for Vanessa Mendoza - Housing Conference in Long Beach, CA						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
6	3/12/2024	3/13/2024	Facebk Ehpx238fm2 650-5434800, CA				100.00
	Facebook Ads: Indirect, KCCE Grant & Kaiser Grant						
7	3/15/2024	3/18/2024	Hyatt Regency Washington Washington, DC				1,862.17
	Hotel fee for Pritika Ram - NCAF Conference in Washington, DC						
8	3/16/2024	3/18/2024	Facebk Ybkruzxem2 650-5434800, CA				100.00
	Facebook Ads: Indirect, KCCE Grant & Kaiser Grant						
9	3/17/2024	3/18/2024	Facebk Zemeszpwa2 650-5434800, CA				250.00
	Facebook Ad for Energy Program						
10	3/18/2024	3/19/2024	Facebk Sufad2cfm2 650-5434800, CA				100.00
	Facebook Ads: Indirect, KCCE Grant & Kaiser Grant						
11	3/19/2024	3/20/2024	Smart And Final 362 Bakersfield, CA				31.55
	Waters for Southeast Strong Community Meeting on 3/19/24 at Friendship House Community Center						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
12	3/20/2024	3/21/2024	Facebk Mkl9v3cem2 650-5434800, CA				50.00
	Facebook Ads: Indirect, KCCE Grant & Kaiser Grant						
13	3/20/2024	3/21/2024	Food-Ex Bakersfield, CA				1,196.23
	Food for Southeast Strong Community Meeting on 3/19/24 at Friendship House Community Center (see attached agenda and sign-in sheet).						
14	3/20/2024	3/21/2024	Facebk Vw4yu3cem2 650-5434800, CA				31.82
	Facebook Ads: Indirect, KCCE Grant & Kaiser Grant						
15	3/21/2024	3/22/2024	Alameda* Alameda Count Www.Acoe.Org, CA				675.68
	Registration Fee for Que'Mesha Banner to attend CA Community Schools EMPOSER Summit 2024						
16	3/21/2024	3/22/2024	Alameda* Alameda Count Www.Acoe.Org, CA				675.68
	Registration fee for Sabrina Jones-Roberts to attend California Community Schools EMPOWER Summit 2024						
17	3/22/2024	3/22/2024	Facebk Hnj5e2gem2 650-5434800, CA				100.00
	Facebook Ads: Indirect, KCCE Grant & Kaiser Grant						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
18	3/23/2024	3/25/2024	Facebk Wffgf38fm2 650-5434800, CA				100.00
	Facebook Ads: Indirect, KCCE Grant & Kaiser Grant						
19	3/24/2024	3/25/2024	Facebk H9fk52yem2 650-5434800, CA				100.00
	Facebook Ads: Indirect, KCCE Grant & Kaiser Grant						
20	3/25/2024	3/26/2024	Facebk 3wdzl2cfm2 650-5434800, CA				100.00
	Facebook Ads: Indirect, KCCE Grant & Kaiser Grant						
21	3/26/2024	3/27/2024	Frugattis Italian Eatery Bakersfield, CA				65.29
	Lunch with Valley Strong Staff (agenda and attendee names are attached)						
22	3/27/2024	3/27/2024	Facebk 78ck6ztem2 650-5434800, CA				100.00
	Facebook Ads: Indirect, KCCE Grant & Kaiser Grant						
23	3/28/2024	3/28/2024	Facebk Qny3jykwa2 650-5434800, CA				250.00
	Facebook Ads for Energy & VITA Programs						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
24	3/28/2024	3/29/2024	Facebk Kg3mc2qem2 650-5434800, CA				100.00
	Facebook Ads: KCCE Grant & Kaiser Grant						
25	3/28/2024	3/29/2024	Facebk 98fx4ybwa2 650-5434800, CA				11.98
	Facebook Ad for VITA Program						

Transaction Count: 25

Total: 6,522.01

Employee Signature **Date**

Authorized Approver Signature **Date**

WELLS FARGO

Reporting Period : 3/1/2024 - 3/29/2024

Statement Summary

Name	Jeremy Tobias	**Company**	Community Action Partnership O
Account #	XXXX-XXXX-XXXX-7066	**Currency**	US Dollar
Reporting Period	3/1/2024 - 3/29/2024		

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
1	3/8/2024	3/11/2024	American Air Fort Worth, TX				641.70
	Airline ticket for Board Member, Fatima Echeverria, to attend NHSA Conference in Portland, OR.						
2	3/11/2024	3/12/2024	Teleflora Sci 800-8229547, CA				102.80
	Flowers for family of staff member (Rachel Calvillo) that passed away.						
3	3/12/2024	3/12/2024	Dd *toofatsandwich2 Www.Doordash., CA				126.32
	Lunch for Budget & Finance Committee Meeting on 3/12/24. Agenda & attendee list is attached.						
4	3/19/2024	3/20/2024	Sequoia Sand Downtown Bakersfield, CA				339.65
	Lunch for Board Meeting on March 20, 2024. Agenda and attendee list is attached.						
5	3/19/2024	3/20/2024	Exxon Oak Street Mobil Bakersfield, CA				75.30
	Gasoline for CEO's Agency Vehicle.						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
6	3/21/2024	3/22/2024	Community Action Partner 202-265-7546, DC				399.00
	Registration Fee for Jeremy Tobias - required training through NCAP - Pathways to Excellence.						
7	3/22/2024	3/25/2024	Ep* Past To Present: C Expopass.Com, IL				199.00
	Registration fee for Board Member Denise Boshers to attend CalCAPA Legislative Day event in Sacramento.						
8	3/23/2024	3/25/2024	Mister Car Wash #1006 866-2543229, CA				29.99
	Monthly car wash fee for CEO's agency vehicle.						
9	3/26/2024	3/28/2024	Officemax/Depot 6235 Bakersfield, CA				865.98
	Purchase of 2 office chairs for Administrative Technicians. Worked with Procurement & Finance on this purchase as it was an in-store purchase, which waved $130 per chair, before taxes.						

Transaction Count: 9

Total: 2,779.74

Employee Signature **Date**

Authorized Approver Signature **Date**

WELLS FARGO

Reporting Period : 3/1/2024 - 3/29/2024

Statement Summary

Name	Emilio Wagner	**Company**	Community Action Partnership O
Account #	XXXX-XXXX-XXXX-7041	**Currency**	US Dollar
Reporting Period	3/1/2024 - 3/29/2024		

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
1	3/9/2024	3/11/2024	Microsoft#g041231995 Msbill.Info, WA			✓	1,221.85
	Recurring Service Fee for 2/1/24 - 2/29/24						
2	3/12/2024	3/13/2024	City Of Bakersfield Build Bakersfield, CA			✓	3,528.45
	Plan check fee for Central Kitchen						
3	3/19/2024	3/20/2024	Wl *mindbody Inc 805-250-8506, CA			✓	461.98
	Recurring Service Fee						
4	3/19/2024	3/20/2024	Msft * E0200r8t1k Msbill.Info, WA			✓	11.20
	Recurring Service Fee 2/19/24 through 3/18/24						

Transaction Count: 4

Total: 5,223.48

Employee Signature **Date**

Authorized Approver Signature **Date**

WELLS FARGO

Reporting Period : 3/1/2024 - 3/29/2024

Statement Summary

Name	Tracy Webster	**Company**	Community Action Partnership O
Account #	XXXX-XXXX-XXXX-6993	**Currency**	US Dollar
Reporting Period	3/1/2024 - 3/29/2024		

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
1	3/2/2024	3/4/2024	Htl*caesarspalacel 800-468-3578, TX				-1,129.58
	Hotel reservation that was cancelled after reservations were made. Wipfli conference in July						
2	3/4/2024	3/5/2024	Caplaw.Org Caplaw.Org, MA				2,820.00
	Reg Finance for CAPLAW Conference in June 2024						
3	3/6/2024	3/7/2024	California Payroll Con Californiapay, CA				575.00
	Reg Eric Kelley for CA Payroll Conference 091024-091324						
4	3/6/2024	3/7/2024	California Payroll Con Californiapay, CA				575.00
	Reg Adriana Arredondo for CA Payroll Conference 091024-091324						
5	3/13/2024	3/14/2024	Caplaw.Org Caplaw.Org, MA				705.00
	Reg for CAPLAW Conference June 2024						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
6	3/14/2024	3/15/2024	Tlf*white Oaks Florist 661-5874994, CA				102.79
	Bereavement arrangement for Finance employee						
7	3/22/2024	3/25/2024	Loews Hotels 888-3206065, GA				39.18
	Hotel reservation for CAPLAW conference in June 2024 for Finance employee						
8	3/28/2024	3/29/2024	Elavon Srv Fee Doj Reg Ch 916-2107629, GA				13.80
	Registry of Charitable Trusts						
9	3/28/2024	3/29/2024	American Air Fort Worth, TX				752.69
	Flight ticket for Tracy to attend NEACU conference 051924-052424						
10	3/28/2024	3/29/2024	Doj Registry Of Charitabl 916-2106400, CA				600.00
	Reg for Charitable Trust conference						
11	3/28/2024	3/29/2024	Cvent, Inc* Meeting So Www.Cvent.Com, VA				750.00
	NEACU conference						

Transaction Count: 11

Total: 5,803.88

Employee Signature **Date**

Authorized Approver Signature **Date**

WELLS FARGO

Reporting Period : 3/1/2024 - 3/29/2024

Statement Summary

Name	Rebecca Moreno	**Company**	Community Action Partnership O
Account #	XXXX-XXXX-XXXX-3618	**Currency**	US Dollar
Reporting Period	3/1/2024 - 3/29/2024		

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
1	2/28/2024	3/5/2024	Hilton San Francisco 415-7711400, CA				-873.15
	HW NAEH 2024 Innovations & Solutions for Ending Unsheltered Homelessness March 2024 Lodging/Credit						
2	2/28/2024	3/5/2024	Hilton San Francisco 415-7711400, CA				-291.21
	HW NAEH 2024 Innovations & Solutions for Ending Unsheltered Homelessness March 2024 Lodging/Credit						
3	3/21/2024	3/21/2024	Wpy*bitfocus 855-999-3729, CA				1,798.00
	Registration for Rebecca Moreno & Joseph Aguilar to attend the Clarity Connect Conference 2024						
4	3/22/2024	3/25/2024	Www.Aaafoodhandler.Com Www.Aaafoodha, TX				34.75
	Food Handler certificates for the Housing & Supportive Services staff.						

Transaction Count: 4

Total: 668.39

Employee Signature **Date**

Authorized Approver Signature **Date**

WELLS FARGO

Reporting Period : 3/1/2024 - 3/29/2024

Statement Summary

Name	Susana Magana	**Company**	Community Action Partnership O
Account #	XXXX-XXXX-XXXX-6693	**Currency**	US Dollar
Reporting Period	3/1/2024 - 3/29/2024		

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
1	3/1/2024	3/1/2024	Californiafishgrill Httpsorder.Ca, CA				826.46
	MCAP staff training meals 3-1-24						
2	3/4/2024	3/5/2024	Lassens Natural Foods-Bk Bakersfield, CA				41.37
	Special Diet-Foods/Milk's						
3	3/11/2024	3/12/2024	Lassens Natural Foods-Bk Bakersfield, CA				123.30
	Special Diet-Foods/Milk's						
4	3/13/2024	3/15/2024	Three Way Chevrolet 661-283-3300, CA				139.95
	MCAP Vehicle repair						
5	3/13/2024	3/15/2024	The Home Depot #1064 Bakersfield, CA				189.33
	MCAP - Supplies						

	Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Receipt	Amount
6	3/13/2024	3/15/2024	Three Way Chevrolet 661-283-3300, CA				139.95
	MCAP Vehicle Repair						
7	3/21/2024	3/21/2024	Wpy*california Wic Associ 855-999-3729, CA				3,250.00
	California WIC Association - registrations for WIC staff						
8	3/25/2024	3/26/2024	Ntlrest Servsafe 312-7151010, IL				39.96
	Food handlers' certificates - for CalFresh staff						
9	3/25/2024	3/26/2024	Sq *too Fat Sandwiches-18 Gosq.Com, CA				364.09
	MCAP training lunch at the Superintendent of Schools						
10	3/27/2024	3/29/2024	Office Depot #952 800-463-3768, CA				138.72
	MCAP office supplies						

Transaction Count: 10

Total: 5,253.13

Employee Signature **Date**

Authorized Approver Signature **Date**

COMMUNITY ACTION PARTNERSHIP OF KERN
CENTRAL KITCHEN - BUDGET TO ACTUAL
FOR THE PERIOD MARCH 1, 2024 TO FEBRUARY 28, 2025 (1 OF 12 MONTHS OR 8.33%)

Line Item	2024/25 Budget	3/1/24 - 2/28/25 Actual	% Expended	Available Budget
USDA Revenue (Note A)	1,823,278	112,329	6.2%	1,710,949
Head Start Subsidy	946,682	68,286	7.2%	878,396
Total Revenue	2,769,960	180,615	6.5%	2,589,345
Expenditures (Note B)				
Salaries	845,440	35,855	4.2%	809,585
Benefits	258,998	19,812	7.6%	239,186
Vehicle Gasoline, Repair/Maintenance	51,300	6,142	12.0%	45,158
Space Costs	121,700	16,706	13.7%	104,994
Supplies - Office & Food Service	156,000	7,410	4.7%	148,590
Equipment Repair/Maintenance & Lease	11,000	457	4.2%	10,543
Communication	13,000	860	6.6%	12,140
Risk Insurance	12,700	-	0.0%	12,700
Printing	1,000	-	0.0%	1,000
Hiring & Employee Costs	100	-	0.0%	100
First Aid	500	-	0.0%	500
Raw Food/Vended Meals	1,003,675	71,448	7.1%	932,227
Sub Total	2,475,413	158,691	6.4%	2,316,722
Adult Meals Prepared	128,794	12,267	9.5%	116,527
Indirect	165,753	9,657	5.8%	156,096
Total Expenditures	2,769,960	180,615	6.5%	2,589,345

	Prior Period	March 2024	Cumulative
Total Meals Prepared and Vended (Note C)	-	54,743	54,743
Total Meals Claimed	-	36,951	36,951
Difference	-	17,792	17,792

Percentage Claimed to Prepared/Vended		67.5%	67.5%

Note A: Source of USDA revenue is monthly report submitted to California Department of Education by Head Start/State Child Development Program Division. Revenue is reimbursement for meals claimed.

Note B: Expenditures are for meals prepared, including vended meals.

Note C: Total number of meals delivered to the centers and homebase excluding adult prepared and adult meals vended. The total represents the number of meals available to be served to center and homebase children.

COMMUNITY ACTION PARTNERSHIP OF KERN
STATE DEPARTMENT OF EDUCATION CONTRACT - MIGRANT ALTERNATIVE PAYMENT
FOR THE PERIOD 7/1/23 - 6/30/24 (8 OF 12 MONTHS = 66.7%)

Contract CMAP-3000	July 2023	Aug 2023	Sept 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	June 2024	Total	%	% Earned to MRA
Provider Payments	$ 2,757,847	$ 2,862,065	$ 2,721,617	$ 2,218,128	$ 2,186,332	$ 2,093,815	$ 2,049,459	$ 2,170,935	$ 2,209,194	$ -	$ -	$ -	$ 21,269,393		
Add: Family Fees	-	-	-	55	55	109	-	-	-	-	-	-	$ 219		
Net Provider Payments	$ 2,757,847	$ 2,862,065	$ 2,721,617	$ 2,218,183	$ 2,186,387	$ 2,093,924	$ 2,049,459	$ 2,170,935	$ 2,209,194	$ -	$ -	$ -	$ 21,269,612	83.32%	
Maximum Reimburseable Amount (MRA) for Provider Payments													**23,128,446**		**91.96%**
Administration & Support Services Revenue															
Provider Payments	$ 2,757,847	$ 2,862,065	$ 2,721,617	$ 2,218,183	$ 2,186,387	$ 2,093,924	$ 2,049,459	$ 2,170,935	$ 2,209,194	$ -	$ -	$ -	$ 21,269,612		
Reimbursement Rate	x 26.5823%	x 26.5823%	x 26.5823%	x 26.5823%	x 26.5823%	x 26.5823%	x 26.5823%	x 26.5823%	x 26.5823%	x 26.5823%	x 26.5823%	x 26.5823%	x 26.5823%		
Revenue Earned	$ 733,099	$ 760,803	$ 723,469	$ 589,644	$ 581,192	$ 556,613	$ 544,793	$ 577,084	$ 587,254	$ -	$ -	$ -	$ 5,653,952		
Program Administration/Support Services Costs	177,391	196,747	285,508	115,970	204,994	332,772	185,159	402,672	48,024	-	-	-	1,949,237	7.64%	
Indirect (10% x MTDC) Costs	292,056	304,728	299,124	231,951	237,703	241,175	221,985	255,871	223,950	-	-	-	2,308,542	9.04%	
Transfer Indirect to CSBG	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Operating Costs	$ 469,447	$ 501,475	$ 584,632	$ 347,921	$ 442,698	$ 573,947	$ 407,144	$ 658,542	$ 271,973	$ -	$ -	$ -	4,257,778	16.68%	
Revenue Earned Over/(Under) Costs	$ 263,652	$ 259,328	$ 138,836	$ 241,723	$ 138,494	$ (17,334)	$ 137,650	$ (81,458)	$ 315,281	$ -	$ -	$ -	1,396,174		
TOTAL COSTS - NET OF FAMILY FEES	$ 3,227,294	$ 3,363,540	$ 3,306,250	$ 2,566,104	$ 2,629,085	$ 2,667,871	$ 2,456,603	$ 2,829,477	$ 2,481,167	$ -	$ -	$ -	25,527,390	100.00%	

Note 1: Administration and Support Services revenue is earned based on the amount of provider payments incurred. Example:

Provider payments	21,269,612
Reimbursement Rate (21.0% / 79.0%)	x 26.5823%
Revenue Earned	5,653,952

Note 2: The maximum reimburseable amount per the 2022/23 State contract is as follows:

Provider Payments	23,128,446	79.00%
Administration	4,757,434	17.85%
Support Services	878,295	3.15%
Maximum Reimbursable Amount (MRA)	28,764,175	100.00%

Note 3: Increase to contract was received August 2023 in the amount of $55,652.

Note 4: Voluntary Temporary Transfer was approved and received February 2024 in the amount of $7,704,498. Increase will not be added to the calculation in the table.

COMMUNITY ACTION PARTNERSHIP OF KERN
STATE DEPARTMENT OF EDUCATION 2023/24 CONTRACTS - EARNED REVENUE
FOR THE PERIOD 7/1/23 - 6/30/24 (9 OF 12 MONTHS = 75.0%)

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	TOTAL	% Earned to MRA
GENERAL CHILD CARE (CCTR-3063)														
Adjusted Days of Enrollment - Certified	5,189	6,077	5,517	6,065	5,391	5,301	5,768	5,422	6,754	-	-	-	51,483	
Reimbursement Rate per Child per Day	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	
Revenue Earned	$ 267,471	$ 313,264	$ 284,402	$ 312,630	$ 277,904	$ 262,622	$ 285,771	$ 268,615	$ 334,569	$ -	$ -	$ -	$ 2,607,247	**66.33%**
Maximum Reimburseable Amount (MRA)													**$3,930,503**	
Flex Factor														
Attendance Percentage (Attendance/Enrollment)	99.38%	99.76%	99.82%	99.78%	99.26%	99.41%	99.02%	98.52%	98.36%					**99.26%**
Five Percent Flexibility, Maximum = 100 Percent	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%					100.00%
CALIFORNIA STATE PRESCHOOL (CSPP-2120)														
Adjusted Days of Enrollment - Certified	3,104	6,787	8,232	10,641	9,521	8,342	10,898	10,014	11,229	-	-	-	78,769	
Reimbursement Rate per Child per Day	X 55.27	X 55.27	X 55.27	X 55.27	X 55.27	X 55.27	X 55.27	X 55.27	X 55.27	X 55.27	X 55.27	X 55.27	X $55.27	
Revenue Earned	$ 171,560	$ 375,128	$ 454,961	$ 588,144	$ 526,245	$ 461,074	$ 602,357	$ 553,488	$ 620,606	$ -	$ -	$ -	$ 4,353,562	**61.42%**
Maximum Reimburseable Amount (MRA)													**$7,087,664**	
Flex Factor														
Attendance Percentage (Attendance/Enrollment)	99.42%	98.76%	98.62%	98.53%	98.63%	100.00%	98.20%	98.85%	98.24%					**98.71%**
Five Percent Flexibility, Maximum = 100 Percent	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%					100.00%
MIGRANT CHILD CARE (CMIG-2004)														
Adjusted Days of Enrollment - Certified	18	50	65	79	58	68	75	68	86	-	-	-	565	
Reimbursement Rate per Child per Day	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	X $51.55	
Revenue Earned	$ 907	$ 2,552	$ 3,374	$ 4,054	$ 2,964	$ 3,480	$ 3,866	$ 3,480	$ 4,433	$ -	$ -	$ -	$ 29,110	**10.00%**
Maximum Reimburseable Amount (MRA)													**$291,239**	
Flex Factor														
Attendance Percentage (Attendance/Enrollment)	100.00%	100.00%	92.75%	98.78%	100.00%	100.00%	100.00%	100.00%	100.00%					**98.97%**
Five Percent Flexibility, Maximum = 100 Percent	100.00%	100.00%	97.75%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%					100.00%

Note 1: Source of adjusted days of enrollment for certified children is the monthly attendance report prepared by the Fiscal Dept. of the Head Start/State Child Development Division.

Note 2: Source of reimbursement rate per child per day and maximum reimburseable amount is per the 2023/24 State contracts.

COMMUNITY ACTION PARTNERSHIP OF KERN
STATE DEPARTMENT OF EDUCATION 2023/24 CONTRACTS - EARNED REVENUE
SAN JOAQUIN COUNTY OFFICE OF EDUCATION
FOR THE PERIOD 7/1/23 - 6/30/24 (9 OF 12 MONTHS = 75.0%)

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	TOTAL	% Earned to MRA
GENERAL CHILD CARE (CCTR-1242)														
Adjusted Days of Enrollment - Certified	2,278	3,336	3,413	3,882	3,318	3,217	3,158	2,769	4,365	-	-	-	29,736	
Reimbursement Rate per Child per Day	X $48.84	X $48.84	X $48.84	X $48.84	X $48.84	X $48.84	X $48.84	X $48.84	X $48.84	X $48.84	X $48.84	X $48.84	X $48.84	
Revenue Earned	$ 111,258	$ 162,917	$ 166,708	$ 189,582	$ 162,051	$ 157,131	$ 154,253	$ 135,225	$ 213,203	$ -	$ -	$ -	$ 1,452,329	**59.08%**
Maximum Reimburseable Amount (MRA)													**$2,458,117**	
Flex Factor														
Attendance Percentage (Attendance/Enrollment)	99.41%	99.36%	100.00%	99.92%	99.95%	100.00%	97.94%	99.26%	99.02%					**99.45%**
Five Percent Flexibility, Maximum = 100 Percent	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%					100.00%

Note 1: Source of adjusted days of enrollment for certified children is the monthly attendance report prepared by the Fiscal Dept. of the Head Start/State Child Development Division.

Note 2: Source of reimbursement rate per child per day and maximum reimburseable amount is per the 2023/24 Cooperative Agreement with the San Joaquin County Office of Educatior

Division/CFO: Tracy Webster, CFO
Program/Work Unit: Not Applicable
Month/Year: March-2024
Director of Finance: Gabrielle Alexander

Services: Overall financial and accounting functions of the organization

Activities	March 2024		Year to Date 03/1/24 - 03/31/24	
Description	**Number**	**Amount**		**Amount**
Bank Deposits	18	3,646,692	18	3,646,692
Wire Deposits	17	1,125,361	17	1,125,361
Head Start/IRS Drawdowns	4	3,856,589	4	3,856,589
Vendor Checks Issued	1,646	7,679,729	1,646	7,679,729
Payroll Disbursed		3,907,842		3,907,842
Grant Reports Prepared	43		43	
ASTHO Vaccine Equity				
CAL Food				
CALEITC				
CalFresh Healthy Living				
CalFresh Outreach				
City of Bakersfield Homeless Housing & Prevention				
CMAP Fiscal Report & Caseload				
CMIG				
CMSS				
Commodity Supplemental Food Prog				
County of Kern - 211				
CSBG 2023				
CSBG Discretionary				
CSPP				
Differential Response				
DOE - BIL				
EFAP				
ESLIHEAP				
First 5 Kern – 2 1 1 Helpline				
First 5 Kern – East Kern Family				
First 5 Kern – Help Me Grow				
First 5 Kern – Oasis Family Resource				
First 5 Kern – Ridgecrest Family Resource				
Food Bank Farmers Market				
Head Start Expansion SF-425				
Head Start San Joaquin SF-425				
Head Start/Early Head Start Kern SF-425				
Home Visit Program				
Homeless LBNC				
Homeless Safe Camping				
HUD				
LIHEAP 2024				
LIHWAP				
Positive Youth Medi-Cal				
San Joaquin COE General Child Care				
SLIHEAP				
UW STANISLAUS CES				
VITA				
WIC				

Business Services

Activity	Requested	In-Progress	Processed	Processed YTD
Purchase Orders	344	0	344	344
Contracts	14	3	11	11
Leases	8	4	4	4
Requests for Proposals	1	2	0	-

Business Services Projects

Description	% Completed	Comments
Gardening and Landscape	90%	Waiting for clarification from vendors
Cabling Vendor	80%	Extended for a revised bid sheet

Total Division Staffing 32 positions

CFO	Accounting Technician (5)	Procurement Manager
Director of Finance	Accounting Specialist (2)	Business Contracts Specalist
Finance Administrator	Accounting Clerk (1)	Business Technician (2)
Payroll/HRIS Manager	AP Supervisor (1)	
Accounting Administrator	Fiscal Technician (2)	
Accounting Administrator - Energy	Payroll Specialists (3)	
Accountant (2)	Payroll Supervisor (1)	
Accountant II (2)	Administrative Coordinator	

Community Action of Partnership of Kern
Agency Total

STATEMENT OF POSITION (UNAUDITED)

AS OF FEBRUARY 29, 2024

ASSETS	
Cash in Bank	18,007,722
Cash - Vacation Reserve	1,020,104
Petty Cash	-
Accounts Receivable	2,081,985
Travel Advance	12,624
Prepaid Expense	578,229
Inventory	1,169,749
Net Fixed Assets - Unrestricted	-
Net Fixed Assets - Restricted	34,934,283
Total Assets	57,804,695
LIABILITES AND NET ASSETS	
Accounts Payable	5,687,850
Accrued Expenses	3,069,472
Accrued Vacation	2,027,206
Line of Credit	-
Note Payable	7,927,207
Advance Payable	2,549,091
Deferred Revenue	10,763,100
Total Liabilites	32,023,925
Total Net Assets	25,780,770
Total Liabilities and Net Assets	57,804,695

STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE PERIOD MARCH 1, 2023 TO FEBRUARY 29, 2024

REVENUE	
Grant Revenue	116,796,843
Donations	399,978
Other Revenue	14,272,687
In-Kind	13,876,388
Total Revenue	145,345,896
EXPENDITURES	
Salaries	45,754,216
Benefits	12,281,185
Travel	966,821
Space Costs	21,148,657
Supplies	3,757,383
Consultant/Contract Services	6,571,223
Other Costs	5,089,991
Program Costs	37,050,494
Capital Expenditures	(1,197,252)
Indirect	10,673,264
In-Kind	13,876,388
Total Expenditures	155,972,372
Net Change in Assets	(10,626,475)
Net Assets, beginning	36,407,245
Net Assets, ending	25,780,770

Community Action of Partnership of Kern
Agency Total

STATEMENT OF POSITION (UNAUDITED)

AS OF MARCH 31, 2024

ASSETS	
Cash in Bank	15,150,608
Cash - Vacation Reserve	1,099,747
Petty Cash	-
Accounts Receivable	2,081,985
Travel Advance	7,043
Prepaid Expense	757,944
Inventory	1,171,154
Net Fixed Assets - Unrestricted	-
Net Fixed Assets - Restricted	34,728,520
Total Assets	54,997,000
LIABILITES AND NET ASSETS	
Accounts Payable	4,767,852
Accrued Expenses	200,520
Accrued Vacation	1,097,909
Line of Credit	-
Note Payable	7,882,839
Advance Payable	2,549,144
Deferred Revenue	12,946,423
Total Liabilites	29,444,687
Total Net Assets	25,552,313
Total Liabilities and Net Assets	54,997,000

STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE PERIOD MARCH 1, 2024 TO MARCH 31, 2024

REVENUE	
Grant Revenue	6,408,407
Donations	3,798
Other Revenue	659,187
In-Kind	59,210
Total Revenue	7,130,603
EXPENDITURES	
Salaries	1,247,711
Benefits	994,180
Travel	60,214
Space Costs	342,458
Supplies	272,083
Consultant/Contract Services	387,482
Other Costs	324,473
Program Costs	2,939,036
Capital Expenditures	107,249
Indirect	624,963
In-Kind	59,210
Total Expenditures	7,359,059
Net Change in Assets	(228,457)
Net Assets, beginning	25,780,770
Net Assets, ending	25,552,313

COMMUNITY ACTION PARTNERSHIP OF KERN
BUDGET TO ACTUAL
FOR THE PERIOD 03-01-24 TO 03-31-24 (8.3%)

	AGENCY TOTAL			
	ANNUAL BUDGET	EXPENDITURES	BUDGET AVAILABLE	PERCENTAGE EXPENDED
EXPENDITURES				
SALARIES	46,840,409	1,573,207	45,267,202	3%
BENEFITS	14,386,828	936,215	13,450,613	7%
TRAVEL	995,827	53,078	942,749	5%
SPACE COST	5,986,972	130,745	5,856,227	2%
SUPPLIES	2,064,251	230,452	1,833,799	11%
EQUIPMENT	595,525	102,500	493,025	17%
CONSULTANT/CONTRACT SERVICES	4,522,529	293,910	4,228,619	6%
OTHER COSTS	2,843,837	247,256	2,596,581	9%
PROGRAM COSTS	27,121,286	2,933,256	24,188,030	11%
INDIRECT	10,288,595	666,462	9,622,133	6%
TOTAL	115,646,059	7,167,081	108,478,978	6%

COMMUNITY ACTION PARTNERSHIP OF KERN
BUDGET TO ACTUAL
FOR THE PERIOD 03-01-24 TO 03-31-24 (8.3%)

	EDUCATION			
	ANNUAL BUDGET	EXPENDITURES	BUDGET AVAILABLE	PERCENTAGE EXPENDED
EXPENDITURES				
SALARIES	34,554,955	1,341,709	33,213,246	4%
BENEFITS	10,676,778	724,681	9,952,097	7%
TRAVEL	685,926	31,883	654,043	5%
SPACE COST	3,288,958	230,564	3,058,394	7%
SUPPLIES	1,511,872	148,248	1,363,624	10%
EQUIPMENT	414,100	102,500	311,600	25%
CONSULTANT/CONTRACT SERVICES	1,390,108	26,103	1,364,005	2%
OTHER COSTS	1,389,059	87,711	1,301,348	6%
PROGRAM COSTS	22,197,906	2,635,441	19,562,465	12%
INDIRECT	7,612,200	511,185	7,101,015	7%
TOTAL	83,721,862	5,840,025	77,881,837	7%

COMMUNITY ACTION PARTNERSHIP OF KERN
BUDGET TO ACTUAL
FOR THE PERIOD 03-01-24 TO 03-31-24 (8.3%)

	NUTRITION			
	ANNUAL BUDGET	EXPENDITURES	BUDGET AVAILABLE	PERCENTAGE EXPENDED
EXPENDITURES				
SALARIES	4,836,827	115,020	4,721,807	2%
BENEFITS	1,502,046	76,841	1,425,205	5%
TRAVEL	118,007	9,769	108,238	8%
SPACE COST	782,795	(397,794)	1,180,589	-51%
SUPPLIES	147,218	40,080	107,138	27%
EQUIPMENT	-	-	-	0%
CONSULTANT/CONTRACT SERVICES	648,910	4,122	644,788	1%
OTHER COSTS	451,389	29,078	422,311	6%
PROGRAM COSTS	3,963,297	226,692	3,736,605	6%
INDIRECT	1,094,685	51,781	1,042,904	5%
TOTAL	13,545,174	155,589	13,389,585	1%

COMMUNITY ACTION PARTNERSHIP OF KERN
BUDGET TO ACTUAL
FOR THE PERIOD 03-01-24 TO 03-31-24 (8.3%)

	ENERGY CONSERVATION			
	ANNUAL BUDGET	EXPENDITURES	BUDGET AVAILABLE	PERCENTAGE EXPENDED
EXPENDITURES				
SALARIES	2,341,392	(6,545)	2,347,937	0%
BENEFITS	702,424	39,476	662,948	6%
TRAVEL	75,000	2,391	72,609	3%
SPACE COST	238,000	16,583	221,417	7%
SUPPLIES	125,000	22,569	102,431	18%
EQUIPMENT	174,425	-	174,425	0%
CONSULTANT/CONTRACT SERVICES	1,815,857	182,534	1,633,323	10%
OTHER COSTS	505,338	79,818	425,520	16%
PROGRAM COSTS	227,662	46,503	181,159	20%
INDIRECT	603,071	37,390	565,681	6%
TOTAL	6,808,169	420,720	6,387,449	6%

COMMUNITY ACTION PARTNERSHIP OF KERN
BUDGET TO ACTUAL
FOR THE PERIOD 03-01-24 TO 03-31-24 (8.3%)

	COMMUNITY SERVICES			
	ANNUAL BUDGET	EXPENDITURES	BUDGET AVAILABLE	PERCENTAGE EXPENDED
EXPENDITURES				
SALARIES	3,941,869	128,189	3,813,680	3%
BENEFITS	1,185,464	68,659	1,116,805	6%
TRAVEL	66,604	8,175	58,429	12%
SPACE COST	1,401,039	107,242	1,293,797	8%
SUPPLIES	234,696	16,644	218,052	7%
EQUIPMENT	7,000	-	7,000	0%
CONSULTANT/CONTRACT SERVICES	650,904	81,125	569,779	12%
OTHER COSTS	344,696	45,415	299,281	13%
PROGRAM COSTS	729,421	24,620	704,801	3%
INDIRECT	769,074	46,053	723,021	6%
TOTAL	9,330,767	526,123	8,804,644	6%

COMMUNITY ACTION PARTNERSHIP OF KERN
BUDGET TO ACTUAL
FOR THE PERIOD 03-01-24 TO 03-31-24 (8.3%)

	CSBG			
	ANNUAL BUDGET	EXPENDITURES	BUDGET AVAILABLE	PERCENTAGE EXPENDED
EXPENDITURES				
SALARIES	965,801	(11,175)	976,976	-1%
BENEFITS	255,251	24,374	230,877	10%
TRAVEL	40,290	860	39,430	2%
SPACE COST	276,199	10,296	265,903	4%
SUPPLIES	26,615	2,904	23,712	11%
EQUIPMENT	-	-	-	0%
CONSULTANT/CONTRACT SERVICES	10,750	25	10,725	0%
OTHER COSTS	44,380	3,625	40,755	8%
PROGRAM COSTS	3,000	-	3,000	0%
INDIRECT	169,041	2,687	166,354	2%
TOTAL	1,791,327	33,596	1,757,731	2%

COMMUNITY ACTION PARTNERSHIP OF KERN
BUDGET TO ACTUAL
FOR THE PERIOD 03-01-24 TO 03-31-24 (8.3%)

	DISCRETIONARY & FUND RAISING			
	ANNUAL BUDGET	EXPENDITURES	BUDGET AVAILABLE	PERCENTAGE EXPENDED
EXPENDITURES				
SALARIES	199,565	6,008	193,557	3%
BENEFITS	64,865	2,184	62,681	3%
TRAVEL	10,000	-	10,000	0%
SPACE COST	(19)	163,854	(163,873)	-862391%
SUPPLIES	18,850	7	18,843	0%
EQUIPMENT	-	-	-	0%
CONSULTANT/CONTRACT SERVICES	6,000	-	6,000	0%
OTHER COSTS	108,975	1,609	107,366	1%
PROGRAM COSTS	-	-	-	0%
INDIRECT	40,524	17,366	23,158	43%
TOTAL	448,760	191,029	257,731	43%

COMMUNITY ACTION PARTNERSHIP OF KERN
INDIRECT FUND - FY 2023/24
BUDGET TO ACTUAL - 03/01/24 TO 03/31/24 (1 OF 12 MONTHS = 8.33%)

	Budget	Actual	% Earned/ Expended	Available Balance
Revenue	**$ 10,288,595**	**$ 666,462**	**6.5%**	**$ 9,622,133**
Expenditures				
Salaries	5,701,891	192,772	3.4%	5,509,119
Benefits @ 23.6% actual	1,575,103	90,287	5.7%	1,484,816
Total Personnel Costs	7,276,994	283,059	3.9%	6,993,935
Operating Costs				
Travel	117,750	6,771	5.8%	110,979
Space Costs	180,500	24,870	13.8%	155,630
Supplies	372,772	42,635	11.4%	330,137
Equipment	63,000	-	0.0%	63,000
Consultant/Contract	964,000	125,630	13.0%	838,370
Other Operating Costs	924,080	69,015	7.5%	855,065
Total Operating Costs	2,622,102	268,921	10.3%	2,353,181
Total Expenditures	**$ 9,899,096**	**$ 551,980**	**5.6%**	**$ 9,347,116**
Excess (Deficit) Indirect Revenue	**$ 389,499**	**$ 114,482**		

RECAP BY SUPPORT DIVISION	Budget	Actual	% Expended	Available Balance
HR	$ 1,558,810	$ 63,738	4.1%	$ 1,495,072
Operations	3,458,716	225,528	6.5%	3,233,188
Executive	719,429	52,042	7.2%	667,387
Program Administration	-	-	Not budgeted	-
Finance	3,000,416	163,529	5.5%	2,836,887
Community Development	1,161,725	47,143	4.1%	1,114,582
	$ 9,899,096	$ 551,980	5.6%	$ 9,347,116

Prepared Date: 05/03/24

Community Action Partnership of Kern

Check/Voucher Register

From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/5/2024	24492	MARA G RAMIREZ DE MARTINEZ	(9,205.43)
3/6/2024	222136	4IMPRINT INC AKA NELSON MARKETING	799.11
3/6/2024	222137	A-1 BATTERY COMPANY	120.53
3/6/2024	222138	ACCO ENGINEERED SYSTEMS, INC.	7,634.00
3/6/2024	222139	AGEE VII LLC	3,287.01
3/6/2024	222143	AMERIGAS LAKE ISABELLA	857.76
3/6/2024	222145	ARVIN COMMUNITY SERVICE DISTRICT	272.69
3/6/2024	222146	AT&T	565.06
3/6/2024	222150	BLUETRITON BRANDS INC	5,016.03
3/6/2024	222151	BRONCO ELECTRIC INC	6,408.16
3/6/2024	222152	CALIFORNIA COMMUNITY ACTION PARTNERSHIP ASSOCIATION	1,719.00
3/6/2024	222153	CALIFORNIA WATER SERVICE COMPANY	249.62
3/6/2024	222156	CHARTER COMMUNICATIONS	169.98
3/6/2024	222157	CHARTER COMMUNICATIONS	209.00
3/6/2024	222158	CHARTER COMMUNICATIONS	204.96
3/6/2024	222159	CHARTER COMMUNICATIONS	344.97
3/6/2024	222160	CHARTER COMMUNICATIONS	159.00
3/6/2024	222161	CHARTER COMMUNICATIONS HOLDING COMPANY LLC	154.98
3/6/2024	222162	CHARTER COMMUNICATIONS HOLDING COMPANY LLC	154.98
3/6/2024	222163	CHRISTOPHER PERCIVAL	472.64
3/6/2024	222164	CITY OF BAKERSFIELD	6,266.60
3/6/2024	222165	CITY OF DELANO	117.39
3/6/2024	222166	COMCAST CORPORATION	139.78
3/6/2024	222167	COUNTY OF KERN	10,610.10
3/6/2024	222168	COUNTY OF KERN PUBLIC WORKS	79.71
3/6/2024	222169	COURT APPOINTED SPECIAL ADVOCATES OF KERN COUNTY	1,400.00
3/6/2024	222170	CSG-NAM, LLC	21.51
3/6/2024	222171	CUSTOM L & A CONSTRUCTION INC	4,485.00
3/6/2024	222173	DEPARTMENT OF HUMAN RESOURCES	41.34
3/6/2024	222174	DEPARTMENT OF MOTOR VEHICLES	1,318.00
3/6/2024	222175	DEPARTMENT OF MOTOR VEHICLES	313.00
3/6/2024	222176	DEPARTMENT OF MOTOR VEHICLES	313.00
3/6/2024	222177	DEPARTMENT OF MOTOR VEHICLES	313.00
3/6/2024	222178	DEPARTMENT OF MOTOR VEHICLES	313.00
3/6/2024	222179	DEPARTMENT OF MOTOR VEHICLES	371.00
3/6/2024	222180	DEPARTMENT OF MOTOR VEHICLES	581.00
3/6/2024	222181	DEPARTMENT OF MOTOR VEHICLES	583.00
3/6/2024	222182	DEPARTMENT OF MOTOR VEHICLES	599.00
3/6/2024	222183	DEPARTMENT OF MOTOR VEHICLES	599.00
3/6/2024	222184	DEPARTMENT OF MOTOR VEHICLES	454.00
3/6/2024	222185	DEPARTMENT OF MOTOR VEHICLES	454.00
3/6/2024	222186	DEPARTMENT OF MOTOR VEHICLES	375.00
3/6/2024	222187	FEDEX	144.45
3/6/2024	222188	FIRST CONGREGATIONAL CHURCH BAKERSFIELD	4,763.76
3/6/2024	222189	FLYERS ENERGY LLC	6,996.39
3/6/2024	222191	GOTO TECHNOLOGIES USA, INC	1,051.20
3/6/2024	222192	GRINGTEAM INC.	2,827.10
3/6/2024	222195	HOME DEPOT COMMERCIAL CREDIT	366.09

Community Action Partnership of Kern

Check/Voucher Register

From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/6/2024	222198	KENNETH BARRON	872.94
3/6/2024	222199	KERN COUNTY SUPERINTENDENT OF SCHOOLS	135.83
3/6/2024	222200	LAKESHORE EQUIPMENT COMPANY	4,959.91
3/6/2024	222201	LAMONT SANITATION INC	339.38
3/6/2024	222202	LASTAND, INC	20.00
3/6/2024	222204	LILLIAN PIMENTEL STRATTON	60.00
3/6/2024	222205	LOWES COMPANIES INC	621.78
3/6/2024	222206	MARA G RAMIREZ DE MARTINEZ	9,205.43
3/6/2024	222209	MARIO LEE ALCORTA / RELIABLE JANITORIAL SERVICES & CARPET CLEANERS OF	520.00
3/6/2024	222212	MCWILLIAMS & WALDEN INC	3,253.97
3/6/2024	222213	MICHAEL K BROWN LANDSCAPE INC	1,450.00
3/6/2024	222215	MOJAVE UNIFIED SCHOOL DISTRICT	500.00
3/6/2024	222216	NATIONAL HEAD START ASSOCIATION	1,358.00
3/6/2024	222217	NEXSTAR MEDIA INC	9,000.00
3/6/2024	222218	OASIS AIR CONDITIONING	24,630.51
3/6/2024	222219	OFFICE1 LEASING	842.37
3/6/2024	222220	OMNI FAMILY HEALTH	686.00
3/6/2024	222222	PACIFICA STOCKTON HOTEL LLC	1,878.37
3/6/2024	222223	PANAMA BUENA VISTA UNIFIED SCHL DIST	100.00
3/6/2024	222224	PATRIOTS INC	174.22
3/6/2024	222226	PG&E	5,997.17
3/6/2024	222227	PRODUCERS DAIRY FOODS INC	4,137.82
3/6/2024	222228	RACE TELECOMMUNICATIONS INC	238.69
3/6/2024	222230	RAYMOND'S TROPHY AWARDS	261.92
3/6/2024	222234	SAN LUIS BUTANE DISTRIBUTORS INC	1,619.60
3/6/2024	222236	SAVE MART SUPERMARKETS	1,210.53
3/6/2024	222237	SOCALGAS	1,279.40
3/6/2024	222238	SOUTHERN CALIFORNIA EDISON	3,134.68
3/6/2024	222239	SOUTHERN KERN UNIFIED SCHOOL DISTRICT	7,066.50
3/6/2024	222240	STANDARD PLUMBING SUPPLY COMPANY, INC	82.11
3/6/2024	222241	STARWOOD HOTEL & RESPORTS MANAGEMENT COMPANY, LLC	5,295.32
3/6/2024	222242	T.D. PRODUCE SALES	1,890.00
3/6/2024	222243	TOKAY PRESS INC	698.94
3/6/2024	222244	ULINE	723.19
3/6/2024	222245	UNITED RENTALS INC	341.17
3/6/2024	222248	VARNER & SON INC	901.57
3/6/2024	222249	VARNER BROS., INC.	52.02
3/6/2024	222250	WASTE MANAGEMENT OF SOUTHERN CALIFORNIA	987.06
3/6/2024	222251	WEST KERN COMMUNITY COLLEGE DISTRICT	18,243.43
3/6/2024	222252	WIPFLI LLP	14,250.00
3/6/2024	222253	XPRESSMYSELF.COM LLC (DBA SMARTSIGN)	659.46
3/6/2024	222254	AT&T	674.73
3/6/2024	222255	CALIFORNIA WATER SERVICE COMPANY	42.84
3/6/2024	222256	HOME DEPOT COMMERCIAL CREDIT	1,444.02

Community Action Partnership of Kern
Check/Voucher Register
From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/6/2024	222257	LOWES COMPANIES INC	56,476.29
3/6/2024	222258	AT&T	554.43
3/6/2024	222259	HOME DEPOT COMMERCIAL CREDIT	4,163.49
3/6/2024	222260	AT&T	1,089.75
3/6/2024	222261	HOME DEPOT COMMERCIAL CREDIT	2,161.17
3/6/2024	222262	LORENA ALTAMIRANO HERNANDEZ	622.38
3/6/2024	222263	ROSELIA MADERA CALDERA	925.52
3/6/2024	222264	LORENA ALTAMIRANO HERNANDEZ	172.91
3/6/2024	222265	HOME DEPOT COMMERCIAL CREDIT	348.52
3/6/2024	222266	HOME DEPOT COMMERCIAL CREDIT	2,349.69
3/6/2024	25010	ADVANCED DATA STORAGE	1,386.00
3/6/2024	25011	AN ICON COMPANY, LLC	17,304.25
3/6/2024	25016	BS& E INC	130.00
3/6/2024	25017	CAPK FOUNDATON	500.00
3/6/2024	25018	CHEVRON AND TEXACO BUSINESS CARD SERVICES	2,484.02
3/6/2024	25019	COLOMBO CONSTRUCTION COMPANY INC.	109,040.50
3/6/2024	25020	DELL FINANCIAL SERVICES LLC	562.21
3/6/2024	25021	DELL FINANCIAL SERVICES LLC	846.81
3/6/2024	25022	DELL TECHNOLOGIES, INC.	30,719.03
3/6/2024	25026	EXACT STAFF, INC	614.99
3/6/2024	25027	EXACT STAFF, INC	1,303.12
3/6/2024	25028	EXACT STAFF, INC	828.80
3/6/2024	25029	EXACT STAFF, INC	1,396.20
3/6/2024	25030	FROG STREET PRESS INC.	7,960.00
3/6/2024	25031	FRONTIER COMMUNICATIONS HOLDINGS LLC	577.52
3/6/2024	25032	GARCIA INDUSTRIES INC	10,497.00
3/6/2024	25033	GARCIA INDUSTRIES INC	15,537.00
3/6/2024	25034	GARCIA INDUSTRIES INC	4,975.00
3/6/2024	25035	GARCIA INDUSTRIES INC	8,225.00
3/6/2024	25037	HEWLETT-PACKARD COMPANY	1,535.76
3/6/2024	25038	HODEL'S DEVELOPMENT CORPORATION	4,646.43
3/6/2024	25039	IDEAL SPECIALTIES INC	34,489.07
3/6/2024	25040	INDOFF INCORPORATED	19,390.33
3/6/2024	25043	KAPLAN EARLY LEARNING CO	511.84
3/6/2024	25044	KAPLAN EARLY LEARNING CO	774.65
3/6/2024	25045	KAPLAN EARLY LEARNING CO	5,238.92
3/6/2024	25046	KAPLAN EARLY LEARNING CO	1,579.84
3/6/2024	25047	KAPLAN EARLY LEARNING CO	869.48
3/6/2024	25053	MICROSOFT CORPORATION	108.00
3/6/2024	25054	MICROSOFT CORPORATION	9.00
3/6/2024	25055	MICROSOFT CORPORATION	228.00
3/6/2024	25056	MICROSOFT CORPORATION	23.67
3/6/2024	25057	MICROSOFT CORPORATION	57.60
3/6/2024	25058	MICROSOFT CORPORATION	96.00
3/6/2024	25059	MICROSOFT CORPORATION	56.52
3/6/2024	25060	MICROSOFT CORPORATION	3,018.75
3/6/2024	25061	MICROSOFT CORPORATION	228.00
3/6/2024	25063	OFFICE IMAGING, INC	1,318.60
3/6/2024	25067	PIUSER STONE AND TILE, INC.	91,812.37
3/6/2024	25068	PLC SYSTEM SERVICES	800.00
3/6/2024	25069	POWER MACHINERY CENTER	437.96
3/6/2024	25074	SMART & FINAL	274.35

Check Date	Check Number	Payee	Check Amount
3/6/2024	25075	STEPHEN WILLIFORD	197.00
3/6/2024	25076	STEPHEN WILLIFORD	129.00
3/6/2024	25077	STINSON STATIONERS	2,740.26
3/6/2024	25078	SYSCO FOOD SERVICES OF VENTURA INC	182.47
3/6/2024	25079	SYSCO FOOD SERVICES OF VENTURA INC	52.64
3/6/2024	25080	SYSCO FOOD SERVICES OF VENTURA INC	1,946.03
3/6/2024	25081	SYSCO FOOD SERVICES OF VENTURA INC	1,314.79
3/6/2024	25082	SYSCO FOOD SERVICES OF VENTURA INC	560.67
3/6/2024	25084	TRANS-WEST SECURITY SERVICES, INC.	1,918.58
3/6/2024	25085	TRANS-WEST SECURITY SERVICES, INC.	771.36
3/6/2024	25086	TRANS-WEST SECURITY SERVICES, INC.	100.00
3/6/2024	25089	VERNON SORENSON MD INC	707.55
3/6/2024	25090	VERNON SORENSON MD INC	177.00
3/6/2024	25091	VERNON SORENSON MD INC	25.00
3/6/2024	25092	VERNON SORENSON MD INC	25.00
3/6/2024	25093	VERNON SORENSON MD INC	80.00
3/6/2024	25094	VERNON SORENSON MD INC	95.00
3/6/2024	25095	VERNON SORENSON MD INC	25.00
3/6/2024	25096	VERNON SORENSON MD INC	30.00
3/6/2024	25097	W W GRAINGER INC	57.71
3/6/2024	25098	W W GRAINGER INC	26.01
3/6/2024	25101	SYSCO FOOD SERVICES OF VENTURA INC	1,372.01
3/6/2024	25102	SYSCO FOOD SERVICES OF VENTURA INC	13,907.08
3/6/2024	25103	JUANA RAMOS MUNOZ	1,814.78
3/6/2024	25104	REMEDIOS MORENO ZAVALA	1,805.77
3/6/2024	25105	ISABEL MARTINEZ-LOMELI	1,046.80
3/6/2024	25106	AIDEE SANDOVAL	5,741.35
3/6/2024	25107	MARIA F AGUILAR DE SANDOVAL	3,649.75
3/6/2024	25108	MARIA ELENA CASTILLO	6,608.45
3/6/2024	25111	MERCEDES BOLANOS	890.74
3/6/2024	26053	WELLS FARGO	48,507.40
3/11/2024	222267	DEPARTMENT OF MOTOR VEHICLES	30.00
3/11/2024	222268	DEPARTMENT OF MOTOR VEHICLES	30.00
3/11/2024	222269	DEPARTMENT OF MOTOR VEHICLES	30.00
3/11/2024	222270	DEPARTMENT OF MOTOR VEHICLES	30.00
3/12/2024	216975	REGION IX HEAD START ASSOCIATION	(14,265.00)
3/12/2024	217452	JUAN JOSE HERNANDEZ	(1,525.85)
3/13/2024	222272	4IMPRINT INC AKA NELSON MARKETING	11,364.38
3/13/2024	222273	ALAMO ALARM CO INC	608.96
3/13/2024	222275	ALEX BUSINESS GROUP (DBA CARPETLAND)	1,758.67
3/13/2024	222278	ALPHA TECHNOLOGIES & ALARM SYSTEMS, INC.	397.50
3/13/2024	222279	ALPHA WHOLESALE PRODUCE INC	3,648.65

Community Action Partnership of Kern
Check/Voucher Register
From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/13/2024	222280	AMERICAN INCORPORATED	190.00
3/13/2024	222285	AT&T	42.22
3/13/2024	222286	BARRIENTOS CONSULTING	10,000.00
3/13/2024	222287	BLUEPRINT SERVICE CO	1,813.70
3/13/2024	222288	BLUETRITON BRANDS INC	249.13
3/13/2024	222289	BOLTON INSURANCE SERVICES LLC	350,100.02
3/13/2024	222290	BRIGHTLY SOFTWARE INC	1,551.81
3/13/2024	222291	BRISCOE ECONOMICS GROUP, INC.	11,170.00
3/13/2024	222293	BRONCO ELECTRIC INC	512.90
3/13/2024	222294	CALIFORNIA WATER SERVICE COMPANY	1,158.17
3/13/2024	222295	CALIFORNIA WATER SERVICE COMPANY	195.12
3/13/2024	222296	CALIFORNIA WATER SERVICE COMPANY	197.92
3/13/2024	222297	CAPPA	596.00
3/13/2024	222299	CAZADOR CONSULTING GROUP INC	1,933.10
3/13/2024	222300	CAZADOR CONSULTING GROUP INC	962.55
3/13/2024	222301	CAZADOR CONSULTING GROUP INC	1,549.05
3/13/2024	222302	CCI OFFICE TECHNOLOGIES	277.92
3/13/2024	222303	CERTIFIX INC	167.00
3/13/2024	222304	CHARTER COMMUNICATIONS	59.73
3/13/2024	222305	CHARTER COMMUNICATIONS	199.98
3/13/2024	222306	CHARTER COMMUNICATIONS	204.00
3/13/2024	222307	CHARTER COMMUNICATIONS	204.00
3/13/2024	222308	CHARTER COMMUNICATIONS HOLDING COMPANY LLC	154.98
3/13/2024	222309	CHARTER COMMUNICATIONS HOLDING COMPANY LLC	154.98
3/13/2024	222311	CHRISTOPHER PERCIVAL	261.65
3/13/2024	222313	CINTAS CORPORATION #668	2,566.56
3/13/2024	222314	CITY OF BAKERSFIELD	848.37
3/13/2024	222315	CITY OF STOCKTON	124.97
3/13/2024	222317	COMMUNITY SERVICES AND EMPLOYMENT TRAIN	14,046.00
3/13/2024	222318	COUNTY OF KERN PUBLIC WORKS	20.39
3/13/2024	222319	COUNTY OF SAN JOAQUIN	36.75
3/13/2024	222322	DANIELLS PHILLIPS VAUGHAN & BOCK	1,400.00
3/13/2024	222325	DLT SOLUTIONS LLC	5,520.53
3/13/2024	222326	EL CONCILIO CALIFORNIA	639.00
3/13/2024	222331	FEDEX	266.00
3/13/2024	222332	FERGUSON ENTERPRISES INC #1350	627.05
3/13/2024	222333	FIRE SUPPLY DEPOT, LLC	26,089.40
3/13/2024	222334	FIRST CONGREGATIONAL CHURCH BAKERSFIELD	9,527.52
3/13/2024	222335	FLOWERS BAKING CO OF HENDERSON LLC	605.62
3/13/2024	222338	GOLDEN EMPIRE TRANSIT DISTRICT	2,920.00
3/13/2024	222339	GOLDEN EMPIRE TRANSIT DISTRICT	2,000.00
3/13/2024	222340	GRIMMWAY ENTERPRISES, INC.	11,454.00
3/13/2024	222341	GRINGTEAM INC.	19,163.13
3/13/2024	222343	HOME DEPOT COMMERCIAL CREDIT	620.63
3/13/2024	222349	KEITH C PFEFFER	81.19
3/13/2024	222351	LAKESHORE EQUIPMENT COMPANY	9,404.74
3/13/2024	222352	LAMONT PUBLIC UTILITY DISTRICT	682.70

Community Action Partnership of Kern
Check/Voucher Register
From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/13/2024	222354	LEVEL 3 FINANCING INC	1,489.45
3/13/2024	222356	LOTUS BAKERSFIELD CORP	3,790.00
3/13/2024	222357	LOWES COMPANIES INC	7,801.96
3/13/2024	222359	MCWILLIAMS & WALDEN INC	9,866.99
3/13/2024	222360	MICHAEL K BROWN LANDSCAPE INC	6,923.68
3/13/2024	222362	ODP BUSINESS SOLUTIONS LLC	8,411.80
3/13/2024	222363	OFFICE1 LEASING	197.77
3/13/2024	222364	PG&E	11,271.40
3/13/2024	222365	PRICE DISPOSAL	365.72
3/13/2024	222366	PROJECT ENERGY SAVERS, LLC	2,762.13
3/13/2024	222368	RAMON TAPIA	750.00
3/13/2024	222369	RANDIK PAPER CO.	573.00
3/13/2024	222373	RONALD SHELAN	169.77
3/13/2024	222374	SAFEWAY INC VONS DIVISION	91.20
3/13/2024	222376	SAVE MART SUPERMARKETS	786.83
3/13/2024	222377	SHEVADA DOVE-WILLIAMS	74.37
3/13/2024	222378	SIERRA SANDS UNIFIED SCHOOL DIST	1,530.00
3/13/2024	222379	SOUTH TULARE RICHGROVE REFUSE INC	638.20
3/13/2024	222380	SOUTHERN CALIFORNIA EDISON	2,454.14
3/13/2024	222381	SOUTHERN KERN UNIFIED SCHOOL DISTRICT	2,387.00
3/13/2024	222382	SOUTHWEST GAS CORPORATION	36.44
3/13/2024	222383	SPECIALTY TRIM AND AWNING INC	1,050.00
3/13/2024	222384	STANDARD PLUMBING SUPPLY COMPANY, INC	8.56
3/13/2024	222385	SUPERIOR SANITATION SERVICE INC	776.92
3/13/2024	222386	T.D. PRODUCE SALES	2,690.00
3/13/2024	222387	TAFT CITY SCHOOL DISTRICT	6,120.00
3/13/2024	222388	TEACHSTONE, INC	19,500.00
3/13/2024	222389	TEHACHAPI UNIFIED SCHOOL DISTRICT	1,122.00
3/13/2024	222391	TRES HOMBRES FENCE COMPANY	760.00
3/13/2024	222392	ULINE	1,337.49
3/13/2024	222393	UNITED RENTALS INC	527.27
3/13/2024	222394	UNITED WAY OF KERN COUNTY	5,249.16
3/13/2024	222395	UNIVISION TELEVISION GROUP INC	4,250.00
3/13/2024	222396	VALLEY PROPANE SERVICE	575.20
3/13/2024	222397	WASTE MANAGEMENT OF SOUTHERN CALIFORNIA	588.15
3/13/2024	222398	WEST KERN COMMUNITY COLLEGE DISTRICT	11,151.32
3/13/2024	222399	HOME DEPOT COMMERCIAL CREDIT	476.68
3/13/2024	222400	LAKESHORE EQUIPMENT COMPANY	6,831.68
3/13/2024	222401	MICHAEL K BROWN LANDSCAPE INC	2,030.33
3/13/2024	222402	HOME DEPOT COMMERCIAL CREDIT	961.49
3/13/2024	222403	LAKESHORE EQUIPMENT COMPANY	13,474.42
3/13/2024	222404	ISABEL LEFLER	2,350.00
3/13/2024	222406	MARC SMITH	1,250.00
3/13/2024	222414	JUAN JOSE HERNANDEZ	1,525.85
3/13/2024	222416	REGION IX HEAD START ASSOCIATION	14,265.00
3/13/2024	25112	ABILA INC	3,950.30
3/13/2024	25114	ADVANCED DATA STORAGE	334.40
3/13/2024	25116	AMAZON CAPITAL SERVICES, INC	75.67
3/13/2024	25117	AMAZON CAPITAL SERVICES, INC	275.32

Community Action Partnership of Kern
Check/Voucher Register
From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/13/2024	25118	AMAZON CAPITAL SERVICES, INC	174.99
3/13/2024	25119	AMAZON CAPITAL SERVICES, INC	1,150.72
3/13/2024	25120	AMAZON CAPITAL SERVICES, INC	1,461.40
3/13/2024	25121	AMAZON CAPITAL SERVICES, INC	314.00
3/13/2024	25122	AMAZON CAPITAL SERVICES, INC	716.51
3/13/2024	25123	AMAZON CAPITAL SERVICES, INC	108.75
3/13/2024	25124	AMAZON CAPITAL SERVICES, INC	912.91
3/13/2024	25125	AMAZON CAPITAL SERVICES, INC	645.82
3/13/2024	25126	AMERICAN BUSINESS MACHINES	339.02
3/13/2024	25127	AN ICON COMPANY, LLC	1,379.71
3/13/2024	25130	BALCO HOLDINGS, INC. DBA BAY ALARM COMPANY	403.23
3/13/2024	25132	BRADY INDUSTRIES	12,140.88
3/13/2024	25133	CA ASSOCIATION OF FOOD BANKS	39,586.49
3/13/2024	25134	CAPK FOUNDATON	350,000.00
3/13/2024	25136	CDW GOVERNMENT LLC	28,467.30
3/13/2024	25137	CHALK SPINNER LLC	7,094.49
3/13/2024	25138	CHALK SPINNER LLC	368.00
3/13/2024	25139	CHALK SPINNER LLC	595.00
3/13/2024	25140	CHILD AND FAMILY PSYCHOLOGY CLINIC, INC	5,740.00
3/13/2024	25141	CLARK PEST CONTROL	1,742.00
3/13/2024	25142	COMMUNITY PRODUCTS LLC	2,705.70
3/13/2024	25143	DELK PEST CONTROL	90.00
3/13/2024	25144	DELL TECHNOLOGIES, INC.	7,941.84
3/13/2024	25145	DISCOUNT SCHOOL SUPPLY	3,806.19
3/13/2024	25146	DISCOUNT SCHOOL SUPPLY	275.06
3/13/2024	25148	DISCOUNT SCHOOL SUPPLY	8,575.45
3/13/2024	25149	DONAHUE TRUCK CENTERS	3,628.35
3/13/2024	25150	ECONO WEST INC	7,864.00
3/13/2024	25151	ENVIRONMENTAL SYSTEMS RESEARCH INSTITUTE INC	550.00
3/13/2024	25152	ERIE CUSTOM COMPUTER APPLICATIONS	2,050.00
3/13/2024	25153	ESCUELITA HERNANDEZ LITTLE SCHOOL	10,495.36
3/13/2024	25154	EVERGREEN CONSTRUCTION	550.00
3/13/2024	25155	EXACT STAFF, INC	487.90
3/13/2024	25156	EXACT STAFF, INC	1,051.05
3/13/2024	25157	EXACT STAFF, INC	1,092.00
3/13/2024	25158	EXACT STAFF, INC	1,405.51
3/13/2024	25159	EXACT STAFF, INC	655.20
3/13/2024	25160	EXACT STAFF, INC	592.07
3/13/2024	25161	EXACT STAFF, INC	828.00
3/13/2024	25162	EXACT STAFF, INC	1,016.83
3/13/2024	25163	EXACT STAFF, INC	1,036.00
3/13/2024	25164	FRONTIER COMMUNICATIONS HOLDINGS LLC	85.98
3/13/2024	25165	GARDEN PATHWAYS INC	6,679.70
3/13/2024	25167	HD MAINTENANCE INC	9,584.30
3/13/2024	25168	HD Supply Facilites Maintenance LTD	0.00
3/13/2024	25169	HD Supply Facilites Maintenance LTD	27.28
3/13/2024	25170	HODEL'S DEVELOPMENT CORPORATION	509.10
3/13/2024	25171	IDEAL SPECIALTIES INC	53,253.36
3/13/2024	25172	INDEPENDENT FIRE & SAFETY	136.50

Check Date	Check Number	Payee	Check Amount
3/13/2024	25173	INDOFF INCORPORATED	1,970.13
3/13/2024	25174	INDOFF INCORPORATED	2,031.19
3/13/2024	25175	INDOFF INCORPORATED	1,661.68
3/13/2024	25176	INDOFF INCORPORATED	2,750.00
3/13/2024	25181	KAPLAN EARLY LEARNING CO	515.55
3/13/2024	25182	KAPLAN EARLY LEARNING CO	645.40
3/13/2024	25183	KAPLAN EARLY LEARNING CO	1,257.23
3/13/2024	25184	KAPLAN EARLY LEARNING CO	1,719.37
3/13/2024	25185	KAPLAN EARLY LEARNING CO	1,116.24
3/13/2024	25186	KAPLAN EARLY LEARNING CO	489.35
3/13/2024	25187	KAPLAN EARLY LEARNING CO	1,331.16
3/13/2024	25188	KAPLAN EARLY LEARNING CO	2,358.38
3/13/2024	25189	KAPLAN EARLY LEARNING CO	281.68
3/13/2024	25190	KAPLAN EARLY LEARNING CO	1,276.95
3/13/2024	25191	KAPLAN EARLY LEARNING CO	10,431.46
3/13/2024	25192	KLEIN DE NATALE GOLDNER COOPER ROSENLIEB & KIMBALL	5,250.00
3/13/2024	25193	KLEIN DE NATALE GOLDNER COOPER ROSENLIEB & KIMBALL	1,026.00
3/13/2024	25194	KLEIN DE NATALE GOLDNER COOPER ROSENLIEB & KIMBALL	22,853.28
3/13/2024	25195	KLEIN DE NATALE GOLDNER COOPER ROSENLIEB & KIMBALL	343.35
3/13/2024	25196	KLEIN DE NATALE GOLDNER COOPER ROSENLIEB & KIMBALL	1,729.35
3/13/2024	25198	LEO BLANCO / LEO'S MOBILE CAR WASH & DETAIL	540.00
3/13/2024	25203	OFFICE IMAGING, INC	96.25
3/13/2024	25204	PAPER CONNECTION INC	2,150.88
3/13/2024	25205	PAULIN INDUSTRIES, INC.	10,984.93
3/13/2024	25206	PLC SYSTEM SERVICES	10,764.12
3/13/2024	25209	SANDATA TECHNOLOGIES LLC	162.00
3/13/2024	25211	SMART & FINAL	724.92
3/13/2024	25212	STINSON STATIONERS	2,831.19
3/13/2024	25213	STOCKTON COMMUNITY KITCHEN	3,451.68
3/13/2024	25214	STOCKTON COMMUNITY KITCHEN	3,451.68
3/13/2024	25215	STOCKTON COMMUNITY KITCHEN	3,451.68
3/13/2024	25216	STOCKTON COMMUNITY KITCHEN	3,451.68
3/13/2024	25217	STOCKTON COMMUNITY KITCHEN	2,301.12
3/13/2024	25218	STOCKTON COMMUNITY KITCHEN	2,301.12
3/13/2024	25219	SYSCO FOOD SERVICES OF VENTURA INC	1,505.87
3/13/2024	25220	TEL TEC SECURITY SYSTEMS INC	525.00
3/13/2024	25221	TEL TEC SECURITY SYSTEMS INC	5,221.66
3/13/2024	25222	TEL TEC SECURITY SYSTEMS INC	622.01
3/13/2024	25223	TEL TEC SECURITY SYSTEMS INC	283.17
3/13/2024	25224	TEL TEC SECURITY SYSTEMS INC	979.56
3/13/2024	25225	TEL TEC SECURITY SYSTEMS INC	539.20
3/13/2024	25226	TEL TEC SECURITY SYSTEMS INC	378.05
3/13/2024	25227	TEL TEC SECURITY SYSTEMS INC	344.79
3/13/2024	25228	TEL TEC SECURITY SYSTEMS INC	187.50
3/13/2024	25229	TRANS-WEST SECURITY SERVICES, INC.	1,845.00
3/13/2024	25230	TRANS-WEST SECURITY SERVICES, INC.	180.00

Check Date	Check Number	Payee	Check Amount
3/13/2024	25231	TRANS-WEST SECURITY SERVICES, INC.	120.00
3/13/2024	25232	TRANS-WEST SECURITY SERVICES, INC.	569.14
3/13/2024	25233	TRANS-WEST SECURITY SERVICES, INC.	845.28
3/13/2024	25234	TRANS-WEST SECURITY SERVICES, INC.	1,432.60
3/13/2024	25235	VALLEY GARBAGE SERVICE	365.66
3/13/2024	25236	VELOCITY AEROSPACE - BURBANK INC	964.00
3/13/2024	25237	VELOCITY AEROSPACE - BURBANK INC	964.00
3/13/2024	25238	VELOCITY AEROSPACE - BURBANK INC	964.00
3/13/2024	25239	VELOCITY AEROSPACE - BURBANK INC	964.00
3/13/2024	25240	VELOCITY AEROSPACE - BURBANK INC	964.00
3/13/2024	25241	VERNON SORENSON MD INC	100.00
3/13/2024	25242	VERNON SORENSON MD INC	568.00
3/13/2024	25243	AMAZON CAPITAL SERVICES, INC	13.08
3/13/2024	25244	AMAZON CAPITAL SERVICES, INC	359.80
3/13/2024	25245	HD Supply Facilites Maintenance LTD	81.84
3/13/2024	25246	HD Supply Facilites Maintenance LTD	54.56
3/13/2024	25247	SYSCO FOOD SERVICES OF VENTURA INC	1,929.21
3/13/2024	25248	AMAZON CAPITAL SERVICES, INC	721.79
3/13/2024	25249	AMAZON CAPITAL SERVICES, INC	33.23
3/13/2024	25250	AMAZON CAPITAL SERVICES, INC	467.07
3/13/2024	25251	AMAZON CAPITAL SERVICES, INC	34.62
3/13/2024	25252	AMAZON CAPITAL SERVICES, INC	502.48
3/13/2024	25253	AMAZON CAPITAL SERVICES, INC	571.95
3/13/2024	25254	AMAZON CAPITAL SERVICES, INC	25.93
3/13/2024	25255	AMAZON CAPITAL SERVICES, INC	51.93
3/13/2024	25256	AMAZON CAPITAL SERVICES, INC	464.22
3/13/2024	25257	AMAZON CAPITAL SERVICES, INC	633.60
3/13/2024	25258	AMAZON CAPITAL SERVICES, INC	1,125.44
3/13/2024	25259	AMAZON CAPITAL SERVICES, INC	307.01
3/13/2024	25260	PUBLIC AGENCY COALITION ENTERPRISE	706,754.24
3/18/2024	25137	CHALK SPINNER LLC	(7,094.49)
3/18/2024	25138	CHALK SPINNER LLC	(368.00)
3/18/2024	25139	CHALK SPINNER LLC	(595.00)
3/20/2024	222421		0.00
3/20/2024	222422		0.00
3/20/2024	222423		0.00
3/20/2024	222424	ACTION GLASS INC	518.69
3/20/2024	222425	ALPHA TECHNOLOGIES & ALARM SYSTEMS, INC.	742.17
3/20/2024	222428	ANDEKIN PLUMBING INC. - PRO CONSTRUCTION AND PLUMBING	2,300.00
3/20/2024	222430	AT&T	85.38
3/20/2024	222431	AT&T	266.05
3/20/2024	222432	AUTOMATIC GATES AND ACCESS	25,500.00
3/20/2024	222434	BKAT, INC	23,210.56
3/20/2024	222435	BLUETRITON BRANDS INC	574.23
3/20/2024	222436	BOOT BARN	140.71
3/20/2024	222437	CALIFORNIA HEAD START ASSOCIATION	1,946.00

Community Action Partnership of Kern
Check/Voucher Register
From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/20/2024	222438	CALIFORNIA WATER SERVICE COMPANY	1,067.58
3/20/2024	222439	CAPPA	15,000.00
3/20/2024	222441	CELESTE SERNA	14.48
3/20/2024	222442	CHALK SPINNER LLC	7,094.49
3/20/2024	222443	CHALK SPINNER LLC	368.00
3/20/2024	222444	CHALK SPINNER LLC	595.00
3/20/2024	222445	CHARTER COMMUNICATIONS	133.93
3/20/2024	222446	CHARTER COMMUNICATIONS	246.00
3/20/2024	222447	CHARTER COMMUNICATIONS	204.00
3/20/2024	222448	CHARTER COMMUNICATIONS	204.00
3/20/2024	222449	CHARTER COMMUNICATIONS	1,399.00
3/20/2024	222450	CHARTER COMMUNICATIONS	54.40
3/20/2024	222451	CHARTER COMMUNICATIONS	945.00
3/20/2024	222452	CHARTER COMMUNICATIONS	194.98
3/20/2024	222453	CHARTER COMMUNICATIONS	261.76
3/20/2024	222454	CHARTER COMMUNICATIONS	194.98
3/20/2024	222455	CHARTER COMMUNICATIONS	199.97
3/20/2024	222456	CHARTER COMMUNICATIONS HOLDING COMPANY LLC	234.96
3/20/2024	222458	CHRISTOPHER PERCIVAL	1,066.21
3/20/2024	222459	CINTAS CORPORATION #668	273.54
3/20/2024	222462	CITY OF BAKERSFIELD	7,011.02
3/20/2024	222463	CITY OF SHAFTER	539.91
3/20/2024	222464	CITY OF STOCKTON	28.98
3/20/2024	222465	CLEMMER AND COMPANY	2,100.00
3/20/2024	222466	COMMUNITY SERVICES AND DEVELOPMENT DEPARTMENT	601.58
3/20/2024	222467	COUNTY OF KERN	1,594.49
3/20/2024	222468	COUNTY OF KERN PUBLIC WORKS	49.43
3/20/2024	222469	COVERALL NORTH AMERICA INC	1,025.00
3/20/2024	222472	DELANO UNION SCHOOL DISTRICT	5,040.00
3/20/2024	222473	DEPARTMENT OF SOCIAL SERVICES	1,694.00
3/20/2024	222474	DEPARTMENT OF SOCIAL SERVICES	363.00
3/20/2024	222475	EAST NILES COMMUNITY SERVICES DIST	79.70
3/20/2024	222480	F.W. WASSERMAN AND ASSOCIATES	175.00
3/20/2024	222481	FERGUSON ENTERPRISES INC #1350	160.39
3/20/2024	222483	GRINGTEAM INC.	834.72
3/20/2024	222484	HOME DEPOT COMMERCIAL CREDIT	1,570.96
3/20/2024	222485	INDIAN WELLS VALLEY WATER DISTRICT	411.37
3/20/2024	222490	KERN COMMUNITY COLLEGE DISTRICT	68,707.80
3/20/2024	222491	KERN COUNTY SUPERINTENDENT OF SCHOOLS	23,883.42
3/20/2024	222492	LAKESHORE EQUIPMENT COMPANY	26,712.65
3/20/2024	222493	LANGUAGE LINE SERVICES INC	206.66
3/20/2024	222500	LOWES COMPANIES INC	22,812.49
3/20/2024	222501	MANUEL G BARRIOS	150.00
3/20/2024	222505	MARIO LEE ALCORTA / RELIABLE JANITORIAL SERVICES & CARPET CLEANERS OF	520.00
3/20/2024	222509	MASSIEL ZETINO	4,875.00
3/20/2024	222510	MCFARLAND UNIFIED SCHOOL DISTRICT	1,071.00

Community Action Partnership of Kern

Check/Voucher Register

From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/20/2024	222511	MCWILLIAMS & WALDEN INC	3,946.74
3/20/2024	222512	MESA ENERGY SYSTEMS, INC.	1,057.28
3/20/2024	222513	MICHAEL K BROWN LANDSCAPE INC	4,081.71
3/20/2024	222517	NATIONAL SAFETY COMPLIANCE INC	1,974.00
3/20/2024	222519	NEEDLES PUBLIC UTILITY AUTHORITY	63.67
3/20/2024	222520	NEXSTAR MEDIA INC	14,970.00
3/20/2024	222521	ODP BUSINESS SOLUTIONS LLC	2,084.53
3/20/2024	222522	OFFICE1 LEASING	527.08
3/20/2024	222523	PG&E	9,765.52
3/20/2024	222524	PRICE DISPOSAL	372.99
3/20/2024	222525	PRODUCERS DAIRY FOODS INC	1,958.97
3/20/2024	222526	PROPAC INC	4,846.50
3/20/2024	222527	PROTECTION 1/ADT	59.48
3/20/2024	222528	PURA SABROSURA AGUAS FRESCAS	500.00
3/20/2024	222529	QUADIENT FINANCE USA INC	4,500.00
3/20/2024	222530	RANDIK PAPER CO.	354.08
3/20/2024	222533	SAFEWAY INC VONS DIVISION	19.86
3/20/2024	222534	SAN JOAQUIN FENCE	10,988.00
3/20/2024	222538	SAVE MART SUPERMARKETS	809.77
3/20/2024	222540	SIERRA SANDS UNIFIED SCHOOL DIST	1,710.00
3/20/2024	222541	SNIDERS	22.73
3/20/2024	222542	SOCALGAS	682.55
3/20/2024	222543	SOUTHERN CALIFORNIA EDISON	160.30
3/20/2024	222544	TEACHSTONE, INC	250.00
3/20/2024	222545	THE BAKERSFIELD COLLEGE FOUNDATION	2,600.00
3/20/2024	222549	TRAFFIC MANAGEMENT, INC.	128.95
3/20/2024	222550	UNITED WAY OF KERN COUNTY	52,840.29
3/20/2024	222551	VALLEY PROPANE SERVICE	507.08
3/20/2024	222554	WELLS FARGO VENDOR FINANCIAL SERVICES, LLC	1,943.14
3/20/2024	222556	ADRIANA BAUTISTA DE CRUZ	1,150.96
3/20/2024	222557	ALICIA GARCIA DE LEYVA	5,014.65
3/20/2024	222558	ALICIA MUNOZ DE SANCHEZ	601.40
3/20/2024	222559	ALL ABOARD PRESCHOOL	4,533.85
3/20/2024	222560	ANA BERTHA BALLESTEROS JAIME	2,673.92
3/20/2024	222561	ANA MARIA ACOSTA DE ARIZAGA	1,835.55
3/20/2024	222562	ANA YASMIN LUCIO	622.38
3/20/2024	222563	ANTONIO PERALTA DUQUE	643.33
3/20/2024	222564	CLAUDIA ZAVALA CISNEROS	2,402.15
3/20/2024	222565	CONSUELO RAMIREZ DE MAGDALENO	9,283.35
3/20/2024	222566	DEYSI ISELA ESQUIVEL	11,853.97
3/20/2024	222567	ELSA YANETH QUEVEDO ORTIZ	1,960.00
3/20/2024	222568	ELSA YANETH QUEVEDO ORTIZ	10,370.87
3/20/2024	222569	ERLINDA MARTHA MADUENO	3,023.20
3/20/2024	222570	ESTHER MELENDREZ	1,838.86
3/20/2024	222571	FLOR JAZMIN ZACARIAS	3,857.78
3/20/2024	222572	IRMA JIMENEZ CASTANEDA	3,842.25
3/20/2024	222573	JACKELINE NEOMI GARCIA	1,215.71
3/20/2024	222574	JUAN JOSE HERNANDEZ	1,325.96
3/20/2024	222575	JUANA INEZ SALGADO RENTERIA	3,909.24
3/20/2024	222576	LETICIA GARIBAY CEJA	2,014.28
3/20/2024	222577	MA BELEN RODRIGUEZ BRAVO	1,798.71
3/20/2024	222578	MANUELA P MEDINA	6,885.17
3/20/2024	222579	MARA G RAMIREZ DE MARTINEZ	8,152.76

Community Action Partnership of Kern

Check/Voucher Register

From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/20/2024	222580	MARCELA CHAVEZ OSEGUERA	1,748.32
3/20/2024	222581	MARCELA G NUNEZ DE GUTIERREZ	12,883.70
3/20/2024	222582	MARCELINA PERALTA	4,186.94
3/20/2024	222583	MARGARITA GARIBAY CORTES	2,285.18
3/20/2024	222584	MARIA CRUZ MACIAS	1,219.99
3/20/2024	222585	MARIA ESTHER GONZALEZ AVALOS	3,853.47
3/20/2024	222586	MARIA EUGENIA GARCIA DE VEGA	3,290.04
3/20/2024	222587	MARIA LOURDES MORENO ESQUIVEL	1,908.96
3/20/2024	222588	MARIA PICOS DE GARCIA	2,712.88
3/20/2024	222589	MARIA SALAZAR	9,500.07
3/20/2024	222590	MARIA V SOSA	670.60
3/20/2024	222591	MAYRA PONCE GARIBAY	909.94
3/20/2024	222592	NATALIA CAMACHO DE AYALA	763.29
3/20/2024	222593	OLGA LIDIA ALVAREZ	1,215.71
3/20/2024	222594	ORELLANA RODIGUEZ TOMASA MARISOL	1,039.96
3/20/2024	222595	REYNALDA C MALDONADO	1,784.74
3/20/2024	222596	RUFINITA PRISCILLA MARIE SAUCEDA	2,491.96
3/20/2024	222597	SANDRA ELIZABETH SAMAYOA	2,153.28
3/20/2024	222598	TERESA CERVANTES	632.71
3/20/2024	222599	VERONICA HERNANDEZ	1,006.19
3/20/2024	222600	CARMEN SANTOS PACHECO	5,984.30
3/20/2024	222601	MIREYA GUZMAN CRISTOBAL	1,031.50
3/20/2024	222602	HORTENCIA HERNANDEZ	378.75
3/20/2024	222603	JUANA H PIMENTEL	7,529.26
3/20/2024	222604	LUCERO L IBARRA	935.96
3/20/2024	222605	MARIBEL SANTOS GALINDO	3,554.32
3/20/2024	222606	GLORIA GARCIA DE MADERA	7,995.48
3/20/2024	222607	Karla Elizabeth Huling	3,941.52
3/20/2024	222608	LUZ E VENEGAS	9,189.98
3/20/2024	222609	MARIA B CRUZ DE PULIDO	9,689.98
3/20/2024	222610	YAZMIN ZAVALA	943.55
3/20/2024	222611	DOLORES VERDUZCO GALINDO	5,965.22
3/20/2024	222612	HERLINDA NOLASCO DE GONZALEZ	3,739.01
3/20/2024	222613	MARIA M ANGULO	4,766.93
3/20/2024	222614	AMPARO MAGANA	1,784.24
3/20/2024	222615	ANA R LEMUS LOPEZ	1,849.15
3/20/2024	222616	ANDRADE ESTELA Y JOSE FAMILY CHILD CARE	2,749.89
3/20/2024	222617	ANDREA R RIVERA	1,770.19
3/20/2024	222618	BRENDA SUJEY MARTINEZ	2,908.41
3/20/2024	222619	CRISTINA SOTO DE MARTINEZ	2,741.27
3/20/2024	222620	ESMERALDA YOSELI SALCIDO CURIEL	1,699.50
3/20/2024	222621	GLORIA LEMUS DE LEMUS	1,849.15
3/20/2024	222622	GUADALUPE ELIZABETH PENUELAS	3,635.53
3/20/2024	222623	KASANDRA LOPEZ-CORDERO	1,776.75
3/20/2024	222624	MARIA ELENA CORONA DE IBARRA	7,362.08
3/20/2024	222625	ROSAURA QUINTERO DE LOPEZ	8,122.95
3/20/2024	222626	SOCORRO LARA DE GOVEA	1,885.73
3/20/2024	222627	VERONICA L ESCOBAR	9,550.96
3/20/2024	222628	HORTENCIA HERNANDEZ	890.00
3/20/2024	222629	LETICIA MARIA BOTELLO	3,614.85
3/20/2024	222630	YAZMIN ZAVALA	943.55
3/20/2024	222631	LAKESHORE EQUIPMENT COMPANY	16,673.06

Check Date	Check Number	Payee	Check Amount
3/20/2024	222632	WASTE MANAGEMENT OF SOUTHERN CALIFORNIA	212.57
3/20/2024	25265	ADOBE INC	27.99
3/20/2024	25266	ADOBE INC	111.96
3/20/2024	25267	ADOBE INC	55.98
3/20/2024	25268	ADOBE INC	27.99
3/20/2024	25269	ADOBE INC	671.76
3/20/2024	25270	ADOBE INC	203.88
3/20/2024	25271	ADP, LLC.	22,513.99
3/20/2024	25273	ADVANCED DATA STORAGE	17.60
3/20/2024	25274	ALLIED UNIVERSAL SECURITY SERVICES	96,608.95
3/20/2024	25275	AMERICAN BUSINESS MACHINES	55.34
3/20/2024	25276	AMERICAN REFUSE, INC.	710.40
3/20/2024	25277	AN ICON COMPANY, LLC	17,036.85
3/20/2024	25285	BALCO HOLDINGS, INC. DBA BAY ALARM COMPANY	291.39
3/20/2024	25286	BS& E INC	56.79
3/20/2024	25288	CHEVRON AND TEXACO BUSINESS CARD SERVICES	7,830.44
3/20/2024	25289	CHEVRON AND TEXACO BUSINESS CARD SERVICES	274.24
3/20/2024	25290	COLOMBO CONSTRUCTION COMPANY INC.	25,435.67
3/20/2024	25292	CREATIVE FINANCIAL STAFFING LLC	2,074.00
3/20/2024	25297	DISCOUNT SCHOOL SUPPLY	10,034.70
3/20/2024	25298	DONAHUE TRUCK CENTERS	2,478.29
3/20/2024	25300	EXACT STAFF, INC	1,861.60
3/20/2024	25301	EXACT STAFF, INC	828.80
3/20/2024	25302	FRONTIER COMMUNICATIONS HOLDINGS LLC	60.72
3/20/2024	25303	FRONTIER COMMUNICATIONS HOLDINGS LLC	63.53
3/20/2024	25304	FRONTIER COMMUNICATIONS HOLDINGS LLC	120.21
3/20/2024	25305	FRONTIER COMMUNICATIONS HOLDINGS LLC	670.23
3/20/2024	25306	FRONTIER COMMUNICATIONS HOLDINGS LLC	73.89
3/20/2024	25307	FRONTIER COMMUNICATIONS HOLDINGS LLC	479.03
3/20/2024	25308	FRONTIER COMMUNICATIONS HOLDINGS LLC	344.04
3/20/2024	25310	GARDEN PATHWAYS INC	469.57
3/20/2024	25311	GARDEN PATHWAYS INC	7,347.67
3/20/2024	25313	GRACE COMMUNITY CHURCH	1,294.76
3/20/2024	25314	INDOFF INCORPORATED	135,014.90
3/20/2024	25316	JON DOOLEY HEATING AND COOLING	12,903.25
3/20/2024	25318	KAPLAN EARLY LEARNING CO	0.00
3/20/2024	25319	KAPLAN EARLY LEARNING CO	3,394.08
3/20/2024	25320	KAPLAN EARLY LEARNING CO	61.61
3/20/2024	25321	KAPLAN EARLY LEARNING CO	246.42
3/20/2024	25322	KAPLAN EARLY LEARNING CO	369.64
3/20/2024	25323	KAPLAN EARLY LEARNING CO	783.58
3/20/2024	25324	KAPLAN EARLY LEARNING CO	1,842.34

Check Date	Check Number	Payee	Check Amount
3/20/2024	25325	KAPLAN EARLY LEARNING CO	727.69
3/20/2024	25326	KAPLAN EARLY LEARNING CO	3,390.39
3/20/2024	25327	KAPLAN EARLY LEARNING CO	3,140.95
3/20/2024	25328	KAPLAN EARLY LEARNING CO	198.16
3/20/2024	25329	KAPLAN EARLY LEARNING CO	1,896.02
3/20/2024	25330	KAPLAN EARLY LEARNING CO	118.06
3/20/2024	25331	KAPLAN EARLY LEARNING CO	7,503.36
3/20/2024	25332	KAPLAN EARLY LEARNING CO	4,249.87
3/20/2024	25333	KAPLAN EARLY LEARNING CO	190.97
3/20/2024	25334	KAPLAN EARLY LEARNING CO	367.88
3/20/2024	25335	LEO BLANCO / LEO'S MOBILE CAR WASH & DETAIL	270.00
3/20/2024	25336	LEO BLANCO / LEO'S MOBILE CAR WASH & DETAIL	60.00
3/20/2024	25342	MCKESSON MEDICAL SURGICAL INC	9,919.60
3/20/2024	25343	MICHAEL E BRADLEY	1,800.00
3/20/2024	25344	MICROSOFT CORPORATION	360.00
3/20/2024	25345	MISSION LINEN SUPPLY	4,825.79
3/20/2024	25346	MITEL NETSOLUTIONS INC	20,024.56
3/20/2024	25347	MOLLY & BRUCE BUSACCA INC	57.00
3/20/2024	25348	NARAMA INC	617.78
3/20/2024	25351	PAULIN INDUSTRIES, INC.	915.24
3/20/2024	25352	PERFECT GIFT LLC	2,005.15
3/20/2024	25353	PLC SYSTEM SERVICES	1,515.44
3/20/2024	25354	POWER MACHINERY CENTER	584.20
3/20/2024	25360	SSD ALARM, INC	466.71
3/20/2024	25363	SYSCO FOOD SERVICES OF VENTURA INC	518.52
3/20/2024	25364	SYSCO FOOD SERVICES OF VENTURA INC	1,675.41
3/20/2024	25365	SYSCO FOOD SERVICES OF VENTURA INC	757.53
3/20/2024	25366	SYSCO FOOD SERVICES OF VENTURA INC	1,152.91
3/20/2024	25367	SYSCO FOOD SERVICES OF VENTURA INC	856.57
3/20/2024	25368	THE BAKERSFIELD CALIFORNIAN	5,000.00
3/20/2024	25369	THE MARCOM GROUP, INC.	95.00
3/20/2024	25371	VERIZON WIRELESS	8,210.92
3/20/2024	25372	VERNON SORENSON MD INC	25.00
3/20/2024	25373	VERNON SORENSON MD INC	100.00
3/20/2024	25374	VERNON SORENSON MD INC	150.00
3/20/2024	25375	VERNON SORENSON MD INC	100.00
3/20/2024	25376	VERNON SORENSON MD INC	127.00
3/20/2024	25377	VERNON SORENSON MD INC	474.00
3/20/2024	25378	VERNON SORENSON MD INC	180.00
3/20/2024	25380	ADELA A RAMIREZ	613.20
3/20/2024	25381	ADELA JAIMES	10,220.26
3/20/2024	25382	ADRIANA AGUIRRE GAONA	4,545.45
3/20/2024	25383	ADRIANA CEJA GONZALEZ	11,307.02
3/20/2024	25384	ADRIANA GOMEZ	10,202.96
3/20/2024	25385	ADRIANA SERNAS	801.11
3/20/2024	25386	ANA MARTINEZ	960.89
3/20/2024	25387	ANA PATRICIA CAMARGO	6,192.86
3/20/2024	25388	ANA ROSA M SANCHEZ	9,711.69

Community Action Partnership of Kern
Check/Voucher Register
From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/20/2024	25389	ANDREA PIMENTEL DE DOMINGUEZ	10,435.40
3/20/2024	25390	ANGELA PELAYO	1,501.20
3/20/2024	25391	ANGELICA M MARES	5,040.24
3/20/2024	25392	ANTONIA PANIAGUA ROSALES	12,883.64
3/20/2024	25393	ARACELI JIMENEZ AVILA	2,476.36
3/20/2024	25394	ARACELI MORALES DE MARTINEZ	4,849.48
3/20/2024	25395	ARACELY CRUZ DE MONTERROSA	14,056.27
3/20/2024	25396	AYDE JAIME	12,678.79
3/20/2024	25397	BEATRIZ GONZALEZ DUENAS	1,379.45
3/20/2024	25398	BLANCA EVELIA RUIZ DE SOLORIO	11,790.47
3/20/2024	25399	CAROLINA GIL	4,639.48
3/20/2024	25400	CATALINA RIVERA DE ESPINOZA	5,752.13
3/20/2024	25401	CESILA GARCIA DIAZ	670.60
3/20/2024	25402	CLARA ACOSTA FERREL	1,821.56
3/20/2024	25403	CLAUDIA BARAJAS ROGEL	1,292.98
3/20/2024	25404	CLAUDIA GARCIA	3,647.13
3/20/2024	25405	CONSUELO PUGA	6,172.95
3/20/2024	25406	DAISY ALMIDA GONZALEZ	7,128.73
3/20/2024	25407	DAVID PANTOJA	7,540.77
3/20/2024	25408	DELIA CHAVEZ	622.38
3/20/2024	25409	DOLORES M PLATERO	5,684.47
3/20/2024	25410	Dora Luz Rivera	9,891.37
3/20/2024	25411	DULCE IRASEMA MUNOZ LOPEZ	2,677.18
3/20/2024	25412	EDELMIRA L VIVEROS	5,568.85
3/20/2024	25413	ELENA OCHOA CONTRERAS	1,215.71
3/20/2024	25414	ELIDA CRUZ	3,627.46
3/20/2024	25415	ELIM RODRIGUEZ	3,680.18
3/20/2024	25416	ELIZABETH CHAVEZ	1,918.74
3/20/2024	25417	ELIZABETH DIAZ	5,754.09
3/20/2024	25418	ELIZABETH GONZALEZ	2,095.99
3/20/2024	25419	ELOISA QUINTINO DE MARTINEZ	632.71
3/20/2024	25420	ELVIA O CASTELLANOS	2,582.08
3/20/2024	25421	ESPERANZA B TOBAR	0.00
3/20/2024	25422	EVANY MURILLO	3,023.07
3/20/2024	25423	EVELYN SANCHEZ	583.00
3/20/2024	25424	FABIOLA GARCIA AVILES	1,034.21
3/20/2024	25425	FELISITA GOMEZ DE GOMEZ	2,643.70
3/20/2024	25426	GABRIELA ARREGUIN	7,010.59
3/20/2024	25427	GEORGINA CONCEPCION WARREN COSTALES	6,292.89
3/20/2024	25428	GLADYS ITZEL GALVAN	1,908.96
3/20/2024	25429	GLORIA ISITA MEJIA	1,655.94
3/20/2024	25430	GLORIA PARRA	698.01
3/20/2024	25431	GREGORIA GALLEGOS	9,484.12
3/20/2024	25432	GUADALUPE AVILES LEYVA	2,741.46
3/20/2024	25433	GUADALUPE CECILIA JAIME	894.55
3/20/2024	25434	GUADALUPE OLAZABAL	343.11
3/20/2024	25435	GUILLERMINA HERNANDEZ GOMEZ	3,359.88
3/20/2024	25436	HILDA ARACELI ARAMBULA MORENO	884.55
3/20/2024	25437	IMELDA HERNANDEZ	2,852.41
3/20/2024	25438	IMELDA MARIN DE JUAREZ	12,073.41
3/20/2024	25439	INES MARISCAL MACIAS	636.98
3/20/2024	25440	IRENE R SIXTOS	10,325.02
3/20/2024	25441	IRMA AYALA CONTRERAS	2,588.80
3/20/2024	25442	IRMA C GARCIA	1,223.86

Check Date	Check Number	Payee	Check Amount
3/20/2024	25443	IRMA FLORES	2,860.21
3/20/2024	25444	IRMA SANDOVAL ROBLES	10,195.04
3/20/2024	25445	IRMA VERONICA OSEGUERA	6,138.78
3/20/2024	25446	ISABEL GARCIA	6,507.01
3/20/2024	25447	ISABEL LILLY VILLANUEVA	1,006.19
3/20/2024	25448	JACLYN PRADO	11,955.03
3/20/2024	25449	JASMIN ALEJANDRA ARANDA	2,586.69
3/20/2024	25450	JASMINE CANCHOLA	5,023.05
3/20/2024	25451	JESSICA MIRAXY DOMINGUEZ	909.95
3/20/2024	25452	JOANNA GONZALEZ	4,795.10
3/20/2024	25453	JOANNA ROBLES	909.95
3/20/2024	25454	JOSELINE ARREDONDO	1,964.06
3/20/2024	25455	JUANITA FAY GALVAN	1,820.24
3/20/2024	25456	JULISSA MARIE ARAGON	8,635.09
3/20/2024	25457	KASANDRA FIGUEROA BASURTO	3,315.44
3/20/2024	25458	LAURA A RODRIGUEZ	6,247.07
3/20/2024	25459	LAURA E NUNEZ	698.01
3/20/2024	25460	LESLIE KARINA TOSCANO CRUZ	982.12
3/20/2024	25461	LETICIA G HERNANDEZ	9,681.06
3/20/2024	25462	LETICIA HERNANDEZ PEREZ	1,042.99
3/20/2024	25463	LETICIA MORALES	9,375.52
3/20/2024	25464	LILIA HORTENCIA OSEGUERA	9,854.68
3/20/2024	25465	LILIA YAZMIN JUAREZ	9,153.68
3/20/2024	25466	LILIANA REYES GONZALEZ	909.95
3/20/2024	25467	LILIANA SOLORIO	5,172.65
3/20/2024	25468	LORENA SILVA DE MALDONADO	4,668.89
3/20/2024	25469	LORENA TRUJILLO ESCOBEDO	3,018.10
3/20/2024	25470	LOURDES PEREZ DE GARCIA	3,863.66
3/20/2024	25471	LUZ ELENA RODRIGUEZ	1,114.14
3/20/2024	25472	MARGARITA CORTES DE BARAJAS	13,793.39
3/20/2024	25473	MARGARITA FELIX	8,352.69
3/20/2024	25474	MARGARITA PADILLA BARAJAS	7,414.28
3/20/2024	25475	MARIA A LOPEZ	7,359.33
3/20/2024	25476	MARIA ARACELI CRUZ	817.77
3/20/2024	25477	MARIA ASUSENA GONZALEZ-GUTIERREZ	3,676.46
3/20/2024	25478	MARIA C ARELLANO DE CONTRERAS	4,038.73
3/20/2024	25479	MARIA C CUEVAS DE GARCIA	2,447.74
3/20/2024	25480	MARIA E CORONA HEREDIA	2,689.05
3/20/2024	25481	MARIA E CUARA	1,215.71
3/20/2024	25482	MARIA ELENA RODRIGUEZ	1,603.00
3/20/2024	25483	MARIA ESTELA ARROYO	1,868.46
3/20/2024	25484	MARIA GUADALUPE ALVAREZ	3,674.48
3/20/2024	25485	MARIA GUADALUPE CONTRERAS VARGAS	4,515.28
3/20/2024	25486	MARIA GUADALUPE DIAZ DE RUIZ	2,875.03
3/20/2024	25487	MARIA GUADALUPE GONZALEZ	7,559.63
3/20/2024	25488	MARIA GUADALUPE LEYVA	1,105.58
3/20/2024	25489	MARIA GUADALUPE LOPEZ CORZA	11,703.38
3/20/2024	25490	MARIA LOURDES NIEVAS DE SALAZAR	5,170.42
3/20/2024	25491	MARIA NANCY CRUZ	6,527.83
3/20/2024	25492	MARIA RAFAELA JAIMES HERNANDEZ	909.94
3/20/2024	25493	MARIANELA G ORTIZ	5,246.45
3/20/2024	25494	MARICELA AYALA CONTRERAS	308.88
3/20/2024	25495	MARIELENA VILLALOBOS	1,292.98

Community Action Partnership of Kern
Check/Voucher Register
From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/20/2024	25496	MARILU GARZA	9,831.62
3/20/2024	25497	MARTHA SALGADO	13,097.96
3/20/2024	25498	MAYLEN CHAVOLLA AYALA	1,655.69
3/20/2024	25499	MAYRA HERNANDEZ	3,727.00
3/20/2024	25500	MIGUEL ANGEL GARCIA JIMENEZ	4,113.89
3/20/2024	25501	NANCY GARIBAY HERNANDEZ	1,916.14
3/20/2024	25502	Natalie Sevilla	1,131.86
3/20/2024	25503	NORMA LISA GUZMAN	4,494.32
3/20/2024	25504	NORMA M ZARAZUA	5,912.78
3/20/2024	25505	NUBIA IVETTE ACEVES RODRIGUEZ	894.55
3/20/2024	25506	OLGA ZAMAGO	1,778.22
3/20/2024	25507	ORGARIDT ALCANZAR MAGANA	6,497.92
3/20/2024	25508	PATRICIA SANCHEZ	6,664.54
3/20/2024	25509	PRECIOSA ISABEL CHAMALE CASTRO	698.01
3/20/2024	25510	RAQUEL G DE IZARRARAS	420.00
3/20/2024	25511	RAQUEL G DE IZARRARAS	2,428.14
3/20/2024	25512	REMEDIOS MORENO ZAVALA	1,805.77
3/20/2024	25513	REYNA MOREIRA DELGADO	1,170.56
3/20/2024	25514	RITA GARCIA	14,491.57
3/20/2024	25515	ROCIO OROZCO IBARRA	8,140.62
3/20/2024	25516	Rosa Elena Arellano	1,789.10
3/20/2024	25517	ROSALIA MARTINEZ DE MENDOZA	1,773.34
3/20/2024	25518	RUBICEL RUIZ SOLORIO	4,978.43
3/20/2024	25519	SANDRA RODRIGUEZ	873.29
3/20/2024	25520	SARA CASTANEDA	636.98
3/20/2024	25521	SENDY N HERNANDEZ SOSA	873.90
3/20/2024	25522	SILVIA E ZUNIGA	12,554.57
3/20/2024	25523	SILVIA MENDEZ URIBE	1,907.13
3/20/2024	25524	SONIA PANTOJA	7,762.85
3/20/2024	25525	SUSY I SANTACRUZ DE SAHAGUN	6,535.05
3/20/2024	25526	SYDNEY GONZALEZ	2,443.94
3/20/2024	25527	SYLVIA MORA	1,197.86
3/20/2024	25528	TERESA CAROLINA OROPEZA	11,321.57
3/20/2024	25529	TINA MARIE ANTE	12,500.48
3/20/2024	25530	TRINIDAD TINOCO	10,182.01
3/20/2024	25531	Yanely Garcia	1,820.24
3/20/2024	25532	YESENIA ESCOTO MURILLO	1,859.25
3/20/2024	25533	YESENIA SALAZAR-PENA	4,848.46
3/20/2024	25534	YOLANDA JUAREZ	10,258.56
3/20/2024	25535	ZEFERINO GONZALEZ	1,173.76
3/20/2024	25536	BIVIANA MANRIQUEZ	10,285.16
3/20/2024	25537	CARMEN BELTRAN	11,281.97
3/20/2024	25538	CELFIDA SANTOS DE RUIZ	11,207.54
3/20/2024	25539	DOLORES PALACIOS DE GUZMAN	12,370.28
3/20/2024	25540	ELDA KARINA IBARRA	5,765.81
3/20/2024	25541	INOCENCIA SALAS ROJAS	2,949.73
3/20/2024	25542	IRMA CARRIEDO DE GARCIA	2,057.47
3/20/2024	25543	LAURA A GUTIERREZ	12,809.02
3/20/2024	25544	LETICIA FLORES	2,736.39
3/20/2024	25545	LIDIA ALONDRA BRAVO DE MENDOZA	6,567.06
3/20/2024	25546	LORRAINE DIAZ	2,618.40
3/20/2024	25547	LUZ MARIA VILLAGOMEZ	12,410.97
3/20/2024	25548	MARIA CARRILLO DE GUTIERREZ	7,416.98
3/20/2024	25549	MARIA DOLORES ARIAS	2,360.62
3/20/2024	25550	MARIA ELENA ESCOBAR	3,000.99

Check Date	Check Number	Payee	Check Amount
3/20/2024	25551	MARIA GUADALUPE JAYME	5,697.77
3/20/2024	25552	MATILDE VILLAFAN DE MARAVILLA	11,891.09
3/20/2024	25553	MELANEA FLERROS HIDALGO	2,816.21
3/20/2024	25554	MITZI G CHAVEZ MAGALLON	3,481.99
3/20/2024	25555	NINFA E. RODRIGUEZ	5,456.40
3/20/2024	25556	NORMA MENDOZA	5,584.07
3/20/2024	25557	OLGA NOVELA DE HUERTA	8,129.41
3/20/2024	25558	PATRICIA MUNOZ VASQUEZ	12,005.20
3/20/2024	25559	ROSA ANGELA ORTIZ	7,514.61
3/20/2024	25560	SUNSHINE BILINGUAL DAYCARE	7,543.33
3/20/2024	25561	YADIRA CARDONA FAMILY CHILD CARE	2,559.38
3/20/2024	25562	DINA BEATRIZ GONZALEZ	4,759.10
3/20/2024	25563	JACQUELINE DIANE JARAMILLO GONZALEZ	3,246.32
3/20/2024	25564	AGUSTINA MORENO	1,885.10
3/20/2024	25565	AIDEE SANDOVAL	5,373.89
3/20/2024	25566	ALIDA MERCADO DE GARNICA	1,885.10
3/20/2024	25567	ANDREA ESTRADA	3,662.62
3/20/2024	25568	ANGELINA VASQUEZ	2,717.39
3/20/2024	25569	CECILIA ALONSO DE RODRIGUEZ	4,823.07
3/20/2024	25570	CECILIA ATAI PEREZ	11,314.96
3/20/2024	25571	CYNTHIA E CATILLO	2,640.04
3/20/2024	25572	DALILA J CAVAZOS	9,527.43
3/20/2024	25573	DIANE LOMELI	2,732.94
3/20/2024	25574	EDITH ALEJANDRA GALLEGOS	1,945.11
3/20/2024	25575	ELVIRA OCHOA GOMEZ	5,079.73
3/20/2024	25576	EVA DILMA VARGAS	7,415.16
3/20/2024	25577	GLAFIRA E CAMACHO DE TRUJILLO	8,416.70
3/20/2024	25578	Guadalupe Carrizoza De Castillo	12,252.67
3/20/2024	25579	HERMELINDA VILLEDA	3,687.07
3/20/2024	25580	IRMA L IBARRA	11,752.55
3/20/2024	25581	JACINTA GLORIA CRUZ	3,514.68
3/20/2024	25582	JACOBA C DE ANDRACA	10,713.48
3/20/2024	25583	JANETH G SARABIA	2,182.00
3/20/2024	25584	JUDITH ADRIANA PAREDES DE QUEZADA	2,008.90
3/20/2024	25585	LETICIA HERNANDEZ	946.82
3/20/2024	25586	LUCERO MILLAN GARCIA	934.94
3/20/2024	25587	MA DEL CARMEN GOMEZ GRANADOS	9,348.36
3/20/2024	25588	MA TERESA NAVA DE FRANCO	2,759.84
3/20/2024	25589	MARIA C PEREZ	1,857.26
3/20/2024	25590	MARIA C ZEPEDA DE NUNEZ	1,981.70
3/20/2024	25591	MARIA F AGUILAR DE SANDOVAL	4,151.10
3/20/2024	25592	MARIA GARCIA	14,380.57
3/20/2024	25593	MARIA SANTOS DE LOPEZ	7,564.77
3/20/2024	25594	MARIA Z RODRIGUEZ DE OCHOA	8,651.80
3/20/2024	25595	MARICELA CORTEZ	8,525.32
3/20/2024	25596	MARICELA SANDOVAL RODRIGUEZ	5,401.45
3/20/2024	25597	MARISOL GONZALEZ	4,792.05
3/20/2024	25598	MARISOL PEREZ	2,864.47
3/20/2024	25599	MARTHA ESTHELA SANCHEZ	11,358.29
3/20/2024	25600	MARTINA RANGEL	4,775.13
3/20/2024	25601	MARYPAZ MAGANA	4,742.05
3/20/2024	25602	MAYRA ELENA GONZALEZ MORALES	7,725.60
3/20/2024	25603	MILCA REBEKAH PEREZ	7,362.13

Community Action Partnership of Kern

Check/Voucher Register

From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/20/2024	25604	MIRIAM MACIEL BARRIGA	3,787.62
3/20/2024	25605	PAULA LARA VALDOVINOS	9,409.14
3/20/2024	25606	REYNA TORRES DE CASTRO	2,572.74
3/20/2024	25607	ROSALINDA VARGAS MATA	6,476.70
3/20/2024	25608	ROSEMARY ZAVALA	9,435.42
3/20/2024	25609	SANDRA MARTINEZ VARELA	11,000.75
3/20/2024	25610	SANDRA PEREZ	7,370.31
3/20/2024	25611	SARA ESTELA POSADA	9,661.44
3/20/2024	25612	SCHYIENELL JONES	1,984.19
3/20/2024	25613	SILVIA MEJIA	10,879.09
3/20/2024	25614	SOFIA ALVAREZ DE GONZALEZ	12,320.94
3/20/2024	25615	SUSIE MARIA REYNA	4,323.51
3/20/2024	25616	VANESSA NICOLE MEJIA	5,406.31
3/20/2024	25617	VIDALIA MARTINEZ GONZALEZ	5,758.56
3/20/2024	25618	VIRGINIA PEREZ	908.40
3/20/2024	25619	XOCHITL QUIROZ DE ALCALA	8,669.32
3/20/2024	25620	YOANA PEREZ	2,840.46
3/20/2024	25621	ANDREA GUADALUPE DIAZ	2,911.52
3/20/2024	25622	BERTHA CAMPOS	1,311.00
3/20/2024	25623	CLAUDIA ZARAGOZA DE RODRIGUEZ	1,820.00
3/20/2024	25624	CLAUDIA ZARAGOZA DE RODRIGUEZ	11,104.88
3/20/2024	25625	EDUVIJES SUAREZ	2,726.34
3/20/2024	25626	ESPERANZA TORRES	892.55
3/20/2024	25627	EVA RAMIREZ	988.31
3/20/2024	25628	HILDA BARAJAS JUAREZ	3,141.88
3/20/2024	25629	JUANA MORILLON GUILLEN	3,442.17
3/20/2024	25630	MARIA F MARTINEZ	2,906.72
3/20/2024	25631	MARIA GUADALUPE BARAJAS DE GARCIA	560.00
3/20/2024	25632	MARIA GUADALUPE BARAJAS DE GARCIA	2,958.04
3/20/2024	25633	MARIA GUADALUPE RESENDEZ	2,471.51
3/20/2024	25634	Maria Ledesma De Garcia	13,588.51
3/20/2024	25635	MARIA TERESA HEREDIA	3,717.01
3/20/2024	25636	MARIANA MEDRANO	1,699.49
3/20/2024	25637	NORMA PULIDO CRUZ	1,738.19
3/20/2024	25638	TERESA DE LA LUZ SALAZAR MARTINEZ	6,565.99
3/20/2024	25639	YNEZ ATHENA CHAVEZ-ANDRADE	840.00
3/20/2024	25640	YNEZ ATHENA CHAVEZ-ANDRADE	4,983.04
3/20/2024	25641	ANA MARIA NAVARRO DE GUTIERREZ	960.00
3/20/2024	25642	ANA MARIA NAVARRO DE GUTIERREZ	5,483.43
3/20/2024	25643	BEATRIZ JACQUEZ NUNEZ	320.00
3/20/2024	25644	BEATRIZ JACQUEZ NUNEZ	1,840.60
3/20/2024	25645	CECILIA ZAMORA	5,989.81
3/20/2024	25646	LUZ SELENE RUANO ORTEGA	3,048.82
3/20/2024	25647	MARIA ELENA CASTILLO	6,918.78
3/20/2024	25648	MARIA G TAMAYO DE ZAMORA	841.14
3/20/2024	25649	MARIA GUADALUPE ZAMORA RODRIGUEZ	10,923.64
3/20/2024	25650	ONOFRE ZAMORA	1,600.00
3/20/2024	25651	ONOFRE ZAMORA	8,925.92
3/20/2024	25652	ADELA GARCIA DE SOSA	6,839.84
3/20/2024	25653	ALICIA DE LA GARZA	1,721.25
3/20/2024	25654	ALMA AYDE GOMEZ ALVAREZ	4,655.33
3/20/2024	25655	ALMA R RANGEL	5,537.78

Community Action Partnership of Kern
Check/Voucher Register
From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/20/2024	25656	ANA MARIA DAVILA	2,648.43
3/20/2024	25657	BEATRIZ ADRIANA CARRILLO HERNANDEZ	6,751.30
3/20/2024	25658	BEATRIZ TELLEZ DE TORRES	6,834.76
3/20/2024	25659	BERENICE IBARRA	4,464.70
3/20/2024	25660	BERNARDINA GOMEZ ARAUJO	1,914.06
3/20/2024	25661	BERTHA ALICIA GOMEZ	7,771.01
3/20/2024	25662	CARMEN MORALES DIAZ	7,752.57
3/20/2024	25663	CONSUELO MEJIA	957.03
3/20/2024	25664	DOLORES SANCHEZ LOPEZ	1,655.07
3/20/2024	25665	EDITH ELIZABETH SANCHEZ	4,899.52
3/20/2024	25666	ELISA GONZALES	6,544.66
3/20/2024	25667	ELVA BORUNDA FLORES	9,365.90
3/20/2024	25668	ELVIRA GAMBOA	957.03
3/20/2024	25669	Gladys Isela Rodriguez	1,786.39
3/20/2024	25670	GLORIA MORENO DE HERNANDEZ	1,749.60
3/20/2024	25671	GLORIA PADILLA MONTES DE OCA	2,832.68
3/20/2024	25672	GUADALUPE LEMUS LEMUS	1,046.80
3/20/2024	25673	IRIS GISELA MAGANA	8,748.85
3/20/2024	25674	IRMA YOLANDA MAGALLON	3,633.39
3/20/2024	25675	ISABEL MARTINEZ-LOMELI	1,077.18
3/20/2024	25676	JANET IBARRA	1,861.70
3/20/2024	25677	JUANA CORTEZ DE PEREZ	7,331.69
3/20/2024	25678	KENDAHL ROSE ROWE	6,958.63
3/20/2024	25679	LAURA MAGALLON OROZCO	898.13
3/20/2024	25680	LORENA IBARRA	364.92
3/20/2024	25681	LUCIA MENDOZA OCHOA	5,514.07
3/20/2024	25682	MAGDALENA GUERRERO DE PARRA	1,853.47
3/20/2024	25683	Margarita Garcia	3,753.54
3/20/2024	25684	MARIA A MAGALLON OROZCO	2,383.62
3/20/2024	25685	MARIA DOLORES GOMEZ	8,957.51
3/20/2024	25686	MARIA G AYALA	2,741.27
3/20/2024	25687	MARIA G SANCHEZ ESCALERA	1,674.40
3/20/2024	25688	MARIA GUADALUPE CHAVEZ	4,327.43
3/20/2024	25689	MARIA LAURA RAYA GOMEZ	2,378.88
3/20/2024	25690	MARIA PAZ RUIZ	4,710.57
3/20/2024	25691	MARIA PERLA GARCIA DE ARCIGA	3,948.27
3/20/2024	25692	MARIA REINA OROZCO MORA	4,655.33
3/20/2024	25693	Maricela Munoz Sanchez	2,439.73
3/20/2024	25694	MARTHA ISELA GALINDO	1,784.24
3/20/2024	25695	MIRIAM GOMEZ ZARATE	2,926.33
3/20/2024	25696	MONICA MARTINEZ	5,417.63
3/20/2024	25697	NORMA PATRICIA AVILA MOLINA	1,721.51
3/20/2024	25698	NYELI GONZALEZ	1,615.60
3/20/2024	25699	OLGA LIRA DE GALLARDO	5,852.66
3/20/2024	25700	Oralia Quiroz	5,552.06
3/20/2024	25701	PATRICIA HERNANDEZ	11,640.98
3/20/2024	25702	PAULA GARCIA	10,876.16
3/20/2024	25703	RAQUEL SANCHEZ	14,444.00
3/20/2024	25704	ROCELIA OROZCO LEMUS	4,530.36
3/20/2024	25705	ROMELIA MORENO DE ESPINOZA	2,741.27
3/20/2024	25706	ROSA BACA DE CEBALLOS	1,131.92
3/20/2024	25707	ROSA HILDA NAVARRO	2,738.27
3/20/2024	25708	ROSALBA GONZALEZ	11,814.15
3/20/2024	25709	ROSALINDA G OCHOA	13,057.77

Check Date	Check Number	Payee	Check Amount
3/20/2024	25710	ROSAURA IBARRA OROZCO	2,866.20
3/20/2024	25711	SILVIA LETICIA SANCHEZ DE GARCIA	1,834.00
3/20/2024	25712	SILVIA PRECIADO	1,685.95
3/20/2024	25713	VIRGINIA RANGEL	7,266.78
3/20/2024	25714	YESICA SANCHEZ ARRIAGA	9,615.12
3/20/2024	25715	YOLANDA LIRA LEMUS	3,838.04
3/20/2024	25716	ANA MARIA DAVILA	2,137.22
3/20/2024	25717	GLORIA MORENO DE HERNANDEZ	1,904.78
3/20/2024	25718	LUPITA ELIZABETH CAMPOS	1,939.74
3/20/2024	25719	MANUEL ARMENDARIZ-SAMANIEGO	493.75
3/20/2024	25720	MARIA TERESA ALANIS	6,911.99
3/20/2024	25721	MARYPAZ MAGANA	1,004.45
3/20/2024	25722	MIRIAM MACIEL BARRIGA	1,860.97
3/20/2024	25723	TERESA DE LA LUZ SALAZAR MARTINEZ	5,350.69
3/20/2024	25724	KAPLAN EARLY LEARNING CO	962.09
3/20/2024	25725	KAPLAN EARLY LEARNING CO	55.18
3/20/2024	25728	THE HARTFORD PRIORITY ACCOUNTS	2,399.18
3/20/2024	25729	THE HARTFORD PRIORITY ACCOUNTS	5,131.53
3/20/2024	25730	THE HARTFORD PRIORITY ACCOUNTS	5,364.60
3/20/2024	25731	THE HARTFORD PRIORITY ACCOUNTS	988.96
3/20/2024	25732	THE HARTFORD PRIORITY ACCOUNTS	2,871.22
3/20/2024	25733	THE HARTFORD PRIORITY ACCOUNTS	5,800.32
3/20/2024	25734	THE HARTFORD PRIORITY ACCOUNTS	7,189.90
3/20/2024	25735	THE HARTFORD PRIORITY ACCOUNTS	2,488.41
3/20/2024	25736	ESPERANZA B TOBAR	420.00
3/20/2024	25737	ESPERANZA B TOBAR	869.64
3/26/2024	218086	SUNRISE VILLA PARTNERS	(700.00)
3/26/2024	222286	BARRIENTOS CONSULTING	(10,000.00)
3/27/2024	222637	ALPHA WHOLESALE PRODUCE INC	2,287.80
3/27/2024	222641	ARAMARK UNIFORM SERVICES	68.15
3/27/2024	222642	AT&T	861.27
3/27/2024	222643	BRIAN BAKER - DBA: THE AVERY AND BRIAN EXPERIENCE	4,875.00
3/27/2024	222644	BUILDING HEALTHY COMMUNITIES	13,480.70
3/27/2024	222645	CALIFORNIA WATER SERVICE COMPANY	230.48
3/27/2024	222646	CELESTE SERNA	65.66
3/27/2024	222647	CERTIFIX INC	384.00
3/27/2024	222648	CHARTER COMMUNICATIONS	204.00
3/27/2024	222649	CHARTER COMMUNICATIONS	219.98
3/27/2024	222650	CHARTER COMMUNICATIONS	169.98
3/27/2024	222651	CHARTER COMMUNICATIONS	174.98
3/27/2024	222652	CHARTER COMMUNICATIONS	209.00
3/27/2024	222653	CHRISTOPHER PERCIVAL	277.48
3/27/2024	222654	CINTAS CORPORATION #668	331.27
3/27/2024	222655	CITY OF BAKERSFIELD	2,213.46
3/27/2024	222656	CITY OF RIDGECREST	30.00
3/27/2024	222657	CITY OF STOCKTON	223.28
3/27/2024	222658	COUNTY OF KERN PUBLIC WORKS	87.12
3/27/2024	222660	FEDEX	167.23
3/27/2024	222661	FELDESMAN LEIFER LLP	471.00
3/27/2024	222662	FERGUSON ENTERPRISES INC #1350	893.70
3/27/2024	222663	FLOWERS BAKING CO OF HENDERSON LLC	943.14
3/27/2024	222664	FLYERS ENERGY LLC	3,681.47

Check Date	Check Number	Payee	Check Amount
3/27/2024	222665	FRESHPOINT CENTRAL CALIFORNIA, INC	6,254.61
3/27/2024	222666	GOLDEN EMPIRE TRANSIT DISTRICT	7,150.00
3/27/2024	222667	GOLDEN EMPIRE TRANSIT DISTRICT	7,150.00
3/27/2024	222668	HANSEN'S MOVING AND STORAGE, INC	9,371.50
3/27/2024	222669	HANSEN'S MOVING AND STORAGE, INC	3,166.50
3/27/2024	222670	HANSEN'S MOVING AND STORAGE, INC	14,721.41
3/27/2024	222671	HANSEN'S MOVING AND STORAGE, INC	16,783.91
3/27/2024	222672	HANSEN'S MOVING AND STORAGE, INC	13,452.66
3/27/2024	222673	HANSEN'S MOVING AND STORAGE, INC	15,931.41
3/27/2024	222674	HOME DEPOT COMMERCIAL CREDIT	2,934.71
3/27/2024	222675	HOMETOWN PUBLISHING LLC	2,421.90
3/27/2024	222676	HOWARD'S GARBAGE SERVICE	231.68
3/27/2024	222678	JORGENSEN & CO	324.10
3/27/2024	222679	KARADANIS SURVIVORS TRUST / ADVANCED MINI STORAGE	316.00
3/27/2024	222680	KERN COUNTY BLACK CHAMBER OF COMMERCE	2,500.00
3/27/2024	222681	KERN COUNTY SUPERINTENDENT OF SCHOOLS	28,430.49
3/27/2024	222682	KERN HEALTH SYSTEMS	170.00
3/27/2024	222683	LAKESHORE EQUIPMENT COMPANY	24,588.75
3/27/2024	222684	LAMONT ELEMENTARY SCHOOL DISTRICT	13,521.25
3/27/2024	222685	LASTAND, INC	20.00
3/27/2024	222686	LOWES COMPANIES INC	352.76
3/27/2024	222687	MCFARLAND UNIFIED SCHOOL DISTRICT	665.00
3/27/2024	222688	MCWILLIAMS & WALDEN INC	2,341.01
3/27/2024	222690	MICHAEL K BROWN LANDSCAPE INC	2,004.40
3/27/2024	222691	NAOMI CARRILLO	88.44
3/27/2024	222692	OASIS AIR CONDITIONING	17,450.00
3/27/2024	222693	ODP BUSINESS SOLUTIONS LLC	1,642.15
3/27/2024	222694	OFFICE1 LEASING	801.48
3/27/2024	222695	PATRIOTS INC	60.16
3/27/2024	222696	PAUL H BROOKES PUBLISHING CO., INC.	425.00
3/27/2024	222697	PG&E	10,511.18
3/27/2024	222698	PRODUCERS DAIRY FOODS INC	8,527.84
3/27/2024	222699	PROGRESS RESOURCES INCORPORATED	130.00
3/27/2024	222700	PROLIFIC PKG, LLC	23,287.82
3/27/2024	222701	REGION IX HEAD START ASSOCIATION	6,230.00
3/27/2024	222703	ROUTE 66 BROADBAND LLC	221.13
3/27/2024	222704	SAFEWAY INC VONS DIVISION	19.93
3/27/2024	222705	SAVE MART SUPERMARKETS	344.04
3/27/2024	222706	SOCALGAS	451.06
3/27/2024	222707	SOUTHERN CALIFORNIA EDISON	1,756.70
3/27/2024	222708	SOUTHWEST FOUNDATION	500.00
3/27/2024	222709	STANDARD PLUMBING SUPPLY COMPANY, INC	177.33
3/27/2024	222710	SUBURBAN PROPANE	528.00
3/27/2024	222711	T-MOBILE USA INC	3,077.13
3/27/2024	222712	TEACHSTONE, INC	12,000.00
3/27/2024	222713	ULINE	1,967.70

Community Action Partnership of Kern

Check/Voucher Register

From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/27/2024	222714	UNITED RENTALS INC	186.10
3/27/2024	222715	VALLEY PROPANE SERVICE	357.49
3/27/2024	222717	WASTE MANAGEMENT OF SOUTHERN CALIFORNIA	1,727.06
3/27/2024	222718	WELLS FARGO VENDOR FINANCIAL SERVICES, LLC	383.18
3/27/2024	222719	WESTERN PROPANE SERVICE	847.92
3/27/2024	222720	WIPFLI LLP	16,096.09
3/27/2024	222721	ALEJANDRA ORTEGA BARON	1,548.10
3/27/2024	222722	BERTHA ALICIA CARAVES	462.86
3/27/2024	222723	BERTHA CONTRERAS	10,015.17
3/27/2024	222724	BRIGHT FUTURES PRESCHOOL 2	1,012.91
3/27/2024	222725	CARMELITA JACINTA MORALES MEJIA	670.60
3/27/2024	222726	CECILIA GAYTAN DE ZARATE	12,717.96
3/27/2024	222727	JEMIMA GONZALEZ	575.48
3/27/2024	222728	JOCELYN SANTAMARIA	1,736.52
3/27/2024	222729	LORENA ALTAMIRANO HERNANDEZ	636.98
3/27/2024	222730	MA DEL CARMEN FLORES VALLECILLO	575.48
3/27/2024	222731	MARIA DEL SOCORRO CARMONA	1,955.07
3/27/2024	222732	MARIA SOFIA MENDOZA DE ORTIZ	1,135.00
3/27/2024	222733	RUTH CARINA PAREDES	8,166.25
3/27/2024	222734	SAIDY LORENA MAYEN	7,274.70
3/27/2024	222735	SONIA C LOPEZ DE JUAREZ	1,876.66
3/27/2024	222736	YOLANDA SALDANA MORENO	2,499.02
3/27/2024	222737	ANA HERMELINDA SANTOS PACHECO	9,587.79
3/27/2024	222738	MARIA P COSIO	11,530.19
3/27/2024	222739	VIRGINIA GUADALUPE RIOS	522.02
3/27/2024	222740	ALMA YANETH NUNEZ GUTIERREZ	662.23
3/27/2024	222741	ANNA DELFINA REYES	7,633.61
3/27/2024	222742	BERTHA NERTO	7,672.44
3/27/2024	222743	CELESTINA ANDREAH CONTRERAS	565.96
3/27/2024	222744	GUADALUPE CABRERA	10,047.87
3/27/2024	222745	MARIA J MARTINEZ DE GARCIA	5,474.60
3/27/2024	222746	ANITA MARIE IBARRA	1,247.94
3/27/2024	222747	ESTELA LOPEZ	498.36
3/27/2024	222748	LETICIA MARIA BOTELLO	3,940.15
3/27/2024	222749	ROCIO JOSEFINA HERNANDEZ	13,461.62
3/27/2024	222750	ROCIO VERONICA MUNIZ CERECEDA	3,316.98
3/27/2024	222751	ANA C LUCERO	677.88
3/27/2024	222752	ANA M HERNANDEZ DE RIOS	4,333.26
3/27/2024	222753	LILIA ESQUIVEL MONROY	4,589.11
3/27/2024	222754	LORI MACIAS CERNA	8,496.79
3/27/2024	222755	MARIA ELENA LEAL	843.36
3/27/2024	222756	ELOISA MONTES DE ROMERO	1,446.99
3/27/2024	222757	ESPERANZA CORREA TELLO	5,733.43
3/27/2024	222758	GUILLERMINA VILLA FLORES	1,376.06
3/27/2024	222759	IRMA CASTILLO	3,503.03
3/27/2024	222760	ALMA YANETH NUNEZ GUTIERREZ	662.23
3/27/2024	222761	JEMIMA GONZALEZ	462.86
3/27/2024	222762	LETICIA GARIBAY CEJA	1,077.01
3/27/2024	222763	HOME DEPOT COMMERCIAL CREDIT	2,399.51
3/27/2024	222764	LAKESHORE EQUIPMENT COMPANY	1,228.30
3/27/2024	222765	HOME DEPOT COMMERCIAL CREDIT	632.64
3/27/2024	222767	AT&T	792.38
3/27/2024	222768	AT&T	513.98

Community Action Partnership of Kern
Check/Voucher Register
From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/27/2024	222769	1020 CECIL LLC	915.00
3/27/2024	222770	AGEE VII LLC	12,897.50
3/27/2024	222771	BEAR MOUNTAIN RECREATION & PARK DISTRICT	3,500.00
3/27/2024	222772	BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT	150.00
3/27/2024	222773	BKAT, INC	10,920.00
3/27/2024	222774	RONALD SHELAN	3,750.00
3/27/2024	222775	MORE THAN ONE DIMENSION, INC.	1,800.00
3/27/2024	222776	COUNTY OF KERN	363.12
3/27/2024	222777	FAIRFAX SCHOOL DISTRICT	575.00
3/27/2024	222778	FIRST 5 MADERA COUNTY	1,223.15
3/27/2024	222779	GREENFIELD UNION SCHOOL DISTRICT	42.00
3/27/2024	222780	G STREET PLAZA LLC	419.05
3/27/2024	222781	HEARTS & LIVES	550.00
3/27/2024	222782	KERN COUNTY SUPERINTENDENT OF SCHOOLS	2,200.00
3/27/2024	222783	KERN ISLAND INVESTORS, GP	5,948.60
3/27/2024	222784	LAMONT SCHOOL DISTRICT	150.00
3/27/2024	222785	MARK AND HELENE MCELYEA	3,656.00
3/27/2024	222786	MCFARLAND UNIFIED SCHOOL DISTRICT	200.00
3/27/2024	222787	ARIAS LATINO MARKET INC	7,105.24
3/27/2024	222788	MERCED COUNTY OFFICE OF EDUCATION	253.67
3/27/2024	222789	MOJAVE UNIFIED SCHOOL DISTRICT	500.00
3/27/2024	222790	NORTH OF THE RIVER RECR & PARK DIST	4,797.00
3/27/2024	222791	OLLIE SHANKLE TRUSTEE (LESSOR)	9,925.00
3/27/2024	222792	OMNI FAMILY HEALTH	5,924.00
3/27/2024	222793	PANAMA BUENA VISTA UNIFIED SCHL DIST	100.00
3/27/2024	222794	PREWITT FAMILY DECEDENTS TRUST	950.00
3/27/2024	222795	JOHN REY	1,000.00
3/27/2024	222796	STELLAR PLAZA LLC	3,128.47
3/27/2024	222797	SUNRISE VILLA PARTNERS	700.00
3/27/2024	222798	TAFT CITY SCHOOL DISTRICT	4,919.46
3/27/2024	222799	THE HOUSING AUTHORITY OF THE COUNTY OF KERN	700.00
3/27/2024	222800	TULARE COUNTY OFFICE OF EDUCATION	500.00
3/27/2024	222801	VINELAND SCHOOL DISTRICT	375.00
3/27/2024	222802	WAYSIDE CHAPEL COMMUNITY CHURCH, INC.	13,014.90
3/27/2024	222803	YABITO CORPORATION	1,800.00
3/27/2024	222804	PARKPLACE APARTMENTS	2,780.00
3/27/2024	25738	ADOBE INC	2,400.00
3/27/2024	25739	ALPHA TECHNOLOGIES & ALARM SYSTEMS, INC.	45.00
3/27/2024	25740	AMAZON CAPITAL SERVICES, INC	28.84
3/27/2024	25741	AMAZON CAPITAL SERVICES, INC	123.12
3/27/2024	25742	AMAZON CAPITAL SERVICES, INC	294.32
3/27/2024	25743	AMAZON CAPITAL SERVICES, INC	160.68
3/27/2024	25744	AMAZON CAPITAL SERVICES, INC	686.13
3/27/2024	25745	AMAZON CAPITAL SERVICES, INC	117.36

Community Action Partnership of Kern
Check/Voucher Register
From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/27/2024	25746	AMAZON CAPITAL SERVICES, INC	245.01
3/27/2024	25747	AMAZON CAPITAL SERVICES, INC	301.84
3/27/2024	25748	AMAZON CAPITAL SERVICES, INC	252.66
3/27/2024	25749	AMAZON CAPITAL SERVICES, INC	382.59
3/27/2024	25750	AMAZON CAPITAL SERVICES, INC	146.04
3/27/2024	25751	AMAZON CAPITAL SERVICES, INC	49.02
3/27/2024	25752	AMAZON CAPITAL SERVICES, INC	94.96
3/27/2024	25753	AMAZON CAPITAL SERVICES, INC	1,074.83
3/27/2024	25754	AMAZON CAPITAL SERVICES, INC	322.62
3/27/2024	25755	AN ICON COMPANY, LLC	11,323.17
3/27/2024	25756	BRADY INDUSTRIES	4,509.27
3/27/2024	25758	CCI OFFICE TECHNOLOGIES	205.00
3/27/2024	25759	CHILD AND FAMILY PSYCHOLOGY CLINIC, INC	3,465.00
3/27/2024	25760	COLOMBO CONSTRUCTION COMPANY INC.	429,175.44
3/27/2024	25761	COLOMBO CONSTRUCTION COMPANY INC.	174,807.50
3/27/2024	25763	CROWN EQUIPMENT CORPORATION	4,975.50
3/27/2024	25764	DELK PEST CONTROL	720.00
3/27/2024	25765	DELL FINANCIAL SERVICES LLC	1,656.57
3/27/2024	25767	ENVIRONMENTAL SYSTEMS RESEARCH INSTITUTE INC	400.00
3/27/2024	25768	ESCUELITA HERNANDEZ LITTLE SCHOOL	10,495.36
3/27/2024	25770	EXACT STAFF, INC	1,594.00
3/27/2024	25771	EXACT STAFF, INC	788.66
3/27/2024	25772	FIVE9 INC	5,301.08
3/27/2024	25773	FIVE9 INC	7,178.72
3/27/2024	25774	FRONTIER COMMUNICATIONS HOLDINGS LLC	87.50
3/27/2024	25775	GARRETT MADDEN	231.19
3/27/2024	25776	GARRETT MADDEN	231.19
3/27/2024	25778	HODEL'S DEVELOPMENT CORPORATION	1,852.28
3/27/2024	25779	HUFFMAN & DOWNS MAINTENANCE	859.95
3/27/2024	25781	KNIGHT'S SITE SERVICES INC	4,148.10
3/27/2024	25784	MICROSOFT CORPORATION	11.20
3/27/2024	25785	MICROSOFT CORPORATION	228.00
3/27/2024	25786	MICROSOFT CORPORATION	57.60
3/27/2024	25787	MICROSOFT CORPORATION	108.00
3/27/2024	25788	MICROSOFT CORPORATION	3,018.75
3/27/2024	25789	MICROSOFT CORPORATION	228.00
3/27/2024	25790	MICROSOFT CORPORATION	9.00
3/27/2024	25791	MICROSOFT CORPORATION	96.00
3/27/2024	25792	MICROSOFT CORPORATION	56.00
3/27/2024	25793	MISSION LINEN SUPPLY	1,791.35
3/27/2024	25794	NARAMA INC	522.63
3/27/2024	25795	NARAMA INC	407.02
3/27/2024	25796	OFFICE IMAGING, INC	1,004.68
3/27/2024	25797	ORKIN PEST CONTROL	106.99
3/27/2024	25798	ORKIN PEST CONTROL	106.99
3/27/2024	25799	ORKIN PEST CONTROL	4,985.58
3/27/2024	25800	PLC SYSTEM SERVICES	21,529.85
3/27/2024	25801	SEIU LOCAL 521	16,745.41
3/27/2024	25802	SMART & FINAL	162.24

Community Action Partnership of Kern
Check/Voucher Register
From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/27/2024	25803	SMART & FINAL	475.01
3/27/2024	25804	SMART & FINAL	156.97
3/27/2024	25805	STAPLES ADVANTAGE	1,454.37
3/27/2024	25806	STEPHEN WILLIFORD	285.00
3/27/2024	25807	STEPHEN WILLIFORD	1,995.00
3/27/2024	25808	STEPHEN WILLIFORD	130.00
3/27/2024	25809	STEPHEN WILLIFORD	145.00
3/27/2024	25810	STEPHEN WILLIFORD	145.00
3/27/2024	25811	STEPHEN WILLIFORD	129.00
3/27/2024	25812	STINSON STATIONERS	4,019.22
3/27/2024	25813	SYSCO FOOD SERVICES OF VENTURA INC	10,172.63
3/27/2024	25814	SYSCO FOOD SERVICES OF VENTURA INC	425.20
3/27/2024	25815	SYSCO FOOD SERVICES OF VENTURA INC	621.31
3/27/2024	25816	SYSCO FOOD SERVICES OF VENTURA INC	198.90
3/27/2024	25817	SYSCO FOOD SERVICES OF VENTURA INC	1,045.33
3/27/2024	25818	SYSCO FOOD SERVICES OF VENTURA INC	217.14
3/27/2024	25819	SYSCO FOOD SERVICES OF VENTURA INC	11,878.43
3/27/2024	25820	SYSCO FOOD SERVICES OF VENTURA INC	535.77
3/27/2024	25821	SYSCO FOOD SERVICES OF VENTURA INC	1,071.39
3/27/2024	25822	SYSCO FOOD SERVICES OF VENTURA INC	7,959.27
3/27/2024	25823	W W GRAINGER INC	90.32
3/27/2024	25824	W W GRAINGER INC	295.99
3/27/2024	25825	W W GRAINGER INC	1,153.24
3/27/2024	25826	W W GRAINGER INC	38.24
3/27/2024	25827	W W GRAINGER INC	295.99
3/27/2024	25828	W W GRAINGER INC	295.99
3/27/2024	25829	W W GRAINGER INC	191.88
3/27/2024	25830	W W GRAINGER INC	295.99
3/27/2024	25831	AMERITAS LIFE INSURANCE CORP.	29,559.02
3/27/2024	25832	AMERITAS LIFE INSURANCE CORP.	4,125.62
3/27/2024	25833	ALEXIS SAVEDRA	3,704.92
3/27/2024	25834	ALICIA SANCHEZ	3,143.76
3/27/2024	25835	ANDREA PIMENTEL DE DOMINGUEZ	1,514.50
3/27/2024	25836	BERTHA ALICIA QUIROA	583.00
3/27/2024	25837	BERTHA GOMEZ NUNEZ	13,291.60
3/27/2024	25838	DANIELA GUADALUPE ESPINOZA	4,814.45
3/27/2024	25839	ERICKA DELGADILLO RODRIGUEZ	2,456.72
3/27/2024	25840	ESMERALDA ROBLES BONILLA	1,267.48
3/27/2024	25841	HERMELINDA BRICENO NOH	1,704.14
3/27/2024	25842	JESSICA ALEJANDRA BANOS	583.00
3/27/2024	25843	JESSISAY HERNANDEZ PARRAL	2,444.23
3/27/2024	25844	JUANA RAMOS MUNOZ	1,851.34
3/27/2024	25845	MA DE LOURDES GONZALEZ MENDEZ	500.00
3/27/2024	25846	MACARMEN LUCATERO	1,715.90
3/27/2024	25847	MARIA CONCEPCION CEJA	7,241.48

Check Date	Check Number	Payee	Check Amount
3/27/2024	25848	MARIA ELENA CEJA	1,714.90
3/27/2024	25849	MARIA FRANCISCA MENA	8,781.38
3/27/2024	25850	MARIA PAZ	7,509.52
3/27/2024	25851	MARIA R GARCIA DE ARAMBULA	9,747.71
3/27/2024	25852	MARIA SANDRA L DE ESTRADA	7,301.59
3/27/2024	25853	MARIANA NAVA	1,907.12
3/27/2024	25854	MARIELA SALAZAR ORTEGA	1,287.85
3/27/2024	25855	MIRIAM LOPEZ GUTIERREZ	8,026.07
3/27/2024	25856	ROSA HERRERA	7,030.15
3/27/2024	25857	SILVIA DAVALOS DE ANGUIANO	2,685.21
3/27/2024	25858	STEPHANIE VERDUGO	5,676.10
3/27/2024	25859	SUNSHINE CENTER	2,452.91
3/27/2024	25860	VIRGINIA RUELAS DE LEYVA	3,015.42
3/27/2024	25861	ANDREA FRANCISCA SANTOS MENDOZA	13,291.32
3/27/2024	25862	ANGELICA VALIENTE DE BARRAGAN	10,751.00
3/27/2024	25863	ARACELI EMMA GUERRERO DE MENDEZ	5,801.22
3/27/2024	25864	BAUDELINA SANTOS PACHECO	4,373.18
3/27/2024	25865	BERTHA MORENO	8,919.42
3/27/2024	25866	CLAUDIA ANDREA MUNOZ	9,192.56
3/27/2024	25867	EDILIA GUTIERREZ DE GARCIA	963.84
3/27/2024	25868	GABRIELA GARCIA DE RODRIGUEZ	12,542.85
3/27/2024	25869	LORENA PEREZ MELGOZA	6,694.29
3/27/2024	25870	LUCINA RAMIREZ	770.39
3/27/2024	25871	MARIA A VARGAS	946.01
3/27/2024	25872	MARIBEL MEDINA VARGAS	1,480.00
3/27/2024	25873	MARIBEL RAMIREZ ROSAS FAMILY CHILD CARE	9,862.48
3/27/2024	25874	MERCEDES BOLANOS	924.54
3/27/2024	25875	ODAIVA GUADALUPE CENTENO	8,508.61
3/27/2024	25876	RAQUEL POSADAS DE GIRON	4,290.31
3/27/2024	25877	TERESA LUZ RUIZ	1,860.54
3/27/2024	25878	YOLANDA MUNOZ	13,162.74
3/27/2024	25879	ANABEL A MARTINEZ	2,118.36
3/27/2024	25880	ANNA V MENDEZ	991.50
3/27/2024	25881	CASA DE ADORACION TULARE	17,226.72
3/27/2024	25882	DEANNA RAMIREZ	1,849.15
3/27/2024	25883	Delia Irene Araujo Dominguez	8,103.92
3/27/2024	25884	ELIDIA O RANGEL	2,380.27
3/27/2024	25885	ELIZABETH MARTINEZ	4,840.39
3/27/2024	25886	ELOISA LEMUS	5,462.48
3/27/2024	25887	GUADALUPE PEREZ DOMINGUEZ	4,645.66
3/27/2024	25888	HAYDEE ESTEBAN	1,615.60
3/27/2024	25889	IRMA GUTIERREZ	3,681.19
3/27/2024	25890	ISABEL TORRES	6,569.39
3/27/2024	25891	JANET RODRIGUEZ	2,741.27
3/27/2024	25892	JESSICA MICHELLE ANDRADE	5,694.26
3/27/2024	25893	KARLA IVETTE MARTINEZ HERNANDEZ	872.06
3/27/2024	25894	LOURDES DE MOYA DE CAMILO	5,108.72
3/27/2024	25895	LUPITA ELIZABETH CAMPOS	1,982.79
3/27/2024	25896	MARIA E SANCHEZ DE GOMEZ	6,037.16
3/27/2024	25897	MARIA LUISA CASAS	8,408.87
3/27/2024	25898	MARIA SALOME IBARRA	877.08
3/27/2024	25899	MARISOL MEDINA	2,859.31
3/27/2024	25900	MARTHA A ANGUIANO REYES	3,528.36

Community Action Partnership of Kern

Check/Voucher Register

From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/27/2024	25901	VERONICA ALVAREZ	7,454.63
3/27/2024	25902	YOLANDA CORTES DE MENDOZA	2,319.65
3/27/2024	25903	ALMA DELIA WENCES	3,563.89
3/27/2024	25904	CAROLINA HERNANDEZ DE SOLORIO	1,874.40
3/27/2024	25905	ESMERALDA Y GONZALES	1,676.37
3/27/2024	25906	ESPERANZA RESENDEZ	1,804.62
3/27/2024	25907	ISABEL C MEDINA DE GARCIA	1,743.19
3/27/2024	25908	Jessica Lucero Mendez	1,785.10
3/27/2024	25909	MARIA TERESA ALANIS	6,361.71
3/27/2024	25910	MONICA VEGA	5,503.06
3/27/2024	25911	YADIRA REBOLLEDO	4,162.12
3/27/2024	25912	YAZMIN ARACELI NAVARRO HERRERA	3,643.55
3/27/2024	25913	ANA MARIA RAMIREZ MEJIA	3,121.41
3/27/2024	25914	AUDELIA RIOS	4,653.82
3/27/2024	25915	BLANCA I CARMONA DE LUCERO	1,785.36
3/27/2024	25916	CATALINA CASTRO AYALA	6,432.19
3/27/2024	25917	DELFINA VAZQUEZ	408.94
3/27/2024	25918	EMILY RAMIREZ - KIDS N US DAYCARE	908.40
3/27/2024	25919	ERIKA L CENTENO	4,480.72
3/27/2024	25920	ESTHER NAVARRO	4,277.34
3/27/2024	25921	JANETH REYNOSA CASILLAS	1,883.95
3/27/2024	25922	LILIA ISORDIA DE RANGEL	2,084.48
3/27/2024	25923	LIZET M PRECIADO MILLAN	4,698.42
3/27/2024	25924	LUZ MARIA MORALES	5,581.26
3/27/2024	25925	MA L MONROY DE SEVILLA	1,881.76
3/27/2024	25926	MARIA ANGELA DIAZ	1,849.72
3/27/2024	25927	MARIA GUADALUPE BELTRAN SALCIDO	1,035.70
3/27/2024	25928	MARIA GUADALUPE NAVARRO DE ORTIZ	3,260.13
3/27/2024	25929	MARIA HAYDEE CRUZ DE SEGOVIA	3,835.46
3/27/2024	25930	MARIA SANCHEZ IBARRA	4,188.30
3/27/2024	25931	MARIBEL SANTOS GALINDO	919.10
3/27/2024	25932	YAJAIRA GUZMAN	765.69
3/27/2024	25933	ADELA RUIZ	4,665.07
3/27/2024	25934	AMALIA BUENROSTRO	4,732.72
3/27/2024	25935	ANDREA BUENROSTRO	11,180.54
3/27/2024	25936	HERLINDA CHAVEZ	8,560.68
3/27/2024	25937	JANET GARCIA-ALAPIZCO	2,001.42
3/27/2024	25938	JOSE FRANCISCO ALVARADO MENDEZ	9,013.76
3/27/2024	25939	MARIA ELENA LARA	715.68
3/27/2024	25940	MARYPAZ ALVARADO PEREZ	3,471.51
3/27/2024	25941	MAYRA ALEJANDRA RIOS	3,002.13
3/27/2024	25942	ESMERALDA Y GONZALES	1,843.64
3/27/2024	25943	GUADALUPE AVILES LEYVA	2,838.22
3/27/2024	25944	IMELDA HERNANDEZ	2,213.95
3/27/2024	25945	MONICA VEGA	5,769.76
3/27/2024	25946	SILVIA DAVALOS DE ANGUIANO	1,732.28
3/27/2024	25947	AMAZON CAPITAL SERVICES, INC	522.84
3/27/2024	25948	AMAZON CAPITAL SERVICES, INC	6.37
3/27/2024	25949	SYSCO FOOD SERVICES OF VENTURA INC	63.79
3/27/2024	25950	AMAZON CAPITAL SERVICES, INC	67.86
3/27/2024	25951	AMAZON CAPITAL SERVICES, INC	43.92
3/27/2024	25952	AMAZON CAPITAL SERVICES, INC	2,362.52
3/27/2024	25953	AMAZON CAPITAL SERVICES, INC	225.04

Community Action Partnership of Kern

Check/Voucher Register

From 3/1/2024 Through 3/31/2024

Check Date	Check Number	Payee	Check Amount
3/27/2024	25954	AMAZON CAPITAL SERVICES, INC	1,568.69
3/27/2024	25955	AMAZON CAPITAL SERVICES, INC	732.00
3/27/2024	25956	AMAZON CAPITAL SERVICES, INC	358.69
3/27/2024	25957	AMAZON CAPITAL SERVICES, INC	0.00
3/27/2024	25958	AMAZON CAPITAL SERVICES, INC	132.13
3/27/2024	25959	AMAZON CAPITAL SERVICES, INC	1,058.12
3/27/2024	25960	AMAZON CAPITAL SERVICES, INC	348.81
3/27/2024	25961	5905 NILES ST LLC	4,602.00
3/27/2024	25962	ACUITY BAKERSFIELD LLC	9,871.13
3/27/2024	25963	COUNTY OF KERN - MORTGAGE PAYMENT ONLY	44,367.81
3/27/2024	25964	DIOCESE OF FRESNO EDUCATION CORPORATION	3,450.00
3/27/2024	25965	DIVERSIFIED PROJECT SERVICES INTL., INC.	9,009.00
3/27/2024	25966	EAST HILLS ROADWAY ASSOCIATION	459.40
3/27/2024	25967	JANET Y YU	700.00
3/27/2024	25968	MH 3101 MALL VIEW ROAD, LLC	6,000.00
3/27/2024	25969	M-R PROPERTIES	7,091.00
3/27/2024	25970	PROTEUS INC	487.00
3/27/2024	25971	PROTEUS INC	350.00
3/27/2024	25972	UNITED CONGREGATIONAL CHURCH OF LODI	4,901.00
3/27/2024	25973	WESLEY UNITED METHODIST CHURCH	2,403.20
3/27/2024	25974	ZREP LLC	3,926.98
3/29/2024	222806	MARIA BARRIENTOS	10,000.00
3/29/2024	222808	SUNRISE VILLA PARTNERS	700.00
Report Total			7,622,348.71

MEMORANDUM

To: Board of Directors

From: Lisa Gonzales, Program Governance Coordinator

Date: May 29, 2024

Subject: *Agenda Item VI(a)*: April Policy Council Report – **Action Item**

The Policy Council met on April 23, 2024 at which time a quorum was established.

During this meeting, there was only one action item brought before the Council. This item was the election of Jennifer Wilson to fill the vacant position of Policy Council Secretary. The position was previously held by a parent member from San Joaquin County who has since gained employment with the agency and therefore had to vacate her seat on the Council. The Policy Council unanimously approved the election of Jennifer Wilson as Policy Council Secretary for the balance of the 2023 – 2024 term.

Additionally, an informative presentation was provided to the Council by Nila Hogan, Executive Director of Y-Empowerment. Ms. Hogan shared information about the non-profit and the programs it has available to the community. In support of Child Abuse Prevention month there was a clear focus given to addressing specific resources and services Y-Empowerment provides on this subject matter.

Recommendation:
The Policy Council requests Board approval of the May Report and the Policy Council meeting minutes from March 26, 2024 and April 23, 2024.

Attachment:
Policy Council Meeting Minutes from March 26, 2024 and April 23, 2024.

COMMUNITY ACTION PARTNERSHIP OF KERN
POLICY COUNCIL MEETING MINUTES
March 26, 2024
Meeting ID: 291 674 929 53

1. **Call to Order**

Policy Council Chairperson, Ruby Cruz called the meeting to order at 5:36 p.m.

a. Roll call was taken, and a quorum was established.

Policy Council Members Present: Alejandra Verduzco, Ashley Trent, Candy Diaz, Cristina Herrera, Fatima Echeverria, Gabriela Rangel, Glorylee Selmi, Jennifer Wilson, Michelle Jara-Rangel, Ruby Cruz, Wendy Ayala

2. **Public Comments**

The public may address the Policy Council on items not included on the agenda at this time. However, the Policy Council will take no action other than that of referring the item(s) to staff for study and analysis. Speakers are limited to three minutes. If more than one person wishes to address the same topic, the total group time for the topic will be 10 minutes. Please state your name before making your presentation.

A correction was noted to the presentation title as indicated on agenda item 4(a).

3. **Standing Committee Reports**

a. School Readiness Committee

The School Readiness Committee met on March 14, 2024 however a quorum was unable to be established. Staff provided a presentation which gave an overview of the Home Base program option to those in attendance. It was stated that home visits are conducted with families on a weekly basis. The planning process of Home Base socializations, the curriculum used, along with information on the Desired Results Developmental Profile (DRDP) assessment was shared with the committee. Family testimonies from parents with children enrolled in the Home Base option were shared with the committee; members were also provided the opportunity to share their experiences.

b. Planning Committee

The Planning Committee met on March 5, 2024. The Division Program Activity Report was shared with members for the month of February. Enrollment information was provided with Head Start reporting a 75% enrollment and Early Head Start reporting 69% enrollment. The Child Adult Care Food Program Report for January was also provided indicating 66,685 meals were delivered during this reporting period. It was noted that Classroom Assessment Scoring System (CLASS) observations have begun with 14 new preschool CLASS observers and another 15 team members currently undergoing toddler CLASS testing. A recruitment event was also held at a recent CAPK Water Bill Assistance event.

c. Budget & Finance Committee

The Budget & Finance Committee met on March 19, 2024. Budget to actual financial reports for Head Start as well as Early Head Start were shared with the committee including agency wide credit card activity. Other reports shared included the Parent Activity Funds and Parent Local Travel and Childcare Reimbursement. Members were also provided the non-federal share report, which shows in-kind totals in detail. The next Budget & Finance Committee meeting will be held on April 16, 2024 at 5:30 p.m.

d. Bylaws Committee

The Bylaws Committee met on March 11, 2024. The role and responsibilities of the committee and its members were shared. The committee also reviewed and discussed Articles I through Article III of the CAPK Head Start Bylaws which discuss the foundation, purpose and function of Policy Council. Also reviewed was the absence and the termination component as related to Policy Council. The committee will continue to review the bylaws over the course of future meetings. The Bylaws Committee meeting dates schedule was approved as proposed. The next meeting will be held on April 9, 2024.

4. **Presentations**

   a. **2024 Annual Head Start California Conference – Ashley Trent, Fatima Echeverria, Jennifer Wilson, Ruby Cruz**

   Each of the four attendees shared their experience, new learning and takeaways from the 2024 Annual Head Start California Conference. Ashley shared that she learned a lot from the sessions she attended. She shared information from a session she attended about sensory issues. The session she spoke to stated that sometimes children who appear to exhibit behavior challenges may in fact have sensory issues. These children can be sensitive to noise, light sounds, touch etc. Ruby shared that the session she received a lot from spoke about natural talents. It encouraged parents to support their children in developing their natural talents and helping them to grow their "gifts." Jennifer shared information on a session she attended about challenging behaviors. She shared that young children are not yet fully equipped to follow lengthy multiple step directions; they are not "ignoring" they simply cannot yet process the entirety of what is being asked of them. Jennifer stated that when challenging behaviors are exhibited it is important to find out what the antecedent to the behavior was. Knowing this can be helpful in reducing some of the challenges caregivers may have with children. Fatima shared information about a behavioral health coaching program for children 0-12 years of age. She stated that kids can learn how to manage big emotions and more. With this program, families are also able to have access to digital resources for support. Fatima shared the flyer which included the QR code for those who might be interested. All attendees shared how grateful they were to have the opportunity to attend the conference and expressed how wonderful it was to be able to meet each other, hang out and form a bond with one another.

5. **Consent Agenda** ***ACTION**

The Consent Agenda consists of items that are considered routine and non-controversial. These items are approved in one motion unless a member of the Council or the public requests removal of a particular item. If comment or discussion is requested, the item will be removed from the Consent Agenda and will be considered in the order listed.

a. Policy Council Meeting Minutes – February 20, 2024
b. Policy Council Budget & Finance Meeting Minutes – January 16, 2024
c. Policy Council Budget & Finance Meeting Minutes – February 15, 2024
d. Policy Council School Readiness Committee Meeting Minutes – February 8, 2024
e. Head Start Budget vs. Actual Expenditures, March 1, 2023, through January 31, 2024
f. Early Head Start Budget vs. Actual Expenditures, March 1, 2023, through January 31, 2024
g. Kern Head Start and Early Head Start Non-Federal Report, March 1, 2023, through January 31, 2024
h. Early Head Start Childcare Partnership Non-Federal Report, March 1, 2023 through January 31, 2024
i. Parent Travel & Childcare through January 31, 2024
j. Parent Activity Funds through January 31, 2024
k. Program Review & Evaluation Report – February 2024
l. Children's Mobile Clinic – March 2024 (English/Spanish)
m. FREE Admission Haggin Museum – April 6, 2024 (1st Saturday of the month) – Stockton, CA
n. Volunteer Income Tax Assistance (VITA) – April 13, 2024; Shafter Youth Center, 455 East Euclid Avenue, Shafter, CA (English/Spanish)
o. Indigenous Art Exhibition – April 13, 2024; Okihi Nature Preserve, 13227 Round Tree Road, Bakersfield, CA
p. Monthly Parent Trainings with Dr. Kirk – April 15, 2024; CAPK Head Start
q. Routines and Schedule, Supporting Children's Mental Health – April 17, 2024; CAPK/El Concilio California
r. Health & Safety Community Resource Fair – April 25, 2024; Greenfield Community School, Bakersfield, CA
s. Backpack Connection Series: How to Use Positive Language to Improve Your Child's Behavior (English/Spanish)
t. FREE Zumba Classes – Every Thursday; Friendship House Community Center, 2424 South Dr. Martin Luther King Jr. Blvd. Bakersfield, CA
u. FREE Typing Test Certificate – MOAF, Bakersfield, CA

v. MAOF Bookkeeping/Payroll Accounting Course
w. MAOF Clerical Office Worker Course
x. Head Start Recruitment Flyer (English/Spanish)
y. Early Head Start San Joaquin Flyer (English/Spanish)
z. Home Visiting Program Flyer (English/Spanish)
aa. Planning Committee Meeting Dates
bb. Budget & Finance Committee Meeting Dates
cc. School Readiness Committee Meeting Dates
dd. Bylaws Committee Meeting Dates

Gabriela Rangel made a motion to approve consent agenda items (a) through (dd); seconded by Ashley Trent. Motion carried unanimously.

6. <u>New Business</u> ***ACTION**

a. Election of Michelle Jara-Rangel to the Policy Council Planning Committee
Jennifer Wilson made a motion to approve the election of Michelle Jara-Rangel to serve on the Policy Council Planning Committee; seconded by Fatima Echeverria. Motion carried unanimously.

b. Election of Wendy Ayala to the Policy Council Bylaws Committee
Ashley Trent made a motion to approve the election of Wendy Ayala to serve on the Policy Council Bylaws Committee; seconded by Alejandra Verduzco. Motion carried unanimously.

7. <u>Standing Reports</u>

a. Program Governance – Lisa Gonzales, Program Governance Coordinator
Lisa thanked members for their attendance and for their commitment. She provided additional information on some of the flyers contained in the Policy Council packet regarding upcoming events taking place within the community. Lisa shared an overview of the recent Annual Head Start California Conference which took place in Long Beach, California. During her overview, Lisa shared a PowerPoint presentation with the Council. Lisa welcomed Michelle Jara-Rangel and Wendy Ayala as the most recent members of the Policy Council. She shared her appreciation for their willingness to participate in this capacity and stated she looks forward to their service on the Council.

b. Board of Directors – Michelle Jara-Rangel, CAPK Board of Directors Representative
Michele shared the Board of Directors report for February 28, 2024. All New Business items were approved with the exception of one. The Board approved the Property & Casualty Insurance Renewal, the revised Board & Committee meeting schedule, the 2024-2025 Annual Budget, the December Financial Statements as well as the revised 2024 Head Start Compensation Schedule. The Check Signing Policy was presented as an informational item. Upon conclusion of discussion regarding this item the Board instructed staff to present it to the Budget & Finance Committee for further review. The CAPK Foundation Report as well as the Head Start Policy Council Report were also shared with the Board. Chief Executive Officer Jeremy Tobias informed the Board that the City of Shafter has chosen not to continue the $50,000 per year funding they have provided for the Shafter Youth Center. He added that he has sent a letter to the City Council to request their reconsideration but has not yet received a response. This meeting concluded at 1:27 p.m. In sharing additional information, Michelle provided the Council with the Board Report from the March 20, 2024 meeting. At this meeting there were two New Business items, one was the January 2024 Financial Statements, which were approved. Staff also requested approval to move forward with preparing the revised Check Signing Policy, noting additional approval will be required once the policy has been completed and reviewed. Additionally, the Policy Council report was provided as an informational item since the Council had not yet held its monthly meeting therefore approval of the February minutes hasn't taken place. There were several updates provided by Jeremy Tobias, including information about the Gourmet for Good gala event hosted by the CAPK Foundation. He also shared that the Bakersfield College Foundation awarded the agency its Sterling Silver Award on behalf of their partnership with the College's Food Pantry. Information was shared regarding the upcoming agency-wide picnic. The official address for the new administrative building was also shared. To accommodate a visit from the National CAP Executive

Director, the next Board meeting will be held on Tuesday, April 23, 2024. This meeting was adjourned at 12:30 p.m.

c. **Head Start/State Child Development – Yolanda Gonzales, Head Start/State Child Development Director**
Yolanda thanked members for their commitment to the Council. She also shared how pleased she was and how much she enjoyed spending time with Policy Council members who attended the Head Start California Conference. Yolanda stated that part year programs will be closing for the summer in May. She expressed appreciation for staff and all their hard work. Yolanda shared with members that along with staff and parents from San Joaquin County Early Head Start she recently had the opportunity to go to the capital (Sacramento) for a day of advocacy to show support for early childhood education and to share how important it is. She stated that it was a wonderful experience for all who attended. Additional brief program updates were provided. In closing, Yolanda again thanked members for their time, and she also welcomed the newest members to Policy Council.

8. Policy Council Chairperson Report

Ruby thanked members for attending tonight's meeting. She also expressed gratitude for the opportunity to attend the recent Head Start California Conference. Ruby encouraged members to attend any conference opportunities that might present themselves in the future, adding that they will learn a lot.

9. Policy Council Member Comments

Members were given an opportunity to make a statement or comment for which several did with many expressing gratitude for the presentation provided by fellow members on their Head Start California Conference experience.

10. Next Scheduled Meeting

The next meeting will be held on Tuesday, April 23, 2024 at 5:30 p.m. on Microsoft Teams.

11. Adjournment

The meeting was adjourned at 6:36 p.m.

COMMUNITY ACTION PARTNERSHIP OF KERN
POLICY COUNCIL MEETING MINUTES
April 23, 2024
Meeting ID: 292 067 999 197

1. **Call to Order**

Policy Council Chairperson, Ruby Cruz called the meeting to order at 5:31 p.m.

a. Roll call was taken, and a quorum was established.

Policy Council Members Present: Alejandra Verduzco, Ashley Trent, Candy Diaz, Cristina Herrera, Fatima Echeverria, Gabriela Rangel, Jennifer Wilson, Michelle Jara-Rangel, Ruby Cruz, Wendy Ayala

2. **Public Comments**

The public may address the Policy Council on items not included on the agenda at this time. However, the Policy Council will take no action other than that of referring the item(s) to staff for study and analysis. Speakers are limited to three minutes. If more than one person wishes to address the same topic, the total group time for the topic will be 10 minutes. Please state your name before making your presentation.

None

3. **Standing Committee Reports**

a. School Readiness Committee

The School Readiness Committee met on April 11, 2024. A presentation about how to prepare children and families for the transition to kindergarten as it relates to health and nutrition was shared with the committee. The support offered by the content area specialists, family service workers and the education team were also shared. This support includes vision and hearing screenings, referrals for physicals, nutrition guidance, such as specials diets, family style meals and more. Parents were reminded that they are their child's primary advocate and every day transitions help to support larger transitions such as entering kindergarten. It was noted that school districts may have specific deadlines or requirements for kindergarten enrollment such as a physical completed after April 1, 2024 and parents should check with their district for specifics. Committee members had an opportunity to ask questions and share comments upon conclusion of the presentation.

b. Planning Committee

The Planning Committee met on April 2, 2024. The Division Program Activity Report was shared with members for the month of February. Enrollment information was provided with Head Start reporting a 75% enrollment and Early Head Start reporting 72% enrollment. The Child Adult Care Food Program Report for February was also provided indicating 63,823 meals were delivered during this time. It was noted that on March 7, 2024 there was a recruitment event at America's Job Center, WIC and the Food Bank. Additionally, at the Home Base socialization, the health team conducted hearing, vision and blood pressure screenings.

c. Budget & Finance Committee

The Budget & Finance Committee met on April 16, 2024. The financial reports through the end of the fiscal year, Februaty 29, 2024 were presented to the committee for review and discussion. Budget detail was provided for Head Start as well as Early Head Start grants. Agency-wide credit card activity was also included and shared with the committee. It was stated that though the information provided is through February 29, 2024, this is not the final closeout budget report. Once the final closeout budget is complete it will be shared with the committee. The Parent Activity Funds and Parent Local Travel and Childcare Reimbursement along with the non-federal share report for Kern and San Joaquin Counties as well as for the Partnership were also presented to the committee. The next Budget & Finance Committee meeting will be held on May 21, 2024 at 5:30 p.m.

d. Bylaws Committee

The Bylaws Committee met on April 9, 2024. The committee viewed a short video on Head Start Leadership and Governance Principles which outlined how inclusive leadership practices provide the direction and guidance needed to build strong programs. The video also outlined the roles and responsibilities of the

governing body, the policy council and of management staff. The committee continued its review of the CAPK Head Start Bylaws, discussing Articles 4 through 7. These areas talked about the officer positions, meetings, conference attendance as well as voting rights. The next Policy Council Bylaws meeting will be held on June 11, 2024.

4. Presentations

a. Child Abuse Prevention Month – Nila Hogan, CEO Youth Empowerment (Y-Empowerment)

Nila introduced herself and provided an overview Youth Empowerment stating it is a domestic violence and child abuse prevention nonprofit organization. She stated that April is Child Abuse Prevention Awareness month, and she will be providing information to the Council on ways that they can help to prevent abuse as well as how to recognize the signs. Nila stated that she is very excited at the opportunity to present as she is a past Policy Council member and served on the Council five years. She is also a past Head Start parent. Nila noted that there are many services provided through Y-Empowerment and reviewed some of those services with the Council. Services included but were not limited to anger management, family reunification, supervised visitation, parenting classes and more. Nila also spoke about Y-Empowerment's flagship program, The Walk. The Walk is specific to aiding and preventing child abuse, including those who have been indirectly affected and impacted and/or witnessed domestic abuse. The Walk offers free mentoring services, retreats (11 years of age and up), an annual camp and workshops which are all free for children/youth. Additionally, there is also a peer-to-peer mentoring programing for those 5 – 22 years of age. While peer to peer mentoring does have discussions regarding child abuse and the issues that stem from it, there is also discussions on academic success, emotional skills, communication, conflict resolution among a variety of other issues including community involvement. Nila stated if members are interested in any of the services Y-Empowerment offers to reach out so that additional information/resources can be shared accordingly. Nila also provided some statistics from 2020 on the number of reported cases of child abuse noting that during that time span the reported number of cases was 18.9% lower than in previous years. The thought behind this was that due to COVID; specifically, schools, churches and other gathering places for children were closed and therefore the number of adults that would have potentially been able to report concerning situations for further investigation had limited to no contact with the number of children pre-pandemic. Nila also stated that not everyone is aware of all the dynamics of child abuse and may potentially not recognize a reportable situation. She added often times adults may think that they can only report something they visually see when in reality there is a wide variety of abuse that is not visually apparent. Nila touched on a variety of other topics including teen dating violence and stated that 23% of women and 18% of men have reported violence in a dating relationship before the age of 18. She went on to share that many teens are not aware that what they are experiencing is in fact dating violence, or they may dismiss or downplay the perpetrators behavior. It was mentioned that Y-Empowerment also has a survivor's support group which meets every Tuesday. Nila shared that the agency is currently hosting a month long, self-paced, virtual walk-a-thon to raise awareness and bring child abuse prevention to the forefront and encouraged members to participate. In closing Nila shared a commentary video of Lisa Gonzales, sharing facts on child abuse in support of raising awareness on the topic. Nila thanked Lisa for her support and thanked members for their time and the opportunity to present to the Council.

5. Consent Agenda ***ACTION**

The Consent Agenda consists of items that are considered routine and non-controversial. These items are approved in one motion unless a member of the Council or the public requests removal of a particular item. If comment or discussion is requested, the item will be removed from the Consent Agenda and will be considered in the order listed.

Michelle Jara-Rangel stated she did not wish to remove any items from the consent agenda however she did want to note there were corrections which needed to be made to some of the minutes. Michell noted on pages 13, 15 and 17 of the (*Planning*) minutes in referencing the disability enrollment it was stated IFSP when referring to Head Start and IEP when referring to Early Head Start, and that those should be reversed; IEP is for

Head Start and IFSP is for Early Head Start. Michelle also noted on page 16, mid-page it is written Rosie Ready and should be ReadyRosie. The corrections were so noted and stated they would be shared with appropriate staff.

Michelle Jara-Rangel made a motion to approve consent agenda items (a) through (gg); seconded by Gabriela Rangel. Motion carried unanimously.

a. Policy Council Meeting Minutes – March 26, 2024
b. Policy Council Planning Committee Minutes – January 2, 2024
c. Policy Council Planning Committee Minutes – February 6, 2024
d. Policy Council Planning Committee Minutes – March 5, 2024
e. Policy Council Bylaws Meeting Minutes – March 11, 2024
f. Policy Council School Readiness Committee Meeting Minutes – March 14, 2024
g. Policy Council School Budget & Finance Committee Meeting Minutes – March 19, 2024
h. Head Start Budget vs. Actual Expenditures, March 1, 2023, through February 29, 2024
i. Early Head Start Budget vs. Actual Expenditures, March 1, 2023, through February 29, 2024
j. Building Proceeds for Central Kitchen – February 29, 2024
k. Kern Head Start and Early Head Start Non-Federal Report, March 1, 2023, through February 29, 2024
l. Early Head Start Childcare Partnership Non-Federal Report, March 1, 2023 through February 29, 2024
m. Parent Travel & Childcare through February 29, 2024
n. Parent Activity Funds through February 29, 2024
o. Program Review & Evaluation Report – March 2024
p. Iris Roman Termination Letter – March 27, 2024
q. Children's Mobile Clinic – April 2024 (English/Spanish)
r. Mobile Health Clinic – April 25 & 30, 2024; Kern Public Health, Bakersfield
s. Family Resource Centers & Collaboratives – April 2024; Kern County Network for Children
t. Child Abuse Prevention Month: Emotional Abuse – Kern County Human Services/Kern County Network for Children
u. Free Tutoring for Children & Adults – Kern County Library/Kern Literacy Council
v. Housing Support – Kern County Human Services Housing Support Unit; Bakersfield, CA
w. Common Ground: An Indigenous Art Exhibition – April 28, 2024; Okihi Nature Preserve, 13227 Round Mountain Road, Bakersfield, CA
x. Routines and Schedule, Supporting Children's Mental Health (Spanish Session) – May 15, 2024; CAPK/ El Concilio California
y. CAPK East Kern Family Resource Center Spring Resource Fair – May 18, 2024; 15662 K Street, Mojave, CA
z. Mental Health Resource Fair – May 18, 2024; Bakersfield Behavioral Healthcare Hospital, Bakersfield, CA
aa. Monthly Parent Trainings with Dr. Kirk – May 20, 2024; CAPK Head Start
bb. JobFest – May 23, 2024; Kern County Human Services; CAPK Shafter Youth Center, 455 E. Euclid Avenue, Shafter, CA
cc. Backpack Connection Series: How to Help Your Child Avoid Meltdowns (English/Spanish)
dd. Head Start/Early Head Start Kern Flyer (English/Spanish)
ee. Early Head Start San Joaquin Flyer (English/Spanish)
ff. Home Visiting Program Flyer (English/Spanish)
gg. Policy Council Meeting Dates

6. <u>New Business</u> ***ACTION**

a. Election of Jennifer Wilson as the Policy Council Secretary.
A motion was made to elect Jennifer Wilson as the Policy Council Secretary; seconded by Gabriela Rangel. Motion carried unanimously.

b. Nomination and election of the Policy Council Treasurer.

Information was shared with the Council on the vacant position of Policy Council Treasurer. Upon conclusion of such the floor was open for nominations to which there were none. With no interest shown, this item was tabled to be revisited at a later date.

7. <u>Standing Reports</u>

a. Program Governance – Lisa Gonzales, Program Governance Coordinator

Lisa thanked members for their attendance. She provided additional information on some of the flyers contained in the Policy Council packet. Lisa first addressed an event that was scheduled for last month but due to inclement weather had to be cancelled and will now take place on Saturday, April 28, 2024. This event is the Indigenous Arts Day taking place at White Wolf Wellness Foundation. Also noted was a rescheduled date for the parent training presented by El Concilio in collaboration with San Joaquin Early Head Start. This Zoom event will take place on Wednesday, May 8, 2024 and will address Routines, Schedules and Supporting Children's Mental Health. Lisa also shared information about Movies in the Park hosted by the Bakersfield Parks and Recreation Department. Each month there will be a movie presented at one of the many Bakersfield Parks. It was stated the event begins on Friday, April 26, 2024 and runs through October 25, 2024 with movies beginning at dusk. This event is free to the public. Lisa also shared information on Denim Day, providing members a brief history as to what this day represents and the history behind it. This day of action is held on the last Wednesday of April and encourages people to wear denim in support of victims of sexual assault as well as well as to recognize those who have experienced victim blaming. Additional information was included in the chat and emailed to Council members as well. In closing Lisa thanked members for their support of Policy Council, and the monthly meetings they so diligently attend. She went on to commend the Council as April signifies the half-way mark of the 2023-2024 term. Lisa thanked members not only for the commitment they have shown and the time they have set aside to participate but most importantly for their input, questions and feedback. Lisa went on to share that to date the Policy Council has approved many critical components of the program. These components include the 2024-2025 Head Start Planning Calendar, the 2024-2025 Recruitment & Selection Plan as well as the No-Cost Extension request. It was noted that through the electoral process Policy Council Officers, those members who comprise the Executive Board, were established. Lisa also shared that the Council has had the opportunity to hear wonderful and informative presentations from Family Engagement and Youth Empowerment as well as from their peers whom they elected to attend the 2024 Annual Head Start California Conference. Lisa stated that each and every member is a true advocate, adding that their voice and their involvement are making a difference. Lisa again applauded members and stated she was looking forward to the second half of the term with additional action items to be voted on and new learning for all.

b. Board of Directors – Michelle Jara-Rangel, CAPK Board of Directors Representative

Michele shared that the Board of Directors met earlier in the day with many topics discussed. She added there are a lot of great things happening in the community and many others that will be taking place. Michelle shared that later in the week CAPK will be having an all-Staff Development Day which several Board members will attend. She stated she will be attending as well as several other members and they are very excited and looking forward to this event. Michelle also shared that she had the opportunity to attend the National Head Start Association (NHSA) Conference at which there were a lot of interesting topics. One of which was specific to not expelling children with special needs or disabilities. It also talked about how expulsion for this group has been on the rise especially in boys of color. Michelle stated that various programs spoke about the approaches they are taking and the processes they have in place in order to help alleviate the suspension or expulsion of children. An additional session that Michelle attended and spoke to the Council about was with regard to ERSEA (Eligibility, Recruitment, Selection Enrollment and Attendance.) She shared that it was a different approach that spoke about ideas on to how to train staff as well as parents and volunteers to talk about their experiences with Head Start. Michelle went on to expand on the topic adding that it wasn't so much about the qualifications of the program for enrollment but more about talking and sharing about their own experiences, how the program has helped the parents and/or the child and allowing teaching staff to express what they do in the classroom as a way

to recruit. This approach shifts the focus from what is required to complete an application to having real experiences shared, with a more personal component.

c. **Head Start/State Child Development – Yolanda Gonzales, Head Start/State Child Development Director**
Gloria Barbero, Assistant Director, San Joaquin County provided the report on behalf of Yolanda. Gloria shared what a great Policy Council meeting it was and was complimentary on the presentation on child abuse awareness as well as Lisa's recognition of parents. Gloria was also pleased that Michelle had the opportunity to attend the NHSA Conference. Gloria introduced herself to the Council and shared that Yolanda along with other Administrative staff has been busy this week meeting with the union and center staff. They are meeting for a process referred to as "bumping." This in part is a process for center staff in a variety of positions to select their next location for the upcoming school year. Gloria stated that this process is going very well so far. She also stated that Yolanda wanted to share that all staff are working really hard on improving enrollment. Staff are out recruiting and seeing improvement. Recruitment is taking place for children, as well pregnant women. Gloria reminded members if they know of families that may have age eligible children or know of pregnant women to send them our way! Gloria also noted that for the upcoming CAPK Staff Development Day several San Joaquin staff will be in attendance and they are very excited and appreciative to attend this event. There will be two busses transporting San Joaquin staff to Bakersfield for the event and they will stay overnight and return to San Joaquin County on Friday. Gloria shared there are many brand-new staff who have never had the opportunity to attend this event so this will be the first experience for a lot of them. Gloria reported that Yolanda as well as other administrative staff recently attended a conference focused on the Pyramid Model which is a framework to provide support to children and families on social emotional development. While there was a lot of great information shared there are two specific things Yolanda would like to bring to the program which are TPITOS (Teaching Pyramid Infant-Toddler Observation Scale) and TPOT (Teaching Pyramid Observation Tool.) These are social emotional screenings and observations used for teaching staff to see their strengths and to access other support we might be able to provide.

8. **Policy Council Chairperson Report**
Ruby thanked everyone for attending.

9. **Policy Council Member Comments**
Members were given an opportunity to make a statement or comment. Gabriela was appreciative of all in attendance and stated she looks forward to next month's meeting. Jennifer expressed appreciation for being elected to fill the position of Policy Council Secretary. She stated she looks forward to being a little bit more involved and that she knows with Lisa's help she can achieve anything! Ruby congratulated Jennifer on her new Executive Officer position. Wendy also congratulated Jennifer adding she knows Jennifer will do an amazing job as Secretary!

10. **Next Scheduled Meeting**
The next meeting will be held on Tuesday, May 28, 2024 at 5:30 p.m.

11. **Adjournment**
The meeting was adjourned at 6:21 p.m.