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Memo

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A public entity.

To: School Readiness Initiative Grantee
From: Grants Management and Finance Departments
Date: July 2007
Subject: **REDUCTION OF PAYMENTS DUE TO UNMET CASH MATCH**

Through a joint funding partnership with First 5 California, the School Readiness Initiative (SRI) enables First 5 LA to provide millions of dollars for services that assist families and schools in helping children get ready for kindergarten. Through this partnership, LA County School Readiness Programs are able to get one dollar from First 5 California for every local dollar contributed. First 5 LA is currently using Commission funds as well as funds from funded SRI Grantees to secure these state dollars. As a result of this, in order to draw down 100% of the available matching funds from First 5 California, SRI Grantees must meet 100% of their cash match obligations.

Most SRI Grantees experience very little difficulty in meeting and, in many instances, exceeding cash match obligations. However, for some Grantees, meeting 100% of cash match obligations has been consistently challenging. To ensure that the financial burden caused by a Grantee not meeting its match does not impact the Commission and other SRI Grantees, beginning July 1, 2007, First 5 LA will hold back a portion of funds on invoices (for those Grantees not meeting their match) in order to balance the funds that the program will not be able to draw down from the State Commission. The amount of funds held back from invoices may vary by Grantee due to, but not limited to, the following:

- Amount of cash match funds committed
- Year-to-date cash match reported
- Year-to-date program expenses reported

To determine if a Grantee is meeting its cash match obligation, First 5 LA will assess year-to-date cash match contributions and program expenses on a monthly basis. If the cash match shortfall is overcome in a subsequent month, the funds that were withheld from the program will be disbursed to the Grantee.

This policy applies to Grantees that have cash match obligations during Fiscal Year 2006-2007 (Cycle 1), and all Grantees receiving Cycle 2 funds beginning July 1, 2007. Grantees that anticipate challenges in meeting the total amount of their cash match obligation should contact their assigned Program Officer or Staff Accountant immediately to discuss implications for the program's budget and services.