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Additional Resources - Potential Sources of Funding

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CONCEPTUALIZING YOUR PROGRAM

Program Planning

Introduction

As your program begins to take shape and a formal structure is built, needs assessed and revenue located, you will find that it will be possible to clearly articulate your goals, decide on objectives and develop action plans.

Unsystematic and irrational thinking by administrators is enormously costly to human service programs. We can all recount, from our own experiences, those decisions which hindsight has shown to be wrong. Further, every program is subject to funding priorities, shrinking revenues, loss of expected income, shifting client population, multi-level policy groups and staff changes. Decision making by independent living program administrators can be influenced by all these issues. Good judgement is the basis for good administrative decisions. The capacity to make good decisions, however, is a mixture of experiences, values and inate ability. What binds experience, values and ability together is systematic and rational thinking; the logical reasoning which allows an administrator to manage well.

This section includes material which is intended to lay planning out in a systematic way. It attempts to answer such questions as "What are the differences between goals, objectives and action plans?"; "What should policies and procedures manuals contain?"; "How can you develop internal forms to help you manage your program?"

Finally we have included material on site selection and equipment acquisition.

FORMAT FOR TYPICAL PLANNING STATEMENTS

GOAL:

Model: To (general area in which you work) for (your client population)

Example: "To improve out-patient health care for senior citizens in Fresno"

Note: Goals are general statements of intent. They are usually so general and visionary that you don't plan to reach them--just strive towards them.

OBJECTIVE:

Model: To (the specific result you plan to achieve) by (date, no longer than a year away) at a cost of no more than (dollar amount or amount of person time)

Example: "To lower hospital readmissions of persons over 65 in Fresno by 10% by January 1, 1978, at a cost of no more than $15,000

Note: Objectives are specific, concrete and measurable They focus on WHAT and WHEN, never on HOW and WHY. Objectives should specify results, not strategies for getting results. In other words, "To build a senior citizens center" or "To raise $400,000 for a senior citizens center" is not an objective. It is an action plan for reaching a result, stated in the "example" above.

Public Management Institute, San Francisco 1980.

FORMAT FOR TYPICAL PLANNING STATEMENTS (cont'd.)

ACTION STEP:

Model: (Person) will (specific accomplishment) by (date)

Example: "Mary Smith will sign lease on site for Senior Citizen Health Care Center by February 1, 1979."

Note: The action plan should specify a result (the signing of the lease), not the activities leading to that result (looking for the site). The "example" is therefore a better action plan statement than "Mary Smith will look for a site for the Senior Citizen Health Care Center."

GOALS, OBJECTIVES, AND ACTION PLANS: A COMPARISON CHART

	GOAL	OBJECTIVES	ACTION PLAN
Time Frame	2-3 Years	One Year	Less Than One Year
Responsibility for Completion	Whole Organization	Organization Manager	Individual Staff
Emphasis	Ultimate Benefits to clients, community; future direction of volunteer program	Your Programs: measurable results that constitute progress toward reaching goals	Your Resources: how you will allocate time, money, and staff to reach objectives
Who Formulates	Board with input from clients, volunteers, community leaders, etc.	Planning Committee with Executive Director and Volunteer Program Heads okayed by Board	Staff Coordinators and their assistants. Collated and okayed by Planning Committee
End/Means	Ulitmate End	Interim Ends/Results	Means to those ends
Specifics	Not specific (doesn't include target dates, cost figures, etc.	Specific result, including target completion dates, cost parameters, and measurable indicators of success	Specific result including individual responsible for carrying out plan, and deadlines
Typical Areas Covered	"Wish List" Statements of organizational mission Long-range expansion plans	Program/Accomplishments for year Results of special projects Results from a department in your organization Desired training results	Staff Tasks Volunteer Tasks Fund Raising Support Services (clerical, etc.) Public Relations Training Purchasing

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The Planning Process

PLANNING: THE KEY TO FUNDABILITY AND MOTIVATION

Successful directors of nonprofit and public agencies agree that a sound long range plan is one of the keys to funding. While it's possible to get support without a plan, your chances of finding long term, "serious" funding will be crippled until you develop one.

Why?

Because funders give support for potential. When a government agency gives you a grant, the money is an investment in the future, not a gift to help you in the present. Donors don't give because you are needy - they give because you have the potential to do something important in future months and years.

This is why a plan is so important. Your plan is written proof that you have potential to create a large "return" on your funder's "investment" in your programs. A good written long range plan - the kind you'll learn to create from this book - will thus improve your funding success by:

- Making your funder feel he is investing his money in an agency whose stated goals he supports, and

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whose objectives guarantee effective use of his donation

- Stimulating your donor with your vibrant, thoughtful, attainable vision of the future
- Exciting the funder with your description of his unique place in that future
- Satisfying your funder's desire to know the exact nature of the organization he supports

In short, a sound written plan excites, convinces, and motivates those who support you. Goals, objectives, and action plans are thus among the most valuable tools you can put in your "fund raising tool box".

In addition to increased fundability, long range planning has a number of other important pay offs. Your plan:

- Helps you solve <u>accountability</u> problems with funders. It makes it much easier to show your donors where their money was spent - and what it accomplished
- Makes <u>evaluation</u> easier. Funders now want to know where their money is going; and also <u>how well</u> it is used. As you will see, an effective plan imposes specific, measurable performance standards on your staff - and makes evaluation much simpler
- Makes <u>organization management</u> easier. Your plan will tell you <u>what</u> is to be done, <u>when</u> it is to be com-

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pleted, and who is responsible for getting it finished

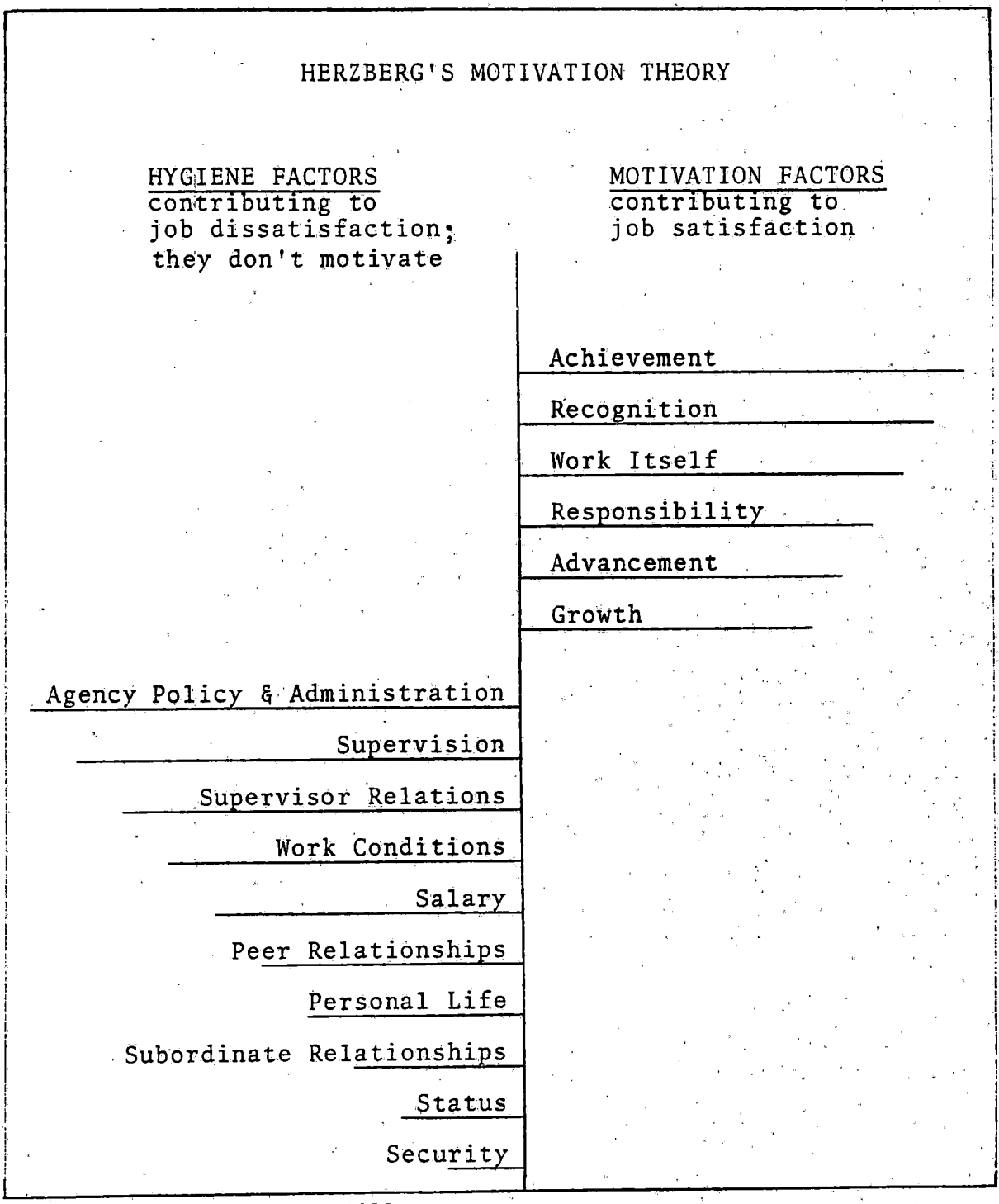
- Increases your chances of achieving goals effectively
- Simplifies assessment of the overall impact of your staff and volunteers
- Reduces crisis management
- Improves coordination between your Board, staff, and volunteers
- Maximizes impact of limited resources
- Improves public relations (everyone involved will have a better understanding of your organization's goals)
- Makes it easier to recruit volunteers
- Improves staff morale by clarifying everyone's role in your agency's exciting future

Finally, a long-range plan makes it easier to motivate your staff and volunteers. This becomes clear when you consider how planning affects key motivators in typical work environments.

Frederick Herzberg, an expert on motivation, believes there are two sets of "motivation factors" involved in any work situation: "Hygiene factors" and "Motivation factors". According to Herzberg, (see diagram on page 4), Hygiene Factors such as supervision, status, job security, and organization administration don't motivate people to produce more results. They can only act to dissatisfy. In other words, good supervision doesn't motivate a volunteer or staff member--but bad supervision leads to dissatisfaction.

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"Motivation Factors", on the other hand, are those parts of peoples' work that inspire them to work harder and more productively. There are six: Achievement, recognition, the work itself, responsibility, advancement and growth. If you want to motivate staff and volunteers, build these factors into their work environment.



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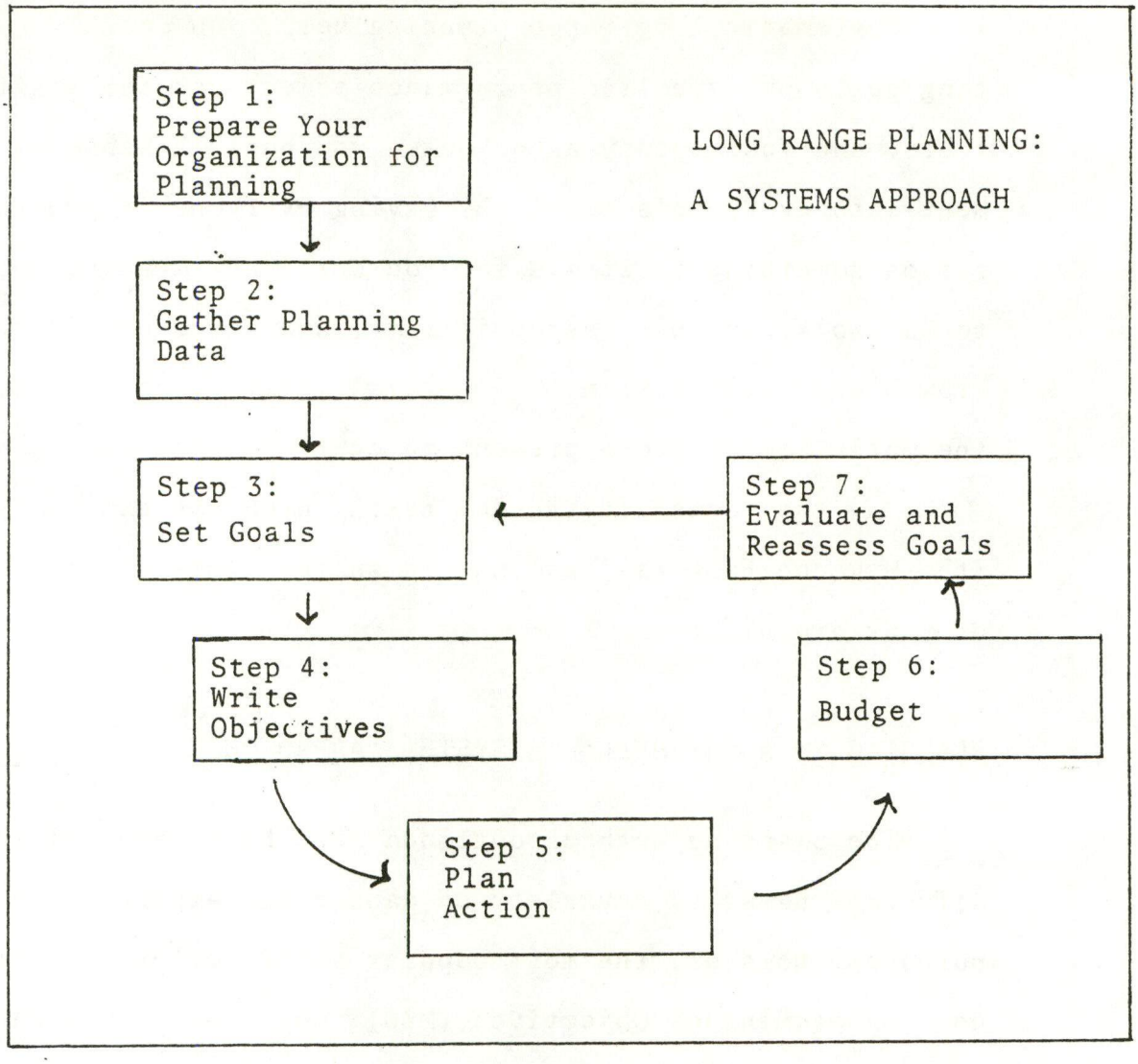
Systematic long-range planning helps you do this. By setting goals and specific performance objectives for staff, volunteers, and your agency as a whole, you build a sense of achievement into everyone's work. By giving everyone in your organization something to strive for you build new meaning into day-to-day work, add new responsibility, and offer new chances for growth and satisfaction. In short, planning increases the Motivation Factors present in every job in your agency. It takes the focus off the day-to-day problems and politics (the Hygiene Factors), and put it on the long-term good works of your organization.

PLANNING IN A NUTSHELL: A SYSTEMS APPROACH

The planning methods outlined here have been called many different names by a variety of management experts. For our purposes, however, the most popular and descriptive title will do: Management by Objectives (MBO). As I mentioned earlier, good planning involves your developing a detailed strategy to maximize your agency's potential. You accomplish this with MBO by designing an organized and comprehensive set of goals, objectives, and action plans leading logically to your desired ends.

This set of plans is developed in orderly sequence from general statements of purpose, through more specific detailing of objectives, and finally to statements of individual tasks and responsibilities. It's a seven step process:

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STEP 1: Prepare your organization for planning

In order to create an effective long-range plan, you agency must be prepared to work together as a team to both create the plan and implement it. I suggest you prepare your organization by focusing on these areas:

- Board Readiness--in order to successfully plan, your Board of Directors must know important information about your work. They must also be a cohesive team that knows its responsibilities and works hard to fulfill them.
- Organization Climate--if your staff and volunteers are

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mired in "Hygiene Factors", your organization climate will make it difficult to create a plan, and even harder to put it into effect.

- Organization Administration--do you have written policies and procedures? A place for volunteers to take grievances? A way to keep track of staff and volunteer time? Until you do, you'll have a difficult time focusing the energy of your organization on long-range planning.
- Making Meetings Work--Meetings are the primary mechanism for planning at all levels in your organization. A key step at the outset is thus to critique and improve your present meetings, so future ones will be more productive.
- Beginning the Planning Process--How do you get time and money for planning? How do you get subordinates excited about and involved in the planning process? Who oversees the planning process? Until you answer these and other important questions, you run the risk of having your planning effort flounder before it has a chance to get off the ground.
- The Mission Statement--The crucial starting point of the planning process is a statement from your Board of why you exist, how you are unique, and where you are heading.

You'll find a number of strategies for preparing your organization in each of these areas in the next chapter of MANAGING NONPROFIT AGENCIES FOR RESULTS.

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STEP 2: Gather Planning Data

A good plan is based on good information. This section of the book focuses on how and where to find information on:

- Your organization mission
- Your clients and their needs
- Your community
- Opinions of key people in your area
- Your organization resources

It includes a comprehensive questionnaire you can use to gather this data, and a number of other forms, worksheets, and check-lists you can use in the data-gathering process.

STEP 3: Set Goals

A goal is a hoped for future state, reflecting your intent for the next two to three years. There are actually three kinds of goals: 1) those you can reach without increasing your level of activity or use of resources, 2) those that entail a reasonable expansion of your current activities (such as an increase in the number of clients serviced) and 3) those that represent your fondest dreams for your organization.

Your Board of Directors should systematically discuss each kind of goal, then develop three corresponding lists. The first and second, your list of immediately attainable goals, will be used as a basis of subsequent planning. The third, your "wish list" will be put aside for use in future fund raising activities (more on this later).

Goals are stated in general terms. They are targets you strive to reach. A typical goal might read "To improve the out-patient health care of senior citizens in Fresno."

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STEP 4: Write Objectives

Once your Board has decided on goals for your agency, you can plot a strategy to reach them. Objectives are the specific things you want your agency and its departments (or programs) to accomplish in the next year. Objectives are statements of results which, taken together, move your agency towards its stated goals. A typical objective might read: "To lower hospital readmissions of people over 65 in Fresno by 10% by January 1, 1980, at a cost of no more than $15,000".

> Remember, the name of the planning system is Management by OBJECTIVES, not management by goals. Detailed, measurable, "objectives" are the key to success. Long-range goals are invaluable in any planning effort, but you must turn these goals into objectives if you want to increase results at your agency.

STEP 5: Plan Action

Once you have written objectives for each program or department in your organization, your program heads can sit down with their staff and construct concrete and measurable action steps to reach those program objectives. Action plans assign individual responsibility, set deadlines, and serve as standards of evaluation for your staff and volunteers.

In order to write effective action plans, you must first develop a "strategy" (for example: start a volunteer-run

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Senior Citizen Health Care Center for elderly outpatients). You can then list your "tactics", the step-by-step accomplishments that allow you to implement your strategy and reach your objectives. A typical action step might read: "Mary Smith will sign the lease on the site for the Senior Citizen Health Care Center by February 1, 1979."

An integrated group of action steps in a logical order allows for efficient and orderly movement towards your organization and program objectives. It also makes it easier to schedule your plan, then budget the flow of cash in and out of your agency.

STEP 6: Budget

One of the major advantages of management by objectives is that it allows for simplified budget preparation. Once you have delegated specific action steps to work units, individual staff and key volunteers, determining the cost of those takes time, material and money is relatively easy: It's simply a matter of assigning a cost to each action step, then totalling them into a budget document. The result? Your budgeting will become more reliable, and at the same time more directly related to the realities of your organization's structure.

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STEP 7: Evaluation

Objectives and Action plans are stated in concrete, measurable terms. Because of this, they make it easy to evaluate the effectiveness of individual staff, volunteers, specific programs, and your whole organization. This is easily accomplished by comparing your objectives with actual results at the end of the time period covered by those objectives.

Based on your evaluation findings, you can reevaluate your goals and objectives. Were they too ambitious? Were they lacking the "stretch" needed to really motivate staff and volunteer performance? This will allow you to reformulate more realistic goals the next year, when you begin the planning cycle anew.

HOW PLANNING DECISIONS ARE MADE

The impetus and control of planning comes from your Board of Directors. Their commitment of time and money to the planning process is crucial for success.

If you want your plan to work, however, decision making should involve all levels in your agency: Board, Executive Director, Staff, Volunteers. As a rule of thumb, you should always involve people in planning decisions that affect them. In other words, everyone should have input into organization goals. Program heads should confer with their subordinates to create objectives for their programs. Staff and volunteers should be encouraged to work with their supervisors to develop mutually agreeable action plans to reach program objectives.

Why is this important?

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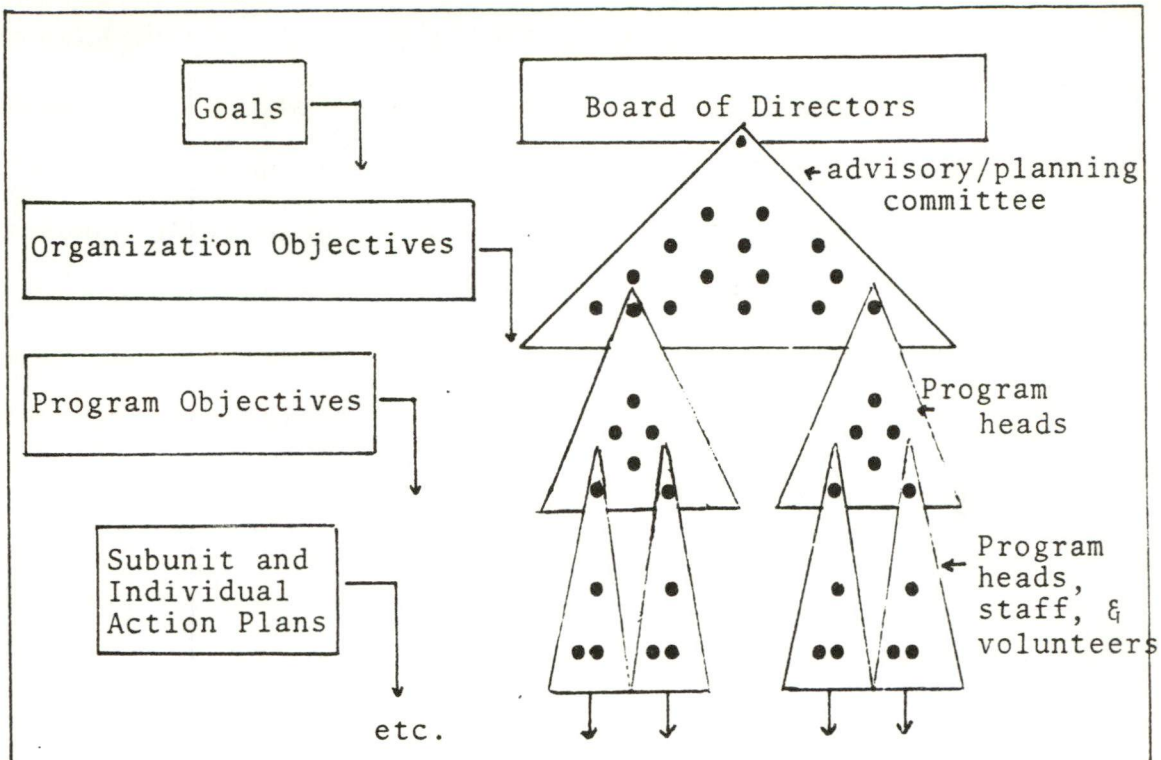
Because it leads to CONSENSUS DECISIONS, those everyone agrees with, though they may not be exactly what each person wants. By involving people in the decision-making process, you increase their level of commitment; they "buy into" the plans they've helped create. This leads to quicker implementation of plans and higher morale. In fact, involving subordinates in the planning process saves time in the long run, even though planning time may be longer. (The insert on page 15 describes how this works in Japan). See pages 16 and 17 for tips on creating consensus in your agency.

But what happens in a large agency? How can everyone get involved in the planning process without creating chaos? I suggest you use the "linking pin" approach to decision making. (see diagram on page 13). If you have too many staff or volunteers to involve each individually in the planning process, have them form committees, then elect representatives to speak for their committees. These representatives (the "linking pins" between different organization levels) report back to those they speak for, working to achieve consensus decisions at all stages in planning discussions.

In addition to the Linking Pin Approach, there are other techniques you can use to involve everyone in the planning process:

- Large group "brainstorming" meetings, where ideas are shared and critiqued before decisions are made
- Written Surveys, to discover the opinions of all staff and volunteers before decisions are made
- Informal meetings between supervisors and their staff and volunteers, where input is requested on planning matters

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The "Linking Pin" Approach to planning decisions (adapted from Managing by Objectives by Anthony Raia (Glenview, IL: Scott, Furesman and Company, 1974)

- Suggestion Boxes and "Storyboards". Storyboards are bulletin boards used to generate ideas on a particular issue. It works like this: You announce an issue you would like input on ("What should this organization be doing for our clients five years from now that it isn't doing now?"). Post the question on a bulletin board. Supply a pad, pen and pins. Staff and volunteers then write their answers on note paper and post them on the storyboard. This technique gives your people a chance to both submit their own ideas, and react to others already posted. It's like having a meeting without meeting.

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The important thing is to solicit input. If you ignore your subordinates in the planning process, you'll have a difficult time imposing your decisions on them. By not involving those affected by planning decisions in the making of those decisions, you encourage staff and volunteers to spend their time criticizing--finding things wrong with your plan. By involving them, you create a situation where they "buy into" the decisions, and put their energy into making the plan become reality.

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Tips for Writing Goals and Objectives

When words used in goal and objective statements have many different meanings, differences of interpretation, poor communication, and difficulty in evaluation can occur.

Many commonly used terms have numerous interpretations. For example , "to know" can mean to relate, to recall, to understand, or to identify, each of which has distinctly different connotations. Similarly, "to understand" can mean to know, relate or to identify. Other terms with multiple meanings are:

- to be familiar with
- to realize
- to appreciate
- to have faith in
- to be interested in
- to enjoy
- to value
- to feel
- to think critically
- to think

Use of these terms allows for differing interpretations and therefore confusion and misunderstandings. On the other hand, the following terms have few interpretations:

- to identify
- to list
- to compare and contrast
- to predict
- to interpret
- to recall
- to translate
- to apply
- to recognize
- to state
- to classify
- to differentiate
- to construct

Their use aids consistency of interpretation among readers, reducing confusion and misunderstanding.

CONTENTS OF A PROCEDURES MANUAL: A CHECKLIST

✓	#	Topic:
	1.	Agency history
	2.	List of staff's names and titles
	3.	List of volunteer names
	4.	List of Board Members and titles
	5.	Job descriptions
	6.	Lines of authority
	7.	Staff and volunteer hours
	8.	Time cards and time sheets
	9.	Holidays
	10.	Vacations
	11.	Sick leave
	12.	Paychecks
	13.	Dress code
	14.	Overtime
	15.	Insurance policy
	16.	Salary increases
	17.	Performance reviews for staff and volunteers
	18.	Personal telephone calls
	19.	Jury duty/ marriage leaves/ funeral leaves
	20.	Fire equipment and procedure
	21.	Agency education program
	22.	Grievance procedure
	23.	Petty cash system

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Choosing a Location

In choosing a location for the ILP, hopefully one can be found that meets all of the following criteria:

- Cost. Can you afford it? The best situation is when a friendly supporter offers a facility rent-free or at a very low cost. If you have to rent space, do not over-commit your finances. A small storefront in a less prestigious area will let you put more money into staff and services.

- Accessibility. All physical barriers must be eliminated outside and inside. You cannot hire disabled people, let alone give services to disabled people, if an office space inside has steps to it or the bathroom door isn't wide enough. A rent-free building isn't any good if you can't make it accessible at a reasonable cost. There should be parking within a short distance with no barriers between the parking and the ILP. Don't be afraid to ask the landlord if barriers can be eliminated. There are federal tax incentives for barrier removal. Accessibility to the deaf is also important. A TTY is a must so that people who are deaf can use your ILP. Staff should be actively encouraged to learn sign language as well.

- Central location. Downtown in the business district is where most urban/suburban ILPs are located. People who come to the ILP are also able to do other daily business this way, since transportation is usually very difficult to obtain. Being on major bus routes is also an important consideration since many disabled people can use buses. When bus lines become accessible to severely physically disabled persons, your ILP will also benefit.

- Easy to find. Even when office space is donated, you should weigh carefully your acceptance of it. If your office space is on the fourth floor, down a corridor, last door on the left, you cannot expect heavy recognition in the community. Many programs have chosen storefront offices where there is space on the building or in the front window to advertise the ILP and its services. Many people have been heard to say, "I was passing by and I saw your ILP and wondered if you can help me."

How to Set up an Independent Living Program: Twenty Seven Questions and Answers, Laurel Richards, Ed., Issues in Independent Living, ILRU Houston, Texas 1980.

Federal Surplus Personal Property Donation Programs

Federal surplus personal property donation programs enable certain non-Federal organizations to obtain personal property the Federal Government no longer needs.

The basic authority for donation programs is the Federal Property and Administrative Services Act of 1949, as amended. This and related statutes authorize the Administrator of the General Services Administration (GSA) to transfer surplus personal property for donation to non-Federal public agencies and other specifically designated recipients.

An amendment to the law has consolidated in the Administrator of GSA the overall authority and management of most of these programs. In addition, it expands the number of activities that qualify as recipients of donated surplus personal property.

The major categories of eligible recipients are:

- public agencies.
- nonprofit educational and public health activities.
- educational activities of special interest to the armed services.
- public airports.

General information about such programs is given in this pamphlet, and offices from which more specific information can be obtained are listed.

Types of Surplus Personal Property

Personal property that may be available under this program includes hand and machine tools, office machines and supplies, furniture, hardware, motor vehicles, boats, airplanes, construction equipment, and many other items.

Distribution of Surplus Personal Property

In accordance with the law, State surplus property agencies have been established by each State, the District of Columbia, Puerto Rico, Virgin Islands, and Guam to distribute personal property designated as surplus by the Federal Government.

These State surplus property agencies advise applicants of eligibility requirements and procedures to be followed in acquiring surplus personal property and of the conditions and restrictions placed on the property.

Representatives of the State agencies visit U.S. Government installations to select property that is available for donation, and they are notified by the General Services Administration of property that is available. Most agencies operate on a self-sustaining basis by assessing recipients a service charge to cover handling, transportation costs, and administrative expenses.

A list of the State surplus property agencies starts on page 4.

Eligible Recipients

Public agencies

Public agencies involved in such activities as conservation, economic development, education, park programs and recreation, public safety, and public health may be eligible for donation of surplus personal property. Public agencies may include:

- States, their departments, divisions, and other instrumentalities.
- political subdivisions of States, including cities, counties, and other local government units and economic-development districts.
- instrumentalities created by compacts or agreements between States or political subdivisions.
- Indian tribes, bands, groups, pueblos, or communities located on State reservations.

Nonprofit educational and public health activities

Surplus personal property may be donated to nonprofit educational and public health activities exempt from taxation under Section 501 of the Internal Revenue Code of 1954. The property must be used to aid education or public health, either directly or through research. Nonprofit educational and public health activities may include:

- medical institutions, hospitals, clinics, and health centers.
- schools, colleges, and universities.
- child-care centers.
- educational radio and TV stations.
- museums.
- libraries.

Educational activities of special interest to the armed services

The Secretary of Defense has designated activities such as military and maritime academies, armed-services preparatory schools, other schools with military-connected programs, and the national organizations listed below as recipients of Department of Defense surplus personal property:

- American National Red Cross.
- Boy Scouts of America.
- Boys' Clubs of America.
- Camp Fire Girls.
- Girl Scouts of the U.S.A.
- Naval Sea Cadet Corps.
- United Service Organizations, Inc.
- Young Marines of the Marine Corps League.

Individual units of the national organizations, such as Boy Scout or Girl Scout troops and Red Cross chapters, should contact their regional or national headquarters rather than the State surplus property agencies.

Public Airports

Any State, political subdivision, municipality, or tax supported institution may receive surplus personal property through donation for use in the development improvement, operation, or maintenance of a public airport.

Further Information

The following offices may be contacted for general information that State surplus property offices are unable to supply:

All eligible groups:

Regional GSA offices (p. 9)

or

Office of Personal Property Disposal (FW)
Federal Supply Service
General Services Administration
Washington, DC 20406

(This material will make you aware of one possible way to equip the office of your independent living program.)

I.D.5.

Additional Resources - Program Planning

American National Standard Specifications for Making Buildings and Facilities Accessible To, and Usable by the Physically Handicapped. American National Standards Institute, Inc., 1430 Broadway, New York, New York 10018, 1961.

Goal Analysis, Mager, Robert. Belmont, CA: Fearon Publishers, 1972.

"How to Plan and Control with PERT", Miller, R.W. Harvard Business Review, Vol. 40, No. 2 (March-April, 1962).

Preparing Instructional Objectives, Mager Robert. Belmont, CA: Fearon Publishers, 1972.

Standards for Services for Developmentally Disabled Persons: A Merger of the Standards for Community Agencies and Standards for Residental Facilities. Chicago, IL: Accreditation Council for Services for Mentally Retarded and Other Developmentally Disabled Persons, 1978.

IMPLEMENTING YOUR PROGRAM - introduction

In the second section of this resource book we have placed materials related to the day to day operation of your program.

In the key area of fiscal management we address the issues of budget preparation and management of the budget. Sudden cash flow problems, tax requirements and ultimate accountability for revenues expended are responsibilities that the administrator must grapple with constantly and resolve in a thoughtful planned way if programs are to survive and grow.

Programs are carried out by people, and personnel management is a key area for administrators. Motivated, effective and efficient staff who work with your clients will lead to a fine reputation for providing quality service in your community.

The second section of this resource book also includes material to help you judge how well you are doing. The goals and objectives you have stated in the conceptualization phase will be examined through program evaluation.

The public and your constituency can be informed and supportive through public relations. Finally, you will want to go back to the section I.C. on potential funding because securing monies for ongoing programs is a task that is always repeated!

Fiscal Management

Introduction

Budgeting is a process all service providers must go through. Some view it as a necessary evil, endured only to satisfy funders. However, the budgeting process yields many additional advantages. It forces administrators and managers to plan ahead and anticipate problems and opportunities instead of allowing circumstances to manipulate their everyday efforts. It directs their attention towards the organization's operating performance and how effectively its assets are acquired and utilized. It also calls attention to the organizations financial functions.

Budgeting can be viewed as a two step process. First, managers have to examine past performance and its related costs to determine how much money, personnel, equipment, supplies, and other resources will be needed in a coming year to maintain current programs. Inflation raises the price of every commodity we use; personnel come and go and it costs to recruit and train replacements; some people cannot be replaced while others want more money than was paid their predecessor; equipment wears out and becomes obsolete; supplies are consumed and must be replaced. All such factors must be considered just to plan a program identical to last year's.

The second step in the budget process responds to the question "What needs to be changed; What improvements could or must be made?" Programs are perishable. New ideas mandate new expenditures. For example, the upgrading of staff requires new expenditures. In most cases, improvements call for more money. Still, a careful review can be made to discover cost-saving procedures or devices. In short, the budget process stimulates review and revision that are highly beneficial to the quality of your program.

Administrative and Fiscal Manual for NonProfit Day Care Centers, 1976; a project of Comprehensive Community Child Care, 2400 Reading Road, Cincinnati, Ohio 45202. Reprinted by permission.

This is important because funders and governmental units use budgets to determine the worth of an organization's program. They ask the question, "How does this center spend its money, and how worthy of our support are they?" The administrators of organizations are thereby transformed into persons who sell products or services in competition with other salespersons selling their products or services. While this may distress some, it cannot be overlooked because the demand for funds far exceeds the supply. Preparation of your organization's budget takes on extra significance when you realize you must not only make your programs good, you must make them attractive. And attractive programs are efficient and cost effective, based on sound financial planning.

Included also are materials to manage the budget and control cash, predict its flow, prepare for audits and responsibly report your fiscal activity.

Creating a Program Budget

One aspect of particular concern to funders and governmental units is, "How much does the agency spend on operating its programs?" A human service agency using public funds is under an obligation to see that as much of these funds as is possible are spent on services rendered to the ultimate consumer. Therefore, certain revenue and expense items related to overhead, fund raising, and coordination must be segregated.

Revenue categorized as management and general includes all agency revenue which is not specifically designated by the donor or other funding source for use in a specific program activity or which is not generated by a program.

The center's director and board will want to keep track of how well the center is doing. Exhibit (A) shows the format to use in the review of budget to actual process.

Column 2 taken from your ledger or from the computer printout.

Column 3 taken from your ledger or from the computer printout.

Column 4 adjustments. Make allowance in this column to adjust cash basis to accrual.

Examples: Line 5 - Fees and government grants: computer shows $5700 received. You have due you but not yet received and not yet recorded for services performed through March 31, 1977, from County Welfare $400 and from USDA $100. Therefore, you add to the amount currently received as recorded on the computer the sum of $500.

Similarly for expenses which you have incurred through March 31, 1979, but which have not yet been recorded by the computer, you would add to the

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amount shown on the computer printout. For instance to line 21 Supplies an adjustment of $600 has been added to the amount recorded by the computer.

Column 4 is column 2 plus column 3.

Column 5 is the budget divided by the number of months in the year times the months in the year to date. i.e., line 2 Revenue

$$\text{Budget } 200 \times \frac{3}{12} = \$50$$

Column 6 is column 4 minus column 5.

Column 7 is column 4 divided by column 5.

You would want to review columns 6 and 7. These give you the actual figures and also a percentage comparision. For instance on line 4 the percentage is large (161%), but the actual figures involved are of small importance in the total picture. Program service fees are running behind expectations but the slack seems to have been taken up by fees and grants from government agencies. You might want to review supplies as these are higher than expected. Each center's picture will be somewhat different. The picture painted for "Heaven Sent" represents an agency that is running close to budget. Real life situations might differ considerably.

Examples of management and general revenue would include unrestricted contributions or grants, agency memberships through which an individual or family pays a fee to take part in the agency's activities or to be associated with the agency, and unrestricted allocations from federated fund raising organizations.

Examples of program revenues would include program service fees, activities, categorized grants or designated contributions. Revenue used to pay program service expenses is listed as current restricted funds.

The Management and General category includes expenses related to the following activities:

Heaven Sent ILP Center
Review of Budget to Actual
For Month Ended 31 March 1979

	1 March	2 Per Computer	3 Year To Adjustments	4 Date Actual	5 Budgeted	6 Variance	7 Utilization %
Revenue:							
Contributions	10.00	10.00		10.00	50.00	40.00	20%
Special Events					50.00	50.00	-
Associated Organizations	25.00	100.00		100.00	62.00	(38.00)	161%
Fees & Grants; Government Agencies	2,110.00	5,700.00	500.00	6,200.00	5,499.00	(701.00)	113%
Program Service Fees	1,650.00	3,800.00	125.00	3,925.00	4,445.00	520.00	88%
Community Chest	1,857.00	5,572.00		5,572.00	5,572.00	- 0 -	100%
Total Revenue	5,652.00	15,182.00	625.00	15,807.00	15,678.00	(129.00)	101%
Expenses:							
Personnel;							
Salaries	3,500.00	10,100.00		10,100.00	11,513.00	1,413.00	88%
Retirement & Health	200.00	690.00		690.00	567.00	(123.00)	122%
Payroll Taxes	294.00	700.00	200.00	900.00	884.00	(16.00)	102%
Professional Fees/Services	100.00	300.00		300.00	300.00	- 0 -	100%
Total Personnel	4,094.00	11,790.00	200.00	11,990.00	13,264.00	1.274.00	
Other Expenses;							
Supplies	675.00	1,800.00	600.00	2,400.00	1,587.00	(813.00)	151%
Telephone & Telegraph	20.00	80.00		80.00	75.00	(5.00)	107%
Postage	5.00	16.00		16.00	15.00	(1.00)	107%
Occupancy	200.00	600.00		600.00	600.00	- 0 -	100%
Rental/ Maintenance of Equipment							
Outside Printing		10.00	20.00	30.00	30.00	- 0 -	100%
Local Transportation	15.00	45.00		45.00	68.00	23.00	66%
Conferences / Conventions					12.00	12.00	0%
Membership Dues					2.00	2.00	0%
Misc.				10.00	25.00	15.00	40%
Total Other Expenses	915.00	2,561.00	620.00	3,181.00	2,414.00	(767.00)	132%
Total Expenses	5,009.00	14,351.00	820.00	15,171.00	15,678.00	507.00	97%
Revenue & Expenses	643.00	831.00	(195.00)	636.00	- 0 -	636.00	

1) Executive direction

2) General board and committee meetings

3) General staff meetings

4) Office management

5) Accounting, auditing and budgeting

6) Corporate legal services

7) Personnel procurement

8) Purchasing and distribution of supplies

9) Receptionist, switchboard, mail distribution, filing and other central services

10) Organization and procedure studies

11) Administrative reporting, which may include

    a. Annual reports

    b. Certain newsletters

    c. Announcements of board and committee appointments

    d. Stewardship reporting

    e. General informational reporting

The above list is representative of common management and general activities. Other services e.g., investment advice, executive training institutes may have to be recognized by particular agencies as activities related to maintenance and direction of their total resources and also be reported as management and general. In some instances, some of the activities listed above can be reasonably identified as part of another service and should be charged to the service benefited. Unless a reasonable, practical and verifiable basis exists for charging them directly to another service, however, activities of the type listed above should be accounted for as management and general. (This includes, for instance, routine acknowledgement of and accounting for contributions and other income. However, cost of maintaining detailed fund raising records should be charged to fund raising.)

The activity listed as executive direction refers to administration of the entire organization. The time spent in direct supervision of a program should be charged directly to the program service.

Within the limitations of the agency's accounting system and materiality, the agency should attempt to allocate its expenses to the program service which derives a benefit from the expenditure.

To the extent that some agencies have not made cost allocations, management and general expenses are overstated and program service costs are understated. This tends to present a distorted picture of the agency's operations ("Overhead" or "Administrative Costs" appear higher than they should be and would be if they were budgeted and accounted for correctly.) For a fuller explanation of distribution of costs please see Accounting and Financial Reporting, pages 70-72, Alexandria, VA., (United Way of America, 1974).

Allocations of Salary Expenses

The salaries of employees who spend all their time in one program are allocated in total to that particular program. Problems in allocation arise when an employer spends time in several programs or when they split their time between a program function and management and general functions.

At budget time employees expected to perform work in several functions should be identified. These employees must each have a job description which details the functional classification in the upcoming year.

To validate the percentage allocation of tie, the center should require employees to keep time logs periodically. If a class of employees doing identical or similar work can be identified, then only one representative of this group need submit time logs. In most day care centers, jobs are varied and the staff is small enough that all employees should submit their time logs.

Once the individuals are selected to keep time logs, they must be required to adhere to a regular schedule. In most cases, reports for one week each month should prove sufficient. To insure a valid sampling, a different week should be chosen each month.

Information collected on the time logs should be summarized and percentage allocations by function should be compared to the budget. Such comparison will provide for timely revision of the current budget and for a more informed allocation of salary in the next budget.

INTERNAL FISCAL CONTROLS

Background

Internal control is defined by the American Institute of Certified Public Accountants as follows:

> Internal control comprises the plan of organization and all of the coordinate methods and measures adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

The most important phrase in this definition is "promote operational efficiency." Internal control may be visualized as being much more inclusive than internal check, which is confined to checking "the accuracy and reliability of its accounting data." Still, internal control is a management function, not an accounting function.

All good systems of internal control have certain features in common. These features may be termed a checklist of internal control, which may be used to appraise any procedure for cash, purchases, sales, payroll, and the like.

Checklist for Internal Control

No framework for internal control is perfect in the sense that it can prevent some shrewd individual from "beating the system" either by outright embezzelment or by producing inaccurate records. The task is not total prevention of fraud, nor is it implementation of operating perfection; rather, the task is the designing of a tool that will help achieve efficient operations and reduce temptation.

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Also, the most streamlined accounting system is deficient if its prescribed procedures are not being conscientiously followed.

A checklist for a good internal control system includes:

1. Reliable personnel. Individuals obviously should be given duties and responsibilities commensurate with their abilities, interests, experience, and reliability. Yet many employers use low-cost talent that may prove exceedingly expensive in the long run, not only from the point of view of fraud but also from the point of view of productivity. The accounting system, no matter how elaborate, is only as good as the individuals who implement it. In many centers office personnel hold down more than one job. The secretary sometimes is the bookkeeper or someone hired as an aide ends up with the job because she or he is "good at math." The board of directors and the center director would do well to consider the importance of competent management of the center's assets and the need for competent people to facilitate such management.

2. Separation of powers. Record keeping and physical handling of assets should not be in the hands of one person. For example, the bookkeeper should not handle cash, and the cashier should not have access to ledger accounts such as subsidiary receivable records. The entire accounting function should be divorced from operating departments, so that objective records may be kept. This point not only better insures accurate compilation of data, it also necessitates collusion of two or more persons to perpetrate a fraud. The center usually will not have the personnel available to establish an elaborate check system. Many centers do not have a cashier. Still a secretary, receptionist or other person can be designated to receive cash, the director can sign all checks, and the bookkeeper can make the entries in the appropriate books. A simple separation of

powers is possible at even the smallest center.

3. Supervision. The typical organization chart illustrates this point. Everyone has a boss who oversees and appraises performance.

4. Responsibility. This means tracking actions as far down in the organization as is feasible, so that results may be related to individuals. It means having employees sign time sheets, the cashier sign receipts, the director authorize purchases and cooks sign invoices for food. The psychological impact of fixing responsibility promotes care and efficiency; it keeps people on their toes. Individuals tend to perform better when they must answer for inefficiencies. Also, the accumulation of costs by department would be impossible without some means of fixing responisbility for cost incurrence.

5. Routine and automatic checks. In a phrase, this means doing things "by the numbers." Record-keeping activities can be made less costly and more accurate by standard procedures. The use of general routines permits specialization of effort, division of duties, and automatic checks on previous steps in the routing.

For example, disbursement-voucher systems are widely used. The essential feature of such a system is that no checks may be signed without a disbursement voucher that someone authorizes. In turn, the voucher will not be prepared unless all supporting documents, such as pertinent requisitions, purchase orders, invoices, receiving reports, and freight documents, have been reviewed. Each step in the review serves as a check on previous steps.

Forms are designed so that the absence or incorrectness of key information is automatically uncovered and corrected on the spot. For example, the absence of

a cook's signature on an invoice for food would halt preparation of a disbursement voucher.

6. Document control. This means immediate recording, complete recording, and tamper-proof recording. This point is especially important for handling cash sales. Complete and tamper-proof recording is encouraged by having all source documents prenumbered and accounted for, by using devices such as locked compartments in invoice-writing machines, and by designing forms for ease of recording.

7. Bonding, vacations, and rotation of duties. Key people may be subject to excessive temptation; directors, financial managers, and individuals who handle cash should be bonded, have understudies or supervising board members and be forced to take vacations.

8. Independent check. All phases of the system should be subjected to periodic review by outsiders (for example, by independent public accountants) and by internal auditors who do not ordinarily have contact with operation under review.

The idea of independent check extends beyond the work performed by professional auditors. For example, bank statements should be reconciled with book balances. The bank provides an independent record of cash. Furthermore, the monthly bank reconciliations should be conducted by someone other than the person responsible for cash deposits and recording of receipts. Other examples of independent checks include monthly statements sent to clients and physical counts of inventory to check against perpeptual records.

One of the main jobs of internal auditors and outside auditors is to appraise the effectiveness of internal control; such appraisal affects the extent of the sampling of transaction needed to test validity of account balances.

9. Physical safeguards. Obviously, losses of cash, inventories, and records are minimized by safes, locks, and limited access.

10. Cost feasibility. The complexity and costs of an internal control system must be compared with its benefits. Highly complex systems tend to strangle people in red tape, so that the system impedes rather than promotes efficiency. Besides, there is "a cost of keeping the costs" that sometimes gets out of hand. Investments in more costly systems must be judged in the light of expected benefits. Unfortunately, such benefits are difficult to measure. Yet hard-headed efforts, as are used in making other business decisions, must be made to measure alternative costs of various accounting systems.

Establishing the Petty Cash Account

One of the advantages of having a checking account with a bank is that it allows excellent control over cash if all receipts are deposited and all disbursements are made by check. The business needs to keep only a minimum amount of cash on hand to make change and to pay miscellaneous items. An office fund which eliminates the necessity of writing checks for small amounts is often established for paying these miscellaneous items. For example, if postage due on a package is 47¢, it would be unreasonably costly and time consuming to write a check for this amount. It is more convenient to have a small amount of cash in the office fund to pay the postage. This fund is commonly referred to as a petty cash fund.

To establish the petty cash fund, a check is made payable to petty cash for the estimated amount of the petty cash disbursement for a certain period of time. The check is recorded in the journal by debiting Petty Cash and crediting Cash. The check is then converted into currency which is placed in a drawer or a box used for the petty cash fund.

Operating the Petty Cash Fund

All petty cash disbursements are made from this fund and are recorded in a petty cash book rather than in a journal. The disbursing of the money and recording of the payments may be performed by the bookkeeper or by someone else designated as the petty cashier. The person responsible for the petty cash fund should be able to account for the amount of the fund at any time.

Replenishing the Petty Cash Fund

The petty cash fund should be replenished at the end of the month or even sooner if the fund is depleted. To replenish the fund, a check is drawn for the amount of petty cash disbursements made to date and an entry for this transaction is recorded in the journal. The expense accounts listed in the petty cash book are debited. Cash is credited for the amount of the check. It should be emphasized that Petty Cash is not debited for the amount of the check. If the petty account were debited in this entry, it would increase the amount shown in the fund. The purpose of this entry is to replenish the fund for the expenses paid from it, not to increase the fund beyond its original balance. The petty cash fund is a continuous fund and does not change in amount unless a decision is made to increase or decrease the fund. The amount of cash actually in the fund plus the total of the petty cash paid out should always equal the amount originally put into the petty cash fund.

Summary of the Petty Cash System

The following features of a petty cash system should be reviewed.

1. The fund should always be replenished for the exact total of the petty cash disbursements made. The check is made out to the petty cash fund custodian.
2. The balance in the petty cash ledger account never changes unless the size of the fund is permanently increased or decreased.

3. The petty cash book is a memorandum record and not part of the books of original entry.

4. The expense accounts affected by payments from petty cash are recorded in the journal whenever the fund is replenished.

5. In addition to replenishing the fund when the cash balance becomes low, it should always be replenished at the end of the accounting period to bring the ledger accounts up to date prior to preparation of the financial statements.

Background to Bank Procedures

A bank is a financial institution offering a wide variety of services and facilities to its customers. One of the best devices available to the center for controlling cash is a bank checking account. Through a bank checking account the depositer issues a written order directing the bank to pay cash from his account. This written order is call a check. The person writing the check is the drawer. The one to whom the bank is directed to pay cash is the payee. The bank to whom the order is directed is the drawee.

Some of the conveniences and safeguards provided by bank checking accounts are:

1. A dual record of cash receipts and disbursements.
2. Control over cash receipts by making deposits.
3. Control over cash payments by writing checks.
4. Determination of cash balances by preparing monthly bank reconcilations.

Dual Record of Receipts and Disbursements

Centers that deposit all cash receipts and make all payments by check have a dual record of cash receipts and disbursements: (1) the bank's record, which is reported to the center on a monthly bank statement, and (2) the center's records, which is

kept in the cash journal and the checkbook. It is a distinct advantage for the business to have a separate record kept by the bank. The bank's record simplifies the work of checking the cash records and provides the center with a means of verifying the checkbook and cash journal balances at the end of the month.

Bank Deposits

One very important feature of depositing all cash receipts is that, it provides a cross check on these receipts by comparing the cash received as entered in the center's records with the deposits recorded on the bank's book. It is desirable to make deposits each day to minimize the amount of cash on hand at any time.

Checks received by the business (the payee) have to be signed by the owner or another authorized individual before they can be deposited. This signature, know as an endorsement, transfer title of the check to the bank. The endorsement is also the endorser's guarantee that if the check is not paid by its drawer, the bank can look to the payee for collection. The check is endorsed by signing it on the back using exactly the same name as appears on the face of the check. All checks received by the center should use a restrictive endorsement to prevent the unauthorized cashing of checks payable to the center. A restrictive endorsement is one that specifies to whom the check is to be paid, normally the bank, and should include the statement "For deposit only." This makes it impossible for anyone other than the bank to cash the check. An excellent procedure for handling checks received by the center is to record the restrictive endorsement with a rubber stamp on the back of the check at the time it is received.

Payments By Check

If the center establishes the policy of making all payments by check, this practice will provide excellent security in a very vulnerable area of business operations. A check provides the individual with a duplicate record of all cash payments. The first record is the cancelled check which is returned to the drawer after it has been paid by his bank and subtracted from his account balance. The second record is kept by the bank which records all checks cleared on checking accounts. The center also has a record of the checks in its checkbook stubs and in the combined cash journal. The practice of paying all bills by check allows the center to keep only a minimum amount of cash on hand for making change and for disbursing incidental items through its petty cash fund.

Another control feature offered by a checking account is the checkbook. The bank provides the business with a preprinted checkbook. The printing of the checks and check stubs includes consecutive numbering of the checks. The check and its stub should have the same number. The number of all checks is essential for control of checks written. Prenumbered checks are also a valuable aid in reconciling the checkbook with the bank's record of the checking account. If a check is prepared incorrectly and cannot be used, it should be invalidated by writing VOID across the check and its stub. This practices enables even unusable checks to be accounted for.

Another cash control device used in some centers is the Checkwriter, a small machine which prepares checks mechanically. The checkwriter is used to write and perforate the amount of a check in figures and in words, making it impossible to change the dollar amount for which the check is written.

The Bank Statement as a Means of Control

The checkbook contains a record of bank deposits and withdrawals. The checkbook balance represents the correct amount of the depositor's cash if it contains no errors or omissions. At the end of each month the checkbook balance is proven by comparing it with the amount of cash in the bank account as shown on the monthly bank statement.

Reconciling the Bank Statement

At the end of each month or cycle the actual cash on hand and on deposit in the bank (as shown on the monthly bank statement) should be reconciled with the balance of cash as shown in the accounts. This reconciliation of actual cash and bank balances with the balance of the cash account involves an analysis of the monthly bank statement and the cash records. Generally there will be a difference between the two cash records. The usual causes of differences between the cash balance per the bank statement and the cash balance per the books of the center may be classified as follows:

A. Items already recorded as cash receipts in the books of the center but not yet added to the bank balance per the bank statement.

   Examples:

   1. Deposits made up and charged to the bank by the center but not received and reported by the bank until the next bank statement.
   2. Deposits actually made late in the period but reported in the next period by the bank because of the timing of the bank statement.
   3. Undeposited cash on hand.

B. Items already added to the bank balance but not the balance on the center's books.

C. Items already recorded as cash disbursements on the center's books but not

deducted by the bank from the bank balance.

Example:

1. Outstanding checks--checks written and properly recorded in the center's books but not yet cleared through the bank.

D. Items already deducted from the bank balance but not from the book balance.

Examples:

1. Client's checks returned to the center's by the bank (because of NSF - not sufficient funds) but not yet recorded on the books of the center.
2. Interest charged by the bank on an overdraft not yet recorded on the books of the center.
3. Service charges made by the bank but not yet recorded on the books of the center.

The cash balance per center books (designated by CB) and the bank balance per bank statement (designated by BB) can be reconciled best in three ways (A,B,C and D used as defined above) as follows:

1. Work from both cash balance per center books and bank balance to correct (true) cash balance (designated by TB), formulas:

$$TB + BB + A - C$$
$$TB = CB + B - D$$

2. Work from book balance to bank balance, formula:

$$CB - A + B + C - D = BB$$

3. Work From bank balance to book balance, formula:

$$BB + A - B - C + D = CB$$

The first approach definitely is preferable for the following reasons:

1. The reconciliation naturally falls into two parts (Books and Bank), and

all the reconciling entries to be made in the books a grouped in the section devoted to the book balance.

2. It is less confusing. After the correctness of each item has been verified, the reconciliation merely involves placing such items under the appropriate part as an addition or deduction.

3. The reconciliation can be used as a schedule supporting the cash balance as reported on the balance sheet; the last line on the reconciliation is reported on the balance sheet.

Common Adjustments

Outstanding checks. The bank's record of the depositer's withdrawal is seldom complete. Usually a few of the center's checks will not have been received and processed by the bank at the time the bank statement is prepared. These outstanding checks will not appear among the items deducted from the center's balance on the bank statement.

Deposits in Transit. Often money deposited on the last day of the month is not credited to the center's bank account until the following day. These deposits which are added to the center's account after the bank statement has been prepared are called deposits in transit or outstanding deposits.

Dishonored checks. Dishonored checks are client's checks which have been deposited, but the bank, for reasons which are usually stated, has refused to pay them. The most common reason for a bank refusing to pay a check is that the drawer of the check does not have sufficient funds on deposit to cover the amount of the check. This situation is indicated on the bank statement

as "NSF" (not sufficient funds). Since the depositor guarantees all items deposited, any client checks that are dishonored will be charged back against the depositor's bank account, thereby reducing the balance. The bank must deduct the amount of these checks from the center's balance because they were assumed by the bank to be good and were added to the account when the deposit was initially made.

Cycle Billing

Most banks now use cycle billing for handling their depositor's statements. They process and mail the bank statements in cycles during the month rather than handle all accounts at the end of the month. For example, the bank might process and mail one third of the statements on the tenth of the month, one third on the twentieth, and one third on the thirtieth. This helps spread the bank's work load over the entire month.

From the depositor's standpoint, cycle billing will not affect the reconciliation procedure, except that the period being reconciled should be that covered by the bank statement. For example, if a center receives its bank statement for the period ending on the sixteenth day of the month, it would reconcile its checking account balances as of that date.

Background to Collection of Fees

The center must closely monitor its accounts receivable to insure payments for services rendered. Many of the remedies available to other businesses are not available to IL centers. Bad debts cannot be written off as a tax loss since most centers don't pay taxes. Collection agencies are not a viable remedy.

IL centers do not have sufficient volume nor value in their accounts receivable to warrant factoring or outright sale of such accounts, nor would the funders permit it.

The only tool avaliable to the centers for collection is an efficient billing system. Some of the key elements in such a system are:

1. Frequent billing which obtains better results with clients with marginal incomes. Frequently the lower income family has its income spent before it is earned. Large bills tend to go unpaid. Therefore, four weekly bills may be easier to pay than one larger monthly bill.
2. Money should always be accepted when offered. Many clients are on bi-weekly pay periods or receive supplemental income once or twice during the month. Some clients may wish to pay ahead when they have the money to do so. Such prepayments present no accounting problems and should be readily accepted. Such practice is often a great help to the lower income family in attempting to "keep even."
3. Statements to the clients should match payments with specific periods of service. This eliminates arguments as to how far behind a client is. When the statement shows the particular week's service for which each payment is credited both the client and the center understand the composition of overdue accounts.
4. The client fees receivable subsidiary ledger contains all the information necessary for billing. The debit should be dated to specify the period of service covered by the debit. The credits should all be identified by receipt number. It must be remembered that receipts are given for all payments made to the center. This includes payments by check as well as cash.

THE AUDIT
AUDITS ARE EXPENSIVE. WHY DO ONE?

Purpose	Benefits	Limitations	Notes on Value to Your Organization
The primary purpose of an audit is to enable an independent auditor to express an opinion of the financial statements, their compliance with generally accepted accounting principles, & the consistency of their application. It is not an examination of every recorded transaction, but a series of tests designed to give a basis for effective judgement. The Auditor may disclose irregularities, but that is not the purpose. The Auditor may assist management in meeting its responsibility to safeguard assets.	1. Credibility of Financial Statements If an organization can tell its financial story accurately & completely, & it is accepted at face value because of Auditor's presentation & opinion the potential contributor is more likely to give.	a. Auditor does <u>not</u> examine all transactions. b. Auditor can only test what is recorded. c. The Auditor will not guarantee accuracy.	
	2. Meaningful Statements Auditor prepares statements in a clean manner, that facilitates comprehension.		
	3. Advice The CPA is in a position to give sound advice on internal controls, on bookkeeping procedures, on evaluating personnel and on hiring.		

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(cont'd.)

Purpose	Benefits	Limitations	Notes on Value to Your Organization
	4. Assistance The CPA is an expert in matters of tax reporting and compliance requirements and can either give assistance or actually prepare forms.		

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AUDIT STEPS AND WHAT TO DO

Audit Step	What to Do	✓	Notes
A. Pre-Audit Conference Auditor meets with Board and/or Audit Committee. Time to put all facts on the table, bring all the skeletons out of the closet.	a. Establish a fee range with set maximum.		
	b. Insist that last year's personnel do this year's audit.		
	c. Assign <u>one</u> staff person to have overall responsibility for the audit (including any cost overruns). Identify and advist staff who will be involved.		
	d. Ask for a time budget listing: • areas to be looked at • last year's hours per area • budgeted # of hours this year		
	e. Provide Auditor with listing of number of sequences in sampling areas for statistical sampling purposes (e.g., listing of check numbers used.		

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(cont'd.)

AUDIT STEPS AND WHAT TO DO (cont'd)

Audit Step	What To Do	✓	Notes
A. Pre-Audit Conference (cont'd.)	f. Ask for set of last year's work papers with: • analyses • schedules Then, you prepare this year's work-papers. • Get staff involved in process. • Generate clean trial balances.		
	g. Resolve any problems before year-end. • Explain to Auditor any skeletons that may be in the closet, & get assistance with handling. • Always advise Auditor if you institute any changes in system during the year. (Auditor has to test each system.)		
	h. Indicate that you plan to draft the financial statements (to save Auditor's time). Discuss format and timing considerations.		

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(cont'd.)

AUDIT STEPS AND WHAT TO DO (cont'd.)

Audit Step	What To Do	✓	Notes
B. Engagement Letter Auditors will write a letter outlining their understanding of services to be provided, the responsibilities they assume and the responsibilies to be assumed by your organization. (This letter is a required audit procedure.)	a. Make sure that the letter is explicit on the matter of fees. It is generally possible for the Auditors to estimate the fee with some accuracy. Insist on it.		
	b. Allow for contingency, but make language specific: "extraordinary circumstances: fire, fraud, or lost records".		
	c. Agreement that maximum fee cannot be exceeded with specific written Board approval.		
C. Compliance Testing This involved testing the accuracy of outputs of your system to determine the system's degree of reliability. This should be done prior to year-end, so that weaknesses can be detected & errors corrected.	a. You prepare systems flowchart or description, including internal control system.		
	b. Create a permanent Audit file, containing information of a permanent nature: • copies of leases • exemption certification (cont'd.)		

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(cont'd.)

AUDIT STEPS AND WHAT TO DO (cont'd.)

Audit Step	What To Do	✓	Notes
C. Compliance Testing (cont'd.)	b. (cont'd.) • articles of incorporation • by-laws • depreciation records • minutes of significant board meetings • invoices for fixed assets • schedule of acquisitions		
	c. You pull all samples to be tested. If necessary, hire temporary personnel to do it.		
	d. Get legal letter from lawyer concerning issues litigation, status or current claims.		

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(cont'd.)

AUDIT STEPS AND WHAT TO DO (cont'd.)

Audit Step	What To Do	✓	Notes
D. Year-End Verification This involves verifying the accuracy of numbers on the year-end financial statements and to the degree possible relies on verification by independent persons outside the organization.	a. Establish year-end balances as soon as possible and assist Auditor in mailing confirmation requests: • Banks • Brokers • Pledge sources • Funding sources • Accounts receivable • Accounts payable • Notes payable • • • • Mail confirmation requests <u>early</u>, since they tend to hold up completion of audit.		
E. Post-Audit Conference With Audit Personnel and Partner	a. Get draft of Management Letter. • make them take out insignificant problems • bring up issues you want your board to deal with, have Auditor make statement or recommendation. The management letter is a required audit procedure.		
	b. Resolve all fee matters now! Ask for a time summary with the bill. (Every Auditor has to maintain detailed time records which are easily summarized.)		

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SUMMARY OF TAXES AND TAX RETURNS

The following list itemizes some of the more common tax procedures. If there are specific questions concerning the tax consequences of operating policies, they can be directed to your accountant. The IRS maintains a taxpayer service. Telephone inquiries to the IRS can also be made. The list offered here is to alert you to some of the tax requirements to which you may be subject. The details of the tax laws are considerably more complex.

I. Taxes Withheld From Employees' Wages

A. Federal Taxes

1. Taxes

a. Social Security or Federal Insurance Contributions Act (FICA) is a tax on both the employer and the employee. This tax is subject to periodic adjustment. An amount is withheld from the employee's wage and an equal amount is levied on the employer. 501 (c)(3) organizations are exempt by law from the requirements of this tax. These organizations may, however, waive this exemption in order to provide this coverage to their employees.

b. Federal Income Tax (FIT) must be withheld from each employee's wages even if the agency is not subject to the FICA tax. The amount to be withheld varies according to the number of exemptions claimed. Tax tables are available through the IRS to determine the correct amount to withhold.

2. Deposits

a. The employer is required to deposit the FICA and FIT taxes withheld together with the employer's share of the FICA tax with his bank (the depositary) by the 15th day of the month following the

month in which the taxes are withheld whenever these taxes accumulate to at least $200 but less than $2000. When taxes owed accumulates to $2000, the employer must make a deposit of these taxes within the next three business days. This deposit must be accompanied by an IBM card, Form 501. If the cumulative taxes owed are less than $200, a check may be sent directly to the IRS with the quarterly 941 or 941 E return.

3. Returns

   a. The employer reports to the IRS on Form 941, or if the organization has never waived FICA exemption, the report is filed on Form 941 E. The information to be provided on these reports includes the FICA wages paid, gross wages paid, deposits of taxes, federal income tax withheld quarterly, and the amount of tax liability.

4. Annual Requirements

   a. An employer must issue to his employees two copies of Form W-2 by January 31st of each year. A copy of the W-2 must also be sent to the IRS with transmittal Form W-3 by February 28th of each year.

B. State Tax Withheld

1. Taxes

   a. Most states have enacted a state income tax and require their employers to withhold this from their employees' wages. This tax is a graduated tax with allowance for the number of exemptions claimed and with the percentage of tax increasing as the individual's income increases. Withholding tax tables are available from the local office of the State Income Tax Department.

2. Deposits

   a. In Ohio, for instance, if an employer has withheld $500 or more in

state income tax, he must remit monthly to the state. If less than $500 is withheld, quarterly remittal is sufficient.

3. Quarterly Returns

   a. Check with your state treasurer's office if you have a state income tax.

4. Annual Requirements

   a. As above, check with the state office.

C. City Income Taxes Withheld

1. Taxes

   a. Many of the cities within your counties have enacted income tax laws and require that taxes be withheld from the wages of employees who are employed in their city. These taxes are commonly a flat percentage of the employee's wage with no allowance for personal deductions or exemptions. Check with the city in which your center is located for the rate charged and information on the returns required.

2. Deposits

   a. Check with the city treasurers for deposit requirements.

3. Quarterly Returns

   a. It is likely that your city will have a requirement for quarterly tax remittals accompanied by a simple form such as the W-1 of the City of Cincinnati.

4. Annual Returns

   a. Cincinnati, which is the prototype, requires an annual reconciliation on Form W-3. The annual wage payments made to each employee, the employee's address, city taxes withheld, city taxes paid, and city taxes owed are items you would include on this return. A copy of the W-2 may be submitted in lieu of the employee list.

II. Taxes on Payroll - These taxes and the employer's share of the FICA tax are paid by the employer. No portion is levied on the employees' wages.

A. Federal Taxes

1. Unemployment Tax (FUTA)

a. Centers with 501(c)(3) exemptions are also exempted from paying this tax. Proprietary centers would probably be subject to this tax. The tax base for FUTA is the first $6000 of gross wages paid to each employee.

2. Deposit

a. Required on a quarterly basis whenever the tax owed is $100 or more. Form 508 is an IBM card which must accompany your tax deposit which is made to the bank as your depositary.

3. Annual Returns

a. An annual report is required to be filed on Form 940.

B. State Payroll Taxes (Ohio)

1. State Unemployment Tax (SUT)

a. This is mandatory for most 501(c)(3) organizations employing four or more persons for 20 or more weeks. You must file Form UCO-1, Report to Determine Liability, to establish whether or not you are subject to this tax. Church affiliated organizations may be excluded. Investigate your individual situation. If you are a contributing employer, you will pay a rate based upon your experience. Taxes are paid quarterly. The base is the same as for FUTA, the first $6000 is gross wages paid to each employee. Experience rates range from .1% to 4.3% with an additional amount levied on every employer to go into a mutual fund. A 501(c)(3) employer may elect to be a reimbursing rather than a contributing employer. A reimbursing

employer does not pay a quarterly tax but is required to pay the entire sum which may be awarded to a former employee by the Bureau of Employment Services. In 1978 non-public non-profit schools became subject to this law.

b. Quarterly returns are filed and the tax payment is made at the same time to the Treasurer of the State.

2. Worker's Compensation

a. This is a state insurance plan which almost every employer is required to provide. This protects the employer from suit by injured employees. Medical benefits and disability payments may be made from this fund. Persons hiring domestics are excluded if they pay less than $160 per quarter. The rate is based upon the experience of a broad group of organizations. If you are a large premium payer, you would be entitled to a rate based upon your own experience.

b. You are required to have on deposit a specified amount based upon your payroll. If this is $3000 or more, you may post a bond instead.

c. A return is required every six months to maintain your coverage. This return is sent to the employer by the Bureau of Worker's Compensation. You must compute your premium and pay the tax with the return.

III. Other Information Returns

A. Federal

1. Form 990 is required from 501(c)(3) organizations. This must be filed within 4½ months after the close of your fiscal year. There is no tax due with this return. However, if you do not file it when it is due, you may be assessed a penalty of $10 per each day that it is late. You may apply for abatement of the penalty, but it is safer and more professional to file the return timely as required.

2. Form 1099 must be filed by all businesses including non-profit businesse if payments totaling $600 or more are made to any one individual who is not an employee. A 1099 Div or 1099 Int must be filed if dividends or interest of $10 or more are paid to an individual. A copy must be sent to the payee by January 31st of each year and to the IRS with summary Form 1096 by the 28th of February of the year following the year in which the payment was made. Failure to do this carries penalties.

B. State

1. Charitable Trust

a. Registration with your state may be accomplished by filing a form one time only.

b. An annual financial report is required. You may file a copy of Form 990 to satisfy this requirement. It is due at the same time that your 990 is due to be filed with the IRS. Exempt from this requirement are certain organizations operated for exclusively religious purposes, educational institutions, and organizations with gross receipts of less than $5000 and gross assets of less than $15,000 at the end of the year.

c. Check with your accountant as to the applicability in your state.

2. Charitable Solicitations

a. One time registration with the state.

b. Annual report CS-1 certified by a public accountant or a Certified Public Accountant. You may submit a copy of your certified audit to fulfill this requirement. This report is due to be filed within 90 days after the close of your fiscal year. Extensions may be granted as is true of most other returns required.

c. Check with your accountant.

IV. Employer's Income Taxes - If you are a prioprietary center, you are required to file a return and to pay a tax based upon your earnings. The form you file will depend upon your organizational structure.

A. Federal

1. Sole proprietors will file Form 1040 plus appropriate supporting schedules including Schedule C, Profit or (Loss) from Business or Profession, and Schedule SE, Computation of Social Security Self-Employment Tax. This is an annual requirement and is due to be filed 3½ months after the close of your fiscal year. This will most likely be April 15th. Estimated payments are required whenever you expect to have earnings which will result in $100 or more in taxes owed for federal income tax including self-employment tax and which would not be covered by taxes withheld from wages. Failure to file may subject you to interest and penalty payments. The estimated tax owed is paid quarterly with the return.

2. Partnerships will file Form 1065 which is another information return. The partners will include the ordinary income on their 1040, Schedule E. These returns are due 3½ months after the close of the partnership's fiscal year. The partner's income is included on the 1040 in the year in which the partnership's fiscal year ends.

3. Corporations file Form 1120 and pay the tax with this form. Estimated payments may be required of corporations also. Tax option corporations file Form 1120-S which is an information return (no tax paid with this return). Income from Form 1120-S is reported on the individual's 1040. These returns are due for corporations 2½ months after the close of the corporation's fiscal year.

B. State

1. Check with your accountant to see what laws apply to proprietary centers in your state.

2. Cities

   a. Most cities have income tax ordinances. Earnings which can be attributable to that city are taxed. If you reside in a city, you will be taxed on your earnings wherever earned. Credit is usually allowed by your home municipal for city taxes paid to some other municipality. This tax is commonly a tax on the gross amount of earned income with no provisions for personal deductions or exemptions and no graduated rate. If you are in business, business deductions can be taken to arrive at taxable income. You must file a return if you are an individual, a corporation or a partnership.

3. County

   a. A Personal Property Tax return would be required from proprietary centers. This tax is levied on property used in an organization in a business organized for profit. The rate is set by the local taxing district in which the property is located. An intangible tax is assessed on certain income from patents, annuities, royalties, stocks, bonds, or from the ownership of these at December if they do not produce income. Receivables may also be taxed. These taxes are state taxes administered and collected through the counties.

   b. Check with your accountant to find out whether your county's property taxes apply to your center.

Projecting Cash Flow

(In addition to budgeting revenue and expenses for the upcoming year, the center must concern itself with cash flow projections.)

Cash flow is a problem separate and distinct from revenue flow. It is quite possible to be in the black and still be unable to pay the bills. The problem arises because the recognition of revenue and expenses rarely coincides with the receipt and disbursement of cash. Therefore, it is necessary to project our cash flow for the upcoming year to insure that there will be sufficient cash on hand when bills are due.

Exhibit B shows a format to both estimate and monitor the cash flow. Each center will have to examine its own collection pattern to determine when cash will be received for services rendered (a certain percentage of fees will be collected in the month when the service is rendered, a certain percentage in the next month and so on). You will also be able to determine the time lag between the submitting of vouchers to funders and the receipt of cash.

The payment of bills is controlled mainly by the center's policy in such matters. Many centers pay their bills as they are received. As such, the disbursement of cash occurs in the same month as the incurrence of the debt. Other centers have the board of directors or a board member authorize every expenditure. Still others wait until the bill's due date before payment. This keeps the center's money in the bank earning interest for as long as possible. In either case disbursements are generally made one or two months after the expense is incurred.

Administrative and Fiscal Manual for NonProfit Day Care Centers, 1976; a project of Comprehensive Community Child Care, 2400 Reading Road, Cincinnati, Ohio 45202. Reprinted by permission.

Summary

In projecting the center's cash flow we determine how much cash we will receive and spend each month. We examine the center's collection history to estimate how much and when cash will be received. The center's bill paying policy will tell us when cash will be needed to cover monthly expenses. In comparing estimated monthly receipts and disbursements, we can plan for large expenditures, periods of low income, and other potential difficulties.

PROJECTED CASH FLOW STATEMENT

Period	January		February		March		Total	
	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
1. Cash at Beginning of Period								
2. Add: Cash Received from:								
Fees - Clients								
Fees - Other								
USDA								
Donations								
Community Chest								
Other Sources_____								
_____								
_____								
Total Cash Received								
Total Cash Available								
3. Subtract: Cash Paid Out:								
Payroll								
Supplies								
food								
educational								
office								
miscellaneous								
Insurance								
Taxes								
Employee benefits								
Other expenses								
_____								
_____								
Equipment								
Total Cash Paid Out								
Cash at End of period								

(B)

federal register

BOOK 2 OF 2 BOOKS

FRIDAY, JULY 30, 1976



PART II:

OFFICE OF MANAGEMENT AND BUDGET

■

GRANTS AND AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS, AND OTHER NONPROFIT ORGANIZATIONS

Uniform Administrative Requirements

OFFICE OF MANAGEMENT AND BUDGET

[Circular No. A-110]

GRANTS AND AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS, AND OTHER NONPROFIT ORGANIZATIONS

Uniform Administrative Requirements

JULY 1, 1976.

To the heads of executive departments and establishments.

Subject: Uniform administrative requirements for grants and other agreements with institutions of higher education, hospitals, and other nonprofit organizations

1. *Purpose.*—This Circular promulgates standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to, and other agreements with, public and private institutions of higher education, public and private hospitals, and other quasi-public and private nonprofit organizations. This Circular does not apply to grants, contracts, or other agreements between the Federal Government and units of State or local governments covered by Federal Management Circular 74-7.

2. *Effective date.*—The standards in the attachments to this Circular will be applied as soon as practicable but not later than January 1, 1977.

3. *Supersession.*—This Circular rescinds and replaces parts III and IV of the Appendix to Federal Management Circular 73-7, Administration of college and university research grants.

4. *Policy intent.*—The uniform standards and requirements included in the attachments to this Circular replace the varying and often conflicting requirements that have been imposed by Federal agencies as conditions of grants and other agreements with recipients.

5. *Applicability and scope.*—Except as provided below, the standards promulgated by this Circular are applicable to all Federal agencies. If any statute expressly prescribes policies or specific requirements that differ from the standards provided herein, the provisions of the statute shall govern.

The provisions of the attachments of this Circular shall be applied to subrecipients performing substantive work under grants that are passed through or awarded by the primary recipient if such subrecipients are organizations described in paragraph 1.

6. *Definitions.*

a. The term "grant" means money or property provided in lieu of money paid or furnished by the Federal Government to recipients under programs that provide financial assistance or that provide support or stimulation to accomplish a public purpose. The term "other agreements" does not include contracts which are required to be entered into and administered under procurement laws and regulations. Grants and other agreements exclude (a) technical assistance programs, which provide services instead of money, (b) assistance in the form of general revenue sharing, loans, loan guarantees, or insurance, and (c) direct payments of any kind to individuals.

b. The term "recipient" includes the following types of nonprofit organizations that are receiving Federal funds from a Federal agency or through a State or local government:

Public and private institutions of higher education; public and private hospitals; and other quasi-public and private nonprofit organizations such as (but not limited to) community action agencies, research institutes, educational associations, and health centers.

The term does not include foreign or international organizations (such as agencies of the United Nations) and Government-owned contractor operated facilities or research centers providing continued support for mission-oriented, large scale programs that are Government-owned or controlled, or are designed as federally-funded research and development centers.

7. *Requests for exceptions.*—The Office of Management and Budget may grant exceptions from the requirements of this Circular when exceptions are not prohibited under existing laws.

However, in the interest of maximum uniformity, exceptions from the requirements of the Circular will be permitted only in unusual cases. Agencies may apply more restrictive requirements to a class of recipients when approved by the Office of Management and Budget.

8. *Attachments.*—The standards promulgated by this Circular are set forth in the Attachments, which are:

Attachment A	Cash depositories.
Attachment B	Bonding and insurance.
Attachment C	Retention and custodial requirements for records.
Attachment D	Program income.
Attachment E	Cost sharing and matching.
Attachment F	Standards for financial management systems.
Attachment G	Financial reporting requirements.
Attachment H	Monitoring and reporting program performance.
Attachment I	Payment requirements.
Attachment J	Revision of financial plans.
Attachment K	Closeout procedures.
Attachment L	Suspension and termination procedures.
Attachment M	Standard form for applying for federal assistance.
Attachment N	Property management standards.
Attachment O	Procurement standards.

9. *Exceptions for certain recipients.*—Notwithstanding the provisions of paragraph 7 if an applicant/recipient has a history of poor performance, is not financially stable, or its management system does not meet the standards prescribed in the Circular, Federal agencies may impose additional requirements as needed provided that such applicant/recipient is notified in writing as to:

a. Why the additional standards are being imposed;

b. what corrective action is needed.

Copies of such notifications shall be sent to the Office of Management and Budget and other agencies funding that recipient at the same time the recipient is notified.

10. *Responsibilities.*—Agencies responsible for administering programs that involve grants and other agreements with recipients shall issue the appropriate regulations necessary to implement the provisions of this Circular. All portions of such regulations that involve recordkeeping and/or reporting requirements subject to the provisions of the Federal Reports Act and OMB Circular A-40 must be submitted to OMB for clearance before being introduced into use. Upon request all regulations and instructions implementing this Circular shall be furnished to the Office of Management and Budget. Agencies shall also designate an official to serve as the agency representative on matters relating to the implementation of this Circular. The name and title of such representative shall be furnished to the Office of Management and Budget not later than August 30, 1976.

11. *Inquiries.*—Further information concerning this Circular may be obtained by contacting the Financial Management Branch, Budget Review Division, Office of Management and Budget, Washington, D.C. 20503, telephone 395-3993.

JAMES T. LYNN,
Director.

ATTACHMENT A.—CIRCULAR NO. A-110

CASH DEPOSITORIES

1. This attachment sets forth standards governing the use of banks and other institutions as depositories of funds advanced under grants and other agreements.

2. Except for situations described in paragraphs 3, 4, and 5, no Federal sponsoring agency shall:

a. Require physical segregation of cash depositories for funds which are provided to a recipient.

b. Establish any eligibility requirements for cash depositories for funds which are provided to a recipient.

3. A separate bank account shall be required when applicable letter-of-credit agreements provide that drawdowns will be made when the recipient's checks are presented to the bank for payment.

4. Any moneys advanced to a recipient which are subject to the control or regulation of the United States or any of its officers, agents or employees' (public moneys as defined in Treasury Circular No. 176, as amended) must be deposited in a bank with Federal Deposit Insurance Corporation (FDIC) insurance coverage and the balance exceeding the FDIC coverage must be collaterally secured.

5. Consistent with the national goal of expanding the opportunities for minority business enterprises, recipients and subrecipients shall be encouraged to use minority banks (a bank which is owned at least 50 percent by minority group members).

ATTACHMENT B.—CIRCULAR NO. A-110

BONDING AND INSURANCE

1. This attachment sets forth bonding and insurance requirements for grants and other agreements with recipients. No other bonding and insurance requirements shall be imposed other than those normally required by the recipient.

2. Except as otherwise required by law, a grant or other agreement that requires the contracting (or subcontracting) for construction or facility improvements shall provide for the recipient to follow its own re-

quirements relating to bid guarantees, performance bonds, and payment bonds unless the construction contract or subcontract exceeds $100,000. For those contracts or subcontracts exceeding $100,000, the Federal agency may accept the bonding policy and requirements of the grantee provided the Federal agency has made a determination that the Government's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

a. *A bid guarantee from each bidder equivalent to five percent of the bid price.*—The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

b. *A performance bond on the part of the contractor for 100 percent of the contract price.*—A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

c. *A payment bond on the part of the contractor for 100 percent of the contract price.*—A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

3. Where the Federal Government guarantees or insures the repayment of money borrowed by the recipient, the Federal agency, at its discretion, may require adequate bonding and insurance if the bonding and insurance requirements of the recipient are not deemed adequate to protect the interest of the Federal Government.

4. The Federal sponsoring agency may require adequate fidelity bond coverage where the recipient has no coverage and the bond is needed to protect the Government's interest.

5. Where bonds are required in the situations described above, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties (31 CFR 223).

Attachment C.—Circular No. A–110

Retention and Custodial Requirements for Records

1. This attachment sets forth record retention requirements for grants and other agreements with recipients. Federal sponsoring agencies shall not impose any record retention requirements upon recipients other than those described below.

2. Except for paragraph 1, this attachment also applies to subrecipients as referred to in paragraph 5 of the basic circular.

3. Financial records, supporting documents, statistical records, and all other records pertinent to an agreement shall be retained for a period of three years, with the following qualifications:

a. If any litigation, claim or audit is started before the expiration of the 3-year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

b. Records for nonexpendable property acquired with Federal funds shall be retained for 3 years after its final disposition.

c. When records are transferred to or maintained by the Federal sponsoring agency, the 3-year retention requirement is not applicable to the recipient.

4. The retention period starts from the date of the submission of the final expenditure report or, for grants and other agreements that are renewed annually, from the date of the submission of the annual financial status report.

5. Recipient organizations should be authorized by the Federal sponsoring agency, if they so desire, to substitute microfilm copies in lieu of original records.

6. The Federal sponsoring agency shall request transfer of certain records to its custody from recipient organizations when it determines that the records possess long-term retention value. However, in order to avoid duplicate record-keeping, a Federal sponsoring agency may make arrangements with recipient organizations to retain any records that are continuously needed for joint use.

7. The head of the Federal sponsoring agency and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any pertinent books, documents, papers, and records of the recipient organization and their subrecipients to make audits, examinations, excerpts and transcripts.

8. Unless otherwise required by law, no Federal sponsoring agency shall place restrictions on recipient organizations that will limit public access to the records of recipient organizations that are pertinent to a grant or agreement except when the agency can demonstrate that such records must be kept confidential and would have been excepted from disclosure pursuant to the Freedom of Information Act (5 U.S.C. 552) if the records had belonged to the Federal sponsoring agency.

Attachment D.—Circular No. A–110

Program Income

1. Federal sponsoring agencies shall apply the standards set forth in this attachment in requiring recipient organizations to account for program income related to projects financed in whole or in part with Federal funds. Program income represents gross income earned by the recipient from the federally supported activities. Such earnings exclude interest earned on advances and may include, but will not be limited to, income from service fees, sale of commodities, usage or rental fees, and royalties on patents and copyrights.

2. Interest earned on advances of Federal funds shall be remitted to the Federal agency except for interest earned on advances to States or instrumentalities of a State as provided by the Intergovernmental Cooperation Act of 1968 (Public Law 90–577).

3. Proceeds from the sale of real and personal property either provided by the Federal Government or purchased in whole or in part with Federal funds, shall be handled in accordance with Attachment N to this circular pertaining to property management.

4. Unless the agreement provides otherwise, recipients shall have no obligation to the Federal Government with respect to royalties received as a result of copyrights or patents produced under the grant or other agreement (see paragraph 8, Attachment N).

5. All other program income earned during the project period shall be retained by the recipient and, in accordance with the grant or other agreement, shall be:

a. Added to funds committed to the project by the Federal sponsoring agency and recipient organization and be used to further eligible program objectives;

b. Used to finance the non-Federal share of the project when approved by the Federal sponsoring agency; or

c. Deducted from the total project costs in determining the net costs on which the Federal share of costs will be based.

Attachment E.—Circular No. A–110

Cost Sharing and Matching

1. This attachment sets forth criteria and procedures for the allowability of cash and in-kind contributions made by recipients or subrecipients (as referred to in paragraph 5 of the basic circular), or third parties in satisfying cost sharing and matching requirements of Federal sponsoring agencies. This attachment also establishes criteria for the evaluation of in-kind contributions made by third parties, and supplements the guidance set forth in Federal Management Circular 73–3 with respect to cost sharing on federally-sponsored research.

2. The following definitions apply for the purpose of this attachment:

a. *Project costs.*—Project costs are all allowable costs (as set forth in the applicable Federal cost principles) incurred by a recipient and the value of the in-kind contributions made by the recipient or third parties in accomplishing the objectives of the grant or other agreement during the project or program period.

b. *Cost sharing and matching.*—In general, cost sharing and matching represent that portion of project or program costs not borne by the Federal Government.

c. *Cash contributions.*—Cash contributions represent the recipient's cash outlay, including the outlay of money contributed to the recipient by non-Federal third parties.

d. *In-kind contributions.*—In-kind contributions represent the value of noncash contributions provided by the recipient and non-Federal third parties. Only when authorized by Federal legislation, may property purchased with Federal funds be considered as the recipient's in-kind contributions. In-kind contributions may be in the form of charges for real property and non-expendable personal property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

3. General guidelines for computing cost sharing or matching are as follows:

a. Cost sharing or matching may consist of:

(1) Charges incurred by the recipient as project costs. (Not all charges require cash outlays by the recipient during the project period; examples are depreciation and use charges for buildings and equipment.)

(2) Project costs financed with cash contributed or donated to the recipient by other non-Federal public agencies and institutions, and private organizations and individuals, and

(3) Project costs represented by services and real and personal property, or use thereof, donated by other non-Federal public agencies and institutions, and private organizations and individuals.

b. All contributions, both cash and in-kind, shall be accepted as part of the recipient's cost sharing and matching when such contributions meet all of the following criteria:

(1) Are verifiable from the recipient's records;

(2) Are not included as contributions for any other federally-assisted program;

(3) Are necessary and reasonable for proper and efficient accomplishment of project objectives;

(4) Are types of charges that would be allowable under the applicable cost principles;

(5) Are not paid by the Federal Government under another assistance agreement (unless the agreement is authorized by Federal law to be used for cost sharing or matching);

(6) Are provided for in the approved budget when required by the Federal agency; and

(7) Conform to other provisions of this attachment.

4. Values for recipient in-kind contributions will be established in accordance with the applicable cost principles.

5. Specific procedures for the recipients in establishing the value of in-kind contribu-

tions from non-Federal third parties are set forth below:

a. *Valuation of volunteer services.*—Volunteer services may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. Volunteer services may be counted as cost sharing or matching if the service is an integral and necessary part of an approved program.

(1) *Rates for volunteer services.*—Rates for volunteers should be consistent with those paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient organization, rates should be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved.

(2) *Volunteers employed by other organizations.*—When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (exclusive of fringe benefits and overhead costs) provided these services are in the same skill for which the employee is normally paid.

b. *Valuation of donated, expendable personal property.*—Donated, expendable personal property includes such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to expendable personal property included in the cost or matching share should be reasonable and should not exceed the market value of the property at the time of the donation.

c. *Valuation of donated, nonexpendable personal property, buildings, and land or use thereof.*

(1) The method used for charging cost sharing or matching for donated nonexpendable personal property, buildings and land may differ according to the purpose of the grant or other agreement as follows:

(a) If the purpose of the grant or other agreement is to assist the recipient in the acquisition of equipment, buildings or land, the total value of the donated property may be claimed as cost sharing or matching.

(b) If the purpose of the agreement is to support activities that require the use of equipment, buildings or land, depreciation or use charges for equipment and buildings may be made. The full value of equipment or other capital assets and fair rental charges for land may be allowed provided that the Federal agency has approved the charges.

(2) The value of donated property will be determined in accordance with the usual accounting policies of the recipient with the following qualifications:

(a) *Land and buildings.*—The value of donated land and buildings may not exceed its fair market value, at the time of donation to the recipient as established by an independent appraiser (e.g., certified real property appraiser or GSA representatives) and certified by a responsible official of the recipient.

(b) *Nonexpendable personal property.*—The value of donated nonexpendable personal property shall not exceed the fair market value of equipment and property of the same age and condition at the time of donation.

(c) *Use of space.*—The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

(d) *Loaned equipment.*—The value of loaned equipment shall not exceed its fair rental value.

6. The following requirements pertain to the recipient's supporting records for in-kind contributions from non-Federal third parties.

a. Volunteer services must be documented and, to the extent feasible, supported by the same methods used by the recipient for its employees.

b. The basis for determining the valuation for personal services, material, equipment, buildings and land must be documented.

ATTACHMENT F.—CIRCULAR NO. A-110

STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

1. This attachment prescribes standards for financial management systems of recipients. Federal sponsoring agencies shall not impose additional standards on recipients unless specifically provided for in the applicable statutes (e.g., the Joint Funding Simplification Act, P.L. 93-510) or other attachments to this circular. However, Federal sponsoring agencies are encouraged to make suggestions and assist recipients in estbalishing or improving financial management systems when such assistance is needed or requested.

2. Recipients' financial management systems shall provide for:

a. Accurate, current and complete disclosure of the financial results of each federally sponsored project or program in accordance with the reporting requirements set forth in Attachment G to this circular. When a Federal sponsoring agency requires reporting on an accrual basis, the recipient shall not be required to establish an accrual accounting system but shall develop such accrual data for its reports on the basis of an analysis of the documentation on hand.

b. Records that identify adequately the source and application of funds for federally sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, and income.

c. Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

d. Comparison of actual outlays with budget amounts for each grant or other agreement. Whenever appropriate or required by the Federal sponsoring agency, financial information should be related to performance and unit cost data.

e. Procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the recipient, whenever funds are advanced by the Federal Government. When advances are made by a letter-of-credit method, the recipient shall make drawdowns as close as possible to the time of making disbursements.

f. Procedures for determining the reasonableness, allowability and allocability of costs in accordance with the provisions of the applicable Federal cost principles and the terms of the grant or other agreement.

g. Accounting records that are supported by source documentation.

h. Examinations in the form of audits or internal audits. Such audits shall be made by qualified individuals who are sufficiently independent of those who authorize the expenditure of Federal funds, to produce unbiased opinions, conclusions or judgments. They shall meet the independence criteria along the lines of Chapter 3, Part 3 of the U.S. General Accounting Office publication, Standards for Audit of Governmental Organizations, Programs, Activities and Functions. These examinations are intended to ascertain the effectiveness of the financial management systems and internal procedures that have been established to meet the terms and conditions of the agreements. It is not intended that each agreement awarded to the recipient be examined. Generally, examinations should be conducted on an organization-wide basis to test the fiscal integrity of financial transactions, as well as compliance with the terms and conditions of the Federal grants and other agreements. Such tests would include an appropriate sampling of Federal agreements. Examinations will be conducted with reasonable frequency, on a continuing basis or at scheduled intervals, usually annually, but not less frequently than every two years. The frequency of these examinations shall depend upon the nature, size and the complexity of the actviity. These examinations do not relieve Federal agencies of their audit responsibilities, but may affect the frequency and scope of such audits.

i. A systematic method to assure timely and appropriate resolution of audit findings and recommendations.

3. Primary recipients shall require subrecipients (as defined in paragraph 5 of the basic circular) to adopt the standards in paragraph 2, above except for the requirement in subparagraph 2e, regarding the use of the letter-of-credit method and that part of subparagraph 2a, regarding reporting forms and frequencies prescribed in Attachment G to this circular.

ATTACHMENT G.—CIRCULAR NO. A-110

FINANCIAL REPORTING REQUIREMENTS

1. This attachment prescribes uniform reporting procedures for recipients to: summarize expenditures made and Federal funds unexpended for each award, report the status of Federal cash advanced, request advances and reimbursement when the letter-of-credit method is not used; and promulgates standard forms incident thereto.

2. The following definitions apply for purposes of this attachment:

a. *Accrued expenditures.*—Accrued expenditures are the charges incurred by the recipient during a given period requiring the provision of funds for: (1) goods and other tangible property received; (2) services performed by employees, contractors, subrecipients, and other payees, and (3) other amounts becoming owed under programs for which no current services or performance is required.

b. *Accrued income.*—Accrued income is the sum of (1) earnings during a given period from (i) services performed by the recipient; and (ii) goods and other tangible property delivered to purchasers; and (2) amounts becoming owed to the recipient for which no current services or performance is required by the recipient.

c. *Federal funds authorized.*—Federal funds authorized are the total amount of Federal funds obligated by the Federal Government for use by the recipient. This amount may include any authorized carryover of unobligated funds from prior fiscal years when permitted by law or agency regulation.

d. *In-kind contributions.*—In-kind contributions are defined in Attachment E to this circular.

e. *Obligations.*—Obligations are the amounts of orders placed, contracts and grants awarded, services received, and similar transactions during a given period that will require payment by the recipient during the same or a future period.

f. *Outlays.*—Outlays or expenditures represent charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subrecipients. For reports prepared on an accrual basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-

kind contributions applied, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, subrecipients and other payees and other amounts becoming owed under programs for which no current services or performance are required.

g. *Program income.*—Program income is defined in Attachment D of this circular. It may be reported on a cash or accrual basis, whichever is used for reporting outlays.

h. *Unobligated balance.*—The unobligated balance is the portion of the funds authorized by the Federal sponsoring agency that has not been obligated by the recipient and is determined by deducting the cumulative obligations from the cumulative funds authorized.

i. *Unliquidated obligations.*—For reports prepared on a cash basis, unliquidated obligations represent the amount of obligations incurred by the recipient that has not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the recipient for which an outlay has not been recorded.

3. Only the following forms will be authorized for obtaining financial information from recipients.

a. *Financial Status Report (Exhibit 1).*

(1) Each Federal sponsoring agency shall require recipients to use the standardized Financial Status Report to report the status of funds for all nonconstruction projects or programs. The Federal sponsoring agencies may, however, have the option of not requiring the Financial Status Report when the Request for Advance or Reimbursement (paragraph 4a) or Report of Federal Cash Transactions (paragraph 3b) is determined to provide adequate information to meet their needs, except that a final Financial Status Report shall be required at the completion of the project when the Request for Advance or Reimbursement form is used only for advances.

(2) The Federal sponsoring agency shall prescribe whether the report shall be on a cash or accrual basis. If the Federal sponsoring agency requires accrual information and the recipient's accounting records are not normally kept on the accrual basis, the recipient shall not be required to convert its accounting system, but shall develop such accrual information through best estimates based on an analysis of the documentation on hand.

(3) The Federal sponsoring agency shall determine the frequency of the Financial Status Report for each project or program considering the size and complexity of the particular project or program. However, the report shall not be required more frequently than quarterly or less frequently than annually except as provided in subparagraph 3a(1) above. A final report shall be required at the completion of the agreement.

(4) Federal sponsoring agencies shall require recipients to submit the Financial Status Report (original and no more than two copies) no later than 30 days after the end of each specified reporting period for quarterly and semi-annual reports, and 90 days for annual and final reports. Extensions to reporting due dates may be granted upon request of the recipient.

b. *Report of Federal Cash Transactions (Exhibit 2).*

(1) When funds are advanced to recipients through letters of credit or with Treasury checks, the Federal sponsoring agencies shall require each recipient to submit a Report of Federal Cash Transactions. The Federal sponsoring agency shall use this report to monitor cash advanced to recipients and to obtain disbursement information for each agreement from the recipients.

(2) Federal sponsoring agencies may require forecasts of Federal cash requirements in the "Remarks" section of the report.

(3) When practical and deemed necessary, the Federal sponsoring agencies may require receipts to report in the "Remarks" section the amount of cash advances in excess of three days' requirements in the hands of subrecipients and to provide short narrative explanations of actions taken by the recipients to reduce the excess balances.

(4) Recipients shall be required to submit not more than the original and two copies of the Report of Federal Cash Transactions 15 working days following the end of each quarter. The Federal sponsoring agencies may require a monthly report from those recipients receiving advances totaling $1 million or more per year.

(5) Federal sponsoring agencies may waive the requirement for submission of the Report of Federal Cash Transactions when monthly advances do not exceed $10,000 per recipient, provided that such advances are monitored through other forms contained in this attachment, or if, in the Federal sponsoring agency's opinion, the recipient's accounting controls are adequate to minimize excessive Federal advances.

4. Except as noted below, only the following forms will be authorized for the recipients in requesting advances and reimbursements.

a. *Request for Advance or Reimbursement (Exhibit 3).*

(1) Each Federal sponsoring agency shall adopt the Request for Advance or Reimbursement as a standardized form for all nonconstruction programs when letters-of-credit or predetermined advance methods are not used. Federal sponsoring agencies, however, have the option of using this form for construction programs in lieu of the Outlay Report and Request for Reimbursement for Construction Programs (subparagraph 4b).

(2) Recipients shall be authorized to submit requests for advances and reimbursements at least monthly when letters-of-credit are not used. Federal sponsoring agencies shall not require the submission of more than the original and two copies of the Request for Advance or Reimbursement.

b. *Outlay report and request for reimbursement for construction programs (Exhibit 4).*

(1) Each Federal sponsoring agency shall adopt the Outlay Report and Request for Reimbursement for Construction Programs as the standardized format to be used for requesting reimbursement for construction programs. The Federal sponsoring agencies may, however, have the option of substituting the Request for Advance or Reimbursement Form (subparagraph 4a) when the Federal agencies determine that it provides adequate information to meet their needs.

(2) Recipients shall be authorized to submit requests for reimbursement at least monthly when letters-of-credit are not used. Federal sponsoring agencies shall not require more than the original and two copies of the Outlay Report and Request for Reimbursement for Construction Programs.

5. When the Federal sponsoring agencies need additional information in using these forms or more frequent reports, the following shall be observed:

a. When additional information is needed to comply with legislative requirements, Federal sponsoring agencies shall issue instructions to require recipients to submit such information under the "Remarks" section of the reports.

b. When necessary to meet specific program needs Federal sponsoring agencies shall submit the proposed reporting requirements to the Financial Management Branch, Budget Review Division, Office of Management and Budget for approval prior to submission of the reports for clearance under the provisions of OMB Circular No. A-40.

c. When a Federal sponsoring agency has determined that a recipient's accounting system does not meet the Standards for Financial Management contained in Attachment F to this circular, additional pertinent information to further monitor grants and other agreements may be obtained upon written notice to the recipient until such time as the system is brought up to standard.

d. The Federal sponsoring agency, in obtaining information as in paragraphs a, b and c above, must comply with report clearance requirements of the Office of Management and Budget Circular No. A-40, as revised.

6. Federal sponsoring agencies have the option of shading out any line item on any report that is unnecessary for decision-making purposes.

7. Federal sponsoring agencies should accept the identical information from the recipients in machine usable format or computer printouts in lieu of prescribed formats.

8. Federal sponsoring agencies may provide computer outputs to recipients when it will expedite or contribute to the accuracy of reporting.

9. Federal sponsoring agencies are authorized to reproduce these forms. The forms for reproduction purposes can be obtained from the Office of Management and Budget.

FINANCIAL STATUS REPORT

(Follow instructions on the back)

1. FEDERAL AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH REPORT IS SUBMITTED			2. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER	OMB Approved No. 30–R0180	PAGE OF PAGES
3. RECIPIENT ORGANIZATION *(Name and complete address, including ZIP code)*	4. EMPLOYER IDENTIFICATION NUMBER	5. RECIPIENT ACCOUNT NUMBER OR IDENTIFYING NUMBER	6. FINAL REPORT ☐ YES ☐ NO	7. BASIS ☐ CASH ☐ ACCRUAL	
	8. PROJECT/GRANT PERIOD *(See instructions)* FROM *(Month, day, year)*	TO *(Month, day, year)*	9. PERIOD COVERED BY THIS REPORT FROM *(Month, day, year)*	TO *(Month, day, year)*	

10. STATUS OF FUNDS

PROGRAMS/FUNCTIONS/ACTIVITIES ►	(a)	(b)	(c)	(d)	(e)	(f)	TOTAL (g)
a. Net outlays previously reported	$	$	$	$	$	$	$
b. Total outlays this report period							
c. *Less:* Program income credits							
d. Net outlays this report period *(Line b minus line c)*							
e. Net outlays to date *(Line a plus line d)*							
f. *Less:* Non-Federal share of outlays							
g. Total Federal share of outlays *(Line e minus line f)*							
h. Total unliquidated obligations							
i. *Less:* Non-Federal share of unliquidated obligations shown on line h							
j. Federal share of unliquidated obligations							
k. Total Federal share of outlays and unliquidated obligations							
l. Total cumulative amount of Federal funds authorized							
m. Unobligated balance of Federal funds							

11. INDIRECT EXPENSE

a. TYPE OF RATE *(Place "X" in appropriate box)* ☐ PROVISIONAL ☐ PREDETERMINED ☐ FINAL ☐ FIXED

b. RATE	c. BASE	d. TOTAL AMOUNT	e. FEDERAL SHARE

12. REMARKS: *Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.*

13. CERTIFICATION

I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	DATE REPORT SUBMITTED
TYPED OR PRINTED NAME AND TITLE	TELEPHONE *(Area code, number and extension)*

269–101 EXHIBIT 1

STANDARD FORM 269 (7–76)
Prescribed by Office of Management and Budget
CIRCULAR NO. A-110

INSTRUCTIONS

Please type or print legibly. Items 1, 2, 3, 6, 7, 9, 10d, 10e, 10g, 10i, 10l, 11a, and 12 are self-explanatory, specific instructions for other items are as follows:

Item	*Entry*
4	Enter the employer identification number assigned by the U.S. Internal Revenue Service or FICE (Institution) code, if required by the Federal sponsoring agency.
5	This space is reserved for an account number or other identifying numbers that may be assigned by the recipient.
8	Enter the month, day, and year of the beginning and ending of this project period. For formula grants that are not awarded on a project basis, show the grant period.
10	The purpose of vertical columns (a) through (f) is to provide financial data for each program, function, and activity in the budget as approved by the Federal sponsoring agency. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the totals of all programs, functions or activities should be shown in column (g) of the first page. For agreements pertaining to several Catalog of Federal Domestic Assistance programs that do not require a further functional or activity classification breakdown, enter under columns (a) through (f) the title of the program. For grants or other assistance agreements containing multiple programs where one or more programs require a further breakdown by function or activity, use a separate form for each program showing the applicable functions or activities in the separate columns. For grants or other assistance agreements containing several functions or activities which are funded from several programs, prepare a separate form for each activity or function when requested by the Federal sponsoring agency.
10e	Enter the net outlay. This amount should be the same as the amount reported in Line 10e of the last report. If there has been an adjustment to the amount shown previously, please attach explanation. Show zero if this is the initial report.
10b	Enter the total gross program outlays (less rebates, refunds, and other discounts) for this report period, including disbursements of cash realized as program income. For reports that are prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and subgrantees. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contractors, subgrantees, and other payees.
10c	Enter the amount of all program income realized in this period that is required by the terms and conditions of the Federal award to be deducted from total project costs. For reports prepared on a cash basis, enter the amount of cash income received during the reporting period. For reports prepared on an accrual basis, enter the amount of income earned since the beginning of the reporting period. When the terms or conditions allow program income to be added to the total award, explain in remarks, the source, amount and disposition of the income.
10f	Enter amount pertaining to the non-Federal share of program outlays included in the amount on line e.
10h	Enter total amount of unliquidated obligations for this project or program, including unliquidated obligations to subgrantees and contractors. Unliquidated obligations are: Cash basis—obligations incurred but not paid; Accrued expenditure basis—obligations incurred but for which an outlay has not been recorded. Do not include any amounts that have been included on lines a through g. On the final report, line h should have a zero balance.
10j	Enter the Federal share of unliquidated obligations shown on line h. The amount shown on this line should be the difference between the amounts on lines h and i.
10k	Enter the sum of the amounts shown on lines g and j. If the report is final the report should not contain any unliquidated obligations.
10m	Enter the unobligated balance of Federal funds. This amount should be the difference between lines k and l.
11b	Enter rate in effect during the reporting period.
11c	Enter amount of the base to which the rate was applied.
11d	Enter total amount of indirect cost charged during the report period.
11e	Enter amount of the Federal share charged during the report period. If more than one rate was applied during the project period, include a separate schedule showing bases against which the indirect cost rates were applied, the respective indirect rates the month, day, and year the indirect rates were in effect, amounts of indirect expense charged to the project, and the Federal share of indirect expense charged to the project to date.

STANDARD FORM 269 (BACK) (7-76)

FEDERAL CASH TRANSACTIONS REPORT

(See instructions on the back. If report is for more than one grant or assistance agreement, attach completed Standard Form 272-A.)

Approved by Office of Management and Budget, No. 80-RO182

1. Federal sponsoring agency and organizational element to which this report is submitted

2. RECIPIENT ORGANIZATION

Name :

Number and Street :

City, State and ZIP Code:

3. FEDERAL EMPLOYER IDENTIFICATION NO.

4. Federal grant or other identification number

5. Recipient's account number or identifying number

6. Letter of credit number

7. Last payment voucher number

Give total number for this period

8. Payment Vouchers credited to your account

9. Treasury checks received (*whether or not deposited*)

10. PERIOD COVERED BY THIS REPORT

FROM (*month, day, year*)

TO (*month, day year*)

11. STATUS OF FEDERAL CASH (*See specific instructions on the back*)		
	a. Cash on hand beginning of reporting period	$
	b. Letter of credit withdrawals	
	c. Treasury check payments	
	d. Total receipts (*Sum of lines b and c*)	
	e. Total cash available (*Sum of lines a and d*)	
	f. Gross disbursements	
	g. Federal share of program income	
	h. Net disbursements (*Line f minus line g*)	
	i. Adjustments of prior periods	
	j. Cash on hand end of period	$

12. THE AMOUNT SHOWN ON LINE 11J, ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING *Days*	13. OTHER INFORMATION	
	a. Interest income	$
	b. Advances to subgrantees or subcontractors	$

14. REMARKS (*Attach additional sheets of plain paper, if more space is required*)

15. CERTIFICATION

I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement

AUTHORIZED CERTIFYING OFFICIAL

SIGNATURE

DATE REPORT SUBMITTED

TYPED OR PRINTED NAME AND TITLE

TELEPHONE (*Area Code*) (*Number*) (*Extension*)

THIS SPACE FOR AGENCY USE

272-101 *EXHIBIT 2*

STANDARD FORM 272 (7-76)
Prescribed by Office of Management and Budget
CIRCULAR NO. A-110

INSTRUCTIONS

Please type or print legibly. Items 1, 2, 8, 9, 10, 11d, 11e, 11h, and 15 are self explanatory, specific instructions for other items are as follows:

Item	*Entry*
3	Enter employer identification number assigned by the U.S. Internal Revenue Service or the FICE (institution) code. If this report covers more than one grant or other agreement, leave items 4 and 5 blank and provide the information on Standard Form 272–A, Report of Federal Cash Transactions—Continued; otherwise;
4	Enter Federal grant number, agreement number, or other identifying numbers if requested by sponsoring agency.
5	This space reserved for an account number or other identifying number that may be assigned by the recipient.
6	Enter the letter of credit number that applies to this report. If all advances were made by Treasury check, enter "NA" for not applicable and leave items 7 and 8 blank.
7	Enter the voucher number of the last letter-of-credit payment voucher (Form TUS 5401) that was credited to your account.
11a	Enter the total amount of Federal cash on hand at the beginning of the reporting period including all of the Federal funds on deposit, imprest funds, and undeposited Treasury checks.
11b	Enter total amount of Federal funds received through payment vouchers (Form TUS 5401) that were credited to your account during the reporting period.
11c	Enter the total amount of all Federal funds received during the reporting period through Treasury checks, whether or not deposited.
11f	Enter the total Federal cash disbursements, made during the reporting period, including cash received as program income. Disbursements as used here also include the amount of advances and payments less refunds to subgrantees or contractors, the gross amount of direct salaries and wages, including the employee's share of benefits if treated as a direct cost, interdepartmental charges for supplies and services, and the amount to which the recipient is entitled for indirect costs.
11g	Enter the Federal share of program income that was required to be used on the project or program by the terms of the grant or agreement.
11i	Enter the amount of all adjustments pertaining to prior periods affecting the ending balance that have not been included in any lines above. Identify each grant or agreement for which adjustment was made, and enter an explanation for each adjustment under "Remarks." Use plain sheets of paper if additional space is required.
11j	Enter the total amount of Federal cash on hand at the end of the reporting period. This amount should include all funds on deposit, imprest funds, and undeposited funds (line e, less line h, plus or minus line i).
12	Enter the estimated number of days until the cash on hand, shown on line 11j, will be expended. If more than three days cash reqirements are on hand, provide an explanation under "Remarks" as to why the drawdown was made prematurely, or other reasons for the excess cash. The requirement for the explanation does not apply to prescheduled or automatic advances.
13a	Enter the amount of interest earned on advances of Federal funds but not remitted to the Federal agency. If this includes any amount earned and not remitted to the Federal sponsoring agency for over 60 days, explain under "Remarks." Do not report interest earned on advances to States.
13b	Enter amount of advance to secondary recipients included in item 11h.
14	In addition to providing explanations as required above, give additional explanation deemed necessary by the recipient and for information required by the Federal sponsoring agency in compliance with governing legislation. Use plain sheets of paper if additional space is required.

STANDARD FORM 272 (BACK) (7-76)

FEDERAL CASH TRANSACTIONS REPORT
CONTINUATION

(This form is completed and attached to Standard Form 272 only when reporting more than one grant or assistance agreement.)

Approved by Office of Management and Budget, No. 80-R0182

1. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED

2. RECIPIENT ORGANIZATION *(Give name only as shown in item 2, SF 272)*

3. PERIOD COVERED BY THIS REPORT *(As shown on SF 272)*

FROM (*Month, day, year*)	TO (*Month, day, year*)

4. List information below for each grant or other agreement covered by this report. Use additional forms if more space is required.

FEDERAL GRANT OR OTHER IDENTIFICATION *(Show a subdivision by other identifying numbers if required by the Federal Sponsoring Agency)* (a)	RECIPIENT ACCOUNT NUMBER OR OTHER IDENTIFYING NUMBER (b)	FEDERAL SHARE OF NET DISBURSEMENTS	
		NET DISBURSEMENTS (*Gross disbursements less program income received*) FOR REPORTING PERIOD (c)	CUMULATIVE NET DISBURSEMENTS (d)
		$	$
5. TOTALS *(Should correspond with amounts shown on SF 272 as follows: column (c) the same as line 11h; column (d) the sum of lines 11h and 11i, of this SF 272 and cumulative disbursements shown on last report. Attach explanation of any differences.)*		$	$

272-201

STANDARD FORM 272-A (7-76)
Prescribed by Office of Management and Budget
CIRCULAR NO. A-110

REQUEST FOR ADVANCE OR REIMBURSEMENT

(See instructions on back)

Approved by Office of Management and Budget, No. 80–R0183

PAGE OF PAGES

1. TYPE OF PAYMENT REQUESTED
a. "X" one, or both boxes: ☐ ADVANCE ☐ REIMBURSEMENT
b. "X" the applicable box: ☐ FINAL ☐ PARTIAL

2. BASIS OF REQUEST: ☐ CASH ☐ ACCRUAL

3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED

4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY

5. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST

6. EMPLOYER IDENTIFICATION NUMBER

7. RECIPIENT'S ACCOUNT NUMBER OR IDENTIFYING NUMBER

8. PERIOD COVERED BY THIS REQUEST
FROM (month, day, year) TO (month, day, year)

9. RECIPIENT ORGANIZATION

Name :

Number and Street :

City, State and ZIP Code :

10. PAYEE (*Where check is to be sent is different than item 9*)

Name :

Number and Street :

City, State and ZIP Code :

11. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED

PROGRAMS/FUNCTIONS/ACTIVITIES ▶	(a)	(b)	(c)	TOTAL
a. Total program outlays to date (*As of date*)	$	$	$	$
b. *Less:* Cumulative program income				
c. Net program outlays (*Line a minus line b*)				
d. Estimated net cash outlays for advance period				
e. Total (*Sum of lines c & d*)				
f. Non-Federal share of amount on line e				
g. Federal share of amount on line e				
h. Federal payments previously requested				
i. Federal share now requested (*Line g minus line h*)				
j. Advances required by month, when requested by Federal grantor agency for use in making pre-scheduled advances — 1st month				
2nd month				
3rd month				

12. ALTERNATE COMPUTATION FOR ADVANCES ONLY

a. Estimated Federal cash outlays that will be made during period covered by the advance	$
b. *Less:* Estimated balance of Federal cash on hand as of beginning of advance period	
c. Amount requested (*Line a minus line b*)	$

13. CERTIFICATION

I certify that to the best of my knowledge and belief the data above are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL

DATE REQUEST SUBMITTED

TYPED OR PRINTED NAME AND TITLE

TELEPHONE — *Area Code* — *Number* — *Extension*

This space for agency use

270–101 EXHIBIT 3

STANDARD FORM 270 (7–76)
Prescribed by Office of Management and Budget
CIRCULAR NO. A-110

INSTRUCTIONS

Please type or print legibly. Items 1, 3, 5, 9, 10, 11c, 11e, 11f, 11g, 11i, 12 and 13 are self-explanatory; specific instructions for other items are as follows:

Item	*Entry*
2	Indicate whether request is prepared on cash or accrued expenditure basis. All requests for advances shall be prepared on a cash basis.
4	Enter the Federal grant number, or other identifying number assigned by the Federal sponsoring agency. If the advance or reimbursement is for more than one grant or other agreement, insert N/A; then, show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or agreement.
6	Enter the employer identification number assigned by the U.S. Internal Revenue Service, or the FICE (institution) code if requested by the Federal agency.
7	This space is reserved for an account number or other identifying number that may be assigned by the recipient.
8	Enter the month, day, and year for the beginning and ending of the period covered in this request. If the request is for an advance or for both an advance and reimbursement, show the period that the advance will cover. If the request is for reimbursement, show the period for which the reimbursement is requested.
Note:	The Federal sponsoring agencies have the option of requiring recipients to complete items 11 or 12, but not both. Item 12 should be used when only a minimum amount of information is needed to make an advance and outlay information contained in item 11 can be obtained in a timely manner from other reports.
11	The purpose of the vertical columns (a), (b), and (c), is to provide space for separate cost breakdowns when a project has been planned and budgeted by program, function, or activity. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the summary totals of all programs, functions, or activities should be shown in the "total" column on the first page.
11a	Enter in "as of date", the month, day, and year of the ending of the accounting period to which this amount applies. Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subcontractors and subrecipients. For requests prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, the amount of indirect expenses incurred, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contracts, subgrantees and other payees.
11b	Enter the cumulative cash income received to date, if requests are prepared on a cash basis. For requests prepared on an accrued expenditure basis, enter the cumulative income earned to date. Under either basis, enter only the amount applicable to program income that was required to be used for the project or program by the terms of the grant or other agreement.
11d	Only when making requests for advance payments, enter the total estimated amount of cash outlays that will be made during the period covered by the advance.
13	Complete the certification before submitting this request.

STANDARD FORM 270 BACK (7-76)

OUTLAY REPORT AND REQUEST FOR REIMBURSEMENT FOR CONSTRUCTION PROGRAMS

(See instructions on back)

Approved by Office of Management and Budget, No. 80–R0181

PAGE OF PAGES

1. TYPE OF REQUEST ☐ FINAL ☐ PARTIAL

2. BASIS OF REQUEST ☐ CASH ☐ ACCRUAL

3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED

4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY

5. PARTIAL PAYMENT REQUEST NO.

6. EMPLOYER IDENTIFICATION NUMBER

7. RECIPIENT ACCOUNT OR OTHER IDENTIFYING NUMBER

PERIOD COVERED BY THIS REPORT

FROM (*Month, day, year*)

TO (*Month, day, year*)

8. RECIPIENT ORGANIZATION

Name :

No. and Street :

City, State and ZIP Code :

10. PAYEE (*Where check should be sent if different than item 8*)

Name :

No. and Street :

City, Street and ZIP Code :

11. STATUS OF FUNDS

CLASSIFICATION	PROGRAMS—FUNCTIONS—ACTIVITIES (a)	(b)	(c)	TOTAL
a. Administrative expense	$	$	$	$
b. Preliminary expense				
c. Land, structures, right-of-way				
d. Architectural engineering basic fees				
e. Other architectural engineering fees				
f. Project inspection fees				
g. Land development				
h. Relocation expense				
i. Relocation payments to individuals and businesses				
j. Demolition and removal				
k. Construction and project improvement cost				
l. Equipment				
m. Miscellaneous cost				
n. Total cumulative to date (sum of lines a thru m)				
o. Deductions for program income				
p. Net cumulative to date (Line n minus line o)				
q. Federal share to date				
r. Rehabilitation grants (100% reimbursement)				
s. Total Federal share (sum of lines q and r)				
t. Federal payments previously requested				
u. Amount requested for reimbursement	$	$	$	$
v. Percentage of physical completion of project	%	%	%	%

12. CERTIFICATION

I certify that to the best of my knowledge and belief the billed costs or disbursements are in accordance with the terms of the project and that the reimbursement represents the Federal share due which has not been previously requested and that an inspection has been performed and all work is in accordance with the terms of the award.

a. RECIPIENT

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL — DATE REPORT SUBMITTED

TYPED OR PRINTED NAME AND TITLE — TELEPHONE (*Area code, number and extension*)

b. Representative certifying to line 11v.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL — DATE SIGNED

TYPED OR PRINTED NAME AND TITLE — TELEPHONE (*Area code number and extension*)

271–101 *EXHIBIT 4*

STANDARD FORM 271 (7–76)
Prescribed by Office of Management and Budget
CIRCULAR NO. A110

INSTRUCTIONS

Please type or print legibly. Items 3, 4, 5, 8, 9, 10, 11s, and 11v are self-explanatory; specific instructions for other items are as follows:

Item	*Entry*
1	Mark the appropriate box. If the request is final, the amounts billed should represent the final cost of the project.
2	Show whether amounts are computed on an accrued expenditure or cash disbursement basis.
6	Enter the employer identification number assigned by the U.S. Internal Revenue Service [or FICE (institution) code if requested by the Federal agency].
7	This space is reserved for an account number or other identifying number that may be assigned by the recipient.
11	The purpose of vertical columns (a) through (c) is to provide space for separate cost breakdowns when a large project has been planned and budgeted by program, function or activity. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the summary totals of all programs, functions, or activities should be shown in the "total" column on the first page. All amounts are reported on a cumulative basis.
11a	Enter amounts expended for such items as travel, legal fees, rental, of vehicles and any other administrative expenses. Include the amount of interest expense when authorized by program legislation. Also show the amount of interest expense on a separate sheet.
11b	Enter amounts pertaining to the work of locating and designing, making surveys and maps, sinking test holes, and all other work required prior to actual construction.
11c	Enter all amounts directly associated with the acquisition of land, existing structures and related right-of-way.
11d	Ener basic fees for services of architectural engineers.
11e	Enter other architectural engineering services. Do not include any amounts shown on line d.
11f	Enter inspection and audit fees of construction and related programs.
11g	Enter all amounts associated with the development of land where the primary purpose of the grant is land improvement. The amount pertaining to land development normally associated with major construction should be excluded from this category and entered on line k.
11h	Enter the dollar amounts used to provide relocation advisory assistance and net costs of replacement housing (last resort). Do not include amounts needed for relocation administrative expenses; these amounts should be included in amounts shown on line a.
11i	Enter the amount of relocation payments made by the recipient to displaced persons, farms, business concerns, and nonprofit organizations.
11j	Enter gross salaries and wages of employees of the recipient and payments to third party contractors directly engaged in performing demolition or removal of structures from developed land. All proceeds from the sale of salvage or the removal of structures should be credited to this account; thereby reflecting net amounts if required by the Federal agency.
11k	Enter those amounts associated with the actual construction of, addition to, or restoration of a facility. Also, include in this category, the amounts for project improvements such as sewers, streets, landscaping, and lighting.
11l	Enter amounts for all equipment, both fixed and movable, exclusive of equipment used for construction. For example, permanently attached laboratory tables, built-in audio visual systems, movable desks, chairs, and laboratory equipment.
11m	Enter the amounts for all items not specifically mentioned above.
11n	Enter the total cumulative amount to date which should be the sum of lines a through m.
11o	Enter the total amount of program income applied to the grant or contract agreement except income included on line j. Identify on a separate sheet of paper the sources and types of the income.
11p	Enter the net cumulative amount to date which should be the amount shown on line n minus the amount on line o.
11q	Enter the Federal share of the amount shown on line p.
11r	Enter the amount of rehabilitation grant payments made to individuals when program legislation provides 100 percent payment by the Federal agency.
11t	Enter the total amount of Federal payments previously requested, if this form is used for requesting reimbursement.
11u	Enter the amount now being requested for reimbursement. This amount should be the difference between the amounts shown on lines s and t. If different, explain on a separate sheet.
12a	To be completed by the recipient official who is responsible for the operation of the program. The date should be the actual date the form is submitted to the Federal agency.
12b	To be completed by the official representative who is certifying to the percent of project completion as provided for in the terms of the grant or agreement.

STANDARD FORM 271 (7-76)

ATTACHMENT H.—CIRCULAR NO. A–110

MONITORING AND REPORTING PROGRAM PERFORMANCE

1. This attachment sets forth the procedures for monitoring and reporting program performance of recipients.

2. Recipients shall monitor the performance under grants and other agreements and, where appropriate, ensure that time schedules are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved. This review shall be made for each program, function, or activity of each agreement as set forth in the approved application or award document.

3. Recipients shall submit a performance report (technical report) for each agreement that briefly presents the following information for each program, function, or activity involved as prescribed by the Federal sponsoring agency:

a. A comparison of actual accomplishments with the goals established for the period, the findings of the investigator, or both. If the output of programs or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.

b. Reasons why established goals were not met.

c. Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

4. Except as provided in a and b below, and in subparagraph 3a(1), Attachment G, recipients shall submit the performance or technical reports to Federal sponsoring agencies and the Financial Status Reports covering the same period in the frequency established by Attachment G of this Circular and, where appropriate, a final technical or performance report after completion of the project on a date specified by the Federal sponsoring agency. The Federal sponsoring agency shall prescribe the frequency with which the performance reports will be submitted with the request for advance or reimbursement when that form is used in lieu of the Financial Status Report. Except as provided for in paragraph 5 below, performance reports shall not be required more frequently than quarterly or less frequently than annually. Federal sponsoring agencies may waive the requirement for recipients to submit performance reports with the financial reports under the following circumstances:

a. When the recipient is required to submit a performance report with a continuation or renewal application.

b. When the Federal sponsoring agency determines that on-site technical inspections and certified completion data will be sufficient to evaluate construction projects.

c. When the Federal sponsoring agency requests annual financial reports on a fiscal year basis but it is necessary to get annual progress reports on a calendar year basis.

5. Between the required performance reporting dates, events may occur that have significant impact upon the project or program. In such instances, the recipient shall inform the Federal sponsoring agency as soon as the following types of conditions become known:

a. Problems, delays, or adverse conditions that will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project work units by established time periods. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any Federal assistance needed to resolve the situation.

b. Favorable developments or events that enable time schedules to be met sooner than anticipated or more work units to be produced than originally projected.

6. If any performance review conducted by the recipient discloses the need for change in the budget estimates in accordance with the criteria established in Attachment J to this Circular, the recipient shall submit a request for budget revision.

7. The Federal sponsoring agency shall make site visits as frequently as practicable to:

a. Review program accomplishments and management control systems, and

b. Provide such technical assistance as may be required.

8. Federal sponsoring agencies shall submit proposed technical and performance reports to the Office of Management and Budget for approval in accordance with the report clearance requirements of OMB Circular No. A–40 as revised.

ATTACHMENT I.—CIRCULAR NO. A–110

PAYMENT REQUIREMENTS

1. This attachment establishes the required methods of making payments to recipients. These methods will minimize the time elapsing between the disbursement by these recipients and the transfer of funds from the United States Treasury to these recipients whether such disbursement occurs prior to or subsequent to the transfer of funds.

2. Payments can be made to recipients through a letter-of-credit, an advance by Treasury check, or a reimbursement by Treasury check. The following definitions apply for the purpose of this attachment:

a. *Letter-of-Credit.*—A letter-of-credit is an instrument certified by an authorized official of a Federal sponsoring agency that authorizes a recipient to draw funds when needed from the Treasury, through a Federal Reserve bank and the recipient's commercial bank, in accordance with the provisions of Treasury Circular No. 1075, as revised.

b. *Advance by Treasury check.*—An advance by Treasury check is a payment made by a Treasury check to a recipient upon its request before outlays are made by the recipient, or through the use of predetermined payment schedules.

c. *Reimbursement by Treasury check.*—A reimbursement by Treasury check is a Treasury check paid to a recipient upon request for reimbursement from the recipient.

3. Except for construction grants and other construction agreements for which optional payment methods are authorized, as described in paragraph 5, the letter-of-credit method shall be used by Federal sponsoring agencies if all of the following conditions exist:

a. If there is or will be a continuing relationship between a recipient and a Federal sponsoring agency for at least a 12-month period and the total amount of advance payments expected to be received within that period from the Federal sponsoring agency is $250,000 or more, as prescribed by Treasury Circular No. 1075. For joint funded projects the Treasury has authorized a dollar criteria of $120,000.

b. If the recipient has established or demonstrated to the Federal sponsoring agency the willingness and ability to maintain procedures that will minimize the time elapsing between the transfer of funds and their disbursement by the recipient.

c. If the recipient's financial management system meets the standards for fund control and accountability prescribed in Attachment F to this Circular, "Standards for Financial Management Systems."

4. The method of advancing funds by Treasury check shall be used, in accordance with the provisions of Treasury Circular No. 1075, when the recipient meets all of the requirements specified in paragraph 3, above, except those in subparagraph 3a.

5. The reimbursement by Treasury check method shall be the preferred method if the recipient does not meet the requirements specified in subparagraphs 3b and 3c, above. At the option of the Federal sponsoring agency, this method may also be used on any construction agreement, or if the major portion of the program is accomplished through private market financing or Federal loans, and the Federal assistance constitutes a minor portion of the program. When the reimbursement method is used, the Federal sponsoring agency shall make payment within thirty days after receipt of the billing, unless the billing is improper.

6. When the letter-of-credit procedure is used, the recipient shall be issued one consolidated letter-of-credit whenever possible to cover anticipated cash needs for all grants and other agreements awarded by the sponsoring agency. Likewise, to the extent possible, when the advance by Treasury check method is used, advances should be consolidated (pooled) for all grants and other agreements made by the sponsoring agency to that recipient.

7. Unless otherwise required by law, Federal sponsoring agencies shall not withhold payments for proper charges made by recipients at any time during the project or program period unless (a) a recipient has failed to comply with the program objectives, award conditions, or Federal reporting requirements; or (b) the recipient is indebted to the United States, and collection of the indebtedness will not impair accomplishment of the objectives of a project or program sponsored by the United States.

Under such conditions, the sponsoring agency may, upon reasonable notice, inform the recipient that payments will not be made for obligations incurred after a specified date until the conditions are corrected or the indebtedness to the Federal Government is liquidated.

ATTACHMENT J.—CIRCULAR NO. A–110

REVISION OF FINANCIAL PLANS

1. This attachment sets forth criteria and procedures to be followed by Federal sponsoring agencies in requiring recipients to report deviations from financial plans and to request approvals for financial plan revisions.

2. The financial plan is the financial expression of the project or program as approved during the application and/or award process. It may include either the Federal and non-Federal share, or only the Federal share, depending upon sponsoring agency requirements. It should be related to performance for program evaluation purposes whenever appropriate and required by the Federal sponsoring agency.

3. For nonconstruction awards, recipients shall immediately request approvals from Federal sponsoring agencies when there is reason to believe that within the next seven days a revision will be necessary for the following reasons:

a. Changes in the scope or the objective of the project or program.

b. The need for additional Federal funding.

c. The transfer of amounts budgeted for indirect costs to absorb increase in direct costs or vice versa, if approval is required by the Federal sponsoring agency.

d. The expenditures as require approval in accordance with FMC 73–8, "Cost Principles for Educational Institutions." For all other awards, approval requirements for other items of expenditures may be imposed if they are consistent with those in FMC 73–8. No other requirements for specific items may be

imposed unless a deviation has been approved by the Office of Management and Budget.

e. Recipients plan to transfer funds allotted for training allowances (direct payments to trainees) to other categories of expense.

4. None of the substantive programmatic work under a grant or other agreement may be subcontracted or transferred without prior approval of the Federal sponsoring agency. This provision does not apply to the purchase of supplies, material, equipment, or general support services.

5. The Federal sponsoring agency may also, at its option, restrict transfers of funds among direct cost categories for awards in which the Federal share exceeds $100,000 when the cumulative amount of such transfers exceeds or is expected to exceed five percent of the total budget as last approved by the sponsoring agency. The same criteria shall apply to the cumulative amount of transfers among programs, functions, and activities when budgeted separately for an award, except that the Federal sponsoring agency shall permit no transfer that would cause any Federal appropriation, or part thereof, to be used for purposes other than those intended.

6. All other changes to nonconstruction budgets, except for the changes described in paragraph 8, below, do not require approval. This includes the use of recipient funds in furtherance of program objectives over and above the recipient minimum share included in the approved budget.

7. For construction awards, recipients shall request prior approvals promptly from Federal sponsoring agencies for budget revisions wherever:

a. The revision results from changes in the scope or the objective of the project or program, and

b. The revision increases the budget amounts of Federal funds needed to complete the project.

8. When a Federal sponsoring agency makes an award that provides support for both construction and nonconstruction work, the Federal sponsoring agency may require the recipient to request prior approval from the Federal sponsoring agency before making any fund or budget transfers between the two types of work supported.

9. For both construction and nonconstruction awards, Federal sponsoring agencies shall require recipients to notify the Federal sponsoring agency promptly whenever the amount of Federal authorized funds is expected to exceed the needs of the recipient by more than $5,000 or five percent of the Federal award, whichever is greater. This notification will not be required if applications for additional funding are submitted for continuing grants.

10. When requesting approval for budget revisions, recipients shall use the budget forms that were used in the application unless a letter request will suffice.

11. Within 30 calendar days from the date of receipt of the request for budget revisions, Federal sponsoring agencies shall review the request and notify the recipient whether the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the Federal sponsoring agency shall inform the recipient in writing of the date when the recipient may expect the decision.

ATTACHMENT K.—CIRCULAR NO. A-110

CLOSEOUT PROCEDURES

1. This attachment prescribes uniform closeout procedures for Federal grants and other agreements with recipients.

2. The following definitions shall apply for the purpose of this attachment:

a. *Closeout.*—The closeout of a grant agreement is the process by which a Federal sponsoring agency determines that all applicable administrative actions and all required work of the agreement have been completed by the recipient and the Federal sponsoring agency.

b. *Date of completion.*—The date of completion is the date on which all work under grants and other agreements is completed or the date on the award document, or any supplement or amendment thereto, on which Federal sponsorship ends.

c. *Disallowed costs.*—Disallowed costs are those charges to a grant or other agreement that the Federal sponsoring agency or its representative determines to be unallowable, in accordance with the applicable Federal cost principles or other conditions contained in the agreements.

3. All Federal sponsoring agencies shall establish closeout procedures that include the following requirements:

a. Upon request, the Federal sponsoring agency shall make prompt payments to a recipient for allowable reimbursable costs under the grant or other agreement being closed out.

b. The recipient shall immediately refund any balance of unobligated (unencumbered) cash that the Federal sponsoring agency has advanced or paid and that is not authorized to be retained by the recipient for use in other grants or other agreements.

c. The Federal sponsoring agency shall obtain from the recipient within 90 calendar days after the date of completion of the agreement all financial, performance, and other reports required as the condition of the agreement. The agency may grant extensions when requested by the recipient.

d. When authorized by the grant or other agreement, the Federal sponsoring agency shall make a settlement for any upward or downward adjustments to the Federal share of costs after these reports are received.

e. The recipient shall account for any property acquired with Federal funds, or received from the Government in accordance with the provisions of Attachment N to this Circular, Property Management Standards.

f. In the event a final audit has not been performed prior to the closeout of the grant or other agreement, the Federal sponsoring agency shall retain the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.

4. Suspension and termination procedures are contained in Attachment L to this Circular.

ATTACHMENT L.—CIRCULAR NO. A-110

SUSPENSION AND TERMINATION PROCEDURES

1. This attachment prescribes uniform suspension and termination procedures for Federal grants and other agreements with recipients.

2. The following definitions shall apply for the purpose of this attachment:

a. *Termination.*—The termination of a grant or other agreement means the cancellation of Federal sponsorship, in whole or in part, under an agreement at any time prior to the date of completion.

b. *Suspension.*—The suspension of a grant or other agreement is an action by a Federal sponsoring agency that temporarily suspends Federal sponsorship under the grant or other agreement, pending corrective action by the recipient or pending a decision to terminate the grant or other agreement by the Federal sponsoring agency.

3. All Federal sponsoring agencies shall provide procedures to be followed when a recipient has failed to comply with the terms of the grant or other agreement and conditions or standards. When that occurs, the Federal sponsoring agency may, on reasonable notice to the recipient, suspend the grant or other agreement, and withhold further payments, prohibit the recipient from incurring additional obligations of funds, pending corrective action by the recipient, or a decision to terminate in accordance with paragraph 4. The Federal sponsoring agency shall allow all necessary and proper costs that the recipient could not reasonably avoid during the period of suspension provided that they meet the provisions of the applicable Federal cost principles.

4. Federal sponsoring agencies shall provide for the systematic settlement of terminated grants or other agreements including the following:

a. *Termination for cause.*—The Federal sponsoring agency may reserve the right to terminate any grant or other agreement in whole or in part at any time before the date of completion, whenever it is determined that the recipient has failed to comply with the conditions of the agreement. The Federal sponsoring agency shall promptly notify the recipient in writing of the determination and the reasons for the termination, together with the effective date. Payments made to recipients or recoveries by the Federal sponsoring agencies under grants or other agreements terminated for cause shall be in accordance with the legal rights and liabilities of the parties.

b. *Termination for convenience.*—The Federal sponsoring agency or recipient may terminate grants and other agreements in whole or in part when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The recipient shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The Federal sponsoring agency shall allow full credit to the recipient for the Federal share of the noncancellable obligations, properly incurred by the recipient prior to termination.

ATTACHMENT M.—CIRCULAR NO. A-110

STANDARD FORM FOR APPLYING FOR FEDERAL ASSISTANCE

1. This attachment promulgates a standard form (SF 424) to be used by public and private institutions of higher education, public and private hospitals and other quasi-public and private nonprofit organizations as a face sheet for applications when applying for Federal grants under programs covered by Part I, Attachment A, OMB Circular No. A-95. In addition, agencies are particularly encouraged to extend the use of SF 424 to common programs with State and local governments where this form is now required by FMC 74-7.

2. The SF 424 may also be used, on an optional basis, to fulfill the requirements of OMB Circular A-95 for a notification of intent, from applicant to clearinghouses, that Federal assistance will be applied for. Local or State clearinghouse procedures will govern the use of the form for this purpose.

3. The standard form will also be used by Federal agencies to report to the clearinghouses on major actions taken on applications reviewed by clearinghouses in accordance with OMB Circular A-95, and to notify States of grants-in-aid awarded in accordance with Treasury Circular 1082.

OMB Approval No. 29-R0218

FEDERAL ASSISTANCE

2. APPLICANT'S APPLICATION — a. NUMBER; b. DATE (Year month day) 19

3. STATE APPLICATION IDENTIFIER — a. NUMBER; b. DATE ASSIGNED (Year month day) 19

1. TYPE OF ACTION (Mark appropriate box)
- ☐ PREAPPLICATION
- ☐ APPLICATION
- ☐ NOTIFICATION OF INTENT (Opt.)
- ☐ REPORT OF FEDERAL ACTION

Leave Blank

SECTION I—APPLICANT/RECIPIENT DATA

4. LEGAL APPLICANT/RECIPIENT
- a. Applicant Name :
- b. Organization Unit :
- c. Street/P.O. Box :
- d. City : e. County :
- f. State : g. ZIP Code:
- h. Contact Person (Name & telephone No.) :

5. FEDERAL EMPLOYER IDENTIFICATION NO.

6. PROGRAM (From Federal Catalog) — a. NUMBER; b. TITLE

7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT

8. TYPE OF APPLICANT/RECIPIENT
A–State; B–Interstate; C–Substate District; D–County; E–City; F–School District; G–Special Purpose District; H–Community Action Agency; I–Higher Educational Institution; J–Indian Tribe; K–Other (Specify):
Enter appropriate letter ☐

9. TYPE OF ASSISTANCE
A–Basic Grant; B–Supplemental Grant; C–Loan; D–Insurance; E–Other
Enter appropriate letter(s) ☐☐

10. AREA OF PROJECT IMPACT (Names of cities, counties, States, etc.)

11. ESTIMATED NUMBER OF PERSONS BENEFITING

12. TYPE OF APPLICATION
A–New; B–Renewal; C–Revision; D–Continuation; E–Augmentation
Enter appropriate letter ☐

13. PROPOSED FUNDING

a. FEDERAL	$	.00
b. APPLICANT		.00
c. STATE		.00
d. LOCAL		.00
e. OTHER		.00
f. TOTAL	$	.00

14. CONGRESSIONAL DISTRICTS OF: a. APPLICANT; b. PROJECT

16. PROJECT START DATE (Year month day) 19

17. PROJECT DURATION (Months)

18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY ▶ (Year month day) 19

15. TYPE OF CHANGE (For 12c or 12e)
A–Increase Dollars; B–Decrease Dollars; C–Increase Duration; D–Decrease Duration; E–Cancellation; F–Other (Specify):
Enter appropriate letter(s) ☐☐☐

19. EXISTING FEDERAL IDENTIFICATION NUMBER

20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code)

21. REMARKS ADDED ☐ Yes ☐ No

SECTION II—CERTIFICATION

22. THE APPLICANT CERTIFIES THAT ▶
a. To the best of my knowledge and belief, data in this preapplication/application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved.

b. If required by OMB Circular A–95 this application was submitted, pursuant to instructions therein, to appropriate clearinghouses and all responses are attached:

	No responses	Responses attached
(1)	☐	☐
(2)	☐	☐
(3)	☐	☐

23. CERTIFYING REPRESENTATIVE — a. TYPED NAME AND TITLE; b. SIGNATURE; c. DATE SIGNED (Year month day) 19

SECTION III—FEDERAL AGENCY ACTION

24. AGENCY NAME

25. APPLICATION RECEIVED (Year month day) 19

26. ORGANIZATIONAL UNIT

27. ADMINISTRATIVE OFFICE

28. FEDERAL APPLICATION IDENTIFICATION

29. ADDRESS

30. FEDERAL GRANT IDENTIFICATION

31. ACTION TAKEN
- ☐ a. AWARDED
- ☐ b. REJECTED
- ☐ c. RETURNED FOR AMENDMENT
- ☐ d. DEFERRED
- ☐ e. WITHDRAWN

32. FUNDING

a. FEDERAL	$	.00
b. APPLICANT		.00
c. STATE		.00
d. LOCAL		.00
e. OTHER		.00
f. TOTAL	$	.00

33. ACTION DATE ▶ (Year month day) 19

34. STARTING DATE (Year month day) 19

35. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number)

36. ENDING DATE (Year month day) 19

37. REMARKS ADDED ☐ Yes ☐ No

38. FEDERAL AGENCY A–95 ACTION
a. In taking above action, any comments received from clearinghouses were considered. If agency response is due under provisions of Part 1, OMB Circular A–95, it has been or is being made.

b. FEDERAL AGENCY A–95 OFFICIAL (Name and telephone no.)

STANDARD FORM 424 PAGE 1 (10–75)
Prescribed by GSA, Federal Management Circular 74–7

SECTION IV–REMARKS *(Please reference the proper item number from Sections I, II or III, if applicable)*

GENERAL INSTRUCTIONS

This is a multi-purpose standard form. First, it will be used by applicants as a required facesheet for pre-applications and applications submitted in accordance with Federal Management Circular 74–7. Second, it will be used by Federal agencies to report to Clearinghouses on major actions taken on applications reviewed by clearinghouses in accordance with OMB Circular A–95. Third, it will be used by Federal agencies to notify States of grants-in-aid awarded in accordance with Treasury Circular 1082. Fourth, it may be used, on an optional basis, as a notification of intent from applicants to clearinghouses, as an early initial notice that Federal assistance is to be applied for (clearinghouse procedures will govern).

APPLICANT PROCEDURES FOR SECTION I

Applicant will complete all items in Section I. If an item is not applicable, write "NA". If additional space is needed, insert an asterisk "*", and use the remarks section on the back of the form. An explanation follows for each item:

Item

1. Mark appropriate box. Pre-application and application guidance is in FMC 74–7 and Federal agency program instructions. Notification of intent guidance is in Circular A–95 procedures from clearinghouse. Applicant will not use "Report of Federal Action" box.

2a. Applicant's own control number, if desired.

2b. Date Section I is prepared.

3a. Number assigned by State clearinghouse, or if delegated by State, by areawide clearinghouse. All requests to Federal agencies *must* contain this identifier if the program is covered by Circular A–95 and required by applicable State/areawide clearinghouse procedures. If in doubt, consult your clearinghouse.

3b. Date applicant notified of clearinghouse identifier.

4a–4h. Legal name of applicant/recipient, name of primary organizational unit which will undertake the assistance activity, complete address of applicant, and name and telephone number of person who can provide further information about this request.

5. Employer identification number of applicant as assigned by Internal Revenue Service.

6a. Use Catalog of Federal Domestic Assistance number assigned to program under which assistance is requested. If more than one program (e.g., joint-funding) write "multiple" and explain in remarks. If unknown, cite Public Law or U.S. Code.

6b. Program title from Federal Catalog. Abbreviate if necessary.

7. Brief title and appropriate description of project. For notification of intent, continue in remarks section if necessary to convey proper description.

8. Mostly self-explanatory. "City" includes town, township or other municipality.

9. Check the type(s) of assistance requested. The definitions of the terms are:

   A. Basic Grant. An original request for Federal funds. This would not include any contribution provided under a supplemental grant.

   B. Supplemental Grant. A request to increase a basic grant in certain cases where the eligible applicant cannot supply the required matching share of the basic Federal program (e.g., grants awarded by the Appalachian Regional Commission to provide the applicant a matching share).

   C. Loan. Self explanatory.

Item

   D. Insurance. Self explanatory.

   E. Other. Explain on remarks page.

10. Governmental unit where significant and meaningful impact could be observed. List only largest unit or units affected, such as State, county, or city. If entire unit affected, list it rather than subunits.

11. Estimated number of persons directly benefiting from project.

12. Use appropriate code letter. Definitions are:

   A. New. A submittal for the first time for a new project.

   B. Renewal. An extension for an additional funding/budget period for a project having no projected completion date, but for which Federal support must be renewed each year.

   C. Revision. A modification to project nature or scope which may result in funding change (increase or decrease).

   D. Continuation. An extension for an additional funding/budget period for a project the agency initially agreed to fund for a definite number of years.

   E. Augmentation. A requirement for additional funds for a project previously awarded funds in the same funding/budget period. Project nature and scope unchanged.

13. Amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions will be included. If the action is a change in dollar amount of an existing grant (a revision or augmentation), indicate only the amount of the change. For decreases enclose the amount in parentheses. If both basic and supplemental amounts are included, breakout in remarks. For multiple program funding, use totals and show program breakouts in remarks. Item definitions: 13a, amount requested from Federal Government; 13b, amount applicant will contribute; 13c, amount from State, if applicant is not a State; 13d, amount from local government, if applicant is not a local government; 13e, amount from any other sources, explain in remarks.

14a. Self explanatory.

14b. The district(s) where most of actual work will be accomplished. If city-wide or State-wide, covering several districts, write "city-wide" or "State-wide."

15. Complete only for revisions (item 12c), or augmentations (item 12e).

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Item	
16.	Approximate date project expected to begin (usually associated with estimated date of availability of funding).
17.	Estimated number of months to complete project after Federal funds are available.
18.	Estimated date preapplication/application will be submitted to Federal agency if this project requires clearinghouse review. If review not required, this date would usually be same as date in item 2b.
19.	Existing Federal identification number if this is not a new request and directly relates to a previous Federal action. Otherwise write "NA".
20.	Indicate Federal agency to which this request is addressed. Street address not required, but do use ZIP.
21.	Check appropriate box as to whether Section IV of form contains remarks and/or additional remarks are attached.

APPLICANT PROCEDURES FOR SECTION II

Applicants will always complete items 23a, 23b, and 23c. If clearinghouse review is required, item 22b must be fully completed. An explanation follows for each item:

Item	
22b.	List clearinghouses to which submitted and show in appropriate blocks the status of their responses. For more than three clearinghouses, continue in remarks section. All written comments submitted by or through clearinghouses must be attached.
23a.	Name and title of authorized representative of legal applicant.
23b.	Self explanatory.
23c.	Self explanatory.
Note:	Applicant completes only Sections I and II. Section III is completed by Federal agencies.

FEDERAL AGENCY PROCEDURES FOR SECTION III

If applicant-supplied information in Sections I and II needs no updating or adjustment to fit the final Federal action, the Federal agency will complete Section III only. An explanation for each item follows:

Item	
24.	Executive department or independent agency having program administration responsibility.
25.	Self explanatory.
26.	Primary organizational unit below department level having direct program management responsibility.
27.	Office directly monitoring the program.
28.	Use to identify non-award actions where Federal grant identifier in item 30 is not applicable or will not suffice.
29.	Complete address of administering office shown in item 26.
30.	Use to identify award actions where different from Federal application identifier in item 28.
31.	Self explanatory. Use remarks section to amplify where appropriate.
32.	Amount to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions will be included. If the action is a change in dollar amount of an existing grant (a revision or augmentation), indicate only the amount of change. For decreases, enclose the amount in parentheses. If both basic and supplemental amounts are included, breakout in remarks. For multiple program funding, use totals and show program breakouts in remarks. Item definitions: 32a, amount awarded by Federal Government; 32b, amount applicant will contribute; 32c, amount from State, if applicant is not a State; 32d, amount from local government if applicant is not a local government; 32e, amount from any other sources, explain in remarks.
33.	Date action was taken on this request.
34.	Date funds will become available.
35.	Name and telephone no. of agency person who can provide more information regarding this assistance.
36.	Date after which funds will no longer be available.
37.	Check appropriate box as to whether Section IV of form contains Federal remarks and/or attachment of additional remarks.
38.	For use with A–95 action notices only. Name and telephone of person who can assure that appropriate A–95 action has been taken—If same as person shown in item 35, write "same". If not applicable, write "NA".

Federal Agency Procedures—special considerations

A. *Treasury Circular 1082 compliance.* Federal agency will assure proper completion of Sections I and III. If Section I is being completed by Federal agency, all applicable items must be filled in. Addresses of State Information Reception Agencies (SCIRA's) are provided by Treasury Department to each agency. This form replaces SF 240, which will no longer be used.

B. *OMB Circular A–95 compliance.* Federal agency will assure proper completion of Sections I, II, and III. This form is required for notifying all reviewing clearinghouses of major actions on all programs reviewed under A–95. Addresses of State and areawide clearinghouses are provided by OMB to each agency. Substantive differences between applicant's request and/or clearinghouse recommendations, and the project as finally awarded will be explained in A–95 notifications to clearinghouses.

C. *Special note.* In most, but not all States, the A–95 State clearinghouse and the (TC 1082) SCIRA are the same office. In such cases, the A–95 *award* notice to the State clearinghouse will fulfill the TC 1082 award notice requirement to the State SCIRA. Duplicate notification should be avoided.

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☆ GPO : 1975 O - 210-456 (34-1)

ATTACHMENT N.—CIRCULAR NO. A–110

PROPERTY MANAGEMENT STANDARDS

1. This attachment prescribes uniform standards governing management of property furnished by the Federal Government or whose cost was charged to a project supported by a Federal grant or other agreement. Federal sponsoring agencies shall require recipients to observe these standards under grants and other agreements and shall not impose additional requirements unless specifically required by Federal law. The recipient may use its own property management standards and procedures provided it observes the provisions of this attachment. This attachment also applies to subrecipients as referred to in paragraph 5 of the basic circular.

2. The following definitions apply for the purpose of this attachment:

a. *Real property.*—Real property means land, including land improvements, structures and appurtenances thereto, but excluding movable machinery and equipment.

b. *Personal property.*—Personal property of any kind except real property. It may be tangible—having physical existence, or intangible—having no physical existence, such as patents, inventions and copyrights.

c. *Nonexpendable personal property.*—Nonexpendable personal property means tangible personal property having a useful life of more than one year and an acquisition cost of $300 or more per unit except that recipients subject to Cost Accounting Standards Board regulations may use the CASB standard of $500 per unit and useful life of two years. A recipient may use its own definition of nonexpendable personal property provided that the definition would at least include all tangible personal property as defined above.

d. *Expendable personal property.*—Expendable personal property refers to all tangible personal property other than nonexpendable property.

e. *Excess property.*—Excess property means property under the control of any Federal agency that, as determined by the head thereof, is no longer required for its needs or the discharge of its responsibilities.

f. *Acquisition cost of purchased nonexpendable personal property.*—Acquisition cost of an item of purchased nonexpendable personal property means the net invoice unit price of the property including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices.

g. *Exempt property.*—Exempt property means tangible personal property acquired in whole or in part with Federal funds, and title to which is vested in the recipient without further obligation to the Federal Government except as provided in subparagraph 6a below. Such unconditional vesting of title will be pursuant to any Federal legislation that provides the Federal sponsoring agency with adequate authority.

3. *Real property.*—Each Federal sponsoring agency shall prescribe requirements for recipients concerning the use and disposition of real property acquired partly or wholly under grants or other agreements. Unless otherwise provided by statute, such requirements, as a minimum, shall contain the following:

a. Title to real property shall vest in the recipient subject to the condition that the recipient shall use the real property for the authorized purpose of the project, as long as it is needed.

b. The recipient shall obtain approval by the Federal sponsoring agency for the use of real property in other projects when the recipient determines that the property is no longer needed for the purpose of the original project. Use in other projects shall be limited to those under other federally sponsored projects (i.e., grants or other agreements) or programs that have purposes consistent with those authorized for support by the Federal sponsoring agency.

c. When the real property is no longer needed as provided in a and b above, the recipient shall request disposition instructions from the Federal sponsoring agency or its successor Federal sponsoring agency. The Federal sponsoring agency shall observe the following rules in the disposition instructions:

(1) The recipient may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(2) The recipient may be directed to sell the property under guidelines provided by the Federal sponsoring agency and pay the Federal Government an amount computed by applying the Federal percentage of participation in the cost of the original project to the proceeds from sale (after deducting actual and reasonable selling and fix-up expenses, if any, from the sales proceeds). When the recipient is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

(3) The recipient may be directed to transfer title to the property to the Federal Government provided that in such cases the recipient shall be entitled to compensation computed by applying the recipient's percentage of participation in the cost of the program or project to the current fair market value of the property.

4. *Federaly-owned nonexpendable personal property.*—Title to federally-owned property remains vested in the Federal Government. Recipients shall submit annually an inventory listing of federally-owned property in their custody to the Federal sponsoring agency. Upon completion of the agreement or when the property is no longer needed, the recipient shall report the property to the Federal sponsoring agency for further agency utilization.

If the Federal sponsoring agency has no further need for the property, it shall be declared excess and reported to the General Services Administrtion. Appropriate disposition instructions will be issued to the recipient after completion of the Federal agency review.

5. *Exempt property.*—When statutory authority exists, (e.g., P.L. 85–934, 42 U.S.C. 1892) title to nonexpendable personal property acquired with project funds, shall be vested in the recipient upon acquisition unless it is determined that to do so is not in furtherance of the objectives of the Federal sponsoring agency. When title is vested in the recipient, the recipient shall have no other obligation or accountability to the Federal Government for its use or disposition except as provided in 6a below.

6. *Other nonexpendable property.*—When other nonexpendable tangible personal property is acquired by a recipient with project funds, title shall not be taken by the Federal Government but shall vest in the recipient subject to the following conditions:

a. *Right to transfer title.*—For items of nonexpendable personal property having a unit acquisition cost of $1,000 or more, the Federal sponsoring agency may reserve the right to transfer the title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such reservation shall be subject to the following standards:

(1) The property shall be appropriately identified in the grant or other agreement or otherwise made known to the recipient in writing.

(2) The Federal sponsoring agency shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the Federal sponsoring agency fails to issue disposition instructions within the 120 calendar day period, the recipient shall apply the standards of subparagraphs 6b and 6c as appropriate.

(3) When the Federal sponsoring agency exercises its right to take title, the personal property shall be subject to the provisions for federally-owned nonexpendable property discussed in paragraph 4, above.

(4) When title is transferred either to the Federal Government or to a third party the provisions of subparagraph 6c(2)(b) should be followed.

b. *Use of other tangible nonexpendable property for which the recipient has title.*

(1) The recipient shall use the property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original project or program, the recipient shall use the property in connection with its other federally sponsored activities, in the following order of priority:

(a) Activities. Sponsored by the same Federal Agency

(b) Activities sponsored by other Federal agencies.

(2) *Shared use.*—During the time that nonexempt nonexpendable personal property is held for use on the project or program for which it was acquired, the recipient shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the property was originally acquired. First preference for such other use shall be given to other projects or programs sponsored by the Federal agency that financed the property; second preference shall be given to projects or programs sponsored by other Federal agencies. If the property is owned by the Federal Government, use on other activities not sponsored by the Federal Government shall be permissible if authorized by the Federal agency. User charges should be considered if appropriate.

c. *Disposition of other nonexpendable property.*—When the recipient no longer needs the property as provided in 6b above, the property may be used for other activities in accordance with the following standards:

(1) *Nonexpendable property with a unit acquisition cost of less than $1,000.*—The recipient may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(2) *Nonexpendable personal property with a unit acquisition cost of $1,000 or more.*—The recipient may retain the property for other uses provided that compensation is made to the original Federal sponsoring agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the recipient has no need for the property and the property has further use value, the recipient shall request disposition instructions from the original sponsoring agency.

The Federal sponsoring agency shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported to the General Services Administration by the Federal agency to determine whether a requirement for the property exists in other Federal agencies. The Federal sponsoring agency shall issue instructions to the recipient no later than 120 days after the recipient's request and the following procedures shall govern:

(a) If so instructed or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient shall sell the property and reimburse the Federal sponsoring agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the recipient shall be permitted to deduct and retain from the Federal share $100 or ten percent of the proceeds, whichever is greater, for the recipient's selling and handling expenses.

(b) If the recipient is instructed to ship the property elsewhere, the recipient shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the recipient's participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incured.

(c) If the recipient is instructed to otherwise dispose of the property, the recipient shall be reimbursed by the Federal sponsoring agency for such costs incurred in its disposition.

d. *Property management standards for nonexpendable property.*—The recipient's property management standards for nonexpendable personal property shall include the following procedural requirements:

(1) Property records shall be maintained accurately and shall include:

(a) A description of the property.

(b) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

(c) Source of the property, including grant or other agreement number.

(d) Whether title vests in the recipient or the Federal Government.

(e) Acquisition date (or date received, if the property was furnished by the Federal Government) and cost.

(f) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired. (Not applicable to property furnished by the Federal Government.)

(g) Location, use and condition of the property and the date the information was reported.

(h) Unit acquisition cost.

(i) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal sponsoring agency for its share.

(2) Property owned by the Federal Government must be marked to indicate Federal ownership.

(3) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.

(4) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented; if the property was owned by the Federal Government, the recipient shall promptly notify the Federal sponsoring agency.

(5) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(6) Where the recipient is authorized or required to sell the property, proper sales procedures shall be established which would provide for competition to the extent practicable and result in the highest possible return.

7. *Expendable personal property.*—Title to expendable personal property shall vest in the recipient upon acquisition. If there is a residual inventory of such property exceeding $1,000 in total aggregate fair market value, upon termination or completion of the grant or other agreement, and the property is not needed for any other federally sponsored project or program, the recipient shall retain the property for use on nonfederally sponsored activities, or sell it, but must in either case, compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as nonexpendable personal property.

8. *Intangible property.*

a. *Inventions and patents.*—If any program produces patentable items, patent rights, processes, or inventions, in the course of work sponsored by the Federal Government, such fact shall be promptly and fully reported to the Federal sponsoring agency. Unless there is a prior agreement between the recipient and the Federal sponsoring agency on disposition of such items, the Federal sponsoring agency shall determine whether protection on the invention or discovery shall be sought. The Federal sponsoring agency will also determine how the rights in the invention or discovery—including rights under any patent issued thereon—shall be allocated and administered in order to protect the public interest consistent with "Government Patent Policy" (President's Memorandum for Heads of Executive Departments and Agencies, August 23, 1971, and statement of Government Patent Policy as printed in 36 F.R. 16889).

b. *Copyrights.*—Except as otherwise provided in the terms and conditions of the agreement, the author or the recipient organization is free to copyright any books, publications, or other copyrightable materials developed in the course of or under a Federal agreement, but the Federal sponsoring agency shall reserve a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, the work for Government purposes.

ATTACHMENT O.—CIRCULAR NO. A-110

PROCUREMENT STANDARDS

1. This attachment provides standards for use by recipients in establishing procedures for the procurement of supplies, equipment, construction and other services with Federal funds. These standards are furnished to ensure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal law and executive orders. No additional procurement standards or requirements shall be imposed by the Federal sponsoring agencies upon recipients unless specifically required by Federal statute or executive orders.

2. The standards contained in this attachment do not relieve the recipient of the contractual responsibilities arising under its contracts. The recipient is the responsible authority, without recourse to the Federal sponsoring agency regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into, in support of a grant or other agreement. This includes disputes, claims, protests of award, source evaluation or other matters of a contractual nature. Matters concerning violation of law are to be referred to such local, State or Federal authority as may have proper jurisdiction.

3. Recipients may use their own procurement policies and procedures. However, all recipients shall adhere to the standards set forth in paragraphs 3 and 4.

a. The recipient shall maintain a code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the awarding and administration of contracts using Federal funds. No employee, officer or agent shall participate in the selection, award or administration of a contract in which Federal funds are used, where, to his knowledge, he or his immediate family, partners, or organization in which he or his immediate family or partner has a financial interest or with whom he is negotiating or has any arrangement concerning prospective employment. The recipients' officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors or potential contractors. Such standards shall provide for disciplinary actions to be applied for violations of such standards by the recipients' officers, employees or agents.

b. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient should be alert to organizational conflicts of interest or noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals should be excluded from competing for such procurements. Awards shall be made to the bidder/offeror whose bid/offer is responsive to the solicitation and is most advantageous to the recipient, price and other factors considered. Solicitations shall clearly set forth all requirements that the bidder/offeror must fulfill in order for his bid/offer to be evaluated by the recipient. Any and all bids/offers may be rejected when it is in the recipient's interest to do so.

c. All recipients shall establish procurement procedures that provide for, at a minimum, the following procedural requirements.

(1) Proposed procurement actions shall follow a procedure to assure the avoidance of purchasing unnecessary or duplicative items. Where appropriate, an analysis shall be made of lease and purchase, alternatives to determine which would be the most economical, practical procurement.

(2) Solicitations for goods and services shall be based upon a clear and accurate description of the technical requirements for the material, product or service to be procured. Such a description shall not, in competitive procurements, contain features which unduly restrict competition. "Brand name or equal" descriptions may be used as a means to define the performance or other salient requirements of a procurement, and when so used the specific features of the named brand which must be met by bidders/offerors shall be clearly specified.

(3) Positive efforts shall be made by the recipients to utilize small business and minority-owned business sources of supplies and services. Such efforts should allow these sources the maximum feasible opportunity to compete for contracts utilizing Federal funds.

(4) The type of procuring instruments used, e.g., fixed price contracts, cost reim-

bursable contracts, purchase orders, incentive contracts, shall be determined by the recipient but must be appropriate for the particular procurement and for promoting the best interest of the program involved. The "cost-plus-a-percentage-of-cost" method of contracting shall not be used.

(5) Contracts shal be made only with responsible contractors who possess the potentional ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.

(6) All proposed sole source contracts or where only one bid or proposal is received in which the aggregate expenditure is expected to exceed $5,000 shall be subject to prior approval at the discretion of the Federal sponsoring agency.

(7) Some form of price or cost analysis should be made in connection with every procurement action. Price analysis may be accomplished in various ways, including the 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.

(8) Procurement records and files for purchases in excess of $10,000 shall include the following:

(a) Basis for contractor selection;

(b) Justification for lack of competition when competitive bids or offers are not obtained;

(c) Basis for award cost or price.

(9) A system for contract administration shall be maintained to ensure contractor conformance with terms, conditions and specifications of the contract, and to ensure adequate and timely followup of all purchases.

4. The recipient shall include, in addition to provisions to define a sound and complete agreement, the following provisions in all contracts. These provisions shall also be applied to subcontracts.

a. Contracts in excess of $10,000 shall contain contractual provisions or conditions that will allow for administrative, contractual or legal remedies in instances in which contractors violate or breach contract terms, and provide for such remedial actions as may be appropriate.

b. All contracts in excess of $10,000 shall contain suitable provisions for termination by the recipient including the manner by which termination will be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

c. In all contracts for construction or facility improvement awarded for more than $100,000, recipients shall observe the bonding requirements provided in Attachment B to this circular.

d. All contracts awarded by recipients and their contractors or subgrantees having a value of more than $10,000, shall contain a provision requiring compliance with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR, Part 60).

e. All contracts and subgrants in excess of $2,000 for construction or repair awarded by recipients and subrecipients shall include a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). This Act provides that each contractor or subgrantee shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The recipient shall report all suspected or reported violations to the Federal sponsoring agency.

f. When required by the Federal program legislation, all construction contracts awarded by the recipients and subrecipients of more than $2,000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR, Part 5). Under this Act contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. The recipient shall place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The recipient shall report all suspected or reported violations to the Federal sponsoring agency.

g. Where applicable, all contracts awarded by recipients in excess of $2,000 for construction contracts and in excess of $2,500 for other contracts that involve the employment of mechanics or laborers, shall include a provision for compliance with sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR, Part 5). Under section 103 of the Act, each contractor shall be required to compute the wages of every mechanic and laborer on the basis of a standard work day of 8 hours and a standard work week of 40 hours. Work in excess of the standard workday or workweek is permissible provided that the worker is compensated at a rate of not less than 1½ times the basic rate of pay for all hours worked in excess of 8 hours in any calendar day or 40 hours in the workweek. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous to his health and safety as determined under construction safety and health standards promulgated by the Secretary of Labor. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

h. Contracts or agreements, the principal purpose of which is to create, develop or improve products, processes or methods; or for exploration into fields that directly concern public health, safety or welfare; or contracts in the field of science or technology in which there has been little significant experience outside of work funded by Federal assistance, shall contain a notice to the effect that matters regarding rights to inventions and materials generated under the contract or agreement are subject to the regulations issued by the Federal sponsoring agency and the recipient. The contractor shall be advised as to the source of additional information regarding these matters.

i. All negotiated contracts (except those of $10,000 or less) awarded by recipients shall include a provision to the effect that the recipient, the Federal sponsoring agency, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.

j. Contracts and subgrants of amounts in excess of $100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act of 1970 (42 U.S.C. 1857 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) as amended. Violations shall be reported to the Federal sponsoring agency and the Regional Office of the Environmental Protection Agency.

[FR Doc.76-21904 Filed 7-29-76;8:45 am]

Additional Resources - Fiscal Management

Accounting and Financial Reporting for United Ways and Not-for-Profit Human Service Organizations. 1974, United Way of America, 801 N. Fairfax St., Alexandria, Va 22314.

Audits of Voluntary Health and Welfare Organizations. Available from American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, N.Y. 10036, 1974, 61p.

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IMPLEMENTING YOUR PROGRAM

Personnel Management

Introduction

Virtually every aspect of management could be included in material relating to "implementing your program " but two sets of issues are particularly salient: one relating to the people who perform the organization's work, and one relating to assessing overall program efficiency and effectiveness for purposes of future-oriented planning.

To do a good job--one that will lead to increasing demands from the community to provide more of what you offer, or its faith that it can rely on your organization to provide new services that become recognized as necessary--you need the finest calibre of staff available. Where and how do you find them? Material is included to guide you in your search for personnel with skill and talent or good potential for development, and who also have wholesome "work personalities" for your organization.

In order for both you and prospective employees to make sound decisions about offering or accepting jobs, you need accurate, clearly readable position descriptions for each position in the organization. These will also prove essential to providing good supervision and evaluating the performances of employees later on. Materials on all three of these issues--position descriptions, supervision, and performance appraisal--are included in this section.

To insure consistent, equitable treatment of all employees, and an orderly way of dealing with personnel issues

that arise, policies must be developed and made available to all staff in the written form of a "personnel policies manual." A sample showing the basic issues to be covered is included.

To foster growth and facilitate change within the entire organization, you need a continuous source of "feedback" about how effectively and efficiently your programs are operating. "program evaluation" is the term applied to the mechanism for such feedback--a form of on-going research designed to answer the question"How are we doing?" The answers are then used in the planning process, in an effort to correct deficiencies that are found and build upon approaches that appear to be working well. Materials on program evaluation, and how it fits into the planning cycle, are also included here.

(These Personnel Policies and Procedures for Health Volunteer Associates are provided as a sample which you may find helpful in writing your own.)

HEALTH VOLUNTEER ASSOCIATES

PERSONNEL POLICIES AND PROCEDURES

These policies and procedures apply to all employees of Health Volunteer Associates including those serving on special projects or programs. The policies were developed by the Executive Director of the organization in consultation with the staff and members of the Board. They shall be reviewed periodically and revised as deemed advisable to keep them in line with current practices in the field. Staff representatives shall participate in any review or revision. (The Executive Director shall have the responsibility of implementing the policies and assuring these in effective communication between the staff and the administrative bodies.) Exceptions to any policies appearing in these pages are possible only with the approval of the Executive Director.

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EMPLOYMENT PHILOSOPHY

The Personnel Policies of Health Volunteer Associates define the rules, procedures, and benefits as established by the Executive Director. The responsibilities and position of the Executive Director in these matters is clearly delineated. Each employee and volunteer will receive a letter of agreement, a job description which sets forth each person's specific duties, hours of work, salary (if any), benefits, any special arrangements and a copy of personnel policies.

In accepting employment with HVA, an employee or volunteer assumes certain definite responsibilities and relationships which are to be observed in fulfilling the duties of his or her position with the Institute. It is, therefore, expected that all employees and volunteers agree to and accept as a condition of employment the following philosophy of work conduct:

1. To work conscientiously toward achieving the objectives of the Institute in compliance with its philosophy, policies and procedures.
2. To perform assigned duties at a high level of quality, accuracy, effectiveness and integrity.
3. To work cooperatively with other staff members and volunteers and respect their findings, views and actions.
4. To be punctual and to plan assigned duties to achieve effective and productive use of time.

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5. To keep and hold confidential all information in accordance with HVA policy.

6. To be responsive to the guidance, directions and instructions of the immediate supervisor and specified staff and volunteers.

7. To refuse personal gifts and/or gratuities from persons doing business with the HVA. This is to include gifts, entertainment, merchandise, payments, loans and service. However, this is not intended to include occasional business lunches and small personal gifts from clients. It is understood staff and volunteers may accept fees for speeches or training done as work of the HVA if they deposit the full amount in the HVA account, less personal reimbursed expenses.

8. To distinguish clearly, in public, between statements and actions made as an individual and those made as a representative of the HVA.

9. To be constantly mindful of the obligation the HVA and its staff and volunteers have for the welfare and well-being of the clients and groups served by the HVA.

HVA will comply with the following procedures and policies in their hiring practices:

1. Candidates for employment will be considered without any concern for race, age, religion, national origin, political or union affiliation, marital status or sex. Concern for physical or mental handicaps will exist only insofar as such handicap may affect the actual requirements of the job.

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2. Before any commitment is made to a candidate for employment, approval (including approval of rate of pay) must be received from the Executive Director.

3. All present employees and volunteers will be alerted to the availability of positions in the firm before external recruitment begins. If an internal applicant is not accepted for a position he/she applies for, he/she will be told why the position was given to an outside applicant.

4. One-candidate hiring is discouraged; to ensure that the best candidate for the job is hired, as many people as is reasonable will be considered.

5. All present employees (and when possible, volunteers) who will be working closely with a new employee will be able to meet the final candidates for the position, and will be consulted before the final decision is made.

A. LETTER OF AGREEMENT

All employees and volunteers shall receive a letter of agreement setting forth the conditions of employment including a job description, hours of work, salary (if any) and any special arrangements. This letter shall be signed by the Executive Director or his representative.

B. POSITION CLASSIFICATION AND PAY PLANS FOR EMPLOYEES

1. A written position description shall be available for all positions which describes the purposes of the position, the general functions and areas of responsibility. The

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description shall also indicate the line of accountability. Each employee and volunteer shall receive a copy of his/her position description when he/she begins work with an acknowledged copy to be placed in their personnel folder.

2. All salaries shall be consistent with those of comparable positions in the area. Salary scales will be recommended by the Executive Director's personnel committee and will be established by the Executive Director.

3. Regular annual increments shall be given for satisfactory performance as reflected in an annual performance appraisal insofar as the monies are available for such increments. The percentage of increment will be established by the Executive Director in consultation with the Personnel and Finance department at the time the annual budget is prepared. If performance is unsatisfactory or if funds are not available, the regular increments can be withheld. The annual increment may include a cost of living factor.

C. ORIENTATION AND STAFF AND VOLUNTEER DEVELOPMENT

1. An orientation period shall be provided for any employee or volunteer newly appointed to a position, whether coming from within or outside the organization, for the purpose of informing him/her of the specific duties and their relationship to HVA's functions.

2. Opportunity shall be provided for continued staff and volunteer development through provision for such things as:

   a) Supervision and consultation

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b) Absence during working hours to attend conferences, institutes, workshops or classes to advance employee skills related to the functions and goals of HVA and/or position held. Arrangements for attendance at such events must be made in advance with and at the discretion of the Executive Director or his representative. Such attendance shall result in no loss of pay or vacation time.

3. Certain staff members and volunteers from time to time may be required to participate in training programs for volunteers who will be working with them.

D. PAY PERIODS

Individuals may arrange to be paid once a month on the last day of the month or twice a month, on the 16th and first day of each month. (Professional staff will be paid once a month on the first day of each month.)

E. EMPLOYEE BENEFITS

1. All employees shall be covered by state and federal unemployment insurance and workers compensation is provided for incapacities caused by a disability incurred in the line of duty. This compensation conforms with the requirements of the State of California.

2. A group or individual health insurance plan will be provided after a 30-day waiting period for all full-time employees. The employer will pay the monthly premium for

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employee coverage; the employee will pay for any dependent coverage.

3. Employees will be covered by F.I.C.A. (social security).
4. Both employees and volunteers are insured for injuries or disabilities suffered while working. The policies for this coverage are posted _____(location).

F. HOURS OF WORK

1. Working hours are 9:00-5:00, with a half hour lunch break. Secretarial staff and other clerical personnel shall work 37-1/2 hours a week and shall be available during regular working hours.
2. Functional staff shall work 40 hours a week on a regular or flexible schedule designed to meet the requirements of the position.
3. Administrative and supervisory staff shall work a minimum of 40 hours a week on a flexible schedule approved by the Executive Director or his representative, and are required to fulfill the responsibilities and objectives of the position description and annual goals.
4. Overtime for secretarial and functional staff on a regular, sustained basis shall not be expected or required. When overtime cannot be avoided, compensatory time or straight time pay is provided. Time-and-a-half time is allowed after 40 hours, with approval of the supervisor.
5. Time on a weekly basis should be accounted for using time cards for internal accounting purposes so that an analysis

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of staff time and costs of providing particular services can be made. Everyone should keep track of any time of 1/4 hour or more spent on a particular project.

6. Time cards must be current and handed into the Bookkeeper prior to staff financial reimbursement.

7. All staff and volunteers are requested to sign in and out on the sheet in the front office when leaving the premises during the day.

8 Hours for employment and lunch by secretaries, functional staff and volunteers, should be staggered so that HVA's phone and central office is covered from 8:00 A.M. - 5:00 P.M.

9. Volunteers are expected to report to work and to stay at work in conformance with the hours agreed upon. If they will be absent or late, they are expected to notify the office as far in advance as is possible.

G. PROBATIONARY PERIODS

1. All clerical staff shall be employed on a sixty (60) day probationary basis. Clerical probation may be extended by mutual agreement. The probationary period for professional staff shall be not less than six (6) months. This may be extended; however, the staff person must be notified in writing. Before the end of the probationary period, a written evaluation will be made by the supervisor to the Executive Director and a decision reached on whether to employ on a permanent basis by the President.

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2. An employee whose service is determined satisfactory in the probationary period becomes a permanent employee subject to continuous satisfactory service, availability of funds, and continuing existence of the position.
3. An employee whose service is unsatisfactory may be separated without right of appeal at any time during the probationary period. Written appraisals to substantiate unsatisfactory performance must be given to the employee by the supervisor and placed in the employee's personnel folder.

H. PERFORMANCE APPRAISALS

1. Performance appraisals shall be based on the written position description and defined expectations of performance and achievement mutually agreed to by the employee and the supervisor. Such expectations should be determined at a time sufficiently removed from the appraisal itself to allow progress toward them.
2. The appraisal shall be made by the person who directly supervises the employee and by the Executive Director.
3. There shall be a full appraisal annually or when there has been a significant change in the performance of the employee or his/her supervisor or when the individual leaves the organization.
4. The appraisal shall relate specifically to the performance of the job assigned to the employee.

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5. The time of the performance appraisal shall be known in advance. The process shall involve both the employee and the supervisor and the Executive Director.

6. The appraisal shall be in writing and shall cover the points discussed in the appraisal conference. The employee shall be given the opportunity to read the appraisal, to sign it (signifying that he/she has read it), and to file a statement covering points with which he/she disagrees. A copy of the appraisal shall be provided to the employee.

7. Volunteers may participate in an appraisal program identical to that of employees if they so wish. A file may be kept on them that may be referred to if they become an employee of HVA, or if they wish HVA to recommend them for an outside position.

8. The written appraisal shall become an integral part of the employee or volunteer's personnel record. The personnel record shall be kept strictly confidential and be made available to authorized personnel only. The record shall contain a description of the position, a copy of the letter of agreement, and other pertinent correspondence and data.

9. Staff and volunteers are encouraged to negotiate and develop their job descriptions at the time of the performance appraisal.

I. PERSONNEL RECORDS

1. The personnel record shall be available to the employee at all times with due reason. An employee may request to see

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their personnel file at any time in the presence of the supervisor or Executive Director.

2. Nothing will be removed from a person's file without a written petition to the Executive Director stating the reasons for wishing that something be removed. The Executive Director may approve or deny the request in writing.

3. All personnel folders (with exception of accounting records) will be kept in a locked file by the Executive Director or his representative.

J. EMPLOYMENT VERIFICATION AND PERSONAL INFORMATION

1. Verification of employment and personnel questions must be answered by the supervisor or a person appointed by the Executive Director. If they are not in the office, please inform the inquirer their call will be returned. If these individuals are absent from the office for more than one day, the call may be referred to the Executive Director or Treasurer.

2. Personal home phone numbers and addresses will not be given out to callers except by the person in question.

K. TEMPORARY OR PART-TIME EMPLOYMENT

1. Persons hired for a temporary period of time shall necessarily be subject to the same conditions of employment as permanent staff. Applicable conditions shall be determined at the time of employment by the supervisor in consultation with the Executive Director. The length of

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time for which one is employed and the scope of duties, compensation, and conditions of employment pertaining to the temporary shall be clearly defined.

2. Regular permanent employees working more than 20 hours a week on a part-time basis shall be subject to the same conditions of employment that apply to full-time permanent staff, and all benefits will accrue on a pro-rated basis according to the number of hours worked per week.

L. LEAVE

1. Vacation or Annual Leave

a) All employees occupying full-time permanent positions shall receive the following vacation allowance:

(1) After one (1) year's service; Ten (10) working days (.83 days per month)

(2) After three (3) year's service: Fifteen (15) working days (1.25 days per month)

(3) After seven (7) year's service: Twenty (20) working days (1.67 days per month)

b) Vacation may be accumulated not to exceed twenty (20) days. Vacation is earned during the probationary period, but may not be used until permanent status is achieved. Employees who have more than six (6) months of employment are eligible to use accrued vacation.

2. Sick Leave

a) Sick leave will be accumulated at one (1) day per month or 12 days per year accumulative to 18 days

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total of unused sick leave.

b) Sick leave may be used in the instance of employee illness, illness in the immediate family of the employee requiring his/her presence, or the death of a member of the immediate family. Immediate family shall be understood to mean husband, wife, child, parent, grandparent, or any significant other who lives in the household.

c) Records of sick leave taken and accumulated will be maintained in the individual's personnel file.

d) Accumulated sick leave is not reimbursed upon termination.

e) All personnel are required to complete a "sick leave" form and turn it in to the Bookkeeper the day after returning to work. If absence for sick leave is over five (5) days, it must have a physician's certificate. At the discretion of the supervisor, a physician's certificate may be required at any time.

f) A person may take up to three (3) days sick leave in advance within a 6-month period.

3. Education Leave

Time shall be allowed for education purposed or conferences that will enable the employee to develop his/her skills and provide better service. Such leave shall be arranged by the employee and his/her supervisor. Reimbursement of registration fees, tuition, living and travel costs can be provided within the limits of the budget as authorized.

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Such reimbursements must be approved by the supervisor or Executive Director in advance of the event. Such reimbursement is at times and under certain circumstances available for HVA volunteers. This is determined on a case-by-case basis by his/her supervisor in conjunction with the Executive Director.

4. Maternity Leave

In the seventh (7th) month of pregnancy an employee must have a note from her physician stating that the employee can continue working without harm to mother and infant; the employee then can continue working as long as her physician authorizes and as long as she is able to maintain a satisfactory level of job performance as determined by the Executive Director or his representative. Maternity leave will be granted for a period not to exceed ninety (90) days. During maternity leave any employee will not receive pay, nor accrue sick leave or vacation.

5. Holidays

The following ten (10) days shall be designated as legal holidays without the loss or reduction in pay:

New Year's Day	Thanksgiving Day
Washington's B'day (legal)	Day after Thanksgiving
Memorial Day (legal)	Day before Christmas
Independence Day	Christmas Day
Labor Day	

In the event any of the holidays enumerated above occur during the period of an employee's vacation, an additional

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day's vacation shall be allowed. Whenever such holidays fall upon a Sunday, they shall be observed on the following Monday. Whenever such holidays fall upon a Saturday, they should be observed the previous Friday or the following Monday, at the discretion of the Executive Director.

6. Jury Duty

All employees shall receive regular pay less sum given while on jury duty.

7. Short Term Military Duty

Any employee may take short, ordered tours of military duty at any time not to exceed two (2) weeks in duration without pay. This will not be considered vacation time. Employees will be granted leave without pay beyond the usual year of absence if necessary to perform military service or at the discretion of the Executive Director to perform military service. Upon expiration of leave, an employee who has been granted a leave of absence without pay should be returned to their former position if that position is open or at a comparable level, if that is available. An employee may return at the expiration of leave upon approval of the Executive Director.

M. PARTICIPATION IN ACTIVITIES OF PROFESSIONAL ORGANIZATIONS

Limited time off will be granted at the discretion of the supervisor or Executive Director to participate in activities of professional organizations when prior discussions in HVA have concluded that the professional activity coincides with HVA's spe-

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cific goals and the time used will not jeopeardize the daily functioning of HVA.

Time off for professional activities under these circumstances shall not result in the loss of vacation, salary or compensatory time off.

N. REIMBURSEMENT OF EXPENSES

Authorized expenses incurred while performing HVA business shall be reimbursed for employees and volunteers. Claims for expenses must be submitted on an approved request form/voucher provided by the Bookkeeper and must be submitted monthly. Expenses more than 60 days in arrears will not be reimbursed.

1. Check Requests

   All check requests should be submitted on the appropriate check request form. No checks will be paid without this. Receipts must be submitted for all expenses over $5.00.

2. Petty Cash

   The petty cash account must be kept by a designated employee. Disbursements may be made only by the designated employee after filling out a petty cash voucher which is signed by the recipient. A receipt for purchased materials must be attached to the voucher. The petty cash should be authenticated on a monthly basis and reimbursed after approval by the Treasurer. Personal cash loans are never made for employees from petty cash. Any items under $25.00 may be reimbursed from petty cash.

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POSITION DESCRIPTIONS (This format may be used to develop position descriptions for your ILP.)

A. POSITION DESCRIPTIONS---WHAT THEY ARE

A position description is a written statement of those facts which are ortant to management regarding the duties, responsibilities, and organizational relationships of a position.

B. POSITION DESCRIPTIONS---THEIR PURPOSE

To promote clarity and uniformity of understanding whenever there is a necessity for two or more persons to understand a position in the same way. The writing of position descriptions can help eliminate unclear relationships and duplications, and may serve to point out areas of indefinite or unassigned responsibilities.

C. POSITION DESCRIPTIONS---WHO SHOULD WRITE THEM?

1. If we are considering an existing position it is suggested that the person occupying the position first write down just what he does. At this point we are not attempting to determine what the incumbent should do, but rather what he is doing.

This should then be used as a basis of determining if the incumbent is performing his duties as required or, if not, what his duties and responsibilities should be in the light of organizational performance and objectives.

2. When an individual describes his own position it is an indication of how he perceives his job. This may or may not be consistent with, for example, his superior's perception of the job. The writing of the position description provides the means for bridging the understanding between subordinate and superior.

D. POSITION DESCRIPTIONS---STANDARDIZED FORMATS

Contents of positions exist in such a variety of combinations that position descriptions cannot be adapted successfully to a rigid form of pre-determined items. However, all position descriptions within an organization should conform to a somewhat standardized format so that the primary purpose of clarification might better be served.

E. THE POSITION DESCRIPTION FORMAT

Position descriptions should be developed in a format which contains minimally the following elements:

1. TITLE OF POSITION
2. BASIC FUNCTION OF POSITION
3. LINE OF AUTHORITY
4. RESPONSIBILITIES
5. STANDARD OF PERFORMANCE
6. HORIZONTAL AND OUTSIDE RELATIONSHIPS
7. PLANNING
8. PROCESS FOR CHANGING POSITION DESCRIPTION FORMAT

David Ruhmkorff and Company, Cincinnati, Ohio 1980.

POSITION DESCRIPTION FORMAT & DEFINITION OF TERMS

1. TITLE OF POSITION

2. BASIC FUNCTION OF POSITION

NATURE AND PURPOSE

The general nature of duties performed within, and the primary purpose of, the position being described. This should be set forth as a one-paragraph, general statement.

3. LINE OF AUTHORITY

PLACE IN ORGANIZATION

The place of the position within the organization structure, indicated by specification:

(a) To whom the incumbent is accountable for the proper discharge of his responsibilities

(b) The positions in the organization reporting directly to the incumbent

4. RESPONSIBILITIES

WHAT WE DO

The specific components and duties of the position for which the incumbent is held accountable.

5. STANDARD OF PERFORMANCE

PERFORMANCE CRITERIA

The criteria upon which the incumbent's performance is to be evaluated. These criteria may be drawn up to apply to the position as a whole, to apply to specific areas of accountability, or to apply to individual or selected groups of duties.

6. HORIZONTAL AND OUTSIDE RELATIONSHIPS

LIAISON

Those persons with whom the incumbent needs to maintain contact, either to carry out his own duties, or in the best interests of the overall organization.

7. PLANNING

IDEA FEED-IN

The manner in which new and creative ideas of the incumbent are to be fed into the organization for future development.

8. PROCESS FOR CHANGING THE POSITION DESCRIPTION

UPDATING

Procedures to be used for updating or changing the position description, taking into account new goals, objectives, polici or performance criteria.

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3 STRATEGIES TO DETERMINE THE BEST JOB CANDIDATE

#1 - THE DIRECTIVE APPROACH

When interviewing candidates, ask direct questions about which motivation area they feel most comfortable in (e.g., "Do you like to accomplish things?" "Do you like to work with people?" "Do you like leading and influencing?"). Try to get them to pinpoint one area, if possible.

Follow up with a question about the future (e.g., "Do you see yourself moving in another direction?"). Be careful here. Let the candidate think about his/her answer for a while.

When calling their job references, repeat the process, asking the same direct questions, attempting to determine what motivates them.

#2 - THE NONDIRECTIVE APPROACH

Ask the candidates to think about their past employment and develop a list of peak work experiences (e.g., "finishing a book on team building," "working together with three other researchers on a special report," "making a successful presentation to a community foundation."). You can also ask nondirective questions such as "What did you like best about

(cont'd.)

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#2 - THE NONDIRECTIVE APPROACH (cont'd.)

your last job? like least?"

Analyze the trends in their answers, identifying whether they clearly fit one motivation area more than another.

#3 - OBSERVATION

*This strategy applies only to promoting existing staff.

Observe candidates on the job. Do they work better alone, seeking accomplishment? Do they like dealing with people? Do they exert influence on others and seek prestige? You should be able to spot a trend in one direction.

In addition, check the candidates' work records. What type of comments have supervisors made in the past? What have they accomplished? Again, a trend should emerge.

Talk informally to other employees about the candidate. How do they see them? Does candidate X, for instance, prefer working with people or alone?

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PREPARING FOR AN EMPLOYMENT INTERVIEW: A CHECKLIST OF TIPS

#	Data Review	✓
1.	Review the candidate's resume, application, letters of recommendation, etc. (look for a motivation pattern which fits the job).	
2.	Organize all necessary data about your organization (such as brochures, newsletters, etc.).	
3.	Review the job description.	
4.	Make a list of things you'd like to find out in the interview.	
5.	Write out some open-ended questions you'd like to ask to uncover motivation (see page 142).	
6.	Decide on an opening discussion topic to break the ice (based on candidate's resume--e.g., plays guitar).	
	Room Preparation	
1.	Choose a private and comfortable room.	
2.	Remove unnecessary equipment which would clutter the room or serve to intimidate candidate (e.g., a large slide projector, a special technical aid to the job).	
3.	Arrange seating without physical barriers (have candidate sit next to you rather than on the other side of a table or desk).	
4.	Put background data you'll need during the interview in a place of easy access (on desk instead of buried in a drawer).	
5.	Choose a time convenient for both of you.	

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FIFTEEN QUESTIONS TO UNCOVER MOTIVATION IN EMPLOYMENT INTERVIEWS: A CHECKLIST

#	Questions	✓
1.	Can you describe a typical day on your job?	
2.	What part of your (past/present) job did you enjoy the most? the least?	
3.	How do you feel about the progress you made on your (past/present) job?	
4.	What two or three accomplishments on your last job gave you the most satisfaction? Why?	
5.	How do you feel about working closely with other people?	
6.	What sort of people do you enjoy working with?	
7.	In what kind of work environment are you most comfortable?	
8.	What's the most difficult work situation you have had to face?	
9.	What are your feelings about the salary offered for the job?	
10.	If you were asked to write your own job description, what would be on it?	
11.	What do you consider your greatest strengths and weaknesses?	
12.	Which of your strenghts do you think will contribute the most to our organization? Why?	

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FIFTEEN QUESTIONS TO UNCOVER MOTIVATION IN EMPLOYMENT INTERVIEWS: A CHECKLIST (cont'd.)

#	Questions	✓
13.	What made you consider leaving your (past/present) job?	
14.	If you had the power, what would you have changed about your (past/present) job?	
15.	What would you like to be doing five years from now?	

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(This article suggest a process for developing people who work for you to their fullest potential.) II.B.6.

Yes, Virginia, there really is . . .

A career development program that works

WILLIAM C. THOMAS

ABOUT TEN YEARS AGO, while employed by a well-known manufacturing firm, I was required to fill out a career development form that asked what position I hoped to attain in the company within three years. My job choice, my credentials, and my supervisor's rating of my potential (which I've never seen to this day) were supposedly fed into a computer. The company line was that when openings occurred throughout the corporation, a computer search would be made, and if I were qualified for a job in which I had expressed interest, out would pop my computer form.

But I knew, even as I sat filling out the form, that "career development" programs are a waste. Most people owe their success to luck (defined as being in the right place at the right time with the right background). Some of us have also been fortunate enough to have had a supervisor who genuinely cared about our advancement—a so-called "godfather" or sponsor. (I've had more than my share—three—over the last 16 years, a benefit that accounts at least in part for my own progress.) Hiring decisions are almost totally subjective, and in any pool of applicants more than one person can do the job.

When a person is up for a promotion, his or her supervisor's reference will carry more weight than anything that can be found by sorting through the junk paper that collects in personnel files. If your supervisor praises and recommends you highly, your chances for promotion are greatly increased. If he or she gives only lukewarm support for your candidacy, your chances are slim. A bad reference, of course, will cancel out your chances 99 percent of the time.

Turnabout

These views suggest—correctly—that my cynicism about "career development" and "man-

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power planning" programs devised by personnel departments has, if anything, increased over the years. Even so, a year ago I introduced my own version of a career development plan to the University of Minnesota personnel department. Why did I do this, feeling as I do about such programs?

First, all supervisors in my unit are required, whether they like it or not, to be responsible for developing the people who report to them. Career development programs, I feel, should concentrate first on fully developing people in the jobs they hold now, and second on preparing them for advancement.

Our department is small (understaffed?), and it is going to stay that way (underfunded?). Its top level of management is fairly young and extremely competent—and doesn't seem inclined to leave (except early on Fridays). This means there will be relatively few promotional openings—which everyone realizes. But when vacancies do occur, I want people in our department to have the first shot at them unless they don't satisfy our affirmative action goals. We offer no gold-plated guarantee that present staff members will always get the promotion, but the opportunity is there.

Does our plan work? Yes. Not to everyone's satisfaction, I admit. But it is easy to understand, practical, and devoid of jargon—and doesn't involve computers.

Our first attempt at implementing it last year taught me several things that helped me improve it this year. For one, I learned that the top person in the unit has to see to it personally that the program is perceived and treated seriously, and that calls for follow-through. Otherwise, it's easy for folks to simply pooh-pooh the forms and explanation as just another "Mickey Mouse" brainstorm.

MAY 1980

How the plan works

Our program is built on three simple principles:

1. People who are not fully developed in their current jobs should be helped to become fully developed. The alternatives are transfer, demotion, or termination.

2. People who are fully developed in their current jobs, indicate interest in potential promotion, and are judged by the supervisors to have potential should be given the opportunity to realize that potential.

3. People who are fully developed in their current jobs and ready for promotion should be given career development objectives that will help them keep up with changes in the state of the art.

The mechanics of our program are fairly simple:

Step 1. Each supervisor discusses career development with each subordinate, then evaluates the individual and fills out a simple form indicating a letter rating of the employee as follows:

A: Employee is fully competent in current position, but is either not interested in promotion or is not rated a good possibility at this time.

B: Employee shows progress but is not fully competent in current position. Has difficulties that must be overcome.

C: Employee is a marginal performer, either in the wrong position or not trying. Must improve quickly or be released.

X: Employee is a key performer, not only fully competent on current job but interested in and ready for future advancement.

Step 2. The supervisor and the employee work out some career development objectives that are traceable to the overall rating and are quantifiable, timed, ranked, challenging, and realistic.

Step 3. The supervisor and the employee review career development objectives at least quarterly.

An A classification suggests that the individual probably had no important career development objectives. A B performer may well not receive a raise and may even be rated C at the next appraisal. A C performance gets the employee transferred, demoted, or fired.

When all the forms (93) reach me, they include the potential objectives worked out by supervisors with a cost estimate for each. I fund those I approve from a centralized career development budget. As is the case with most public-sector employers, our university sets aside absolutely no money for career development. Therefore, the only money we can spend is that which we manage to save through cost cutting and increased efficiency. Under these circumstances, I stress low-cost developmental ideas that almost never include sending individuals to expensive out-of-town seminars.

The ideas that have translated into successful techniques for us include: one-on-one supervisory coaching, one-on-one peer coaching, internal small group workshops, individual self-help reading courses, internal training seminars run by our own people, local professional society involvement, vacation and leave-of-absence substitution, and job rotation.

We are not reluctant to suggest to employees that they share the cost of some developmental objectives.

I suppose there is nothing truly revolutionary about our program. But then I don't think there need to be bells, whistles, gimmicks, and fancy jargon in connection with career development.

The most tangible benefits from the program, even with our low turnover, have been a couple of tailor-made replacements for vacancies. The most important benefit, however, has probably been intangible. It is the increased communication between supervisor and subordinate that, I believe, has resulted in far stronger employee motivation. People seem to work better when they feel their efforts are noticed.

Think about it. How long has it been since you called in a subordinate and announced that you wanted to devote an entire meeting to discussing his or her strengths, weaknesses, job potential, and how you could help that person maximize his or her potential? •

"How long has it been since you called in a subordinate and announced that you wanted to devote an entire meeting to discussing his or her strengths, weaknesses, job potential, and how you would help that person maximize his or her potential?"

Guidelines for the Selection of Training Programs

By Norton J. Kiritz

Government and private nonprofit agencies spend a good deal of money on training. Very large agencies may have their own training departments with most training performed by their staffs. Some agencies take advantage of training offered by funding sources or associations to which they belong. Local and national nonprofit agencies, for profit companies, and consultants also offer training. You probably receive many brochures advertising such programs every month.

These packaged training programs number in the thousands and cover a wide range of activities, from "Accounting Principles for Board Members" to "How to Use the Media" to "Grass-Roots Fund Raising." Billed as conferences, seminars, workshops, and training programs, they are a big business. Too often, the promoters of these programs are more concerned with the profit to be made from them than with their value to the participant. The suggestions to follow deal primarily with selecting from among these offerings.

1 Define your needs.

Many agencies *assume* that training is a need. Although training may be one way to meet a need, it is not a need in itself. If, for example, your financial records are in a sorry state, training your bookkeeper may improve matters up to a point. But the real problem may be an inadequate record keeping system. In that case, a new system may be required. Training is not a good alternative if a system needs to be changed. On the other hand, the system may be fine, but the bookkeeper is not up to the task. Replacing the bookkeeper may be necessary, for training will simply not suffice. In this situation, it's better to deal with the personnel issue directly.

To determine whether training is an appropriate answer, identify the real problem and decide what you would like to change. Think about what the changed situation would look like, how it would be different from what exists now. Consider the various means you could use to get from where you are to where you want to be, and whether enrolling in a training program is a logical way to get there.

Don't look at training as a quick cure for what ails your agency, and beware of any training program promising such a cure. If you and the training organization set realistic expectations, then you both improve your chances of satisfaction.

2 Distinguish between training programs and conferences.

An experience may be billed as a training program, a workshop, a seminar, a lecture, or a conference. These terms are often used interchangeably. Whatever it is called, the program may encourage active participation, passive listening, or something in between. We believe that the more you are actively involved, the more skills you will acquire. You can acquire a lot of information from a knowledgeable lecturer, but we doubt that you will develop skills until you practice what you have learned. Therefore we favor as "training" those experiences that actively involve the participant, not those that lecture to them.

We suggest the following as characteristics of a potentially effective training program:

- There is a small group of participants, as opposed to an audience of unlimited size;
- Participants are used as resources in the program instead of allowing the leader to be the sole source of expertise;
- There is a focus on meeting the specific needs of participants, not a general presentation from which participants must infer applications to their agencies.
- Lectures are few, and practical exercises are stressed.

Brochures can be misleading to people who are unaware of what they should look for, and disappointing experiences are too often the result. For example, every year the continuing education division of a prestigious university sponsors a fund-raising conference. It promises to address your "current needs," and its literature states that "the speakers and topics for this conference are prepared to give you practical, specific, and useful help that you can use as soon as you get back to your desk." These are some participants' comments that won't appear in the next brochure:

- "My general feeling was that I did not get what the conference claimed it would give me. Over half the advertised speakers were not in attendance."
- "I spent most of the conference being talked at by the speakers .... Even the workshop sessions in the afternoons were simply a continuation of the monologues begun in the morning sessions. Most of the attendees with whom I spoke were disappointed in the lack of hands-on experience at the conference."
- "Few of the speakers were prepared, many were boring, and the major approach to each talk was to tell 'war stories' about how they had raised tremendous sums of money and how easy it really was."
- "In the evening, after the sessions, the organizers were talking about how much money they were going

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to make by 'taking the show on the road.' There was little interest in whether anybody needed the program, whether anybody would benefit, or how the program could be improved. All they talked about was how much money they would make."

3 Distinguish between those "sponsoring" and those "conducting" the program.

It may be disconcerting to see responses such as those above to a program sponsored by a prestigious university, but not if you understand the limited role of the sponsors of such programs. Most continuing education and university extension divisions are profit centers; the quality of their offerings is ragged and can't really be compared to the quality of undergraduate and graduate instruction on which the school's reputation is based. Many of the programs they sponsor are purely for profit. The school probably knows little or nothing about a program except whether it makes money. If you doubt this, just call the school and ask for some details beyond those in the brochure. If you're not satisfied with a few vaguely positive statements, they will refer you to the organization actually performing the training, probably a profit-making business or consulting firm, or a consultant or private nonprofit agency. It's the skill and expertise of the training organization that you are depending on; the university (or national association or other organization) has agreed to sponsor the program to lend some credibility to the training organization.

4 Questions to ask about the training organization.

It is *most* important to assess the competency and commitment of the training organization. Whether the organization is for-profit or nonprofit says nothing about its quality. Some fine, professional programs are conducted by profit-making firms, while the nonprofit designation covers any number of profiteering or incompetent organizations. Here are some questions to ask:

- How long has it been around? Although that is clearly no indicator of quality, it is reassuring to know that an organization has been in business for a while.
- In how many different subjects does this organization provide training? In general, you should be wary of an organization that seems to offer training programs and conferences on an infinite variety of subjects. Such organizations are probably promoters and conference organizers. Like continuing education divisions of universities, they'll offer virtually any kind of program for which there appears to be a market.
- To assess the value of a specific program, you must find out who will actually conduct training and what their qualifications are. Does the training organization employ its own training staff? If they do, that's a plus. It's probably less expensive for them to hire consultants "by the job," but consultants offer little in the way of continuity. Besides, there are minimal opportunities to provide in-service training to consultants.
- Is there any follow-up? If services are available at little or no cost, that's a sign of commitment by the training organization. If an organization only uses consultants, it is not likely you will get much in the way of follow-up services. If follow-up consultation, at steep fees, is promoted during the program, then look out. You're into a nest of hustlers. Many programs are little more than hunting grounds for consultants who will offer their services "if you didn't get all you needed from the program."
- What do you get to take home with you? If valuable materials are included in the cost of the training, that's a plus. Can you get a look at the materials? Some hand-outs are so poor that if you saw them in advance, you would never sign up for the training.

5 Find out who your trainers will be.

One young man, with some experience in a field and an engaging personality, was a participant in a training program one week and was recruited as a trainer during that week. He was sent home to read some books the next week and out doing training on his own the week

after. He had a limited background and no training experience. He was under no supervision and there were no controls on the quality of his training.

When evaluating trainers, realize that there is little correlation between a person's expertise in a field and his or her ability to train others. People with outstanding technical skills and credentials may be so boring or impressed with their own accomplishments that they alienate their participants 15 minutes into the program. Base your decision on the reputation of the training organization and on the reputations of the trainers as trainers.

Some organizations employ very skilled persons. Find out whether those people will be your trainers. Try to find people in your circle of acquaintances who have taken the training. Ask them what they thought about it, what needs they had, and whether those needs were met by the program. Ask what was promised and what was delivered. If you can't find anyone who has taken the training, then ask some other agencies in your community. Check with your current funding sources also. If you can't find anyone who has first-hand knowledge of the training program, then ask the training organization itself for a complete list of participants in its last program. If the organization refuses, that tells you something right there. Consider asking some of the people quoted in its brochures. You would be amazed at how qualified their responses can be.

6 What is a reasonable fee?

There is no correlation between the fee charged for a training program and its potential benefit to a participant. Some excellent training is offered free or at a minimal cost, and some very expensive training is of little benefit to any participant. As a basis of comparison, calculate the cost per day of the training. More than $100 per day per participant is getting pretty expensive.

Your budget will set practical limits on what you can spend on training, but understand that the tuition fee may be the smaller part of the investment. The participant needs time off from work. You may need to cover the costs of transportation, meals, and lodging. To derive benefit from the training, it will take additional time and money to support the trainee after he or she completes the program.

If the financial resources really aren't available for the training, ask whether there are scholarships. Many good training organizations offer scholarships to needy applicants. Your funding sources may be willing to support tuition for programs they think are needed and are of good quality.

7 Send the right person.

When you have decided that a particular program may be of benefit to your agency, make sure you send the appropriate person to the training. Does the training organization suggest who would benefit most from the training? If it seems that anybody could benefit, be cautious. Are there particular skills that a person should have in order to benefit? Are there special personality characteristics? Should staff members with certain levels of responsibility be sent? Is it relevant to board members? If the program is worth the investment, you want to make sure to send the right person.

8 Evaluate the training.

Before the training begins, ask the participant to prepare a report upon his or her return. What were the objectives of the training, and does the participant feel they were met? What was promoted in the brochure? Were the speakers listed really there? Did the program deliver what was promised? Does the participant feel that the skills and information acquired can be put to use within the agency? What was learned, how can it be used, and what does the employee need to use the skills obtained from the training? Ask the employee to make a plan, and make your commitment to support that plan, insofar as is reasonable.

To ensure maximum benefit from the training, get it all down in writing. Then share your opinion of the merit of this particular training program with other staff members and other agencies.

(These strategies are designed to help you improve the productivity of your employees through performance review.) II.B.8.

STRATEGIES FOR IMPROVING PERFORMANCE REVIEWS

#	Strategy	✓
1.	When discussing a performance problem, discuss it in this order: • Strength • Weakness • Common Solution. Example: "I think you're an extremely conscientious worker (strength); this leads you to slow down your work in the name of perfection, however (weakness). What do you suggest we do to overcome this problem?" (common problem)	
2.	Don't bombard an employee with too many ideas at once. Chances are none will be heard. Instead, present one idea (or related group of ideas) at a time, discuss them, summarize, and move on.	
3.	Never generalize problem behavior. Don't say, "Your performance was terrible last quarter." Instead, say "Your goal was 10% cost reduction, and you realized 8%. What can we do to improve this?"	
4.	If the meeting becomes emotional, let the employee vent his/her feelings. Ask questions that allow him/her to explain the feelings fully ("Are you saying you feel the secretaries are making it impossible for you to get your job done?").	
5.	Ask questions to involve the employee. Avoid a monologue at all costs.	
6.	Summarize agreements in writing and file for future reference (each person you supervise should have a performance review file).	
7.	Make notes to yourself of especially striking incidents (positive and negative) in the work life of the staff you supervise. These notes will refresh your memory and help you be more specific in review meetings. File them in the employees performance review file.	

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STRATEGIES FOR IMPROVING PERFORMANCE REVIEWS (cont'd.)

#	Strategy	✓
8.	When starting your performance review program, both you and your staff should fill in the staff member's job description without conferring. Use the first meeting(s) to discuss and alter that job description.	
9.	Whenever a work problem arises, always ask the staff member, "What do you recommend?" before stating your position. (Many managers tell subordinates to come to them with problems only when they have a recommended strategy for overcoming it).	

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(This form is generally applicable to all employees. You may want to add some specific skill questions.)

SAMPLE STAFF EVALUATION FORM

II.B.9.

NAME_____ POSITION_____ DIVISION/DEPT._____

DATE HIRED_____ STARTING SALARY_____ PRESENT SALARY_____

LAST INCREASE_____ AMOUNT_____

Rate employee only against requirements of job listed above

RATING CODE:
0 - Does not apply - not sure enough of judgement to rate
1 - Superior - on a part with the very best
2 - Above Average- Occasionally leaves something to be desired, but no problem
3 - Average - Satisfactory
4 - Below Average - Needs Improvement
5 - Low - Not suitable to job

JOB KNOWLEDGE:

A. Understands responsibilities & degree of authority_____
B. Applies basic skills to full use of ability_____
C. Possesses necessary experience to perform work duties_____

ADMINISTRATIVE ABILITY: (WHERE APPLICABLE)

A. Ability to plan, organize,control flow of work_____
B. Promptness in completing assignments_____
C. Willingness to accept responsibility_____
D. Capacity to delegate authority with responsibility_____
E. Motivates subordinates to maximum effort_____
F. Promotes harmonious working relationships_____
G. Extent individual's methods achieve results_____

JUDGEMENT:

A. Exhibits good judgement in arriving at conclusions_____
B. Discriminates in doing important tasks first_____
C. Can make objective & unbiased criticism of others_____
D. Makes independent decisions when precedent or direction not available_____

COST CONTROL: (WHERE APPLICABLE)

A. Degree of awareness of importance of cost factors_____
B. Guards against unwarranted increases in expense_____
C. Reduces expenses when and wherever possible_____

DEPENDABILITY:

A. Conscientious in the absence of supervision_____
B. Extent instructions are followed when important to do so_____
C. Intellectual honesty when reporting results of work_____
D. Respect for confidential data_____

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(SAMPLE) Continued

FLEXIBILITY:

A. Flexibility - performs various tasks simultaneously within scope of job_____
B. Ability to understand and make use of new changes in method of work content_____

RELATIONS WITH OTHERS:

A. Extent of tact and diplomacy when dealing with associates and customers_____
B. Ability to express oneself well in conversation_____
C. Degree of respect received from associates_____

PROFESSIONAL DEVELOPMENT (WHERE APPLICABLE)

A. Attends and participates in meetings of Technical or Professional Societies_____
B. Keeps well informed on current trends in field of endeavor_____
C. Extent formal education is being continued_____
D. Contributes to Technical Publications_____

SUMMARY:

1. What are employee's outstanding positive qualities?_____

_____

_____

_____

_____

2. Where in improvement needed?_____

_____

_____

Considering overall job qualifications, this employee is evaluated:

_____ Superior- represents best type for job
_____ Above Average - well satisfied with performance
_____ Average - would like better, but willing to kee
_____ Below Average - Unless improvement shown, should replace
_____ Too good for this job - should be advanced

Do you recommend salary increase Yes___No___Amt.$___to$_____per mo. eff.___

Date_____report prepared by_____
Approved by: Dept. Head_____Salary Committee_____
Report discussed with employee &_____Date_____

Additional Resources - Personnel Management

Analyzing Performance Problems, Mager, Robert F., and Peter Pipe. Belmont, CA: Fearon Publishers, Inc., 1970.

Executive Handbook for Nonprofit Corporations, Carner, Donald. Long Beach, California: The Executive Letter, n.d.

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The Human Organization, Likert, Rensis. McGraw-Hill, 1967.

MBO for Non-profit Organizations, McConkey, Dale D. Amacom, 1975.

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New Patterns of Management, Likert, Rensis. McGraw-Hill, 1967.

Performance Appraisal and Human Development, Smith, Howard and Paul Brouwer. Reading, Massachusetts: Addison-Wesley, 1977.

Productivity in Service Organizations, Heaton, Herbert. New York: McGraw-Hill, 1977.

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Systems of Organization, Management of the Human Resource, Bowers, David G. The University of Michigan Press, 1976.

IMPLEMENTING YOUR PROGRAM

Survival and Growth

Introduction

Once you have conceptualized, planned and begun implementation of your independent living program, it will be time to turn to the issues of survival and growth.

Program Evaluation will be critical to survival and growth. You, your Board of Directors and your staff will want to know how well you've been doing. Are you reaching the objectives set out? Decisions about programs cannot be made without this information. The reprint, The Process of Program Evaluation, will clarify many evaluation issues for you.

Every human service organization needs a base of broad community support and this base can be built on a sound public relations program. Getting Organized discusses ways in which you can develop good public relations through the media.

Another way to reach the public and your constituents is through an annual report. Material about producing your annual report is included to help you tell your story in the most effective way.

No discussion of survival and growth would be complete without emphasis on funding. When you have worked through all the tasks outlined in this resource book, it will be time to go back to Section IC and prepare to seek money to carry on the important job you've started...helping others to live independently as full participating members of your community.

(This material describes some basic evaluation designs and their application to program evaluation.)

THE MAJOR EVALUATION DESIGNS

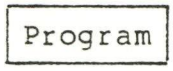
An Information Chart

#1

Design Name:

CASE STUDY

Graphic Representation



Description:

Document and interpret what has occurred in the program. Relies heavily on observation and interviewing. Differs from other designs in not relying on comparison as the basis for its conclusions.

Applications:

New or experimental programs for which clear comparisons don't exist and standards haven't been established. Example: a holistic health clinic. Widely used in conjunctin with other designs in many kinds of programs. Can fill in important information not obvious from statistics alone.

Factors Jeopardizing Validity:

History	Mortality
Maturation	Hawthorne
Instrumentation	Selection

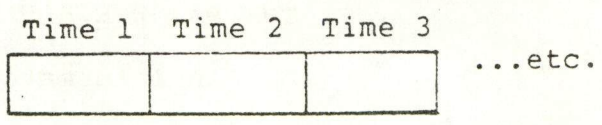
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#2

Design Name:

TIME SERIES DESIGN

Graphic Representation



Description:

Collect data on same group at two or more intervals. A prominent example is the "Before/After Program Comparison." Can be combined with almost any other design. Uses the group being studied as its own comprison by comparing performance of the group with its own performance at previous stages to show changes due to program. One of the simplest and cheapest designs to implement. Repetition of measurements over time intervals is a major strategy for increasing design validity by showing accidental values against a persistent trend.

Applications:

Broad applicability. Good with long-term programs. Example: Computer-assisted instruction program to improve math learning of junior high school students. Follow same group from 7th through 9th grades.

Factors Jeopardizing Validity:

History
Instrumentation
Hawthorne
Selection
Mortality
Maturation

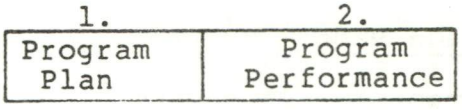
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#3

Design Name:

PLANNED VERSUS ACTUAL PERFORMANCE COMPARISON

Graphic Representation



Description:

Compare data collected at conclusion of program with goals and objectives of program. Not usually considered a true "design," it is nonetheless one of the mos prevalent and useful in social action programs. Essentially uses the program as its own comparison. Does not attempt generalizable experimental accuracy to degree of most quasi-experimental designs, but attempts to demonstrate success of program within agreed-upon, and thus in one sense validated, parameters. Gives greater control than average to program management over variables to be measured since these are defined by program goals and objectives.

Applications:

Any form of social intervention program, and new experimental programs. Often used with other designs. See Appendix C of this handbook for a final evaluation report of a child abuse prevention program which uses this design.

Factors Jeopardizing Validity:

Hawthorne Effect	Regression
Testing	Instrumentation
Selection	Mortality

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THE MAJOR EVALUATION DESIGNS (cont'd)

#4

Design Name:

CONTROLLED EXPERIMENT
COMPARISON GROUP

Graphic Representation

Group 1 (Treatment)	Group 2 (Control)

Description:

Uses a control group for comparison with the treatment group (that experiences the program). Can be combined with Time Series design (#6 below). Is a "true experimental" design only if a true control group is formed (random selection and strict comparability). Probably the most difficult and expensive design to implement. Gives the most valid results of all designs.

Applications:

Measure effects of introduction of a program to show precisely what changes are attributable to the program. Example: Compare recidivism rates for delinquent youths who engage in special counseling program with rates for exactly comparable group not experiencing the program. Used most often in educational research projects. Example: Compare reading skills of 5th grade students experiencing a reading enrichment program with skills of 5th graders experiencing regular reading curriculum only.

Factors Jeopardizing Validity:

Selection
Hawthorne
Testing

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THE MAJOR EVALUATION DESIGNS (cont'd)

#5

Design Name:

QUASI-EXPERIMENTAL
COMPARISON GROUP

Graphic Representation

Group 1	Group 2

Description:

Probably most commonly used design in social action programs. Is a "quasi-experimental" design because differences already exist between the groups before any measurement or treatment takes place. It is widely used because true experimental conditions are rarely available and because it can be used for most comparisons of groups (has broad applicability). Can be used with more than two groups. Can be combined with Time Series Design (#6 below).

Applications:

Compare any groups to isolate causes for observed effects. Examples: find out if students receiving nutritious hot lunches are more motivated than those receiving ordinary school lunches. See also Appendix B, Pages R-56-R-57 for group comparison of abused children according to sex of the child.

Factors Jeopardizing Validity:

Selection	Instrumentation
Mortality	Hawthorne
Testing	Regression

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#6

Design Name;

COMPARISON GROUP WITH TIME SERIES DESIGN

Graphic Representation

	Time 1	Time 2
Group 1		
Group 2		

Description:

Has same properties as other comparison group designs. Can be quasi-experimental or true-experimental depending on availability of a true control group. In case of true-experimental design the Time Series adds slightly to the validity of the design. In quasi-experimental designs, the Time Series comparison runs an additional check on the comparison group, making it in effect closer to a control group. Requires ability to measure program at meaningful intervals.

Applications:

Used in same situations as Comparison Group designs. Can be used to increase validity of a quasi-experimental design.

Factors Jeopardizing Validity:

Testing
Selection
Hawthorne
Mortality

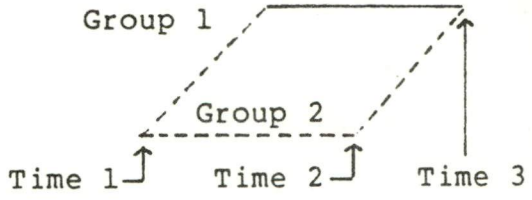
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#7

Design Name:

STAGING DESIGN

Graphic Representation



Description:

Repeats the same program with two or more groups, beginning the program at different times, and compares the groups. Group 1 (solid line) experiences the program from Time 1 to Time 2. Group 2 (dotted line) experiences the program from Time 2 to Time 3. Measurement takes place at each time interval. The graph above shows both groups at the same level at Time 3. The parallelism of the lines will indicate to what extent the rate of improvement in the groups is the same.

Applications:

Useful as a quasi-experimentl design choice in educational settings and training programs. Tends to compensate for the Hawthorne effect because repetition of the program counteracts the "newness" of the program for staff and participants.

Factors Jeopardizing Validity:

Mortality
Testing
Instrumentation
History

c Public Management Institute, 1980.

(This material will help you start a public relations campaign using the public media.)

GETTING ORGANIZED

If you want the media to take you seriously as spokespersons for the disabled community, you must project some kind of "corporate image." That's not to say that you have to be incorporated or tax exempt; you can be simply a group of friends who meet in someone's living room. But you should have a name, a letterhead, and some semblance of organization, and the best way to look organized is to be organized. Who and how many are you? What do you want to say and to whom? How do you plan to say it, and why? What resources do you have, and whom can you count on? How much money do you have, and can you raise more? You should be able to answer these questions before you attempt to plan, and certainly before you attempt to implement your campaign. Your answers may change as your program evolves, but knowing your direction and capabilities beforehand will increase the effectiveness of your efforts and save you time, money and energy.

Following are seven basic steps you should take before contacting the media in your area. If you already are dealing with media people, go back and take the steps anyhow. They'll give you a better idea of what you're doing and whether you're doing it as well as you can:

- Define your image.
- Know your issues.
- Determine your objectives.
- Identify your publics.
- Select your media.
- Harness your resources.
- Plan your campaign.

DEFINE YOUR IMAGE

Are you a small group of individuals? A humble grass-roots collective? Are you a coalition of several other groups or a local chapter of a larger one? Or are you a well-organized, well-funded, and politically connected association approaching the image problem for the first time? Is your posture moderate, militant, or scholarly? Are you identified with one particular disability or do you speak for all disabled persons? Do other disabled persons you know share your views, or are your group's philosophy and activities unique? Have you been following the activities of disabled rights groups elsewhere and are your views and objectives consistent with theirs?

When you have defined your image in light of these questions, be sure that it is acceptable to other members of your group and that it does not conflict with your objectives or with other elements of your program. Your image should be reflected in your literature, your rhetoric, and your activities. Have an artist prepare a logo or symbol for your group. The access symbol or a variation is fine, but it already is a bit of a cliche, seems to apply more to mobility handicaps, and is seen as relating to more architectural barriers than to attitudinal

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How to Make Friends and Influence the Media, Institute for Information Studies, Falls Church, Va. 1979.

ones. A totally new symbol, coupled with your group's name in a typeface that graphically expresses the image you wish to convey, will help communicate your message and will create a sense of unity among the other members of your group. Create a slogan, or adopt one already in use, and you instill a sense of purpose as well. Your image, as expressed in your name, your logo, your slogans, and your literature, will tell others who you are and what you're trying to do. The details and how many people you influence will depend upon your program.

KNOW YOUR ISSUES

Wanting to change media portrayals is not enough. You must be able to explain the damage that negative stereotypes and misconceptions have caused. Transportation remains largely inaccessable because planners believed that people with impaired mobility did not travel. Housing is generally inaccessible because architects assumed that, since one doesn't see too many wheelchairs rolling about, their users must all be in hospitals or nursing homes. And, while employers have for years been urged to "hire the handicapped", there has been, until recently, little talk of meaningful work, job-site modification, or, God forbid, executive responsibility. Disabled persons have traditionally been "done for" and have thus been discouraged from "doing for themselves". While government and many provider agencies sincerely believed that they were giving disabled people all that they needed, many disabled persons came to accept that they were getting all to which tney were entitled.

The disabled rights movement has begun to make changes. A number of social issues have been indentified, and their relationships with one another and with stereotypical attitudes have been defined. Housing must not only be accessible and affordable; it must be convenient to accessible transportation, which, in turn, must carry disabled workers to meaningful jobs at accessible job-sites. Accessibility and human rights laws must be enforceable and rigidly enforced, and we must have both laws and programs for the liberation and integration of those who have been confined to institutions simply because no other environment could accommodate their special needs.

Study each issue as it is being addressed on the national level and by other organizations in the movement, and then localize it according to conditions in your community and to the needs and scope of your campaign. Condense your facts into brief "backgrounders" that a non-professional, non-disabled audience can understand, and include these materials in your media kits when appropriate. Backgrounders and media kits will be discussed in detail in a later chapter, but for now you should become prepared to cite case histories that illustrate how the various issues affect real people in your community. People and their problems often are more newsworthy than the issues behind the problems, and you will get more public support and understanding if you avoid dealing in abstractions.

While knowing the issues may be vital to your campaign, being able to present them concisely will establish your group as a resource for the media and others to consult when disability-related matters come before the public.

DETERMINE YOUR OBJECTIVES

Your campaign's objectives must not be simply "to influence the media" or "to get publicity". The effectiveness of your influence and the quality of your publicity are far more important. Your campaign's objectives must reflect your group's objectives, and these, in turn, must reflect those of the movement. Your objectives will be a yardstick for measuring the effectiveness of your efforts and will guide you in planning and implementing your campaign.

Your primary objective should be to combat negative portrayals and stereotypes in media coverage of disabled people and the misconceptions they perpetuate in the public minds. But to this you should add some others according to your interests and capabilities. Some typical objectives might be:

- To publicize your group's existence, purposes, activities, and achievements so that your various publics will know who you are and what you are doing.
- To enlist support and cooperation from government agencies, the private sector, civic and community groups, and from disabled and non-disabled persons in your community.
- To articulate the needs of disabled persons so that they might be better reflected in legislation and public policy.
- To raise consciousness among specific publics, and among the general public, so that the attitudinal barriers of prejudice, paternalism and condescension, ignorance and fear and the damage they have caused, may be eradicated.
- To generate awareness and self-determination among disabled citizens in your community so that they may actively campaign, both individually and collectively for their own betterment.
- To reinforce the evolving image of disabled persons as an emerging minority and to give substance to the notion of a united disabled community.
- To establish channels of communication through which your message may travel with increasing rapidity, clarity, and credibility.

The concepts embodied in these objectives are broad and can be stated any number of ways. They should sound and feel right to you in light of your image. You can begin by examining the stated objectives of groups whose purposes and posture are similar to yours. List everything you feel that needs to be done, then condense them down into several concise, yet comprehensive statements. Your objectives, considered along with your image and your issues, will help you to do the next step.

IDENTIFY YOUR PUBLIC

Many social and political movements fail to impress the public and the media because they are too self-serving. They speak only to those already supportive of their philosophy, use slogans and jargon with which nobody outside of their movements can identify, or they threaten the positions of those they are trying to inform or motivate.

Your message must be phrased in terms of what your target audience or audiences can understand and appreciate. It should tie in with what they already know, although it need not agree. The image of a self-sufficient, hard-working, politically active disabled person is hardly compatible with the images portrayed by many provider agencies during their fund-raising campaigns. Yet it is this very contrast that makes this "new image" appealing and, therefore, newsworthy.

Your target publics are simply those you want to reach in terms of what you want them to do and you'll be surprised to see your list grow as your program evolves.

Some of the more obvious and more important publics are:

The Media

Yes, they are a public — your most important public. They are the keys that unlock the doors of public opinion, and there are as many of them as there are publics and shades of opinion. Since most non-disabled people have little contact with disabled people, their perceptions of disabled people and of their interests and capabilities, stem from those portrayed in the media. But you must also remember that the media person that you deal with at the local TV or radio station was raised with the same misconceptions about disability and disabled people. Their coverage of disability-related issues cannot help but be influenced by these preconceived notions, and it will require patient tutelage on the part of the informed activist and advocate to change these attitudes; it won't happen overnight.

Disabled Consumers

Many disabled persons, through no fault of their own, remain sheltered and uninvolved in the movement for opportunity and independence. Many provider agencies continue to discourage political action or awareness and continue to loom too prominently in the lives of those whose independence they purport to favor. Family members often are overprotective, and even government programs geared toward independent living have eligibility factors built into them that encourage depedence upon the program. It is not uncommon to find severely disabled persons who are willing and able to work but who simply cannot afford the luxury. Many consumers still are not aware of their legal rights or of the opportunities created for them by recent legislation. Some who are aware fail to assert these rights because they don't know how to or because they have been conditioned to "keep in their place."

We must raise consumer consciousness so that disabled persons may take their place in society; and we must tell them, as we are telling the world, that persons with disabilities are not merely patients, clients or statistics, but important members of a community. Utilize the general press through news stories and radio and TV spots to bring these latent activists out of the woodwork.

Activists and Advocates

There are numerous activist organizations within our movement. Some are large, some small; some are consumer-run, some consumer-staffed, and some run by parents or advocates. Some act independently of one another, and some have joined with others in national, regional, state or local coalitions. Yet many groups fail to let their colleagues in the movement know what they're doing, and they miss valuable opportunities to learn from one another's successes and failures or ride on each other's coattails.

It is important to find out about activists and advocates and to maintain contact with them through the media and through the mails. Contact coalitions and ask for a list of their member organizations. Get the names of those who handle each group's publicity, add these to your mailing list, and ask to have your organization be put on theirs. Find out which organization newsletters publish news about other organizations, and remember that the "disabled press" will usually be more responsive than most other media to your communications. Finally, contact the various media watchdog groups and find out what they can do for you and what your groups can do for them, and study the campaigns against media stereotypes of women and ethnic minorities because they have paved the road you are about to travel.

Professionals and Provider Agencies

Rehabilitation workers, doctors, teachers, caseworkers, and even the clergy occasionally view disabled persons in a paternalistic and overprotective way. This is in large part an unfortunate by-product of the provider-consumer relationship. While many professionals are quite enlightened and have become effective advocates, many others remain tied to their long-standing prejudices or locked into the repressive or unresponsive policies of the agencies that employ them. Professional journals and newsletters provide an excellent vehicle for social change; use them at every opportunity. Some examples include *American Rehabilitation*, a publication of the Rehabilitation Services Administration, and the *Informer*, prepared by the Arkansas Rehabilitation Research and Training Center at the University of Arkansas. These publications are widely distributed throughout the rehabilitation community. Check with professional organizations to find out about other target publications. Remember, how you influence professionals will directly affect how they treat and influence disabled consumers, and your professional allies will give added impact to your efforts to make provider philosophy and services more responsive and more conducive to real independence.

Relatives and Friends of Disabled Persons

How one functions in the "real world" is often a reflection of how he or she was prepared for it. While

many activists became such by rebelling against an overprotective home life, many others attribute their independence to the encouragement and support they received from family and friends. Let non-disabled people know how they can *really* help a disabled friend or relative and how to avoid smothering his or her independence.

Public Officials and Civic Leaders

Public policy is made largely by non-disabled officials with varying degrees of input from the disabled community. A growing body of legislation mandates citizen participation in public programming, and much of it specifically mentions disabled consumers. Office holders and political candidates are turning increasingly to their disabled constituents for input and votes, especially during election years. Keep in touch with public officials and try to involve them in your group's activities. Become actively involved in local politics; let public officials know that your interests are common with their own. They will begin to see you as a viable, voting constituency with women and minorities. In addition, you will be influencial; you will not only succeed in influencing the public official but also members, party leaders and their families.

Government and provider agencies have long urged employers to "hire the handicapped", but only recently has legislation been enacted telling at least some employers that they must, and to some extent, how. Your group can further educate local business leaders as to their obligations under the law, what people with various kinds of disabilities can and cannot do, and how to accomodate the special needs of an otherwise qualified disabled worker.

While businesses provide jobs, they also provide goods and services; and you can show local business leaders how to better serve their disabled clientele and help them get publicity when they do. A Brailled menu, a widened checkout aisle, or a special parking area at a local shopping center — all have potential news value. As technology and industry become better acquainted with the special needs and increasing buying power of disabled consumers, new and better adaptive equipment will become available at more affordable prices. Most businesses are served by specialized trade media and by the business pages of the general news media, and you should attempt to beam your messages to business leaders through these channels. The recent series of front page articles on sheltered workshops in the *Wall Street Journal* has brought national attention to this disability rights issue and resulted in a CBS *60 Minutes* segment on the same issue.

Civic and Fraternal Organizations

Civic organizations like the Rotary Club and the Jaycees traditionally deal with people and with issues affecting people, and you should actively seek out ways to harness their resources or participate in their activities. Some have long-standing relationships with the local media, and their credibility as news sources is unquestioned. A number of them publish newspapers and magazines for their members or their constituent communities, and some of these publications carry news from outside sources. As many of the larger civic and fraternal groups in your community are actually chapters of national organizations, the bonds you form at the local level can lead to similar cooperation in communities across the country.

The "General Public"

The publics described here, and the publics we have omitted or which defy description, all make up what we have come to call the "General Public." Most media are termed general media because they are aimed at general audiences, and a general audience is defined in terms of factors common to the largest number of people within it. But, while most general media speak to the interests and expectations of an unsophisticated general public, you can reach nearly everyone in some way, and on some level, by tying your message to their interests.

Your Own Group's Members

Don't overlook your own members, officers, or board (if you have one). You don't have to send them all news releases, but an occasional newsletter to the membership or a presentation at a general meeting will keep everyone informed about your activities and about how well you're doing. If your membership is small and active, this may not be required. If your members are spread out, inactive, or homebound, then a newsletter is essential.

SELECT YOUR MEDIA

When we think of "The Media," we think first in terms of the "hard news" — components of newspapers, magazines, radio and television that are geared to respond to breaking stories and thus more likely to respond to news releases and news events. But newspapers have a variety of departments and sections, magazines are often highly specialized, and most radio and television programming has little or nothing to do with the news of the day. Each medium, and nearly every department or component within it, has the potential for carrying your message to some segment of the public or publics you are trying to reach. And each has the potential for perpetuating negative stereotypes if not guided by your efforts.

These various media will be described in detail in the next chapter, but, before you can access and impact them, you must know what they are and where to find them.

Basic to any campaign is a good media directory, although the best one is often the one you compile and maintain according to your needs. If you plan to deal only with the media in your local area, you should have little problem compiling your list. On the other hand, if you plan to work with national publications, trade and professional periodicals, or network broadcasters, then access to a good directory is essential.

Several excellent directories are published on an annual basis, and many are available at the better

stocked public libraries. If you want the convenience of owning one, then be prepared to spend between $40 and $200 per year. While the five-volume *Working Press of the Nation* lists most of the nation's print and broadcast media and their personnel, it is sometimes better to purchase a few smaller, more specialized directories as these tend to be more up-to-date and often more descriptive. Some of these directories serve major media centers like New York and Washington, DC, while others list the major media serving even the smallest markets. In addition, there are specialized directories listing only news and wire-service bureaus, radio and TV talk shows, corporate in-house publications, college newspapers, and even obscure newsletters with circulations of but a few hundred. Yet many of the more accessible media — the local radio talk show, the small neighborhood weekly, the organization newsletter — often escape the attention of even the most comprehensive listings, and address, staff and format changes occur so rapidly that even the latest editions have trouble keeping up.

Once you have culled all you can from the directories, comb your local radio and TV listings for other programs, and your local classifed telephone directory for additional newspapers or periodicals. Make a card file of all the media you hope to contact, and list what you know about each media, the names and functions of contact persons, and something about the size and interests of each audience. Add your own contacts as you acquire them, and don't be afraid to call a publication or broadcaster to verify your information.

Be sure to keep your list up-to-date, checking it against new directories as they are released, and note the outcome of any dealings with your contacts. Make your list accessible and the information retrievable so that it can be used by others in your absence. If you expect to send frequent mailings to any of the media resources on your list, prepare labels or pre-addressed envelopes; and remember to address media people by their titles if you have any doubt that a given individual is in that position.

HARNESS YOUR RESOURCES

The scope and effectiveness of your campaign will depend upon the human, material and financial resources you are able to harness. While some are basic to even the most modest campaign, the addition of others will open new doors and present new creative opportunities.

Does your group have a dynamic spokesperson with an easily recognized disability? Names make news, and dry issues can come to life when articulated by a colorful and persuasive individual. Do you have talented people within or available to your group who can help you implement your campaign? Do you have sources of free or low-cost artwork or printing? Do you have access to mass-mailing facilities, copying equipment, and a word processor or automatic typewriter? Do you have ready sources of professional advice on matters beyond your expertise? Do you have enough money for postage and other costly campaign necessities? And finally, do you have a place to work, a typewriter and a telephone? These last three are your most vital resources for reasons that will become more obvious as your campaign progresses.

When you have assessed the resources you already have, shop around for other things you believe you will need.

Government agencies are often set up to work with community groups. Some may offer a wide range of services, use of their equipment or space, and occasionally even money or supplies.

Social agencies and community organizations are often well-funded, well-staffed, and well-equipped and may have under-utilized facitilities you can share.

Corporations can be a source of money, goods and services, and many of the larger ones have departments that furnish corporate resources to worth-while causes.

Fraternal organizations, like the Rotarians, Lions and Kiwanis, and civic organizations like the Jaycees can raise money, sponsor benefits, donate hardware, help promote your group, or directly aid individuals in your community. Many are service-oriented, while others simply respond to local needs when asked. But all include among their members the movers and shakers in your community, and their participation in your activities can represent their endorsement of your views and goals.

Universities, colleges and vocational schools often can supply the talents of students eager for "hands-on" experience. Some art schools and college art departments have public service advertising components, and a student film or videotape about your group or about disability rights issues could prove invaluable to your campaign. Some students receive academic credit for field work with community organizations, while others can be encouraged to develop your issues as subjects for term papers and reports. The secret here is the timing, and you should approach the appropriate academic departments as close to the beginning of the semester as possible.

Foundations, large and small, are required by law to give away a certain amount of money each year, although they alone decide how much they will give, to whom, and for which purposes. If your group is tax-exempt or can link up with one that is, you might try asking a foundation to underwrite all or part of your campaign.

Many excellent books and periodicals on how to research and approach foundations, and how to write and market proposals, are listed at the end of this book, but there are two things you should know before you seek funding from foundations: foundations can take as long as a year to decide whether to fund a proposal submitted to them, and they are apt to consider and fund only proposals that closely

meet their interest and giving patterns and not necessarily those that are innovative and socially relevant. Although numerous foundations continue to be involved in programs and services for disabled persons, many of their grantee agencies are the same agencies whose fund-raising drives perpetuate the poster child stereotype. A campaign attacking these negative images would thus appear radical, and an otherwise sympathetic foundation might well turn you down just to avoid rocking the boat. The secret here is research and perseverence, and both can pay substantial dividends if you know what you're doing.

Advertising and PR agencies often do *"pro bono"* work for worthy causes, and some of the larger ones have public service components. They do get credit for their work, but they also get to show off their talents in a socially relevant and often unique area.

An agency can provide creative and technical services, but you should be prepared to buy your own ad space and pay for your own printing unless these, too, can be donated. Shop around with your needs, and look for agencies that have done similar work for others. Contact the Advertising and/or Publicity Clubs in a city near you, as members of these professional groups often pool their talents to help a deserving organization.

Media watchdog groups, such as Action for Children's Television, The Citizens Communications Center, and the Media Access Project, can advise you on the laws and procedures through which you can access licensed broadcasters, and some may already be involved in attacking handicapist imagery in radio and TV. Advocacy groups like the National Organization for Women, NAACP, and the Anti-defamation League of B'Nai B'rith have already been involved in successful campaigns against sexist and racist imagery in the media and may have some advice to share with you on strategies and tactics.

PLAN YOUR CAMPAIGN

Once you have defined your image, studied your issues, determined your objectives, identified your publics, selected your media, and harnessed your resources, you are ready to plan your campaign. Your campaign can follow a precise schedule, or it can evolve as your resources evolve; but you should have a written program that clearly states your goals, whom you are trying to reach, the media you plan to use, and a program of strategies and tactics, how you plan to evaluate your effectiveness, and what you'll need in terms of money, supplies, or other resources to implement your campaign. You should continually refer to this plan, modify it if necessary, and discuss it frequently with other members of your group. You may depart from it occasionally to respond to crises or to take advantage of opportunities, but like a road map, you will need it from time to time to keep from getting lost.

Additional Resources - Survival and Growth

Ayer Directory of publications. Ayerpress, West Washington Square, Philadelphia, PA 19106.

Bacon's Publicity Checker. R.H. Bacon & Company, 14 E. Jackson Blvd., Chicago, IL 60604

Broadcasting Yearbook. Broadcasting Publications, 1735 DeSales Street, NW, Washington, DC 20036.

Clinical Approach to Program Evaluation. Edward M. Glaser and Thomas E. Backer, Human Interaction Research Institute, Los Angeles, CA 1972.

The Community Activist's Handbook: A Guide for Citizen Leaders and Planners. John Huenefeld, Boston; Beacon Press, 1970.

Conceptual Framework for the Description and Analysis of Human Service Delivery Systems. Social Welfare Research Institute, Denver University, CO, May 1972.

The Dartnell Public Relations Handbook. Richard W. Darrow, et al. The Dartnell Corporation, 1967.

DESIM: A Simulation Tool for Modeling and Evaluating Human Service Systems. Mudhukar V. Joshi and William F. Eicker. Florence Heller Graduate School for Advanced Studies Social Welfare, Waltham, MA. Applied Human Service System 1973.

Directory of Organizations Interested in the Handicapped, Washington, D.C. Committee for the Handicapped, People to People Program, 1111 20th Street, NW, Washington, DC 20036.

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Evaluating the Effectiveness of Social Services. Robert Elkin, and Darrel J. Vorwaller. Peat, Marwick, Mitchell and Co., New York. 1972.

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How to be Heard; Making the Media Work for You. Klein, Ted, and Danzig, Fred. New York; Macmillan, 1974.

How to Protect Your Rights in Television and Radio. Jennings, Ralph and Richard, Pamela. New York; United Church of Christ, Office of Communications, 289 Park Avenue South, New York, NY 10010, 1974.($5.50 postpaid).

Hudson's Washington News Media Contracts Directory. 2626 Pennsylvania Ave., NW, Washington, DC 20037.

Media Access; Your Rights to Express Views on Radio and Television. Shapiro, Andrew O. Boston, Little Brown and Company, 1976.

Media Relations Kit. League of Women Voters. League of Women Voters of the United States, 1730 M Street, Washington, DC 20036.

News Bureaus in the U.S. Richard Weiner, Inc. 888 Seventh Avenue, New York, NY 10019.

Pollo Handbook of Public Relations. Adams, Alexander B. New York; Thomas Y. Crowell Company, 1965.

The Process of Program Evaluation, John Van Maanen, (reprint). The Grantsmanship Center, Los Angeles, CA 1980.

Producing a Public Relations Program for Disabled Adults. Ruffner, Robert H. (The President's Committee on Employment of the Handicapped) Washington, DC; The President's Committee on Employment of the Handicapped, 1978.

Professional's Guide to Publicity. Weiner, Richard. New York; Richard Weiner, Inc., 1978 (revised).

Radio and TV Contact Cards (NYC news and talk shows) Media News Keys, 150 Fifth Avenue, New York, NY 10011.

Standards for Evaluating Administrative Practices of Human Service Organizations: A Handbook for Agency Self Assessment. Health and Welfare Council, Baltimore, MD.

A Short Course in Cable, 1974. New York; United Church of Christ, Office of Communications, 1974.

Social Policy Analysis as the Interpretation of Beliefs. Martin Rein. Massachusetts Inst. of Tech., Cambridge. Dept. of Urban Studies and Planning. 1971.

Social Program Evaluation. Guidelines for Health, Education, and Welfare Administrators. Tony Tripodi, Phillip Fellin, and Irwin Epstein. Michigan Univ., Ann Arbor. School of Social Work. 1971.

Storefront Organizing; A "Mornin' Glories" Manual. Brown, Sam W. New York; Pyramid Books. 1972.

The Techniques of Working With the Working Press. Golden, Hal and Hanson, Kitty. Dobbs Ferry, NY; Oceana Publications, Inc., 1962.

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REPRINT SERIES ON MANAGEMENT.

Your Annual Report: How to Plan, Produce, Package and Promote It

By Frances A. Koestler
adapted by Anne L. New

Years ago, community agencies had some degree of choice as to whether or not they would make a yearly public accounting of their operations. Today, this option has all but vanished. For organizations large and small, annual reports are "musts."

Although we refer here to "annual" reports for reading convenience, the suggestions in this article are equally applicable to agencies whose resources dictate less frequent reports—perhaps even every several years. In some instances, the reports are a legal obligation, written into the agency's charter, operating license or legislative mandate. In other instances, they are a condition of the agency's participation in a local, regional or national fund-raising campaign. In still others—indeed, almost universally—they are a response to the demands of an increasingly sophisticated public for precise knowledge of just how contributed or tax funds are spent, and what the expenditures accomplish.

An annual report may be an obligation, but it is also an opportunity. When thoughtfully conceived, written and produced to present a vivid portrait of your agency in action, it can simultaneously record the past, interpret the present, and provide an intriguing glimpse into the future.

It can reinforce the loyalty of your existing constituency and attract new adherents and supporters.

Frances A. Koestler has served as public relations director for many nonprofit organizations and wrote *Planning and Setting Objectives* for the Public Relations Society of America. She is currently editor of the *Matilda Ziegler Magazine for the Blind.* Anne L. New has been coordinator of public information services for the Girl Scouts of the U.S.A. and director of fund raising and public relations for a variety of nonprofit organizations. She is co-author of *Using Standards to Strengthen Public Relations.*

It can clarify and shape public attitudes on significant social problems and issues.

It can identify changing trends, analyze and portray their impact on individuals, on groups or on the community as a whole.

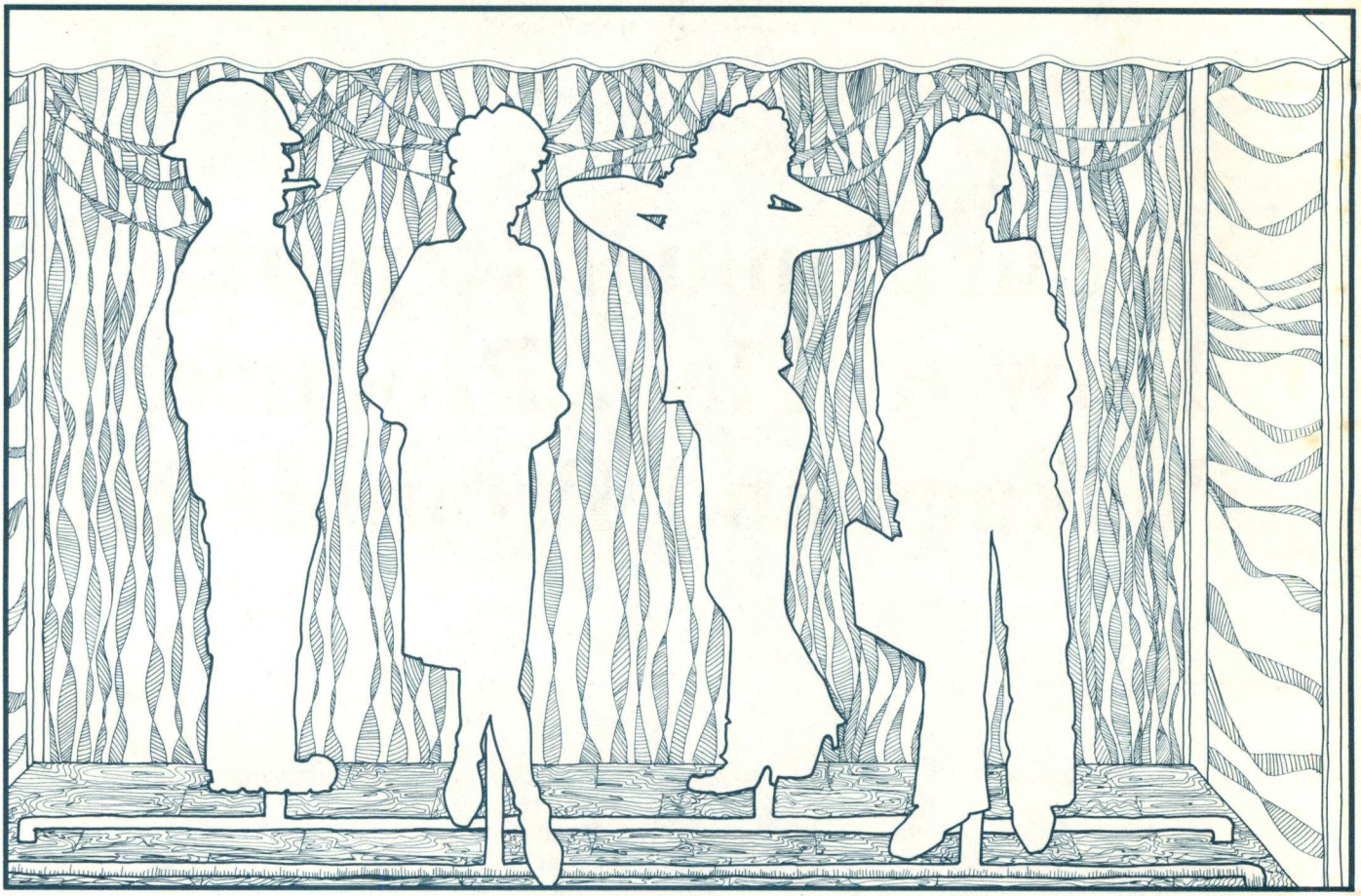
In doing any or all of these things, it can reinforce your agency's image as an alert and constructive force for human betterment and can be a valuable, credibility-enhancing adjunct to a proposal.

Before pinning down what an annual report is, it may be useful to specify what it isn't. An annual report is not a catch-all. It cannot simultaneously serve as the agency's comprehensive history, its organizational blueprint, its operating manual, its statistical stockpile and its justification for existence.

The basic function of an annual report is to render an account of a single year's activities and expenditures. As you begin to think about your annual report, therefore, the first question to consider is: What *really* happened in your organization during the year? Was it a year of calm progress toward predetermined goals? A year of fast-evolving change? A year that produced a major crisis? A year when unforeseen circumstances threw you a curve? A year when your agency achieved an important landmark? Once you have identified the dominant characteristics of the year, you can shape a document that accurately reflects the past.

That same document can serve to advance your progress toward future goals. The trick lies in choosing a theme that makes use of the past to light up the path of the future. After all, your organization does not shut down on December 31 and start out on an altogether different tack on January 1. Organizational work is continuous, cumulative; whatever new directions are explored are the gradual outgrowth of experience and planning.

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Pinpoint Your Targets

With your purpose firmly in view, the next question is: Who are the people whose interest and support need to be enlisted for achievement of that purpose? At whom will your report be aimed? To whom will it be sent?

The annual reports that make a solid impact are those that zero in on specific, pre-selected targets. A knowledge of precisely whom you are addressing will influence the content, style and format of your report. That in itself is reason to develop your distribution list before tackling the writing phase.

There are also other practical arguments in favor of this procedure. The size of your list will determine the quantity of reports you will need. Relating that quantity to your budget will tell you whether you can afford a 24-page illustrated booklet printed in two colors or whether you must restrict yourself to a third as many pages in a more modest format. A predetermined list will keep you from printing so many copies that half of them will gather dust on your stockroom shelves. It will save you, as well, from the equally expensive error of ordering too few copies and having to put the report back on the press for an additional run.

Building a distribution list starts with your core audiences: the individuals and groups with an unmistakable interest in your program. If yours is a typical organization, your core audiences will include:

—The members of your governing body as well as selected former members.

—The membership of your program committees, advisory or auxiliary groups.

—Your total staff, and perhaps some former employees as well.

—Officials of any legislative or administrative public authority which may be the source of all or part of your operating funds.

—The executives, board members, budget or allocation committee members of any united fund-raising effort of which you may be a beneficiary.

—Civic, professional, labor or other groups which assist in your work or give you financial backing.

—Contributors from whom you receive major support: individuals, organizations, business firms, foundations, etc.

—Potential contributors, including foundations, corporations and government agencies, as well as individuals.

—Executives and key staff members (perhaps also board members) of any agencies with which you maintain cooperative working relationships.

—Persons or organizations who serve as your sources of referral, or to whom you have occasion to refer clients for services: doctors, hospital clinics, school officials, judges, clergymen, lawyers, guidance counselors, vocational training or employment services, etc.

In adding up the quantities of reports needed for these core groups, include a sufficient number for your organization's reception areas, allowing for replenishing of this supply as visitors help themselves to copies (as they should be encouraged to do) or as those copies on display grow dog-eared from handling. Also check with your agency's personnel people to see whether they need a supply for staff recruitment purposes or for orientation of new employees.

The greatest single pitfall in distribution of annual reports is the routine use of the same list, year after year, without pruning deadwood or adding fresh names.

Depending on the thrust and purpose of your report, as well as on your financial resources, you may want to consider some additional categories:

—Local, state and federal legislators representing your district or serving on committees whose scope is related to your agency's program: health, housing, social welfare, child care or whatever.

—Opinion shapers and community leaders who should know more about your work, including newspaper editors and radio and TV executives who handle public service programming.

—Graduate schools and professional associations in public health, medicine, nursing, law, social work, rehabilitation, urban renewal or whatever fields your area of activity may embrace.

—Public, school and university libraries.

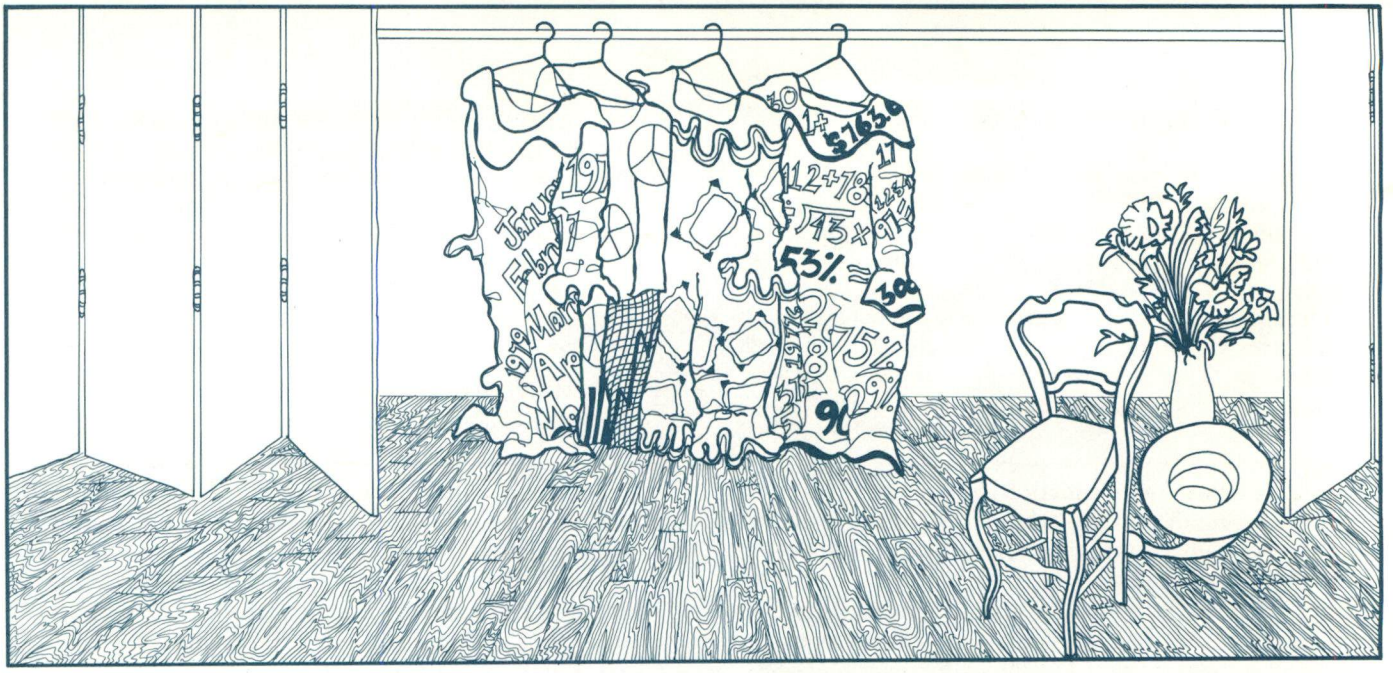
—Present or former clients or potential client groups.

—Your local Chamber of Commerce or Better Business Bureau.

—Vocational guidance counselors and, perhaps, selected classes of high school or college students.

Obviously, no single type of list fits all organizations and all reports. The decision on how far to extend the circle of readers is one that must be made individually. Keep in mind, however, that such a decision should be made fresh each year. The greatest single pitfall in distribution of annual reports is the routine use of the same list, year after year, without pruning deadwood or adding fresh names.

However you approach the question of list-building, in ordering your press run, leave a liberal margin for afterthoughts. Ideally, list-building should be a year-round process; in practice, it is often a last-minute scramble when the report is already on the press. Ask for suggestions from members of your organization's staff, board and volunteers. The person in charge of preparing the annual report probably won't know about the high school dean who cooperated so generously with a staff member in coping with a troubled youngster's problems—or about the dairy firm that gives the agency's purchasing department such generous discounts on milk for the day nursery program—or about the lawyer who accepts only a token fee in representing agency clients in court actions. It is the individual worker who knows of such people; but unless that worker is exceptionally public relations minded, he or she is not apt to think of sending them the agency's annual report unless reminded to do so by a specific memorandum asking for the names of such "special friends" of the agency.



Your Pick of Patterns

Having thought through the question of theme, and having gained a clear image of the people whose interest and support can help achieve the goals embodied in that theme, your next task is to pick the pattern that can best do the job for you.

At first glance, the range of pattern possibilities may seem bewilderingly wide. Some annual reports are decentralized into separate sections for each department. Some take a chronological approach, using the calendar as framework. Some cover the ground by means of a single case story or a group of representative incidents. Some are written from the single, personalized viewpoint of a client, a staff member, a volunteer, or a visitor. Some consist mostly of figures and statistics. Some are pure narrative. Some keep both numbers and narrative to a minimum in favor of a picture-story technique. Some are centered on types of problems or major areas of need.

The interesting thing is that every single one of these patterns can be made to work—and every single one can just as easily fall on its face. What determines the difference between success and failure? For the most part, it's a question of how well the selected pattern is adapted to the report's central idea.

Whatever pattern you choose, somewhere between the covers of your annual report the reader should find clear answers to the following questions:

1. What is the name and complete address of the organization?
2. Is it a tax-supported public agency authorized in legislation or by executive decree? A voluntary agency legally chartered, incorporated or licensed as a nonprofit organization? A local branch of a national or state public or voluntary organization?
3. By whom is the agency governed? Are policies set by a voluntary board of directors, by a higher public authority, by an officially appointed advisory body?
4. What are the organization's fundamental aims and purposes? What segment of the population is the organization designed to serve: families, children, old people, adolescents, a specific racial or religious or economic group, people with a particular kind of social or health problem, people who live in a particular neighborhood? What geographic area does the agency's program embrace?
5. What period of time is covered by the report?
6. What specific services were rendered during this period? How many people participated in or benefited from them? What results did the services produce?
7. How long has the organization been in operation? Is it the only one of its kind in the community? If not, what segment of the total job does it accept responsibility for?
8. Does the organization work in partnership with other community groups? What forms of cooperative effort exist?
9. What significant national, regional or local developments had a substantial impact on the agency's work during the year? How will these developments affect future programs or services? What important changes are contemplated to cope with newly emerging needs?
10. How much money did the organization spend during the period covered in the report? Where did it come from? What were the major categories of expenditure and how much was spent in each? How did the year's income compare with expenditures? If there was a deficit, how was it met? What assets does the agency own and what is their worth? By whom were all these financial figures audited and certified?
11. How well did the organization measure up to its own goals and expectations during the year? If its resources of money or staff or facilities fell short of the needs, what plans have been made to correct such shortages in future?
12. In what ways can the reader act to advance the organization's work?

Depending on how your annual report is structured, the elements embodied in these questions may be

covered briefly or in depth. They may *not* be omitted; they are "musts."

For voluntary agencies, two other features that are usually considered "musts" are the form for making a gift and the bequest form which cites the legal terminology required for the organization to become the beneficiary of a legacy. The inclusion of these forms in each year's report serves as a constant reminder that the agency needs and welcomes gifts and bequests.

The language of a bequest form can be as simple as the following statement, taken from the annual report of a New York agency: "I give and bequeath to the [name of the organization], or its successor or successors, the sum of _____ dollars for uses and purposes of said corporation." However, since inheritance laws vary from state to state, it would be prudent to check the wording of the bequest form with legal counsel. A form for making a gift included in the annual report of a national agency reads: "I hereby give to the [name of organization] a not-for-profit corporation located in [name of city and state] the sum of _____ dollars ($ _____) to be used for the general purposes of [the organization] at the direction of its Board of Directors."

Organizations that conduct endowment fund campaigns may also indicate the different types of deferred giving, such as insurance policies and various forms of trust funds, that are available to contributors under tax and inheritance laws.

Commonly Used Patterns

The impact of your report will largely depend on the overall pattern you choose. Here are some possibilities—with their advantages and disadvantages.

Department-by-Department. Since most organizations are divided into administrative segments, can these departments serve as the framework for an annual report?

Sometimes. The decentralized pattern will often work out well if the agency is a "conglomerate"—i.e., if it has a many-pronged program whose parts are loosely interrelated. In the nonprofit field, there are a number of such structures, created through merger, in family and children's services, in health and rehabilitation work and in various types of public welfare operation.

Even for multi-service organizations, and certainly for the single-purpose agency, the department-by-department approach has inherent drawbacks. For one thing, it tends to obscure the whole by focusing on the separate parts. For another, it sometimes gives rise to internal pressures and rivalries. In a multi-service children's agency, for example, the foster home program, which is responsible for a larger number of children than the institutional division, may take the position that it deserves a larger proportion of the report's space. But, from the reader's viewpoint, which *must* be the predominant consideration, there may not have been important changes in foster home care that year, while the institutional program may have begun a significant new approach to treatment of disturbed children. (The annual report writer has problems enough without having to mediate competitive pressures of this kind!)

Decentralized reporting also raises questions of continuity. In this same agency, for example, a child may very well spend some time in a foster home, then be transferred to institutional care. Or vice versa. Where does his story belong? And how can the reader be made to understand that the separate departments coordinate their work on behalf of the individual child?

The most serious difficulty in the department-by-department pattern is that it does not satisfy the interests of average readers, who want to know the end product of the agency's work and don't care to thread their way through the details of its structure. Operational details may be essential in an agency manual or in a professional paper geared to specialized audiences. In annual reports, they tend to create obstacles to communication.

If the agency's structure nonetheless dictates the use of this format, the reader can be helped to integrate the separate components by means of the kind of synopsis suggested on page 54.

Using Time as Framework. On the surface, the chronological approach seems to have logic in its favor. For most agencies, however, a January-to-December account proves unduly constrictive.

If the year's high spot took place in April, readers of the chronologically-arranged report must first plow through three duller months to get there—and they may lose interest before reaching halfway through February.

And what is to be done when August was the same as July, only more so? In an effort to differentiate two similar months, the writer may be driven to create artificial contrasts by blowing up trivia. Worse still, he or she may be tempted to employ the rhetorical (and unsatisfactory) device of using different words to phrase the same ideas.

By and large, the "log" approach only works well when time is an intrinsic element of the annual report's theme. This might apply to an agency's first year of existence; the reader can be made to share the cumulative excitement as the agency starts up one operation after another. It might, perhaps, apply to the construction of a new facility, especially if there is suspense as to whether the scheduled opening date will be met.

Time can also serve as a framework in an anniversary report, in which successive milestones and eras of growth are identified as stepping-stones toward current and future programs.

While the chronological format has limitations, the element of time can be employed with dramatic effectiveness in different ways. One is a "stop-the-clock" pattern, in which the theme of the report is to show how many different activities take place simultaneously in the agency. Such a report might select a moment in time, say 11:27 A.M. on October 15, and show, room by room and floor by floor, what was going on in the agency right then. Handled with flair and skill, this makes for absorbing reading.

A variation of this idea, well-adapted to hospitals or other organizations that deal in human crises, takes a 24-hour span and conveys the hour-by-hour tension created by successive emergencies.

The Quick-Glimpse Technique. The report based on a single case story or a series of dramatic incidents has the advantage of capturing and sustaining reader interest. Well-chosen case histories or excitingly told incidents have much the same appeal as fiction.

The danger in this approach is that the entertainment value may outweigh the interpretation value, leaving the reader with a skewed, ill-balanced picture of the agency as a whole. This pitfall is particularly perilous when the incidents are of a humorous or whimsical nature. When they are through laughing, readers may wonder how seriously they should take this agency.

Once again, it boils down to a question of theme. If the case story spans the breadth of the agency's services—if the selected incidents have a common thread related to the agency's basic purposes—if they show the diversity of human problems the agency confronts and solves—then the quick-glimpse technique may be the best pattern. Its use, however, requires a high degree of craftsmanship.

The Single-Viewpoint Account. The year's work as seen through one person's eyes can be a compelling document for an organization offering direct services. It tends to make dull reading, though, when the agency's function involves such abstract factors as community planning or program coordination.

There may have been the stuff of drama in a community council's struggle to arrange a merger between two parallel local agencies, or in its effort to induce a substandard service to professionalize its staff. It is seldom either politic or possible, however, for the council's president to write the behind-the-scenes story of how much pushing and pulling was needed to achieve such results.

On the other hand, a cogent report might be written about the agency from the viewpoint of a visitor with an inquiring mind. Such an approach could bring out, not what the visitor sees (which is people behind desks), but what he learns from talking with these desk-bound people. The folder on one desk may contain a detailed plan for a needed health center in a slum neighborhood; the papers on another may reveal a pioneering approach to work with drug addicts; the phone call that interrupts the visitor's talk with a third staffer may relate to a strategic social measure before the state legislature.

For direct-service agencies, the most effective single-viewpoint reports are written through the eyes of a social worker. A diary format, tracing the course of a social worker's progress on a handful of cases in the past year, can convey how complex and frustrating are the problems of the agency's clients and how resourceful and skilled are the agency's staff members.

A report of this kind might be keyed to one of several themes. One possible theme could be that instant answers are for television dramas; in real life, solutions come slowly and so does progress. Another could be that professional workers are expensive but worth it. Still another could center on the idea that, with skilled help, even seemingly hopeless people can be motivated to improve their lives.

A frequently used personal viewpoint is that of the child client. Well-executed reports keyed to this device have strong appeal, but they are far from easy to write. Achieving depth of meaning through childlike language takes considerable artistry.

The economy and control entailed in this pattern can be seen by examining in some detail an annual report put out by St. Christopher's School for disturbed children at Dobbs Ferry, New York. Printed in 9" x 6" size on rough-textured paper, the report contains only 12 pages. Of these, five are given over to drawings made by children in the school. The bulk of the narrative consists of three single-page statements: "My Name Is Susie," "My Name Is Tom," "My Name Is Arthur." In each statement, simple declarative sentences try to tell a little about what being in the school means to Susie or Tom or Arthur. The reader is aware that the children did not actually write these statements, but willingly goes along with the assumption that they represent the essence of what the children think.

Here, for instance, is the full text of "My Name Is Arthur":

> "I am 13. Everybody calls me Artie. When I came here, I didn't talk. I hollered a lot and screamed, but I didn't talk, especially to grown-ups.
>
> "I couldn't even read, but I wouldn't tell anyone so they wouldn't make fun of me. I used to throw the book across the room and tell the teacher I don't care. Then I'd get sent to the principal and I'd tell him I don't care.
>
> "I guess they cared, though. They've got special teachers here who really know how to help kids to learn. I can read now and I like to read. The teachers like me, not only the teachers here but in real public school too. I'd like to go to High School and be a cook.
>
> "I used to think the only time people would do anything for me was when they had to. Now I think maybe people help me because they want to.
>
> "I like to talk to people now."

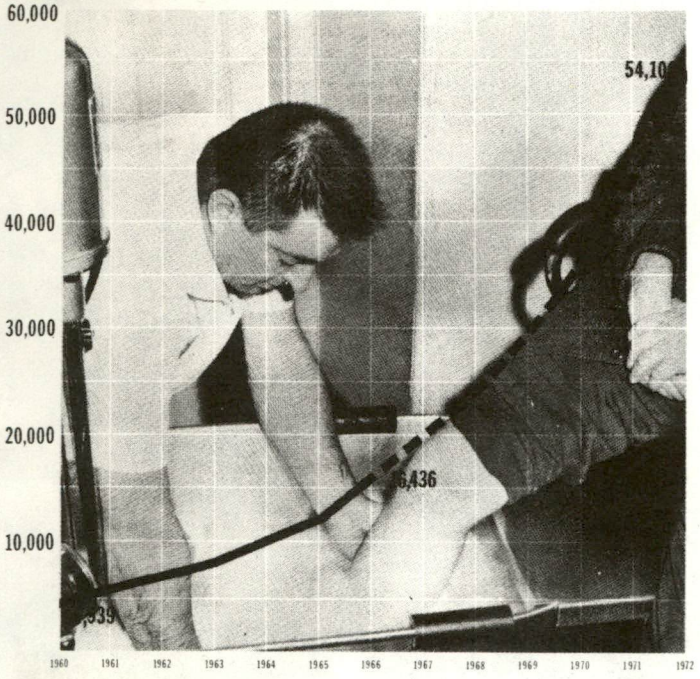
Two of the report's remaining four pages are given over to short summaries by the school's executive director and board chairman, describing the institution's structure, purposes and sources of support; the other two contain an audited financial statement and a list of officers and directors.

The entire treatment makes for an annual report with punch; it is the kind of report that could be designed with a back pocket to serve as a kind of multi-purpose interpretive leaflet.

Spotlight on Statistics. Seldom seen these days is the annual report that consists wholly of statistical tables. This pattern is desirable when the report constitutes a kind of "fact book" to describe large-scale trends that are only meaningful when expressed in numbers. Organizations that may need this type of approach are those concerned with broad problems—housing, urban renewal, city planning and regional distribution of health services, for example.

Because numbers communicated through tabular lists leave the average reader cold, the usual method of bringing figures to life is through stylized graphic symbols. Superimposing a line graph on a photograph

illustrating the subject of the statistics helps the reader remember that the numbers stand for human beings.



A Sommerville, Massachusetts, hospital used a graph superimposed on a photograph to show the actual rise in number of out-patient services (solid line) and project the expected trend for future years (broken line).

The Picture Story. The opposite of the statistical report is the picture-story pattern, which centers attention on people and incorporates relevant figures in photo captions.

Picture stories are well adapted to organizations dealing in group services: community centers, schools, camps, libraries, settlement houses, churches, youth movements. They can be equally effective when the report's theme is relayed through a single individual—say, a handicapped child—pictured in a series of well-contrasted activities.

The picture-story approach is seldom suitable, however, for counseling agencies, where services are primarily built on one-to-one relationships and "action" tends to take an internalized form. While organizations of this nature can and do use photographs, their reports generally need the addition of interpretive text to help the reader understand the subtlety and depth of their services.

The Problem-Centered Approach. Probably the most versatile pattern for annual report treatment centers on types of problems or broad areas of need. Almost any kind of organization can use this structure to link up well-known community concerns with individual case vignettes. The reader thus gains a sense of real people interacting with familiar social forces and environments.

A successful example of this approach is a report issued by the Federation of Protestant Welfare Agencies, New York, whose constituent organizations span all age groups. The report's program content is divided into three sections.

The first, which recounts the year's work in various aspects of child care, is headed "Helping Children Make It." This heading is followed by an appealing case vignette:

> "Jamie is only nine years old—but he has known enough heartbreak to last a lifetime. Deserted by his father and his mother, Jamie reluctantly was taken in by relatives. They clothed him and fed him but Jamie hungered for something he had never known. Warmth. Human contact. An arm around his shoulder. A goodnight kiss. Love. When the need became unbearable Jamie would run away, seeking, seeking.
>
> "Last year Jamie was placed in a children's shelter . . . ."

A second omnibus section, summarizing work with adolescents, uses a provocative question as its heading: "Youth . . . The Happy Time?"

The third section, "And Now We Are Aged and Gray," follows up this sentimental heading with a jolting change of pace. Here is the case vignette which opens the section on services to the elderly:

> " 'The only way I know how to help her is to die.'
>
> "Out of the depths of her despair came this cry from Mrs. Mary L. who has arthritis, glaucoma and heart disease. Mrs. L. lives with her only daughter . . . and she is overwhelmed by a sense of guilt about being a burden to her."

Tying these three sections together is the overall title, "People Who Need People," which states the report's theme and gains emotional reinforcement through association with the song of the same title.

Even when the human element is less prominent, the problem-centered annual report pattern can be skillfully developed. In a report put out by the Long Island Jewish Hospital, the theme is announced on the cover in the form of a question: "What Progress Toward Our Goals?" The report's text never takes its eye off this subject. Its section headings are labeled as follows:

> Goal 1. Patient Care of the Highest Order
>
> Goal 2: To Meet and Anticipate Community Needs
>
> Goal 3. To Serve as an Outstanding Teaching and Education Center

The seach for originality boomerangs when the effort to be "different" sacrifices clarity, consistency or accuracy.

The narrative under each heading summarizes the contributions made during the year by various hospital departments. Although the main subject of the report is the hospital as a whole, there are numerous reminders to the reader that hospitals function through people. Illustrations, brightened with color washes, suggest the many kinds of staff and activities involved in a hospital program. The overall impact is that of a well-organized institution moving purposefully toward worthwhile objectives.

These commonly used patterns by no means exhaust the possibilities, but be forewarned: the search for originality boomerangs when the effort to be "different" sacrifices clarity, consistency or accuracy.

Among unconventional techniques, used with varying degrees of success, are those cast in the form of real or imagined dialogues. A health agency whose executive was interviewed by an experienced radio reporter used an edited transcript of the interview as the text of its annual report. With the help of careful cutting, the report read briskly and conveyed the flavor of a friendly and informative conversation.

While this particular effort came off well, the average report in dialogue form generally betrays its artificiality. As any fiction writer can testify, a flow of natural-sounding dialogue is hard to produce, particularly when space is limited and the writer is trying to force a lot of unrelated facts into a conversational framework.

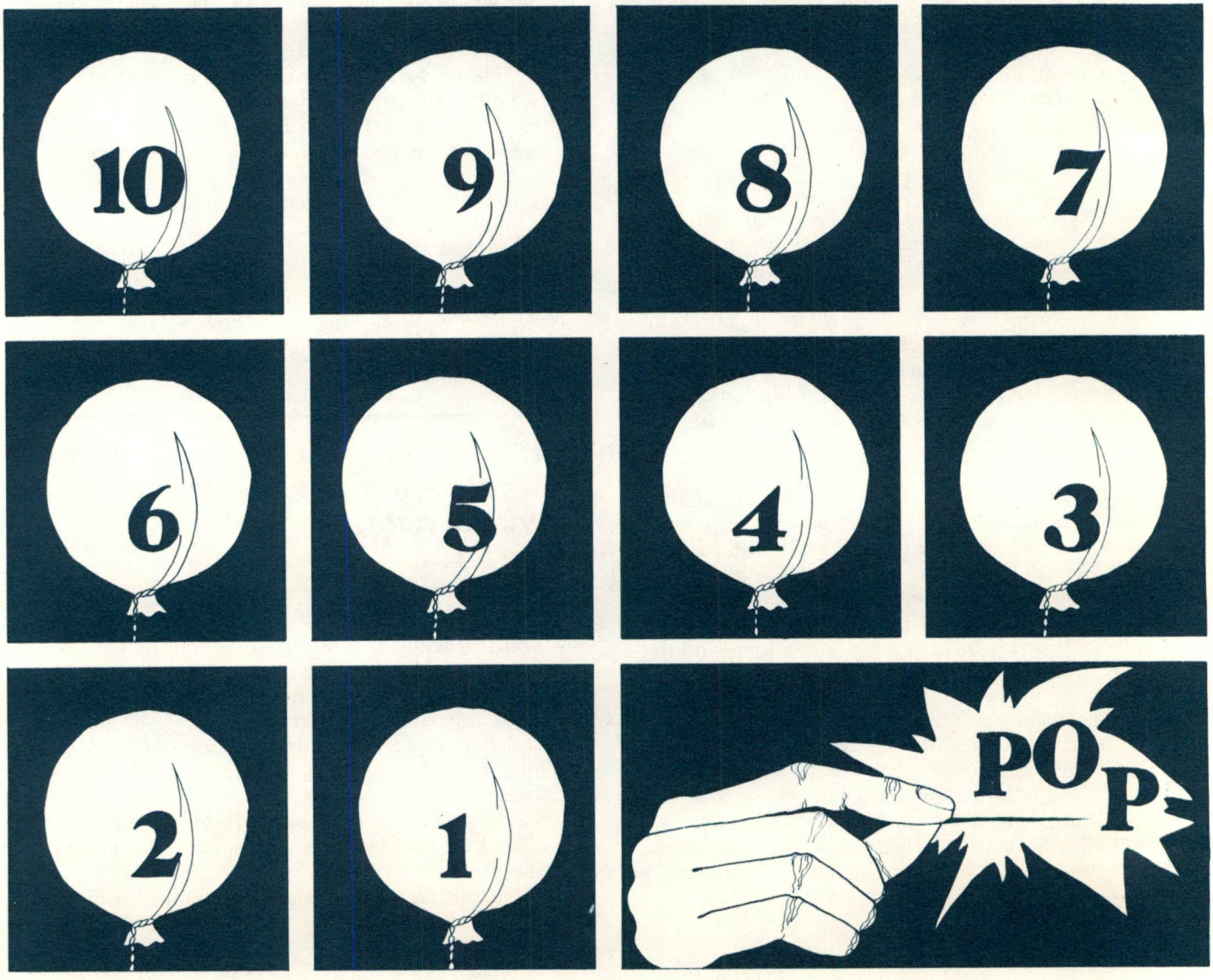
A number of agencies have experimented with annual reports in wall-calendar format. While an attractively illustrated calendar may keep the name of the agency before the recipient day in and day out, it is questionable whether much more than the name sinks in.

The use of metaphorical themes (the tree whose branches are supposed to represent different aspects of the agency's work, the jigsaw puzzle whose pieces make up a picture of the agency, the "birds of a feather" who flock together, etc.) fortunately has waned. What starts out as clever usually ends up as cloying, wearisome, forced, or all three.

Countdown

Perhaps there are a few disciplined souls who obey the injunction that the time to start working on next year's annual report is when this year's comes off the press. For most of us, getting out an annual report is more apt to be a crash program. That being the case, can anything be done to make it less of a crisis?

Yes. It's called planning, and what it costs in time and thought is amply repaid by the end result.



While no single plan fits all circumstances, one approach is universally applicable: objective analysis of your last annual report and your experience in producing it. Here are some revealing lines of inquiry to be pursued:

Which features of the report attracted the most favorable reactions? How did these features come about? Did they result from ideas exchanged at a staff conference—from consultation with board members or the public relations committee—from random jottings you tossed into a folder in the course of the year? Whatever the sources, perhaps they can be plumbed again with equally rewarding results.

What were the report's weaknesses? Were the photographs those you really wanted, or those you had to settle for? Now may be the time to restock your picture file. Was a telling sidelight left out simply because you didn't know about it until too late? You now have a chance to fortify lines of communication with the colleagues who can supply you with significant tidbits in the future.

How long did it take you to do the actual writing? Was there time enough to do the best job you were capable of, or did you stop short of a final polishing because of deadline pressure?

Did you allow enough time for clearance of facts, figures and interpretation with other staff members, or were you (and they) rushed into superficial review because the printer was waiting?

What about design? Did you have sufficient time to weigh various possibilities and select the best, or did design also turn out to be a make-do proposition?

Were your manuscript, artwork and design ready early enough to allow you to get bids from several printers? Was there sufficient time provided for the actual printing, or were you stuck with overtime charges?

Incidentally, did your printer prove reliable, and keep to the schedule and price estimated? If not, a change may be in order and you now have a chance to check around with other organizations for recommendations.

What about mailing and distribution? Were your lists, envelopes or labels all set, so the report could be sent out as soon as it was printed? Were there delays because of the need to process or personalize covering letters? Could these have been done in advance?

Was production of the report timed for coordination with your annual meeting? Was it ready for distribution as you planned?

Answers to questions like these can provide valuable clues to planning a schedule for your next report. To get some of the answers, especially those relating to theme, content or format, ask other staff members for candid comments. Some agencies go even further and solicit opinions from selected samples of their mailing list.

Once you have estimated the time you will need, begin your countdown, working backwards. Assuming, for example, that your report is to be tied in with your annual meeting, and that the meeting date is stipulated in your organization's bylaws as the second Thursday in April, the countdown might look something like this:

April 12—Annual meeting

March 29—Deliver reports to post office for mailing

March 22—Reports received from printer; begin processing of reports for mailing

March 8—Begin running off mailing list on envelopes or labels; prepare covering letters

March 1—Deliver finished copy, art and layouts to printer

February 8—Select illustrations, begin working out layout and design, make needed corrections in manuscript, start final editing and polishing

January 25—Submit finished draft to appropriate colleagues for review and clearance

December 20—Start writing report along agreed-upon lines

December 1—Begin staff discussions to arrive at agreement on overall theme, content and design of report

While this schedule extends over four months, it provides the writer with ample leeway for other activities between concentrated bouts of activity. Depending on the length, simplicity or complexity of the report, your schedule may extend over more than four months, or it may be encompassed in much less time. The only places not to skimp, whether you have in mind a four-page mimeographed document or a 48-page two-color brochure, are in the planning and writing stages.

It need not be an annual meeting, of course, that represents zero hour in your countdown. The publication date may be determined by your overall public relations program for the year or by other factors.

A word about the annual report folder that presumably rests in the bottom drawer of your desk. Theoretically, it should build up to a file of the year's highlights and happenings. But even when it falls short of this ideal, it can be a repository of reminders: that dramatic case history you heard at a staff meeting, an idea for a photo sequence, an eloquent letter from a client, a good-looking layout spotted in the annual report issued by another organization, a telling quotation applicable to your agency's program, a pungent phrase that pops into your head, and so on.

When you get down to the actual job, much of this miscellany may prove to be useless; but if you glean a single inspiration from these random jottings, the folder will have paid its rent.

Style

As important as the content of your annual report are the style and tone of its presentation. Warmth, simplicity and directness make for the shortest road between you and your reader. The report must also tie in with the reader's own concerns as an individual, a parent, a taxpayer, a member of the community.

If you have come to see your organization as an end in itself, you are almost certain to lose readers. The fact that you renovated your offices is not important; what does matter is that the renovation enables your

organization to give better service. Similarly, the report of a new piece of equipment in a hospital operating room may be seen as an expensive extravagance unless you show how many lives have been saved by it.

Such approaches as mystification, empathy, self-interest, imagery or frank adoption of the reader's viewpoint can effectively grab reader interest. But it must be captured early, if it is to be captured at all. "Early" means in the title of the report, the cover illustration, the headline on the first page or the opening lines of the text.

Here are some examples of attention-getters:

Shock Value. "It doesn't kill . . . it just cripples for life" is the stark title of a report issued by the United Cerebral Palsy Association of Chicago. Words such as "kill" and "cripples" are potent in themselves; when combined in bitter irony, they have an overpowering impact.

Mystification. "This is a family . . ." are the only words on the cover of an annual report issued some years ago by United Charities of Chicago. They appear on a narrow color band beneath a stark black-and-white photograph of a young woman enfolding a small boy in her arms.

A mother? Shouldn't there be a father, too? What is this brochure trying to say? Mystification impels the reader to open the report, whose theme is the changing pattern of family life and the challenge of serving families as they actually exist and not as they are portrayed in the conventional stereotype.

Empathy. "I'm glad mine are little. I kinda hate to see them grow up. At least I can do something for them now."

This welfare mother was talking about raising children in a slum, but the mixture of hope and resignation in her words is something every parent can identify with. Any report that opens with a quotation voicing thoughts the reader himself has often entertained establishes a strong bond of empathy.

Self-interest. "How much have you spent this year on



Mystification is the attention-getting element in this annual report cover.



new door locks, electronic devices to turn your house lights on at dusk, a safety siren for your car, higher theft insurance premiums? How long is it since you felt safe taking an evening stroll on city streets?"

This kind of opening paragraph in a report by any organization whose program deals with delinquency or drug addiction or other crime-breeding social forces, forges an immediate link between the agency's purposes and the reader's intimate concerns.

Imagery. The subject of a *Life* magazine editor's note headed "The harvest of a quiet eye" was the enduring value of still photographs. Observe how swiftly the reader is carried along in the opening paragraph to understand and respond to the poetic imagery of the heading. Notice also the vivid prose style used to accomplish this:

> "Things move fast these days—change, growth, event and problem. Cameras roam the world to record rocks flying, governments folding. They zoom in on the desperate and the provocative. The sounds and furies and humors of the planet (or beyond it) are rushed past our senses on screens of many shapes and sizes, in a surfeit of sight and sound. . . ."

Reader's Viewpoint. "Good intentions are not enough. Neither is mere activity, however vigorous. If health and welfare programs are to justify their existence, they should show tangible results."

One can almost see the quick nod of agreement by a practical-minded reader to this unsentimental opening statement in the annual report of the New York State Communities Aid Association. In the next sentence, the organization nails down its commitment to the result-minded viewpoint shared by the reader. During the year, it asserts, its emphasis was on "measurement and assessment as well as on action."

Set The Stage

Even before the curtain goes up, a theater audience knows, from reading the program, where and when the action takes place. Scenery and dialogue also establish a specific background of time and place in the opening scene.

The annual report writer must also set the stage. To do this, the writer must adopt the viewpoint of an uninformed visitor. As a writer, it is far better to remind readers of what they already know than to take for granted the understanding of things that may appear glaringly obvious to you.

The principal pitfall lies in the use of general rather than specific terms. Unless the report has already described it in detail, don't write about "our youth program" and expect the reader to know what you mean. Write "our program of remedial reading for teen-agers" . . . "our guitar and folk music classes for young people" . . . "our project to teach girls good grooming" . . . "our group therapy sessions for disturbed adolescents" . . . or whatever. Never mind the fact that you devoted pages and pages to this program last year and the year before that. Why should the reader be expected to remember which particular "youth program" is the one conducted by your agency? Specifics are the key.

Keep It Simple

Once you've hooked your reader's attention, your choice of writing style wins or loses the battle.

The annual report writer is often caught in conflicting pressures, trying to keep the "outside" reader in the foreground while aware of colleagues on the sidelines. Although one can never be sure how much attention the "outsider" will pay to the report, readership by the "insiders" is a dead certainty. Unconsciously, the writer

is tempted to choose language that will impress his or her colleagues. For example:

> "Conceptually, the indigenous leaders' peer relationships with their respective groups are amplified by their perception of the latter's value systems and priorities. The potential resources of indigenous leadership, however, cannot be mobilized without opportunities for implementation."

Surely the same idea would penetrate faster if offered in this form:

> "We assume that the more leaders understand what is important to their communities, the more influence they have with them. But it is futile to seek out such leaders unless they can be given something tangible to work with."

It may take self-discipline to pass up displaying your command of esoteric terms. Keep in mind that professionals can understand layman's language, but not necessarily vice versa.

"Write the way you talk" is the advice most frequently given in how-to-write books. It's good advice, with some restrictions. When you talk with someone, you don't always pause to select the word with the exact shade of meaning you want to convey. You don't always organize your thoughts in strictly logical sequence. A change of expression, an uncomprehending look on your listener's face, a question, will let you know you have not come across clearly. You can then circle back for a second try. In writing, however, you lack the advantage of instant feedback. It has to be right the first time.

Keep in mind that professionals can understand a layman's language, but not necessarily vice versa.

What does help is sticking to "talk" words. Before your typewriter taps out "utilization" ask yourself whether you wouldn't be saying "use" if you were talking, not writing, that sentence. Don't be afraid of colloquial expressions. Say "size up" instead of "evaluate," say "do her job" instead of "fulfill her responsibilities." But be careful with vogue words and phrases; they are apt to have short lives.

There is continuing validity in the basic rules of word selection cited in Fowler's *Modern English Usage*: "Prefer the familiar word to the far-fetched, prefer the concrete word to the abstract, prefer the single word to the circumlocution, prefer the short word to the long."

Even when you have carefully stuck to this advice, you may still defeat your purpose if you allow the words to get lost in meandering, overstuffed sentences. Short words, short sentences and short paragraphs improve reader comprehension.

You should also seek impact—communication with a punch. To achieve this, the words you select must be vivid. They must evoke images, arouse emotions and sensory responses. Here's an example from an essay in the *Christian Science Monitor*:

> "There is strength and force in short words, words that blast and boom, throb and thump, clank and chime, hiss and buzz and zoom. There is grace and charm in short words, too, in words like lull and hush and purr. There are short lush words like dank, muck, and drench and short dry ones like crisp, parch and husk . . . words that work hard at the job, that pry and push, that slash and hack, that cut and clip, that chip and saw."

Fascinating as it may be to toy with words that play on the reader's emotions, note one caution. Overuse of feeling-laden words may lead you from sentiment, which is what you want, into sentimentality, which makes the reader uncomfortable.

Credibility

In an imperfect world, any effort to make an organization look flawless is apt to backfire. Few are the people or organizations who can honestly point to an unbroken string of successes. A community-supported organization has the clear obligation to record its unresolved problems and its failures side by side with it triumphs.

Scrupulous portrayal of the agency brings credibility. The admission that a particular project failed to meet expectations convinces readers that the agency has high standards and makes them all the readier to believe affirmative statements about other areas of the agency's work.

An example of persuasive candor may be seen in an annual report of the Southern Social Services of Minnesota, which quoted a series of comments by ministers, social workers, clients and supporters. Instead of praising the agency's accomplishments, these quotations underscored the inadequacies of existing services. The agency's response to this collection of pleas, protests and criticisms read:

> "Tension between unmet needs and available resources has become a way of life. . . . Weighing urgent program priorities in terms of the greatest good for suffering people calls for agonizing choices . . . . We shall be in this tension for a long time to come. We will cope with it with earnestness, courage, decision, and hopefully, some day, with the knowledge derived from more valid research than we now have available. At the end of [the year] we could simply say, 'We THINK we are doing the best we can.' "

Frank acknowledgment of controversy is another form of candor. Did the year see your agency involved in a major dispute? A disagreement with City Hall, a strike by employees, a clash of opinion with another organization, a hostile demonstration by a segment of the community?

A community-supported organization has the clear obligation to record its unresolved problems and its failures side by side with its triumphs.

Whether you won or lost, there is little point in trying to sweep controversy under the rug. Even people not intimately familiar with your organization may remember you were involved in something that made headlines. If all reference to it is omitted from your annual report, readers may think you are being a trifle too disingenuous. Every last detail of the dispute need not be rehashed in the report. Your good faith and integrity will be adequately established if you include a brief, objective account of the main issues in contention, how they were resolved, or—if not yet settled—how matters stood at the end of the year.

Controversy has another, more constructive aspect. Agencies dedicated to social action promote controversy to overcome public apathy and build a groundswell of demand for needed reforms. If yours is an organization of this kind, the controversial issue will surely constitute a basic theme of your report. The danger here is that of appearing stubbornly one-sided, unwilling to acknowledge any merit in an opposite view. Few issues are so clear-cut that either contender can lay exclusive claim to being on the side of the angels. Fair-minded treatment of the opposition's stand will strengthen your own case by showing the reader you are reasonable.

Let Others Blow Your Horn

Modesty is just as becoming an attitude for organizations as for individuals. If you believe your organization is doing an unparalleled job, you certainly want the reader of your annual report to share your opinion. Wouldn't it carry more conviction if, instead of your saying so, you could find someone else to say it for you?

Spontaneous testimonials from those who have benefited from your organization's work will go a long way toward convincing the reader that yours is indeed a fine agency. But they must be *real* testimonials, by *real* people, couched in their own words and, whenever possible, signed with their own names and accompanied by their photographs.

In the past, most social and health agencies recoiled from all forms of client identification on the grounds that confidentiality was basic to professional practice. This attitude is steadily being discarded. Why the change? Partly, it has been a response to popular demand for publicly supported institutions to produce concrete evidence of results. Partly, it has come about because broadened understanding and acceptance of social or emotional problems have helped remove some of the stigma formerly attached to such conditions. More persuasive than either of these has been a third factor: clients of counseling and health organizations have shown much less reluctance to be identified than anyone ever expected. Public relations practitioner Alfred V. Taylor has pointed out:

> ". . . identified cancer patients, including celebrities, have testified on how they were cured. Fred M. Wilson, a 28-year-old father, is announced to the press as the 5,000th employee from the ranks of Detroit's 'hard-core unemployed'; identified foster children or families benefiting by homemaker service are featured in Sunday supplements; picture stories of treatment of the mentally ill and emotionally disturbed make strong appeals in major magazines; . . . clients helped with confidential marital problems have appeared at board meetings of family service agencies to explain how they were helped, and people in poverty have gladly posed for photographs to help interpret their plight on welfare."



The annual report writer who makes use of clients' willingness to testify builds not only credibility but empathy. The reader will respond far more strongly to the unpolished but patently sincere words in which Mrs. Harris tells what the agency did for her and her family than they will to the most deftly written case history of "Mrs. H." A photograph of the Harris family will enhance believability even further.

When you use quotes or pictures, however, be sure you have the clients' consent, or the consent of parents or guardians, *in writing*. Clients have been known to change their minds. The fact that you know they gave oral permission or posed with obvious pleasure may not be adequate to protect your organization in case of a suit for invasion of privacy.

Most effective of all are those testimonials that also imply a direct benefit to readers. If readers are business people or stockholders, they will see the counseling agency in a new light when presented with tributes from industry citing the agency's work in helping employees with their problems, thereby improving productivity and/or reducing absenteeism.



Be generous in spelling out the ways in which your work meshes with that of other agencies.

Be Generous

Some organizations take an exaggerated view of their own programs. Consciously or otherwise, a good many annual reports give the impression that the agency is a one-man band, making music all by itself. But even if your agency is the only double bassoon in town, it is nonetheless part of an orchestra. Since so much of what you do is in concert with other instruments, it seems ungracious not to acknowledge the existence of the orchestra—or to do so grudgingly by burying the acknowledgment in an inconspicuous paragraph.

Be generous in spelling out the ways in which your work meshes with that of other agencies. Whether it's the local health clinic that gives priority to the children your agency refers . . . the community center that answered your plea for recreation opportunities for the blind by starting a whole new program . . . the organizations that joined with you in signing a petition to the legislature . . . the business firm that took a chance on employing school dropouts among your clients: give them their full share of glory at the same time you describe the efforts of your own agency in these areas.

The reader's respect for your organization's work will be heightened when he sees how resourcefully you make use of community facilities. And—who knows?—you may benefit by reciprocal mention in the reports of the agencies that cooperate with you.

Save some good words for the members of the community who make your work possible. Not just your formally enrolled volunteers, not just your major contributors, but those who helped in other, perhaps more spontaneous ways: the fraternity that put on a show for your senior citizens' club; the fourth-graders who donated some of their own toys to your nursery; the bank trust officer who recommended your agency as a legatee of an estate; the neighborhood teen-agers who pitched in to help clear your walk after a heavy snowstorm.

Even when they have not rendered a specific service, members of the community who maintain an interest in your program, who come to your annual meeting or buy tickets for your benefit events or attend your bazaar, are also entitled to recognition. The more you can show, by example and illustration, that the community is interested and involved in your work, the better your chances of making that interest and involvement broader and deeper.

If at all possible, photographs showing actual citizen participation should be considered for inclusion in your annual report. Informal shots of individuals and small groups give a warm, lively tone.

Again, a word of caution. Usually it is not necessary to get releases (written permission) from persons who

are photographed at public events covered by newspapers or TV. If your annual report has a fund-raising element, however, beware. In such a case it would be better to use only candid shots of board members or other persons whose permission you already have for the use of their names and pictures in your agency's support program.

Finally, while you're distributing bouquets, what about some for members of the organization "family": the committee groups who gave up so much of their time working out policy problems . . . the volunteers who pitched in to answer the phones the week half the staff was sick with the flu . . . the staff itself, who kept steadfastly on in the face of ever-mounting crises, who came up with creative new ideas for program development, who shared the fruits of their experience with professional colleagues by speaking at conferences or writing articles for the journals?

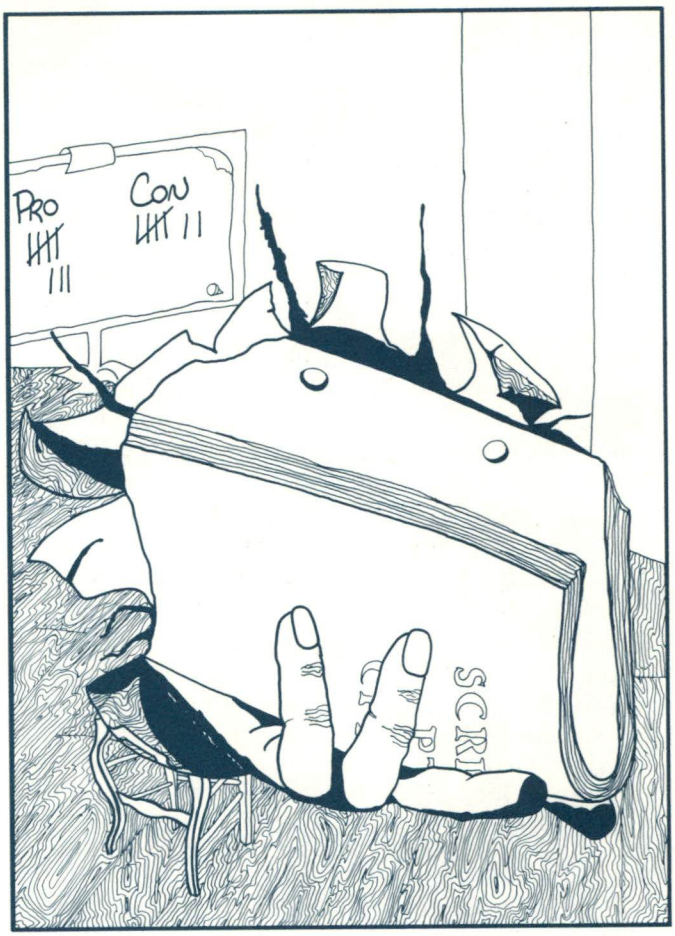
Give The Reader A Role

Many a handsome annual report—carefully planned, thematically unified, sparklingly written and illustrated, meticulously designed—nevertheless leaves the reader with a dull "so what?" feeling. These are reports that have neglected one vital element: giving the reader a specific role in furthering the organization's goals.

There is no real reason why a report that tells readers what you have done for them and their community should not at the same time outline what they can do for you. Is your agency striving for a change in legislation? What do you want readers to do about it, besides applaud? Should they write their congressional representatives, the governor, the mayor? Tell them what would be helpful. Does your agency need more adoptive parents, more foster homes for children or the aged? Ask your readers to help you find them. To guide their search and ward off the frustration of useless effort, outline your agency's basic standards for adoptive parents or foster home care.

Would more volunteers help put your program over? Say so, but be sure to identify the skills you seek or the particular time slots that need filling. Be as specific as you can in outlining what the volunteers will do. Good will quickly turns into irritation when would-be volunteers are led to believe you want them to help care for children in the clinic or teach handicapped people to swim, and then find out you are really looking for people to file cards or address envelopes.

Are you in search of capital funds for a new building? You might describe your plan for raising the needed money, but be careful not to turn your annual report into a direct appeal for funds unless you want its total cost charged to fund raising. So long as the report is a record of your agency's stewardship, its cost is chargeable to "Management." On the other hand, if the report directly asks for funds, its cost is a "Fund Raising" item under the uniform standards of accounting and financial reporting now required of most health and welfare agencies. (See page 57) Use of the form of gift and form of bequest mentioned earlier are not usually considered to constitute a fund-raising appeal.



There are many ways to give readers a specific channel for action that puts them into partnership with you. They may not be able to respond immediately, but they will feel closer to your organization if they are invited to share in your activities.

Final Touches

Your annual report will benefit greatly if you can put it aside, once the first draft is finished. It need not be for long, but if you can allow the draft to lie fallow for a few days, you are apt to have a superior finished product.

For one thing, your unconscious mind will keep working at the report. You will find yourself suddenly remembering something you meant to include. Out of the blue may come an idea for a more pungent chapter heading, or a better way of handling that passage you weren't quite satisfied with. Even if no such creative additions strike you, the perspective gained by a few days' separation from your manuscript will make it easier for you to edit it effectively.

You will see new ways to cut, to sharpen, to speed up the flow of the text. You will also be better able to spot informational or logical gaps in the exposition.

Presumably, you will then be submitting this edited draft to one or more colleagues for factual review and clearance. Their comments may necessitate new corrections. However, if your writing was preceded by careful planning, and the planning was preceded by agreement on the general theme and thrust of the report, any needed changes should be relatively easy to make.

While others are reading what you have written, you have time to think about some finishing touches in preparation for designing the report's final format.

One question you might ask is: Does your report unavoidably contain a good many technical or professional terms? In the health, hospital and rehabilitation fields, for example, there is often no way of escaping the use of medical terminology. If you are in this situation, your report may need the finishing touch of a glossary. This need not be just a dull list of definitions. Perhaps you can adapt the technique used by a large chemical firm which brought to life a glossary of financial terms through scribbled marginal notations that not only clarified the financial statements but called attention to highlights in the company's performance.

An annotated glossary like the one below, in an annual report of the Witco Chemical Company, can apply not only to financial terms but to any kind of technical language.

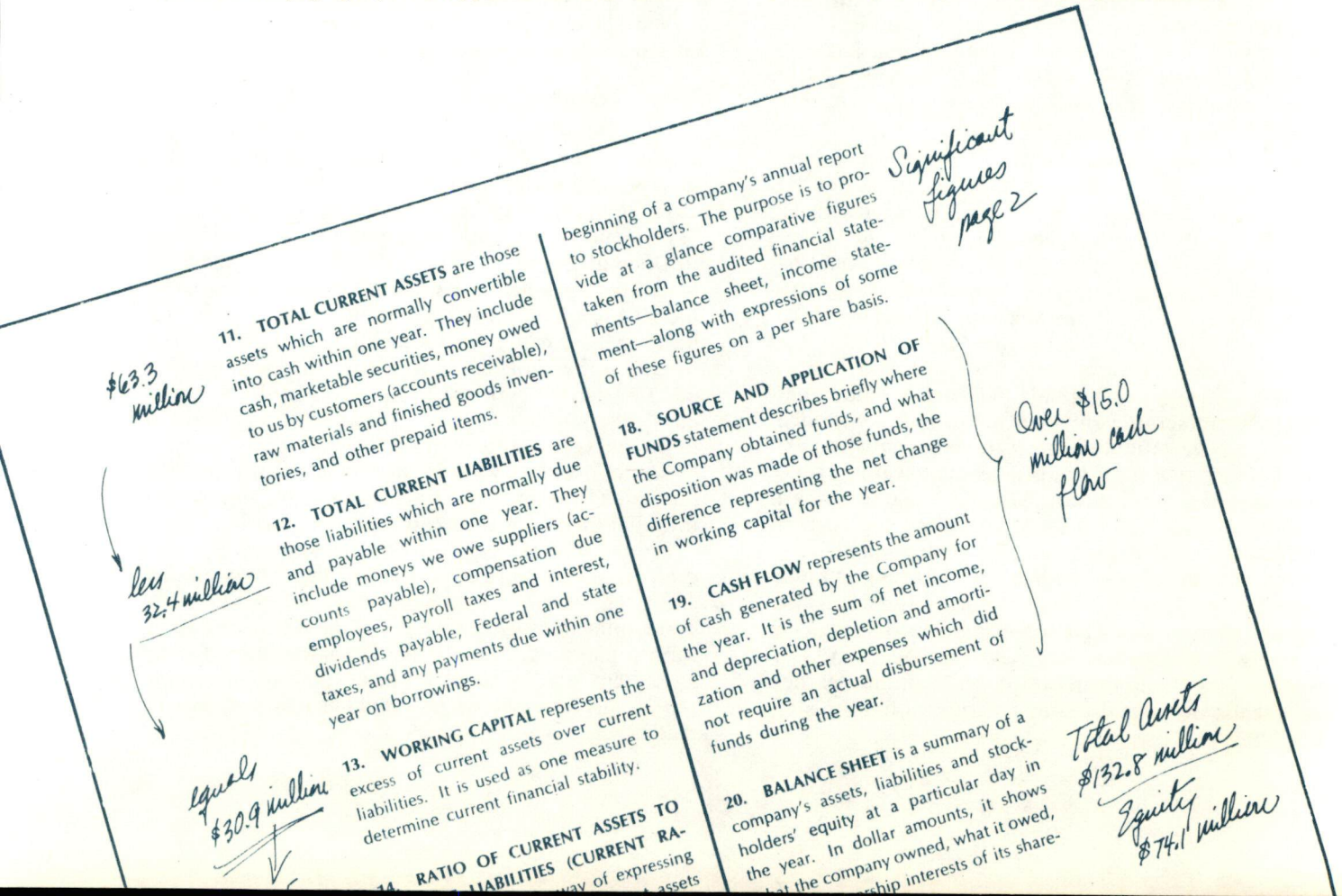
Another question you might consider is whether your organization's program is so extensive, covering so many different activities, that even the attentive reader is in danger of losing sight of the forest for the trees. Using a table of contents is one way of tracking a path through the forest. Even better, open the report with a brief synopsis of the year's highlights. Best of all, make the synopsis tantalizing enough to induce the reader to read the entire report.

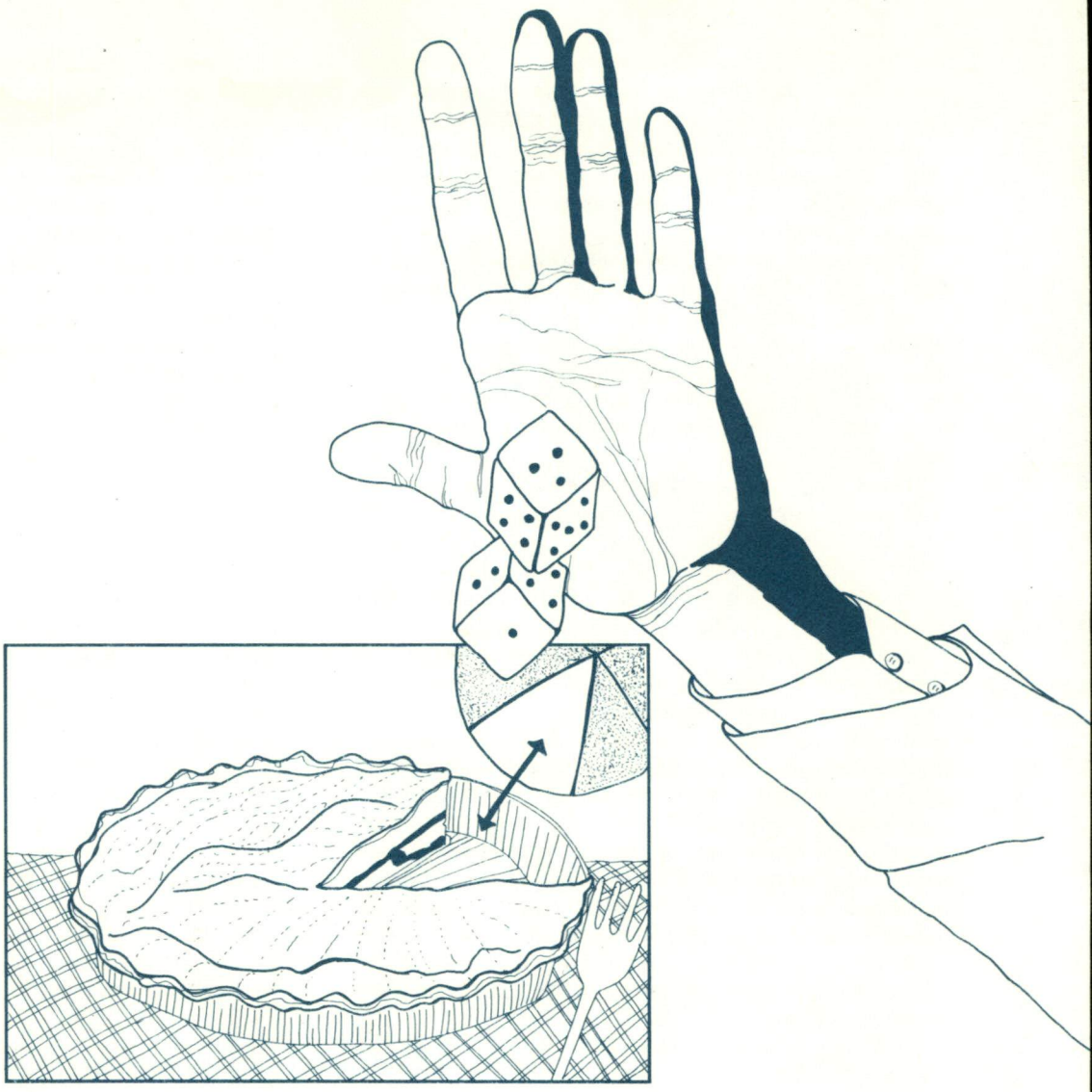
Here for example, is a hypothetical synopsis that might be used by a youth counseling agency:

> This year we saw the largest number of new faces in our history (page 4). We supplied tuition grants for some of our staff workers to take a course in elementary Spanish (page 6). Our northside branch office finally came into being (page 7). Our 3-year research project was concluded and the results surprised even us (page 9). Inability to recruit the right people forced us to defer a promising project (page 11). Our group therapy program was presented at a national forum and agencies from all over the country are besieging us for details (page 12). The family of a youngster we worked with a few years ago repaid us tenfold through an unexpected gift (page 14). In partnership with city health authorities, we began an experimental program to cope with drug addiction among school children (page 16). We spent more than we received, but have worked out a plan for better budgeting in future (page 20).

If the annual report reader got no further than this half-page synopsis, he still gleaned an impression of an alert, dynamic organization, taking successes, failures and unsolved problems in its stride. But it is reasonable to suppose that many readers did go further: that the "teasers" in the synopsis caused them to turn to page 9 to see what the surprise research findings were, to page 11 to find out what project had to be put off, to page 14 to read about the gift made by the grateful family.

What is probably the ultimate in synopses once appeared on the cover of an annual report issued by an advertising agency. It consisted of three words: "Business was good." Your organization may not be able to match this for brevity, but you will probably be surprised to see how powerful an essence can be distilled out of a report by means of a tight summary.





The job of the writer is to incorporate the necessary numbers in ways that the reader will find easiest to absorb.

The Numbers Game

There are two kinds of numbers the annual report must deal with: service statistics and financial figures. While it may not be the writer's job to compile the agency's service statistics, these must be integrated with the report's theme, text and design. Financial figures, on the other hand, are traditionally prepared by the agency's auditors and, in many instances, are sent along to the printer without further ado. Current thinking, however, calls for writers and designers to introduce as much clarity and creativity into the financial record as into the rest of the report's contents.

While some people are capable of deriving as much meaning from a column of figures as from narrative, the majority are not. The job of the writer is to incorporate the necessary numbers in ways that the reader will find easiest to absorb.

Not all the statistics compiled by an organization in the course of a year are obligatory inclusions in the annual report, even though they may be important for administrative purposes. For example, to study the relative costs of home visits as against office interviews, an agency may have kept records of staff members' travel time, frequency of telephone contacts, etc. Did

the findings bring about a major change in organization policy? Did they help explain a significantly lower caseload per worker during the year? Unless something of importance resulted, there is no reason for such statistics to appear in the annual report (although you might mention that the study was made for the sake of improved efficiency).

The types of service statistics that qualify as annual report "musts" are relatively few in number. Your reader is entitled to know what services your organization gave, in what volume they were given, how many people were involved in or affected by them. You may also need to show how many staff members were employed and relate the staff figures to the service statistics.

Other types of statistics may prove necessary to validate the extent or seriousness of the social or health or civic problems your agency contends with. These might relate to the number of people in your city who are chronically unemployed, or the comparative proportions of mothers receiving prenatal care in different neighborhoods, or the percentage of substandard dwellings demolished or renovated, or similar social and demographic data. If it fits in with the theme of your report, you may also want to include figures showing what segment of these problems your agency dealt with or aims to attack in the future.

For most organizations, the use of year-by-year comparisons is optional. If your service figures did not differ much from those of the preceding year, there is not much point in publishing comparative tables. If, however, there were significant changes, up or down, there may be excellent reasons for you to highlight annual comparisons and explain the causes of the changing picture.

Perhaps you served *more* people because the need was greater, or because you expanded your facilities, or because a long-term educational campaign to make people aware of your services finally took hold. Perhaps you served *fewer* people because lack of funds or staff shortages forced you to eliminate one of your programs or to close intake for awhile, or because your organization made a policy decision to do more intensive work with fewer clients, or because the nature of your community underwent radical change.

Where comparative statistics really come into their own is in depicting the human needs your organization is in business to serve. Here it may be important to let the reader know whether the number of broken homes, or cancer victims, or families in need of decent housing, or deaf children, or whatever, is larger or smaller than in the past. Any such information will necessarily be accompanied by interpretation of what these trends mean for the community and for the work of your organization.

One other factor to consider in deciding what figures belong in your annual report is the public's growing demand for accountability—that is, *results*. Service is not an end in itself. There should be some way by which you—and the public—can determine whether you are getting somewhere. If your organization does not have data on the results of what it does, then perhaps it needs more or better records.

Although service statistics usually reach the annual report writer in tabular form, it does not follow that the reader, too, must receive them that way. In many instances, the significant numbers can be readily extracted from the tables and worked into the annual report narrative. In picture-story reports, captions may prove to be the best place for presenting service figures.

There are times, however, when extensive tabular matter cannot be avoided. This is the case with some governmental agencies which are legally required to publish statistical information. It may be the case with either public or voluntary organizations when the annual report presents research findings that constitute permanent reference data. One way of coping with such situations is to move the tables out of the main body of the report into an appendix, where they can be studied by those who wish to do so, while the principal conclusions to be drawn from the figures are worked into the main body of the report.

Giving meaning and immediacy to numbers is not nearly as hard as some people think. The main secret is miniaturization: reducing large, hard-to-grasp figures to a more personal scale. For example, few people really absorbed the significance of the statistics on prevalence of mental and emotional illness until the numbers were translated into the stark statement that every tenth person in the United States could benefit from professional treatment. In the same way, the multi-digit dollar figure showing what it cost your city last year to fight crime assumes direct personal meaning if it is shown to take $185 a year out of each taxpayer's pocket. The technique works equally well with less than astronomical numbers. Did 21,000 people apply to your agency during the year? You can let that figure speak for itself—or you can dramatize it by saying, "Every 25 minutes, around the clock, someone in need of help knocked at our door."

One of the most popular ways of making numbers meaningful is to turn them into pictures. Some annual reports consist almost entirely of numbers put into visual form by means of charts, graphs and diagrams. While the average report does not lend itself to overall treatment of this kind, it may benefit from one or two pictorial treatments that show trends or make comparisons.

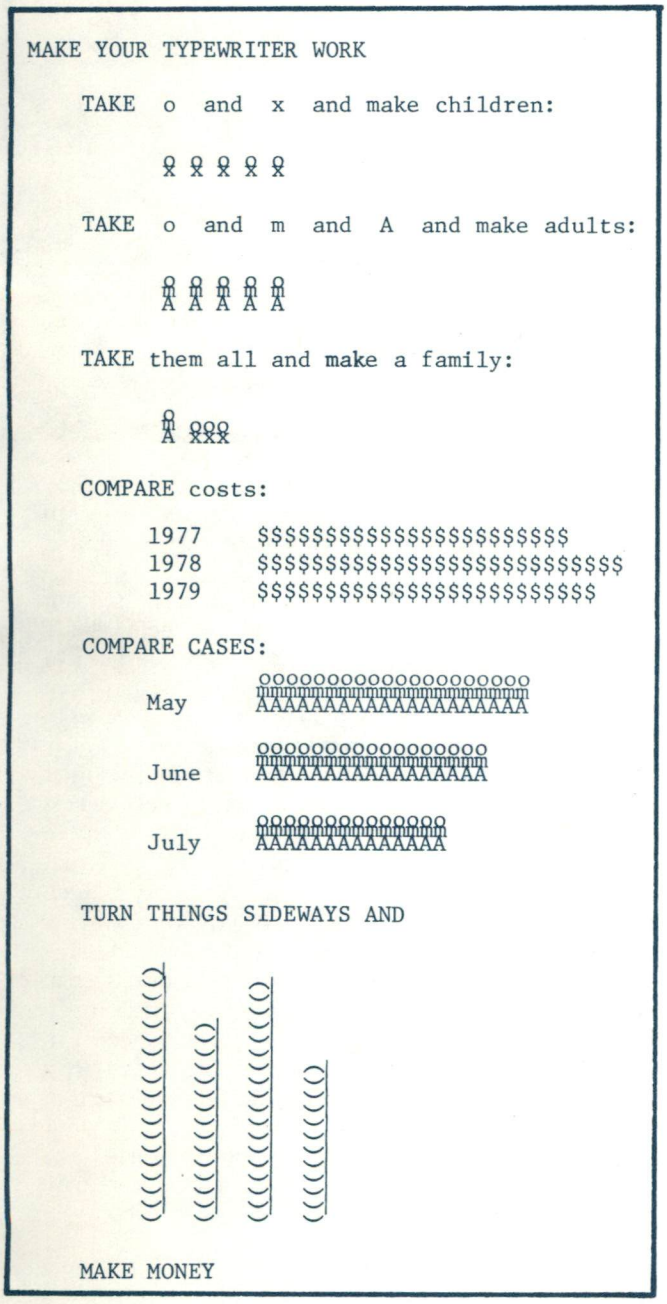
Visual statistics have acquired a good deal of sophistication in recent years. The three basic forms—line graphs, bar charts and pie charts—have been ingeniously elaborated, through the use of color and artwork, to attract the reader's eye and convey meanings with all possible speed.

A number of firms specialize in visual treatment of statistics. While there exist stock symbols that can be adapted to the work of most community service organizations, and the use of such symbols will reduce the cost of having charts made for your annual report, the fee for professional preparation of the charts is not cheap.

One way around this cost dilemma is to produce a deliberately primitive, home-made chart whose attraction lies in its very lack of sophistication. Probably no report can afford more than one such illustration. If you are going to try this or a similar do-it-

yourself technique, be sure to limit the subject of the chart to simple trends or comparisons. And, unless you have had experience with this type of thing, consult a basic text to make sure your chart conforms to accepted principles of graphic presentation.

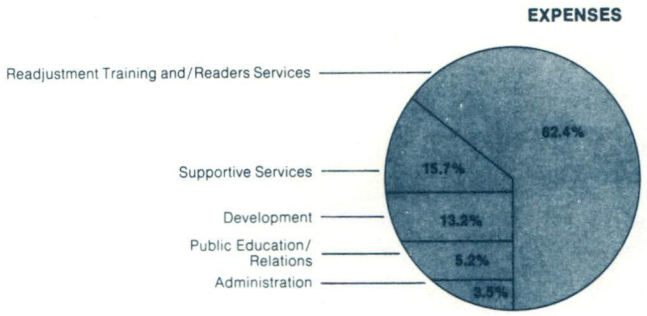
The Department of Welfare and Institutions, Richmond, Virginia included this example of a primitive chart in a booklet on annual reports.



Dollars and Sense

Making sense out of dollars is a responsibility of the annual report writer. Since not everyone understands the language of finance, the writer should try to make this portion of the annual report less formidable.

For an easy-to-read summary, nothing beats the old reliable pie chart. Most people can understand it; the use of color or shading can make it attractive.



A pie chart or any other graphic presentation, however, cannot substitute for your auditor's report. That report will be most understandable if it is prepared in accordance with the guidelines issued for various types of nonprofit organizations by the American Institute of Certified Public Accountants (AICPA), 1211 Avenue of the Americas, New York, NY 10036.

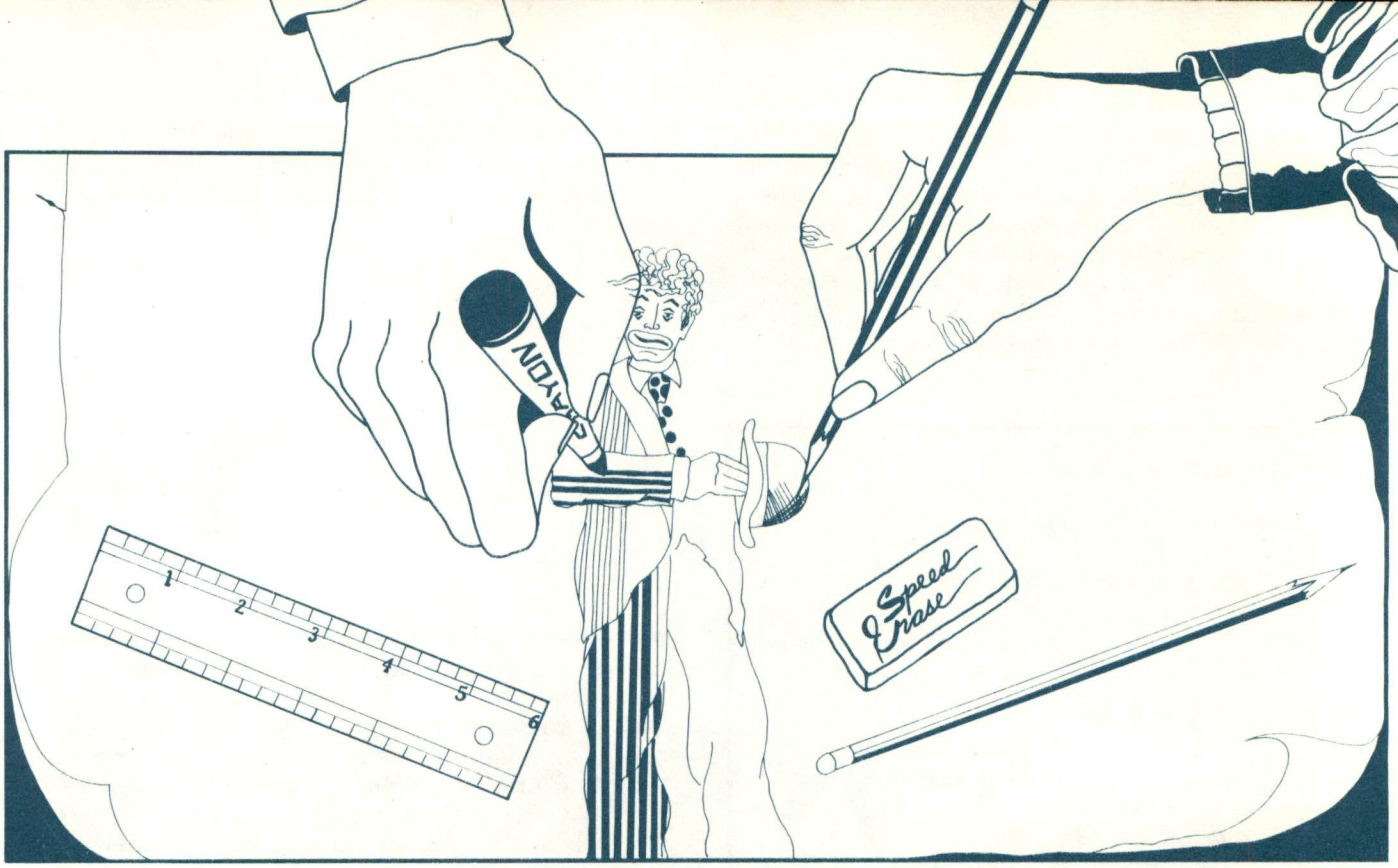
Probably your organization will be covered in *Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations, Revised 1974.* This book can be purchased from the National Health Council, 1740 Broadway, New York, NY 10019.

The United Way of America publishes an even more detailed guide for its member agencies. A number of national organizations provide similar publications to assist their local chapters in using the *Standards*; if you are not already familiar with them, it should not be too difficult for you to find a copy of the *Standards* in your community.

The object of uniform accounting and financial reporting is to enable the public, including contributors and regulatory officials, to see just how an agency is spending its money. All income and all outgo must be shown. In addition to listing the traditional "line" items of expense, such as salaries, rent, and office supplies, uniform accounting requires that you break down expenditures according to objective—your various programs plus the supporting services, management and fund raising. These breakdowns can be very helpful to you in interpreting what your organization actually does. They also recognize the public's right to know how your expenditures for comparable items compare with those of similar organizations.

Even if you are not yet required to use the uniform accounting standards, your agency's credibility will benefit if you do. It may take more space in your annual report, but it will be worth the cost and effort.

Must financial statements be left stark and unadorned at the back of an otherwise well-illustrated report? If reporting is to be done in terms of program areas, why not use visual evidence of them right on the financial pages? Framing the financial statements (or, for that matter, statistical tables) with a border of photographs or drawings illustrating their subject matter goes a long way toward turning dead numbers into live people.



The Custom-Tailored Touch

Your annual report needs a custom-tailored design and format to reflect both the nature of your organization and the theme of its report. A lavishly illustrated two-color brochure issued by a struggling agency is incongruous. Equally inappropriate is a skimpy, cheap-looking report put out by a prestigious national organization. Neither projects a valid image.

Attractive annual reports appear in every size, from the miniature to the mammoth. Reproduction processes range from the homely mimeograph to the most advanced lithographic and letterpress techniques. Some reports take up no more space than two sides of a single sheet of paper; others run to 48 pages. Some are all text; others are mostly pictorial.

Reports are produced on newsprint, on part rag paper, on textured offset stock and, rarely, on the glossiest coated paper. Sometimes they combine two or more textures of paper. They are printed in one, two, three, four colors.

At first glance, so many possibilities may seem confusing; but the principle of suitability quickly helps narrow the range to a sensible set of options. What are the factors to be considered?

The question of your organization's *standing* in the community or in the state or nation is of cardinal importance. Another major consideration is the *theme* and *purpose* of your report. For a golden anniversary, a bit of splurge is understandable. For the year that saw you cutting back on program because of budgetary problems, a modest-looking document will reinforce the report's account of your agency's financial austerity. The report that aims to arouse public indignation might justifiably go in for an exceptionally dramatic format. The report that details the findings of research studies and thus constitutes a permanent reference document needs a sturdy cover and binding. And so on. A clear knowledge of the overall impression you want to convey, as well as the end uses of the report, should guide your choices.

Another factor is *expense*. Your budget will tell you how far you can go in terms of illustration, color, grade of paper or special effects. The quantity you need to order also plays a role. If your mailing list has been greatly expanded, or if you plan to order extra copies to use for year-round educational purposes, you may have to spread available funds a bit thinner. On the other hand, the larger your print order, the smaller the cost per copy. Both considerations will have to be balanced.

Another item that bears on expense as well as format is *distribution*. Will you be sending your report through the mails? The heavier the paper, the larger the postage bill. Then, too, unless your report is of a size and shape to fit a standard envelope, you may have to have special mailers made. The envelope question also arises if you expect to use reports to accompany correspondence in the course of the year. In that case, a size that fits into a regular letter envelope is more practical than one that has to be mailed under separate cover. If your distribution plan calls for most of your reports to be given out at a meeting rather than mailed, this may dictate a small-size format that can be carried away conveniently.

There is also the question of *bulk*. If, after cutting your text as much as possible, you find you still need a good many pages to accommodate your narrative, you will face some difficult space-saving decisions. Perhaps some of the full-page illustrations you originally planned will have to be reduced in size or omitted. Perhaps the cost of printing so many pages will mean sacrificing the use of a second color. Choosing a lighter-weight grade of paper can save money in both printing and mailing.

In deciding what will have to give, bear in mind that the one economy you should not consider is using type that is too small for comfortable reading or pages that are too crowded to invite the eye. There is no surer way to defeat the entire purpose of putting out an annual report.

A large number of commercial artists and design firms specialize in printed materials. It is worth your while to gain access to this kind of professional service. If your budget does not make provision for it, perhaps a local advertising agency can be induced to contribute the help of its art department as a community service. Many do. Another potential source might be a business firm that employs artists and typographic designers in its advertising or public relations department. A member of your governing body may be connected with such a company. The public relations staffs of some national agencies offer advice, if not actual execution, to local affiliates.

One word of caution: be careful not to rely so heavily on design that it runs away with you. For example, a giant-size format will attract attention, but its drawbacks may outweigh the advantages. If it is being sent to people's homes, it may be mutilated when it is jammed into the mailbox. Some people like to keep files of literature on organizations in which they are interested. Issuing a report too large to fit into a filing cabinet or on a bookshelf leaves the recipient with only one place to "file" it—the wastebasket.

The one economy you should not consider is using type that is too small for comfortable reading or pages that are too crowded to invite the eye.

Even artistically sound design can overpower your message. For example, some designers like to print blocks of color over text. Unless the tone is very light, you may wind up with a pretty page that is unreadable. A good working relationship with your layout person can ensure that your design will enhance, not obliterate, what the report is trying to say.

Considering the amount of printed matter that reaches the average person, the chances of your annual report's being read are rather small unless you have in some way made it stand out from the crowd. There *must* be something about the appearance of your report that invites the reader to at least leaf through the pages. Cover treatments, illustrations, headings and typography all offer opportunities for distinctive handling.

Cover Treatments

One place where originality counts heavily is the annual report cover. Here is where not only the report's title but your choice of illustration, color, design and type handling will either entice readers or leave them cold. Some elements that lend distinction to covers are suggested below.

Photographic drama is achieved through the half-lit face of a somber youngster against a shadowed background that permits an agency's name to stand out in reverse lettering. (example on page 60)

An intriguing quotation combines with an evocative photograph to arouse the reader's curiosity. Absence of any clue to the source also adds to the intriguing effect. (example on page 61)

Straight talk, unsoftened by any sort of art or illustration, challenges the reader's intellect. The plainness can be accentuated by the fact that a report, including the cover, is printed on newsprint stock.

The charm and innocence of a child's drawing often makes for an irresistible cover, particularly when the report's title displays the same qualities. In a report issued by a children's institution, the cover illustration consisted of a stick figure "self-portrait" by a very young child. Title: "There's only one of me."

Carefully staged understatement can pack a real wallop. Three words, "Year of Crisis," constituted the entire text on the cover of a report issued by the United Jewish Federation of Buffalo. The words were whispered, not shouted; they appeared in a small line of white type on a solid black cover that enhanced the gravity and import of the "crisis" element.

Embossing introduces an element of tactile appeal. The presence of raised text or design creates the same kind of contrast as a second color, and is particularly effective when applied to a distinctive emblem or logotype.

Color-keying creates a sense of continuity. Some agencies select a particular type style and color combination and use them consistently in all printed materials: stationery, newsletters, leaflets and posters. The recognizable type-and-color combination on the cover of the annual report gives the reader a comfortable feeling of familiarity.

Illustrations

In thinking about annual report illustrations, actual depictions of the agency's services and its areas of concern first come to mind. There are also a number of other possibilities to be considered. Remember that every illustration used in an annual report must make a positive contribution to the report's overall theme and content. Illustrations used purely for ornamentation not only waste space but may distract the reader's attention from what you are trying to convey .

While illustrations are desirable, they are by no means indispensable. Good typography and imaginative layout can combine to produce an inviting, eminently readable report. If illustrations simply don't belong in your annual report, or if those you have access to are not really good enough to use, do without them. No illustrations are better than poor ones. If, however, your report can appropriately use illustrations, a little imagination may help you find them in unexpected places.

Photographs. Unquestionably best are pictures of real people in real settings doing real things that have a real relationship to the report's subject. But—if you don't have a fresh supply of such photographs, and your existing stock has been used to death, there are still a few options open to you.

One is to go through that file of old photos with a fresh eye, looking for fragments with potential. In a

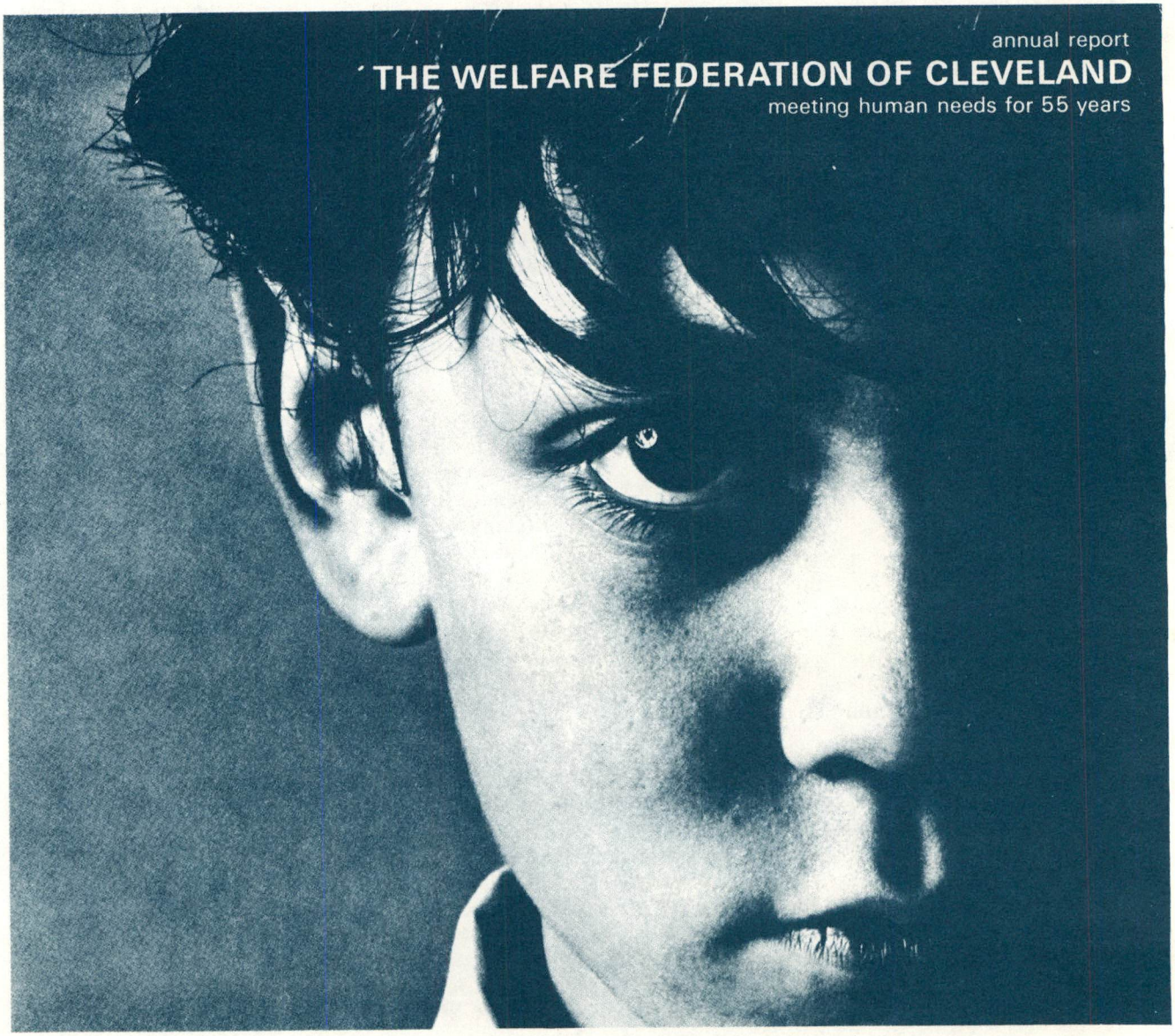
group activity picture, for example, you may find a single face or figure that is sharply enough defined to stand cropping and blow-up. Silhouetting or airbrushing to eliminate background will give an altogether different look to what was formerly just one element in a larger composition.

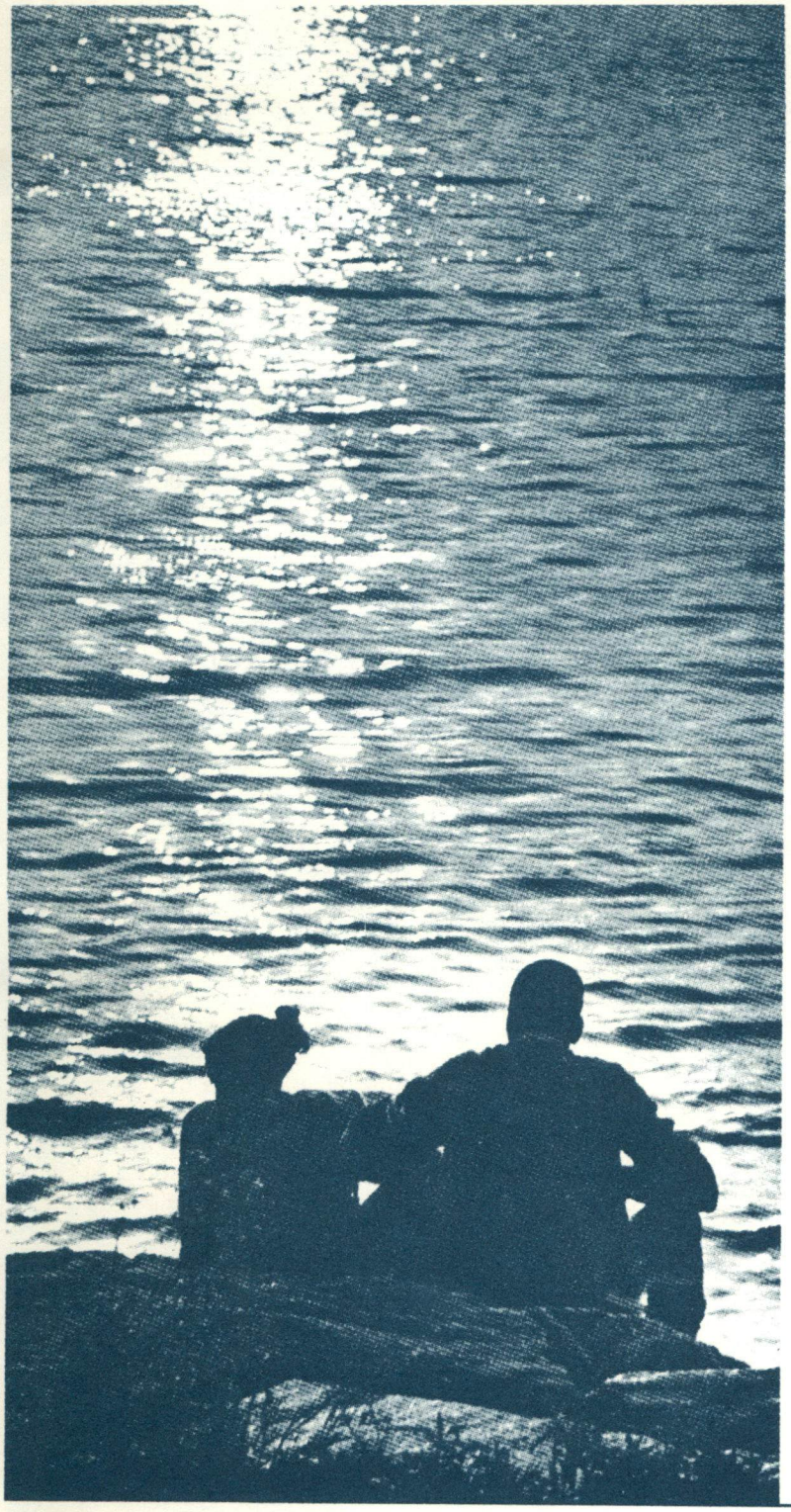
You can also use photos that are not your own. Numerous commercial firms maintain collections of stock shots and sell them at nominal cost. Although most stock shots tend to be bland, you might subject them to the same scrutiny as your old photographs, seeking dramatic details that can be separated from their background.

Another outside source might be your local newspaper. Here is where that annual report folder you keep in your desk may pay off. If, in the course of the year, you have clipped effective news photos that can be related to your agency's work, you may be able to buy prints from the newspaper (you may even be lucky enough to get them free), keeping in mind, of course, that appropriate credit lines will have to appear. Note, however, that if you wait too long after such a photo has been published, the negative may no longer be on file. It might make sense, as you spot a possible illustration for your annual report, to go after a print at once. If you don't use it this year, there's always next year.

Do you exchange printed materials with kindred organizations in other parts of the country? As their brochures and reports cross your desk, have in mind the possibility of borrowing or buying an outstanding photo from an agency whose readership is altogether different from yours. Here, too, remember the credit line.

One aspect of photographic illustration that is often overlooked concerns the pictures of officers which many annual reports contain. If your organization follows this practice, give some thought to whether your next report might not be livened up through replacement of the usual formal studio portraits of your president, treasurer, administrator, etc. with candid shots showing them in some form of action: on the telephone, reading, conferring, writing, answering questions at a meeting, etc. Such photographs not only add animation to your report but help the reader see





BEYOND TODAY'S STRUGGLE

I believe there lies a tranquil sea upon which we may one day embark...

your top people as human beings rather than symbolic figures.

Art. As noted in relation to annual report covers, children's drawings have considerable appeal. This is also true of work by other untrained artists, such as members of the art class in an institution for the elderly. Be careful, however, about using the kind of "Sunday painter" work that is too sophisticated to be primitive and not good enough to be professional. It seldom comes off. Work by trained professionals can, of course, make a real contribution to design.

Another repository of potential art may be found by poring through museum catalogs. Well-chosen reproductions of art masterpieces can sometimes be remarkably relevant to the theme of your report.

Still another place for professional art is in schematic drawings that diagram how your agency is structured, or clarify the progression of steps involved in serving people, or depict the ways in which a number of different services are brought to bear on a single problem.

Make Headings Count

Tradition, protocol or other valid considerations may require that your report open with a statement by your organization's president. But must it be so labeled? Surely it contains something of substance that can lend itself to a more interesting heading than "Report of the President." Advertising research has shown that readership of headlines is many times greater than readership of text. If your headlines do not tell your story, a lot of readers will never know what your report was trying to say.

Consider the usual sections into which hospital annual reports are customarily divided. These are either departmental units (Department of Medicine, Department of Surgery, Department of Pediatrics, etc.) or program units (Out-Patient Services, Research, Staff Training, Management, etc.).

If your headlines do not tell your story, a lot of readers will never know what your report was trying to say.

Compare the reader interest of these conventional headings with these, from the Jefferson Medical College and Medical Center, Philadelphia: *Front Line for Medical Education* (this described the out-patient clinic); *The Constant Search for Medical Truth* (this discussed research activities); *Medicine's Battle for Human Renewal* (an account of the rehabilitation services); *The Education That Never Stops* (reporting on post-graduate courses for practising physicians).

Even if the formal departmental or program titles had been retained, and these phrases had been cast as subheads, they would have served to capture the interest of report-skimmers.

A variation of this approach is to employ action headlines, rather than phrases, either as main headings or as subheads. To demonstrate how this treatment might work, here are some headings taken from the actual report of a mental health association; lined up next to them are some subheads that might have added depth and reader interest.

Actual Heading	Possible Subhead
Research	More than $1 Million Invested in Mental Illness Studies
Professional Education and Training	Clergy Is Newest Group to Seek Training In Mental Health Techniques
Hospital Care	Institutional Population Continues Drop, But Staff Shortages Block Faster Progress
Aftercare and Rehabilitation	Ingenious New Programs Help Returning Patients Adjust to Community Life
Childhood Mental Illness	Every Tenth School Age Child Found In Need of Psychiatric Attention

Typography

Technological advances in printing and typography are so rapid, it takes a specialist to keep up with them. The many new type faces (including handsome phototypes) now available offer a tremendously wide choice.

If you are not using the services of a professional designer, your best bet is to confer with your printer over selection of type faces and sizes and arrangement of pages. Apart from giving you the benefit of up-to-date knowledge, the printer will keep you from specifying type faces not in stock (which would cost you money) and may also suggest machine-type or phototype alternatives to the more expensive hand-type faces you may have unknowingly selected.

The classic principles of layout have also undergone radical change. There is a departure from the traditional squared-off symmetry. Ragged-edge lines are used in place of justified type lines. Column depths are staggered. Photographs do not stay within the margins but "bleed" off the edge of the page. The aim of these and comparable devices is to inject the printed page with an air of vitality and freshness.

Not all of the old rules have been discarded, however. Ten-point type is still considered the minimum size for legibility, and even this needs at least one point of leading to provide "air" between the lines. Thirty picas (five inches) is still regarded as the maximum width for a comfortable reading line in average-size type. Short paragraphs, frequent subheads and other methods of breaking up solid blocks of copy are still considered desirable ways of introducing the indispensable element of white space. Other common typographic tricks to provide a visual change of pace are printing sections of the text in a different size or face of type, in italics or bold-face or color, or using color tints over or under segments of text. Some reports are printed on two or more different colors and textures of paper. Often this is done to distinguish between separate sections of the report, but sometimes sheer variety is the motivating factor.

A caution suggested earlier is worth repeating. All typographic tricks should be used sparingly and with particular regard to their effect on the text. If aesthetic considerations dictate a color blob at the bottom of page 7, and the paragraph thus spotlighted is not as worthy of emphasis as a paragraph at the top of the page, either the design or the narrative sequence will have to be changed. Understandably, readers expect any differentiated section of the report to be important. If you deceive them once about this, they may ignore other highlighted passages.

Think twice, also, before allowing design to outweigh reader convenience. For example, an increasingly common practice in annual reports and other types of brochures is the omission of page numbers. This may contribute to the avant-garde look of your report—but is it worth it when the reader who wants to make a note of something in the report can't find a page number to refer to?

Budget-Stretchers

By now you may be thinking, "Designers, color blocks, fancy illustrations . . . those are all very well for

the big-time organizations, but what about those of us who have only a tiny amount of money to spend on an annual report?" Unfortunately no magic formula will cause this problem to vanish. However, there are a number of ways in which ingenuity can substitute for cash.

To begin with, the strength and clarity of your theme and your writing style are unrelated to the presence or absence of money. In terms of those vital elements, the poorest of agencies are on an even footing with everyone else. Their area of disadvantage concerns the physical appearance of the annual report. Here is where such budget-stretching devices as the following can help.

Be Your Own Compositor. A major expense in producing a printed annual report is the cost of typesetting. But your text can be attractively "set" on an office typewriter, particularly with the variety of type faces now available on electric typewriters. In addition to the traditional choice of size offered by pica and elite, you can now select from among sans serif, italic, condensed and extended type styles. Some electric typewriters come with interchangeable fonts by means of which a single machine can prepare copy in several different type faces. If your organization does not own one of these versatile electrics, one can be rented at nominal cost for the period needed.

Even if you are limited to a standard manual typewriter, tasteful arrangement and spacing can yield layouts with eye appeal. Pleasing designs result from the use of indented material, off-center placement of blocks of copy, headings used in side margins or fitted into side pockets cut into the body of the text.

Inexpensive Production Methods. While mimeographing has been the standard process for low-budget production, the steadily decreasing cost of reproductions made by photo-copying machines now offers an alternative. With access to a copying machine, you also have an additional method of lending distinction to a typewritten manuscript. Do-it-yourself lettering kits enable you to compose headings and subheads on strips of paper to be pasted into place on the master copy of the manuscript. The kits offer a variety of display types and sizes. With a little practice, professional-looking work emerges.

You can achieve a two-color effect for a one-color price by using colored ink on colored stock.

The Touch of Color. Dressing up the cover of a mimeographed or photo-copied report remains a problem, although the latter process provides some scope for design and even illustration. Many agencies spend a little money to have just the report cover printed. Failing this, the least that can be done is to distinguish the cover from the inside by using colored paper. For that matter, the text itself can be run off on almost any light shade of colored paper, with the paper selected for the cover either a harmonizing shade or a contrasting one.

If your report is to be printed in a single color, don't overlook the fact that you are not limited to black ink on white paper. Colored ink is attractive on white paper; you can go further and achieve a two-color effect for a one-color price by using colored ink on colored stock. Make sure, however, that there is enough contrast between the two for legibility.

Self-Mailers Save Money. Another budget-stretcher for either printed or office-produced reports is to design them as self-mailers, thus eliminating the cost of envelopes.

Borrow Ideas from Others. Get your name on the mailing lists of organizations and companies that send their annual reports to interested persons. Keep the reports that most appeal to you. Working out your own adaptation of an idea suggested by the contents of your file may turn out to be the biggest budget-stretcher of all.



The Finished Product

You have now planned, written, designed and produced your annual report. You have proofread the text, checked the photo captions, approved the layouts, okayed the page proofs. Your report is on the press. In your organization's mail room, the stacks of envelopes or labels prepared from your pruned and updated lists are ready and waiting.

What you must now think about, if you haven't already done so, is how to get the maximum mileage out of what you have produced. Not even the best of products can be successfully marketed without merchandising. The foundation of your merchandising program is, of course, the carefully developed distribution plan. What structure will you build on that foundation?

Examine your annual report for news value. Do your service statistics or surveys of need show trends of community-wide significance? Does the report reveal the results of a research project, the progress of a pilot program, a new approach to solution of a difficult social problem? Does it announce a change of policy that will have more than routine impact on the community? Does it voice a strong viewpoint on a controversial issue? Does it contain a call for action by the mayor or the legislature or by concerned citizens?

You will get a better response if the press gets your story before your annual report is in general circulation.

Any such elements are legitimate newsmakers. Depending on the importance of the news, you may want to call a press conference, issue a news release, or make personal calls on your local media.

Bear in mind, however, the question of proper timing. You will get a better response if the press gets your story *before* your annual report is in general circulation. To execute this strategy, you can probably arrange to receive a few advance copies of the report from the printer. They can be unbound if need be; even page proofs will do in a pinch.

If your annual report is not a valid source of news as such, what about feature treatment? The report's description of your after-school activities for handicapped children . . . your nutrition clinic for welfare mothers . . . your program of special adoptions: stories like these may very well arouse the interest of a feature editor, a "lifestyle" writer, a radio commentator, the producer of a television interview program, etc.

While you are thinking in terms of news coverage, incidentally, don't overlook your own house organ. A story on the report, summarizing its highlights, belongs in your own agency publication, even though there is probably duplication in the mailing lists. Those report recipients who have not taken the time to read the report may do so after seeing the house organ story, while those who have already read it may derive some additional interpretation from a recapitulation. Should your house organ reach people not on the annual report list, inclusion of an offer to send the report on request will probably stimulate interest.

Should the reports you are mailing out be accompanied by a letter? Practices vary on this point. If you do plan a covering note of some sort, it should be ready along with your envelopes and labels. What are the possibilities of personalizing it? It is probably not feasible to have individual letters written to the bulk of the recipients, but what about some added post-scripts for selected people or groups?

The executive of your agency might want to scribble a P.S. to professional colleagues, calling attention to the report's description of an experimental program's results. Your president might want board members of a cooperating organization to notice the report's appreciative reference to their agency's help. Your treasurer might flag the financial statement for members of the united fund's budget committee. The staff member who asked you to put a particular guidance counselor on the mailing list might write a P.S. that says something like "You were so helpful in our work with Joey, I thought you'd like to learn more about our total program."

In distributing the report to your organization's staff (and by the way, every single employee should receive a copy), you might encourage them to request copies for mailing to those of their professional contacts who are not already on the master list, and perhaps to some of their personal friends as well.

Your board members and volunteers should also be offered extra copies. You can be certain of reader interest on the part of anyone who receives this kind of covering note from one of your trustees: "Remember the night I couldn't make your dinner party because of a committee meeting? Read page 12 and you'll realize why that meeting was so important."

You, of course, will want to send notes to all who helped in the preparation of the report: the designer, the editorial writer who gave you permission to quote from one of his columns, the photographers whose pictures illustrate the report, etc.

How far you can go with this kind of personalized distribution depends, among other things, on how many extra copies of the report have been produced. As noted, it is a wise policy to allow a generous margin for afterthoughts.

Feedback

Now and again, an organization decides to evaluate the extent to which its annual report has been an effective medium of communication.

One technique for soliciting this kind of feedback is to enclose a return postcard in a random sampling of the reports—every 10th name, for instance—asking the recipient to check off replies to such questions as: Did you read this report? Did it leave you with unanswered questions? What are they? Would you like to continue receiving these reports in future? Any comments?

The same sorts of questions could be sent in a separate mailing, a week or two later, to a similarly scattered sample. Still another alternative is to query specially selected names, such as those newly added to your mailing list, those of people who have not shown an active interest in your organization in recent years, or any other group of particular interest to you.

If you are contemplating a survey, be prepared for a disappointing response. One agency that tried something of this sort the year they issued a sharply abbreviated report revealed that hardly anyone had missed the omitted data. It does not necessarily follow, however, that inclusion of the excised material would have been superfluous. Not knowing what had been left out, the respondents were hardly in a position to judge whether or not it would have been welcome.

For more detailed guidance on how to get useful feedback you might want to read *Measuring Potential and Evaluating Results*, by Alice Norton. It is available for $2.50 from the National Communication Council for Human Services, Public Relations Society of America, 845 Third Avenue, New York, NY 10022.

One other merchandising aspect worth weighing is whether your report can serve as a multi-purpose vehicle. Is there, for example, another piece of literature that can be tied in with the annual report for all or part of your mailing list? Hospitals have employed this "piggy-back" approach to send out a directory of services to the doctors and nurses on their mailing list. Child care agencies have used it for distribution of a manual to their foster parents. Other types of organizations have combined the mailing of the annual report with distribution of a basic informational leaflet.

The usual method of handling an enclosure is to put it into a pocket flap on the inside of the annual report's back cover. The pocket device can also be used in other ways. If, for instance, the report appears shortly before the annual meeting at which new officers and directors are elected, the consequence is that the board list printed in the report is outdated for most of the year that the report is in circulation. The way around this is to print the list on a loose sheet, in sufficient quantity to take care of the initial distribution, and to tuck the sheet into the pocket. After the annual meeting, a replacement sheet containing the new list goes into the pocket. The report is now up to date for the remainder of its life span.

Still another possibility to consider is whether your report can be sectionalized so that part of it can later be lifted out for use in a separate piece of literature. If, for instance, the report contains some well-illustrated and persuasively written pages dealing with a new program or facility you would like more people to use, perhaps you can use those pages as part of a promotional leaflet. Of course, the report can yield this form of additional mileage only if you design its layout with this secondary end use in view. It is advisable to discuss any such plan with your printer who, in addition to saving the plates or the negatives, may be able to suggest some useful, money-saving short cuts.

The Creative Process

A good annual report can give readers a sense of your organization's past, present and future. The process of preparing an annual report can also do something special for the writer.

For most busy people, the pressure of meeting today's problems tends to obliterate the memory of yesterday's accomplishments. In the writing of an annual report, the necessity to climb to higher ground, so to speak, in order to take in the span of an entire year's work, produces a refreshing sense of perspective on the organization's basic goals and directions. The distance makes it easier to see the pattern formed by the bits and pieces of day-to-day activities. More often than not, their sum total is astonishing.

To the annual report writer, the gratification that comes from adding up a year's achievement is both reward and stimulant. If that sense of stimulation can wing from the printed page into the mind and heart of the reader, the report will fulfill its purpose.

On the question of the annual report writer: *Whoever that person is, there should be only one.* Committees have their uses, but creative writing is not among them. The experienced eye needs only an instant to recognize a group-written document. Not only does it manifest lack of internal unity: the differing styles make for difficult reading. The narrative moves by leaps and starts instead of progressing at a smooth and steady pace.

The fact that there is only one writer does not mean, of course, that there is only one thinker. On the contrary, the more people who put their minds on the content of the annual report, the richer will be the finished product. We have already stressed the desirability of wide discussion and agreement on the theme and general scope of the proposed report. Once such consensus has been reached, however, the decision as to what fits in and what is extraneous to the theme must be left to the judgment of the person charged with the creative responsibility. Any ideas, excellent though they may be, that distract from the theme must be put aside for another occasion.

It is not the intention here to suggest that the writer of the report be its sole arbiter. Technical and factual clearance will have to be solicited from department heads, staff specialists or others who have an intimate knowledge of the programs described in the report. The role of such colleagues, however, is to spot the places where change is needed and to tell the writer about them, not to make the changes themselves.

To supply an objective, overall view, there should be one other person—in some agencies it may be the administrator, in others, the board president or the chairman of the public relations committee—who assumes responsibility for final approval of the report. Here again, the writer should be the person to make whatever corrections may be suggested; changes made by another hand are apt to destroy homogeneity of style.

Like all other creative jobs, writing an annual report is hard work. Approached with the proper spirit and—hopefully—helped by the suggestions in the foregoing pages, it can nevertheless turn into a satisfying and invigorating experience.

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