

# Annual Financial Report

## Fiscal Year 2011

AmeriCorps member provides disaster relief  
in Joplin, Mo. after May 2011 tornado





# Purpose of this Report

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In lieu of a Performance and Accountability Report, the Corporation for National and Community Service (CNCS) will instead produce three reports that provide financial management and program performance information. Each report will be available on CNCS' website at [www.nationalservice.gov/about/role\\_impact/performance.asp](http://www.nationalservice.gov/about/role_impact/performance.asp) as they are completed.

- This report, the **Annual Financial Report (AFR)**, focuses on CNCS' financial management and the results of the agency's annual financial audit. It includes management's assurance statement, CNCS' improper payments report, and a response from management.
- The **Annual Performance Report (APR)** provides an overall assessment of agency performance. The APR will be included in CNCS' FY 2013 Congressional Budget Justification, which will be transmitted to Congress in February 2012.
- The **Performance Highlights Report** summarizes key information from the AFR and APR. It will be available in February 2012.

This document meets all requirements under the Government Performance and Results Act, the Federal Financial Management Improvement Act, the Federal Managers' Financial Integrity Act, the Government Corporation Control Act, the Improper Payments Information Act, and the Federal Information Security Management Act, among others. This document also follows applicable guidance from the Office of Management and Budget (OMB), as well as the recommendations of the Association of Government Accountants' Certificate of Excellence in Accountability Reporting program.

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## How to Serve

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# Management's Discussion & Analysis

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## MESSAGE FROM THE ACTING CEO

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I am pleased to present the Fiscal Year 2011 Annual Financial Report of the Corporation for National and Community Service (CNCS): a summary of our performance and financial condition in relation to our mission and goals.

At a time of growing social need, as Americans look for ways to give back, CNCS engages millions of Americans in focused, sustained service to solve community problems, support vulnerable citizens, strengthen the voluntary sector, and improve their own lives.

Based on the principles of local control, competition, accountability, and public-private partnership, CNCS and the network it supports engages millions of Americans in results-driven service each year through more than 70,000 community and faith-based organizations. These citizens mentor and tutor at-risk youth, rebuild communities struck by natural disasters, help seniors live independently, expand economic opportunity, support veterans and military families, and meet other pressing community needs.

CNCS invests in community solutions by providing grants, volunteers, training, and resources to help nonprofit and faith-based organizations expand services, build capacity, develop new partnerships, and create innovative and sustainable programs. CNCS multiplies the impact of its

federal investment by leveraging hundreds of millions of non-federal dollars, mobilizing millions of additional volunteers, and operating its programs with high degrees of accountability, transparency, and efficiency.

### *Strategic Plan: Focus on Impact*

In FY 2011, CNCS approved and began implementation of a comprehensive five-year Strategic Plan that provides a roadmap for using national service to address critical challenges facing our communities and our nation. The plan is the result of a year-long collaborative effort between CNCS and our network of state commissions, grantees, project sponsors, participants, staff, and the public, through which more than 1,900 individuals provided input on our strategic direction.

The plan builds on the strong foundation of national service that has developed over the past four decades and was guided by the vision set forth in the bipartisan Edward M. Kennedy Serve America Act. The Act and the Strategic Plan recognize that national service will have its greatest impact if we target resources on a core set of critical national problems and evaluate our impact using standardized performance measures.

The plan focuses national service on six priority areas: Disaster Services, Economic Opportunity, Education, Environmental Stewardship, Healthy Futures, and Veterans and Military Families. The Strategic Plan sets forth goals to strengthen the experience of individuals participating in national service and maximize the value CNCS adds to grantees, partners, and participants. In addition, the plan lays out goals to fortify management operations and sustain a capable, responsive, and accountable organization.

“Based on principles of local control, competition, accountability, and public-private partnership, CNCS and the network it supports engages millions of Americans in results-driven service each year through more than 70,000 community and faith-based organizations.”

As part of the Strategic Plan, CNCS has adopted a set of 16 agency-wide priority measures that build upon our historic work, provide a common focal point for all our programs, and allow us to demonstrate the tangible ways our grantees and participants are having an impact. All of our programs are starting to institute these measures through program guidance, grant competitions, and technical assistance to grantees. CNCS will begin to report data against these measures at the conclusion of FY 2013. As CNCS makes the shift to this new comprehensive set of standardized performance measures, it will use a set of interim reporting methods for fiscal years 2011 and 2012.

### *Improving Lives and Strengthening Communities*

While final performance data for FY 2011 is still being collected for presentation in the FY 2013 Congressional Budget Justification, preliminary data suggests that CNCS programs are engaging millions of Americans in service that is having an impact on the pressing challenges facing communities today.

- In response to a series of devastating disasters in the spring and summer, AmeriCorps members and Senior Corps volunteers deployed to multiple states, providing skilled manpower and managing tens of thousands of volunteers responding to the Joplin and Alabama tornadoes, Hurricane Irene, Tropical Storm Lee, Texas wildfires, and severe flooding in Southern and Midwestern states.
- To provide one example, less than eight hours after an EF5 tornado killed more than 150 people and caused billions in damage in Joplin, Missouri, an AmeriCorps team arrived to set up a missing person hotline. Since then, more than 250 AmeriCorps members have operated a collection and sorting warehouse, removed debris, and managed a volunteer operation that has engaged 63,500 volunteers who have performed more than 533,000 hours of work.

“ In Joplin, Mo., more than 250 AmeriCorps members have operated a collection and sorting warehouse, removed debris, and managed a volunteer operation that has engaged 63,500 volunteers who have performed more than 533,000 hours of work. ”

- CNCS enrolled more than 7,300 AmeriCorps VISTA members to expand the capacity of nearly 1,200 organizations and communities affected by poverty and unemployment. Members raised \$133 million in cash and in-kind resources in support of anti-poverty programs across the country.
- Approximately 74,000 AmeriCorps State and National members were funded to serve at more than 14,000 service sites, where they will meet critical needs and engage and recruit an estimated 1.5 million volunteers.
- In FY 2011, CNCS estimates that 340,000 Senior Corps volunteers provided 98 million hours of service through 65,000 community organizations nationwide, mentoring 146,000 children; providing independent living services to 736,000 frail, older adults; delivering meals to homebound seniors; conducting safety patrols; tutoring children, assisting with food banks; and meeting other community needs.

- In FY 2011, the Social Innovation Fund (SIF) selected a second round of outstanding intermediary organizations to mobilize private resources to grow promising, innovative community-based solutions that have evidence of compelling impact on economic opportunity, youth development, and healthy futures. Over the past two years, the 16 SIF grantmaking intermediaries have selected more than 150 promising nonprofits that demonstrate evidence-based solutions to critical social challenges, and CNCS funding has leveraged commitments of \$250 million in private and non-federal commitments for matches at the intermediary and community-based nonprofit levels. Subgrantees will operate in more than 100 cities in 31 states and Washington, D.C., and an estimated 70,000 individuals are expected to receive services in the first full year of subgrantee operations.
- In FY 2011, AmeriCorps NCCC members deployed to 16 different disasters in 21 states and assisted more than 143,000 people affected by natural disasters.

*Managing for Results and Accountability*

CNCS has a deep, longstanding, and ongoing commitment to ensuring the highest levels of accountability in our financial and program operations. We have established a culture of accountability and continuous improvement both within the agency and among the organizations that receive grant funds.

I am pleased to report that in FY 2011, CNCS maintained its record of strong fiscal stewardship. For the 12th consecutive year, CNCS received an unqualified “clean” audit opinion on its consolidated financial statements. Our year-end budget close-out went as scheduled, all accounts came in on budget, and we achieved a 98 percent successful rating on nine financial metrics based on the U.S. CFO Council Government-wide Financial Management Metrics.

Other FY 2011 management accomplishments include implementing a major upgrade of our core financial system application, maintaining a fully-successful fund balance with the Treasury, implementing a web-based budget formulation system, increasing transparency through our Open Government Initiative, streamlining grantmaking processes, and implementing an aggressive action plan to strengthen compliance with rules concerning AmeriCorps member activities.

Guided by the Serve America Act and a new Strategic Plan, with the support of a strong leadership team and dedicated staff, CNCS is investing in community solutions, supporting evidence-based programs, driving innovation and impact, and engaging more Americans to effectively tackle community problems—building a better future for our citizens, communities, and nation.

In Service,

A handwritten signature in black ink that reads "Robert Velasco II". The signature is written in a cursive, flowing style.

**Robert Velasco II**  
Acting Chief Executive Officer



## Agency Mission and Overview

The mission of the Corporation for National and Community Service (CNCS) is to improve lives, strengthen communities, and foster civic participation

through service and volunteering. Over the past two decades, CNCS has helped to engage millions of citizens in meeting community and national challenges through service and volunteer action with its Senior Corps, AmeriCorps, and Learn and Serve America programs.

**Table 1. Funding History (dollars in thousands)**

Budget Account	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	Recovery Act	FY10 Enacted	FY11 Enacted	FY12 President's Budget
<b>Operating Expenses<sup>i</sup></b>	<b>\$ 805,760</b>	<b>\$ 782,744</b>	<b>\$ 811,639</b>	<b>\$ 194,000</b>	<b>\$ 857,021</b>	<b>\$ 780,809</b>	<b>\$ 916,390</b>
AmeriCorps State and National	264,825	256,805	271,196	89,000	372,547	349,300	399,790
AmeriCorps NCCC	26,789	23,782	27,500		29,000	28,942	35,000
AmeriCorps VISTA	95,468	93,800	96,050	65,000	99,074	98,876	100,000
Learn and Serve America <sup>ii</sup>	37,125	37,459	37,459		39,500	0	39,500
State Service Commission Admin	12,516	11,790	11,790		17,000	16,966	17,000
Senior Corps	217,586	213,785	213,785		220,900	207,883	226,100
RSVP	59,685	58,642	58,642		63,000	50,299	63,000
Foster Grandparents	110,937	108,999	108,999		110,996	110,774	111,100
Senior Companion	46,964	46,144	46,144		46,904	46,810	47,000
Demonstration	0	0	0		0	0	5,000
Innovation, Demonstration, & Assistance <sup>iii</sup>	29,771	13,980	14,753		60,500	60,379	80,500
Social Innovation Fund	0	0	0		50,000	49,900	70,000
Volunteer Generation Fund	0	0	0		4,000	3,992	5,000
Nonprofit Capacity Building	0	0	0		1,000	998	0
Other	0	0	0		5,500	5,489	5,500
Evaluation	3,960	3,891	3,891		6,000	5,988	6,000
Training/Technical Assistance <sup>iv</sup>	0	0	0		7,500	7,485	7,500
Disability Inclusion Grants <sup>v</sup>	0	4,913	4,140		5,000	4,990	5,000
National Service Trust	\$ 117,720	\$ 122,539	\$ 131,075	\$ 40,000	\$ 197,000	\$ 199,260	\$ 235,326
Salaries and Expenses <sup>v</sup>	\$ 70,324	\$ 67,759	\$ 71,715	\$ 6,000	\$ 88,000	\$ 87,824	\$ 97,694
Office of the Inspector General	\$ 4,963	\$ 5,828	\$ 6,512	\$ 1,000	\$ 7,700	\$ 7,684	\$ 8,450
<b>Total</b>	<b>\$ 880,777</b>	<b>\$ 856,331</b>	<b>\$ 889,866</b>	<b>\$ 201,000</b>	<b>\$ 1,149,721</b>	<b>\$ 1,075,577</b>	<b>\$ 1,257,860</b>

<sup>i</sup> In fiscal years 2007 and 2008, funds appropriated for Operating Expenses included amounts that were to be transferred to the National Service Trust. Beginning in Fiscal Year 2009, the Operating Expense appropriation no longer included this transfer. For reporting purposes, Operating Expenses are shown as net of amounts included specifically for transfer to the National Service Trust.

<sup>ii</sup> LSA is authorized under the Serve America Act but was not funded in FY11.

<sup>iii</sup> Reflects a separate allocation of funding for Disability Grants as provided by the Serve America Act. Total funding for Innovation, Demonstration and Other Assistance grants in fiscal years 2008 and 2009 is equal to \$18,893, which was the amount allocated to Innovation, Demonstration and Other Assistance activities within the enacted appropriations for those years.

<sup>iv</sup> Reflects a separate allocation of funding for Training and Technical Assistance as provided by the Serve America Act. Training and Technical assistance activities were previously funded by an allocation from each of the agency's programs. The estimated budget for fiscal years 2008 and 2009 is \$7.1 million for each year.

<sup>v</sup> Pursuant to P.L. 110-28, \$1.36 million was transferred from Innovation, Demonstration and Other Assistance to the Salaries and Expenses account in fiscal year 2007.

CNCS plays a vital role in supporting the American culture of citizenship, service, and responsibility. As the nation's largest grant maker in the area of service, CNCS promotes volunteering and civic engagement around the country and helps organizations build their capacity to engage volunteers effectively. Members and volunteers who serve in CNCS programs provide vital assistance to their communities through local institutions. These institutions include: nonprofits, K-12 schools, institutions of higher learning, faith-based and other community organizations, and local and state governments.

## Legislation

Congress created CNCS in 1993, merging the work and staff of two separate agencies that provided opportunities for Americans of all ages and backgrounds to serve their communities.

At its inception, CNCS was directed to manage three main programs:

- **Senior Corps**, which incorporated the Foster Grandparents Program (FGP), Retired Senior Volunteer Program (RSVP), and Senior Companion Programs (SCP);
- The newly created **AmeriCorps**, which incorporated the VISTA, State and National, and NCCC; and
- **Learn and Serve America**.

Enacted on April 21, 2009, the Edward M. Kennedy Serve America Act (SAA) reauthorized and expanded the mission and operation of CNCS, amending the National and Community Service Act of 1990 and the Domestic Volunteer Service Act of 1973. It also took important steps to strengthen the management capacity of CNCS to ensure that it can support an expansion while maintaining excellence in service.

The SAA<sup>1</sup> authorized both the significant expansion of existing service programs and a number of new programs to provide opportunities to serve and provide support for the nonprofit sector. A summary of its provisions follow.

## Increasing Opportunities for Individuals of All Ages to Serve

- Puts young people on a path of lifelong volunteering through service-learning and strengthens overall focus on disadvantaged youth.
- Dramatically increases the potential for intensive service opportunities in the AmeriCorps program by authorizing an expansion from 75,000 positions annually to 250,000 by 2017, with emphasis on education, health, clean energy, veterans, economic opportunity, and other national priorities.
- Ties the Segal AmeriCorps Education Award to the maximum Pell Grant level (\$5,550 in FY 2011).

- Improves service options for older Americans by expanding age and income eligibility for volunteers in the Foster Grandparent and Senior Companion programs, and authorizes other programs for older Americans. Also permits individuals age 55 and older serving in most AmeriCorps positions to transfer their education award to a child or grandchild.
- Encourages all Americans to serve by establishing a nationwide Call to Service Campaign and the September 11 National Day of Service and Remembrance, and invests in the nonprofit sector's capacity to recruit and manage volunteers through a new Volunteer Generation Fund.

## Focusing on Outcomes

- Directs the agency to focus national service on the areas of national need, such as improving education, increasing energy conservation, improving the health status of economically disadvantaged individuals, and improving economic opportunity for economically disadvantaged individuals.
- Defines targeted performance indicators in education, economic opportunity, healthy futures, clean energy, and veterans.

## Supporting Innovation and Strengthening the Nonprofit Sector

- Authorizes Social Innovation Fund grants to expand proven initiatives and provide seed funding to programs and nonprofits that have demonstrated results and the ability to grow.
- Establishes the Volunteer Generation Fund to award grants to states and nonprofits to recruit, manage and support volunteers, and to strengthen the nation's volunteer infrastructure.
- Establishes Nonprofit Capacity Building Program grants aimed at increasing the capacity of a small number of intermediary grantees to work with small and midsize nonprofits in communities facing resource hardship challenges to develop and implement performance management systems.

## Strengthening Management, Cost-Effectiveness, and Accountability

- Merges funding streams; expands the use of simplified, fixed amount grants; and gives CNCS flexibility to consolidate application and reporting requirements. Increases support for state commissions on national and community service. Bolsters the capacity and duties of CNCS' Board of Directors.
- Ensures that programs receiving assistance under national service laws are continuously evaluated for effectiveness in achieving performance and cost goals.

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1. Additional information on the Edward M. Kennedy Serve America Act can be found at: <http://www.nationalservice.gov/about/serveamerica/index.asp>

- Authorizes a civic health assessment entitled “Civic Life in America” and comprising indicators relating to volunteering, voting, charitable giving, and interest in public service in order to evaluate and compare the civic health of communities.

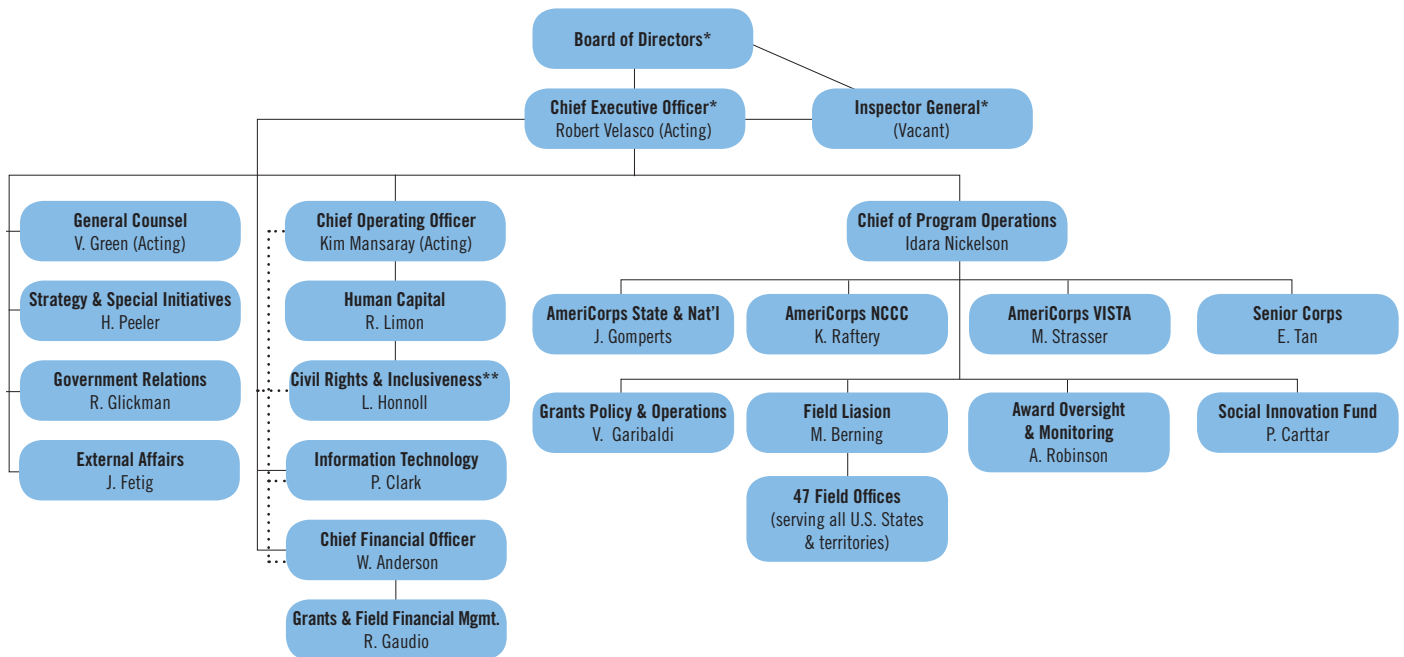
### Organizational Structure

Headquartered in Washington, D.C., CNCS is an independent federal agency with a Board of Directors, Chief Executive Officer (CEO), and Inspector General (IG) – all of whom are appointed by the President and confirmed by the Senate. CNCS’ Chief Financial Officer (CFO), Chief

Operating Officer (COO), and Chief of Program Operations (CPO) are appointed by the CEO.

The CEO provides overall management of the agency’s programs and operations, including more than 500 employees who work throughout the United States and its territories. The Board of Directors works closely with the CEO to set policies and direction for CNCS, advises the President and the Congress concerning developments in national and community service that merit their attention, and conducts an annual evaluation of the CEO.

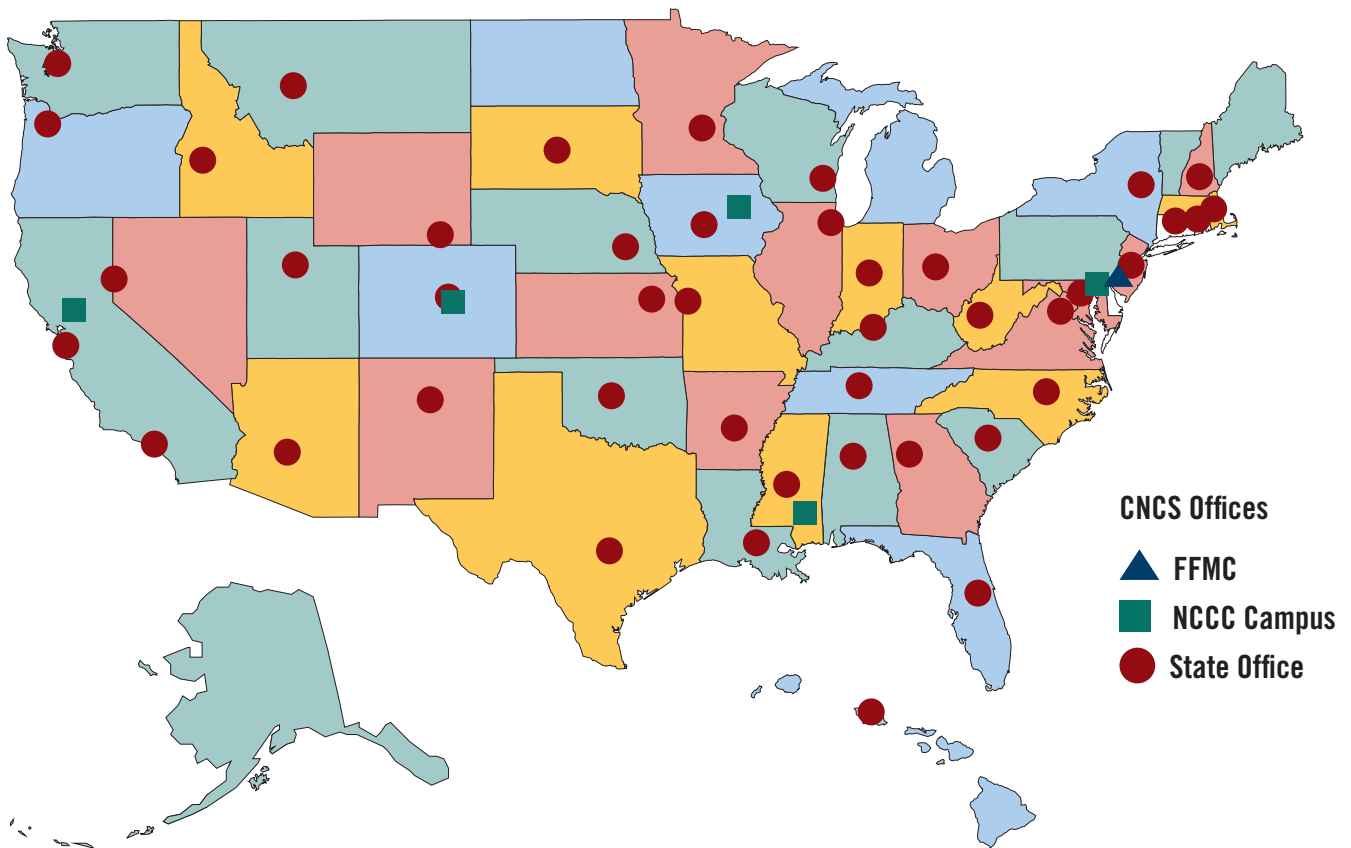
**Figure 1.** Corporation Organization Chart



\* Appointed by the President and confirmed by the Senate.

\*\* The director has independent authority to advise the CEO on pre-complaint and complaint issues. The CEO contributes to the director’s performance review.

**Figure 2.** Corporation Field Offices



### Strategic Priorities

The 2011-2015 Strategic Plan underscores this commitment by defining a focused path to deliver enhanced programs and benefits to communities. In particular, the adoption of the Plan’s agency-wide, outcome-oriented performance measures strengthens the foundation for accountability. By adhering to a set of agency-wide measures, CNCS can assess the individual and collective results of programs and continue to improve its work. A common set of measures also expands CNCS’ ability to account for the combined contributions of all our grantees, sponsors, and partners.

#### Increasing accountability

Grounded in an ethic of continuous improvement, CNCS has strengthened procedures and protocols related to accountability in the AmeriCorps program. The AmeriCorps Action Plan has three primary areas of focus:

- Enhancing key aspects of CNCS’ monitoring protocol, including requiring all AmeriCorps grantees to annually assure compliance with regulations on prohibited activities;

- Strengthening the training and technical assistance provided to grantees and members about prohibited activities, including new, direct communication to members; and
- Improving CNCS’ risk assessment tools aimed at preventing and detecting prohibited activities.

CNCS will also continue to implement monitoring and oversight protocols launched in 2011 that enhance data validity and monitoring of grantee data collection activities. These protocols will strengthen the reliability of grantee self-reported data and the integrity of the agency’s performance management program. These activities are supported by training and technical assistance efforts that provide grantees and sponsors with technical assistance to meet data collection requirements and that ensure agency staff capably advise on effective practice and monitor grantee activities.

#### Modernizing the agency’s IT infrastructure

Modernization of the information technology infrastructure remains a priority for CNCS. This focus is underscored in the Strategic Plan (to

improve the computing environment by shifting to modern software and cloud computing). Resource allocation for system modernization will update the aging system architecture, provide better support for recent changes to business processes and priorities (many related to the SAA), reduce the life cycle cost of maintaining the systems, and increase the feasibility of hosting appropriate system elements in the cloud for additional, longer-term savings in operating costs.

### Implementation of the FY 2011- FY 2015 Strategic Plan

CNCS began operating under its strategic plan in FY 2011, focusing national service on a core set of four strategic goals while assessing the impact of CNCS programming. These goals are the foundation for the strategic plan and challenge CNCS to lead and operate at higher levels of accountability, integrity, and transparency.

- **Increase the impact of national service on community needs in communities served by CNCS-supported programs.** CNCS invests in community programs and projects that achieve outcomes in Disaster Services, Economic Opportunity, Education, Environmental Stewardship, Healthy Futures, and Veterans and Military Families. Looking ahead, these investments will focus on achieving a specific set of outcomes in each of these areas, reflected in the agency's new mandatory performance measures.
- **Strengthen national service so that participants engaged in CNCS-supported programs consistently find satisfaction, meaning, and opportunity.** CNCS supports the national service network in providing experiences that offer a unique combination of professional, educational, and life benefits to service participants. The network also

recruits diverse of Americans, especially those from underrepresented or disadvantaged populations. CNCS will collaborate with the national service network to strengthen outreach efforts and to implement best practices that ensure a powerful service experience.

- **Maximize the value we add to grantees, partners, and participants.** To support its focus on a specific set of both community outcomes and powerful service experiences, CNCS will develop a relevant and accessible knowledge base informed by research and rigorous evaluation, and conduct capacity building activities that advance the adoption of best practices.
- **Fortify management operations and sustain a capable, responsive, and accountable organization.** CNCS will work across programs and enhance its operations to support evidence-based decision making and a culture of performance. CNCS will also build upon its current infrastructure to strengthen and enhance our IT systems, workforce, and financial and grants management efforts.

As the blueprint guiding our work, the Strategic Plan includes further details on the specific objectives, strategies, and performance measures that determine how CNCS will evaluate its success in the coming years. The full plan and appendix are posted on our website at: [http://www.nationalservice.gov/about/focus\\_areas/index.asp](http://www.nationalservice.gov/about/focus_areas/index.asp).

In FY 2012, the agency will continue moving forward under its new Strategic Plan—collecting data for a core set of 16 agency-wide high priority performance measures that provide a common focal point across all programs and initiatives. For example, to address critical needs in education, CNCS programs will focus on enabling disadvantaged



children and youth to achieve gains in school readiness, academic performance, and academic engagement. CNCS will strive to aid economically disadvantaged people through improved housing situations and access to food resources. Older adults and individuals with disabilities will have increased social ties as a result of CNCS programs and thus will be more likely to live independently and have an improved quality of life. CNCS' work in disaster services will seek to provide critical services throughout the entire continuum from preparedness and

mitigation to response and recovery. Additionally, more veterans and military family members will serve as national service participants and will receive targeted support from CNCS programs.

The following pages present an overview of CNCS' priority performance measures in the context of associated goals, focus areas, and contributing programs. CNCS will begin to report actual data against these measures at the conclusion of FY 2013.

## Goal 1: Increase the impact of national service on community needs in communities served by CNCS-supported programs

<b>Disaster Services</b>	Number of individuals that received assistance from CNCS-supported programs in disaster preparedness, mitigation, response, and/or recovery.
<b>Economic Opportunity</b>	Percent of economically disadvantaged people that received housing-related assistance from CNCS-supported members, participants, and volunteers who showed improvement in their housing situation.
<b>Education</b>	<p>Percent of children that demonstrated gains in school readiness.</p> <p>Percent of students served by or serving in CNCS-supported programs that demonstrated improved academic performance (including the percent meeting state proficiency levels in literacy and/or math, or whose scores on state standardized tests improved).</p> <p>Percent of students served by CNCS-supported programs, or engaged in CNCS-supported service-learning, that demonstrated improved academic engagement.</p>
<b>Environment</b>	Number of at-risk acres (land and/or water) improved by CNCS-supported members, participants, and volunteers.
<b>Healthy Futures</b>	<p>Percent of homebound or older adults and individuals with disabilities that received CNCS-supported services who reported having increased social ties/perceived social support.</p> <p>Number of individuals that gained access to food resources provided with the assistance of CNCS-supported members, participants, or volunteers.</p>
<b>Veterans and Military Families</b>	Number of each of the four categories of service recipients (veterans, veterans' family members, family members of active duty military, and military service members) that received CNCS-supported assistance.

## Goal 2: Strengthen national service so that participants engaged in CNCS-supported programs consistently find satisfaction, meaning, and opportunity

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### Veterans and Military Families

Number of veterans and military family members engaged in providing services through CNCS-supported programs.

### Service Participants

Percent of service participants engaged in CNCS-supported programs who report gaining skills they can apply to future educational, professional, or civic endeavors.

## Goal 3: Maximize the value we add to grantees, partners, and participants

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Percent of organizations that implement evaluations that demonstrate stronger evidence of program effectiveness than the prior year in order to receiving CNCS funding.

Number of community volunteers recruited and/or managed by CNCS-supported organizations or National Service Participants.

## Goal 4: Fortify management operations and sustain a capable, responsive, and accountable organization

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Complete modernization of IT infrastructure.

Ensure that no material internal control or compliance issues are identified in the annual financial statement audit.

Award and close grants and contracts within prescribed timeframes.



## CNCS Programs and Initiatives

### AmeriCorps State and National

For nearly two decades, AmeriCorps State and National has engaged hundreds of thousands of members in intense, impact-oriented service in every state. These members have dedicated millions of hours of service in communities across the nation—tutoring children who are struggling to succeed in schools, responding to large-scale natural disasters, building homes for low-income families, and helping returning veterans and their families. And, in meeting these community needs, AmeriCorps State and National has invested in and been the catalyst for many of our country's most respected and innovative organizations.

AmeriCorps State and National is central to CNCS' success related to priority measures under strategic goals one and two. By embracing these two mutually reinforcing goals, AmeriCorps State and National ensures that engaged citizens are at the center of effective and innovative community solutions.

### AmeriCorps VISTA

AmeriCorps VISTA was created with the primary purpose of reducing poverty and building economic opportunity. Authorized in 1964 as Volunteers in Service to America, the program was incorporated into the AmeriCorps network of programs in 1993. AmeriCorps VISTA supports efforts to alleviate poverty in urban and rural areas by engaging individuals ages 18 and older in one year of full-time service. These AmeriCorps members build the organizational, administrative, and financial capacity of programs that help low-income Americans gain the skills and resources they need to break the cycle of poverty. AmeriCorps VISTA members are assigned to nonprofit community organizations and public agencies through an application process locally managed by CNCS state offices.

The AmeriCorps VISTA program is guided by the core principles of sustainability, capacity building, and strengthening community. It offers critical contributions to the agency's mission priorities under goals one, two, and three of CNCS' Strategic Plan through activities such as community outreach and partnership development, and establishment of volunteer recruitment and management systems. Members strengthen and improve the ability of local organizations to carry out their mission



and programs. Sponsoring organizations must ensure that their project engages residents of the targeted low-income community in the planning, development, and implementation of the project to which members are assigned. In doing so, the program promotes service and community engagement at the local level.

### **AmeriCorps National Civilian Community Corps**

AmeriCorps National Civilian Community Corps (NCCC) is a residential, team-based program that provides leadership and service opportunities for young Americans between the ages of 18 and 24 to address pressing national and community needs through ten months of full-time, intensive national service. Since 2000, more than 13,000 NCCC members from across the country have served more than 4.5 million hours on over 1,673 disaster service projects. The service, training, and certification provided by AmeriCorps NCCC increase employment skills and leadership opportunities for young adults—particularly those from disadvantaged circumstances—who face high unemployment rates.

In May 2010, the CNCS Disaster Services Unit was created within AmeriCorps NCCC, providing greater coordination of agency-wide disaster preparation, mitigation, response, and recovery activities. NCCC's structure of a national office with five regional campuses allows for rapid deployment of teams to meet both local and national needs, particularly around disaster relief. Thus, NCCC is an important resource for the agency in achieving objectives in goal one of the Strategic Plan. NCCC's flexible structure enables the program to partner with resource-challenged communities that lack the financial, human capital, or organizational capacity to manage grant programs. The structure also enables NCCC to strategically collaborate with other national service programs to magnify the impact on the communities in which they serve. In addition, CNCS routinely deploys NCCC members and grantees to serve side by side in assisting communities devastated by disasters. NCCC's commitment to providing leadership opportunities for members

“ RSVP taps the skills, talents, and interests of an estimated 300,000 volunteers (in program year FY 2011) ages 55 and older annually to meet a wide range of community needs. ”

“ Since 2000, more than 13,000 NCCC members from across the country have served more than 4.5 million hours on over 1,673 disaster service projects. ”

also enables the program to be a significant contributor to the agency's priorities under strategic goals one, two, and three. NCCC's training objectives and diversity objectives are a core component of the agency's performance in goal two.

### **State Service Commissions**

Fifty-two governor-appointed state and territory service commissions currently administer about 65 percent of CNCS' AmeriCorps State and National grant funds. State service commissions perform outreach to prospective AmeriCorps grantees, conduct grant competitions, oversee and monitor grants and AmeriCorps programs, and provide the training and technical assistance necessary to build the capacity of faith and other community-based organizations that seek to operate AmeriCorps programs.

### **Senior Corps**

#### **RSVP**

In contributing to CNCS' mission priorities under strategic goals one, two, and three, RSVP taps the skills, talents, and interests of an estimated 300,000 volunteers (in program year FY 2011) ages 55 and older annually to meet a wide range of community needs. Volunteers serve in community organizations to help them deliver critical services and fulfill their missions. RSVP is a flexible volunteer service model, with no set service schedules or compensation for the volunteers when on assignment, with the exception of insurance coverage and mileage reimbursement. RSVP grants are provided to eligible sponsoring organizations, including nonprofit organizations and state, local, and tribal governments. RSVP has the largest presence in rural communities of any CNCS program, and often serves as an important source of disaster services in rural America.

## **Senior Companion Program**

The Senior Companion Program (SCP) provides a cost-effective option in the continuum of care available to the nation's aging population and contributes to agency mission priorities under strategic goals one and two. Each year, Senior Companions serve thousands of older and frail adults by providing companionship, transportation, light chores, and respite to facilitate seniors remaining in their own homes. Senior Companions help aging Americans and veterans to maintain their dignity and quality of life, while enriching their own lives through high-quality volunteer experiences. Senior Companions' traditional clients are frail seniors, particularly women over the age of 85, who live alone. Other clients include individuals with disabilities and their caregivers.

Research conducted by the program in 2004 – 2005 showed Senior Companion clients had significant, long-term mental health benefits from their services, including reduced rates of depression. Companionship serves both the Senior Corps volunteer and the companion, as social ties and perceived social support are linked with long-term health outcomes.

Senior Companions serve between 15 and 40 hours per week and income-eligible volunteers, who are at 200 percent of the federal poverty level, receive a modest monetary hourly stipend of \$2.65 per hour to help offset the cost of volunteering. Volunteers also receive service-related insurance, mileage reimbursement, and other non-monetary incentives. SCP grants are awarded to eligible sponsoring organizations, including nonprofit organizations and state, local, and tribal governments.

## **Foster Grandparent Program**

The Foster Grandparent Program (FGP) is an intergenerational program first established in 1965. It connects volunteers age 55 and over with opportunities to provide one-on-one mentoring, nurturing, and support to children with special needs, exceptional needs, or who are at an academic, social, or financial disadvantage. Children and youth served by the program often do not have a caring and consistent adult presence in their lives—a void that is filled by a Foster Grandparent. In turn, Foster Grandparents derive significant emotional and health benefits from their service, which can improve their quality of life and provide them with a strong sense of purpose. This work is critical to helping CNCS achieve success in mission priorities under strategic goals one and two. Foster Grandparents help young children with special or exceptional needs to gain skills and confidence to succeed in school, tutor children in literacy, and assist children in the child welfare system.

Foster Grandparents serve between 15 and 40 hours per week and income-eligible volunteers receive a modest hourly stipend of \$2.65 per hour. Volunteers also receive service-related insurance, mileage reimbursement, and other non-monetary incentives. Grants are provided to eligible sponsoring organizations, including nonprofit organizations and state, local, and tribal governments.

## **Other CNCS Programs and Initiatives**

### **Training and Technical Assistance**

The Corporation provides training and technical assistance (TTA) to improve the programmatic quality of current and potential national service programs and projects (specifically AmeriCorps and Senior Corps). CNCS seeks to maximize the value it adds to grantees, partners, and participants under CNCS' strategic goal three. TTA is central to this strategic goal. Specifically, CNCS uses TTA to strengthen the collective capacity of the national service network to measure performance. CNCS is developing a unified TTA capacity building strategy to more effectively address training needs related to Strategic Plan implementation, prevent duplication of effort, and maximize efficiency of federal funds.

### **Evaluation**

Evaluation at CNCS develops and cultivates knowledge that will enhance the mission and support the strategic goals of CNCS. Strengthening the evidence base for national service is a priority outlined in the Strategic Plan. Evaluation supports two objectives of strategic goal three:

- Build on the knowledge base of best practices and support efforts to measure results; and
- Improve organizational capacity to conduct rigorous evaluation of programs to measure outcomes and/or impact.

### **Innovation, Demonstration, and Assistance**

CNCS' innovation, demonstration, and assistance activities support and encourage new forms of service and civic participation, and improve existing service programs. These activities generally promote service and volunteering throughout the country, identify and incubate innovative program models and approaches, and disseminate effective practices found to improve the reach and effectiveness of programs and projects.

Innovation, demonstration, and assistance significantly contribute to CNCS' goal of strengthening national service so that participants find satisfaction, meaning, and opportunity in their service. CNCS strives to ensure that members and volunteers across its programs leverage their experiences in ways that benefit them as individuals and the communities in which they remain engaged. These activities

also contribute to CNCS' goal three of maximizing the value we add to grantees, partners, and participants through programming, convening meetings, and producing materials to help improve volunteer programs.

### **Social Innovation Fund**

The Social Innovation Fund (SIF) is CNCS' most significant initiative undertaken in the area of innovation. The primary objective of the SIF is to improve the lives of people in low-income communities by mobilizing public and private resources to grow innovative nonprofit organizations that have evidence of compelling impact in three priority areas of need: economic opportunity, youth development, and healthy futures. The SIF is critical to CNCS' success under strategic goal three.

The SIF pursues this purpose through an open, competitive grant program that awards limited funds to selected intermediaries. These are organizations with strong grant-making expertise and track records of success that have developed compelling programs for achieving clearly-defined objectives for social impact in one or more of the designated issue areas. The grantees match the funds 1:1 from private sources, then select, fund, and support the growth of high-impact nonprofit subgrantees that are positioned to deliver the intended program impact.

### **Disability Inclusion**

Through its disability inclusion activities CNCS seeks to expand opportunities that lead to the meaningful and successful inclusion of Americans with disabilities in national service. Disability Inclusion Grants support all five objectives of goal two in the CNCS strategic plan:

- Make service opportunities accessible and attractive to Americans of all backgrounds;
- Participants find meaning in their service experience and remain engaged in their communities;
- Participants have a high quality service experience;
- Participants find professional, educational, or civic opportunities in their service experience; and
- Participants 55 and older and veterans experience health benefits associated with service.

Disability Inclusion Grants also have the potential to address CNCS objectives in strategic goals one and three. For example, national service can play an important role in addressing the persistent, chronic unemployment of Americans with disabilities as it provides opportunities (often team-based) in highly structured, supervised environments.



## Program Performance and Analyses

### AmeriCorps State and National

Fiscal year 2011 serves as a bridge year between the FY 2006 – 2010 Strategic Plan and the FY 2011-2015 Strategic Plan. In alignment with CNCS' new FY 2011 – 2015 Strategic Plan, the FY 2011 AmeriCorps grant competitions reflected a greater emphasis on programs that clearly demonstrate and maximize the impact of national service. CNCS funded organizations across the agency's six focus areas, and placed the highest priority of AmeriCorps grant funding on programs that improve academic outcomes for children in the lowest performing schools and programs that serve and engage veterans and military families.

In FY 2011, approximately 74,000 AmeriCorps members were funded across all AmeriCorps grants. These members will serve in more than 14,000 service sites. With the FY 2011 grant competitions, CNCS is on track to supporting AmeriCorps members addressing critical needs. Those AmeriCorps members will engage and recruit an estimated 1.5 million community volunteers. Across the competitive grants, which are directly selected by CNCS, 321 organizations from across the country received roughly \$224 million to support an estimated 51,500 AmeriCorps members. Over \$120 million was focused on the national priority of increasing school readiness and improving academic performance.

Final performance data for the entire portfolio, including member levels and national performance pilot measures, will be reported in the FY 2011 Annual Performance Report, released as a part of the FY 2013 Congressional Budget Justification.

### AmeriCorps VISTA

In FY 2011, CNCS enrolled over 7,300 VISTA members building capacity in nearly 1,200 communities and organizations in which they serve.

Members were targeted to programs in education, employment, housing, and financial development, in service to individuals and communities

“ Members strengthened the organizational capacity of their sponsor organizations and raised \$133 million in cash and in-kind resources in support of anti-poverty programs across the country. ”

“ The 40 VISTA members serving at the Communities in Schools of Florida recruited, trained, and supervised 12,910 mentors that served more than 38,000 at-risk students in Title I schools and community centers. ”

affected by long-term poverty and unemployment, but also those facing hardships resulting from the current economic recession. Members strengthened the organizational capacity of their sponsor organizations and raised \$133 million in cash and in-kind resources in support of anti-poverty programs across the country. The overwhelming majority of new programs in FY 2011 focused on educational improvement at Title I schools in both rural and urban communities throughout the country. Examples of how local communities effectively use VISTA resources to build capacity include:

#### Education

- The 40 VISTA members serving at the Communities in Schools of Florida recruited, trained, and supervised 12,910 mentors that served more than 38,000 at-risk students in Title I schools and community centers.

#### Veterans and Military Families

- A New Hampshire-based VISTA member sponsored by Families in Transition was instrumental in creating housing for homeless veterans. He secured project-based vouchers valued at \$78,600 that will house at least nine homeless veterans and 24 of their dependent family members. For another property, he helped raise \$25,000 in cash and \$287,500 in New Hampshire state tax credits, which are expected to yield another \$230,000 toward developing permanent housing for five homeless veterans. During his service, the VISTA became known for his expertise and research into funding opportunities, becoming a resource not just for his site, but for other organizations addressing the homeless and aiding the poor.

#### Economic Opportunity

- NeighborWorks America's VISTAs raised more than \$14 million to expand the capacity of community organizations in over 70 communities nationwide to provide financial fitness education to the low-income communities.
- VISTAs at the Ohio Benefit Bank helped the most vulnerable Ohioans get back on their feet and on the path to financial independence. VISTAs have helped the Ohio Benefit Bank expand its service from two counties in 2006 to having a significant presence in every county in the state by 2011.

#### Healthy Futures

- VISTAs serving with the Advancement Foundation developed the West End Center's Community Market in Roanoke, Va., which brings locally-grown, nutritional sources of fresh produce into the poverty-stricken neighborhood and promotes the value of good diet and proper nutrition for the children who attend the center.

In FY 2011, CNCS created and expanded collaborations across the public and private sectors aimed at increasing VISTA enrollment beyond CNCS' own investment. These VISTA members were deployed to work in projects falling across the CNCS focus areas, with the common goal of moving targeted populations toward greater economic self-sufficiency.

- Sponsoring organizations may participate in a cost-share agreement with CNCS and pay all or part of the living allowance for one or more AmeriCorps VISTA members, which prepares the sponsoring organization to support member activities long after the program has reached completion.
- In support of the First Lady's Let's Move in Indian Country campaign, CNCS received \$100,000 from Nike N7 – Nike's comprehensive program to increase access to sports in Native American and Aboriginal communities. The funding supports four VISTA members in Santa Ana Pueblo, N.M., Temecula, Calif., Portland, Ore. and Gresham, Ore. who build capacity to promote physical activity, advance nutrition programs, and promote continued education to meet needs expressed by the local community. This program creates awareness about the health and related economic challenges facing tribal communities.
- The U.S. Department of Agriculture, Food and Nutrition Service provided \$800,000 to fund 40 VISTA members to expand anti-poverty and capacity building efforts around increased food security. These members will build on the work done by the 50 Food and Nutrition Service-funded members in FY 2010

The organizational capacity built by VISTA members remains viable long after VISTAs complete their service. A recent study funded by CNCS and conducted by Westat Inc. found that 84 percent of AmeriCorps VISTA projects continued to operate effectively two to five years after the VISTA resources ended. In FY 2012, all new VISTA programming will be aligned with CNCS' Strategic Plan.

### **AmeriCorps National Civilian Community Corps**

In FY 2011, 33 percent of AmeriCorps NCCC project hours were devoted to disaster services nationwide—providing support to displaced and needy individuals, families, and communities. NCCC completed its commitment to the Gulf Coast Recovery in FY 2011, which resulted in an overall decrease in the total percentage of disaster recovery projects from 50 percent. Through the CNCS Disaster Services Unit, CNCS management is exploring additional opportunities for deploying AmeriCorps NCCC resources in support of agency-wide disaster planning. In addition, under the agency's Continuity of Operations Plan, CNCS is considering NCCC campuses as potential work sites for critical staff following a catastrophic event affecting its Washington, D.C., headquarters. NCCC campuses also can be used to train and house other CNCS national service members and volunteers during times of disaster.

Some of NCCC's major deployments in FY 2011 include responding to 16 different disasters in 21 states (Alabama, Arkansas, Colorado, Connecticut, Delaware, Georgia, Iowa, Maryland, Massachusetts, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Rhode Island, South Carolina, Tennessee, Vermont, and Washington) including large-scale responses in Joplin, Mo., Tuscaloosa, Ala., and throughout the Mid-Atlantic after Hurricane Irene. The program supported disaster response efforts in partnership with the Federal Emergency Management Agency (FEMA), the American Red Cross, state commissions, and local municipalities throughout the U.S. and its territories. This past year, NCCC members assisted more than 143,000 people affected by disasters. Additionally, since 2005, AmeriCorps NCCC members from all campuses have served over 3.5 million hours in the Gulf Coast region on over 1,226 disaster-related projects.

The average AmeriCorps NCCC member completed 1,861 hours of service (including training) during their 10-month service term in FY 2011. AmeriCorps NCCC members built 277 new homes, mucked or gutted 875 homes, and outfitted over 1,100 homes with energy-efficient modifications. Members also conducted prescribed burns and fire mitigation on almost 11,000 acres of land, constructed or restored 521 miles of hiking trails, and recruited or managed more than 108,000 community volunteers. Members also completed 409 projects in the

areas of infrastructure improvement, environmental stewardship and conservation, energy conservation, and urban and rural development (which includes education). In total, NCCC members performed over 1.2 million hours of service.

The unique role NCCC plays in working with community organizations to build resilient communities is evidenced by the diversity of project sponsors with which we work. These partnerships focus on helping people recover from disasters—providing critical infrastructure improvement, mitigating environmental degradation, and supporting children from disadvantaged circumstances in afterschool and out-of-school programming.

In FY 2012, NCCC will begin reporting on the issue areas identified in the SAA: natural and other disasters, infrastructure improvement, environmental stewardship and conservation, urban and rural development, and energy conservation. The program tested approaches to performance measurement in FY 2011 that led to the adoption of a limited set of valid and tested measures that clearly reflect the community and member outcomes of the program.



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### **Senior Corps**

#### **RSVP**

In FY 2011, RSVP volunteers delivered an estimated 62 million hours of service in their communities. Moreover, CNCS estimates that across a network of 706 grantees, 296,380 volunteers served in more than 65,000 community organizations nationwide to deliver essential services.

Working through such networks as Area Agencies on Aging, Volunteer Centers, United Way, social services agencies, and many others, RSVP volunteers:

- Mentored an estimated 16,000 children;
- Provided independent living services to an estimated 676,000 adults; and
- Engaged an estimated 400,000 volunteers to address community needs such as delivering meals to homebound seniors, conducting safety patrols, tutoring children, and assisting with food banks.

In FY 2011, states and local communities contributed more than \$42.9 million in non-federal funds to support RSVP projects. This level is 46 percent of the total cost, and well above the required 30 percent non-federal share required by the program. This additional funding, including \$6 million in state appropriated dollars, demonstrates the value of the essential services that RSVP volunteers provide in their communities.

Some examples of RSVP volunteers meeting high priority needs include:

- **Disaster Services** – Throughout FY 2011, RSVP volunteers joined forces with other national service members and volunteers around the nation to assist in the aftermath of natural disasters. In Mississippi, Alabama, and Missouri, following a devastating outbreak of tornadoes, RSVP volunteers helped to coordinate community volunteers, answered phones at support centers, opened and served in volunteer reception centers, assisted in coordinating supply donations, and helped the American Red Cross prepare meals for displaced families and disaster workers. During floods in South Dakota and Iowa, RSVP volunteers assisted with coordination of volunteers and clean up. During Hurricane Irene, RSVP volunteers in Rhode Island supported shelter operations around the state.

In FY 2011 CNCS estimates that 14,640 SCP volunteers delivered 12.2 million hours to approximately 60,940 frail, older adults and others with physical or other limitations.

In FY 2011, RSVP volunteers delivered an estimated 62 million hours of service in their communities. Moreover, CNCS estimates that across a network of 706 grantees, 296,380 volunteers served in more than 65,000 community organizations nationwide to deliver essential services.

- **Helping Veterans** – RSVP created new service opportunities in communities through initiatives like the Clallam-Jefferson County RSVP Olympic Community Action Programs. Working with the U.S. Department of Labor: DOL-VETS, this RSVP project initiated new programming that was designed to reach out to unemployed veterans in the rural Olympic Peninsula of Washington State. This team of volunteers visits with veterans, checks on how their careers are going, and if needed, makes them aware of additional support available from DOL, The U.S. Department of Veterans Affairs (VA), and other governmental and non-governmental organizations. This is an example of how RSVP was able to mobilize local human capital to empower a community to access resources and further administration priorities. Senior Corps is seeking to replicate this program in Washington and other states.

CNCS implemented the FY 2011 RSVP budget of \$50.2 million, which was \$12.6 million below the FY 2010 appropriation, on a pro rata basis by awarding all RSVP grants at approximately 80 percent of the FY 2010 base level. CNCS also temporarily suspended an internal policy on replacing grants in communities where RSVP projects were relinquished. These steps allowed the budget to be implemented consistently and fairly at the grantee level and optimized the annual grant start dates within the federal fiscal year.

### **Senior Companion Program (SCP)**

In FY 2011 CNCS estimates that 14,640 SCP volunteers delivered 12.2 million hours to approximately 60,940 frail, older adults and others with physical or other limitations. SCP volunteers transport clients to medical appointments, help shop for food and basic necessities, provide companionship to offset isolation, and offer respite to an estimated 7,900 family members and informal caregivers.

SCP grantees also work with states to expand services through Medicaid Home and Community-based Waivers. In 2010, 12 states elected to incorporate SCP services into their Medicaid-funded home and community-based services, providing nearly \$1.3 million to support 624 Senior Companions who in turn provided in-home support to Medicaid eligible clients. In 2011, states and local communities contributed \$22.9 million in non-federal funds to support Senior Companions, well above the required 10 percent non-federal share. The additional funds, including \$6 million in state appropriated dollars, demonstrate the value of essential services that Senior Companions provide in their communities.

Senior Companions also serve an estimated 60,940 caregivers, helping to alleviate caregiver burnout, an important contributor to seniors going to nursing homes. Senior Companions at the Salt Lake County Aging Services work with the Department of Veterans Affairs Home Based Primary Care Program, which serves home-bound veterans through an integrated care team.

### **Foster Grandparent Program (FGP)**

In FY 2011 CNCS estimates that 28,200 FGP volunteers delivered 24 million hours of service in their communities. Additionally, estimates show that they served a total of 232,000 children, including mentoring more than 130,000 children—7,000 of whom were children of incarcerated parents—and more than 2,250 of whom were children of military families.

FGP projects currently, along with the U.S. Department of Education, support the school turnaround pilot in Orlando, Florida and the state of Minnesota. Foster Grandparents at Moody Air Force Base, Ga. and Fort Bliss, Texas, also serve military families in early child development programs. We have also begun discussions with the Administration for Children and Families within the U.S. Department of Health and Human Services to increase coordination of FGP support of programs such as Head Start.

In 2011, states and local communities contributed \$33 million in non-federal funds to support Foster Grandparents, well above the required 10 percent non-federal share. The additional funds, including \$6.8 million in state appropriated dollars, demonstrate the value of essential services that Foster Grandparents provide to children with special or exceptional needs in their communities.

Final data for Senior Corps programs will be available in 2012.





## Innovation and Demonstration and Assistance

### Grant Programs

Final performance data for the entire portfolio, including member levels and national performance pilot measures, will be reported in the FY 2011 Annual Performance Report, released as a part of the FY 2013 Congressional Budget Justification.

### Social Innovation Fund (SIF)

FY 2011 represented the first full year of operations for the Social Innovation Fund, and focused primarily on building a solid programmatic and operational foundation to support effective operations and further development of promising, innovative nonprofit organizations and the generation of compelling outcomes.

Accordingly, the major achievements in FY 2011 consisted mainly of executing activities that are essential to building that foundation. Key examples include the following:

- Selection of 138 community-based, service-providing nonprofit organizations (subgrantees) by the 11 SIF intermediaries (grantees) through open subgrant competitions that attracted more than 500 applications. Altogether, SIF subgrantees:
  - > Have committed to raise \$77 million in matching funds from private and non-federal public sources, which combined with the \$50 million in matches by intermediaries, will total \$127 million generated by the initial \$50 million federal investment made as part of the FY 2010 appropriation;
  - > Represent a wide range of program initiatives from rural healthcare initiatives in Kentucky to employment programs for former offenders in California to workforce collaboratives in Louisiana to college preparation programs for low-income students in North Carolina;
  - > Are located in 31 states and the District of Columbia; and
  - > Constitute a potential pipeline of promising, effective nonprofits that would be attractive to other funders – both public and private – that are seeking community solutions backed by at least preliminary evidence of results.
- Implementation of the rigorous evaluations required for all subgrantees. Each grantee has defined its overall evaluation strategy and is now generating detailed, formal plans for how it will improve the levels of evidence which support and document the success of subgrantee programs.
  - > Completion of a systematic, inclusive process to define how the Social Innovation Fund should be most effectively and rigorously evaluated over the next five years to determine how it

is performing relative to the expectations of Congress and the Administration. This was followed by competitive selection of an external evaluator.

- > Launch of the first phase of the Social Innovation Fund Knowledge Network, a web-based vehicle for facilitating dialogue, exchanging information, and posting documents among grantees. This will be the platform for the on-going capture and dissemination of the knowledge, insights, and tools that emerge from all levels of the SIF program.
- > Selection of a second cohort of grantees in the FY 2011 grant competition. This process awarded \$13.9 million in grants to five intermediaries that:
  - Have created distinctive models of public and private partnerships;
  - Are focused on issue areas not previously represented in the grant portfolio, including chronic homelessness, housing affordability, and childhood obesity;
  - Have committed to raise an additional \$35 million in matching funds at both the grantee and subgrantee levels; and
  - Serve some geographical areas not previously touched by the Social Innovation Fund, notably rural Colorado and specific communities in greater Detroit.

The SIF's focus on rigorous evaluation will enable CNCS to strengthen its overall evaluation capacity and add knowledge to the broader field. As such, it contributes to goal three. More specifically, it is core to fulfilling the objective of improving organizational capacity to conduct rigorous evaluations and measure outcomes.

### Volunteer Generation Fund

CNCS awarded grants to 19 state service commissions to mobilize more people to volunteer including under-represented populations, increase the organizational capability of nonprofits to effectively manage volunteers; improve operations in the areas of sustainability, governance, leadership, and evaluation capacity; and integrate technology to improve business processes.

In FY 2011, these state service commissions have provided direct support to numerous nonprofits and volunteer connector organizations in urban and rural communities in their states, including:

- Development of a research-based volunteer management curriculum for nonprofit organizations;
- Creation and expansion of volunteer centers in underserved communities;
- Training and deployment of volunteer leaders to coordinate and manage community service projects;

- Launch and expansion of skilled-based volunteer programs;
- Improved systems and training for coordinating disaster and emergency volunteers to meet immediate and long-term needs;
- Convening of networks to share and disseminate best practices; and
- Training and technical assistance to enhance nonprofit organizations' capacity to manage and engage volunteers in meaningful service.

### **Nonprofit Capacity Building Program**

In FY 2011, CNCS provided a second year of nearly \$1 million in grants to five intermediary organizations that, in turn, helped small and midsize nonprofits targeting resource-poor communities to develop and implement performance management systems. Research suggests that an established framework of performance management is the prerequisite and predictor of success in other aspects of nonprofit health such as financial planning and sustainability.

In creating the Nonprofit Capacity Building Program, Congress recognized that many small and midsize nonprofit organizations are challenged in their ability to sustain and expand services and that organizational development assistance may be necessary to ensure the continuation of much-needed services in local communities.

In alignment with the Strategic Plan, grantees were encouraged to identify potential subgrantees that focus on the agency's six focus areas: Disaster Services, Economic Opportunity, Education, Environmental Stewardship, Healthy Futures, and Veterans and Military Families.

### **Call to Service**

The President's Call to Service seeks to engage all Americans in making service a way of life. CNCS builds large-scale efforts that bring attention to service and volunteering in order to increase the number of people making an impact in their communities. Through Call to Service activities, CNCS also expands existing relationships and reaches new audiences, broadening the pool of potential volunteers and service participants. Call to Service activities also provide increased recognition for outstanding organizations and individuals involved in service to their communities.

The *MLK Day of Service* continued to call upon Americans to honor the legacy of Dr. Martin Luther King, Jr. by devoting at least a day to serving their community and addressing local challenges, followed by a longer-term commitment. In 2011, there were approximately 13,000 projects/activities throughout the nation, representing a 30 percent increase over 2010. CNCS' six MLK Day grantees were directly responsible for 2,260 projects/activities, which deployed 136,200 volunteers, benefiting

many more thousands. And for the first time, more than 600 President's Volunteer Service Awards were presented to MLK Day "Drum Majors for Service."

For the *September 11th National Day of Service and Remembrance*, CNCS held a 10th anniversary Challenge via Challenge.gov, inspiring nearly 140 organizations to recruit more than 150,000 volunteers. More than 30 state service commissions also participated in supporting service activities in honor of the 10th anniversary.

*United We Serve: Let's Read, Let's Move*— an initiative involving six federal agencies and initiatives, and countless nonprofit partners, addressed summer reading loss and childhood obesity by engaging youth in summer reading and physical activity, as well as by providing access to healthy, affordable food. In FY 2011, the effort resulted in the distribution of 2.5 million books to children, the creation or clean-up of new playgrounds in 20 cities, the establishment of libraries at 45 sports camps, the donation of 67,088 pounds of fresh produce, and the cultivation of 531 gardens.

These and other efforts such as National Mentoring Month, AmeriCorps Week, and Senior Corps Week promote service and volunteering across broad sectors of American society.

A number of CNCS initiatives seek to engage specific populations or sectors, leveraging their resources to address their needs and achieve focused impact. Billion +Change, the corporate mentoring challenge and school improvement pilots, rally members of the business and educational communities to answer the call to service and commit to community improvement. By calling together faith-based and Native American communities and organizations, CNCS is able to build relationships, gather useful feedback, and expand the impact of organizations by engaging new volunteers into service work.

A number of CNCS activities are designed to recognize outstanding organizations and individuals engaged in service, to both highlight best practices for the field, and increase awareness about the opportunities that exist to serve. The President's Higher Education Honor Roll received applications from more than 850 institutions in 2011; the President's Volunteer Service Award recognizes more than 100,000 dedicated Americans each year; and the CNCS Service Impact Award (formerly Spirit of Service Award) selected nine exemplary organizations or individuals, one or two from each of the Strategic Plan focus areas, from nearly 150 entries. These programs are cost-effective ways to recognize and encourage service contributions, and amplify the call to make service a way of life for all Americans.

## **Disability Inclusion Grants**

In FY 2011, CNCS funded a collaboration with state service commissions and the Institute of Community Inclusion at the University of Massachusetts, which implements the National Service Inclusion Project (NSIP) and the National Service toward Employment Project (NextSTEP).<sup>2</sup> This national level collaboration (along with implementation at local levels through state inclusion teams) strengthened the capacity and technical skills of national service programs for disability inclusion. These efforts also resulted in outreach to promote service and volunteering as a viable option for people with disabilities and research into practices that effectively promote service and volunteering as a pathway to successful transition to employment or post-secondary education. For example, in 2011:

- Forty-eight state service commissions worked with the University Centers of Excellence on Disabilities (UCEDs) to recruit, place, and support people with disabilities in national service programs;
- Thirty-five states formed state inclusion teams. These teams are a primary mechanism to implement disability inclusion strategic goals at the state level and are typically comprised of representatives from state and local government and nonprofit disability related organizations, UCEDs, national service alumni, parent groups, and CNCS state offices;
- Twelve state service commissions collaborated with veterans organizations to increase awareness of national service that may lead to the recruitment of veterans as volunteers;
- Forty-two state service commissions conducted 359 disability inclusion training events to build the capacity and technical skills of service programs and members (a 25 percent increase in training events over the previous year). State service commissions now routinely conduct their own introductory and intermediate inclusion trainings due to training they received from NSIP;
- Forty-three states have instituted a formal policy to address requests for reasonable accommodation; 33 states report receiving 219 requests for reasonable accommodation during the year;
- Nearly all state service commissions have instituted a process for assessing and monitoring the accessibility of service sites;
- One hundred percent of state service commissions conducted targeted outreach to persons with disabilities and their families using recruitment materials in alternative formats;
- NSIP trained 2,222 national service members and staff (a 59 percent increase over the previous year) in 108 face-to-face trainings (a 120 percent increase over the previous year) across the nation on a

wide variety of inclusion topics ranging from “Providing Reasonable Accommodations 101” to “Understanding the Americans with Disabilities Act and Section 504 of the Rehabilitation Act.” Ninety-four percent of the trainees who gave feedback reported gaining knowledge that they would use to train subgrantees and in general strengthen the inclusion practices in their programs;

- Twelve thousand (a nearly 79 percent increase over the previous year) individuals representing grantees, subgrantees, and potential grantees participated in NSIP sponsored web-based and virtual training events and teleconferences, received remote technical assistance, or accessed technical assistance through a fully accessible website;
- NSIP developed 52 accessible products including written curricula, FAQ sheets, issue briefs that inform and/or update the field on training resources, and briefs detailing examples of successful service stories. These resources are available to all on [www.ServiceandInclusion.org](http://www.ServiceandInclusion.org) or [www.nationalserviceresources.gov](http://www.nationalserviceresources.gov); and
- The National Conference on Volunteering and Service was fully accessible to persons with disabilities, materials were available in alternative formats, and 100 percent of requests for reasonable accommodation were addressed.

As a part of the CNCS priority effort to engage more veterans in national service, the Engaging Veterans with Disabilities Initiative was launched in 2010 to identify and isolate practices that effectively engage veterans with disabilities. NSIP, in partnership with the Denver Options Traumatic Brain Injury Project, is conducting this work. Through this project, veterans have reported that a national service experience can provide a relatively less-stressful transition back into the community while remaining a part of a team that is actively continuing to serve the country.

In 2010, NextSTEP:

- Conducted research to understand critical issues among people with disabilities;
- Implemented service-to-work demonstration projects within public schools in four cities;
- Promoted service as a pathway to employment among state developmental disabilities and vocational rehabilitation agencies and facilitated their partnering with state service commissions;
- Collaborated with two state service commissions to pilot the placement and tracking of individuals with developmental disabilities in service programs;
- Conducted a learning community that included state vocational

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<sup>2</sup> NSIP is a partnership between the Association of University Centers on Disability, the Association on Higher Education and Disability, the National Down Syndrome Congress, and the National Council on Independent Living. NextSTEP is a partnership with the National Organization on Disability, the U.S. Business Leadership Network, the State Employment Leadership Network, and Denver Options/CTAT.

- rehabilitation personnel and service commission staff; and
- Promoted service as a pathway to employment at eight national service and disability conferences.

By the end of the grant in 2012, NextSTEP will have identified promising practices and program models that can lead to successful outcomes toward employment or post-secondary education for persons with disabilities who engage in national service and will have developed and disseminated technical assistance tools that will inform the practice of inclusion in national service programs.

## **Training and Technical Assistance**

### **Civic Health Assessment**

In FY 2011, CNCS released *Civic Life in America*, the second installment of the Civic Health Assessment, in partnership with the congressionally chartered National Conference on Citizenship. CNCS also took additional steps to refine the concept of civic engagement, including collaborating with the National Academy of Sciences (NAS) to bring together leading researchers and practitioners in civic engagement, and working with the U.S. Census Bureau to strengthen the quality of the data included in the assessment. NAS is scheduled to publish its final report, including their recommendations for indicators and data collection strategies, in September 2013.

### **Online Infrastructure**

In accordance with the Strategic Plan, training and technical assistance (TTA) activities in FY 2011 sought to build the knowledge base of effective practice and disseminate knowledge products and tools to the national service network. For example, a total of 36 instrument packets were updated or created to aid AmeriCorps applicants and programs in selecting and implementing the national performance measures. Supplementary website pages for the AmeriCorps State and National Pilot Measures were designed and posted in December 2010. In addition, three tutorials were revised or added to the online learning center in spring 2011 including “Introducing the National Performance Measures,” “Basic Components of Logic Models,” and “Indicators, Targets, and Instruments,” bringing the total number of tutorials for AmeriCorps performance measures to six with 868 page views and 632 unique visitors in the first half of 2011.

TTA materials are available through a suite of sites known individually as The Resource Center, The National Service Learning Clearinghouse, and AmeriCorps Connect. In the first two quarters of FY 2011, these sites collectively had over 387,000 visits. Resources available and usage of these sites include:

- 19,740 video views of online training videos posted on our YouTube channel;
- An online learning center with 38 courses enrolling 8,261 individuals;
- Twenty-six active e-mail discussion lists with a total of 44,532 subscriptions;
- Eighty national service-related Basecamp projects currently in use for collaboration and project management, supporting 1,372 users;
- Fifty-five WebEx leaders hosting a total of 419 webinar sessions with 2,438 participants;
- During the first two quarters of 2011, 5,570 TTA requests for remote TTA were made and responded to via phone, individual e-mails, e-mail discussion groups, Basecamp, social media networks, and websites;
- A login feature recently added to The Resource Center which enables users to submit their own samples, submit events to the calendar, and rate and comment on effective practices and other content; and
- Thirteen new landing pages created on The Resource Center site to align with content to support Strategic Plan implementation.

Due to investments made in FY 2011 and those anticipated in FY 2012, CNCS will be able to realize significant cost savings and efficiencies in its online infrastructure. CNCS invested in a content management system which will be installed and launched as a part of the redesign and enhancement of the CNCS public website in FY 2012. This investment will create economies of scale by allowing CNCS to host and manage some of the TTA online infrastructure internally. The reduced costs will come from the reduced number of external servers, service agreements, and consultants associated with the current external content management system.

We are currently not able to link TTA recipients using the online platform with CNCS’ eGrants system. Thus, we are not able to report on the percentage of grantees and sponsors who participated in capacity building activities and opt into performance measures. However, based on an electronic survey sent to those who participated in the above activities (41 percent response rate), we know that:

- Ninety-four percent of surveyed participants reported increasing their knowledge of performance measurement basics;
- Eighty-five percent reported being able to develop a performance measurement plan; and
- Eighty-four percent reported being able to report results/outcomes for their programs.

While we are pleased that these TTA activities are valued by those who participated, we know that the need for TTA remains strong. Recent grant review processes revealed uneven quality of the performance measures sections of applications. As CNCS institutes agency-wide

performance measures and related grantee and sponsor measures, we need to continue developing the knowledge and skills necessary for grantees and subgrantees to become competent in measuring the outcomes of their work.

## Evaluation

In alignment with the 2011-2015 Strategic Plan, CNCS has developed an ambitious evaluation plan to provide high-quality research so that management decisions are based on strong evidence. FY 2011 activities included a balanced mix of rigorous, long-term, experimental evaluations, and shorter-term policy and management research projects that provide more timely information. The activities build on existing efforts to document participant impacts and examine impacts on service beneficiaries.

The agency's research and evaluation projects are designed to address three main questions:

- Which community solutions offer evidence of effectiveness in the six focus areas of CNCS?;
- Does service work? Why? What is the unique value of national service?; and
- How can CNCS be more effective?

As such, we began new projects in each of these areas, including providing in-depth technical assistance to Social Innovation Fund grantees on their plans to evaluate the impacts of their subgrantees, conducting an impact evaluation of a large tutoring grantee, and

launching the second phase of an assessment to review grantee performance and outcomes (a project which continues to inform efforts to establish performance measures).

In addition, CNCS also worked on the following:

- **Random Assignment of Youth Corps Evaluation.** Research was completed for a random-assignment evaluation of Youth Corps programs (which engage disadvantaged youth in service) across the country to assess their impact on future employment, education, life skills, and civic engagement. This is the first rigorous study of Youth Corps in more than a decade comparing young adults who participate in Youth Corps to a comparison group of young adults who were also eligible, but did not serve in the program. While there was no statistically significant impact found, in three key outcome areas of employment, education attainment, and service, those who served in Youth Corps achieved other significant positive outcomes that set them apart from those who did not participate in the program. For example, they were more likely to have a higher hourly wage, a greater annual income, and more job stability than those who did not serve.
- **Volunteering and Civic Health.** CNCS also continued work on the Volunteering in America report with the U.S. Census Bureau and the Bureau of Labor Statistics. In FY 2011, the annual survey tracked national demographic trends in volunteering as well as place-based, demographic trends from 200 communities across the country. Research shows that Generation X made significant strides in their volunteer rate – doubling their rate of service since they were teenagers.

## Management Performance

In FY 2011, CNCS undertook and accomplished a number of critical initiatives across the agency to improve operations, performance, and accountability. Within the last year, CNCS completed the following management initiatives:

In each of fiscal years 2009 –2011, CNCS' investment in information technology (IT) was significantly higher than FY 2008 funding levels. Those funding increases have permitted a major improvement in IT support to agency business operations and creation of a more stable and agile IT environment. At the same time, those IT investments have resulted in recurring IT operations and maintenance costs for future years. As a result current annual fixed/base-level costs for steady-state agency IT operations are approximately \$20 million. CNCS could not return to FY 2008 IT funding levels without major IT infrastructure restructuring and, in many cases, without reversing many of the recent IT investments.

In FY 2011 CNCS completed an upgrade of *Momentum Financials* – a state of the art commercial off-the-shelf financial package – which moves the agency's core financial processing to a “cloud computing” environment. The new contract to support this effort provides CNCS with a commercially maintained, federally compliant financial system with increased capability including new easier reporting capabilities, integrated credit card review and processing, and a streamlined user interface. This initiative contributes to the agency's priorities under strategic goal four. In addition, IT accomplishments included the following initiatives:

### Stabilized IT infrastructure:

- Improved IT security by implementing security scanning software and procedures to scan all new code for vulnerabilities before entering production;
- Upgraded the Oracle database management system; and
- Enhanced the eGrants grants management system to allow attachments to be entered into the system in support of recordkeeping requirements and audits, and to streamline the grant amendment process, reducing the time and labor required to enter post-award grant amendments to the system.

### Improved productivity and service across CNCS using technology:

- Increased capacity and improvements in usability of remote access solutions supporting OMB telework directives;
- Acquired a data warehouse reporting tool to allow faster and more

accurate generation of custom reports from the agency IT system database;

- Provided capability within the eGrants system to collect, store, and retrieve new performance measurement data related to the new agency strategic plan; and
- Continued to develop and test a wireless local area network at agency headquarters to provide greater staff mobility and productivity.

### Followed IT best practices and strived for continuous improvement:

- Continued improvement on internal OIT/CNCS governance, including revitalization of the agency Enterprise Review Board;
- Met OMB directive for open government and transparency; and
- Continued improvement in the agency IT security program by more effectively security scanning new codes and systems prior to implementation in production, providing greater protection for sensitive data, both at rest and in motion, and continued good results from annual information security audits.

Additionally, during FY 2011, CNCS conducted a security control assessment of the Momentum Financials information system, which had undergone significant changes and, as part of its continuous monitoring strategy, assessed a subset of the security controls employed within and inherited by the Network and the eSPAN information systems. The assessments determined that the security controls in place provide adequate security. As required by NIST SP 800-37 and OMB guidance, CNCS has implemented automated tools that perform vulnerability scans of the Network and eSPAN infrastructure devices and the eSPAN application code.

While additions to IT capacity and functionality over the past two years have resulted in significantly increased operations and maintenance costs, these initiatives will increase staff productivity and position CNCS to more effectively and efficiently carry out its mission in the long term.

### Human Capital Initiatives

In FY 2011, CNCS launched the CNCS Leadership Institute. The CNCS Leadership Institute will consist of two programs. The first program, *Leadership Crossroads*, is based on the highly successful Department of Interior Pathways to Leadership program, adapted to meet the interests of CNCS. Participants are individuals who have, through successful completion of high level duties or special assignments, demonstrated the potential to take on a significant leadership role in the management of CNCS resources, projects, and/or people.

The second program, The Partnership for Public Service *Annenberg Leadership Institute* is an innovation and leadership laboratory where

rising federal leaders learn the best management practices and apply them to pressing national issues. This program is targeted toward senior to mid-level CNCS employees.

To provide confidence for agency stakeholders that CNCS is being a responsible steward of scarce taxpayer dollars, CNCS is reporting on high priority measures of the effectiveness and efficiency of its financial operations as part of goal four of CNCS' new Strategic Plan.

## CNCS High Priority Measures (Strategic Plan 2011-2015)

**Strategic Goal:** *Ensure fiscal accountability and promote efficiencies and transparency in financial operations*

Performance Measure	FY11 Target	FY11 Actual
Prepare and publish audited financial statements covering CNCS operations within 45 days of fiscal year end and receive a clean audit opinion on annual financial statements	On time; Clean opinion	On time; Clean opinion
No material internal control weaknesses identified in the annual financial statement audit	0	1
No significant deficiencies in internal control weaknesses identified in the annual financial statement	2 SD	0 SD
No compliance issues identified in the annual financial statement audit	0	0
Award all grants before the budget period start date	85%	92%
Post all grant competition award data to the Internet within 90 days of completion of the award process <sup>1</sup>	85%	TBD
Complete all grant-monitoring activities identified in the annual monitoring plan and follow up with grantees where necessary	85%	88%
Close all grants within 180 days of the performance period end date	60%	39%
Award all contracts within established Performance Action Lead-Time	92%	97%
Close all firm-fixed price contracts within 180 days of completion and notification to OPS	80%	96%
Use government-wide strategic sourcing contracts to reduce CNCS contract cost	\$1,000,000	\$2,102,472

*1. Actuals for this measure will be available in December 2011.*

The measures above illustrate positive achievement against the targets for eight of the ten measures (80 percent) for which CNCS has actual data available. For example, CNCS exceeded its target for awarding grants before budget period start date by seven percentage points (92 percent actual vs. 85 percent target). CNCS did not meet its targets for two of the listed measures and has already begun to put in place process improvements to ensure stronger future performance.

For example, CNCS has started to examine and re-sequence grantmaking tasks with the goal of increasing the grant closure rate from its current 39 percent. In addition to the new priority measures listed above, CNCS also continues to track measures of management performance related to public and employee satisfaction. Below are data for these indicators.

## Public and Employee Satisfaction Trends (2007 - 2011)

Performance Objective and Measure	FY07 Actual	FY08 Target	FY08 Actual	FY09 Target	FY09 Actual	FY10 Target	FY10 Actual	FY11 Target	FY11 Actual
<b>Deliver Exemplary Customer Service</b>									
Overall CNCS score on the American Customer Satisfaction Index (100 point scale)	73	74	74	77	74	80	71	80	TBD <sup>1</sup>
Overall score for satisfaction with the overall usability and effectiveness of the agency's major technology stems (100 point scale)	70	70	67	75	67	80	68	80	TBD <sup>1</sup>
<b>Build a Diverse, Energized, and High-Performing Workforce</b>									
Percent of employees who report overall satisfaction with their jobs	77%	76%	68%	72%	68%	75%	73%	72%	69%

<sup>1</sup> Actual data for this measure will be available in March 2012.

## Financial Management Metrics

Since FY 2005, CNCS has measured its financial performance against a set of nine metrics based on the U.S. CFO Council Government-wide Financial Management Metrics. For the majority of FY 2005, CNCS achieved “green” on only one out of nine (11 percent) of these metrics. Since that time, CNCS has made significant strides in improving its

financial performance. For FY 2011, the yearly average of “green” scores was 98 percent. Comparable average scores for FY 2006—FY 2010 are 48 percent, 62 percent, 63 percent, 69 percent, and 97 percent, respectively. Performance in each of the individual metrics during FY2011 is summarized as follows:

## Financial Management Metrics

**Strategic Goal:** *Ensure fiscal accountability and promote efficiencies and transparency in financial operations*

Performance Measure	FY11 Target	FY11 Actual
Fund Balance with Treasury (Metric 1)	100%	100%
Suspense Account Clearance and Accounts Receivable Delinquency (Metrics 2–3)	100%	100%
The Percent of Vendor Payments by Electronic Funds Transfer (EFT) (Metric 4)	100%	100%
Percent of Vendor Payments Made on Time (Metric 5)	100%	100%
Late Payment Penalties Paid as a Percent of Total Vendor Payments (Metric 6)	100%	100%
Individually Billed Account Travel Card Timeliness (Metric 7)	100%	100%
Centrally Billed Travel Timeliness (Metric 8)	100%	100%
Purchase Card Timeliness (Metric 9)	100%	83%



## Internal Controls, Audit Results, and Management Assurances

CNCS is subject to the reporting requirements of the Government Corporation Control Act (31 U.S.C. 9101 et. seq.). Under these requirements, CNCS provides a statement on its internal accounting and administrative controls consistent with the requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA), as amended (31 USC 3512, et seq.) and implemented by Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control. The statement reflects CNCS' assessment of whether there is reasonable assurance that internal controls are achieving the intended results, reports any material weaknesses in internal controls present within the agency, and describes management's current plans to address and correct any deficiencies.

### Internal Control Program

During FY 2011, CNCS continued to refine its internal control assessment, testing, and assurance program, which is modeled on OMB Circular A-123. These efforts included further development of the internal control organizational structure and the monitoring of internal controls initiated during previous fiscal years. CNCS' internal control program is led by a Senior Assessment Team (SAT) of key financial, program, and administrative executives. Senior managers from the Office of Inspector General (OIG) also attend the meetings to keep abreast of CNCS' activities and to provide suggestions for improvement. The SAT is staffed by the Internal Control and Analysis Team (IC&A) within the Office of the Chief Financial Officer. The SAT approves internal control program improvements, oversees its maintenance, and reviews IC&A activities.

The risk-based assessment approach used by CNCS gives priority for internal control reviews, including testing, to specific organizational and functional areas where significant risks are known to exist. For example, CNCS' Accounting, Field Financial Management Center, Grants Management, Human Capital, Procurement Services, Budget, and Information Technology Offices are all considered high priority when developing the annual internal control testing plan. CNCS also continued to improve its grantees' oversight and monitoring program using a similar risk-based approach.

### Basis of FY 2011 Assessment

CNCS' assessment of internal control is based on internal control reviews and other analyses of CNCS operations, programs, and grantees including the following:

- A review of manager responses on the internal control vulnerability survey tool for CNCS units.
- A pre-audit assessment of the OIG's FY 2011 audit plan in order to provide an early alert for senior management and to engage in early intervention and resolution of any self-assessed corrective actions.
- Completion of the Government Accountability Office Internal Control Management and Evaluation Tool.
- Continued development and enhancement of the Key Control Database used to document key risks and key controls of CNCS units in one location.
- Comprehensive risk-based Internal Control Reviews including risk assessments and random-sample internal control testing of key controls within selected CNCS program and administrative operations.
- In-Progress Reviews (IPR) at NCCC campuses; the IPR is a focused management control assessment that provides a self-assessment by campus staff, followed by an independent review by headquarters staff. FY 2011 is the second year that all five campuses received an IPR. Review items include project management, Corps member management, operating inventories, and fiscal controls. Following the on-site review, a written report is prepared and campus staff develops corrective action plans in response to IPR recommendations.
- OIG reports, including the annual financial statement audit and recent audits of portions of CNCS' operations.

In addition, management's knowledge of CNCS' day-to-day operations helps the agency to ensure that adequate controls are in place for all of the agency's operations. These controls include announcement of funds available for grants, the receipt and evaluation of applications for financial assistance, and the negotiation and award of grants, contracts, and cooperative agreements. FY 2011 risk assessment testing priority decisions were influenced by the dollar volume of grant programs and findings associated with the FY 2010 financial statement audit.

In carrying out the internal control program the IC&A considered the nature of each deficiency, the existence of compensating control, the dollar value of transactions potentially affected by the deficiency, the level of risk, and the likelihood that an error may not be prevented or detected. The SAT assessed and evaluated CNCS' compliance with these internal control requirements as of September 30, 2011, and determined that none of the deficiencies found rise to the level of material weakness or significant deficiency. Recommended corrective actions for the deficiencies were reviewed and CNCS' progress in implementing them will be monitored by the SAT during FY 2012 to assure that appropriate corrective actions are taken.

### Annual Financial Audit Results

Fiscal year 2011 marks the 12th consecutive year CNCS has earned an

unqualified opinion on its financial statements. However, while the audit notes that the two significant deficiencies in internal control reported in FY 2010 have been corrected, it includes a new material weakness in financial reporting related to the restatement of CNCS' FY 2010 financial statements. CNCS disagrees that this was a material weakness in FY 2011 as noted below. The audit also found no instance of noncompliance with laws and regulations. These results reflect CNCS' commitment to sound financial management and the hard work by staff over the past year to continuously improve financial operations.

### **Certification and Accreditation Assessment**

CNCS policy, in accordance with federal law, OMB guidance, and the NIST SP 800-37, *Guide for Applying the Risk Management Framework to Federal Information Systems*, requires the assessment of information systems security controls using appropriate assessment procedures to determine the extent to which the controls are implemented correctly, operating as intended, and producing the desired outcome with respect to meeting the security requirements for the system every three years or when there is a significant change to the system. During FY 2011 the *Momentum Financials* financial management system underwent certification and accreditation and was reauthorized to operate after its prior authorization termination date was reached. In addition, subsets of the network and eSPAN security controls were evaluated in support of CNCS' continuous monitoring efforts.

### **Management Assurances**

#### **Statement of Assurance for Financial Management Systems, Operations, and Compliance with Laws and Regulations**

CNCS is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of Federal Managers Financial Integrity Act of 1982 (FMFIA) CNCS conducted its assessment of internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123. Based on the results of its evaluation, CNCS provides reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2011, was operating effectively.

#### **Statement of Assurance for Internal Control over Financial Reporting**

The FY 2011 report on internal control reports a material weakness in financial reporting derived from the restatement of CNCS' FY 2010 financial statements. Based on the results of its evaluation, CNCS

provides reasonable assurance that its internal control over financial reporting as of September 30, 2011, was operating effectively and free of material weaknesses, except as noted in the following paragraph.

As described more fully in footnote 18 to the financial statements, CNCS determined in reviewing the first quarter fiscal 2011 grants accrual received from HHS that there appeared to be an anomaly. That review resulted in HHS providing a restatement of its fiscal 2010 fourth quarter accrual because it had made a computational error. Because the differences in certain accounts were material, CNCS restated its prior year financial statement balances to correct the error so that reliable comparisons can be made. The internal controls of HHS in reviewing its CNCS grants accrual, as well as those of CNCS failed to detect the error during the fiscal 2010 financial statement audit. In addition to restating the fiscal 2010 balances, CNCS has added procedures to validate the HHS quarterly grant accrual data against the daily data provided by HHS and recorded in CNCS' records. This new procedure, in effect during FY 2011, would have detected the kind of error that was made by HHS at the end of fiscal 2010.

#### **Compliance with Financial Systems Requirements, Accounting Standards, and U.S. Standard General Ledger**

The FMFIA requires federal agencies to implement and maintain financial management systems that are in substantial compliance with federal financial system requirements, federal accounting standards issued by the Federal Accounting Standards Advisory Board, and implementation of the Department of the Treasury Standard General Ledger (USSGL) at the transaction level. Pursuant with FFMIA, OMB issued Circular A-127, Financial Management Systems. Circular A-127 prescribes the policies and standards for agencies to follow in developing, operating, evaluating, and reporting on financial management systems.

CNCS utilizes *Momentum Financials* as its core financial system. *Momentum Financials* is a commercial off-the-shelf software application certified by the Office of Federal Financial Management as meeting the Circular A-127 financial system requirements. Activity is posted in *Momentum Financials* following the USSGL at the transaction level. Based on its review of central financial processes CNCS determined that it complies substantially with the requirements of the FFMIA for FY 2011.

#### **Certification of Trust Obligations**

The National and Community Service Act of 1990 (NCSA), as amended by the Edward M. Kennedy Serve America Act (PL 111-13), establishes

the specific criteria for estimating and recording obligations in the Trust. The NCSA also requires the Chief Executive Officer of CNCS to annually certify that CNCS is in compliance with the requirements of the NCSA, and to obtain an independent audit of the accounts and records demonstrating the manner in which CNCS has recorded its Trust

estimates (see Section 149 of Public Law 101-610, 42 USC 12606). CNCS' OIG obtained the independent audit required by the NCSA for FY 2011. Based on CNCS' analysis and review of Trust activities and the results of OIG's audit, CNCS certifies that it complied with these requirements for FY 2011.



**Robert Velasco II**  
Acting Chief Executive Officer



**William Anderson**  
Chief Financial Officer

# Analysis of Appropriations and Financial Condition

## Understanding The Financial Statements

CNCS has a fiduciary and stewardship responsibility to efficiently and effectively manage its federal funds and to comply with federal guidance on financial management. As part of this responsibility, the agency prepares annual financial statements in conformity with generally accepted accounting principles (GAAP) for U.S. Federal government corporations and subjects them to an independent audit to ensure their integrity and reliability in assessing performance. For FYs 2010 and 2011, CNCS' financial statements received an unqualified opinion. This opinion recognized that CNCS' financial statements are fairly presented, in all material respects, and in conformity with generally accepted accounting principles.

The consolidated financial statements report CNCS' financial position, results of operations, cash flows, and budgetary resources, as required by the Government Corporation Control Act (GCCA) and Executive Order 13331, National and Community Service Programs. As specified in GCCA, the principal financial statements of CNCS are the:

- Statement of Financial Position (balance sheet), which reports the status of CNCS assets, liabilities, and net position;
- Statement of Operations and Changes in Net Position (income statement), which reports CNCS' revenues and expenses for the year and the changes in net position that occurred during the year; and
- Statement of Cash Flows, which shows how changes in CNCS' financial position and results affected its cash (Fund Balance with Treasury), and breaks the analysis down according to operating, investing, and financing activities.

In addition, under the requirements of Executive Order 13331, CNCS prepares a Statement of Budgetary Resources (SBR). The SBR provides information about the budgetary resources made available to CNCS and the status of those resources at the end of the fiscal year.

### Restatement of FY 2010 Estimated Accrued Grant Expense

CNCS restated its audited FY 2010 Consolidated Statements of Financial Position, Operations and Changes in Net Position, and Cash Flows to correct an overstatement of its estimated accrued grant

expense. The restatements had no effect on the FY 2010 Combined Statement of Budgetary Resources.

The cause of the restatements was an erroneous calculation of estimated accrued grant expense prepared by the Department of Health and Human Services' Payment Management Division (HHS). Under an interagency agreement between CNCS and HHS, HHS manages CNCS' grant payment activity and related Treasury reporting. Each quarter HHS provides CNCS with a grant accrual estimate to account for expenses not yet reported to HHS by CNCS' grantees. At the end of the subsequent quarter, HHS provides the actual grant expense (to replace the previous estimate) and provides a new quarterly estimate. The estimate for the final quarter is used in CNCS' annual financial statements to report the accrued cost of its grant programs at the close of the fiscal year. CNCS uses detailed transaction activity provided by HHS through an electronic interface to reflect actual grant activity on a daily basis for operational and program monitoring purposes.

HHS bases its estimate on historical cash drawdown and expense data. To provide CNCS with assurance that this data is reliable, HHS' Office of Inspector General (OIG) conducts a SAS 70<sup>3</sup> audit of HHS' operations and provides the results to CNCS on an annual basis. HHS OIG's FY 2010 audit report disclosed no issue with the grant expense accrual process used by HHS and therefore could be relied on by CNCS when assessing the estimate for FY 2010.

In preparing the FY 2010 year-end financial statements, the adjustment provided by HHS was reviewed by CNCS and deemed to be a reasonable estimate. An increase in the end of year quarterly grant accrual estimate was expected because of a higher grant budget for the year (CNCS' FY 2010 budget increased by \$229.9 million over FY 2009) and the effects of Recovery Act activity (CNCS received \$200 million in FY 2009/FY 2010 Recovery Act funds). However, in January 2011 while reviewing the grant accrual estimate for the first quarter of 2011, CNCS noted that the estimate remained unexpectedly high. CNCS accounting staff contacted HHS to inquire about the high estimate. In June, HHS acknowledged that its estimate was incorrect (because of a computational error). In July, HHS revised its grant expense estimate when it provided the data for the quarter ended June 30, 2011. During its year-end financial audit process CNCS determined that because the effect was material to the FY 2010 financial statements the revised HHS estimate should be treated as a correction of an error rather than a change in estimate.

<sup>3</sup> On June 15, 2011, Statement on Standards for Attestation Engagements No. 16 (SSAE 16) effectively replaced the SAS-70 as the authoritative guidance for reporting on service organizations.

While the effect of this change on the Net of Revenue over Expenses on the Statement of Operations is zero, the adjustment has a material effect on several line items. As a result, CNCS restated its balance sheet, income statement, cash flow statement, and the related footnotes for FY 2010 (see footnote 18).

### Changes in Financial Position

CNCS' financial statements present comparative information for FYs 2011 and 2010. The following table presents the changes in CNCS' financial position in FY 2011. The changes shown below reflect the effects of the restatement of the FY 2010 statements to reduce CNCS' estimated grant expense as described above.

Net Financial Condition	FY 2011	FY 2010 Restated (Dollars in thousands)	Increase/(Decrease)
Assets	\$1,622,006	\$1,651,155	\$(29,149)
Liabilities	\$552,788	\$538,539	\$14,249
Net Position	\$1,069,218	\$1,112,616	\$(43,398)
Net of Revenue over Expense	\$15,594	\$(11,416)	\$27,010

### Composition of CNCS Assets

The *Statement of Financial Position* presents the total amounts available for use by CNCS (assets) against the amounts owed (liabilities) and amounts that comprise the difference (net position). Over 95 percent of CNCS' total assets are comprised of *Fund Balance with Treasury and Trust Investments and Related Receivables*.

In FY 2011, total assets decreased by about 1.8 percent over the balance at the end of FY 2010. The majority of the decrease, \$55.5 million, occurred in the Fund Balance with Treasury account (FBWT). *FBWT* is funding available to CNCS to make expenditures for authorized expenses through the disbursement authority of the Department of the Treasury. The FBWT is increased through appropriations and collections and decreased by expenditures and rescissions. The decrease in FY 2011 primarily reflects the cuts to CNCS' budget in FY 2011 and the ongoing payment on grants and contracts.

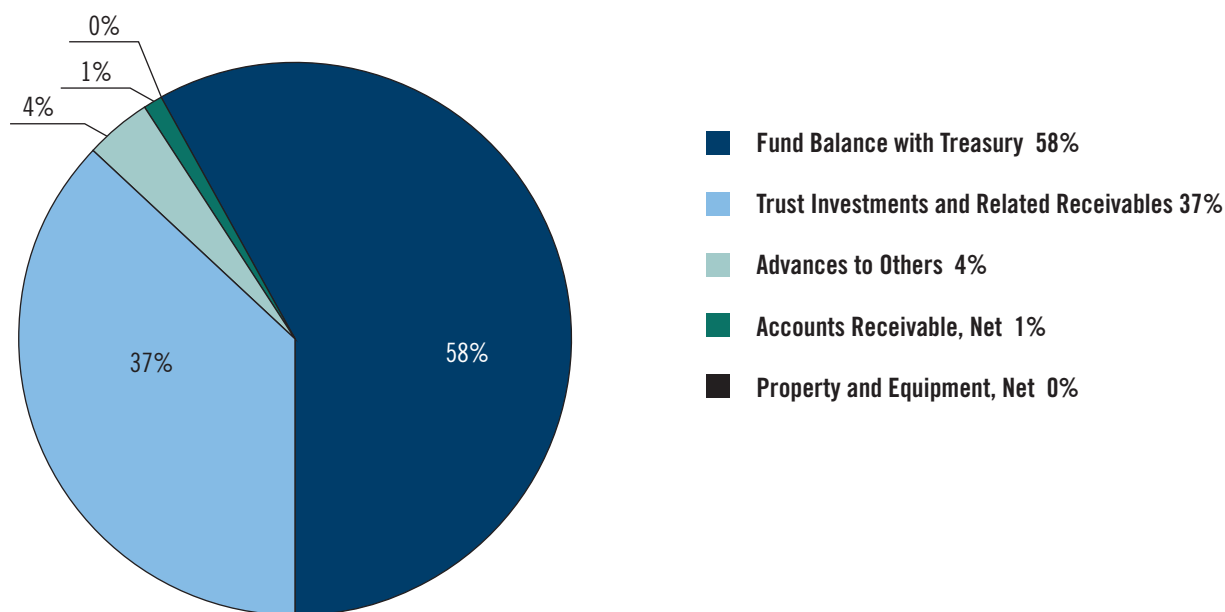
*Trust Investments and Related Receivables* are used to pay Segal AmeriCorps Education Awards for eligible participants who complete AmeriCorps service. Funding for the Trust comes from appropriations, interest earned, and proceeds from the sale or redemption of investments. The account increased by \$40.5 million which reflects the net effect of FY

2011 appropriations for new AmeriCorps positions awarded during the year and payments made on previously earned awards.

CNCS records Trust obligations at the time of grant award for AmeriCorps State and National, or at the time CNCS enters into an enforceable agreement with an individual participant in the AmeriCorps VISTA and NCCC programs. The amount to be obligated is the estimated value of authorized education benefits, discounted for estimated enrollment, earning and usage rates, and the time value of money. CNCS has also set aside a Trust reserve of \$50.1 million (including \$3.5 million set aside in FY 2009 for Recovery Act positions) to protect CNCS in the event that the estimates used to calculate obligations differ from actual results. During FY 2011, CNCS based its obligation amount on the full value of the education award, a 100 percent enrollment rate (allowing for refills), and earning and usage rates ranging from 77 to 86 percent depending on term type.

As of September 30, 2011, the National Service Trust had available cash, investments, and other assets of about \$606.7 million to make education award and interest forbearance payments. Of this amount, CNCS' unliquidated obligations for awarded AmeriCorps positions totaled about \$542.6 million.

## CNCS Assets as of September 30, 2011



About \$10.8 million was available at year-end to fund new AmeriCorps member positions, of which \$1.9 million derives from Recovery Act funding, which cannot be used without new authorization. Trust assets are estimated to be fully sufficient to pay for all awarded AmeriCorps positions. As grants expire, CNCS deobligates funds related to member positions that were not filled. CNCS also continuously analyzes Trust operations and liability projections to identify any needed adjustments to obligations.

Advances to Others mainly represent funds provided to grantees in advance of their performance under a grant. For the most part, these advances are liquidated during the first quarter of the subsequent fiscal year. Advances to Others decreased by about 21 percent, from \$82 million at September 30, 2010 (as restated) to \$65 million at September 30, 2011, reflecting the close out of Recovery Act activity and the decreased funding level for 2011 programs.

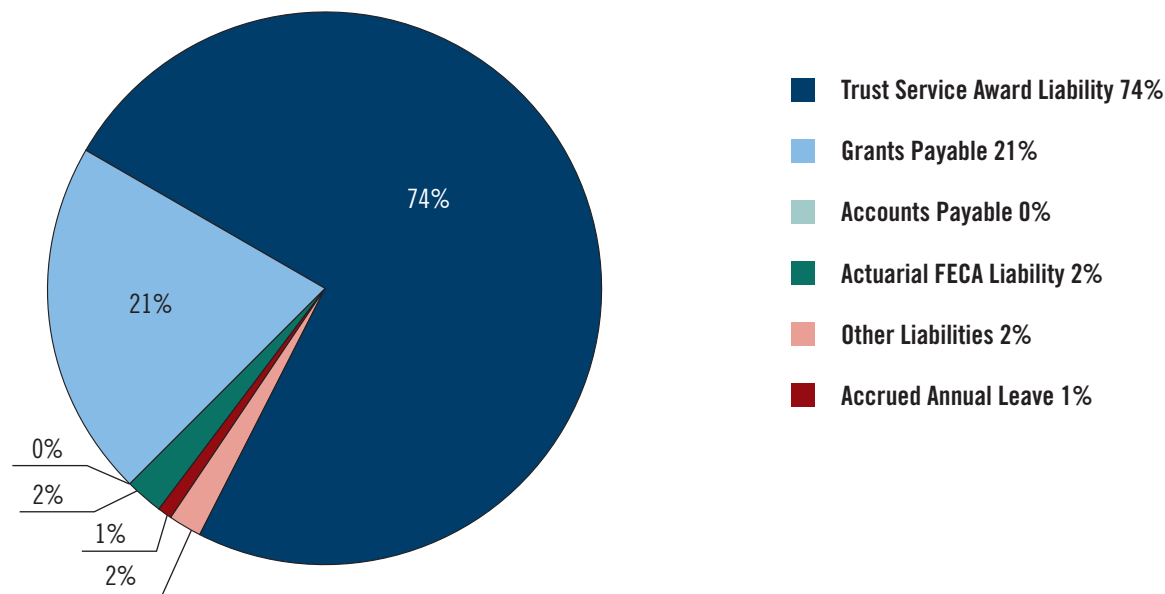
### Composition of Corporation Liabilities

CNCS' most significant liabilities are the Trust Service Award Liability and Grants Payable. Individuals who successfully complete terms of service

in AmeriCorps programs earn education awards that can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The awards, which can be used for a period of up to seven years, are paid from the National Service Trust. Since CNCS' inception through FY 2009 the maximum amount of an education award was \$4,725. Beginning with FY 2010, the SAA tied the amount of the award to the amount of a Pell Grant administered by the Department of Education. The award amount increased to \$5,550 for FY 2011.

The Trust also pays forbearance interest on qualified student loans during the period members perform community service. Each year the award liability components related to education awards and interest forbearance are adjusted to reflect current trends. For FY 2011, the Trust Service Award Liability increased by \$30.4 million, about eight percent, due to the continued enrollment of members in AmeriCorps programs, the increase in the value of an education award, and a slight increase in the projected usage rate.

## CNCS Liabilities as of September 30, 2011



*Grants Payable* represents funds due to grantees in payment of their performance under a grant. For the most part, these payables are liquidated during the first quarter of the subsequent fiscal year. Grants Payable decreased by about 7.5 percent, from \$125.7 million at September 30, 2010 (as restated) to \$116.3 million at September 30, 2011, reflecting the close out of Recovery Act activity and the decreased funding level for 2011 programs.

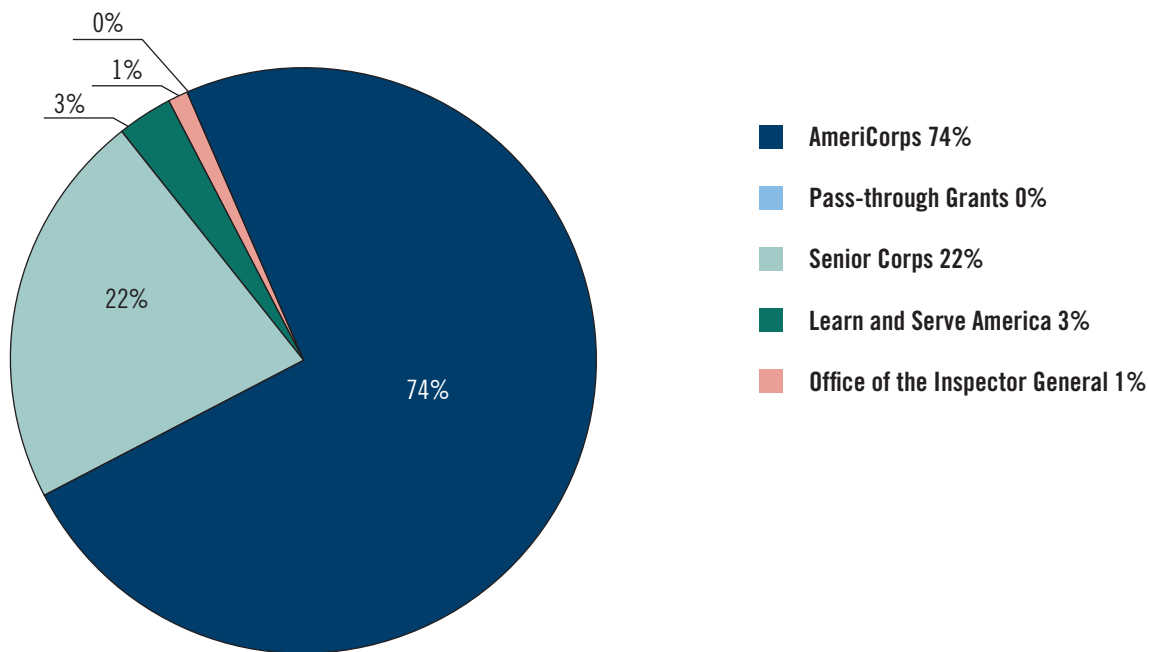
### Results of Operations

The *Statement Operations and Changes in Net Position* presents revenue earned by CNCS (primarily appropriations) and the annual cost of operating CNCS programs. CNCS recognizes its use of appropriated capital as revenue at the time it is expended or accrued to pay program

or administrative expenses. Appropriations received for the CNCS' Trust are recognized as revenue when received in the Trust Fund. Using an appropriate cost accounting methodology, CNCS' expenses have been allocated among its major programs, at the sub-program level. Costs for each major CNCS program are reported on separately. Program costs include grant expenses, and direct and allocated personnel and administrative costs including AmeriCorps recruitment and National Service Trust operations.

For FY 2011, CNCS *Revenue* totaled \$1.114 billion, an increase of \$17.9 million, or 1.6 percent, above the FY 2010 (as restated) level. Total Expenses reported for FY 2011 were \$1.098 billion which represents a decrease of \$9.2 million, or 1 percent, from FY 2010 level. The decrease reflects the reduced funding level in FY 2011 for all of CNCS' programs.

## CNCS Expenses for the Period Ended September 30, 2011



CNCS' net revenue over expenses for FY 2011 was \$15.6 million compared with a deficit of revenue over expenses of (\$11.4) million in 2010. The surplus of revenue over expenses in FY 2011 is primarily attributable to the Trust, wherein revenue exceeded expenses by \$10.6 million.

### Budgetary Resources

The *Statement of Budgetary Resources* provides information on how budgetary resources were made available to CNCS for the year and the status of those budgetary resources at year-end. For FY 2011, Total Budgetary Resources decreased by \$112.8 million. Similarly, total Obligations Incurred in FY 2011 decreased by \$114.2 million. The decrease in both total budgetary resources available to CNCS in FY 2011 and the obligations CNCS incurred reflects the reduced funding in FY 2011 across CNCS programs.

### Future Business Trends and Events

CNCS is continuously faced with increased expectations for oversight, transparency, and accountability. To meet these expectations, CNCS takes a broad view of financial management, seeking to continuously improve and integrate its financial operations and processes at the systems and program support level and beyond. As we monitor resources, we will continue to focus on discerning the value of the goods and services we get in return for our expenditures. Some of the areas CNCS will focus on in both the immediate and long-term future include:

- **Grants Process Improvements.** CNCS completed a review of its current systems, organizational structure, and business processes and provided recommendations for a more efficient grants process and structure. The goal of the review was to provide the basis for streamlining the grants management and member application systems and processes to reduce the burden on programs and the public by:
  - > Reducing duplication of efforts;
  - > Eliminating unnecessary steps;
  - > Shortening processing timeframes;
  - > Effectively sequencing tasks to achieve greater staff efficiency; and
  - > Aligning with the requirements of the Serve America Act.
- **Data Security.** CNCS values the trust placed in it by programs, participants, and others interested in national and community service. During FY 2011, CNCS completed vulnerability scanning of public-facing elements of CNCS systems. Scan results indicating a high risk for possible data exposure were expeditiously addressed. CNCS has also hired a system security engineer and acquired scanning software to ensure that new vulnerabilities are not introduced into CNCS systems.
- **eGrants System Enhancements.** CNCS is enhancing its eGrants system capability to collect, store, and retrieve new performance measurement data related to the new agency Strategic Plan; allow



supporting documents to be stored electronically in support of recordkeeping and audit requirements; and streamline the process for supporting grant amendments. These enhancements will significantly contribute to agency accountability and improve staff productivity.

- **Financial System Upgrade.** CNCS utilizes a state of the art commercial off-the-shelf accounting system, Momentum Financials, to manage its core financial activities. Momentum Financials was implemented without customization in order to minimize risks associated with systems development efforts. During FY 2011, CNCS upgraded the system to a current version in order to have continued vendor maintenance, and improved internal controls and efficiencies. The upgrade was completed on schedule and on budget during FY 2011. Under the new contract, Momentum Financials is hosted in a “cloud computing” environment. The upgrade provides CNCS with a commercially maintained federally compliant financial system with increased capability including better reporting capability, integrated credit card review and processing, and a streamlined user interface.
- **Budget Formulation.** In FY 2010, CNCS entered into an interagency agreement with the U.S. Department of the Treasury to adopt its Budget Formulation and Execution Manager (BFEM). BFEM allows CNCS to automate the collection, aggregation, and publication of its budget submissions to OMB and Congress. Following an initial period of data gathering and process mapping, CNCS launched BFEM in FY 2011 and developed its FY 2013 OMB Budget Submission. CNCS will complete the FY 2013 Congressional Budget Justification using BFEM and will continue to use this system in the future. In addition to

BFEM, CNCS will test a performance measure management (PMM) tool and a business intelligence and reporting platform (Pentaho) offered under the BFEM partnership. By providing web-based, centralized data access, these tools have the potential to allow CNCS to analyze decision-support information more efficiently and better link budget and performance information in a common information system.

- **Open Government.** To foster unprecedented levels of accountability and transparency in government spending, CNCS is actively implementing its Open Government Plan in an effort to imbed the principles of transparency, participation, and collaboration that form the cornerstone of an open government into agency operations. Over the last 12 months CNCS has taken the following steps to improve transparency, participation, and collaboration in its daily operations:
  - > Created an enhanced Open Government web page with new data sources at <http://www.nationalservice.gov/about/open/index.asp>;
  - > Published policy on transparency in the grant application review process;
  - > Published the results of grants competitions including the review process, lists of compliant applications, executive summaries of compliant applications, and full narratives of successful applications;
  - > Published the lists of Freedom of Information Act (FOIA) requests received over the year; and
  - > Appointed a Senior Official for plain writing, established a plain writing website, and provided plain writing training for staff.

# Financial Statements

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## Message from the CFO



The Annual Financial Report is the main mechanism for CNCS to report on its financial operations and provide transparency and accountability to the American people. I am pleased to report that CNCS maintained its record of strong fiscal stewardship in FY 2011. CNCS received an unqualified “clean” opinion on its consolidated financial statements for the 12th consecutive year.

Like most federal agencies, CNCS’ operations were strained by the fiscal challenges facing the nation, with significant reductions enacted in FY 2011 for its AmeriCorps and Senior Corps programs. Operating within these challenges, during FY 2011 CNCS approved and began implementation of a comprehensive five-year Strategic Plan that provides a roadmap for using national service to address critical challenges facing our communities and nation. The plan builds on the strong foundation of national service that has developed over the past four decades and was guided by the vision set forth in the bipartisan Edward M. Kennedy Serve America Act (SAA). The SAA and our Strategic Plan recognize that national service will have its greatest impact if we target resources on a core set of critical national

problems and evaluate our impact using standardized performance measures.

In keeping with the agency’s focus on strong financial management practices under goal 4 of its Strategic Plan, during FY 2011 CNCS:

- Successfully implemented a major upgrade of the agency’s core financial system application, Momentum Financials, to increase productivity and improve internal controls when processing financial transactions and preparing financial reports, thus ensuring the continued validity and reliability of agency financial data. By moving to a cloud-based system CNCS expects to achieve operational efficiencies and lower the cost of its transaction processing.
- Successfully implemented a new web-based budget formulation system that will increase efficiency and transparency, while maintaining accuracy in CNCS’ budget formulation process.
- Streamlined and strengthened grant-making processes by eliminating duplication of effort and further aligning grantmaking with the SAA.
- Began implementation of a major overhaul of CNCS’ compliance protocols that will focus on grantees’ performance reporting and adherence to major regulations.
- Continued to lead in federal open government initiatives by introducing a new website through which the agency published a significant amount of its grants processing information and provided a forum for webcasting board meetings – both being of vital importance to keeping citizens informed of agency efforts.

“ In FY 2011 CNCS maintained its record of strong fiscal stewardship for the American people. CNCS received an unqualified “clean” opinion on its consolidated financial statements for the 12th consecutive year. ”

“ FY 2011 CNCS: Achieved a 100 percent score on all but one, and an overall score of 98 percent for the year on the financial metrics tracked by the Office of the Chief Financial Officer. ”

- Achieved a 100 percent score on all but one, and an overall score of 98 percent for the year on the financial metrics tracked by the Office of the Chief Financial Officer.
- Eliminated the two significant deficiencies in internal control identified in the FY 2010 financial audit.

These accomplishments are laudable; however, work with our auditors points out that there are areas where we can do better. During FY 2011 CNCS implemented additional reviews of CNCS financial data managed by other federal agencies and will look to make further improvements in its operations to ensure that its financial reporting process is accurate and timely. CNCS is committed to streamlining and improving its fiscal operations to meet the goals outlined by the President. In meeting these challenges CNCS will continue to practice

strong financial management as shown through the information provided in this year's Annual Financial Report.

Finally, I would like to thank the financial management and program professionals throughout the agency for their continued dedication and hard work this past year. It is their efforts that enable CNCS to deliver the most accurate, transparent, and useful information possible.



**William Anderson**  
Chief Financial Officer

## Consolidated Financial Statements

CNCS' consolidated financial statements report its financial position, results of operations, cash flows, and budgetary resources, as required by the Government Corporation Control Act (Act) and Executive Order 13331, National and Community Service Programs. The Act requires that government corporations submit an annual report including the corporation's financial statements to Congress. As specified in the Act, principal financial statements of CNCS are the:

- Statement of Financial Position (balance sheet), which reports the status of CNCS assets, liabilities, and net position;
- Statement of Operations and Changes in Net Position (income statement), which reports CNCS' revenues and expenses for the year and the changes in net position that occurred during the year; and
- Statement of Cash Flows, which shows how changes in CNCS' financial position and results affected its cash (Fund Balance with Treasury), and breaks the analysis down according to operating, investing, and financing activities.

In addition, under the requirements of Executive Order 13331, CNCS prepares a Statement of Budgetary Resources (SBR) as a principal

financial statement. The SBR provides information about the budgetary resources made available to CNCS and the status of those resources at the end of the fiscal year.

CNCS' financial statements provide comparative information for FY 2011 and 2010. For FY 2011, CNCS' financial statements, for the 12th consecutive year, received an unqualified opinion. This opinion recognizes that CNCS' financial statements are fairly presented, in all material respects, and in conformity with generally accepted accounting principles. CNCS has restated its audited FY 2010 Consolidated Statements of Financial Position, Operations, and Changes in Net Position, and Cash Flows to correct an overstatement of its estimated accrued grant expense (see note 18). The restatements had no effect on the FY 2010 Combined Statement of Budgetary Resources.

### Limitations of the Financial Statements

The principal financial statements have been prepared in compliance with the reporting requirements described above. CNCS' financial statements published herein are in addition to the financial reports it uses to monitor and control budgetary resources which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. An implication of this is that liabilities cannot be liquidated without legislation that provides the resources to do so.

## Corporation for National and Community Service

### Consolidated Statements of Financial Position as of September 30

*(dollars in thousands)*

ASSETS	2011	Restated 2010
Fund Balance with Treasury (Note 2)	\$ 942,870	\$ 998,408
Trust Investments and Related Receivables (Note 3)	605,661	565,195
Advances to Others (Note 18)	64,942	82,640
Accounts Receivable, Net (Note 4)	7,607	3,783
Property and Equipment, Net (Note 5)	926	1,129
<b>Total Assets</b>	<b>\$ 1,622,006</b>	<b>\$ 1,651,155</b>
<b>LIABILITIES</b>		
Trust Service Award Liability (Note 6)	\$ 410,261	\$ 379,878
Grants Payable (Note 18)	116,261	125,678
Accounts Payable	2,637	2,875
Actuarial FECA Liability (Note 8)	9,092	12,092
Accrued Annual Leave	4,121	4,163
Other Liabilities	10,415	13,853
<b>Total Liabilities</b>	<b>\$ 552,787</b>	<b>\$ 538,539</b>
Contingencies (Note 14)		
<b>NET POSITION (Note 9 and 18)</b>	<b>\$ 1,069,219</b>	<b>\$ 1,112,616</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,622,006</b>	<b>\$ 1,651,155</b>

*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 Periods Ended September 30 *(dollars in thousands)*

REVENUE	2011	Restated 2010
Appropriated Capital Used (Note 18)	\$ 883,872	\$ 876,568
Appropriations Received by the National Service Trust (Note 10)	201,200	199,659
Interest	4,669	7,288
Revenue from Services Provided	12,049	11,274
Other	11,839	990
<b>Total Revenue</b>	<b>\$ 1,113,629</b>	<b>\$ 1,095,779</b>
EXPENSES		
AmeriCorps	\$ 807,960	\$ 808,662
Senior Corps	237,348	235,814
Learn and Serve America	33,261	37,539
Innovation, Demonstration and Assistance Activities	11,464	17,888
Office of the Inspector General	8,001	7,292
<b>Total Expenses (Note 11 and 18)</b>	<b>\$ 1,098,034</b>	<b>\$ 1,107,195</b>
<b>Net of Revenue Over Expenses</b>	<b>\$ 15,595</b>	<b>\$ (11,416)</b>
NET POSITION		
Net of Revenue over Expenses	\$ 15,595	\$ (11,416)
Increase/(Decrease) in Unexpended Appropriations, Net (Note 13 and 18)	(58,992)	44,124
Increase/(Decrease) in Net Position, Net (Note 18)	(43,397)	32,708
Net Position, Beginning Balance	1,112,616	1,079,908
<b>Net Position, Ending Balance (Note 9 and 18)</b>	<b>\$ 1,069,219</b>	<b>\$ 1,112,616</b>

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

## Corporation for National and Community Service

### Consolidated Statements of Cash Flows for the Periods Ended September 30

(dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	2011	Restated 2010
Net of Revenue over Expenses	\$ 15,595	\$ (11,416)
Adjustments Affecting Cash Flow:		
Depreciation, Amortization, and Loss on Disposition of Assets	203	580
Amortization of Premium/Discount on Investments	1,137	4,045
Appropriated Capital Used (Note 18)	(883,872)	(876,568)
Appropriations Received in Trust	(201,200)	(199,659)
Decrease/(Increase) in Accounts Receivable	(3,824)	(1,020)
Decrease/(Increase) in Interest Receivable	299	2,363
Decrease/(Increase) in Advances to Others (Note 18)	17,698	(15,119)
Increase/(Decrease) in Accounts Payable and Other Liabilities	(3,676)	(2,091)
Increase/(Decrease) in FECA and Annual Leave Liabilities	(3,042)	1,770
Increase/(Decrease) in Trust Liability	30,383	55,811
Increase/(Decrease) in Grants Payable (Note 18)	(9,417)	20,594
Total Adjustments	(1,055,311)	(1,009,294)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>\$ (1,039,716)</b>	<b>\$ (1,020,710)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of Securities	749,891	905,140
Purchase of Securities	(791,793)	(956,905)
<b>Net Cash Provided/(Used) in Investing Activities</b>	<b>\$ (41,902)</b>	<b>\$ (51,765)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Appropriations Received, Net of Trust	1,077,733	1,149,721
Rescissions and Cancellations	(51,653)	(29,370)
<b>Net Cash Provided by Financing Activities</b>	<b>\$ 1,026,080</b>	<b>\$ 1,120,351</b>
<b>Net Increase/(Decrease) in Fund Balance with Treasury</b>	<b>\$ (55,538)</b>	<b>\$ 47,876</b>
<b>Fund Balance with Treasury, Beginning</b>	<b>\$ 998,408</b>	<b>\$ 950,532</b>
<b>Fund Balance with Treasury, Ending</b>	<b>\$ 942,870</b>	<b>\$ 998,408</b>

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



## Corporation for National and Community Service Combined Statements of Budgetary Resources for the Periods Ended September 30 *(dollars in thousands)*

BUDGETARY RESOURCES	2011	2010
Unobligated balance, brought forward, October 1	\$ 155,307	\$ 187,608
Recoveries of prior year unpaid obligations	53,606	32,951
<b>Budget authority:</b>		
Appropriation	1,286,080	1,366,207
Spending authority from offsetting collections:		
Collected	12,116	11,435
Change in receivables from federal sources	6	-
Change in unfilled customer orders:		
Advance received	53	-
Without advance from federal sources	534	-
Total budget authority	1,298,789	1,377,642
Permanently not available	(51,653)	(29,370)
<b>Total budgetary resources</b>	<b>\$ 1,456,049</b>	<b>\$ 1,568,831</b>
<b>STATUS OF BUDGETARY RESOURCES</b>		
Obligations incurred		
Direct	\$ 1,288,240	\$ 1,403,065
Reimbursable	11,081	10,459
Subtotal	1,299,321	1,413,524
Unobligated balance		
Apportioned	70,623	50,497
Unobligated balance not available	86,105	104,810
<b>Total status of budgetary resources</b>	<b>\$ 1,456,049</b>	<b>\$ 1,568,831</b>

*(Continued)*

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

(Continued)

**Corporation for National and Community Service**  
**Combined Statements of Budgetary Resources for the Periods Ended September 30**  
*(dollars in thousands)*

CHANGE IN OBLIGATED BALANCE	2011	2010
Obligated balance, net:		
Unpaid obligations, brought forward, October 1	\$ 1,400,061	\$ 1,265,772
Uncollected customer payments from federal sources, brought forward, October 1	-	-
Total unpaid obligated balance, net	1,400,061	1,265,772
Obligations incurred, net	1,299,321	1,413,524
Gross outlays	(1,257,893)	(1,246,284)
Recoveries of prior year unpaid obligations, actual	(53,606)	(32,951)
Change in uncollected customer payments from federal sources	(539)	-
<b>Total unpaid obligated balance, net, end of period</b>	<b>\$ 1,387,344</b>	<b>\$ 1,400,061</b>
Obligated balance, net, end of period:		
Unpaid obligations	\$ 1,387,883	\$ 1,400,061
Uncollected customer payments from federal sources	(539)	-
<b>Total unpaid obligated balance, net, end of period</b>	<b>\$ 1,387,344</b>	<b>\$ 1,400,061</b>
<b>NET OUTLAYS</b>		
Gross outlays	\$ 1,257,893	\$ 1,246,284
Offsetting collections	(12,169)	(11,436)
Distributed offsetting receipts	(202,076)	(200,822)
<b>Net outlays</b>	<b>\$ 1,043,648</b>	<b>\$ 1,034,026</b>

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

## NOTE 1—Summary of Significant Accounting Policies

### A. REPORTING ENTITY

The Corporation for National and Community Service (CNCS) was created by the National and Community Service Trust Act of 1993 (Public Law 103-82). CNCS' mission is to improve lives, strengthen communities, and foster civic engagement through service and volunteering. To meet its mission, CNCS provides grants and other assistance to states, local municipalities, and nonprofit organizations to help communities meet critical challenges in the areas of education, healthy futures, environmental stewardship, economic opportunity, disaster services, and assisting veterans and military families through volunteer service. CNCS' major programs are:

**Senior Corps.** Senior Corps offers a network of programs that tap into 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 and 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; and
- *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.

CNCS, for the most part, administered its programs in fiscal year 2011 from the following trust, gift and appropriated funds:

#### Trust and Gift Funds:

- *National Service Trust (the Trust)*, from which CNCS provided education awards and interest forbearance for volunteers under the

AmeriCorps State and National; NCCC; and VISTA programs.

- *Gifts and Contributions*, into which CNCS deposited gifts and contributions from individuals and organizations for use in furthering CNCS' goals.

#### Appropriated Funds:

- *Operating Expenses*, from which the Corporation funded Senior Corps, AmeriCorps, Learn and Serve America and other program activity.
- *Salaries and Expenses*, from which the Corporation funded its general administrative expenses.
- *Office of Inspector General*, from which CNCS funded the expenses of the OIG.
- *VISTA Advance Payment Revolving Fund*, from which CNCS paid the living allowances for VISTA members enrolled under cost share agreements with sponsoring organizations. CNCS is reimbursed for these costs by the sponsoring organization. Despite the account title, the *VISTA Advance Payment Revolving Fund* is not a revolving fund, but rather a general fund expenditure account.

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The Recovery Act included funding for the use of CNCS to support an expansion of the AmeriCorps State and National and VISTA programs. As a result of the passage of the Recovery Act, three additional appropriated funds were established:

- *Operating Expenses, Recovery Act*, from which CNCS funded the increased AmeriCorps State and National and VISTA membership as a result of the Recovery Act.
- *Salaries and Expenses, Recovery Act*, which funded CNCS' expenses to improve IT systems and administer the increased AmeriCorps State and National and VISTA membership.
- *Office of Inspector General, Recovery Act*, from which CNCS funded the expenses of the OIG's Recovery Act oversight responsibilities.

### B. BASIS OF ACCOUNTING

The accompanying financial Statements include all funds administered by CNCS, as delineated in Note 1A— Reporting Entity. They include CNCS' activities related to providing grants and other assistance to eligible states, local governments, and nonprofit organizations as well as education awards to eligible national service participants. All significant inter-entity transactions and balances are eliminated in consolidation.

### **C. FINANCIAL STATEMENT PRESENTATION AND CONSOLIDATION POLICY**

The accompanying financial statements report CNCS' financial position, results of operations, and cash flows, as required by the Government Corporation Control Act (GCCA). As required by GCCA, the principal financial statements of CNCS are the:

- *Statement of Financial Position*, which reports the status of Corporation assets, liabilities, and net position;
- *Statement of Operations and Changes in Net Position*, which reports CNCS' revenues and expenses for the year and the changes in net position that occurred during the year; and
- *Statement of Cash Flows*, which shows how changes in CNCS' financial position and results affected its cash (Fund Balance with Treasury), and breaks the analysis down according to operating, investing, and financing activities.

The financial statements are presented in accordance with the accounting principles generally accepted in the United States of America (GAAP), as applicable to federal government corporations. The Federal Accounting Standards Advisory Board (FASAB) is the standard setting body for the federal government. Statement of Federal Financial Accounting Standards Number 34 (SFFAS 34) provides that financial statements prepared by certain government corporations in conformity with the accounting standards issued by the Financial Accounting Standards Board (FASB) are regarded as being in conformity with GAAP. As provided by SFFAS 34, where there is no standard issued by FASB applicable to the federal corporation the financial statements are presented in accordance with the accounting standards issued by FASAB.

In addition, under Executive Order 13331, National and Community Service Programs, CNCS must prepare a Combined Statement of Budgetary Resources as a principal statement. The accompanying Combined Statements of Budgetary Resources have been prepared in accordance with GAAP, as prescribed by FASAB.

CNCS' consolidation policy requires the consolidation of all funds administered by CNCS, as delineated in Note 1A – Reporting Entity.

### **D. BUDGETS AND BUDGETARY ACCOUNTING**

The activities of CNCS are primarily funded through the annual Departments of Labor, Health and Human Services, Education and Related Agencies Appropriation Act. CNCS' 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.

### **E. ASSET AND LIABILITY VALUATION**

CNCS values its investments at carrying value and discloses fair value. As of September 30, 2011, the carrying amounts of Fund Balance with Treasury, Accounts Receivable, Advances to Others, Accrued Interest Receivable, Accounts Payable and Other Liabilities approximate their fair value.

### **F. FUND BALANCE WITH TREASURY**

CNCS considers Fund Balance with Treasury (FBWT) to represent cash and cash equivalents. It is CNCS' cash accounts with the Department of the Treasury (the Treasury). The Treasury processes cash receipts and disbursements on behalf of CNCS and CNCS' accounting records are reconciled with those of the Treasury on a regular basis. CNCS' FBWT includes all of its appropriated and trust funds.

The FBWT maintained in the National Service Trust is restricted to specific purposes, such as paying service awards earned by eligible participants, and is not available for use in the current operations of CNCS. In addition, the majority of the funds received from individuals and organizations for deposit in the Gifts and Contributions fund are restricted for particular uses, such as service projects.

### **G. INVESTMENTS AND RELATED RECEIVABLES**

By law, CNCS 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, CNCS' 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 CNCS. Such interest, if any, at year-end is included in the interest receivable balance.

## **H. ADVANCES TO OTHERS**

CNCS 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.

## **I. ACCOUNTS RECEIVABLE**

Accounts receivable represents amounts due to CNCS 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.

## **J. PROPERTY AND EQUIPMENT**

Property and Equipment is stated at full cost, including all costs related to acquisition, delivery, and installation, less accumulated depreciation (or amortization). Normal maintenance and repair costs on capitalized property and equipment are expensed when incurred. CNCS' general policy is to capitalize Property and Equipment if the initial acquisition price is \$50 thousand or more. 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.

## **K. 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 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 CNCS' historical experience.

## **L. GRANTS PAYABLE**

CNCS awards grants to nonprofit organizations, educational institutions, states, municipalities, and other external organizations. Grants become budgetary obligations, but not liabilities, at the time they are awarded.

Although most grantees request funds prior to incurring expenses, some incur expenditures prior to initiating a request for disbursement, based on the nature of the expenditures. At the end of the fiscal year, CNCS computes and reports an estimate of the amount of unreimbursed grantee expenses as grants payable. This accrual is based on an analysis of the amounts actually disbursed to grantees in the third quarter.

## **M. ACCOUNTS PAYABLE**

CNCS 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 external entities for goods and services received by CNCS, but not paid for at the end of the fiscal year.

## **N. 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 CNCS. CNCS' actuarial liability for workers' compensation includes costs incurred, but unbilled as of year-end, as calculated by DOL. CNCS reimburses DOL for FECA claims out of current appropriations upon receipt of a bill from DOL.

## **O. OTHER LIABILITIES**

Other liabilities include amounts owed but not paid at the end of the fiscal year for payroll and benefits, VISTA stipends, the amount of claims for benefits for Corporation employees under FECA that have been paid by DOL and billed to CNCS but have not yet been reimbursed to DOL, and imputed costs for future retirement and health care benefits as determined by an Office of Personnel Management calculation.

## **P. 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.

## **Q. 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 CNCS entered to provide services.

## **R. NET POSITION**

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

## **S. REVENUE RECOGNITION**

*Appropriated Capital Used.* CNCS recognizes its use of appropriated capital as revenue at the time it is expended or accrued 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 CNCS' 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 CNCS in the Trust until used for eligible education service award purposes.

*Interest on Investments.* 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.* CNCS 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.

*Gifts and Donations.* Revenue is recognized at the time gifts and donations are received and deposited in the Treasury to the credit of the Gifts and Contributions Fund.

## **T. RETIREMENT BENEFITS**

CNCS' 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, CNCS contributes 7.0 percent of their basic pay. For those employees covered by FERS, CNCS 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, CNCS 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 CNCS' automatic or matching contributions.

CNCS made retirement contributions of \$305 and \$403 thousand to the CSRS, and \$10.3 and \$9.6 million to FERS and TSP in fiscal years 2011 and 2010, respectively.

## **U. INCOME TAXES**

As a federal entity, CNCS is exempt from all income taxes imposed by any governing body, Federal, State, commonwealth, local, or foreign government.

## **V. USE OF ESTIMATES**

The preparation of financial statements in accordance with GAAP requires CNCS to make estimates and assumptions about future events. These estimates and assumptions affect the amounts reported in CNCS' financial statements and accompanying notes. CNCS evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors that it believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made when facts and circumstances warrant. As future events and their effects cannot be determined with certainty, actual results could differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of determining the liability for service awards, grants payable, and grant advances.

## **W. RECLASSIFICATIONS**

Certain prior year amounts have been reclassified to conform to current year presentation and better reflect CNCS' operations under its reauthorization. Specifically, a new program category, Innovation, Demonstration and Assistance Activities was added, primarily to reflect

the prominence of the Social Innovation Funds program. In addition, pass through grants have been allocated to the Senior Corps program for which they are associated rather than reported separately and cost share revenue has been reclassified from “Other” to “Revenue from Services Provided.” The effects of the reclassifications on the FY 2010 Statement of Operations and Changes in Net Position are included in note 18.

#### **X. CONCENTRATION OF RISKS**

Congress annually considers whether to fund CNCS’ program and operational activities. Should Congress opt not to enact appropriations to fund them, CNCS would be unable to continue operations. Corporation management believes the risk of such an occurrence is remote. However, for fiscal 2011 Congress did not fund the Learn & Serve America program and CNCS does not anticipate that additional funding will be enacted in the future. Grant activity previously funded under the Learn & Serve America program will continue through fiscal 2013.

CNCS also has established agreements with other federal entities and contracts with service providers to help it administer key business processes. Should these agreements be terminated without ample time to replace them, CNCS could experience significant difficulty in fulfilling its statutory responsibilities. These agreements are as follows:

- National Finance Center of the U.S. Department of Agriculture for payroll services;
- U.S. General Service Administration for the lease of buildings and automobiles;
- U.S. Department of Health and Human Services for grants processing and reporting services;
- CGI Group, Inc. for the maintenance of the system platform supporting accounting and procurement; and
- SRA International, Inc. for information technology services.

Corporation management believes the risk of termination of these agreements is remote.

## 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 CNCS' 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 National Service Trust may be expended for

the purpose of providing an education award or student loan interest forbearance payment and 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 National Service Trust also pays awards under the President's Freedom Scholarship, Summer of Service, and Silver Scholar programs.

**Gift Funds**—Gift Funds are funds received from individuals and organizations as donations in furtherance of the purposes of national service laws.

### Fund Balance with Treasury as of September 30, 2011 (*dollars in thousands*)

Type	Unrestricted	Restricted	Total
Appropriated Funds	\$ 941,944	\$ -	\$ 941,944
Trust Funds	-	361	361
Gift Funds	-	565	565
<b>Total</b>	<b>\$ 941,944</b>	<b>\$ 926</b>	<b>\$ 942,870</b>

### Fund Balance with Treasury as of September 30, 2010 (*dollars in thousands*)

Type	Unrestricted	Restricted	Total
Appropriated Funds	\$ 997,549	\$ -	\$ 997,549
Trust Funds	-	241	241
Gift Funds	-	618	618
<b>Total</b>	<b>\$ 997,549</b>	<b>\$ 859</b>	<b>\$ 998,408</b>



**NOTE 2—Fund Balance with Treasury—Continued**

Unexpended Balances as of September 30, 2011 *(dollars in thousands)*

Type	Unrestricted	Restricted	Total
FBWT	\$ 941,944	\$ 926	\$ 942,870
Investments	-	605,661	605,661
<b>Total</b>	<b><u>\$ 941,944</u></b>	<b><u>\$ 606,587</u></b>	<b><u>\$ 1,548,531</u></b>

Status of Unexpended Balances as of September 30, 2011 *(dollars in thousands)*

Type	Unrestricted	Restricted	Total
Unobligated:			
Available	\$ 97,219	\$ 13,771	\$ 110,990
Unavailable	-	50,197	50,197
Obligated not yet Disbursed	844,725	542,619	1,387,344
<b>Total</b>	<b><u>\$ 941,944</u></b>	<b><u>\$ 606,587</u></b>	<b><u>\$ 1,548,531</u></b>

Unexpended Balances as of September 30, 2010 *(dollars in thousands)*

Type	Unrestricted	Restricted	Total
FBWT	\$ 997,549	\$ 859	\$ 998,408
Investments	-	565,195	565,195
<b>Total</b>	<b><u>\$ 997,549</u></b>	<b><u>\$ 566,054</u></b>	<b><u>\$ 1,563,603</u></b>

Status of Unexpended Balances as of September 30, 2010 *(dollars in thousands)*

Type	Unrestricted	Restricted	Total
Unobligated:			
Available	\$ 96,444	\$ 16,901	\$ 113,345
Unavailable	-	50,197	50,197
Obligated not yet Disbursed	901,105	498,956	1,400,061
<b>Total</b>	<b><u>\$ 997,549</u></b>	<b><u>\$ 566,054</u></b>	<b><u>\$ 1,563,603</u></b>

### NOTE 3—National Service Trust Investments and Related Receivables

The composition of National Service Trust Investments and Related receivables at September 30 is as follows:

#### Investments and Related Receivables as of September 30 (*dollars in thousands*)

	2011	2010
Investments, Carrying Value	\$ 604,218	\$ 563,453
Investment and Interest Receivable	1,443	1,742
<b>Total</b>	<b>\$ 605,661</b>	<b>\$ 565,195</b>

#### Amortized Cost and Fair Value of Investment Securities as of September 30, 2011

(*dollars in thousands*)

Securities	Amortized Cost	Unrealized Gains/(Losses)	Fair Value
Notes	\$ 426,846	\$ 5,220	\$ 432,066
Bills	177,372	45	177,417
<b>Total</b>	<b>\$ 604,218</b>	<b>\$ 5,265</b>	<b>\$ 609,483</b>

#### Amortized Cost and Fair Value of Investment Securities as of September 30, 2010

(*dollars in thousands*)

Securities	Amortized Cost	Unrealized Gains/(Losses)	Fair Value
Notes	\$ 310,307	\$ 4,736	\$ 315,043
Bills	253,146	52	253,198
<b>Total</b>	<b>\$ 563,453</b>	<b>\$ 4,788</b>	<b>\$ 568,241</b>

At September 30, 2011, the notes held at year-end had an interest rate range of 0.375% to 4.875% and an outstanding maturity period of approximately 31 days to 4 years. The bills held at year-end had an interest rate range of 0.000% to 0.305% and were all due to mature within 159 days. The par values of these bills range from \$.70 million to \$42.13 million. The fair value of the bills and notes is based on bid and ask prices quoted by the Treasury as of September 30, 2011 and 2010.

Since fiscal 2003, CNCS has set aside in reserve a portion of the funds in the National Service Trust for use in the event that its estimates used to calculate obligational amounts for education awards prove to be too low. This reserve was originally required by the Strengthen AmeriCorps Program Act, and is now required by section 149(b) of the National and Community Service Act (42 U.S.C. 12606(b)). As of September 30, 2011, \$50.197 million of CNCS' 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:

#### Maturation of Securities Held as of September 30 (*dollars in thousands*)

Held-to-Maturity Securities	2011		2010	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	\$ 323,876	\$ 324,250	\$ 332,181	\$ 332,378
Due after 1 year up to 5 years	280,342	285,233	231,272	235,863
<b>Total</b>	<b>\$ 604,218</b>	<b>\$ 609,483</b>	<b>\$ 563,453</b>	<b>\$ 568,241</b>

### NOTE 4—Accounts Receivables, Net

#### Accounts Receivable as of September 30 (*dollars in thousands*)

	Appropriated Funds	Trust Fund	Total
<b>2011</b>			
Accounts receivable	\$ 7,168	\$ 653	\$ 7,821
Less: allowance for loss on receivables	(204)	(10)	(214)
<b>Accounts Receivable, Net</b>	<b>\$ 6,964</b>	<b>\$ 643</b>	<b>\$ 7,607</b>
<b>2010</b>			
Accounts receivable	\$ 4,357	\$ 214	\$ 4,571
Less: allowance for loss on receivables	(788)	-	(788)
<b>Accounts Receivable, Net</b>	<b>\$ 3,569</b>	<b>\$ 214</b>	<b>\$ 3,783</b>

### NOTE 5—Property and Equipment, Net

#### General Property and Equipment as of September 30, 2011 (*dollars in thousands*)

Major Class	Service Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Equipment	3 - 10	\$ 2,997	\$ (2,071)	\$ 926
ADP software	2	8,263	(8,263)	-
<b>Total</b>		<b>\$ 11,260</b>	<b>\$ (10,334)</b>	<b>\$ 926</b>

**NOTE 5—Property and Equipment, Net—Continued**

General Property and Equipment as of September 30, 2010 *(dollars in thousands)*

Major Class	Service Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Equipment	3 - 10	\$ 2,997	\$ (1,868)	\$ 1,129
ADP software	2	8,263	(8,263)	-
<b>Total</b>		<b>\$ 11,260</b>	<b>\$ (10,131)</b>	<b>\$ 1,129</b>

Depreciation Expense for the Period Ending September 30 *(dollars in thousands)*

Major Class	2011	2010
Equipment	\$ 203	\$ 206
ADP software	-	375
<b>Total</b>	<b>\$ 203</b>	<b>\$ 581</b>

**NOTE 6—Trust Service Award Liability**

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 to use for a period of up to seven years after the benefit has been earned, are paid from the National Service Trust. The National Service Trust

also pays forbearance interest on qualified student loans during the period members perform community service, as well as awards under the Presidential 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 was composed of the following as of September 30:

Service Award Liability as of September 30 *(dollars in thousands)*

	2011	2010
Education awards	\$ 1,900,793	\$ 1,712,184
Interest forbearance	62,425	55,207
President's Freedom Scholarship Program	22,527	22,527
Total estimated service award liability	1,985,745	1,789,918
Less: cumulative awards paid	1,575,484	1,410,040
<b>Total</b>	<b>\$ 410,261</b>	<b>\$ 379,878</b>

**NOTE 6—Trust Service Award Liability—Continued**

The net Service Award Liability as of September 30, 2011 increased by approximately \$30.4 million from the net Service Award Liability as of September 30, 2010. This change was largely due to the increase in the value of an education award, new member enrollments and an increase in the number of members still serving during the year. Past CNCS appropriations made amounts from the National Service 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 CNCS. 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. As of October 1, 2009, the National Service Trust is also available to pay Summer of Service and Silver Scholar educational awards. However,

the Silver Scholar program has not been funded so there is no current liability for those educational awards. The Summer of Service program was only funded in FY 2010.

**NOTE 7—Operating Leases**

CNCS leases office space through the General Services Administration (GSA). GSA charges CNCS a Standard Level Users Charge that approximates commercial rental rates for similar properties. The NCCC also leases housing and other facilities for its campuses. Additionally, CNCS leases motor vehicles on an annual basis through GSA under an Interagency Fleet Management Service agreement for the NCCC. The leases are renewable with no purchase or escalation clause. The following schedule presents future minimum rental commitments under operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of September 30.

**Estimated Operating Lease Commitments as of September 30 (dollars in thousands)**

Fiscal Year	2011				2010			
	Facilities Space	Vehicles	Other	Total	Facilities Space	Vehicles	Other	Total
2011	\$ -	\$ -	\$ -	\$ -	\$ 9,487	\$ 861	\$ 276	\$ 10,624
2012	9,694	641	307	10,642	9,781	820	266	10,867
2013	9,994	548	285	10,827	10,083	852	261	11,196
2014	10,303	570	285	11,158	10,395	885	264	11,544
2015	10,621	593	276	11,490	10,717	919	266	11,902
2016	10,950	617	265	11,832	-	-	-	-
<b>Total</b>	<b>\$ 51,562</b>	<b>\$ 2,969</b>	<b>\$ 1,418</b>	<b>\$ 55,949</b>	<b>\$ 50,463</b>	<b>\$ 4,337</b>	<b>\$ 1,333</b>	<b>\$ 56,133</b>

**NOTE 8—Actuarial FECA Liability**

CNCS' actuarial liability for future workers' compensation benefits under FECA was \$9.092 and \$12.092 million as of September 30, 2011 and 2010, respectively. The amount includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. As with all federal agencies CNCS' FECA liability is determined by the Department of Labor. 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 Positions

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 Component as of September 30, 2011 *(dollars in thousands)*

	Gift Fund	Trust Fund	Appropriated Funds	Total
Unexpended appropriations	\$ -	\$ -	\$ 876,087	\$ 876,088
Cumulative results of operations	591	196,404	(3,864)	193,131
<b>Total Net Position</b>	<b>\$ 591</b>	<b>\$ 196,404</b>	<b>\$ 872,223</b>	<b>\$ 1,069,219</b>

### Net Position by Fund Balance Component as of September 30, 2010 *(dollars in thousands)*

	Gift Fund	Trust Fund	Appropriated Funds	Total
Unexpended appropriations	\$ -	\$ -	\$ 935,080	\$ 935,080
Cumulative results of operations	571	185,772	(8,807)	177,536
<b>Total Net Position</b>	<b>\$ 571</b>	<b>\$ 185,772</b>	<b>\$ 926,273</b>	<b>\$ 1,112,616</b>

CNCS is required to report information regarding its financial position according to three classes of net assets (net position): unrestricted, temporarily restricted and permanently restricted. CNCS has no

permanently restricted assets. The following table presents CNCS' unrestricted and temporarily restricted net assets.

### Restrictions on Net Position as of September 30, 2011 *(dollars in thousands)*

	Unrestricted	Temporarily Restricted	Total
Appropriated Funds	\$ 872,224	\$ -	\$ 872,224
Trust Funds	-	196,404	196,404
Gift Funds	-	591	591
<b>Total Net Position</b>	<b>\$ 872,224</b>	<b>\$ 196,995</b>	<b>\$ 1,069,219</b>

### Restrictions on Net Position as of September 30, 2010 *(dollars in thousands)*

	Unrestricted	Temporarily Restricted	Total
Appropriated Funds	\$ 926,273	\$ -	\$ 926,273
Trust Funds	-	185,772	185,772
Gift Funds	-	571	571
<b>Total Net Position</b>	<b>\$ 926,273</b>	<b>\$ 186,343</b>	<b>\$ 1,112,616</b>

## NOTE 10—Appropriations Received by the National Service Trust

For fiscal year 2011, the National Service Trust received \$199.260 million under the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (Public Law 112-10). For fiscal year 2010, the National Service Trust received \$197.000 million under the Consolidated Appropriations Act, 2010 (Public Law 111-117). The acts also authorized CNCS to transfer additional amounts from subtitle C program funds to the National Service Trust to support the activities of national service participants. CNCS transferred \$1.940 million and \$2.659 million to the Trust under this provision in fiscal year 2011 and 2010, respectively.

## NOTE 11—Expenses

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

**AmeriCorps** engages members in intense, impact-oriented service to address local community needs in areas of education, healthy futures, environmental stewardship, economic opportunity, disaster services, and assisting veterans and military families. 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 National Service Trust operations. The NCCC sub-program includes member stipend and benefits, and direct and allocated personnel and administrative costs including AmeriCorps recruitment and National Service Trust operations. The VISTA sub-program includes grant expenses, member stipend and benefits, as well as direct and allocated personnel and administrative costs including AmeriCorps recruitment and National Service Trust operations.

**Senior Corps** programs provide opportunities for members 55 and older to address local community needs in the areas of education,

assisting veterans and military families, disaster response, and healthy futures. Senior Corps 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. CNCS also has reimbursable agreements with several state agencies whereby CNCS awards and administers grants to a list of grantees selected and funded by the State (pass-through grants). The activity related to pass-through grants has been reclassified to be associated with the related Senior Corps program.

**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 Learn & Serve program was not funded in FY 2011; however, there will be on-going activity through FY 2013 as the program winds down.

**The National Service Award Expense** component consists of CNCS' estimated expense for education awards based on the increase in its service award liability during the year and interest forbearance costs on qualified student loans during the period members perform community service. No indirect costs have been allocated to the National Service Award expense component.

**Innovation, Demonstration, & Assistance Activities (ID&A Activities)** include grants to support and encourage new forms of service and volunteering. The most significant program is the Social Innovation Fund (SIF). The primary objective of the SIF is to improve the lives of people in low-income communities by mobilizing public and private resources to grow innovative nonprofit organizations that have evidence of compelling impact in the areas of economic opportunity, youth development, and healthy futures. No indirect costs have been allocated to the Innovation, Demonstration, & Assistance Activities component.

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

**NOTE 11—Expenses—Continued**

Components of Grant Funds Expended for the Period Ended September 30  
(dollars in thousands)

	2011	2010 Restated
Domestic Volunteer Service Act Programs	\$ 249,235	\$ 241,732
National and Community Service Act Programs	434,821	401,622
<b>Total Grant Funds Expended</b>	<b><u>\$ 684,056</u></b>	<b><u>\$ 643,354</u></b>

Expenses by Major Responsibility Segment for the Period Ended September 30  
(dollars in thousands)

	2011	2010 Restated
<b>AmeriCorps</b>		
State and National	\$ 633,975	\$ 598,513
NCCC	35,826	42,723
VISTA	138,159	167,426
Subtotal	\$ 807,960	\$ 808,662
<b>National Senior Service Corps</b>		
Retired and Senior Volunteer Program	67,130	65,509
Foster Grandparent Program	118,900	120,738
Senior Companion Program	\$ 51,318	\$ 49,567
Subtotal	237,348	235,814
Learn and Serve America	33,261	37,539
Innovation, Demonstration, Assistance Activities	11,464	17,888
Office of Inspector General (OIG)	8,001	7,292
<b>Total Expenses</b>	<b><u>\$ 1,098,034</u></b>	<b><u>\$ 1,107,195</u></b>



Expenses by Type and Sub-Program for the Period Ended September 30, 2011 *(dollars in thousands)*

Type	AmeriCorps			National Senior Service Corps						Total
	State/National	NCCC	VISTA	RSVP	FGP	SCP	Learn & Serve	ID&A Activities	OIG	
<b>Grant and Related Expense</b>										
Grant funds expended	\$ 396,174	\$ -	\$ 36,465	\$ 59,244	\$ 107,643	\$ 45,883	\$ 27,563	\$ 11,084	\$ -	\$ 684,056
VISTA and NCCC stipends and benefits	-	8,137	57,363	-	-	-	-	-	-	65,500
Service award expense	173,300	4,339	17,601	-	-	-	577	-	-	195,817
<b>Total Grant and Related Expense</b>	<b>569,474</b>	<b>12,476</b>	<b>111,429</b>	<b>59,244</b>	<b>107,643</b>	<b>45,883</b>	<b>28,140</b>	<b>11,084</b>	<b>-</b>	<b>945,373</b>
<b>Administrative Expense</b>										
Federal employee salaries and benefits	31,974	9,664	7,491	2,754	5,031	2,147	2,794	-	4,887	66,742
Travel and transportation	1,166	3,516	1,584	505	887	387	85	-	318	8,448
Rent, communications, and utilities	4,548	3,616	948	407	745	318	182	-	403	11,167
Program analysis and evaluation	1,735	449	629	266	479	206	382	-	-	4,146
Printing and reproduction	164	91	81	107	35	60	7	-	-	545
Other services and expenses	24,511	4,759	15,862	3,810	4,012	2,288	1,647	380	2,209	59,478
Supplies and materials	407	1,255	136	37	68	29	24	-	184	2,140
Depreciation, amortization, and loss on disposition of assets	129	2	20	13	24	10	6	-	-	204
Bad debt	(133)	(2)	(21)	(13)	(24)	(10)	(6)	-	-	(209)
<b>Total Administrative Expense</b>	<b>64,501</b>	<b>23,350</b>	<b>26,730</b>	<b>7,886</b>	<b>11,257</b>	<b>5,435</b>	<b>5,121</b>	<b>380</b>	<b>8,001</b>	<b>152,661</b>
<b>Total Expenses by Type</b>	<b>\$ 633,975</b>	<b>\$ 35,826</b>	<b>\$ 138,159</b>	<b>\$ 67,130</b>	<b>\$ 118,900</b>	<b>\$ 51,318</b>	<b>\$ 33,261</b>	<b>\$ 11,464</b>	<b>\$ 8,001</b>	<b>\$ 1,098,034</b>

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Expenses by Type and Sub-Program for the Period Ended September 30, 2011 *(dollars in thousands)*

Restated	AmeriCorps			National Senior Service Corps						Total
	State/National	NCCC	VISTA	RSVP	FGP	SCP	Learn & Serve	ID&A Activities	OIG	
<b>Grant and Related Expense</b>										
Grant funds expended	\$ 352,356	\$ -	\$ 27,636	\$ 58,906	\$ 110,326	\$ 44,864	\$ 31,412	\$17,854	\$ -	\$ 643,354
VISTA and NCCC stipends and benefits	-	7,630	94,224	-	-	-	-	-	-	101,854
Service award expense	190,499	4,685	22,209	-	-	-	374	-	-	217,767
<b>Total Grant and Related Expense</b>	<b>542,855</b>	<b>12,315</b>	<b>144,069</b>	<b>58,906</b>	<b>110,326</b>	<b>44,864</b>	<b>31,786</b>	<b>17,854</b>	<b>-</b>	<b>962,975</b>
<b>Administrative Expense</b>										
Federal employee salaries and benefits	33,360	10,554	6,690	2,743	5,211	2,165	3,475	-	4,053	68,251
Travel and transportation	1,115	3,186	3,225	787	1,439	621	108	-	197	10,678
Rent, communications, and utilities	4,527	6,238	1,011	406	773	321	263	-	383	13,922
Program analysis and evaluation	927	797	797	252	466	195	584	-	-	4,018
Printing and reproduction	131	101	65	28	35	14	11	-	1	386
Other services and expenses	14,920	7,630	11,437	2,321	2,362	1,335	1,266	34	2,580	43,885
Supplies and materials	262	1,879	71	25	46	19	18	-	78	2,398
Depreciation, amortization, and loss on disposition of assets	354	20	52	35	68	28	24	-	-	581
Bad debt	62	3	9	6	12	5	4	-	-	101
<b>Total Administrative Expense</b>	<b>55,658</b>	<b>30,408</b>	<b>23,357</b>	<b>6,603</b>	<b>10,412</b>	<b>4,703</b>	<b>5,753</b>	<b>34</b>	<b>7,292</b>	<b>144,220</b>
<b>Total Expenses by Type</b>	<b>\$ 598,513</b>	<b>\$ 42,723</b>	<b>\$ 167,426</b>	<b>\$ 65,509</b>	<b>\$ 120,738</b>	<b>\$ 49,567</b>	<b>\$ 37,539</b>	<b>\$ 17,888</b>	<b>\$ 7,292</b>	<b>\$ 1,107,195</b>

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**NOTE 12—National Service Award Expense**

Members serving in approved national service positions are eligible to earn a service award to pay for qualified education expenses. The National Service Trust also pays interest forbearance costs on qualified student loans during the period members perform community service.

CNCS 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, 2011 and 2010, respectively, has been adjusted to reflect the fact that earned awards are not always used.

National Service Award Expense for the Period Ended September 30 (*dollars in thousands*)

	2011	2010
Estimated education awards	\$ 188,599	\$ 210,769
Estimated interest forbearance	7,218	6,998
<b>National Service Award Expense</b>	<b><u>\$ 195,817</u></b>	<b><u>\$ 217,767</u></b>

**NOTE 13—Change in Unexpected Appropriations, Net**

Unexpended Appropriations, Net as of September 30 (*dollars in thousands*)

	2011	2010 Restated
Unexpended Appropriations, Beginning Balance	\$ 935,080	\$ 890,956
<b>Increases:</b>		
Appropriations Received, Net of Trust	1,077,733	1,149,721
<b>Decreases:</b>		
Appropriated Capital Used	(883,872)	(876,568)
Appropriations Transferred to Trust Fund (net of rescissions)	(199,260)	(197,000)
Program Funds Transferred to Trust	(1,940)	(2,659)
Rescissions and Cancellations	(51,653)	(29,370)
Total Decreases	<u>(1,136,725)</u>	<u>(1,105,597)</u>
<b>Change in Unexpended Appropriations</b>	<b>(58,992)</b>	<b>44,124</b>
<b>Unexpended Appropriations, Ending Balance</b>	<b><u>\$ 876,088</u></b>	<b><u>\$ 935,080</u></b>

**NOTE 14—Contingencies**

CNCS 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 CNCS. In the opinion of CNCS’ management and legal counsel, there are no proceedings, actions, or claims outstanding or threatened that would materially impact the financial statements of CNCS.

Certain legal matters to which CNCS 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 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 CNCS’ financial statements.

**NOTE 15—Subsequent Events**

CNCS has evaluated subsequent events through November 15, 2011, which is the date these financial statements were available to be issued. As a consequence of its evaluation, CNCS has determined that no subsequent events need to be recognized or disclosed.

**NOTE 16—Undelivered Orders at Fiscal Year-End**

CNCS’ undelivered orders at September 30, 2011 and 2010 were \$921,674 and \$791,757 thousand, respectively.

**NOTE 17—Apportionment Categories of Incurred Obligations**

An apportionment is a distribution by OMB of amounts available for obligation. OMB apportions Corporation funds on both a quarterly and annual basis. Obligations incurred during FY 2011 and 2010 were:

*Consolidated Obligations Incurred through September 30 (dollars in thousands)*

<b>Fiscal Year</b>	<b>Direct</b>	<b>Reimbursable</b>	<b>Total</b>
<b>2011</b>	\$ 1,288,240	\$ 11,081	\$ 1,299,321
<b>2010</b>	\$ 1,403,065	\$ 10,459	\$ 1,413,524

**NOTE 18 – Restatements**

CNCS restated its audited FY 2010 Consolidated Statements of Financial Position, Operations and Changes in Net Position, and Cash Flows to correct an overstatement of its estimated accrued grant expense. The restatements had no effect on the FY 2010 Combined Statement of Budgetary Resources.

The cause of the restatements was an erroneous calculation of estimated accrued grant expense prepared by the Department of Health and Human Services’ Payment Management Division (HHS). Under an interagency agreement between CNCS and HHS, HHS manages CNCS’ grant payment activity and related Treasury reporting. Each quarter HHS provides CNCS with a grant accrual estimate to account for expenses not yet reported to HHS by CNCS’ grantees. At the end of the subsequent quarter, HHS provides the actual grant expense (to replace the previous estimate) and provides a new quarterly estimate. The estimate for the

final quarter is used in CNCS’ annual financial statements to report the accrued cost of its grant programs at the close of the fiscal year. CNCS uses detailed transaction activity provided by HHS through an electronic interface to reflect actual grant activity on a daily basis for operational and program monitoring purposes.

HHS bases its estimate on historical cash drawdown and expense data. To provide CNCS with assurance that this data is reliable, HHS’ Office of Inspector General (OIG) conducts a SAS 70 audit of HHS’ operations and provides the results to CNCS on an annual basis. HHS OIG’s FY 2010 audit report disclosed no issue with the grant expense accrual process used by HHS and therefore could be relied on by CNCS when assessing the estimate for FY 2010.

In preparing the FY 2010 year-end financial statements, the adjustment provided by HHS was reviewed by CNCS and deemed to be a reasonable estimate. An increase in the end of year quarterly grant accrual

**NOTE 18 – Restatements—Continued**

estimate was expected because of a higher grant budget for the year (CNCS' FY 2010 budget increased by \$229.9 million over FY 2009) and the effects of Recovery Act activity (CNCS received \$200 million in FY 2009 / FY 2010 Recovery Act funds). However, in January 2011 while reviewing the grant accrual estimate for the first quarter of 2011 CNCS noted that the estimate remained unexpectedly high. Corporation accounting staff contacted HHS to inquire about the high estimate. In June HHS acknowledged that its estimate was incorrect (because of a computational error). In July, HHS revised its grant expense estimate

when it provided the data for the quarter ended June 30, 2011. During its year-end financial audit process CNCS determined that because the effect was material to the FY 2010 financial statements the revised HHS estimate should be treated as a correction of an error rather than a change in estimate. While the effect of this change on the Net of Revenue over Expenses on the Statement of Operations is zero, the adjustment has a material effect on several line items. As a result CNCS has restated its FY 2010 Consolidated Statements of Financial Position, Operations and Changes in Net Position, and Cash Flows, and the related footnotes as shown below.

Consolidated Statement of Financial Position as of September 30, 2010 (*dollars in thousands*)

Financial Statement Line Item	Previously Reported	Restatements	Restated
Advances to Others	\$ 32,164	\$ 50,476	\$ 82,640
Total Assets	1,600,679	50,476	1,651,155
Grants Payable	252,892	(127,214)	125,678
Total Liabilities	665,753	(127,214)	538,539
Net Position	934,926	177,690	1,112,616
Total Liabilities and Net Position	1,600,679	50,476	1,651,155

<sup>4</sup> On June 15, 2011, Statement on Standards for Attestation Engagements No. 16 (SSAE 16) effectively replaced the SAS-70 as the authoritative guidance for reporting on service organizations.

## NOTE 18 – Restatements—Continued

The table below also shows the effects of certain reclassifications to the FY 2010 statements to breakout Innovation, Demonstration and Assistance Activities and to allocate pass-thru grants to the Senior Corps program for which they are associated.

### Consolidated Statement of Operations and Changes in Net Position for the Period ended September 30, 2010 *(dollars in thousands)*

Financial Statement Line Item	Previously Reported	Restatements	Reclassification	Restated
Revenue – Appropriated Capital Used	\$ 1,054,258	\$ (177,690)	\$ -	\$ 876,568
Revenue from Services Provided	2,486	-	8,788	11,274
Other Revenue	9,778	-	(8,788)	990
<b>Total Revenue</b>	<b>1,273,469</b>	<b>(177,690)</b>	<b>-</b>	<b>1,095,779</b>
Expenses – AmeriCorps	943,938	(123,625)	(11,651)	808,662
Expenses – Senior Corps	280,157	(38,920)	(5,423)	235,814
Expenses – Learn & Serve America	53,316	(15,145)	(632)	37,539
Expenses – Innovation, Demonstration and Assistance	-	-	17,888	17,888
Expenses – Pass Thru Grants	182	-	(182)	-
<b>Total Expense</b>	<b>\$ 1,284,885</b>	<b>\$ (177,690)</b>	<b>\$ -</b>	<b>\$ 1,107,195</b>
Net of Revenue Over Expense	(11,416)	-	-	(11,416)
Increase (Decrease) In Unexpended Appropriations Net	(133,566)	177,690	-	44,124
Increase (Decrease) in Net Position	(144,982)	177,690	-	32,708
<b>Net Position, Ending Balance</b>	<b>\$ 934,926</b>	<b>\$ 177,690</b>	<b>-</b>	<b>\$ 1,112,616</b>

### Consolidated Statement of Cash Flow for the Period ended September 30, 2010 *(dollars in thousands)*

Financial Statement Line Item	Previously Reported	Restatements	Restated
Appropriated Capital Used	(\$ 1,054,258)	\$ 177,690	\$ (876,568)
Decrease (Increase) in Advances to Others	\$ 35,357	\$ (50,476)	\$ (15,119)
Increase (Decrease) in Grants Payable	\$ 147,808	\$ (127,214)	\$ 20,594



**Office of Inspector General**



Audit of the  
Corporation for National and  
Community Service's  
Fiscal Year 2011 Financial Statements

**Audit Report Number 12- 01**

Prepared by:  
Kearney & Company  
1701 Duke Street, Suite 500  
Alexandria, Virginia 22314

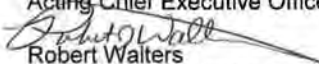
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*This report was issued to Corporation management on November 15, 2011. Under the laws and regulations governing audit follow up, the Corporation is to make final management decisions on the report's findings and recommendations no later than May 16, 2012, and complete its corrective actions by November 15, 2012. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.*



November 15, 2011

TO: Robert Velasco  
Acting Chief Executive Officer

FROM:   
Robert Walters  
Assistant Inspector General for Investigations

SUBJECT: Audit of the Corporation for National and Community Service's  
Fiscal Year 2011 Financial Statements, OIG Audit Report 12-01

We contracted with the independent certified public accounting firm of Kearney & Company (Kearney) to audit the consolidated financial statements of the Corporation for National and Community Service (Corporation) as of September 30, 2011 and 2010, and for the years then ended. The contract required that the audit be performed in accordance with generally accepted government auditing standards.

In its audit, Kearney found

- The financial statements were fairly presented, in all material respects, in conformity with generally accepted accounting principles;
- One Material Weakness in the Corporation's internal controls;
- No instances of noncompliance with relevant laws and regulations.

Kearney is responsible for the attached auditor's report, dated November 15, 2011, and the conclusions expressed therein. The Office of Inspector General does not express an opinion on the Corporation's financial statements or Kearney's conclusions about the effectiveness of internal controls or compliance with laws and regulations.

Attachment

cc: James Siegal, Chief of Staff  
Kim Mansaray, Acting Chief Operating Officer  
William Anderson, Chief Financial Officer  
Idara Nickelson, Chief of Program Operations  
Valerie Green, General Counsel  
Rocco Gaudio, Deputy CFO for Grants and Field Financial Management  
Philip Clark, Chief Information Officer  
David Zavada, Engagement Partner, Kearney & Company

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Senior Corps ★ AmeriCorps ★ Learn and Serve America



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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Inspector General of the Corporation for National and Community Service

We have audited the accompanying consolidated statements of financial position of the Corporation for National and Community Service (the Corporation) as of September 30, 2011 and 2010, and the related consolidated statements of operations and changes in net position, the consolidated statements of cash flows, and the combined statements of budgetary resources (SBR) (hereinafter referred to as the “financial statements”) for the years then ended. These financial statements are the responsibility of the Corporation’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

A 2004 Executive Order, entitled “National and Community Service Programs” (E.O. 13331), requires a statement of assurance in the Corporation’s Management Representation Letter by the Chief Executive Officer and Chief Financial Officer, that its financial statements, including the SBR, are accurate and reliable. The Corporation has interpreted this requirement to include presenting the SBR as a principal financial statement. The Corporation’s SBR is prepared in accordance with accounting principles generally accepted in the United States of America.

As discussed in the *Independent Auditor’s Report on Internal Control* and Note 18, *Restatements*, to the fiscal year (FY) 2011 financial statements, the Corporation restated its FY 2010 financial statements to correct errors identified during the FY 2011 financial statement audit related to an overstatement of its accrued grant expense and the effect of the overstatement on the ending balances reported for advances, grants payable, and other related accounts. Accordingly, our November 15, 2010 audit report on the FY 2010 consolidated statement of financial position, the consolidated statement of operations and changes in net position, and the consolidated statement of cash flows, is replaced by the report on the restated financial statements, as presented herein.



In our opinion, the financial statements referred to above, including the accompanying notes, present fairly, in all material respects, the financial position of the Corporation as of September 30, 2011 and 2010, and its net cost of operations, changes in net position, cash flows, and changes in budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying “Management’s Discussion and Analysis” and “Other Accompanying Information” are not required parts of the basic financial statements. Rather, they are considered supplementary information required by OMB Circular A-136, *Financial Reporting Requirements*. This supplementary information is the responsibility of the Corporation’s management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information and comparing this information for consistency with the financial statements; however, such information was not subjected to the procedures applied in our audits of the basic financial statements. Accordingly, we do not express an opinion on this information.

In accordance with *Government Auditing Standards* and OMB Bulletin No. 07-04, as amended, we have also issued reports, dated November 15, 2011, on our consideration of the Corporation’s internal control over financial reporting and compliance, and on our tests of the Corporation’s compliance with certain provisions of laws, regulations, and other matters for the year ended September 30, 2011. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance as well as the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 07-04, as amended, and should be considered in assessing the results of our audits.

A handwritten signature in blue ink that reads "Kearney &amp; Company". The signature is written in a cursive, flowing style.

Alexandria, Virginia  
November 15, 2011



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**REPORT ON COMPLIANCE AND OTHER MATTERS**

To the Board of Directors and Inspector General of the Corporation for National and Community Service

We have audited the consolidated financial statements of the Corporation for National and Community Service (the Corporation) as of and for the year ended September 30, 2011, and have issued our report dated November 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. The management of the Corporation is responsible for compliance with laws and regulations.

As part of obtaining reasonable assurance about whether the Corporation’s financial statements are free of material misstatement, we performed tests of the Corporation’s compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin No. 07-04, as amended. We limited our tests of compliance to these provisions; and we did not test compliance with all laws and regulations applicable to the Corporation. Providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests of compliance described in the preceding paragraph disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 07-04, as amended.

\* \* \* \* \*

This report is intended solely for the information and use of the Corporation’s management, those charged with governance and others within the Corporation, the Corporation’s Office of Inspector General, the Government Accountability Office, OMB, the U.S. Department of the Treasury, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Alexandria, Virginia  
November 15, 2011



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## REPORT ON INTERNAL CONTROL

To the Board of Directors and Inspector General of the Corporation for National and Community Service

We have audited the consolidated financial statements of the Corporation for National and Community Service (the Corporation) as of and for the year ended September 30, 2011, and have issued our report dated November 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. The management of the Corporation is responsible for establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA) are met.

In planning and performing our work, we considered the Corporation's internal control over financial reporting and compliance by obtaining an understanding of the design effectiveness of the Corporation's internal control, determining whether controls had been placed in operation, assessing control risk, and performing tests of the Corporation's controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal controls. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting and compliance or on management's assertion on internal control included in Management's Discussion and Analysis.

We limited our internal control testing to those controls necessary to achieve the OMB Bulletin No. 07-04, as amended, control objectives that provide reasonable, but not absolute assurance, that: (1) transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and (2) transactions are executed in compliance with laws governing the use of budget authority, Government-wide policies and laws identified in Appendix E of OMB Bulletin No. 07-04, as amended, and other laws and regulations that could have a direct and material effect on the financial statements. We did not test all internal controls relevant to operating objectives, as broadly defined by the FMFIA, such as those controls relevant to ensuring efficient operations.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses; therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been



identified. However, as discussed below, we identified one deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

We consider the following deficiency in the Corporation's internal control to be a material weakness.

### **Material Weakness**

#### **Grant Accrual Estimate**

The Corporation did not have adequate internal controls in place to ensure that the grant accrual was reasonably estimated. The Corporation uses the Department of Health and Human Services' (HHS) Payment Management System to provide grant funds to grantees under a contractual arrangement. The Corporation receives the actual quarter's advances on the HHS Grant Accrual Spreadsheet Report and uses this amount to record accrued grant expenses at the end of each quarter. In fiscal year (FY) 2011, a mathematical error was identified in the HHS Grant Accrual Spreadsheet Reports that affected the December 2009 through March 2011 balances, which were used to estimate the grant accrual amount. The error originated at HHS and was subsequently transmitted to the Corporation in the HHS Grant Accrual Spreadsheet Reports.

The Corporation's management review procedures did not identify this error prior to the issuance of the FY 2010 financial statements. As a result of the error, Total Expenses were overstated by \$177.7 million and Net Position was understated by \$177.7 million; and Grants Payable and Advances to Others were overstated and understated by \$127.2 million and \$50.5 million, respectively, in the Corporation's FY 2010 financial statements.

Note 18, *Restatements*, to the FY 2011 financial statements discloses the full effect of the restatement on the Corporation's FY 2010 consolidated statement of financial position, consolidated statement of operations and changes in net position, and consolidated statement of cash flows.

During the audit, we noted other matters involving internal control and its operations over financial reporting, which will be reported to the Corporation's management in a separate letter.



**STATUS OF PRIOR YEAR FINDINGS**

We noted issues related to the Corporation’s internal control over financial reporting, which we included in the Report on Internal Control included in the audit report on the Corporation’s FY 2010 financial statements<sup>1</sup>. The table below summarizes the current year status of these issues.

**Prior Year Significant Internal Control Deficiencies**

<b>Control Deficiency</b>	<b>FY 2010 Status</b>	<b>FY 2011 Status</b>
<b>Information Technology</b>	Significant Deficiency	Management Letter
<b>Fund Balance with Treasury</b>	Significant Deficiency	Closed

\* \* \* \* \*

This report is intended solely for the information and use of the Corporation’s management, those charged with governance and others within the Corporation, the Corporation’s Office of Inspector General, the Government Accountability Office, OMB, the U.S. Department of the Treasury, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Alexandria, Virginia  
November 15, 2011

<sup>1</sup> *Independent Auditor’s Report on Internal Control, November 2010*





**MEMORANDUM**

**DATE:** November 14, 2011

**TO:** Robert Walters, Assistant Inspector General

**FROM:** William Anderson, Chief Financial Officer

**SUBJECT:** Draft Report on the Corporation's FY 2011 Financial Statements

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Thank you for the opportunity to respond to the draft report on the results of your audit of the Corporation for National and Community Service's FY 2011 financial statements. I am pleased that we can report that in FY 2011 CNCS maintained its record of strong fiscal stewardship for the American people. CNCS received an unqualified "clean" opinion on its consolidated financial statements for the twelfth consecutive year. The audit also found no instance of noncompliance with laws and regulations.

I am also pleased that the two significant deficiencies in internal control contained in the FY 2010 report have been corrected. However, a new material weakness in financial reporting related to the restatement of the CNCS' FY 2010 financial statements was included this year. As noted in the Annual Financial Report, CNCS disagrees that this was a material weakness in FY 2011 but will reduce its reliance on service provider audit reports as an internal control and has implemented enhanced review procedures to prevent a reoccurrence of the issue. Overall, I believe these results reflect CNCS' commitment to sound financial management and the hard work by staff over the past year to continuously improve financial operations.

1201 New York Avenue, NW • Washington, DC 20525  
202-606-5000 • [www.nationalservice.org](http://www.nationalservice.org)  
Senior Corps • AmeriCorps • Learn and Serve America

## Other Accompanying Information

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## Donations and Contributions

Under CNCS' authorizing legislation, donated funds may be accepted and used in furtherance of the purposes of the national service laws (42 USC 12651g(a)(2)(A)). The law allows CNCS to "solicit, accept, hold, administer, use, and dispose of, in furtherance of the purpose of the national service laws, donations of any money or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest or otherwise." The legislation also requires that CNCS report to the Congress on the nature and the amount of donations, as well as on how they were used and disposed of (in the case of donated property)

in support of its programs and activities. This report fulfills these requirements for FY 2011.

CNCS also utilizes Pay.gov, a Treasury program that allows federal agencies to conduct transactions online. Under the Pay.gov program, CNCS collects donations by credit card or direct debit from donors. [Pay.gov](#) facilitates the process of collecting gift funds from donors online through a secure website with real-time identification verification and provides the reporting necessary for processing transactions. The following schedules show the Gift Fund balances available as of September 30, 2011, to fund authorized activities as well as the receipts and expenses paid from the Gift Fund in FY 2011 and FY 2010, respectively.

### Status of Gift Fund Balance at September 30, 2011

	Fund Balance With Treasury	Obligation & Commitments	Funds Available
Best Buy	\$ 22	\$ (22)	\$ -
Home Depot	158,606	-	158,606
Ralph Lauren Polo Foundation	54,721	(311)	54,410
Walt Disney Company	60,521	30	60,551
Kellogg Foundation	55,087	(26,430)	28,657
Disaster Relief Fund	16,622	(4,840)	11,782
Motorola Foundation	100	-	100
Shell Oil Co.	173	(173)	-
Microsoft	6,315	-	6,315
Target	48	(48)	-
American Express	25,000	-	25,000
IBEW Union	984	(984)	-
Citi Corp	381	(381)	-
White House Council	98,779	(127)	98,652
Miscellaneous Check Donations	26,711	(10,622)	16,089
Miscellaneous Electronic Donations	60,718	(6,534)	54,184
<b>Total</b>	<b>\$ 564,788</b>	<b>\$ (50,442)</b>	<b>\$ 514,346</b>

## Supplemental Information on the Source and Use Of Donations<sup>i</sup>

Donor	Use of Funds	2011		2010	
		Received	Used	Received	Used
Best Buy	Grants for the Martin Luther King Day of Service	\$ -	\$ 3,231	\$ -	\$ 2,703
Ralph Lauren Polo Foundation	Support for NCCC program activities	-	772	-	1,285
Shell Oil Co.	Support for the Martin Luther King Day of Service	-	3,518	-	21,483
Kellogg Foundation	AmeriCorps volunteer mobilization	-	1,969	-	321,283
IBEW Union	CNCS Board of Directors Support	-	1,585	-	2,820
Motorola Foundation	National Conference	15,100	15,427	50,000	49,573
Microsoft	Student Driven Virtual Help Desk	-	77,815	238,000	252,185
Target	Summer of Service	-	6,830	-	19,708
Citi Corp Foundation	United We Serve/Cities of Service	-	-	50,000	50,000
American Express	United We Serve	190,000	190,000	25,000	-
Rockefeller Foundation	White House Council on Community Solutions	100,000	1,221	-	-
<b>Small Individual Donations</b>	<b>Restricted to</b>				
	Disaster Relief	889	-	1,122	-
	Senior Corps	15	-	44	-
	AmeriCorps (Miscellaneous)	23,071	7,500	1,070	-
	AmeriCorps NCCC	110	651	250	1,810
	Learn & Serve America	25	-	10,150	-
	AmeriCorps Vista	30	-	350	-
	Service Learning Toolkit Promotion	-	-	-	690
	General/Miscellaneous Support	441	7,507	2,074	2,000
<b>Total</b>		<b>\$ 329,681</b>	<b>\$ 318,026</b>	<b>\$ 378,060</b>	<b>\$ 725,540</b>

<sup>i</sup> Funds reported as used during the fiscal year in the schedule may be from amounts donated in a previous year(s). In addition, the expenses above only include the amount accrued during the fiscal year and do not reflect amounts that have been obligated but not yet expensed.

# National Service Trust Fund Status Report—September 2011

The National Service Trust Fund (the Trust) was established by the National and Community Service Trust Act of 1993 (42 USC 12601, et seq.) to provide funds for Segal AmeriCorps Education Awards for eligible participants who complete AmeriCorps service. Funding for the Trust comes from appropriations, interest earned, and proceeds from the sale or redemption of Trust investments. The Trust is also authorized to receive gifts or bequests; however, to date, no donations have been received by the Trust. Under the Act, funds are available to repay qualified student loans; pay educational expenses at qualified educational institutions; and repay eligible interest expense on student loans.

The value of an education award depends on the term of service performed by an AmeriCorps member. For Program Year 2011 completion of a full-time term of service, requiring a minimum of 1,700 hours of service, entitles an AmeriCorps member to an education award of \$5,550. Completion of a part-time term, requiring a minimum of 900

hours of service, entitles an AmeriCorps member to an education award of \$2,775. Reduced part-time terms, which provide awards of \$500 to \$2,114, are also offered. The education award is indexed to Pell grants, therefore these amounts could change each year.

Education awards earned by AmeriCorps members are generally available to be used for seven years from the completion of the service. Payments are made directly to the educational institutions and the loan holders as directed by the members and by the institutions. Trust funds are not used to pay member stipends or other grant costs. Beginning in Program Year 2010, members who are 55 or older when they begin service may also transfer the education award to a qualified child or grandchild.

Table 1 shows the planned activity for the current Program Year and actual enrollments to date against the plan. The table also includes similar data on the prior Program Year for comparative purposes. Member positions (slots) classified as “Certified Not Awarded” have been approved by CNCS’ Chief Executive Officer for award to grantees for which the final grant award has not been executed. For budgetary purposes these positions are considered commitments in the Trust Fund.

**Table 1. Member Position Award Activity**

AmeriCorps Program	Program Year 2011					Program Year 2010				
	Awarded		Certified Not Awarded	Planned Not Certified	Total	Awarded		Certified Not Awarded	Planned Not Certified	Total
	Enrolled	Not Enrolled				Enrolled	Not Enrolled			
State and National	30,241	43,696	—	—	73,937	78,245	1,021	—	—	79,266
VISTA	5,778	—	—	—	5,778	5,887	—	—	—	5,887
NCCC	1,149	—	—	—	1,149	1,195	—	—	—	1,195
Summer of Service	—	—	—	—	—	2,406	—	—	—	2,406
<b>Total</b>	<b>37,168</b>	<b>43,696</b>	<b>—</b>	<b>—</b>	<b>80,864</b>	<b>87,733</b>	<b>1,021</b>	<b>—</b>	<b>—</b>	<b>88,754</b>

The 80,864 Trust positions for Program Year 2011 do not include an estimated 1,529 AmeriCorps VISTA members (1,152 full time and 377 Summer Associates) electing an end-of-service stipend instead of an education award. Total estimated member positions for Program Year 2011, including VISTA members electing a stipend, is 82,393. Of the 5,778 VISTA member positions in the Trust for 2011, 1,455 positions are for Summer Associates who receive a Trust award of \$1,132. Member enrollment and slot data is periodically adjusted to reflect corrections and slot reconfigurations by grantees, therefore it may change slightly from month to month. The Learn and Serve Summer of Service program was not funded for 2011.

The 88,754 Trust positions for Program Year 2010 do not include an estimated 2,032 AmeriCorps VISTA members (1,662 full time and 370 Summer Associates) electing an end-of-service stipend rather than an education award and 100 summer NCCC members who do not receive an education award. Total member positions for Program Year

2010, including VISTA members electing a stipend and summer NCCC members, is 90,886. Of the 5,887 VISTA member positions in the Trust for 2010, 1,107 positions are for Summer Associates who receive a Trust award of \$1,132. Member enrollment and slot data is periodically adjusted to reflect corrections and slot reconfigurations by grantees, therefore may change slightly from month to month. Learn and Serve Summer of Service positions were reduced to reflect actual enrollments.

### American Recovery and Reinvestment Act of 2009

CNCS received funding under the American Recovery and Reinvestment Act of 2009 (Recovery Act) to put AmeriCorps State and National and AmeriCorps VISTA members to work through national service, meeting the needs of vulnerable populations and communities during the current economic recession. The Trust received \$40 million dollars to fund education award and interest forbearance payments for members serving in these Recovery Act positions.

**Table 2. Member Position Award Activity—American Recovery and Reinvestment Act**

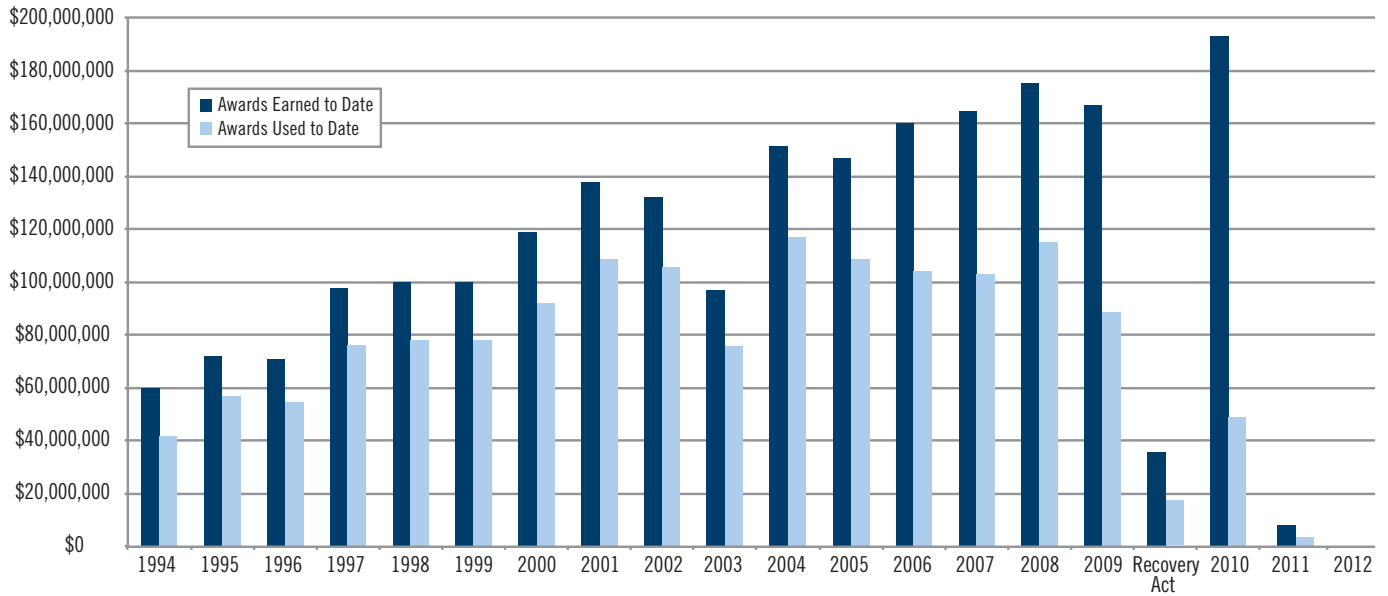
AmeriCorps Program	Awarded		Certified Not Awarded	Planned Not Certified	Total
	Enrolled	Not Enrolled			
AmeriCorps State and National	10,311	—	—	—	10,311
Volunteers In Service To America (VISTA)	3,551	—	—	—	3,551
<b>Total Recovery Act Positions</b>	<b>13,862</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>13,862</b>

The 13,862 Recovery Act Trust positions do not include an estimated 881 AmeriCorps VISTA members (682 full time and 199 Summer Associates) electing an end-of-service stipend instead of an education award and 12 AmeriCorps State and National members serving in a third term who are not eligible for enrollment in the Trust. Total enrollment in Recovery Act positions (Trust and non-Trust) was 14,755. Of the 3,551 VISTA member positions in Trust Recovery Act positions, 663 positions are for Summer Associates who receive a Trust award of \$1,132. Member enrollment and slot data is periodically adjusted to reflect corrections and slot reconfigurations by grantees, therefore it may change slightly from month to month.

### Trust Awards

Since CNCS' inception in 1994 AmeriCorps members have earned over \$2.18 billion in Segal AmeriCorps Education Awards and used over \$1.49 billion to fund their education and repay student loans. In addition, CNCS has made \$55.45 million in interest forbearance payments. Since the program's inception in 1994, approximately \$218.25 million in education awards earned have expired without being used. The Trust obligation formula has been adjusted to reflect these expired awards.

**Chart 1.** Segal AmeriCorps Education Awards Earned and Used by Program Year



Not reflected in the Segal AmeriCorps Education Award balances are payments for President’s Freedom Scholarships to high school students. CNCS no longer awards these \$500 scholarships from the National Service Trust earned by high school students. Under this program a Trust scholarship was matched with \$500 from a local sponsor for a total of \$1,000 to help the student fund a college

education. Although the program was discontinued in fiscal 2006, students have up to seven years to use their scholarship; therefore some payments will continue to be made over the next several years. President’s Freedom Scholarships payments to date have totaled \$21.7 million.

**Refilled Positions**

CNCS implemented a limited policy allowing grantees to refill positions vacated before a member served more than 15 percent of his or her service term. In May 2007, this policy was expanded to include positions vacated within 30 percent of service term completion provided that the departing member had not earned a pro-rated education award.

To prevent over enrollment, the policy includes “fail-safe” triggers that restrict the overall number of refills to no more than five percent of awarded positions and suspends refilling altogether if total AmeriCorps enrollment reaches 97 percent of awarded positions. Table 3 provides information on the number of positions refilled. Recovery Act positions and positions in Program Years 2010 and earlier can no longer be refilled.

**Table 3.** Number of Refilled Positions

	Results to Date						
	Program Year 2007	Program Year 2008	Program Year 2009	Recovery Act	Program Year 2010	Program Year 2011	Fail-safe Trigger
Number of Refilled Positions	1,441	1,437	1,385	328	1,635	39	N/A
Refills as a Percent of Awarded State and National Positions	2.2%	2.2%	2.1%	3.1%	2.1%	0.05%	5%
State and National Enrollment as a Percentage of Awarded State and National Positions	92.4%	97.0%	97.3%	98.6%	98.7%	40.9%	97%



**Trust Accounting**

The Schedule of Financial Position (Table 4) and the Schedule of Operations (Table 5) present information on the assets, liabilities, revenue, and expenses of the Trust Fund using Generally Accepted Accounting Principles (GAAP), which is the method of accounting for the liability used for financial statement purposes. Discrete information on the Trust activity related to Recovery Act funds and general funds, as well as on a consolidated basis, is provided.

GAAP requires the recording of a liability, which is a point in time estimate, for the unpaid earned and expected-to-be-earned education award and interest forbearance costs that are likely to be claimed. GAAP estimates are for members who have already completed at least 15 percent of the minimum service requirement and who, therefore, have served enough hours to qualify for at least a partial education award.

**Table 4.** Corporation for National and Community Service  
National Service Trust Schedule of Net Position as of September 30, 2011

	Recovery Act	General Fund	Consolidated
<b>Assets</b>			
Fund Balance with Treasury	\$ 198,211	\$ 162,316	\$ 360,527
Investments, Net	19,349,991	584,868,254	604,218,245
Interest Receivable	767	1,441,761	1,442,528
Accounts Receivable	-	643,635	643,635
Subtotal	<u>19,548,969</u>	<u>587,115,966</u>	<u>606,664,935</u>
<b>Liabilities</b>			
Service Award Liability	14,088,436	396,172,384	410,260,820
<b>Net Position</b>			
Cumulative Results of Operations	<u>5,460,533</u>	<u>190,943,582</u>	<u>196,404,115</u>
Total Liabilities and Net Position	<u>\$ 19,548,969</u>	<u>\$ 587,115,966</u>	<u>\$ 606,664,935</u>

The estimate of the Service Award Liability under GAAP includes factors for members who enroll but do not earn an award, and for members who earn an award but do not use it within the period of availability. CNCS estimates that up to 87 percent of members earning an award will

eventually use it. Because certain accruals used to prepare the Schedule of Financial Position and the Schedule of Operations and Changes in Net Position are only available on a quarterly basis, the monthly report presents information for the most recently completed quarter.

**Table 5.** Corporation for National and Community Service  
National Service Trust Schedule of Operations through the Quarter Ended  
September 30, 2011

	Recovery Act	General Fund	Consolidated
<b>Revenues</b>			
Appropriations	\$ -	\$ 199,259,682	\$ 199,259,682
Transfer in of Program Funds	-	1,939,804	1,939,804
Interest	41,107	4,628,116	4,669,223
Other Revenue	-	151,786	151,786
Total Revenues	41,107	205,979,388	206,020,495
<b>Expenses</b>			
Service Award Expense	-	195,816,939	195,816,939
Write off/Recovery of Receivables	-	(429,557)	(429,557)
Total Expenses	-	195,387,382	195,387,382
Excess of Revenues Over Expenses	41,107	10,592,006	10,633,113
<b>Net Position</b>			
Excess of Revenues Over Expenses	41,107	10,592,006	10,633,113
Net Position, Beginning of Year	5,419,426	180,351,576	185,771,002
Net Position, End of Period	\$ 5,460,533	\$ 190,943,582	\$ 196,404,115

Table 6 shows the most significant factors used to calculate Trust obligations on a historical basis. It is important to note that Program Year refers to positions awarded *with* (although not necessarily filled *in*) a particular fiscal year's grant funds. For example, a grantee may

receive a grant in fiscal year 2011 but not fill all positions until fiscal 2012. All positions related to this grant would be considered Program Year 2011 positions irrespective of the year filled.

**Table 6.** Factors Affecting the National Service Trust Fund

	Program Year					
	2007	2008	2009	Recovery Act	2010	2011
Member enrollments in the Trust	67,985	70,072	69,745	13,862	87,733	37,168
Percent of members who earned an education award	80.8%	83.3%	84.1%	82.7%	85.8%	73.0%
Percent of earned education awards used	70.9%	65.7%	54.0%	50.6%	25.0%	18.8%
Weighted average maturity for investments	2.5%	2.4%	2.0%	0.25%	1.25%	1.25%
<b>Breakout of enrollment by term type:</b>						
Full-time	45%	46%	44%	57%	43%	73%
Part-time	15%	15%	10%	12%	13%	8%
Reduced Part-time	40%	39%	46%	31%	44%	19%

The Program Year data used throughout these tables reflects all enrollments recorded through the month of the report. Prior year enrollment numbers may change slightly from time to time due to corrections or late reporting by grantees. The percentage of members earning an award in Table 6 is calculated by taking the number of members earning an award divided by the total members enrolled, net of members still earning. For example, in Program Year 2010 there are 87,733 members enrolled in the Trust, of which 18,713 are reported as still earning an award and 59,193 as having earned an award. Therefore the percentage of members who earned an education award is calculated by dividing 59,193 by 69,020, which is 85.8 percent  $[87,733 - 18,713 = 69,020]$ . The percentage of earned education awards used is calculated by taking the dollar amount of education awards used

divided by the total amount earned for the Program Year to date. Term type is based on Program Year enrollments to date. The enrollment and award usage data used to compute these factors can be found in Table 9, at the end of this report.

Tables 7 and 8 present information on the budgetary resources and obligations of the Trust, including the Trust Reserve. The schedules present information on a budgetary basis, which represents the accounting used to determine adherence to the Anti-Deficiency Act. CNCS records Trust obligations at the time it awards AmeriCorps State and National grants or at the time it enters into an enforceable agreement with AmeriCorps VISTA and NCCC members.

**Table 7.** Corporation for National and Community Service  
National Service Trust Schedule of Budgetary Activity for the Period Ended  
September 30, 2011

Resources	Recovery Act	General Fund	Consolidated
Funds Available at October 1	\$ 1,882,155	\$ 9,990,166	\$ 11,872,321
<b>Budgetary Resources</b>			
Fiscal Year Appropriation	-	199,259,682	199,259,682
Transfers in of Program Funds	-	1,939,804	1,939,804
Deobligation Prior Year Positions (net)	-	2,225,405	2,225,405
Collection of Audit Receivables	-	151,786	151,786
Less: Additions to Trust Reserve	-	-	-
Total Budgetary Resources	<u>1,882,155</u>	<u>213,566,843</u>	<u>215,448,998</u>
<b>Obligations</b>			
Education Awards	-	(197,115,061)	(197,115,061)
Interest Forbearance	-	(7,506,980)	(7,506,980)
Total Obligations	<u>-</u>	<u>(204,622,041)</u>	<u>(204,622,041)</u>
<b>Net Change in Commitments</b>			
Education Awards	-	-	-
Interest Forbearance	-	-	-
Net Change in Commitments	<u>-</u>	<u>-</u>	<u>-</u>
<b>Funds Available for Obligation</b>	<b><u>\$ 1,882,155</u></b>	<b><u>\$ 8,944,802</u></b>	<b><u>\$ 10,826,957</u></b>

The amounts obligated in the Trust are based on the estimated value of the education benefit, discounted for the estimated enrollment, earning and usage rate, and the time value of money. For fiscal 2011, these factors are the full value of the Segal AmeriCorps Education Award, a 100 percent enrollment rate (allowing for refills), an average earning rate of 84 percent (ranges from 77 to 86 percent depending on term type), and an average usage rate of 87 percent. Under the Serve America Act awards earned by members over age 55 can be transferred to an eligible beneficiary. Therefore, for budgetary purposes we are projecting that all transferable awards will eventually be used. For Program Years

2002 and prior, CNCS uses the actual amounts earned, adjusted for amounts used and the time value of money to determine the obligation. Obligations are periodically adjusted to reflect current earning and usage projections.

A portion of the funds in the Trust are held in reserve and are for use only in the event that the estimates used to calculate obligations differ from actual results. The reserve currently totals \$46.7 million for the General Fund and \$3.5 million for the Recovery Act Fund. To date, no reserve funds have been used.

**Table 8.** Corporation for National and Community Service  
National Service Trust Schedule of Trust Obligations as of September 30, 2011

Resources	Recovery Act	General Fund	Consolidated
Fund Balance with Treasury	\$ 198,211	\$ 162,316	\$ 360,527
Investments, Net	19,349,991	584,868,254	604,218,245
Interest Receivable	767	1,441,761	1,442,528
Accounts Receivable	-	643,635	643,635
Subtotal	19,548,969	587,115,966	606,664,935
<b>Less:</b>			
Cumulative Trust Reserve	(3,500,000)	(46,697,000)	(50,197,000)
Receivables Not Available for Obligation	(2,035)	(3,049,950)	(3,051,985)
Total Resources	16,046,934	537,369,016	553,415,950
<b>Unliquidated Obligations</b>			
Education Awards	(13,964,074)	(512,742,570)	(526,706,644)
Interest Forbearance	(200,705)	(14,801,644)	(15,002,349)
President's Freedom Scholarships	-	(880,000)	(880,000)
Total Unliquidated Obligations	(14,164,779)	(528,424,214)	(542,588,993)
<b>Commitments</b>			
Education Awards	-	-	-
Interest Forbearance	-	-	-
Total Commitments	-	-	-
<b>Funds Available for Obligation</b>	<b>\$ 1,882,155</b>	<b>\$ 8,944,802</b>	<b>\$ 10,826,957</b>

**Enrollment Activity**

Table 9 presents cumulative data to date on Trust enrollments, education awards earned and used for Program Years 1994 through 2011 as well as Recovery Act positions.

**Table 9.** Trust Enrollment Activity—Program Years 1994 through 2011

Program Year	Type	Members Enrolled	Members Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
1994	Full-time	15,331	0	11,463	3,868	\$48,266,389.19	\$35,310,366.87
	Part-time	6,264	0	4,172	2,092	\$8,988,028.17	\$6,694,416.79
	Reduced Part-time	2,814	0	2,432	382	\$2,467,981.29	\$1,748,637.74
	<b>Total</b>	<b>24,409</b>	<b>0</b>	<b>18,067</b>	<b>6,342</b>	<b>\$59,722,398.65</b>	<b>\$43,753,421.40</b>
1995	Full-time	17,551	0	13,563	3,988	\$61,095,280.87	\$46,176,749.17
	Part-time	6,850	0	4,362	2,488	\$9,551,027.13	\$6,944,709.87
	Reduced Part-time	577	0	493	84	\$481,481.98	\$349,740.58
	<b>Total</b>	<b>24,978</b>	<b>0</b>	<b>18,418</b>	<b>6,560</b>	<b>\$71,127,789.98</b>	<b>\$53,471,199.62</b>
1996	Full-time	17,634	0	13,319	4,315	\$60,762,700.91	\$47,455,789.27
	Part-time	6,942	0	4,467	2,475	\$10,085,197.90	\$7,157,223.16
	Reduced Part-time	593	0	505	88	\$499,514.66	\$394,179.93
	<b>Total</b>	<b>25,169</b>	<b>0</b>	<b>18,291</b>	<b>6,878</b>	<b>\$71,347,413.47</b>	<b>\$55,007,192.36</b>
1997	Full-time	23,259	0	17,294	5,965	\$79,318,854.34	\$62,492,739.88
	Part-time	12,832	0	7,083	5,749	\$15,939,868.60	\$11,712,827.10
	Reduced Part-time	3,677	0	2,975	702	\$2,904,130.87	\$2,315,198.17
	<b>Total</b>	<b>39,768</b>	<b>0</b>	<b>27,352</b>	<b>12,416</b>	<b>\$98,162,853.81</b>	<b>\$76,520,765.15</b>
1998	Full-time	24,749	0	17,903	6,846	\$82,264,571.93	\$65,317,683.66
	Part-time	11,156	0	6,208	4,948	\$14,031,027.14	\$10,223,374.84
	Reduced Part-time	5,101	0	3,829	1,272	\$3,799,775.12	\$3,002,711.80
	<b>Total</b>	<b>41,006</b>	<b>0</b>	<b>27,940</b>	<b>13,066</b>	<b>\$100,095,374.19</b>	<b>\$78,543,770.30</b>
1999	Full-time	23,294	0	17,016	6,278	\$78,324,396.27	\$62,156,056.61
	Part-time	11,333	0	6,915	4,418	\$15,636,042.42	\$11,226,489.84
	Reduced Part-time	7,260	0	5,862	1,398	\$6,095,874.28	\$4,841,701.83
	<b>Total</b>	<b>41,887</b>	<b>0</b>	<b>29,793</b>	<b>12,094</b>	<b>\$100,056,312.97</b>	<b>\$78,224,248.28</b>
2000	Full-time	26,203	0	19,082	7,121	\$87,921,306.62	\$69,538,451.08
	Part-time	13,213	0	8,453	4,760	\$19,404,182.70	\$13,697,239.52
	Reduced Part-time	13,619	0	10,272	3,347	\$10,645,579.77	\$8,520,921.63
	<b>Total</b>	<b>53,035</b>	<b>0</b>	<b>37,807</b>	<b>15,228</b>	<b>\$117,971,069.09</b>	<b>\$91,756,612.23</b>
2001	Full-time	29,455	0	22,600	6,855	\$104,409,272.45	\$82,680,337.97
	Part-time	13,834	0	8,884	4,950	\$20,165,005.40	\$13,856,320.84
	Reduced Part-time	15,827	0	12,470	3,357	\$12,967,902.89	\$9,910,246.87
	<b>Total</b>	<b>59,116</b>	<b>0</b>	<b>43,954</b>	<b>15,162</b>	<b>\$137,542,180.74</b>	<b>\$106,446,905.68</b>
2002	Full-time	28,139	0	23,172	4,967	\$107,730,673.73	\$87,609,138.65
	Part-time	9,427	0	6,478	2,949	\$14,859,278.64	\$10,252,353.80
	Reduced Part-time	10,842	0	8,118	2,724	\$9,300,854.33	\$7,263,234.47
	<b>Total</b>	<b>48,408</b>	<b>0</b>	<b>37,768</b>	<b>10,640</b>	<b>\$131,890,806.70</b>	<b>\$105,124,726.92</b>

**Table 9.** Trust Enrollment Activity—Program Years 1994 through 2011 *(continued)*

Program Year	Type	Members Enrolled	Members Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
2003	Full-time	18,319	0	15,236	3,083	\$70,063,810.06	\$55,490,440.04
	Part-time	9,424	0	7,063	2,361	\$16,283,881.70	\$11,424,382.38
	Reduced Part-time	13,272	0	10,590	2,682	\$12,084,613.06	\$9,161,640.31
	<b>Total</b>	<b>41,015</b>	<b>0</b>	<b>32,889</b>	<b>8,126</b>	<b>\$98,432,304.82</b>	<b>\$76,076,462.73</b>
2004	Full-time	29,043	0	24,365	4,678	\$113,193,761.73	\$90,715,388.63
	Part-time	10,833	0	7,614	3,219	\$17,514,510.62	\$11,886,434.53
	Reduced Part-time	22,779	0	17,992	4,787	\$20,763,252.88	\$15,728,610.82
	<b>Total</b>	<b>62,655</b>	<b>0</b>	<b>49,971</b>	<b>12,684</b>	<b>\$151,471,525.23</b>	<b>\$118,330,433.98</b>
2005	Full-time	28,301	0	23,082	5,219	\$107,094,531.89	\$81,894,191.56
	Part-time	11,132	0	7,809	3,323	\$17,968,525.35	\$12,132,262.77
	Reduced Part-time	23,365	0	18,084	5,281	\$20,338,612.06	\$14,755,908.61
	<b>Total</b>	<b>62,798</b>	<b>0</b>	<b>48,975</b>	<b>13,823</b>	<b>\$145,401,669.30</b>	<b>\$108,782,362.94</b>
2006	Full-time	30,387	1	25,164	5,222	\$116,943,535.23	\$85,335,762.32
	Part-time	11,619	0	8,198	3,421	\$18,933,377.96	\$12,237,541.58
	Reduced Part-time	27,254	3	21,000	6,251	\$23,832,568.30	\$16,997,024.05
	<b>Total</b>	<b>69,260</b>	<b>4</b>	<b>54,362</b>	<b>14,894</b>	<b>\$159,709,481.49</b>	<b>\$114,570,327.95</b>
2007	Full-time	30,906	2	26,180	4,724	\$121,960,004.14	\$88,337,029.90
	Part-time	10,137	3	7,366	2,768	\$17,027,226.16	\$10,654,663.58
	Reduced Part-time	26,942	1	21,364	5,577	\$24,307,050.61	\$16,828,789.44
	<b>Total</b>	<b>67,985</b>	<b>6</b>	<b>54,910</b>	<b>13,069</b>	<b>\$163,294,280.91</b>	<b>\$115,820,482.92</b>
2008	Full-time	32,365	58	28,161	4,146	\$131,623,307.37	\$88,233,805.75
	Part-time	10,682	256	8,007	2,419	\$18,597,478.68	\$10,698,388.67
	Reduced Part-time	27,025	30	21,881	5,114	\$25,014,312.95	\$16,235,930.88
	<b>Total</b>	<b>70,072</b>	<b>344</b>	<b>58,049</b>	<b>11,679</b>	<b>\$175,235,099.00</b>	<b>\$115,168,125.30</b>
2009	Full-time	31,029	120	27,231	3,678	\$127,320,640.62	\$69,413,234.60
	Part-time	6,658	803	4,515	1,340	\$13,708,128.79	\$6,017,472.72
	Reduced Part-time	32,058	428	25,762	5,868	\$29,222,176.31	\$16,491,575.98
	<b>Total</b>	<b>69,745</b>	<b>1,351</b>	<b>57,508</b>	<b>10,886</b>	<b>\$170,250,945.72</b>	<b>\$91,922,283.30</b>
Recovery Act	Full-time	7,907	7	6,649	1,251	\$30,989,131.18	\$15,586,063.45
	Part-time	1,662	0	1,221	441	\$2,818,344.40	\$1,288,229.76
	Reduced Part-time	4,293	0	3,591	702	\$4,185,142.62	\$2,332,078.64
	<b>Total</b>	<b>13,862</b>	<b>7</b>	<b>11,461</b>	<b>2,394</b>	<b>\$37,992,618.20</b>	<b>\$19,206,371.85</b>

**Table 9.** Trust Enrollment Activity—Program Years 1994 through 2011 *(continued)*

Program Year	Type	Members Enrolled	Members Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
2010	Full-time	37,700	5,232	28,430	4,038	\$150,177,799.39	\$37,560,435.84
	Part-time	11,298	4,155	5,450	1,693	\$14,249,128.55	\$2,605,801.22
	Reduced Part-time	38,735	9,326	25,313	4,096	\$30,403,238.89	\$8,632,860.04
<b>Total</b>		<b>87,733</b>	<b>18,713</b>	<b>59,193</b>	<b>9,827</b>	<b>\$194,830,166.83</b>	<b>\$48,799,097.10</b>
2011	Full-time	27,015	25,827	611	577	\$3,174,570.81	\$665,493.88
	Part-time	3,030	3,010	0	20	\$0	\$0
	Reduced Part-time	7,123	5,839	1,209	75	\$1,417,105.34	\$198,770.66
<b>Total</b>		<b>37,168</b>	<b>34,676</b>	<b>1,820</b>	<b>672</b>	<b>\$4,591,676.15</b>	<b>\$864,264.54</b>
<b>Cumulative to Date</b>		<b>940,069</b>	<b>55,101</b>	<b>688,528</b>	<b>196,440</b>	<b>\$2,189,125,967.25</b>	<b>\$1,498,389,054.55</b>

## Improper Payments

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CNCS is responsible for complying with the Improper Payments Elimination and Recovery Act of 2010 (IPERA). IPERA requires agencies to annually identify programs and activities susceptible to improper payments, estimate the annual amount of improper payments, and submit the estimate to Congress. IPERA updates the Improper Payments Information Act of 2002 for estimating improper payments and requires agencies to:

- Produce a statistically valid estimate of the improper payments made by each program or activity in their agencies;
- Include such estimates in their annual financial statements; and
- Report on actions to recover improper payments.

In addition, the Office of Management and Budget (OMB) *Circular A-123 Management's Responsibility for Internal Control, Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments* addresses the specific requirements called for in IPERA and lays out the general steps agencies must perform to meet those requirements. IPERA defines an improper payment as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. It includes any payment to an ineligible recipient, any payment for an ineligible service, any duplicate payment, payments for services not received, any payment that does not account for applicable discounts, or any amount that should have been paid to an eligible recipient but was not. OMB guidance also states that when an agency's review is unable to discern whether a payment is proper as a result of insufficient or lack of documentation, this payment must also be considered improper.

During FY 2011 CNCS contracted with Grant Thornton, LLP to conduct improper payment testing on programs deemed to be of the highest risk. CNCS based its risk assessment on a payment risk criteria matrix including factors such as internal controls over financial processing, internal monitoring and assessments, human capital turnover, programmatic complexity, and size of payments. All service programs were rated and ranked so those with the highest risk levels would be tested first. For testing in FY 2011, CNCS selected payments from the AmeriCorps VISTA program as well as payments from the National Service Trust.

Grant Thornton, LLP used the following approach to conduct testing:

- **Obtain Universe** - Grant Thornton adhered to the guidance defined in OMB Circular A-123, Appendix C. The scope of the sampling universe (population) consisted of payments made by CNCS during the period of October 1, 2009 through September 30, 2010.
- **Determine Statistically Valid Sample Set** - For each program undergoing an improper payment review, Grant Thornton developed stratified samples based on the payment type. The payment types included travel reimbursements, contracts/invoices, grant payments, and Trust payments and living allowances for VISTA members (Corp Pay in Table 1).
- **Obtain supporting documentation** - Prior to beginning test procedures, Grant Thornton prepared a documentation request for each payment type along with the respective transaction sample.
- **Conduct Testing** - Grant Thornton developed a test plan to facilitate adherence to the testing objectives of each payment type. Testing was conducted at CNCS headquarters.
- **Communicate Findings and Recommendations** - Grant Thornton maintained detailed records of all activity and generated a test results report and work papers to support the work performed and any improper payments noted during the review.



The results of the testing conducted can be found in Tables 1 and 2 below.

**Table 1:** Sample Test Results

IPERA Test Results											
Program Name	# of Travel Samples	# of Improper Payments	# of Contracts Samples	# of Improper Payments	# of Grants Samples	# of Improper Payments	# of Corp Pay Samples	# of Improper Payments	Sample Totals	Total Improper Payments	# of Improper Payments
AmeriCorps Vista	12	0	83	1	74	0	207	0	376	1	0.266%
National Service Trust	0	0	1	0	0	0	695	0	696	0	0.000%
<b>Total Samples</b>	<b>12</b>	<b>0</b>	<b>84</b>	<b>1</b>	<b>74</b>	<b>0</b>	<b>902</b>	<b>0</b>	<b>1,072</b>	<b>1</b>	<b>0.093%</b>

**Table 2:** Summary of Results

Summary Results						
Program Name	Transactions		Dollars		% Projected Estimate of Improper Payments	\$ Projected Estimate of Improper Payments
	Population	Sample	Population	Sample		
AmeriCorps Vista	68,995	376	\$ 45,769,945	\$ 15,701,405	0.009%	\$ 3,947
National Service Trust	65,835	696	\$ 73,111,594	\$ 1,904,903	0.000%	\$ 0
<b>Total</b>	<b>134,830</b>	<b>1,072</b>	<b>\$ 118,881,539</b>	<b>\$ 17,606,308</b>	<b>0.003%</b>	<b>\$ 3,947</b>

Testing indicated there was one instance of prompt pay interest not being paid on a late payment. The Prompt Pay Act requires executive departments and agencies to pay commercial obligations within certain time periods and to pay interest penalties when payments are late. In accordance with the Prompt Payment Act, the invoice should be paid within 30 days after the latest of the following three dates: Delivery Date, Acceptance Date, and Invoice Log Date. For the invoice deemed an improper payment, Grant Thornton found that the delivery date was entered into Momentum Financials with a date five days later than the actual delivery as noted on the original invoice document. The version of Momentum in use at the time did not permit entry of delivery date earlier than the date it was entered. That systems error was subsequently

corrected with the upgrade to Momentum that was implemented this fiscal year. As a result of the systems error, the invoice was paid late and no corresponding interest penalty was made to the vendor making it improper.

The amount of the payment due to the contractor was \$4,750. The amount was paid five days late for which a late payment penalty of \$2.14 should have been made. Grant Thornton statisticians estimated the total improper payment amount of \$3,947 by extrapolating the \$2.14 underpayment as a percentage of all FY 2010 VISTA contract payments. CNCS subsequently initiated a payment voucher for the \$2.14 interest penalty due to the vendor.

CNCS believes that it has sufficient internal controls, human capital, and information systems to prevent improper payments. CNCS will continue to monitor and test high-risk programs in an effort to find, eliminate, and recover any improper payments that may exist.

The test results for the two program streams tested indicate that recovery audits for these programs would not be cost beneficial. The test sample for the Trust payments did not find any improper payments, while the VISTA program test sample found one underpayment.

The improper payment reduction outlook below lists risk susceptible programs whether or not an error measurement is being reported. The current fiscal year is the first year during which improper payment testing was performed; therefore, the prior year (2010) data cells are shown with N/As. The outlay amounts for future years (2012, 2013 and 2014) are shown with the same amounts determined for 2011 as budgets for those years are not yet determined.

**Table 3: Improper Payment Reduction Outlook**

Improper Payment Reduction Outlook															
Programs <sup>i</sup>	2010 Outlays	2010 IP %	2010 IP \$	2011 Outlays	2011 IP %	2011 IP \$	2012 Outlays	2012 IP %	2012 IP \$	2013 Outlays	2013 IP %	2013 IP \$	2014 Outlays	2014 IP %	2014 IP \$
National Service Trust	N/A	N/A	N/A	\$165M	0%	\$0	\$165M	0%	\$0	\$165M	0%	\$0	\$165M	0%	\$0
Senior Corps	N/A	N/A	N/A	\$208M	N/A	N/A	\$208M	N/A	N/A	\$208M	N/A	N/A	\$208M	N/A	N/A
AmeriCorps VISTA	N/A	N/A	N/A	\$94M	0.009%	\$3,947	\$94M	0%	\$0	\$94M	0%	\$0	\$94M	0%	\$0
AmeriCorps State and National	N/A	N/A	N/A	\$431M	N/A	N/A	\$431M	N/A	N/A	\$431M	N/A	N/A	\$431M	N/A	N/A
AmeriCorps NCCC	N/A	N/A	N/A	\$24M	N/A	N/A	\$24M	N/A	N/A	\$24M	N/A	N/A	\$24M	N/A	N/A

<sup>i</sup> Testing of the AmeriCorps State and National and AmeriCorps NCCC payment programs is in progress and should be completed by December 31, 2011.



Corporation for  
NATIONAL &  
COMMUNITY  
SERVICE 