

Corporation for National and Community Service
Consolidated Statements of Financial Position
As of September 30
(dollars in thousands)

ASSETS	2008	2007
Fund Balance with Treasury <i>(Note 2)</i>	\$ 822,989	\$ 886,505
Trust Investments and Related Receivables <i>(Note 3)</i>	483,880	465,391
Advances to Others	59,388	61,975
Accounts Receivable, Net <i>(Note 4)</i>	2,616	3,247
Property and Equipment, Net <i>(Note 5)</i>	3,043	2,107
Total Assets	<u>\$ 1,371,916</u>	<u>\$ 1,419,225</u>
LIABILITIES		
Trust Service Award Liability <i>(Note 6)</i>	\$ 303,367	\$ 280,597
Grants Payable	89,456	99,805
Accounts Payable	7,231	6,141
Actuarial FECA Liability <i>(Note 8)</i>	11,638	11,888
Other Liabilities	14,200	13,331
Accrued Annual Leave	3,164	3,165
Advances from Others	290	102
Capital Lease Liability	250	250
Total Liabilities	<u>429,596</u>	<u>415,279</u>
Contingencies <i>(Note 14)</i>		
NET POSITION		
Unexpended Appropriations	769,016	828,597
Cumulative Results of Operations	173,304	175,349
Total Net Position <i>(Note 9)</i>	<u>942,320</u>	<u>1,003,946</u>
Total Liabilities and Net Position	\$ 1,371,916	\$ 1,419,225

The accompanying notes are an integral part of these financial statements.

Corporation for National and Community Service
Consolidated Statements of Operations and Changes in Net Position
For the Years Ended September 30

(dollars in thousands)

REVENUE	2008	2007
Appropriated Capital Used	\$ 748,580	\$ 779,456
Appropriations Transferred to the Trust Fund <i>(Note 10)</i>	138,785	117,720
Interest	17,804	19,563
Revenue from Services Provided	8,111	7,404
Other	<u>776</u>	<u>2,452</u>
Total Revenue	914,056	926,595
EXPENSES		
AmeriCorps	630,424	622,304
SeniorCorps	236,794	240,828
Learn and Serve America	<u>42,436</u>	<u>59,503</u>
Subtotal - Program Expenses	909,654	922,635
Pass-through Grants	163	2,781
Office of the Inspector General	<u>6,284</u>	<u>5,634</u>
Total Expenses <i>(Note 11)</i>	916,101	931,050
Net of Revenue Over Expenses	<u>(2,045)</u>	<u>(4,455)</u>
NET POSITION		
Net of Revenue over Expenses	(2,045)	(4,455)
Increase/(Decrease) in Unexpended Appropriations, Net <i>(Note 13)</i>	<u>(59,581)</u>	<u>(43,536)</u>
Increase/(Decrease) in Net Position, Net	(61,626)	(47,991)
Net Position, Beginning Balance	<u>1,003,946</u>	<u>1,051,937</u>
Net Position, Ending Balance <i>(Note 9)</i>	<u>\$ 942,320</u>	<u>\$ 1,003,946</u>

The accompanying notes are an integral part of these financial statements.

**Corporation for National and Community Service
Consolidated Statements of Cash Flows
For the Years Ended September 30**

(dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	2008	2007
Net of Revenue over Expenses	\$ (2,045)	\$ (4,455)
Adjustments Affecting Cash Flow:		
Appropriated Capital Used	(748,580)	(779,456)
Appropriations Received in Trust	(138,785)	(117,720)
Decrease/(Increase) in Accounts Receivable	631	(1,192)
Decrease/(Increase) in Interest Receivable	(697)	1,179
Decrease/(Increase) in Advances	2,587	(1,928)
Increase/(Decrease) in Accounts Payable and Other Liabilities	2,147	2,277
Increase/(Decrease) in FECA and Annual Leave Liabilities	(249)	(1,220)
Increase/(Decrease) in Capital Lease Liability	-	(77)
Increase/(Decrease) in Trust Liability	22,770	13,654
Increase/(Decrease) in Grants Payable	(10,349)	11,166
Amortization of Premium/Discount on Investments	(4,192)	(48,374)
Depreciation, Amortization, and Loss on Disposition of Assets	1,731	1,051
Total Adjustments	<u>(872,986)</u>	<u>(920,640)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(875,031)</u>	<u>(925,095)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,667)	-
Sales of Securities	1,093,279	5,731,950
Purchase of Securities	<u>(1,106,881)</u>	<u>(5,701,817)</u>
Net Cash Provided/(Used) in Investing Activities	<u>(16,269)</u>	<u>30,133</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Appropriations Received, Net of Trust	871,558	884,547
Rescissions and Cancellations	<u>(43,774)</u>	<u>(30,907)</u>
Net Cash Provided by Financing Activities	<u>827,784</u>	<u>853,640</u>
Net Increase/(Decrease) in Fund Balance with Treasury	(63,516)	(41,322)
Fund Balance with Treasury, Beginning	<u>886,505</u>	<u>927,827</u>
Fund Balance with Treasury, Ending	<u>\$ 822,989</u>	<u>\$ 886,505</u>

The accompanying notes are an integral part of these financial statements.

**Corporation for National and Community Service
Combined Statements of Budgetary Resources
For the Years Ended September 30**

(dollars in thousands)

BUDGETARY RESOURCES	2008	2007
Unobligated balance, brought forward, October 1	\$ 177,320	\$ 185,878
Recoveries of prior year unpaid obligations	<u>40,444</u>	<u>57,330</u>
	217,764	243,208
Budget authority:		
Appropriation	1,027,007	1,021,546
Spending authority from offsetting collections:		
Collected	9,070	7,302
Change in receivables from Federal sources	(491)	-
Change in unfilled customer orders:		
Advance received	374	-
Without advance from Federal sources	<u>65</u>	<u>-</u>
Total budget authority	1,036,025	1,028,848
Permanently not available	<u>(43,843)</u>	<u>(30,907)</u>
Total budgetary resources	<u><u>\$ 1,209,946</u></u>	<u><u>\$ 1,241,149</u></u>
 STATUS OF BUDGETARY RESOURCES		
Obligations incurred (<i>Note 16</i>)	1,064,885	1,063,829
Unobligated balance:		
Apportioned	2,927	-
Unobligated balance not available	<u>142,134</u>	<u>177,320</u>
Total status of budgetary resources	<u><u>\$ 1,209,946</u></u>	<u><u>\$ 1,241,149</u></u>

(Continued)

The accompanying notes are an integral part of these financial statements.

**Corporation for National and Community Service
 Combined Statements of Budgetary Resources
 For the Years Ended September 30**

(dollars in thousands)

(Continued)

	2008	2007
CHANGE IN OBLIGATED BALANCE		
Obligated balance, net:		
Unpaid obligations, brought forward, October 1	\$ 1,165,718	\$ 1,185,078
Uncollected customer payments from Federal sources, brought forward, October 1	<u>(1,694)</u>	<u>(3,455)</u>
Total unpaid obligated balance, net	1,164,024	1,181,623
Obligations incurred, net	1,064,885	1,063,829
Gross outlays	(1,039,557)	(1,025,858)
Recoveries of prior year unpaid obligations, actual	(40,444)	(57,330)
Change in uncollected customer payments from Federal sources	<u>427</u>	<u>1,760</u>
Total unpaid obligated balance, net, end of period	<u>1,149,335</u>	<u>1,164,024</u>
Obligated balance, net, end of period:		
Unpaid obligations	1,150,605	1,165,718
Uncollected customer payments from Federal sources	<u>(1,270)</u>	<u>(1,694)</u>
Total unpaid obligated balance, net, end of period	<u>1,149,335</u>	<u>1,164,024</u>
NET OUTLAYS		
Gross outlays	1,039,557	1,025,858
Offsetting collections	(9,444)	(9,062)
Distributed offsetting receipts	<u>(140,450)</u>	<u>(119,014)</u>
Net outlays	<u>\$ 889,663</u>	<u>\$ 897,782</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Corporation for National and Community Service (Corporation) was created by the National and Community Service Trust Act of 1993 (Public Law 103-82). The Corporation's mission is to improve lives, strengthen communities, and foster civic engagement through service and volunteering. To meet its mission, the Corporation provides grants and other assistance to States, local municipalities, and not-for-profit organizations to help communities meet critical challenges in the areas of education, public safety, human needs, and the environment through volunteer service. The Corporation's major programs are:

SENIOR CORPS. The Senior Corps offers a network of programs that tap the rich experience, skills and talents of older citizens to meet community challenges. Senior Corps comprises the Retired and Senior Volunteer Program, the Foster Grandparent Program, and the Senior Companion Programs.

AMERICORPS. AmeriCorps provides opportunities for Americans to make an ongoing, intensive commitment to service through the following programs:

- *State, National, Tribes, and Territories, (State/National)* offers grants supporting a broad range of local service programs that engage thousands of Americans in intensive service to meet critical community needs.
- *Volunteers in Service to America (VISTA)* helps community organizations and public agencies create and expand programs that build capacity and ultimately bring low-income individuals and communities out of poverty.
- *National Civilian Community Corps (NCCC)* strengthens communities while developing leaders through direct, team-based national and community service.

LEARN AND SERVE AMERICA. Learn and Serve America supports programs in schools, colleges, and community-based organizations that link community service to educational objectives.

In addition, the Corporation administers the National Service Trust (the Trust), whose purpose is to provide education awards for volunteers under AmeriCorps' State, National, Tribes and Territories; NCCC; and VISTA programs.

B. Basis of Accounting and Presentation

The accompanying financial statements report the financial position, results of operations, cash flows, and budgetary resources of the Corporation, as required by the Government Corporation Control Act (31 USC 9106) and Executive Order 13331 ("National Community Service Programs").

The accompanying Consolidated Statements of Financial Position, Operations and Changes in Net Position, and Cash Flows have been prepared from the books and records of the Corporation in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to Federal governmental corporations and include the Corporation's activities related to providing grants and other assistance to eligible states, local governments, and not-for-profit organizations as well as education awards to eligible national service participants.

The accompanying Combined Statements of Budgetary Resources (SBR) have been prepared from the books and records of the Corporation in accordance with the form and content requirements pertaining to it in the Office of Management and Budget (OMB) Circular No. A-136, "Financial Reporting Requirements" and GAAP. GAAP, as it relates to the SBR, is prescribed by the Federal Accounting Standards Advisory Board, which is the official accounting standard-setting body for the Federal government.

The Corporation's accounting structure reflects both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred, without regard to the actual collection or payment of cash. Federal budgetary accounting recognizes the obligation of appropriations and other funds upon the establishment of a properly documented legal liability, which, in many cases, is different from the recording of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal controls over the use of Federal funds.

C. Budgets and Budgetary Accounting

The activities of the Corporation are primarily funded through the annual Departments of Labor, Health and Human Services, Education and Related Agencies Appropriation Act. For the period covered by these statements, the Corporation was funded by the following trust and appropriated funds:

Trust Funds

- National Service Trust
- Gifts and Contributions

Appropriated Funds

- Domestic Volunteer Service Programs, Operating Expenses, a FY 2007 one-year fund
- National and Community Service Programs, Operating Expenses, a FY 2007 two-year fund
- Operating Expenses, a FY 2008 one-year fund (with the exception that funding for operation of the National Civilian Community Corps was available for two years)
- Salaries and Expenses, a one-year fund in both FY 2007 and 2008
- Office of Inspector General, a one-year fund in both FY 2007 and 2008
- VISTA Advance Payment Revolving Fund, a no-year fund.

The Vista Advance Payment Revolving Fund was established on February 15, 2007, by Public Law 110-5. It provides budgetary resources against which the Corporation advances funds for VISTA cost-share agreements. OMB did not establish the VISTA Advance Payment Revolving Fund as a revolving fund, but, as noted above, as a permanent, indefinite appropriated fund.

D. Fund Balance with Treasury

Fund Balance with Treasury (FBWT) represents the Corporation's cash accounts with the Department of the Treasury (the Treasury). The Treasury processes cash receipts and disbursements on behalf of the Corporation and the Corporation's accounting records are reconciled with those of the Treasury on a regular basis. The Corporation's FBWT includes all of its appropriated and trust funds.

Funds maintained in the National Service Trust are restricted to specific purposes, such as paying service awards earned by eligible participants, and are not available for use in the current operations of the Corporation. The majority of the funds received from individuals and organizations in the form of gifts are restricted for particular uses, such as service projects.

E. Investments and Related Receivables

By law, the Corporation may invest the funds of the National Service Trust in interest-bearing Treasury securities guaranteed by the United States as to principal and interest. These Treasury securities are referred to as “market-based”, since they mirror actual Treasury securities sold on the open market. They consist of Treasury notes, bonds, bills and one-day certificates.

Since they are expected to be held-to-maturity, the Corporation’s investments are valued at cost and adjusted for the amortization of premiums and discounts. The premiums and discounts are recognized as adjustments to interest income, using the effective interest method. Interest receivable represents amounts earned, but not received on investments held at year-end. Prepaid interest is the amount of interest earned on a security since the date of its last interest payment up to the date the security is purchased by the Corporation. Such interest, if any, at year-end is included in the interest receivable balance.

F. Advances to Others

The Corporation advances funds to non-federal entities, primarily in response to grantee drawdown requests, to facilitate their authorized service activities. The cash payments to grantees, in excess of amounts appropriately expended under the terms of the grant agreements, are accounted for as advances. At the end of the fiscal year, the total amount advanced to grantees is compared with the total Corporation-funded amount of grant expenses properly incurred by the grantees. Grantee expenses are determined from reports submitted by the grantees. For those grantees with advances exceeding expenses, the aggregate difference is reported as the advance account balance.

G. Accounts Receivable

Accounts receivable represents amounts due to the Corporation primarily under Federal and non-Federal reimbursable agreements, grantee audit resolution determinations, and outstanding travel advances due from employees. An allowance for doubtful accounts is established for reporting purposes based on past experience.

H. Property and Equipment

Effective July 1, 2007, the Corporation instituted a prospective increase in the capitalization threshold for capitalized property and equipment from \$10 thousand to \$50 thousand. Thus, all property and equipment received and accepted by the Corporation on or after July 1, 2007, is subject to the \$50 thousand capitalization threshold. Property and equipment with an estimated useful life that extends beyond the year of acquisition is capitalized at historical cost and is depreciated (or amortized) on a straight-line basis over estimated useful lives ranging from two to 10 years, using the half-year convention. Normal maintenance and repair costs on capitalized property and equipment are expensed when incurred. The Corporation has entered into lease agreements for copy machines. These leases vary from 3 to 4 year terms and are deemed to be capital leases. The costs of the copiers have been recorded as property and equipment.

I. Trust Service Award Liability

The Trust Service Award Liability represents unpaid earned, and expected to be earned, education awards and eligible student loan interest forbearance costs, which are expected to be used. These amounts relate to participants who have completed service or are currently enrolled in the program and are expected to earn an award, based on the Corporation’s historical experience.

J. Grants Payable

Grants are made to nonprofit organizations, educational institutions, states, municipalities, and other external organizations. Grants become budgetary obligations, but not liabilities, when they are awarded. At the end of each fiscal year, the Corporation reports the total amount of unreimbursed grantee expenses, which are properly payable under the terms of grant agreements, as grants payable.

K. Accounts Payable

The Corporation records as liabilities all amounts that are likely to be paid as a direct result of a transaction or event that has already occurred. Accounts payable represents amounts due to entities for goods and services received by the Corporation, but not paid for at the end of the fiscal year.

L. Actuarial FECA Liability

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees, NCCC and VISTA members injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for Corporation employees and members under FECA are determined and paid by the Department of Labor (DOL) and later billed to the Corporation. The Corporation's actuarial liability for workers' compensation includes costs incurred but unbilled as of year-end, as calculated by DOL. The Corporation reimburses DOL for FECA claims out of current appropriations upon receipt of a bill from DOL.

M. Other Liabilities

Other liabilities include amounts owed but not paid at the end of the fiscal year for payroll and benefits and VISTA stipends. Also included as other liabilities is the amount of claims for benefits for Corporation employees under FECA that have been paid by DOL and billed to the Corporation but have not yet been reimbursed to DOL.

N. Accrued Annual Leave

Annual leave is accrued as a liability based on amounts earned but not used as of the fiscal year-end. Each year, the balance in the accrued annual leave account is adjusted to reflect current year pay rates and leave balances. Annual leave is funded from current appropriations when used. As unused annual leave is used in the future, financing will be obtained from appropriations current at that time. Sick leave and other types of non-vested leave are also expensed when used.

O. Advances from Others

Advances from others consist of advances from other Federal agencies and the public related to interagency and cost share agreements into which the Corporation entered to provide services.

P. Net Position

Net position is comprised of the Corporation's unexpended appropriations and its cumulative results of operations. Unexpended appropriations is the balance of appropriated authority granted to the Corporation against which no outlays have been made. Cumulative results of operations represent the net differences between revenues and expenses from the inception of the Corporation.

Q. Revenues

Appropriated Capital Used

The Corporation recognizes its use of appropriated capital as revenue at the time it is expended to pay program or administrative expenses. Appropriations expended for property and equipment are recognized as used when the property is purchased. Appropriated capital not expended within five fiscal years after it became available for obligation is cancelled. Unpaid obligations recorded against cancelled appropriated capital are paid from currently available appropriated funds as payments become due. Appropriations received for the Corporation's Trust are recognized as revenue when received in the Trust Fund. Trust appropriations do not expire with the passage of time and are retained by the Corporation in the Trust until used for eligible education service award purposes.

Interest

Interest income is recognized when earned. Treasury notes and bonds pay interest semi-annually, based on the stated rate of interest. Interest on Treasury bills is paid at maturity. Interest income is adjusted by amortization of premiums and discounts using the effective interest method.

Revenue from Services Provided

The Corporation also receives income from reimbursable service agreements that is recorded as revenue from services provided. Revenue from services provided is recognized when earned, i.e., goods have been delivered or services rendered.

Other Revenue

Other revenue consists of gifts and donations for the support of Corporation operations or service projects from individuals and organizations.

R. Retirement Benefits

The Corporation's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). FERS was established by the enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984, elected to join FERS and Social Security or remained in the CSRS. For employees covered by CSRS, the Corporation contributes 7.0 percent of their basic pay.

For those employees covered by FERS, the Corporation contributes 11.2 percent of their gross pay towards retirement. Employees are allowed to participate in the Federal Thrift Savings Plan (TSP). For employees under FERS, the Corporation contributes an automatic one percent of basic pay to TSP and matches employee contributions up to an additional 4 percent of pay, for a maximum Corporation contribution amounting to 5 percent of pay.

Employees under CSRS may participate in the TSP, but will not receive either the Corporation's automatic or matching contributions.

The Corporation made retirement contributions of \$473 and \$506 thousand to the CSRS, and \$8.2 and \$8.1 million to FERS and TSP in fiscal years 2008 and 2007, respectively.

S. Income Taxes

As a Federal entity, the Corporation is exempt from all income taxes imposed by any governing body, whether it be a Federal, State, commonwealth, local, or foreign government.

T. Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make certain estimates. These estimates affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

U. Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation.

NOTE 2 – FUND BALANCE WITH TREASURY

U.S. Government cash is accounted for on an overall consolidated basis by the U.S. Department of Treasury. The Fund Balance with Treasury line on the Statement of Financial Position consists of the following:

- **Appropriated Funds** – Appropriated funds are received through congressional appropriations to provide financing sources for the Corporation’s programs on an annual, multi-year, and no-year basis.
- **Trust Funds** – Trust Funds are accounts designated by law for receipts earmarked for specific purposes and for the expenditure of these receipts. Funds from the Corporation’s Trust Fund may be expended for the purpose of providing an education award or student loan interest forbearance payment. Trust Fund payments are made directly to a qualified institution (college, university, or other approved educational institution, or a lending institution holding an existing student loan) as designated by the participant. The Trust also pays awards under the President’s Freedom Scholarship Program.
- **Gift Funds** – Gift Funds are funds received from individuals and organizations as donations in furtherance of the purposes of the national service laws.

Fund Balance with Treasury as of September 30, 2008			
<i>(dollars in thousands)</i>			
Type	Unrestricted	Restricted	Total
Appropriated Funds	821,954	\$ -	\$ 821,954
Trust Funds		\$ 227	227
Gift Funds	-	808	808
Total	<u>\$ 821,954</u>	<u>\$ 1,035</u>	<u>\$ 822,989</u>

Fund Balance with Treasury as of September 30, 2007			
<i>(dollars in thousands)</i>			
Type	Unrestricted	Restricted	Total
Appropriated Funds	\$ 885,823	\$ -	\$ 885,823
Trust Funds	-	148	148
Gift Funds	-	534	534
Total	<u>\$ 885,823</u>	<u>\$ 682</u>	<u>\$ 886,505</u>

NOTE 3 – TRUST INVESTMENTS AND RELATED RECEIVABLES

The composition of Trust Investments and Related Receivables at September 30 is as follows:

Trust Investments and Related Receivables as of September 30 <i>(dollars in thousands)</i>		
	2008	2007
Investments, Carrying Value	\$ 479,634	\$ 461,842
Investment and Interest Receivable	4,246	3,549
Total	<u>\$ 483,880</u>	<u>\$ 465,391</u>

Amortized Cost and Fair Value of Investment Securities as of September 30, 2008 <i>(dollars in thousands)</i>				
Securities	Amortized Cost	Unrealized Gains	Unrealized (Losses)	Fair Value
Notes	\$ 399,353	\$ 6,609	\$ -	\$ 405,962
Bills	80,281	108	-	80,389
Bonds	-	-	-	-
Total	<u>\$ 479,634</u>	<u>\$ 6,717</u>	<u>\$ -</u>	<u>\$ 486,351</u>

Amortized Cost and Fair Value of Investment Securities as of September 30, 2007 <i>(dollars in thousands)</i>				
Securities	Amortized Cost	Unrealized Gains	Unrealized (Losses)	Fair Value
Notes	\$ 427,428	\$ 2,307	\$ -	\$ 429,735
Bills	34,414	1	-	34,415
Bonds	-	-	-	-
Total	<u>\$ 461,842</u>	<u>\$ 2,308</u>	<u>\$ -</u>	<u>\$ 464,150</u>

At September 30, 2008, the notes held at year-end had an interest rate range of 3.0% to 6.0% and an outstanding maturity period of approximately one day to five years. The bills held at year-end had an interest rate range of 2.99% to 4.79% and were all due to mature within 18 days. The par values of these bills range from \$1.0 million to \$20.0 million.

As required by the Strengthen AmeriCorps Program Act, beginning in fiscal 2003, the Corporation has set aside in reserve a portion of the funds in the Trust for use in the event that its estimates used to calculate obligational amounts for education awards prove to be too low. As of September 30, 2008, \$46.7 million of the Corporation's investment account has been set aside for this reserve.

NOTE 3 – TRUST INVESTMENTS AND RELATED RECEIVABLES – CONTINUED

Investments held at September 30 mature according to the following schedule:

Maturations of Securities Held as of September 30 <i>(dollars in thousands)</i>				
Held-to-Maturity Securities	2008		2007	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	\$ 357,731	\$ 359,913	\$ 245,945	\$ 246,090
Due after 1 year up to 5 years	121,903	126,438	215,897	218,060
Total	<u>\$ 479,634</u>	<u>\$ 486,351</u>	<u>\$ 461,842</u>	<u>\$ 464,150</u>

NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts Receivable as of September 30 <i>(dollars in thousands)</i>		
	2008	2007
Accounts receivable	\$ 2,925	\$ 3,726
Less: allowance for loss on receivables	309	479
Accounts Receivable, Net	<u>\$ 2,616</u>	<u>\$ 3,247</u>

NOTE 5 – PROPERTY AND EQUIPMENT, NET

General Property and Equipment as of September 30, 2008 <i>(dollars in thousands)</i>				
Major Class	Service Life (Years)	Cost	Less: Accumulated Depreciation	Net Book Value
Equipment	3 - 10	\$ 3,084	\$ 1,541	\$ 1,543
Capital leases	3 - 5	416	291	125
ADP software	2	8,774	7,399	1,375
Total		<u>\$ 12,274</u>	<u>\$ 9,231</u>	<u>\$ 3,043</u>

NOTE 5 – PROPERTY AND EQUIPMENT, NET – CONTINUED

General Property and Equipment as of September 30, 2007					
<i>(dollars in thousands)</i>					
Major Class	Service Life (Years)	Cost	Less: Accumulated Depreciation	Net Book Value	
Equipment	3 - 10	\$ 2,917	\$ 1,326	\$ 1,591	
Capital leases	3 - 5	416	208	208	
ADP software	2	6,274	5,966	308	
Total		\$ 9,607	\$ 7,500	\$ 2,107	

NOTE 6 – SERVICE AWARD LIABILITY – NATIONAL SERVICE TRUST

Individuals who successfully complete terms of service in AmeriCorps programs earn education awards, which can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The awards, which are available for use for a period of up to seven years after the benefit has been earned, are paid from the National Service Trust. The Trust also pays forbearance interest on qualified student loans during the period members perform community service, as well as awards under the President’s Freedom Scholarship Program. The award liability components related to education awards and interest forbearance have been adjusted, based on historical experience, to reflect the fact that some eligible participants may not use these benefits. The Service Award Liability was composed of the following as of September 30:

Service Award Liability as of September 30			
<i>(dollars in thousands)</i>			
	2008	2007	
Education awards	\$ 1,335,254	\$ 1,179,887	
Interest forbearance	42,707	37,264	
President's Freedom Scholarship Program	<u>22,527</u>	<u>22,527</u>	
Total estimated Service Award Liability	1,400,488	1,239,678	
Less: cumulative awards paid	1,097,121	959,081	
Total	\$ 303,367	\$ 280,597	

The net Service Award Liability as of September 30, 2008, increased by approximately \$22.8 million from the net Service Award Liability as of September 30, 2007. This change was largely due to new member enrollments and an increase in the number of members still serving during the year. Past Corporation appropriations made amounts from the Trust available for \$1,000 scholarships for high school students known as Presidential Freedom Scholarships. To fund each scholarship, a local community or corporate source matched the \$500 portion of the scholarship provided by the Corporation. The program was discontinued in fiscal 2007; however, because students have up to seven years to use the scholarship, some payments will continue to be made over the next several years.

NOTE 7 – OPERATING LEASES

The Corporation leases office space through the General Services Administration (GSA). GSA charges the Corporation a Standard Level Users Charge that approximates commercial rental rates for similar properties. NCCC also leases housing facilities for its campuses. Additionally, the Corporation leases motor vehicles on an annual basis through GSA under an Interagency Fleet Management Service agreement for the National Civilian Community Corps. Commitments of the Corporation for future rental payments under operating leases at September 30 are as follows:

Estimated Operating Lease Commitments as of September 30								
<i>(dollars in thousands)</i>								
Fiscal Year	2008				2007			
	Facilities Space	Vehicles	Other	Total	Facilities Space	Vehicles	Other	Total
2008	\$ –	\$ –	\$ –	-	8,155	581	124	8,860
2009	8,351	543	139	9,033	8,395	598	95	9,088
2010	8,602	562	122	9,286	8,642	615	89	9,346
2011	8,860	581	126	9,567	8,896	633	92	9,621
2012	9,125	602	122	9,849	9,158	652	96	9,906
2013	9,399	623	114	10,136	-	-	-	-
Total	\$ 44,337	\$ 2,911	\$ 623	\$ 47,871	\$ 43,246	\$ 3,079	\$ 496	46,821

NOTE 8 – ACTUARIAL FECA LIABILITY

The Corporation’s actuarial liability for future workers’ compensation benefits under FECA was \$11.638 million and \$11.888 million as of September 30, 2008 and 2007, respectively. The amount includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. The actuarial liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. Consistent with past practice, these projected annual benefit payments have been discounted to present value using the Office of Management and Budget’s economic assumptions for 10-year Treasury notes and bonds.

NOTE 9 – NET POSITION

Net position consists of unexpended appropriations and cumulative results of operations. Component balances are separately maintained for the Gift Fund, Trust Fund and Appropriated Funds.

Net Position by Fund Balance Components				
As of September 30, 2008				
	<i>(dollars in thousands)</i>			
	Gift Fund	Trust Fund	Appropriated Funds	Total
Unexpended appropriations	\$ -	\$ -	\$ 769,016	\$ 769,016
Cumulative results of operations	801	180,771	(8,268)	173,304
Total Net Position	\$ 801	\$ 180,771	\$ 760,748	\$ 942,320

Net Position by Fund Balance Components				
As of September 30, 2007				
	<i>(dollars in thousands)</i>			
	Gift Fund	Trust Fund	Appropriated Funds	Total
Total unexpended appropriations	\$ -	\$ -	\$ 828,597	\$ 828,597
Cumulative results of operations	570	184,949	(10,170)	175,349
Total Net Position	\$ 570	\$ 184,949	\$ 818,427	\$ 1,003,946

NOTE 10 – APPROPRIATIONS RECEIVED BY THE NATIONAL SERVICE TRUST

For fiscal year 2008 the National Service Trust received \$122.530 million under the Consolidated Appropriations Act, 2008 (Public Law 110-161). For fiscal year 2007 the National Service Trust received \$117.720 million under the Revised Continuing Appropriations Resolution, 2007 (Public Law 110-5). The Acts also authorized the Corporation to transfer additional amounts from subtitle C program funds to the National Service Trust if necessary to support the activities of national service participants. The Corporation transferred \$16.246 million to the National Service Fund under this provision in fiscal 2008, bringing total appropriations received by the Trust in 2008 to \$138.785 million; no funds were transferred in fiscal 2007.

NOTE 11 – EXPENSES

Using an appropriate cost accounting methodology, the Corporation's expenses have been allocated among its major programs, at the sub-program level. Costs for each sub-program are reported on separately:

AmeriCorps includes the *State, National, Tribes, and Territories (State/National)*; *National Civilian Community Corps (NCCC)*; and *Volunteers In Service To America (VISTA)* programs. The State/National sub-program includes grant expenses, as well as direct and allocated personnel and administrative costs including AmeriCorps recruitment and Trust operations. The NCCC sub-program includes direct and allocated personnel and administrative costs including AmeriCorps recruitment and Trust operations. The VISTA sub-program includes grant expenses, as well as direct and allocated personnel and administrative costs including AmeriCorps recruitment and Trust operations.

The National Senior Service Corps (NSSC) includes the *Foster Grandparent Program (FGP)*; *Senior Companion Program (SCP)*; and the *Retired and Senior Volunteer Program (RSVP)*. The NSSC responsibility segment includes grant expenses, as well as direct and allocated personnel and administrative costs for RSVP, FGP, and SCP.

Learn and Serve America includes grant expenses, as well as direct and allocated personnel and administrative costs, for the Learn and Serve America Program, the President's Student Service Challenge, and National Service Leader Schools. The President's Freedom Scholarships are included in the National Service Award expense component.

Other Program Costs

National Service Award Expense – the National Service Award expense component consists of the Corporation's estimated expense for education awards based on the increase in its service award liability during the year, interest forbearance costs on qualified student loans during the period members perform community service, as well as disbursements for the President's Freedom Scholarship Program (see Note 12). No indirect costs have been allocated to the National Service Award expense component.

Pass-through Grants – the Corporation has reimbursable agreements with state agencies whereby the Corporation awards and administers grants to a list of grantees selected and funded by the State. No indirect costs have been allocated to these pass-through grants.

The Office of Inspector General (OIG) receives a separate appropriation. No indirect costs have been allocated to the OIG.

NOTE 11 – EXPENSES – CONTINUED

Components of Grant Funds Expended for the years ended September 30		
<i>(dollars in thousands)</i>		
	2008	2007
Domestic Volunteer Service Act Programs	\$ 248,385	\$ 249,634
National and Community Service Act Programs	316,158	347,085
Pass-through Grants	163	2,781
Total Grant Funds Expended	<u>\$ 564,706</u>	<u>\$ 599,500</u>

Expenses by Major Responsibility Segment for the years ended September 30		
<i>(dollars in thousands)</i>		
	2008	2007
AmeriCorps		
State, National, Tribes & Territories (State/National)	\$ 459,584	\$ 461,509
National Civilian Community Corps (NCCC)	39,334	37,188
Volunteers In Service To America (VISTA)	<u>131,506</u>	<u>123,607</u>
Subtotal	\$ 630,424	\$ 622,304
National Senior Service Corps		
Retired and Senior Volunteer Program (RSVP)	66,284	66,286
Foster Grandparent Program (FGP)	119,396	123,293
Senior Companion Program (SCP)	<u>51,114</u>	<u>\$ 51,249</u>
Subtotal	236,794	240,828
Learn and Serve America	42,436	59,503
Pass-through Grants	163	2,781
Office of Inspector General (OIG)	6,284	5,634
Total Expenses	<u>\$ 916,101</u>	<u>\$ 931,050</u>

Expenses by Type and Subprogram for the year ended September 30, 2008

(dollars in thousands)

Type	AmeriCorps			National Senior Service Corps				Pass-through	OIG	Total
	State/National	NCCC	VISTA	RSVP	FGP	SCP	Learn & Serve	Grants		
Grant and Related Expense										
Grant funds expended	\$ 278,649	\$ -	\$ 29,062	\$ 60,763	\$ 111,231	\$ 47,329	\$ 37,509	\$ 163	\$ -	\$ 564,706
VISTA & NCCC stipends & benefits	57	5,645	53,097	-	-	-	-	-	-	58,799
Service award expense	141,623	3,851	15,316	-	-	-	-	-	-	160,790
Total Grant and Related Expense	420,329	9,496	97,475	60,763	111,231	47,329	37,509	163	-	784,295
Administrative Expense										
Federal employee salaries & benefits	26,339	13,637	21,994	3,104	5,677	2,415	3,423	-	3,632	80,221
Travel & transportation	967	3,734	4,692	113	201	86	109	-	137	10,039
Rent, communications, & utilities	3,716	2,459	888	453	829	353	263	-	360	9,321
Program analysis & evaluation	1,049	954	954	307	553	237	715	-	-	4,769
Printing & reproduction	57	83	77	43	31	13	5	-	-	309
Other services and expenses	5,589	7,121	4,892	1,311	523	532	292	-	2,069	22,329
Supplies & materials	618	1,838	362	63	117	50	41	-	86	3,175
Depreciation, amortization, loss on disposition of assets	970	13	181	134	246	104	83	-	-	1,731
Bad debt	(50)	(1)	(9)	(7)	(12)	(5)	(4)	-	-	(88)
Total Administrative Expense	39,255	29,838	34,031	5,521	8,165	3,785	4,927	-	6,284	131,806
Total Expenses by Type	\$ 459,584	\$ 39,334	\$ 131,506	\$ 66,284	\$ 119,396	\$ 51,114	\$ 42,436	\$ 163	\$ 6,284	\$ 916,101

Expenses by Type and Subprogram for the year ended September 30, 2007

(dollars in thousands)

Type	AmeriCorps			National Senior Service Corps				Pass-through	OIG	Total
	State/National	NCCC	VISTA	RSVP	FGP	SCP	Learn & Serve	Grants		
Grant and Related Expense										
Grant funds expended	\$ 295,095	\$ -	\$ 27,268	\$ 60,933	\$ 114,075	\$ 47,358	\$ 51,990	\$ 2,781	\$ -	\$ 599,500
VISTA & NCCC stipends & benefits	-	10,201	57,283	-	-	-	-	-	-	67,484
Service award expense	127,982	3,576	14,130	-	-	-	1,627	-	-	147,315
Total Grant and Related Expense	423,077	13,777	98,681	60,933	114,075	47,358	53,617	2,781	-	814,299
Administrative Expense										
Federal employee salaries & benefits	22,459	9,823	9,949	2,962	5,567	2,303	3,667	-	2,999	59,729
Travel & transportation	1,343	4,140	4,475	161	289	123	180	-	124	10,835
Rent, communications, & utilities	4,202	2,879	967	510	954	396	405	-	391	10,704
Program analysis & evaluation	853	775	775	245	456	190	581	-	-	3,875
Printing & reproduction	94	112	101	11	19	8	9	-	1	355
Other services and expenses	8,477	4,687	8,191	1,299	1,623	744	913	-	2,074	28,008
Supplies & materials	307	983	349	69	130	53	48	-	45	1,984
Depreciation, amortization, loss on disposition of assets	581	10	99	80	150	62	69	-	-	1,051
Bad debt	116	2	20	16	30	12	14	-	-	210
Total Administrative Expense	38,432	23,411	24,926	5,353	9,218	3,891	5,886	-	5,634	116,751
Total Expenses by Type	\$ 461,509	\$ 37,188	\$ 123,607	\$ 66,286	\$ 123,293	\$ 51,249	\$ 59,503	\$ 2,781	\$ 5,634	\$ 931,050

NOTE 12 – NATIONAL SERVICE AWARD EXPENSE

Members participating in the Trust programs are eligible to earn a service award to pay for qualified education expenses. The Trust also pays interest forbearance costs on qualified student loans during the period members perform community service. The Corporation estimates the expense for national service awards based on the increase in its cumulative service award liability during the year (see Note 6). The total service award liability as of September 30, 2008 and 2007 has been adjusted to reflect the fact that earned awards are not always used.

National Service Award Expense for the years ended September 30		
<i>(dollars in thousands)</i>		
	2008	2007
Estimated education awards	\$ 155,347	\$ 140,902
Estimated interest forbearance	5,443	4,786
President's Freedom Scholarship Program	-	1,627
National Service Award Expense	<u>\$ 160,790</u>	<u>\$ 147,315</u>

NOTE 13 – CHANGE IN UNEXPENDED APPROPRIATIONS, NET

Unexpended Appropriations, Net as of September 30		
<i>(dollars in thousands)</i>		
	2008	2007
Unexpended Appropriations, Beginning Balance	\$ 828,597	\$ 872,133
Increases:		
Appropriations Received, Net of Trust	871,558	884,547
Decreases:		
Appropriated Capital Used	(748,580)	(779,456)
Appropriations Transferred to Trust (net of rescissions)	(122,539)	(117,720)
Program Funds Transferred to Trust	(16,246)	-
Rescissions and Cancellations	<u>(43,774)</u>	<u>(30,907)</u>
Total Decreases	(931,139)	(928,083)
Change in Unexpended Appropriations	(59,581)	(43,536)
Unexpended Appropriations, Ending Balance	<u>\$ 769,016</u>	<u>\$ 828,597</u>

NOTE 14 - CONTINGENCIES

The Corporation is a party to various routine administrative proceedings, legal actions, and claims brought by or against it, including threatened or pending litigation involving labor relations claims, some of which may ultimately result in settlements or decisions against the Corporation. In the opinion of the Corporation's management and legal counsel, there are no proceedings, actions, or claims outstanding or threatened that would materially impact the financial statements of the Corporation.

Certain legal matters to which the Corporation is a party may be administered and, in some instances, litigated and paid by other Federal agencies. Generally, amounts paid in excess of \$2.5 thousand for Federal Tort Claims Act settlements or awards pertaining to these litigations are funded from a special appropriation called the Treasury Judgment Fund (TJF). Although the ultimate disposition of any potential TJF proceedings cannot be determined, management does not expect that any liability or expense that might ensue would be material to the Corporation's financial statements.

NOTE 15 - UNDELIVERED ORDERS AT FISCAL YEAR-END

The Corporation's undelivered orders at September 30, 2008 and 2007 were \$804,283 thousand and \$837,042 thousand, respectively.

NOTE 16 - APPORTIONMENT CATEGORIES OF INCURRED OBLIGATIONS

An apportionment is a distribution by OMB of amounts available for obligation. OMB apportions Corporation funds on a quarterly basis. Obligations incurred during fiscals 2008 and 2007 were:

Fiscal Year	Consolidated Obligations Incurred		
	<i>(dollars in thousands)</i>		
	Direct	Reimbursable	Total
Fiscal 2008	\$ 1,057,252	\$ 7,633	\$ 1,064,885
Fiscal 2007	\$ 1,059,318	\$ 4,511	\$ 1,063,829