

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS****VENDOR'S MONTHLY OPERATING REPORT**

The DR478 - Vendor's Monthly Operating Report is completed each month by the vendor to report monthly sales, expenses and profit. The DR478 is used by BEP to evaluate operations, develop required reports for federal and state governments, and establish set-aside fee, and insurance payment amounts. It is not intended for income tax purposes, welfare eligibility, or any purpose other than use by BEP.

The original DR478 and one copy, both front and back pages, must be postmarked or received by the Department's Accounting Section no later than the 25th of the month following the report month, along with a check or money order made payable to the **VENDING FACILITY TRUST FUND**. Cash will not be accepted.

It is recommended that the vendor's records and the DR478 be prepared by an accrual accounting method. This method allows for accounting of income when it is earned and expenses when they are incurred.

All monetary amounts entered on the DR478 shall be "rounded off" to the nearest whole dollar. "Rounding off" means amounts under 50 cents are decreased to the next lower dollar and amounts from 50 cents to 99 cents are increased to the next higher dollar.

NON-DEDUCTIBLE EXPENSES

While some of the following items may be deductible when filing individual income tax returns, they are not accepted as business expenses by BEP and shall not be shown on the DR478:

- Charges for vendor's personal clothing.
- Commuting to and from work, including parking for self and/or employees.
- Personal life insurance, state disability insurance or retirement programs for self or family.
- Personal health or medical insurance for self or family.
- Initial stock repayments to BEP.
- Contributions or gifts to organizations or customers unless related directly to

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

DR 478A (Rev. 02/00) Page 2 of 12

vending facility sales promotion activity.

- Accounting expenses not pertaining to BEP vending facility operations.
- Loss of merchandise through spoilage, theft, etc. (This will automatically be reflected in Cost of Goods.) Any theft shall be reported to appropriate law enforcement agencies and BEP.
- Unauthorized vehicle mileage or repair.
- Purchase, rental or maintenance of unauthorized equipment.
- Fees to Vending Facility Trust Fund.
- Penalties for late fees, insurance and/or loan payments.
- Loss of cash when there is no theft and the amount of loss is not verified or witnessed.

NAME:

Enter Vendor's first and last name.

SOCIAL SECURITY #:

Enter Vendor's personal 9-digit Social Security number.

Privacy Statement: Disclosure of vendor's Social Security Number (SSN) is mandatory and is based on Welfare and Institutions Code section 19629. It is used to ensure that vendor is properly identified and credited for set-aside and insurance payments. Failure to provide vendor's SSN could result in payments not being properly credited to vendor's account and, if ongoing, to license suspension or termination.

FACILITY TYPE:

Circle one of the following: "DV" Dry Vending Facility, "SB" Snack Bar, "WV" Wet Vending Facility, "C" Cafeteria, or "VM" Vending Machine Facility.

FACILITY NAME:

Enter name of facility.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS****FACILITY #:**

The facility number consists of 4 digits and a letter code. The first digit specifies the area in which the vending facility is located. The next 3 digits represent the vending facility number. The letter code represents the type of contracting organization. Enter the complete number (example: 3-535-C).

REPORT PERIOD:

Enter numerically the month and year of the period being reported, i.e., "09-92" for September 1992.

DAYS:

Enter the number of days of operation during the reporting period.

SALES**Line 1 -- Gross Receipts**

Enter gross receipts, including sales tax in the "Itemized Amt." column.

Line 2 -- State Sales Tax

Enter amount of sales tax on total sales for the month in the "Itemized Amt." column. Include sales tax on services such as film processing and video rentals.

Line 3 -- Net Sales

Net sales represents total sales, not including sales tax. Subtract Line 2 from Line 1. Enter remainder on Line 3 in the "Total Entries" column.

Line 4 -- Opening Merchandise Inventory

Opening merchandise inventory for a new facility or when taking over an existing facility from a previous vendor shall be reported as "zero" for the first report month in the "Itemized Amt." column. Subsequent reports by the same vendor shall pick up the closing merchandise inventory (Line 7 in the "Itemized Amt." column) for the prior report month and be reported in the "Itemized Amt." column.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS****Line 5 -- Merchandise Purchases**

Enter total merchandise purchases for the reporting period, including disposable goods, paper and plastic, which are made available to the customer along with products sold in the "Itemized Amt." column.

Merchandise purchases shall be reduced by 1) cost of goods for meals provided to employees; 2) discounts, commissions or rebates received from suppliers; and 3) amounts of merchandise taken home or consumed by the vendor.

When starting a new facility or taking over an existing facility, the purchase of merchandise inventory from suppliers or the previous vendor shall be recorded as merchandise purchases.

Pick-up and delivery charges shall be included in merchandise purchases. If pick-up or delivery charges are incurred by a vendor using a private vehicle, mileage rates may be charged, based on State-authorized expense allowance for use of private vehicles. If the vendor pays a monthly charge for parking, a prorated amount may be claimed if the vehicle is used for pick-up or delivery services.

Line 6 -- Merchandise Available for Sale

Add Lines 4 and Line 5. Enter the sum on Line 6 in the "Itemized Amt." column.

Line 7 -- Closing Merchandise Inventory

Enter the total amount of the closing merchandise inventory for the report month in the "Itemized Amt." column. Amounts shown as inventories must be actual at least twice annually, June 30 and December 31.

When closing a facility, enter the actual closing inventory on Line 7 in the "Itemized Amt." column.

Line 8 -- Cost of Goods Sold

Subtract Line 7 from Line 6. Enter the difference on Line 8 in the "Total Entries" column.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS****PAYROLL EXPENDITURES****Lines 9, 10 and 11 -- Blind, Disabled and Other Employee Wages**

In the "# of employees" box on the appropriate line of the form, report the complement employed during the report month, to the nearest one-half employee.

In the "Itemized Amt." column on the appropriate line enter the total gross wages paid during the report month. Gross wages include employee benefits consisting of the value of employee meals, merchandise, vacation/sick pay, overtime pay, and any other substitute for money.

Line 12 -- Payroll Taxes

Enter the total amount of employer's payroll taxes for the report month in the "Itemized Amt." column. This includes State Unemployment Insurance (SUI), Federal Unemployment Insurance (FUTA) and the employer's share of Federal Insurance Contributions (FICA). Taxes must be paid and withheld on wages paid to spouse or family members as required by law.

Line 13 -- Workers Compensation Insurance

Any person (including spouses and family members) receiving salaries, wages or other remuneration from the vendor is an employee and must be covered by workers compensation insurance.

Enter the number of trainee and/or volunteer hours used for skills and on the job training at the vending facility in the "Trainee Hours" box. Enter the "rounded off" workers compensation insurance payment in the "Itemized Amt." column. This amount must match Line 43 in the "Total Entries" column.

Line 14 -- Employee Benefits

Enter the total amount expended for employee group insurance (health, hospitalization, retirement) for the report month in the "Itemized Amt." column.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

DR 478A (Rev. 02/00) Page 6 of 12

Line 15 -- Total Payroll Expenses

Add Lines 9 through 14. Enter sum on Line 15 in the "Total Entries" column. Payroll expenses must include employees' gross wages before deductions, including meals furnished to employees, and vacation, holiday or bonus pay. (Vendor's employees paying half price for meals would eliminate the employee meal benefit requirement.) Cost of meals furnished shall be based on the State Employment Development Department's current meal cost schedule.

Line 16 -- Rent/Utilities

Enter the total amount for vending facility rent and utilities for the report month in the "Itemized Amt." column.

Rent for authorized equipment will be shown on Other Expenses (itemize), Lines 23, 24, 25 or 26.

Line 17 -- Telephone

Enter the total amount expended for telephone services and equipment for the reporting period in the "Itemized Amt." column. Only telephone charges directly related to the operation of the facility will be allowed.

Line 18 -- Liability Insurance

Enter the "rounded off" amount of liability insurance payment in the "Itemized Amt." column. This amount must match Line 44 in the "Total Entries" column.

Line 19 -- Laundry/Janitorial Services

Enter the total amount expended for laundry services and for contracted janitorial services for the report month in the "Itemized Amt." column.

Line 20 -- Supplies

Enter the total amount expended for supplies for the report month in the "Itemized Amt." column. Supplies include soaps, cleaning compounds, office supplies, etc. Disposable goods, such as paper and plastic, which are made available to the customer along with products sold will be included in Line 5.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**Line 21 -- Accounting Services

Enter the total amount expended for professional accounting services relating to the vending facility operation for the report month in the "Itemized Amt." column.

Line 22 -- Pest Control/Trash Disposal

Enter the total amount expended for pest control services and trash disposal for the report month in the "Itemized Amt." column.

Lines 23, 24, 25 and 26 -- Other Expenses (itemize)

Enter the amount(s) of other expenses for the reporting period in the "Itemized Amt." column. Each amount must be itemized in the space provided. Attach additional sheet(s) if needed. Enter the totals of itemized expenses on Lines 23, 24, 25 and 26.

Examples of "Other Expenses" include:

1. Loss due to burglary or theft not covered by insurance. A copy of the police report must be attached to support any amount claimed as loss due to burglary or theft.
2. Vendor rental of equipment authorized by BEP.
3. Vendor purchase of equipment authorized by BEP. When equipment is sold by vendor, the amount received will be entered on Other Expenses (itemize) as a negative. Equipment costing \$240 or more will be amortized monthly at the rate of 1/24th of the equipment cost. There is a lifetime expense allowance for computers/computer software of \$5,000.
4. BEP approved travel, conference, meeting, convention expense. Expense allowances will be based on current state per diem and mileage rates.
5. Promotions, decorations, prizes, etc.
6. Business related bank service charges, including non-sufficient fund checks from customers. Delinquency penalty and interest charges caused by the vendor will be excluded.
7. Vendor maintenance of BEP authorized vendor purchased equipment used for the vending facility.
8. Business taxes other than California State sales tax.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS****Line 27 -- Total Operating Expenses**

Add Lines 16 through 26. Enter the sum on Line 27 in the "Total Entries" column.

Line 28 -- Total Expenses

Add Lines 8, 15 and 27. Enter the sum on Line 28 in the "Total Entries" column.

Line 29 -- Profit from Operations

Subtract Line 28 from Line 3. Enter the difference on Line 29 in the "Total Entries" column.

OTHER INCOME**Line 30 -- Subsidies and Training Revenue**

Enter total amount of subsidy received from contracting agency and training revenue for the report month in the "Itemized Amt." column.

Line 31 -- Vending Machine Commissions

Enter the total amount of vending machine commissions received for the reporting period in the "Itemized Amt." column. Commissions received for a period covering more than one month shall be reported when received, in total, for the report month.

Vendor must attach a copy of the commission statements from the vending machine owner to the monthly operating report. Vending machine commissions represent income from vending machines which are not serviced by the vendor.

Line 32 -- Income from Services

Enter the amount of profit received from services such as video rentals, film processing, lottery ticket sales, etc., including sales tax in the "Itemized Amt." column. Sales tax from services which are taxable shall be included in Line 2.

Line 33 -- Total Other Income

Add Lines 30 through 32. Enter sum on Line 33 in the "Total Entries" column.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS****Line 34 -- Net Proceeds Subject to Fees**

Add Line 29 and Line 33. Enter sum on Line 34 in the "Total Entries" column. If Line 34 is less than zero, do not complete Lines 35 through 39. Enter zero on Line 40 in the "Itemized Amt." column.

FEES**Line 35 -- Fee from Fee Schedule**

Consult DR475 - Monthly Fee Schedule and enter fee shown for Line 34 in the "Itemized Amt." column.

Line 36 -- Maximum Fee

Enter amount from Line 3 plus Line 33. Multiply by 6%. Enter result on Line 36 in the "Itemized Amt." column.

Line 37 -- Fee Without Disabled Credit

Enter amount from Line 35 or Line 36, whichever is less, in the "Itemized Amt." column.

Line 38 -- Adjustment for Disabled Credit

Enter on Line 38 in the "Itemized Amt." column, 10% of Gross Wages of certified legally blind and disabled employees. The information placed on this line should be 10% of Lines 9 and 10. DR1129 - Disabled Employee Certification must be completed for each employee with a disability and must be signed by a Department of Rehabilitation Counselor before a fee reduction can be allowed.

Line 39 -- Fee to Vending Facility Trust Fund

Subtract Line 38 from Line 37. Enter the difference on Line 39 in the "Total Entries" column. If Line 38 is greater than Line 37, enter "zero". Deductions for gross wages of certified legally blind and disabled employees cannot exceed the fee without disabled credit.

Line 40 -- Net Income

Subtract Line 39 from Line 34. Enter on Line 40 in the "Itemized Amt." column.

VENDOR'S MONTHLY OPERATING REPORT**INSTRUCTIONS**

DR 478A (Rev. 02/00) Page 10 of 12

INSURANCE, OTHER PAYMENTS AND ADJUSTMENTS**Line 41 -- Workers Compensation Insurance Gross Wages**

Enter gross wages from Line 9, 10 and 11 and wages for trainees and volunteers to the gross wages for determination of insurance payment. Trainee and volunteer wages are ascertained by multiplying total hours worked by the minimum wage. Enter insurance rate and multiply by the rounded gross wages. Enter the "rounded off" workers compensation insurance payment before deducting overtime differential insurance adjustment in the "Itemized Amt." column.

Example 1: If vendor has "Other Employee Wages" (Line 11) of \$1,500 and also has Trainee Hours* of 35 hours on Line 13, Workers Compensation insurance payment for Line 41 should be equal to:

$$\frac{35}{\text{trainee hrs}} \times \frac{5.75}{\text{minimum wage}} + \frac{1,500}{\text{other wages}} = \frac{1,701}{\text{total wages}} \times \frac{8.28\%}{\text{rate}} = \mathbf{141}$$

Example 2: If vendor has only Trainee Hours* of 35 hours on Line 13, Workers Compensation insurance payment for Line 41 should be equal to:

$$\frac{35}{\text{trainee hrs}} \times \frac{5.75}{\text{minimum wage}} = \frac{201}{\text{trainee wages}} \times \frac{8.28\%}{\text{rate}} = \mathbf{17}$$

* Provide the Trainee Hours on Line 13 in the "(Trainee Hours _____)" box.

Line 42 -- Workers Compensation Insurance Overtime Wages Credit

Enter the rounded overtime differential wages. Enter insurance rate and multiply by the rounded overtime differential wages. Enter the insurance payment adjustment in the "Itemized Amt." column.

Line 43 -- Net Workers Compensation Insurance Payment

Subtract Line 42 from Line 41. Enter the difference on Line 43 in the "Total Entries" column. Also enter on Line 13 in the "Itemized Amt." column.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**Line 44 -- Liability Insurance Payment

Divide Line 3 by \$1,000, multiply by the Rate, then add the Base amount. Enter the "rounded off" liability insurance payment on Line 44 in the "Total Entries" column. Also enter on Line 18 in the "Itemized Amt." column.

Line 45 -- Total Remitted

Add Lines 39, 43 and 44. Enter sum on Line 45 in the "Total Entries" column.

Line 46 -- Other Payments

Enter loan number and amount of scheduled payment in the "Total Entries" column. Scheduled payment amount is shown on the DR472 - Promissory Note or other payments such as Delinquent Invoices and New Horizon loan.

Line 47 -- Adjustment Payment

Enter the amount from the prior month's DR478 Adjustment Report "BEFR02". Enter total amount you are paying on Line 47 in the "Total Entries" column.

Line 48 -- Total Payment

Add Lines 45, 46 and 47 and enter on Line 48 in the "Total Entries" column. All payments shall be made by check or money order. Cash will not be accepted. The total remitted must equal Line 48.

Vendor/Accountant Identification and Vendor Signature

Enter name, address and phone number of vendor and person preparing report.

Vendor must sign name and date the report.

The vendor's signature on the report signifies the report and attachments are a correct statement of the operation of the vendor's facility and contains only valid financial information for the location. Willful falsification of the report is legal cause for revocation of the vendor's license. The vendor is responsible for the completeness, accuracy, and submission of the report with an acceptable check or money order. An unsigned or incomplete report will be returned to the vendor.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

Payable To:

Remit check or money order only for the total amount of payments and make out to:
"VENDING FACILITY TRUST FUND".

Mail To:

Send the completed DR478 and one copy with payment to the:

Department of Rehabilitation
Vending Facility Trust Fund
Accounting Section
P.O. Box 944222
Sacramento, CA 94244-2220

DR478's and payment postmarked later than the 25th of the month following the report period month will be delinquent. A penalty of 10% of the late P&L payment due (Line 45) or \$25, whichever is greater, will be assessed against a vendor. The DR478 must accompany the payment.

A review of the Vendor's Monthly Operating Report (DR478) will be completed by BEP staff and retained for four (4) years in the BEP files for reference. Copies of comments may be made available upon individual vendor request.

A copy of these instructions should be given to the vendor's accountant or any other person preparing the report. When a vendor chooses an individual to prepare DR478 reports, that person must be able to prepare legible, detailed and accurate reports. Vendors who do not understand how to complete the reports should contact their Business Enterprise Consultant for assistance.