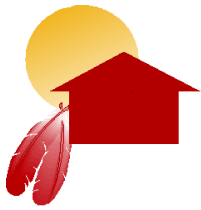
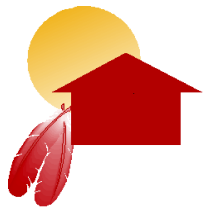


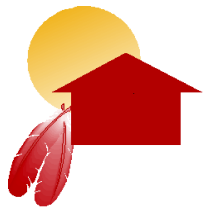
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APPENDIX 6 – Program Income				
I. Purpose				
The purpose of this review is to determine how revenue is generated, recorded, and used.	NAHASDA Sec .104(a) 24 CFR 1000.26(a)(8), 1000.62 and 1000.64 2 CFR 200.307	Notice PIH 2000-18 Notice PIH 2001-14 Program Guidance 2002-12 NAHASDA Guidance 2001-03(Tribe)		
II. Review Steps				
A. Determine how revenue is recorded for the fiscal years to be reviewed.				
B. Review accounting records to determine how revenue generated by the entity (including, but not limited to, grant income, rental receipts, administration fees, interest, insurance proceeds, proceeds of				



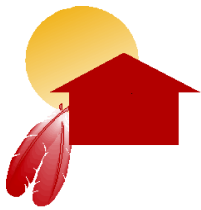
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sale, loan repayments, and other credits) is recorded and treated.				
C. Determine if the recipient's accounting system adequately and accurately records revenue and applicable credits.				
D. Determine how program income is recorded.	NAHASDA Sec .104(a) 24 CFR 1000.62 1000.26(a)(8)	PIH 2000-18 PG 2002-12		
1. Interview finance staff to determine if the recipient is computing and using non-program income. Non-program income may be generated from: a. Rental and sale of 1937 Act units, or b. If total program income is less than \$25,000.				



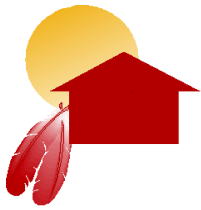
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<p>2. Determine the sources of program income. Sources should include:</p> <ul style="list-style-type: none"> a. 1937 Act Rental Receipts b. 1937 Act Proceeds of Sale c. NAHASDA Rental Receipts d. NAHASDA Proceeds of Sale e. Admin Fees* f. Interest g. Insurance Proceeds h. Loan Repayments i. Other Credits. <p>* Administrative fees are generally considered “other revenue” required to be used for eligible activities. The fees are booked as revenue and not as a credit to offset an expenditure. In reality, it does not matter what you call the fees as long as they are used for eligible activities.</p>				



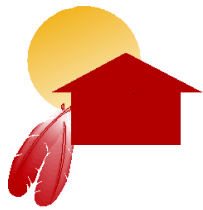
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3. If recipient records report all income as program income, verify that it is appropriately recorded in the general ledger and on the APR and 425s.				
4. If the recipient has non-program income, the recipient must have a schedule showing the computation of program and non-program income by year.				
5. Determine if recipient has a system to record and track modernization and rehabilitation expenditures on its 1937 Act units. If not, all income is program income. If the recipient computes non-program income for its units, it must demonstrate that it has an accounting system that tracks all modernization and rehabilitation costs by unit since 10/1/97.				



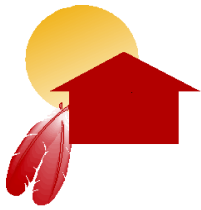
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<p>6. <u>Rental Receipts (37 Act Units Only)</u> If there is a tracking system for rehabilitation expenses, review the computation for non-program and program income for 1937 Act receipts.</p>				
<p>a. Verify that the rental receipt amount is based on actual cash received and not on an accrual basis.</p>				
<p>b. Verify the number of units in the computation is correct.</p>				
<p>c. Ensure that units that exceed 40% of the 1997 DC&E are eliminated from the computation.</p>				



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d. Verify that the AEL used is correct.				
e. Verify that the amounts recorded in the general ledger for program and non-program income are supported by a computation worksheet.				
f. Verify the proceeds of sale are classified as non-program income and ensure that rehabilitation expenditures on the units have not exceeded 40% of the 1997 DC&E.				



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g Verify that the amounts recorded in the general ledger for program and non-program income are supported by accounting records.				
III. Summary				
<ul style="list-style-type: none"> A. Summarize the results of the review in a work paper. B. Discuss significant issues with Supervisor. C. Develop findings, including questioned costs and corrective actions, as appropriate. D. Develop concerns because they could lead to a violation E. Develop report language, including any findings and concerns. F. If there are any major issues identified in this review and the recipient has approval to invest, determine if a withdrawal of 				



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investment authority should be recommended.				

Reviewer Name:	
Review Date(s):	