


FY2009

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Annual Financial Report

*Our Mission: Improve Lives,
Strengthen Communities, and Foster
Civic Engagement Through Service
and Volunteering*



Purpose of this Report

This Annual Financial Report (AFR) represents an overall assessment of agency performance, including financial management and audit, and follows reporting requirements set forth in OMB Circular A-11, Section 230. Other accompanying information to address the specialized information needs of some readers are provided electronically at: www.nationalservice.gov/about/role_impact/performance.asp. A more detailed performance assessment will be provided in the Fiscal Year (FY) 2011 Congressional Budget Justification/ Annual Performance Report, as specified in the OMB Pilot Performance and Accountability Report process, and will be available at this same web address.

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 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

If you are interested in joining or learning more about Corporation programs, go to nationalservice.gov. Under the "For Individuals" menu, click on "Join Now" to discover which opportunity is right for you.



Senior Corps

seniorcorps.gov



AmeriCorps

americorps.gov



Learn and Serve America

learnandserve.gov

An electronic copy of this report is available on the web at:
www.nationalservice.gov/about/role_impact/performance.asp

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Office of Management and Budget PAR Pilot Program

For FY 2009, the Corporation chose to produce an alternative to the consolidated Performance and Accountability Report (PAR), as authorized under the Office of Management and Budget's Pilot Program. The alternative includes this document (the Annual Financial Report) and the agency's forthcoming FY 2009 Annual Performance Report, which will be a component of the FY 2011 Congressional Budget Justification to be provided in February 2010. These documents will be available on the Corporation's website at: http://www.nationalservice.gov/about/role_impact/performance.asp. Participation in the pilot program enables the Corporation to report performance data later in the year when agency data is more complete.

Data Validity

The Corporation's program performance measures reported in this report are derived from two sources – agency grantees and other federal agencies. Financial performance measures are derived within the agency based on data in the financial system of record. No matter the source, the Corporation provides financial and performance data that is complete and reliable, except where specifically noted. In FY 2009, the Corporation continued its efforts to improve data collection across all programs, which resulted in improvements in data availability and data quality. The agency continued to make improvements in our grantee monitoring and in the Performance Measurement Database System, which is used to track, document, and connect national, Corporation, program and operational metrics.

Due to the timing of the agency's grant cycles, most FY 2009 outcomes for Corporation measures included in this report are estimated. Final actual data will be available and reported in the FY 2011 Congressional Budget Justification/Annual Performance Report. In addition, a full analysis of outcomes and trends is not possible across most national measures due to the timing and frequency of data collection by other federal agencies, particularly the Census Bureau. These limitations are noted in the report.



Message from the Acting Chief Executive Officer

November 2009

The Corporation for National and Community Service is pleased to present our Fiscal Year (FY) 2009 Annual Financial Report, a summary of our performance and financial condition in relation to our mission and goals.

This is an exciting moment for service and volunteering, as Americans respond to the challenges of a serious economic downturn by reaching out to help their neighbors and communities. The mission of the Corporation is to foster and support that spirit of civic engagement through service and volunteering. FY 2009 was a year of major transition, growth and progress for us and the programs we support, and I am proud to report that in the midst of such an environment, this performance and financial review found us to be a well-managed agency, effectively moving toward accomplishing the goals set for us by Congress and the Obama Administration with accountability and appropriate planning for continued growth.

Corporation Performance

Last fiscal year, the Corporation awarded and oversaw more than \$700 million in grants and engaged an estimated 5.5 million Americans in service, directly or by leveraging community volunteers. This is the largest total in the agency's history, and includes a record 1 million volunteers on the Martin Luther King, Jr. Day of Service, and the largest-ever class of AmeriCorps members. That class was partly funded by the American Recovery and Reinvestment Act, which the Corporation implemented quickly and carefully, enrolling the first members two months after the law was signed and the majority before the end of the fiscal year.

The Corporation and its programs continued to pursue the ambitious goals set forth in the agency's five-year Strategic Plan. Participants mentored an estimated 1.1 million children, including 90,000 from families of prisoners, and enabled 835,000 children and youth from disadvantaged circumstances to serve their communities, an increase of more than 30 percent over the previous year. The number of Baby Boomers serving also jumped significantly, from 333,000 to 357,000, and we provided independent living services to more than 800,000 elderly and disabled clients.

Edward M. Kennedy Serve America Act

In the midst of this all this activity, the passage of the landmark Edward M. Kennedy Serve America Act by broad bipartisan majorities marked the greatest expansion of national service in generations, putting us on a path to 250,000 AmeriCorps positions by 2017. Among its many other provisions, the Act also charges the Corporation and our partners to dramatically expand opportunities for Americans to serve, to focus on critical national issue areas, to be a catalyst for social innovation, and to support the nonprofit sector in a variety of new ways. To facilitate the process, the new law also expands our existing programs and creates new initiatives designed to strengthen our nation's underlying civic infrastructure.

Immediately after passage of the legislation, we began a lengthy public input process, receiving thousands of comments through listening sessions, conference calls, emails, and web postings, in order to inform the implementation process and so that we could move quickly once the new law took effect on October 1. We are now heavily focused on implementation of the new law, led by an executive steering committee consisting of

our most senior managers and cross-agency working groups focusing on specific program areas and cross-cutting issues such as technology, training and performance measures. We have already released funding guidelines for several FY 2010 grant competitions, issued a first set of regulation changes and program guidance, and developed the implementation plan for new initiatives authorized under the Act.

One of the key provisions of the Serve America Act calls for an increased focus on measuring impact on key national challenges, using new national performance measures and other means. Working with our Board of Directors, we are in the process of developing these measures and integrating them into our next five-year Strategic Plan.

Corporation Management

Management reform remains our main focus, and we have continued to make improvements across the board. For the 10th consecutive year, we have received a clean, unqualified opinion on financial statements. This year's audit reports no material weaknesses or significant deficiencies. Our year-end budget close out went as scheduled and all accounts came in on budget.

Although we are not covered by the CFO Act, the Corporation measures itself against the same government-wide financial management metrics. After a great deal of work over the past five years, we are now ahead of the majority of other federal agencies. From September 2004 through February 2005, the Corporation achieved "green" on only one out of 11 of these metrics; for FY 2009, the yearly average of "green" scores was 69 percent.

Through extensive work on technology, we removed a significant deficiency identified in FY 2008, executing a contract with a managed services provider to host our IT systems off-site in order to ensure continued operations of our technology for both our staff and our field.

About 94 cents of each appropriated dollar went to program grants and assistance to states, tribes, local communities and nonprofit grantees.

Our previous authorizing statute at times forced us into silos and inefficient ways of doing business, but reforms in the Serve America Act will enable us to make our structure more efficient. Among those reforms are consolidated application and reporting procedures for our grantees, a streamlined grantmaking process, and the flexibility to provide comprehensive training and technical assistance across all of the Corporation's programs.

These statutory reforms, coupled with the strong leadership of a new CEO, a highly-focused Board of Directors, a hardworking and dedicated staff and the outside expertise of an organizational and management consultant, will help the Corporation achieve even higher levels of efficiency, cost effectiveness and management excellence as we confront America's toughest challenges through service.

In Service,

A handwritten signature in black ink that reads "Nicole Goren". The signature is written in a cursive, flowing style. The word "Nicole" is on the left and "Goren" is on the right, with a long horizontal line extending from the end of "Goren" across the page.

Nicole O. Goren
Acting Chief Executive Officer

Management's Discussion and Analysis

Agency Overview

The Corporation for National and Community Service (the Corporation) 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, the Corporation promotes volunteering and civic engagement around the country and helps organizations build their capacity to engage volunteers effectively. Members and volunteers who serve in Corporation 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, as well as local and state governments.

In FY 2009, the Corporation received an appropriation of about \$890 million, an increase of roughly \$34 million or 3.9 percent from the prior year. Roughly \$646 million or 63 percent of federal funds awarded by Corporation's major programs are distributed either using a statutory formula based on population or through a competitive process aimed at identifying promising and successful initiatives. About 94 cents of each appropriated dollar goes towards program grants and assistance to States, tribes, local communities, and nonprofit grantees. The remaining funding supports agency and program administration, including salaries and IT costs.

For more budget information visit: <http://www.nationalservice.gov/about/budget/index.asp>

Table 1. Funding History (dollars in thousands)

Account	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2009 Recovery Act	FY 2010 President's Budget
Operating Expenses	\$837,936	\$809,260	\$782,744	\$811,639	\$194,000	\$1,053,316
Learn and Serve America	37,125	37,125	37,459	37,459		39,500
AmeriCorps NCCC ⁱ	36,730	26,789	23,782	27,500		26,300
AmeriCorps State and National	264,825	264,825	256,805	271,196	89,000	372,547
AmeriCorps VISTA	95,464	95,468	93,800	96,050	65,000	97,932
VISTA Advance Payment Revolving Fund		3,500				
National Service Trust	138,600	117,720	122,539	131,075	40,000	195,637
State Commission Admin Grants	12,516	12,516	11,790	11,790		16,000
Partnership Grants	14,850	NA	NA	NA		NA
Senior Corps:						
RSVP	59,685	59,685	58,642	58,642		63,000
Foster Grandparents Program	110,937	110,937	108,999	108,999		110,900
Senior Companion Program	46,964	46,964	46,144	46,144		47,000
Innovation, Demonstration, and Assistance ⁱⁱ	16,280	29,771	13,980	14,753		65,500
Evaluation	3,960	3,960	3,891	3,891		6,000
Training/Technical Assistance ⁱⁱⁱ	n/a	n/a	n/a	n/a		8,000
Disability Grants	n/a	n/a	4,913	4,140		5,000
Salaries and Expenses^{iv}	\$66,083	\$70,324	\$67,759	\$71,715	\$6,000	\$88,000
Office of the Inspector General	\$5,940	\$4,693	\$5,828	\$6,512	\$1,000	\$7,700
Total	\$909,959	\$884,277	\$856,331	\$889,866	\$201,000	\$1,149,016

ⁱ Includes \$10 million in FY 2006 from P.L. 109-234 for Hurricane Katrina disaster relief.

ⁱⁱ Reflects a separate allocation of funding for Disability Grants as provided by the Serve America Act. Total funding for Innovation, Demonstration, and Assistance and Disability Grants in FY 2008 and FY 2009 is equal to \$18,893, which was the amount allocated to Innovation, Demonstration, and Assistance activities within the enacted appropriation in those years.

ⁱⁱⁱ Reflects a separate allocation of funding for Training & Technical Assistance (Subtitle J) 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 FY 2008 and FY 2009 is \$7.1 million for each year.

^{iv} Pursuant to P.L. 110-28, \$1.36 million was transferred from Innovation, Demonstration, and Assistance to the Salaries and Expenses account in FY 2007.

History & Legislation

Congress created the Corporation 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:

- **ACTION** – Administered Volunteers in Service to America (VISTA), created by the Economic Opportunity Act of 1964, as well as the Retired and Senior Volunteer Program (RSVP), the Foster Grandparents Program, the Senior Companions Program, which were all created in 1974 under the Domestic Volunteer Service Act.
- **Commission on National and Community Service** – Administered programs for students from kindergarten through college (predecessor of Learn and Serve America); intensive service programs for adults 18 and older (predecessor to AmeriCorps State and National); and national service demonstration models, including the National Civilian Community Corps (NCCC) – all created in 1990 under the National and Community Service Act.

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

- The newly created **Senior Corps**, which incorporated the Foster Grandparents, RSVP, and Senior Companion Programs;
- The newly created **AmeriCorps**, which incorporated the VISTA, State and National, and NCCC ; and
- **Learn and Serve America.**

Reauthorization

Enacted on April 21, 2009, the Edward M. Kennedy Serve America Act reauthorized and expanded the mission and operation of the Corporation. It also took important steps to strengthen the management capacity of the Corporation to ensure that it can support an expansion while maintaining excellence in service.

The Kennedy Serve America Act authorized a number of programs under the new Innovative and Community-Based Service-Learning Programs and Research category for Learn and Serve America. These new authorized options include Summer of Service, Semester of Service, Youth Engagement Zones and Research. It also requires a 10-year longitudinal study on the impact of the service-learning activities carried out under the Act. A summary of its provisions follow.

Increasing Opportunities for Individuals of All Ages to Serve

- Puts young people onto a path of lifelong volunteering through service-learning and strengthens overall focus on disadvantaged youth.
- Dramatically increases intensive service opportunities in the AmeriCorps program by setting it on a path of expansion from 75,000 positions annually to 250,000 by 2017, with a focus on education, health, clean energy, veterans, economic opportunity and other national priorities. Ties the Segal AmeriCorps Education Award to the maximum Pell Grant level (increased in FY 2010 to \$5,350 and set to increase over time).
- 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 millions of working individuals to serve by establishing a nationwide Call to Service Campaign and a September 11 national day of service, and invests in the nonprofit sector's capacity to recruit and manage volunteers through a new Volunteer Generation Fund.

Supporting Innovation and Strengthening the Nonprofit Sector

- Authorizes *Social Innovation Fund* grants to expand proven initiatives and provide seed funding to programs and non-profits that have demonstrated results and the ability to grow.
- Establishes *Volunteer Generation Fund* grants to award grants to states and nonprofits to recruit, manage, and support volunteers and strengthen the nation's volunteer infrastructure.

Strengthening Management, Cost-Effectiveness, and Accountability

- Merges funding streams, expands the use of simplified, fixed amount grants, and gives the Corporation flexibility to consolidate application and reporting requirements. Increases support for State Commissions on national and community service. Bolsters the capacity and duties of the Corporation's Board of Directors.
- Ensures that programs receiving assistance under national service laws are continuously evaluated for effectiveness in achieving performance and cost goals.
- Authorizes a Civic Health Assessment comprising indicators relating to volunteering, voting, charitable giving, and interest in public service in order to evaluate and compare the civic health of communities.

Additional information on the **Kennedy Serve America Act** can be found at:
Corporation's website – <http://www.nationalservice.gov/about/newsroom/releases.asp>
House of Representative, Education and Labor Committee – <http://edlabor.house.gov/>
Senate, Health, Education, Labor and Pensions Committee – <http://help.senate.gov/>

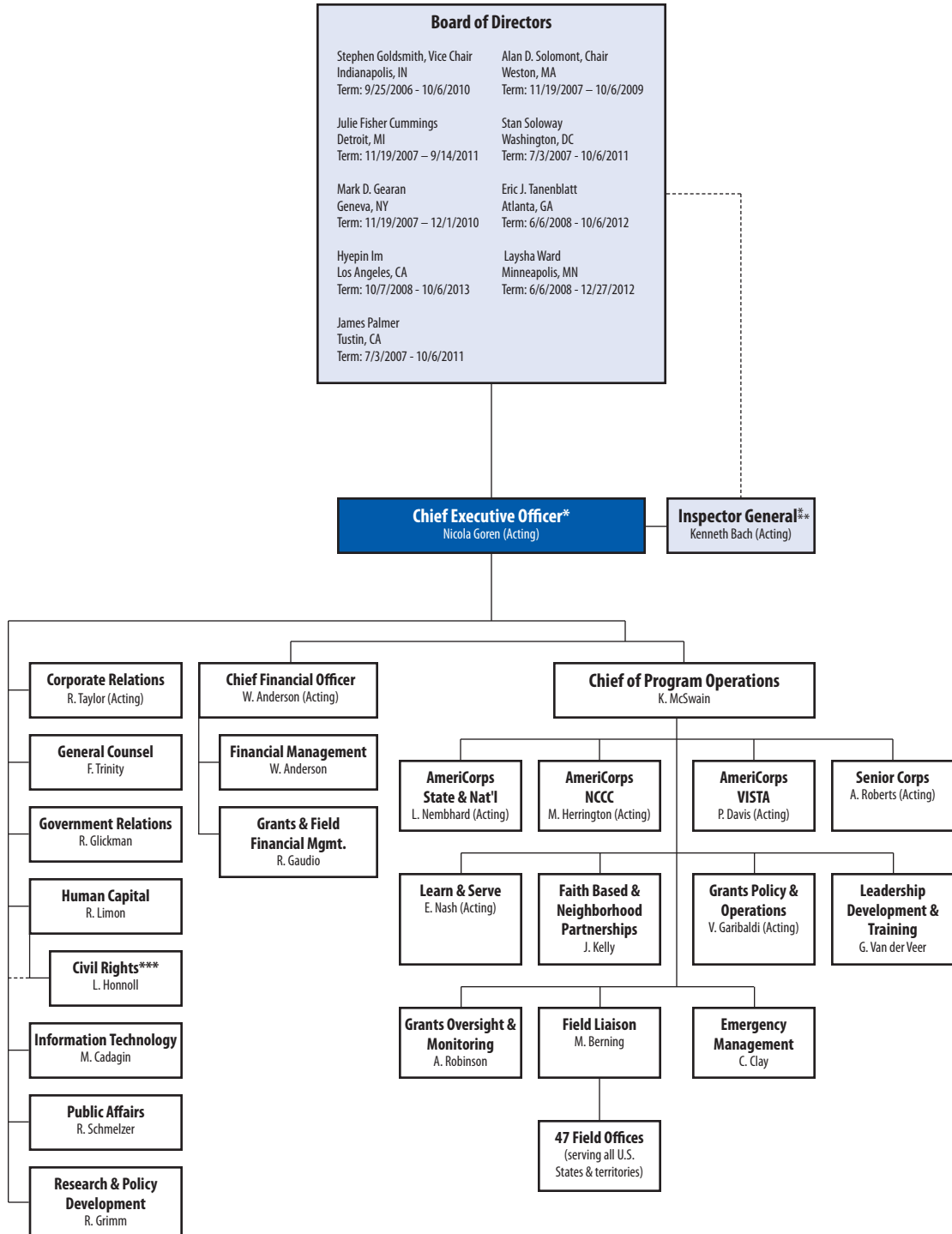
Organizational Structure

Headquartered in Washington, D.C., the Corporation is an independent federal agency with a Board of Directors, Chief Executive Officer (CEO), and Inspector General (IG) – both of whom are appointed by the President and confirmed by the Senate. Under the Corporation's recent reauthorization, the Chief Financial Officer (CFO) is to be appointed by the CEO. In addition, a Chief of Program Operations (CPO) manages the agency's programs, including the program officers who work in state offices.

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 the Corporation.

Field offices in nearly every state conduct public outreach and program support and are directly responsible for developing grants and projects and for overseeing all Senior Corps and VISTA projects in their states. The Corporation's structure also includes five NCCC campuses and one Field Financial Management Center in Philadelphia, PA.

Figure 1. Corporation Organizational Chart

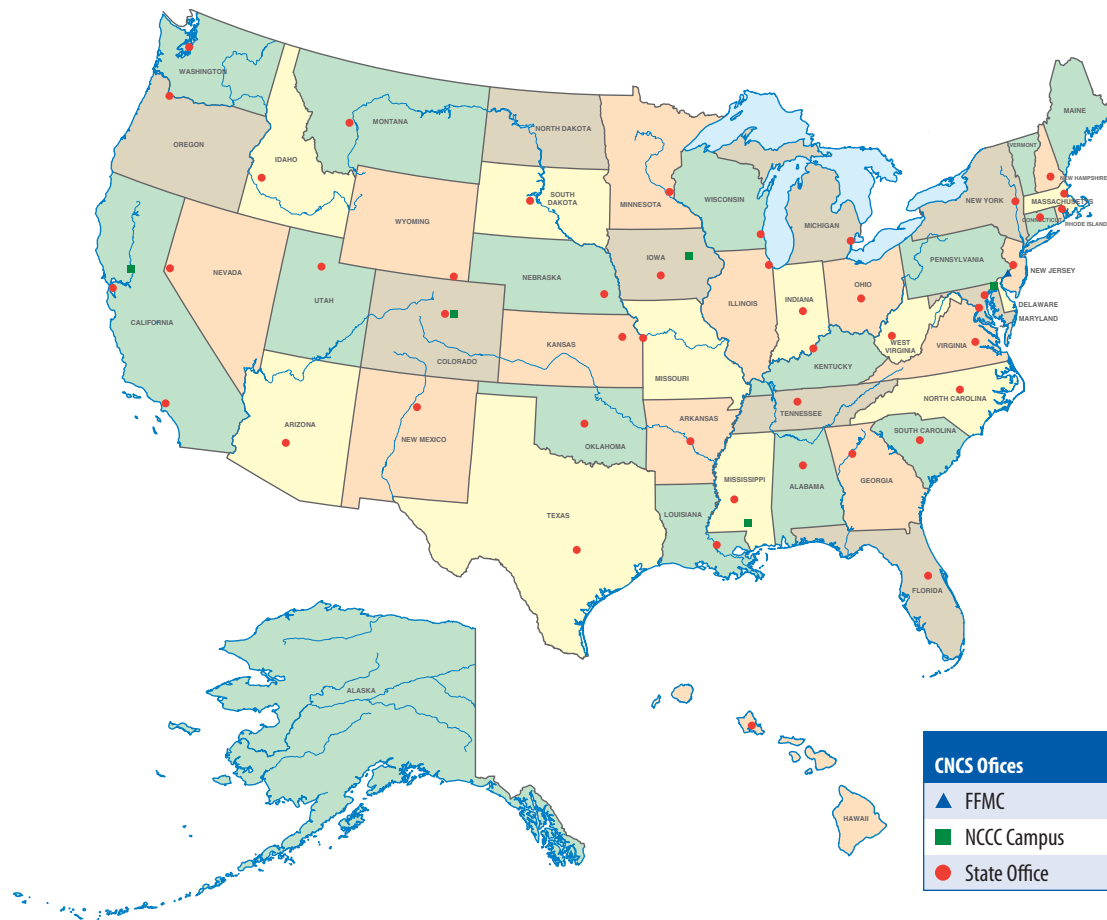


* Presidential Appointments with Senate confirmation
 ** In accordance with the Inspector General Act, Section 3a
 *** The director has independent authority to advise the CEO on pre-complaint and complaint issues. The CEO contributes to the director's performance review.

The agency also works through state-sponsored organizations:

- **State Service Commissions** receive Corporation funding to support AmeriCorps programs through annual grant competitions and formula allotments and manage, monitor, and evaluate these programs. The Commissions also encourage volunteering in their states and often administer special volunteer initiatives and community-based service-learning programs.
- **State Education Agencies (SEAs)** receive formula-based funds from Learn and Serve America. Most of the funds are distributed by sub-grants to schools and school districts that work with one or more community partner organizations to create service-learning projects that meet community needs and support the development of students' academic, civic, and social skills.

Figure 2. Corporation Field Offices



Corporation Programs and Initiatives

The Corporation operates three major sets of programs – Senior Corps, AmeriCorps, and Learn and Serve America – and a number of smaller programs and initiatives. These programs provide a range of service opportunities and are united in a common purpose: engaging individuals in volunteering to improve their communities.

Senior Corps

Senior Corps is a network of about 1,200 organizations sponsoring over 1,300 projects funded by Corporation and non-federal resources that tap the experience, skills, and talents of Americans age 55 and over to meet a wide range of community needs. In FY 2009, an estimated 472,000 volunteers served through Senior Corps three programs:

- **RSVP** – Volunteers age 55 and older choose how, where, and how often they want to serve, with commitments ranging from a few hours to 40 hours per week. Volunteers are eligible to receive reimbursement for mileage and insurance coverage while on assignment and are provided the most flexibility in choosing service opportunities.
- **Foster Grandparent Program (FGP)** – Volunteers provide support and service to children and youth with special or exceptional needs in a variety of settings including schools, hospitals, drug treatment centers, and child care centers. Volunteers age 60 and over provide direct services, 15 to 40 hours per week. Volunteers must meet income eligibility requirements to receive a monetary stipend of \$2.65 per hour.
- **Senior Companion Program (SCP)** – Volunteers age 60 and older to assist homebound seniors and other adults with daily living tasks, which enables them to remain living independently in their own homes. Senior Companions serve 15 to 40 hours per week and receive training and assistance to improve their service. Those who meet income requirements receive a monetary stipend of \$2.65 per hour.

AmeriCorps

AmeriCorps is a network of national service programs that meet critical needs in areas such as education, public safety, health, and the environment through partnerships with nonprofit organizations such as faith-based and community-based organizations, colleges and universities, as well as state and local governments. Since 1994, more than 574,000 Americans have served 718 million hours through AmeriCorps. In FY 2009, roughly 75,000 AmeriCorps members served in communities across the nation and mobilized over 2.2 million additional volunteers. Upon completion of their service term, AmeriCorps members are eligible to earn an education award to help finance their education or repay qualified student loans and eligible interest expenses.

AmeriCorps includes three programs:

- **State and National** provides grants to nonprofit, public, and other organizations to engage Americans of all backgrounds in service to address community needs.
- **Volunteers in Service to America (VISTA)** provides full-time volunteers to community organizations to help create and expand anti-poverty programs.
- **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 in all 50 states. The program provides rigorous training that prepares its members to serve as first responders and as force multipliers who can effectively coordinate and manage episodic volunteers.

Learn and Serve America

Learn and Serve America provides an “on-ramp” to a lifetime of civic engagement for more than 1 million students each year. The program awards grants to state education agencies, schools, nonprofit groups, and institutions of higher education to engage students in service-learning activities that link academic achievement and community service. As part of its goal of making student service and service-learning a common practice, Learn and Serve America provides resources to teachers, faculty members, schools, and community groups across the country.

Other Corporation Programs and Initiatives

A number of smaller grant programs also achieve agency goals. Grants made in honor of Martin Luther King Jr. support community organizations in their efforts to engage local volunteers in specific short-term community projects throughout the year and on the MLK Jr. Day of Service. The Corporation also:

- Provides grants aimed at engaging individuals with disabilities in service and extensive training and technical assistance to nonprofit and other organizations;
- Operates a Resource Center aimed at expanding the volunteer capacity of nonprofits;
- Convenes a national conference on volunteering and service; and
- Honors colleges and universities through the President’s Higher Education Community Service Honor Roll for the commitment of their students, faculty, and staff to community service.

Strategic Initiatives

In February 2006, the Corporation adopted a Strategic Plan for FY 2006–FY 2010. The full plan can be viewed at http://www.nationalservice.gov/about/focus_areas/index.asp. Incorporating input from hundreds of people and organizations in the nonprofit volunteer sector, the plan embraced a set of ambitious goals based on the data available at the time. The plan also was centered on a national vision that a better future for all Americans includes a widespread culture of service.

The plan identifies five key strategic initiatives that reflect emerging demographic, social, and economic trends — trends that pose both challenges and opportunities for the nation: (The relationships of these initiatives to the agency’s strategic goals are described in Table 2.)

- **Mobilize More Volunteers.** Increase the overall number of volunteers and the intensity of volunteering;
- **Ensure a Brighter Future for All of America’s Youth.** Provide mentors to disadvantaged youth and engage such youth in service;
- **Engage Students in Communities.** Increase volunteering among all students from kindergarten through college and expand the use of service-learning in schools;
- **Harness Baby Boomers’ Experience.** Expand volunteering among Baby Boomers and provide frail elderly people with help to remain living independently; and
- **Support Disaster Preparedness and Response.** Build national, state, and local disaster response capacity by using volunteers.

Strategic Goals

To achieve its mission, the Corporation works through its Senior Corps, AmeriCorps, and Learn and Serve America programs, as well as a number of smaller grant programs and special initiatives to achieve the following strategic goals:

- **Meet Critical Needs in Local Communities Through Service:** Services provided by participants in Corporation programs help meet a broad range of the nation's educational, environmental, and other human needs;
- **Strengthen the Capacity of Communities to Engage Citizens:** All Corporation programs help nonprofit organizations, public agencies, educational institutions, and volunteer connector organizations to build their capacity to engage citizens in service and strengthen the community's ability to meet local needs; and
- **Engage Americans in a Lifetime of Volunteering and Service:** The Corporation helps to create an ethic of responsibility and citizenship by providing meaningful service opportunities for individuals of all ages and backgrounds.

Table 2. Contributions of Each Strategic Initiative to the Strategic Goals

Strategic Goals	Strategic Initiatives				
	Mobilize More Volunteers	Ensure a Brighter Future for All of America's Youth	Engage Students in Communities	Harness Baby Boomers' Experience	Support Disaster Preparedness and Response
Meet Critical Needs in Local Communities Through Service	Empower local citizens to meet their own communities' most pressing needs through effective volunteer engagement and management	Improve the circumstance and prospects for disadvantaged youth through mentoring an engaging disadvantaged youth in service	Turn students into a key resource to meet the most pressing needs of the communities in which they live	Utilize the large Boomer population as a major asset in responding to communities' most pressing needs, particularly needs exacerbated by the aging of the population	Mobilize national service participants and volunteers to help communities prepare for disasters and to recruit, manage, and coordinate otherwise unaffiliated volunteers in immediate relief efforts and long-term community recovery
Strengthen the Capacity of Communities to Engage Citizens	Provide volunteer management support, best practices, and partnerships to dramatically expand community capacity to recruit, manage, and retain volunteers.	Build the capacity of communities across America to recruit, train, match and support millions of mentors and to engage and support millions of disadvantaged youth in service	Strengthen the connection and natural alliance between key community organization and institution, and the local school and students, and focus on a school goal of creating more connected, engaged citizens	Expand nonprofit capacity to engage, manage, and retrain Baby Boomer volunteers	Build the capacity of communities to respond to disasters rapidly and effectively by strengthening partnerships among state, local, and national governments, nonprofits, and profit-making organizations
Engage Americans in a Lifetime of Volunteering and Service	Promote service as a regular part of all Americans' lives	Make mentoring the epitome of ongoing, engaged service, and support the transition from episodic volunteering to committed mentoring	Maximize the opportunities for student service and service-learning to become the "on-ramp" to a lifetime of civic engagement for young Americans	Attract Boomers to service now so that they will stay engaged as they pass the traditional age of retirement and reaffirm the importance of civic engagement to subsequent generations	Develop disaster preparedness and response resources and inventories to enable immediate disaster response and long-term recovery

The Corporation's Board of Directors approves the agency's strategic plan, performance measures, and corresponding targets. The Board periodically reviews the agency's performance against the targets and determines actions necessary to improve agency outcomes.

The Strategic Plan also identifies "Sustain Management Excellence" as one of the Corporation's key goals and puts forth a number of operational goals and strategies for improving virtually all areas of internal management and customer service for the agency's stakeholders. The agency's full strategic plan is available at: http://www.nationalservice.gov/about/focus_areas/index.asp.

The Corporations Performance Management System

The Corporation works to "operationalize" its Strategic Plan at all levels of the organization. The illustration below shows how the Corporation plans, measures, manages, and reports on its performance.

Figure 3. Corporate Performance Planning



The Corporation sets a strategic initiative national target (National Measures). Achieving this national target requires a combination of the Corporation's actions and the efforts by the Corporation's grantees, external stakeholders, and volunteers across the country. The Corporation's contribution to the national target is reflected in the Corporation's targets (Corporation Measures).

In turn, each program develops one or more measures (Program Measures) to identify and manage its contribution to the overall Corporation impact. To successfully meet the established program measures, each program develops an operating plan (Operating Plans) that includes strategies to achieve the program measure targets. These operational requirements are included in each manager's and staff's performance plan (Individual Performance Plans). The result of this planning and measurement process is a focused effort by the Corporation to meet its established goals.

Mission Performance

The following are the Corporation's performance measures for its national and agency goals, based on the current strategic plan. The Corporation is updating its strategic plan and also planning the implementation of the Kennedy Serve America Act. As a result, this report does not include targets for FY 2011.

The Corporation aims to demonstrate the impact of its investments in communities and organizations with clear and quantifiable results. Measuring this impact has presented challenges in the past, due in part to the broad nature of the agency's programs in terms of geographic dispersion, range of needs addressed, the number and type of organizations supported, and the varying role of the volunteer. Nonetheless, the agency's new strategic plan will have new and revised strategic goals and initiatives, performance measures and targets for all programs, and provide the framework for gathering the information necessary to assess the agency's ultimate impact.

In FY 2009, the Corporation supported a record number of people and organizations across America, using civic engagement as a key element of the federal government's response to the economic downturn and other serious challenges facing the nation. The Corporation awarded and oversaw over \$700 million in grants and engaged an estimated 5.5 million individuals in results-driven service in FY 2009.

As shown in Table 3, most FY 2009 data for the Corporation's national goals will be unavailable until 2010. The most current available data shows that 61.8 million Americans volunteered through organizations between September 2007 and September 2008, including three million college students and 22.6 million Baby Boomers. Of particular note, volunteering among older Americans (age 65 and older) is on the rise, having increased about seven percentage points between 1989 and 2008, according to figures from the Current Population Survey, U.S. Census Bureau.

In fulfilling its mission and strategic plan in FY 2009, the Corporation continued to act as a catalyst by providing targeted, critical support through its volunteers and grantees that, in turn, delivered much-needed services to communities throughout the country. The agency:

- Enabled 835,000 children and youth from disadvantaged circumstances to serve their communities through Corporation-sponsored programs;
- Provided mentoring and other support services to more than 89,000 children of prisoners;
- Delivered independent living services – including direct support and respite for informal caregivers – to 807,000 clients; and
- Engaged over 544,000 college students in service.

Table 3. Performance Trends for National Goals¹

Strategic Initiative and Performance Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Target
Number of Americans volunteering annually through an organization (in millions) ^{II}	61.2	60.8	71.3	61.8	73.5	Data available 1/10	75.0
Number of Americans regularly volunteering (in millions) ^{III}	30.9	32.1	39.2	32.3	41.0	Data available 10/10	43.0
Ensure a Brighter Future for All of America's Youth							
Number of Americans who mentor each year (in millions) ^{IV}	2.0	2.2	NA	2.3	2.2	Data available 1/10	2.2
Number of children and youth of incarcerated parents mentored through federal programs ^V	30,200	93,400 (est.)	40,000	NA	96,400	NA	97,300
Number of teens from disadvantaged circumstances engaged in service in their communities (in million) ^{VI}	2.6	NA	2.8	Available 12/09	NA	NA	3.0
Engage Students in Communities							
Number of college students who volunteers (in millions)	2.8	2.7	4.3	3.0	4.7	Data available 10/10	5.0
Percent of Federal Work Study funds devoted to community service ^{VII}	15%	15%	18%	16%	19%	Data available 5/10	20%
Percent of America's public kindergarten through grade 12 schools that have incorporated service-learning into their curricula ^{VIII}	NA	NA	NA	NA	NA	NA	NA
Harness Baby Boomers' Experience							
Number of Baby Boomers volunteering (in millions)	23.6	23.1	27.1	22.6	27.8	Data available 10/10	28.7
Support Disaster Preparedness and Response^{IX}				Measure under development			

^I NA = Data not available. Following a careful review of the data, some adjustments have been made to several measures to more accurately reflect the anticipated targets and outcomes. As a result, the figures shown in this document will differ from those previously reported. For more information on any of the Corporation's measures, please contact the Office of the Chief Financial Officer on 202-606-5000.

^{II} Data for this measure is available through the "Current Population Survey: Supplement on Volunteering" available at www.bls.gov/new.release/volun.toc.htm

^{III} Defined as those volunteering at any level of intensity (e.g. more than 1 hour per week) for 12 or more weeks during the year.

^{IV} In prior years, the Corporation planned to measure the "Number of Americans who mentors each year (in millions)." Data is not available for this measure as currently written; therefore, the wording of the measure has been modified in the following way to reflect the "Number of mentors serving a minimum of 36 hours each year (about one hour per school week)."

^V Data provided by the Corporation and other federal agencies, including the Department of Health and Human Services, and the Department of Justice.

^{VI} The description of this measure has been modified to more closely reflect the data collected through the 2005 Youth Volunteering and Civic Engagement Survey, conducted by the Corporation, in collaboration with the U.S. Census Bureau and Independent Sector. This data represents the responses of youth aged 12-18 who met the family income 2005 federal poverty guidelines, as set by the Department of Health and Human Services (see: www.aspe.hhs.gov/poverty/05poverty/shtml). The prior description read: "Number of children and youth..." This data is available every two years.

^{VII} Historical data revised by the Department of Education.

^{VIII} This measurement has only been produced twice in the last ten years and is not an annual or biannual indicator. There are currently no plans to continue it.

^{IX} No adequate national measure has been identified and therefore developed for this initiative. This initiative and possible measures is being reexamined as part of the development of the Corporation's next strategic plan.

Table 4. Performance Trends for Corporation Goalsⁱ

Strategic Initiative and Performance Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Target
Mobilize More Volunteers							
Number of volunteers supported by Corporation-sponsored programs (including Corporations program members, participants, volunteers, and leveraged community volunteers) (in millions)	3.7	3.9	3.6	4.0	4.4	5.5 (est.)	5.5
Percent of former AmeriCorps members who continue to volunteer in their communities after their term of service ⁱⁱ	NA	64%	NA	NA	NA	NA	NA
Ensure a Brighter Future for All of America's Youth							
Number of children and youth from disadvantaged circumstances mentored through Corporation programs (in millions) ^{iv}	NA	0.6	0.3	1.3	0.9	1.1 (est.)	1.1
Number of children of prisoner mentored through Corporation programs	26,000	47,000	46,700	90,094	89,800	89,800 (est.)	92,460
Number of children and youth from disadvantaged circumstances serving their communities through Corporation-sponsored programs ⁱⁱⁱ	465,000	663,000	556,000	614,604	570,300	835,445 (est.)	687,400
Engage Students in Communities							
Number of college students serving through Corporation programs	108,000	199,000	187,000	561,152	529,000	544,200 (est.)	539,000
Number of higher education institutions matching the AmeriCorps Education Award	57	76	67	77	74	87	88
Percentage of organization funded through Learn and Serve America grant programs that have adopted at least six of nine institutional supports leading to sustainability for service-learning	23%	22%	28%	23%	29%	25% (est.)	30%
Harness Baby Boomers' Experience							
Number of Baby Boomer volunteers generated through Corporation-sponsored programs ^{iv}	NA	230,000	333,540	333,606	356,590	357,890 (est.)	390,790
Number of clients who receive independent living services, including direct support and respite for informal caregivers through Corporation-sponsored programs ^v	413,000	470,000	675,100	813,302	811,500	807,200 (est.)	879,500
Support Disaster Preparedness and Response^{vi}							
Number of Corporation program participants who have been certified in disaster-related training (in thousands)	NA	NA	NA	NA	NA	NA	NA
Number of Corporation program participants who are available for deployment in support of local, state or other disaster response.	NA	NA	NA	NA	NA	NA	NA
Number of community members who receive disaster preparedness information or training through Corporation sponsored programs.	NA	NA	NA	NA	NA	NA	NA

ⁱ NA = Data not available. Following a careful review of the data, some adjustments have been made to several measures to more accurately reflect the anticipated targets and outcomes. As a result, the figures shown in this document will differ from those previously reported. For more information on any of the Corporation's measures, please contact the Office of the Chief Financial Officer on 202-606-5000.

ⁱⁱ The data source for this measure was changed to the AmeriCorps Longitudinal survey in order to provide consistently comparable data from year-to-year, thus resulting in data not being available for a number of prior years and changes to the outyear targets. Currently, there are no plans to continue the survey.

ⁱⁱⁱ The definition of disadvantaged children and youth receiving Corporation mentoring services or participating in a Corporation-sponsored program is based on program statutes and regulations. This group includes those up to age 25 with exceptional and special needs (as defined in the DVSA regulations, 45 CFR 2552.81) or who are economically disadvantaged and for whom one or more of the following apply: 1) out-of-school, including out-of-school youth who are unemployed; 2) in or aging out of foster care; 3) limited English proficiency; 4) homeless or have run away from home; 5) at-risk to leave school without a diploma, and/or 6) former juvenile offenders or youths at risk of delinquency. The referenced DVSA regulation includes "children with exceptional needs" who are defined as developmentally disabled, such as those who are autistic, have cerebral palsy or epilepsy, are visually impaired, are emotionally disturbed or have a language disorder, specific learning disability, have multiple disabilities, other significant health impairment or have literacy needs. Under this DVSA regulation, existence of a child's exceptional need is verified by an appropriate professional, such as a physician, psychiatrist, psychologist, registered nurse or licensed practical nurse, speech therapist or educator. "Children with special needs" is defined as those who are abused or neglected, in need of foster care, adjudicated youth, homeless youths, teen-age parents and children in need of protective intervention in their homes.

^{iv} The Corporation did not collect this data prior to FY 2007.

^v Prior to FY 2008, AmeriCorps grantees were not required to collect and report this data. All Corporation programs now collect and report this data, resulting in the significant increase between FY 2007 and FY 2008.

^{vi} No adequate national measure has been identified and therefore developed for this initiative. This initiative and possible measures are being reexamined as part of the development of the Corporation's next strategic plan.

The Corporation continued to promote a healthy, vibrant nonprofit volunteer sector, able to deliver community services efficiently and effectively. The agency's approach to training and technical assistance consists of a three-part strategy:

1. Program Development, Assistance, and Training grants to State Service Commissions. In FY 2009, the Corporation awarded \$5.4 million to Commissions, which supported the following:

- A total of 666 state training events for 27,984 AmeriCorps members and 10,749 grantee staff across the country;
- An increase in the number of new state applications and programs; and
- A collective, upfront learning experience for AmeriCorps members through swearing-in and launch activities.

2. Innovative national learning strategies. The Corporation awarded \$4.6 million and identified and employed new and improved approaches to address quality and compliance issues, which resulted in a strengthened volunteer and service-learning sector. In the first two quarters of FY 2009, the Corporation:

- Supported 165 training events attended by 8,903 learners, and 182 sessions at training events sponsored by organizations that reached 8,244 additional participants.
- Supported the production of 662 individual curricula/materials or tools, with 17,933 people coached on the phone or by e-mail.
- Standardized surveys administered across all events with 88 percent of participants reporting that they gained new knowledge they would apply in their work.

3. National Service Learning Clearinghouse (NSLC) and the Resource Center. The Corporation connected its field to easily accessible tools, training, and information through these robust, web platforms. The National Service-Learning Clearinghouse is the nation's primary source of information, curriculum, research, and other resources on service-learning and includes over 600 service-learning lesson plans, syllabi and project ideas from the Service-Learning Ideas and Curricular Examples (SLICE) database to support K-12, higher education, CBO, and tribal service-learning educators.

In the last six months of FY 2009, over 3,400 toolkits on planning high-quality service-learning courses for K-12 teachers and higher education faculty were downloaded for the NSLC website and there was a 70 percent increase in total visitors.

The Resource Center, which was accessed by over 500,000 unique visitors in just the first two quarters of FY 2009, is the go-to site for tools, training, and information about service, volunteering, and nonprofit capacity building and includes:

- An effective practices database of over 800 vetted practices;
- Twenty-six online affinity groups;
- An online learning center with 50 courses, which enrolled 4,280 individuals in the first two quarters of FY 2009;
- Collaborative meeting and webinar technology (239 webinars conducted reaching 4,757 individuals); and
- Online tools and training on using social media to increase the capacity of nonprofits to reach new volunteers and serve more customers.

The Corporation also has made it a priority to provide Americans with disabilities with the opportunity to participate in strengthening their communities through volunteering and service. A primary strategy to engage people with disabilities in service through the AmeriCorps State and National program is by granting funds to State Service Commissions for recruitment, placement, reasonable accommodation and generally strengthening state capacity to create and effectively manage service programs that are accessible to individuals with disabilities.

In calendar year 2008 (the most recent year with reportable data), State Service Commissions continued their efforts to modify policies and procedures as needed, strengthen their operational practices and develop the capacity of sub-grantees to be more inclusive. In addition, they continued to build partnerships with disability organizations, communities and individuals.

- More than 40 University Centers on Disability partnered with State Service Commissions, the Corporation, and State Offices to strengthen capacity and support the retention of volunteers with disabilities;
- Over 320 local, state and national disability organizations partnered with one another and with University Centers on Disability to promote and enhance the inclusion of persons with disabilities in national service;
- Twenty-six states reported an increase in members with disabilities over previous years;
- Thirty-eight states successfully provided reasonable accommodations to service members with disabilities, including providing materials in alternative formats; and
- State Service Commissions provided training and technical assistance in the areas of disability outreach and recruitment, federal benefits, emergency preparedness, and disability etiquette to over 13,300 participants in over 300 training events.

Corporation Program Highlights

In FY 2009, the **Senior Corps** programs collectively funded 472,300 direct volunteers. **RSVP** volunteers delivered an estimated 68 million hours of service – tutoring and mentoring children, assisting victims of natural disasters, improving the environment, and, mobilizing other volunteers. More than 29,000 volunteers in the **Foster Grandparent Program** served 248,000 children and youth with special or exceptional needs and acted as mentors to more than half of the total served. In addition, 15,000 volunteers in the **Senior Companion Program** took care of the in-home needs of 68,200 frail, older adults and others with physical or developmental limitations. They transported clients to medical appointments, helped shop for food and basic necessities, provided companionship to offset isolation, and offered respite to nearly 9,000 family members and informal caregivers.

AmeriCorps State and National provided \$202.6 million in funding to recruit, place, and supervise AmeriCorps members, including \$133 million awarded competitively to 267 national and local organizations, state service commissions, faith-based groups, educational institutions, and Indian Tribes. AmeriCorps members in these organizations and agencies tutored and mentored at-risk youth; built and rehabilitated homes; worked to prevent high school dropouts and expand college access; conserved parks and public lands; supported food banks and shelters; and helped communities recover from disasters. In addition, these members recruited and mobilized an additional 1.2 million volunteers.

AmeriCorps VISTA members served in nearly 1,000 nonprofits, building their capacity in areas such as education, employment, housing, and financial development. AmeriCorps VISTA members recruited over 1 million community volunteers and raised over \$183 million in support of these local initiatives.

AmeriCorps NCCC teams completed 430 projects through partnerships with federal and state agencies, and community-based organizations. The Corporation devoted 60 percent of AmeriCorps NCCC's total program resources to disaster relief and recovery efforts nationwide, supporting displaced and needy individuals, families, and communities. An average of 816 AmeriCorps NCCC members served each month and an estimated 45,000 additional volunteers will be leveraged by year's end. Four years after Hurricane Katrina brought teams of AmeriCorps NCCC teams to the Gulf Coast to join in recovery efforts, the Corporation successfully opened its fifth NCCC campus in Vicksburg, Mississippi with 160 Corps members.

Learn and Serve America (LSA) awarded 36 grants totaling nearly \$20 million to support service-learning in schools, institutions of higher education, tribes, and faith-based and other community groups. In FY 2008 (the most recent year available), 1,613 LSA grantees and subgrantees reported the participation of 1.2 million participants; 43,000 educators; 20 million service hours; and 22,000 community partners. Participating in service-learning activities builds character and creates career and educational opportunities through the volunteer experience.

Across FY 2009, an estimated 1 million volunteers served their communities through organizations funded through grants in honor of Dr. Martin Luther King Jr. More than 13,000 projects – 8,000 more than FY 2008 – were organized. The 2009 **National Conference on Volunteering and Service** was the Corporation's largest conference to date, bringing together 5,000 volunteer and service leaders from across the nation and globe. The Corporation also led the **United We Serve** campaign, which focused on five core elements of the agency's recovery agenda: health care, energy independence, education, community and economic renewal, and disaster preparedness and support for our veterans.

American Recovery and Reinvestment Act of 2009

Following the passage of the American Reinvestment and Recovery Act, the Corporation moved swiftly and carefully to award \$154 million to grantees across the nation. Through the AmeriCorps State and National and VISTA programs and through VISTA sponsors, nearly 14,000 additional members engaged in service directly related to improving the social and economic conditions worsened by the recession. These members will serve in FYs 2009 and 2010.

In AmeriCorps State and National, roughly 10,500 Recovery Act-funded members will provide employment training, financial planning, and housing assistance; preventing home foreclosures; supporting tutoring and literacy programs; weatherizing homes; and recruiting and managing other volunteers. During FY 2010, the Corporation plans to award up to 1,000 additional member positions.

Approximately 3,500 Recovery Act-funded VISTA members are providing foreclosure prevention and financial counseling, expanding college access, helping ex-offenders re-enter society, organizing literacy programs, and supporting health care and independent living services. The Corporation also received \$6 million in non-grant funding, which enabled the agency to begin the process of moving its IT infrastructure from headquarters to a more stable off-site environment, as well as \$40 million for the National Service Trust for education awards for these members.

Performance Analysis

The Corporation achieved significant increases in performance outcomes in FY 2009. The agency exceeded its targets on six of nine performance measures for which data was collected. (Note: Data for all measures is not available or collected annually.) A fuller analysis of the Corporation's performance on its national and agency goals in FY 2009 will be included in the FY 2009 Annual Performance Report, which will be released in February 2010. At that time, data for Corporation performance measures will be final, and several national performance measures and additional management measures will be available. Since 2008, the Corporation has improved its data collection processes and began requiring grantees themselves to report performance information related to strategic initiatives at the end of the calendar year. Prior to this, only program-specific performance data was fully collected for the three Senior Corps programs, AmeriCorps VISTA, and AmeriCorps State and National. The only exception to this was the performance measure on the number of volunteers supported by Corporation programs. In some cases, prior year actuals have been adjusted for the following measures:

- Number of children and youth from disadvantaged circumstances serving their communities through Corporation programs
- Number of Baby Boomer volunteers generated through Corporation-sponsored programs

For the following measures, updated prior year data for FY 2006 and 2007 was not available. As a result, there appear to be significant increases in performance when comparing performance between these two years and FY 2008 and FY 2009 for the following measures:

- Number of children and youth from disadvantaged circumstances mentored through Corporation programs
- Number of children of prisoners mentored through Corporation programs
- Number of college students serving through Corporation programs
- Number of clients receiving independent living services

Figure 4a. FY 2009 Corporation Performance Goals

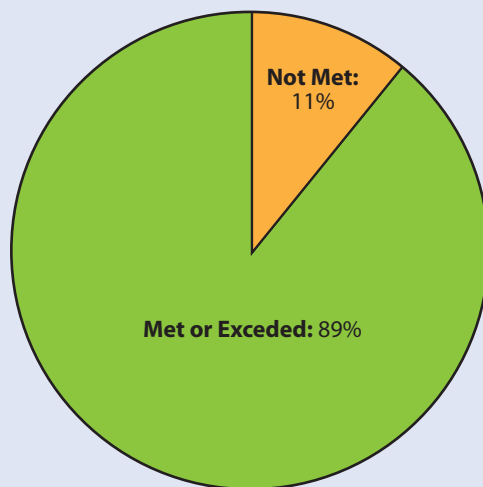
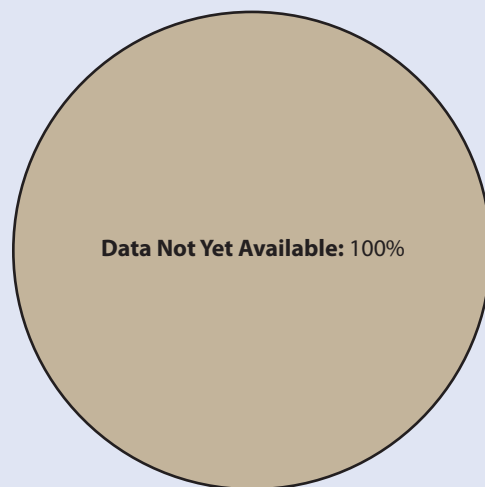


Figure 4b. FY 2009 National Performance Goals



The higher rate of performance in FYs 2008 and 2009 may be due in part to the significant momentum gained by the service movement from the President's Call to Service and the passage of the Kennedy Serve America Act. Demand and funding applications for all of the Corporation's major programs increased dramatically in FY 2009. In fact, applications for all three AmeriCorps programs were roughly 3:1 compared to available slots or funding.

The Corporation also diligently promoted the President's "Call to Service" and played a key role in the "United We Serve" initiative, calling on individuals across the country to make service a part of their daily lives. In the initial 81 days of the initiative from June 22nd through September 11th, more than 400 national organizations and thousands of local nonprofits and faith-based groups were engaged through the initiative.

This performance also reflects the Corporation's ability to quickly and effectively support organizations responding to the increased challenges brought about by the economic downturn. There were further improvements made in program grant criteria as well as training and technical assistance to staff and agency partners. The Corporation also launched public service announcements and expanded its use of social networks to engage more volunteers in service and to highlight the challenges faced by the many Americans who live in poverty.

The Serve.gov website – a searchable database for volunteer opportunities across the country – was established and managed by the Corporation in FY 2009 and currently provides access to nearly 250,000 service projects. In late September 2009, the Corporation launched Servir.gov (the Spanish language version of Serve.gov), which will carry President Obama's call to service to millions of Spanish-speakers seeking service opportunities.

Based on current estimates, it is likely that the Corporation will not meet its target for the percentage of organizations funded through Learn and Serve America that have adopted at least six of nine institutional supports leading to sustainability for service-learning. The program has achieved only modest gains in the measure over the years. Should this measure be included in the Corporation's upcoming strategic plan, the program will attempt to analyze the low performance in the area.

Although current estimates show that the Corporation may not meet its goal for the number of clients receiving independent living services, the difference between the target and goal is less than one percent. Nonetheless, the Corporation will provide a fuller explanation of the FY 2009 and the possible decline from the FY 2008 level in the FY 2009 Annual Performance Report.

As noted earlier, no data is currently available for the Corporation's nine national goals. This data will be available from the Census Bureau at different points in FY 2010.

Management Performance

Sustaining management excellence at the Corporation requires the development and maintenance of efficient operational strategies; reliable systems; well trained and managed employees; and effective grants management. Given the significant challenges faced by the agency in recent years, Corporation leadership made a strong and renewed commitment to management excellence in FY 2009 and took significant steps to achieve it.

For the tenth consecutive year, the Corporation has earned an unqualified opinion on its financial statements. The consistency of this result across the past decade demonstrates the commitment of staff and the Corporation's leadership to ensuring full accountability, improving grants oversight, strengthening internal controls, and stabilizing agency IT systems. In the coming years, additional improvements will be made to further refine and improve both financial and program operations.

In a self-assessment, the Corporation also exceeded the average percentage of "green" results on the Government-wide Financial Management Metrics achieved by the 24 major CFO Act agencies by 16 percentage points.

FY 2009 data for the remaining agency management performance measures is not currently available. Data for the measures related to the American Customer Satisfaction Index and the Human Capital Survey sponsored by the Office of Personnel Management will not be available until March 2010. Data for the grantees' performance against their own program/project metrics also will not be available until later in FY 2010. Data for these measures is expected to demonstrate sustained increases in employee satisfaction resulting from the Corporation's ongoing efforts to improve its operations.

Data for FY 2008 show an increase in the overall satisfaction index – from 73 points in FY 2007 to 74 points, which is about five points above the federal average score for customer satisfaction. Overall satisfaction with the agency's major technology systems fell three points to 67 points in 2008 due in large part to system challenges when the Corporation concurrently rolled out two system upgrades.

Figure 6. FY 2009 Management Performance Goals

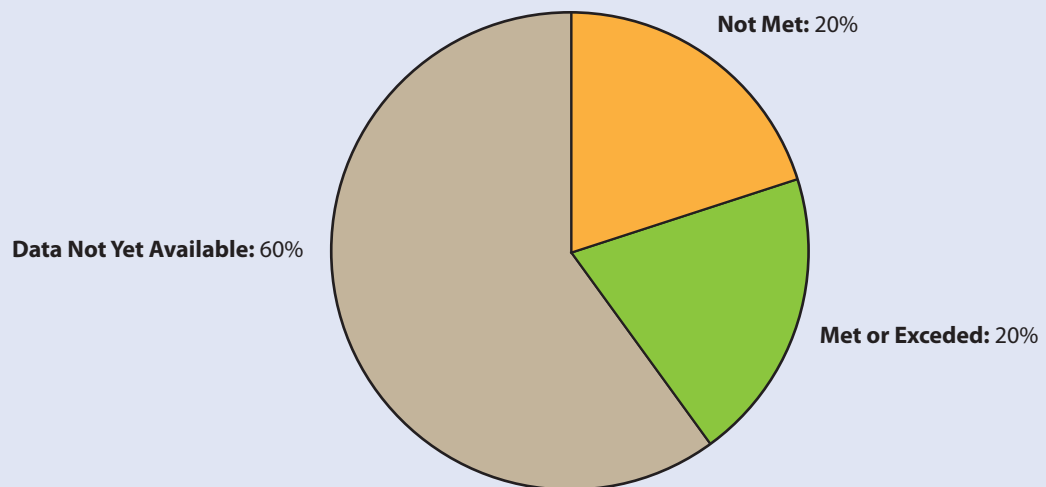


Table 5. Performance Trends for Management Goals¹

Performance Objective and Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Target
Improve Program and Project Quality							
Percent of Corporation-funded grantees meeting or on track to meet program/project performance goals ⁱⁱ	NA	NA	NA	NA	NA	NA	NA
Cultivate a Culture of Performance and Accountability							
Number of material weaknesses (MW), significant deficiencies (SD) or reportable conditions (RC) identified in the annual financial statement audit ⁱⁱⁱ	0 MW 1 RC	0 MW 0 SD	0 MW 0 SD	0 MW 1 SD	0 MW 0 SD	0 MW 0 SD	0 MW 0 SD
Percentage of Government-wide financial management metrics where the Corporation is rated "green" ^{iv}	56%	62%	100%	63%	100%	69%	100%
Deliver Exemplary Customer Service							
Overall Corporation score on the American Customer Satisfaction Index (100 point scale)	71	73	74	74	77	Data available 3/10	80
Overall score for satisfaction with the overall usability and effectiveness of the agency's major technology systems (100 point scale)	62	70	70	67	75	Data available 6/10	80
Build a Diverse, Energized, and High-Performing Workforce							
Percent of employee who report overall satisfaction with their jobs	72%	77%	76%	68%	72%	Data available 1/10	75%

ⁱ NA = Data not available.

ⁱⁱ This initiative is being reexamined as part of the development of the Corporation's next strategic plan.

ⁱⁱⁱ In FY 2007, the reissuance of "Government Auditing Standards" by the Government Accountability Office revised the definitions of material weakness, eliminated the reportable conditions category and introduced a new category, "significant deficiency." For more information on this change, see OMB Circular A-123 at: www.whitehouse.gov/omb/circular/index.html.

^{iv} Prior to May 2007, all agencies calculated their own results for these metrics using standardized methods on a monthly or quarterly basis, as specified by the CFO Council. In May 2007, the General Services Administration (GSA) began calculating the values for the three metrics related to credit card delinquencies. The Corporation has continued to calculate its metric scores monthly using the same calculations specified by the Council for all non-credit card delinquency metrics. Prior to 2007, values shown represent the value for the last month of the fiscal year. For FY 2007 and beyond, the value represents an average over the 12 months of the fiscal year. Also see "Accompanying Information: Government-wide Financial Management Metrics" available at www.nationalarchives.gov/about/role_impact/performance.asp.

In FY 2009, Corporation leadership and the Board of Directors renewed their focus on management, with an emphasis on making significant improvements in technology and staff capacity, administrative burdens on agency grantees, and on showing demonstrable results. The Corporation also undertook these important steps to prepare for the growth authorized under the Serve America Act.

Within the last year, the Corporation completed the following management initiatives.

Management and Staffing

- Successfully recruited experienced financial management professionals and fully staffed the Office of Budget.
- Centralized all budget staff within the CFO office.
- Awarded a contract for a management consultant whose work will inform the realignment of the Corporation's management structure to ensure accountability and filling key leadership positions.
- Evaluated current staffing and business processes and hiring to meet best practices.
- Reinstated the agency's commitment to training for employees.
- Provided improved systems to encourage strengthened accountability.

Budget and Forecasting Improvements

- Implemented a new monthly review of agency expenditures with department heads.
- Enhanced communications across the offices of the CFO regarding operations under a continuing resolution.
- Improved incorporation of the apportionment process into budget planning and execution.
- Developed and shared with OMB and Congress a user-friendly budget forecasting model to ensure consistent and accurate forecasting across budgets.
- Implemented centralized budget execution procedures to ensure effective cross-agency use of funds; and
- Continued agency-wide focus on policies and procedures including internal policies as well as program monitoring;

Technology

- Successfully recruited a Chief Information Officer with substantial information technology expertise and strong project management and strategic experience.
- Executed a contract with a managed services provider to host our IT systems off-site to ensure continued operations of our technology for both our staff and our field.
- Launched the 3rd phase of the My AmeriCorps Portal project providing improved access to our systems for both AmeriCorps members and grantees.
- Drafted the first-ever comprehensive IT Strategic Plan for the Corporation, aligned with the current and future needs of the agency as well as the agency's budget.
- Upgraded the agency's security and information privacy systems, including revision of the Continuity of Operations Plan.

Implementation of the Kennedy Serve America Act

In order to implement the various components of the Serve America Act, the Corporation assembled a team of more than 80 staff from across the agency. Led by an executive steering committee consisting of senior managers, 15 working groups were formed, focused on specific program areas and crosscutting topics such as technology, training, and performance measures.

This team made significant progress in their work and met all benchmarks for initial implementation of the Kennedy Serve America Act. Some highlights include:

Rulemaking

On September 10, 2009, the Corporation published an interim final rule in the Federal Register, aligning the agency's regulations with the Kennedy Serve America Act provisions that take effect in FY 2010. The rule can be found on the Corporation's website on the rulemaking page, <http://www.nationalservice.gov/about/serveamerica/rulemaking.asp> or at <http://edocket.access.gpo.gov/2009/pdf/E9-21671.pdf>.

Following this, the Corporation will address issues in Senior Corps and provisions in the Act pertaining to the Segal AmeriCorps Education Award and the National Service Trust. These include the number of terms of service, the transferability of the education award for those over 55, and more. Our goal is to publish a proposed rule for comment in the near future.

AmeriCorps State and National

The Corporation published a Notice of Funding Opportunity for 2010 AmeriCorps State and National grants. The notice, which is available on the agency's funding opportunities page (http://www.nationalservice.gov/for_organizations/funding/nofa.asp), reflects the new priorities and program features of the Kennedy Serve America Act, including giving priority to applicants that address compelling unmet needs in education, the environment, healthy futures, veterans, and economic opportunity. The notice also outlines the new options for national performance measures and fixed amount grants.

A working group of state and national grantees has been assisting agency staff in developing pilot performance measures. The Corporation also is gathering input from a working group of state commissions and national direct grantees on implementing the single competition established by the Kennedy Serve America Act. The application instructions require multi-state projects to describe their consultations with the state commission in each state in which they propose to operate. The working group will disseminate a set of best practices for that process when they are complete.

State Service Commissions

Under the Act, funding for training and disability programming is now available to all Corporation grantees. These funds are distributed on an annual basis to each state through its state commission. Beginning in January, organizations operating Corporation programs can contact their state commission for information on training and funding for reasonable accommodation.

Segal AmeriCorps Education Award

The Kennedy Serve America Act made important changes to the Segal AmeriCorps Education Award, including increasing the amount of future awards, expanding the available uses of future awards, and authorizing individuals over age 55 (other than AmeriCorps VISTA members) to transfer the award to a child or grandchild under certain conditions. Some of these provisions took effect at the start of FY 2010, while others must undergo rulemaking.

Also beginning in FY 2010, the maximum education award value will be equivalent to the maximum value of the Pell Grant for the award year for which the national service position was approved. For terms of service supported with FY 2010 funds, this amount will be \$5,350.

AmeriCorps NCCC

The Kennedy Serve America Act requires AmeriCorps NCCC to increase the number of disadvantaged youth serving in the program. In order to achieve this goal, AmeriCorps NCCC is forming partnerships with other youth serving organizations to identify individuals graduating from programs that would meet this objective. The first partnership established is with the National Guard Youth Challenge, and will kick off in January 2010. In addition, the Kennedy Serve America Act requires closer consultation between NCCC and state service commissions on NCCC project deployment. AmeriCorps NCCC has developed a protocol to facilitate this consultation and has solicited feedback from state commissions.

RSVP Competition

A working group composed of Corporation State Office and Senior Corps staff has begun work on the process for RSVP competition. Their initial efforts are focused on designing the evaluation process outlined in the Act that each RSVP grantee must undergo in preparation for competition.

Internal Control, Audit Results, and Management Assurances

The Corporation is subject to the reporting requirements of the Government Corporation Control Act (31 U.S.C. 9101 et. seq.). Under these requirements, the Corporation 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 (revised December 21, 2004). The statement reflects the Corporation's 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 2009, the Corporation 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 monitoring of internal controls initiated during previous fiscal years. The Corporation's internal control program is led by a Senior Assessment Team of key financial, program and administrative executives. This Team is staffed by the Internal Control and Analysis Team (IC&A) within the Department of the Chief Financial Officer. The Senior Assessment Team approves internal control program improvements oversees its maintenance and reviews IC&A activities.

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

Basis of FY 2009 Assessment

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

- Review of manager responses on the internal control risk assessment tool for selected Corporation units;
- In-Progress Reviews (IPR) at NCCC campuses – The IPR is a focused management control assessment that provides for a self-assessment by campus staff, followed by an independent review by headquarters staff. There are also NCCC site visits by members of IC&A which sometimes coincide with IPRs. 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;
- Comprehensive risk-based Internal Control Reviews (ICR) including risk assessments and random-sample internal control testing of key controls within selected Corporation program and administrative operations; and
- Office of Inspector General (OIG) reports, including the annual financial statement audit and recent audits of portions of the Corporation's operations.

In addition, management's knowledge of the Corporation's 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 availability for grants, the receipt and evaluation of applications for financial assistance, and the negotiation and award of grants, contracts, and cooperative agreements. FY 2009 risk assessment testing priority decisions were influenced by the dollar volume of grant programs and findings associated with the FY 2008 financial statement audit report and related management letter.

The areas for which the agency performed comprehensive random-sample testing of internal controls included the following:

- Grant Risk Assessments jointly performed by program officers and grants officers;
- Grant Monitoring Plan, including on-site visits; and
- Testing of Travel Vouchers and Credit Card Purchases at Vinton and Sacramento NCCC Campuses
- Testing by AFMS of Payment Voucher transactions, Member Payroll, Collections, and Trust Payments
- Office of Procurement Services Testing of Central Purchase and Travel Card Accounts
- Office of Human Capital Testing of the Continuation of Operations Program
- Testing of VMSU Member Files by Office of Field Liaison
- Testing of VISTA Sponsor Verification Forms, Health Care Invoices and Child Care Reimbursements
- Internal Control Reviews of the Field Financial Management Center, Office of Grants Management, Budget Office, the Office of General Counsel, The AmeriCorps NCCC Program, and the Office of Information Technology.

The testing identified opportunities to fine tune processes, improve efficiency, and diminish the likelihood of potential errors. No area of material weakness or significant deficiency was identified in any of the internal controls tested.

Additionally, as was done in FY 2008 in connection with the Internal Control Assessment, each of 21 assessable units were required to prepare a separate FY 2009 statement of assurance declaring the level of assurance that each of these office heads is able to provide.

Annual Financial Audit Results

Fiscal Year 2009 marks the tenth consecutive year the Corporation has earned an unqualified opinion on its financial statements and had no reported instance of noncompliance with laws and regulations. FY 2009 also is the ninth consecutive year with no reported material weaknesses, nor did this year have any significant deficiencies. These results reflect the Corporation's commitment to sound financial management and the hard work by staff over the past year to improve operations.

Management Assurances

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

The Corporation is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Financial Management Improvement Act (FFMIA). The Corporation 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 this evaluation, the Corporation 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, 2009, was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

Statement of Assurance for Internal Control over Financial Reporting

In addition, the Corporation's internal control program described above assured effectiveness of internal controls over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations. Based on the results of this evaluation, the Corporation provides reasonable assurance that its internal control over financial reporting as of June 30, 2009, was operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting.

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

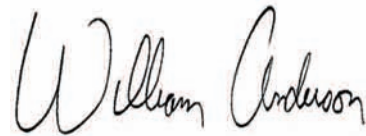
The FFMIA requires federal agencies to implement and maintain financial management systems that are in substantial compliance with federal financial system requirements, federal accounting standards issued by the Federal Accounting Standards Advisory Board, and implementation of the Department of the 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.

The Corporation utilizes Momentum Financials as its core financial system. This 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 following the USSGL at the transaction level.

Based on the Corporation's review of the auditors' report and other relevant information, the agency determined that the Corporation complies substantially with the requirements of the FFMIA for FY 2009.



Nicole Goren
Acting Chief Executive Officer



William Anderson
Acting Chief Financial Officer

Financial Management Metrics

Although the Corporation is not a federal agency listed in the CFO Act, this agency measures itself against a set of nine metrics that are similar to U.S. CFO Council Government-wide Financial Management Metrics. From September 2004 through February 2005, the Corporation achieved "green" on only one out of nine (11 percent) of these metrics. A great deal of effort was devoted to improving performance on these metrics. For FY 2009, the yearly average of "green" scores was 69 percent. Comparable average scores for FY 2005, FY 2006, FY 2007 and FY 2008 are 43 percent, 48 percent, 62 percent and 63 percent, respectively. The average "green" scores for the last three fiscal years have been stable. By focusing efforts on improving those metrics with the lowest performance levels it is expected that the average "green" score will improve significantly in FY 2010.

Performance in each of the individual metrics during FY 2009 is summarized as follows:

- Fund Balance with Treasury (Metric 1) has been at fully-successful "green" levels for eleven of twelve months. In February Fund Balance with Treasury did not meet the fully-successful "green" level due to a delay by the Treasury in posting the Corporation's Recovery Act appropriation.
- Suspense Account Clearance and Accounts Receivable Delinquency have been at fully-successful "green" levels for the entire year (Metrics 2-3).
- The Percent of Vendor Payments by Electronic Funds Transfer (EFT) reached the "green" performance level in eight months and was at the "yellow" performance level the other four months (Metric 4).
- Percent of Vendor Payments Made on Time improved significantly as the year progressed. The fully successful green level was reached in each of the last six months of the fiscal year. Overall, seven months were at "green" levels and five at "red" levels (Metric 5).
- Late Payment Penalties Paid as a Percent of Total Vendor Payments showed improvement in Fiscal Year 2009. This metric was "green" nine months and "yellow" three months. The Late Payment Penalties metric is sensitive to the dollar amount and numbers of days past due of late payments (Metric 6).
- The last three metrics relate to credit card payment timelines. During FY 2009, Individually Billed Account (IBA) Travel Card timeliness was at "green" levels for three months and "yellow" levels for seven months and "red" levels for two months. IBA accounts are paid directly by employees who travel, and achieving "green" on this metric requires Corporation travelers to keep the lateness rate equal to or below two percent. Centrally Billed Travel timeliness was at "green" levels for ten months and "red" levels for two months in 2009. Purchase Card timeliness was at the "green" levels for two months, "yellow" levels for seven months and "red" levels for three months in 2009. A change to the credit card vendor was made during fiscal 2009. With the consistency of one credit card vendor throughout fiscal 2010 it is expected that the lateness rates will decrease.

Analysis of Appropriations and Financial Condition

Composition of Corporation Assets

The Corporation's primary assets are Fund Balance with Treasury, Trust Investments and Related Receivables, and Advances to Others. The Fund Balance with Treasury represents annual, multi-year, and no-year funds that are available to pay current and future commitments. Fund Balance with Treasury increased by about \$127 million, from \$823 million at September 30, 2008, to \$951 million at September 30, 2009. The increase in the fund balance is due primarily to Recovery Act funding. In fiscal 2009 the Corporation received a total \$201 million in additional funding under the Recovery Act.

Trust Investments, which are maintained in the National Service Trust, are restricted for use in paying education awards, student loan interest forbearance, and President's Freedom Scholarships to eligible participants. Trust Investments are not available for use in the current operations of the Corporation. Trust Investments and Related Receivables increased by \$36 million primarily due the funding received for Recovery Act activity.

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 increased slightly, by \$8 million, from \$59 million at September 30, 2008 to \$67 million at September 30, 2009, reflecting the increased funding levels for the Corporation.

Composition of Corporation Liabilities

The Corporation's 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. The Trust also pays forbearance interest on qualified student loans during the period members perform community service. The award liability components related to education awards and interest forbearance were adjusted, based on historical experience, to reflect the fact that some eligible participants may not use these benefits. The Trust Service Award Liability increased by about \$21 million – from \$303 million at September 30, 2008 to \$324 million at September 30, 2009. This change was largely due to the continued growth of the AmeriCorps State and National program and the additional members serving in Recovery Act positions.

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 increased by about \$16 million – from \$89 million at September 30, 2008 to \$105 million at September 30, 2009. The change between the two years is considered a normal operating variance reflecting the increased funding levels for the Corporation.

Trust Solvency

The Strengthen AmeriCorps Program Act of 2003 (SAPA) directed that the Corporation record Trust obligations at the time of grant award for AmeriCorps State/National, or at the time the Corporation 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 the estimated enrollment, earning and usage rates and the time value of money. As directed by the Act, the Corporation also established a Trust reserve that will protect the Corporation in the event that the estimates used to calculate obligations differ from actual results. Under SAPA, during FY 2009 the Corporation 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 of ranging from 75 to 85 percent depending on term type.

As of September 30, 2009, the National Service Trust had available cash and investments of about \$457 million to make education award and interest forbearance payments (about \$14 million of Trust assets were related to prepaid interest and receivables that are not available for obligation). Of this amount, Corporation obligations for awarded AmeriCorps positions totaled about \$444 million. The Corporation has also set aside a reserve of \$50.1 million, including \$3.5 million set aside in FY 2009 for Recovery Act positions, in the event that estimates used to calculate obligational amounts for education awards prove to be too low.

About \$13 million was available at year-end to fund new AmeriCorps member positions. Of the \$13 million, \$4 million is for additional Recovery Act positions. Trust assets are estimated to be fully sufficient to pay for all awarded AmeriCorps positions. As grants expire, the Corporation deobligates funds related to member positions that were not filled. The Corporation will also continue to analyze the Trust operations and liability projections to identify opportunities for improvement.

Results of Operations

For FY 2009, the Corporation revenue totaled \$970.5 million, which is an increase of \$56.4 million, or 6 percent, above the FY 2008 level. This increase was attributable to an increase in appropriations used of approximately \$58.3 million related to the increased funding level for FY 2009. In addition to regular operating appropriations, FY 2009 funding included an additional \$201 million under the Recovery Act, of which \$89 million was for the AmeriCorps State and National program, \$65 million for AmeriCorps VISTA, \$40 million for the National Service Trust, \$6 million for information technology improvements and operational support, and \$1 million for the Office of the Inspector General to audit the use of Recovery Act funds.

Total expenses reported for FY 2009 were \$955.2 million which represents an increase of \$39.1 million, or 4 percent, from the FY 2008 level. Most of the increase related to additional program expenses for all three major Corporation programs based on the increased funding level for the Corporation.

The Corporation's net revenue over expenses for FY 2009 was \$15.3 million compared to a deficit of \$2 million in 2008. This increase was mostly attributable to additional appropriations transferred to the Trust Fund during FY 2009. The Net Position of the Corporation increased from \$942.3 million in FY 2008 to \$1.08 billion in FY 2009 – an increase of 15 percent. The Corporation's Net Position as of September 30, 2009, represents approximately 70 percent of the total assets of the Corporation. While total Trust investments increased from \$479.6 million to \$515.7 million during FY 2009, interest earnings on Trust investments declined by 31 percent, from \$17.8 million to \$12.2 million, consistent with the lower yields paid by Treasury securities in FY 2009.



Financial Management



Message from the Acting Chief Financial Officer

November 2009

I am pleased to present the fiscal year (FY) 2009 Annual Financial Report for the Corporation for National and Community Service. Executing sound financial stewardship of the Corporation's resources is an essential element for achieving our mission of improving lives, strengthening communities, and fostering civic engagement through service and volunteering.

FY 2009 was a milestone year for the Corporation. For the first time since its establishment in 1993, the Corporation's programs were reauthorized and its mission expanded with the passage of the Edward M. Kennedy Serve America Act. This growth will come with significant challenges for our staff and field, and increases the need for effective financial management and internal controls.

Our successes in FY 2009 show that the Corporation can meet future challenges. Notably, the agency has earned an unqualified audit opinion on its financial statements for a tenth consecutive year. This year's audit includes no significant deficiencies and shows that the Corporation has demonstrated a commitment to strong internal controls and a sound financial system. This successful outcome is particularly important given the many initiatives that the agency undertook in FY 2009. These include:

- Resolving the significant deficiency included in the 2008 report related to the Corporation's Continuity of Operations Plan (COOP) and change control management;
- Successfully releasing the third update to the MyAmeriCorps Portal – the Corporation's online system used by AmeriCorps members to manage their experience and receive important information before, during, and after their service;
- Strengthening our IT infrastructure by beginning the process of moving our IT systems off-site to a managed services environment;
- Converting the agency's debit card program and making key improvements to our core financial system to better comply with requirements set forth by the U.S. Treasury;
- Refining the Corporation's Assessable Unit Risk Assessment Tool to enhance the relevance of the elements being rated and the objectivity with which the overall levels of inherent risk, control strength and residual vulnerability are determined; and
- Developing a user-friendly budget forecasting model to ensure consistent and accurate forecasting of the agency's financial resources;

In addition, staff across the agency acted swiftly to successfully implement the Corporation's work related to the American Recovery and Reinvestment Act – engaging an additional 14,000 members in improving the social and economic conditions worsened by the recession. The Corporation will continue this important work in FY 2010, awarding up to 1,000 additional AmeriCorps members.

While we are proud of these accomplishments, we recognize that the work before us is challenging and that there will be bumps in the road to the expansion envisioned by the Edward M. Kennedy Serve America Act. We will continue our work with the Corporation's Office of Inspector General and its financial auditors to identify areas where efficiencies can be made and internal controls improved. This will help us achieve greater transparency in our operations and continued diligence in the use of the financial resources entrusted to us by the public.

Finally, I want to thank our employees and grantees. This report – and the accomplishments it describes – is a reflection of their extraordinary dedication to the mission and guiding principles of the agency. Together, we look forward to tackling our ambitious agenda for the future.

A handwritten signature in black ink that reads "William Anderson". The signature is written in a cursive, flowing style.

William Anderson
Acting Chief Financial Officer

Corporation for National & Community Service

Fiscal Years 2009 and 2008 Consolidated Financial Statements:

These consolidated financial statements report the Corporation for National and Community Service's 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 Government Corporation Control Act requires that government corporations submit an annual report to the Congress within 180 days of the fiscal year end. As specified in the Act, the principal financial statements of the Corporation 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 the Corporation's revenues and expenses for the year and the changes in net position that occurred during the year.
- Statement of Cash Flows, which shows how changes in the Corporation's 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 EO 13331, the Corporation prepares a Statement of Budgetary Resources (SBR). The SBR provides information about the budgetary resources made available to the Corporation as well as the status of those resources at the end of the fiscal year.

These financial statements present comparative information for FY 2009 and FY 2008. For FY 2009, the Corporation's financial statements, for the tenth consecutive year, received an unqualified opinion. This opinion recognizes that the Corporation's financial statements are fairly presented, in all material respects, and in conformity with generally accepted accounting principles.

Limitations of the Financial Statements

The principal financial statements have been prepared in compliance with the reporting requirements described above. The Corporation's 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. One implication of this is that liabilities cannot be liquidated without legislation that provides the resources to do so.

Passage of the Edward M. Kennedy Serve America Act

On April 21, 2009, the Edward M. Kennedy Serve America Act (Public Law 111-13) reauthorized and expanded the mission and operations of the Corporation. However, the provisions of Public Law 111-13 did not take effect until October 1, 2009. Therefore, these financial statements and the accompanying notes do not reflect activities and operations under the amendments made by the Edward M. Kennedy Serve America Act.

Corporation for National and Community Service

Consolidated Statements of Financial Position as of September 30 (dollars in thousands)

Assets	2009	2008
Fund Balance with Treasury (Note 2)	\$ 950,532	\$ 822,989
Trust Investments and Related Receivables (Note 3)	519,838	483,880
Advances to Others	67,521	59,388
Accounts Receivable, Net (Note 4)	2,763	2,616
Property and Equipment, Net (Note 5)	1,709	3,043
Total Assets	\$1,542,363	\$1,371,916

Liabilities	2009	2008
Trust Service Award Liability (Note 6)	\$ 324,067	\$ 303,367
Grants Payable	105,084	89,456
Accounts Payable	2,031	7,231
Actuarial FECA Liability (Note 8)	11,365	11,638
Other Liabilities	16,774	14,200
Accrued Annual Leave	3,120	3,164
Advances from Others	14	290
Capital Lease Liability	-	250
Total Liabilities	\$ 462,455	\$ 429,596

Contingencies (Note 14)

Net Position	2009	2008
Unexpended Appropriations	\$ 890,956	\$ 769,016
Cumulative Results of Operations	188,952	173,304
Total Net Position (Note 9)	1,079,908	942,320
Total Liabilities and Net Position	\$1,542,363	\$1,371,916

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

Corporation for National and Community Service

Consolidated Statements of Operations and Changes in Net Position for the Years Ended September 30 (dollars in thousands)

Revenue	2009	2008
Appropriated Capital Used	\$ 770,708	\$ 748,580
Appropriations Transferred to the Trust Fund (Note 10)	174,932	138,785
Interest	12,236	17,804
Other	12,598	8,887
Total Revenue	\$ 970,474	\$ 914,056
Expenses		
AmeriCorps	\$ 661,482	\$ 630,424
SeniorCorps	238,805	236,794
Learn and Serve America	47,812	42,436
Subtotal - Program Expenses	948,099	909,654
Pass-through Grants	682	163
Office of the Inspector General	6,045	6,284
Total Expenses (Note 11)	954,826	916,101
Net of Revenue Over Expenses	\$ 15,648	\$ (2,045)
Net Position		
Net of Revenue over Expenses	\$ 15,648	\$ (2,045)
Increase/(Decrease) in Unexpended Appropriations, Net (Note 13)	121,940	(59,581)
Increase/(Decrease) in Net Position, Net	137,588	(61,626)
Net Position, Beginning Balance	942,320	1,003,946
Net Position, Ending Balance (Note 9)	\$1,079,908	\$ 942,320

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

Corporation for National and Community Service

Consolidated Statements of Cash Flows For the Years Ended September 30 (dollars in thousands)

Cash Flows from Operating Activities	2009	2008
Net of Revenue over Expenses	\$ 15,648	\$ (2,045)
Adjustments Affecting Cash Flow:		
Appropriated Capital Used	(770,708)	(748,580)
Appropriations Received in Trust	(174,932)	(138,785)
Decrease/(Increase) in Accounts Receivable	(147)	631
Decrease/(Increase) in Interest Receivable	(141)	(697)
Decrease/(Increase) in Advances	(8,133)	2,587
Increase/(Decrease) in Accounts Payable and Other Liabilities	(2,626)	2,147
Increase/(Decrease) in FECA and Annual Leave Liabilities	(317)	(249)
Increase/(Decrease) in Capital Lease Liability	(250)	-
Increase/(Decrease) in Trust Liability	20,700	22,770
Increase/(Decrease) in Grants Payable	15,628	(10,349)
Amortization of Premium/Discount on Investments	1,647	(4,192)
Depreciation, Amortization, and Loss on Disposition of Assets	1,334	1,731
Total Adjustments	(917,945)	(872,986)
Net Cash Provided/(Used) by Operating Activities	\$ (902,297)	\$ (875,031)
Cash Flows from Investing Activities		
Purchase of Property and Equipment	\$ -	\$ (2,667)
Sales of Securities	844,999	1,093,279
Purchase of Securities	(882,739)	(1,106,881)
Net Cash Provided/(Used) in Investing Activities	\$ (37,740)	\$ (16,269)
Cash Flows from Financing Activities		
Appropriations Received, Net of Trust	\$ 1,090,866	\$ 871,558
Rescissions and Cancellations	(23,286)	(43,774)
Net Cash Provided by Financing Activities	\$ 1,067,580	\$ 827,784
Net Increase/(Decrease) in Fund Balance with Treasury	\$ 127,543	\$ (63,516)
Fund Balance with Treasury, Beginning	822,989	886,505
Fund Balance with Treasury, Ending	\$ 950,532	\$ 822,989

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

Corporation for National and Community Service

Combined Statements of Budgetary Resources For the Years Ended September 30 (dollars in thousands)

Budgetary Resources	2009	2008
Unobligated balance, brought forward, October 1	\$ 145,061	\$ 177,320
Recoveries of prior year unpaid obligations	25,335	40,444
Budget authority:		
Appropriation	1,273,580	1,027,007
Spending authority from offsetting collections:		
Collected	13,075	9,070
Change in receivables from Federal sources	(338)	(491)
Change in unfilled customer orders:		
Advance received	(276)	374
Without advance from Federal sources	(932)	65
Total budget authority	1,285,109	1,036,025
Permanently not available	(23,286)	(43,843)
Total budgetary resources	\$1,432,219	\$1,209,946
Status of Budgetary Resources		
Obligations incurred (Note 16)	\$ 1,244,611	\$ 1,064,885
Unobligated balance:		
Apportioned	104,506	2,927
Unobligated balance not available	83,102	142,134
Total status of budgetary resources	\$1,432,219	\$1,209,946
Change in Obligated Balance		
Obligated balance, net:		
Unpaid obligations, brought forward, October 1	\$ 1,150,605	\$ 1,165,718
Uncollected customer payments from Federal sources, brought forward, October 1	(1,270)	(1,694)
Total unpaid obligated balance, net	1,149,335	1,164,024
Obligations incurred, net	1,244,611	1,064,885
Gross outlays	(1,104,109)	(1,039,557)
Recoveries of prior year unpaid obligations, actual	(25,335)	(40,444)
Change in uncollected customer payments from Federal sources	1,270	427
Total unpaid obligated balance, net, end of period	\$1,265,772	\$1,149,335
Obligated balance, net, end of period:		
Unpaid obligations	\$ 1,265,772	\$ 1,150,605
Uncollected customer payments from Federal sources	-	(1,270)
Total unpaid obligated balance, net, end of period	\$1,265,772	\$1,149,335
Net Outlays		
Gross outlays	\$ 1,104,109	\$ 1,039,557
Offsetting collections	(12,799)	(9,444)
Distributed offsetting receipts	(175,838)	(140,450)
Net outlays	\$ 915,472	\$ 889,663

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 (Corporation) was created by the National and Community Service Trust Act of 1993 (Public Law 103-82). The Corporation's mission in fiscal year 2009 was to improve lives, strengthen communities, and foster civic engagement through service and volunteering. To meet its mission, the Corporation provided grants and other assistance to States, local municipalities, and not-for-profit organizations to help communities meet critical challenges in the areas of education, public safety, human needs, and the environment through volunteer service. The Corporation's major programs in FY 2009 were:

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

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

- State, National, Tribes, and Territories (State 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.
- 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.

The Corporation for the most part administered its programs in fiscal year 2009 from the following trust, gift and appropriated funds:

Trust and Gift Funds:

- National Service Trust (the Trust), from which the Corporation provided education awards and interest forbearance for volunteers under the AmeriCorps State and National; NCCC; and VISTA programs.
- Gifts and Contributions, into which the Corporation deposited gifts and contributions from individuals and organizations for use in furthering the Corporation's goals.

Appropriated Funds:

- Operating Expenses, from which the Corporation funded the Senior Corps, AmeriCorps, and Learn and Serve programs.
- Salaries and Expenses, from which the Corporation funded its general administrative expenses.
- Office of Inspector General, from which the Corporation funded the expenses of the OIG.
- VISTA Advance Payment Revolving Fund, from which the Corporation paid the living allowances for VISTA members enrolled under cost share agreements with sponsoring organizations. The Corporation 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 the Corporation 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 for FY 2009:

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

B. Basis of Accounting and Presentation

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

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

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

C. Budgets and Budgetary Accounting

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

D. Fund Balance with Treasury

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

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

E. Investments and Related Receivables

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

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

F. Advances to Others

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

G. Accounts Receivable

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

H. Property and Equipment

Property and Equipment is stated at full cost, including all costs related to acquisition, delivery, and installation, less accumulated depreciation (or amortization). Property and Equipment also includes assets acquired through capital leases, which are initially recorded at the amount recognized as a liability for the capital lease at its inception. Normal maintenance and repair costs on capitalized property and equipment are expensed when incurred. The Corporation's 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.

I. Trust Service Award Liability

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

J. Grants Payable

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

K. Accounts Payable

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

L. Actuarial FECA Liability

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

M. Other Liabilities

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

N. Accrued Annual Leave

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

O. Advances From Others

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

P. Net Position

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

Q. Revenues

Appropriated Capital Used. The Corporation recognizes its use of appropriated capital as revenue at the time it is expended to pay program or administrative expenses. Appropriations expended for property and equipment are recognized as used when the property is purchased. Appropriated capital not expended within five fiscal years is no longer available for obligation and is cancelled. Unpaid obligations recorded against cancelled appropriated capital are paid from currently available appropriated funds as payments become due. Appropriations received for the Corporation's Trust are recognized as revenue when received in the Trust Fund. Trust appropriations do not expire with the passage of time and are retained by the Corporation in the Trust until used for eligible education service award purposes.

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

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

R. Retirement Benefits

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

For employees covered by CSRS, the Corporation contributes 7.0 percent of their basic pay. For those employees covered by FERS, the Corporation contributes 11.2 percent of their gross pay towards retirement. Employees are allowed to participate in the Federal Thrift Savings Plan (TSP). For employees under FERS, the Corporation contributes an automatic one percent of basic pay to TSP and matches employee contributions up to an additional 4 percent of pay, for a maximum Corporation contribution amounting to 5 percent of pay. Employees under CSRS may participate in the TSP, but will not receive either the Corporation's automatic or matching contributions.

The Corporation made retirement contributions of \$419 and \$473 thousand to the CSRS, and \$7.8 and \$8.2 million to FERS and TSP in fiscal years 2009 and 2008, respectively.

S. Income Taxes

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

T. Use of Estimates

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

U. Reclassifications

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

Note 2: Fund Balance with Treasury

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

- **Appropriated Funds** – Appropriated funds are received through congressional appropriations to provide financing sources for the Corporation’s programs on an annual, multi-year, and no-year basis.
- **Trust Funds** – Trust funds are accounts designated by law for receipts earmarked for specific purposes and for the expenditure of these receipts. Funds from the 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 Program.
- **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, 2009 (dollars in thousands)

Type	Unrestricted	Restricted	Total
Appropriated Funds	\$ 949,192	\$ -	\$ 949,192
Trust Funds	-	452	452
Gift Funds	-	888	888
Total	\$ 949,192	\$ 1,340	\$ 950,532

Fund Balance with Treasury as of September 30, 2008 (dollars in thousands)

Type	Unrestricted	Restricted	Total
Appropriated Funds	\$ 821,954	\$ -	\$ 821,954
Trust Funds	-	227	227
Gift Funds	-	808	808
Total	\$ 821,954	\$ 1,035	\$ 822,989

Unexpended Balances as of September 30, 2009 (dollars in thousands)

Type	Unrestricted	Restricted	Total
FBWT	\$ 949,192	\$ 1,340	\$ 950,532
Investments	-	519,838	519,838
Total	\$ 949,192	\$ 521,178	\$1,470,370

Status of Unexpended Balances as of September 30, 2009 (dollars in thousands)

Type	Unrestricted	Restricted	Total
Unobligated:			
Available	\$ 103,869	\$ 13,763	\$ 117,632
Unavailable	23,286	63,680	86,966
Obligated not yet disbursed	822,037	443,735	1,265,772
Total	\$ 949,192	\$ 521,178	\$1,470,370

Unexpended Balances as of September 30, 2008 (dollars in thousands)

Type	Unrestricted	Restricted	Total
FBWT	\$ 821,954	\$ 1,035	\$ 822,989
Investments	-	483,880	483,880
Total	\$ 821,954	\$ 484,915	\$1,306,869

Status of Unexpended Balances as of September 30, 2008 (dollars in thousands)

Type	Unrestricted	Restricted	Total
Unobligated:			
Available	\$ 47,976	\$ 10,226	\$ 58,202
Unavailable	43,843	55,489	99,332
Obligated not yet disbursed	730,135	419,200	1,149,335
Total	\$ 821,954	\$ 484,915	\$1,306,869

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)

	2009	2008
Investments, Carrying Value	\$ 515,733	\$ 479,634
Investments and Interest Receivable	4,105	4,246
Total	\$ 519,838	\$ 483,880

Amortized Cost and Fair Value of Investment Securities as of September 30, 2009 (dollars in thousands)

Securities	Amortized Cost	Unrealized Gains/(Losses)	Fair Value
Notes	\$ 358,614	\$ 3,571	\$ 362,185
Bills	157,119	80	157,199
Total	\$ 515,733	\$ 3,651	\$ 519,384

Amortized Cost and Fair Value of Investment Securities as of September 30, 2008 (dollars in thousands)

Securities	Amortized Cost	Unrealized Gains/(Losses)	Fair Value
Notes	\$ 399,353	\$ 6,609	\$ 405,962
Bills	80,281	108	80,389
Total	\$ 479,634	\$ 6,717	\$ 486,351

At September 30, 2009, the notes held at year-end had an interest rate range of 1.375% to 6.50% and an outstanding maturity period of approximately one day to four years. The bills held at year-end had an interest rate range of 0.035% to 1.295% and were all due to mature within 162 days. The par values of these bills range from \$.40 million to \$30.70 million.

As required by the Strengthen AmeriCorps Program Act, beginning in FY 2003, the Corporation 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. As of September 30, 2009, \$50.197 million of the Corporation's investment account has been set aside for this reserve.

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	FY 2009 Cost	FY 2009 Fair Value	FY 2008 Cost	FY 2008 Fair Value
Due in 1 year or less	\$426,683	\$429,627	\$357,731	\$359,913
Due after 1 year up to 5 years	89,050	89,757	121,903	126,438
Total	\$515,733	\$519,384	\$479,634	\$486,351

Note 4: Accounts Receivable, Net

Accounts Receivable as of September 30, 2009 (dollars in thousands)

	Appropriated Funds	Trust Fund	Total
2009			
Accounts Receivable	\$ 2,875	\$ 350	\$ 3,225
Less: allowance for loss on receivables	(462)	-	(462)
Accounts Receivable, Net	\$ 2,413	\$ 350	\$ 2,763
2008			
Accounts Receivable	\$ 2,894	\$ 31	\$ 2,925
Less: allowance for loss on receivables	(309)	-	(309)
Accounts Receivable, Net	\$ 2,585	\$ 31	\$ 2,616

Note 5: Property and Equipment, Net

General Property and Equipment as of September 30, 2009 (dollars in thousands)

Major Class	Service Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Equipment	3-10	\$ 2,996	\$ (1,662)	\$ 1,334
ADP Software	2	8,263	(7,888)	375
Total		\$ 11,259	\$ (9,550)	\$ 1,709

General Property and Equipment as of September 30, 2008 (dollars in thousands)

Major Class	Service Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Equipment	3-10	\$ 3,084	\$ (1,541)	\$ 1,543
Capital Leases	3-5	416	(291)	125
ADP Software	2	8,774	(7,399)	1,375
Total		\$ 12,274	\$ (9,231)	\$ 3,043

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 generally available for use for a period of up to seven years after the benefit has been earned, are paid from the National Service Trust. The National Service Trust also pays forbearance interest on qualified student loans during the period members perform community service, as well as awards under the President's Freedom Scholarship Program. The award liability components related to education awards and interest forbearance have been adjusted, based on historical experience, to reflect the fact that some eligible participants may not use these benefits. The Service Award Liability was composed of the following as of September 30:

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

	2009	2008
Education awards	\$ 1,501,414	\$ 1,335,254
Interest forbearance	48,209	42,707
President's Freedom Scholarship Program	<u>22,527</u>	<u>22,527</u>
Total estimated service award liability	1,572,150	1,400,488
Less: cumulative awards paid	1,248,083	1,097,121
Total	\$ 324,067	\$ 303,367

The net Service Award Liability as of September 30, 2009, increased by approximately \$20.7 million from the net Service Award Liability as of September 30, 2008. This change was largely due to new member enrollments and an increase in the number of members still serving during the year. Past Corporation appropriations made amounts from the 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 the Corporation. The program was discontinued in FY 2007; however, because students have up to seven years to use the scholarship, some payments will continue to be made over the next several years.

Note 7: Operating Leases

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

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

Fiscal Year	FY 2009 Facilities Awarded	FY 2009 Vehicles	FY 2009 Other	FY 2009 Total	FY 2008 Facilities Space	FY 2008 Vehicles	FY 2008 Other	FY 2008 Total
2009	\$ -	\$ -	\$ -	\$ -	\$ 8,351	\$ 543	\$ 139	\$ 9,033
2010	9,215	504	110	9,829	8,602	562	122	9,286
2011	9,491	521	107	10,119	8,860	581	126	9,567
2012	9,776	539	99	10,414	9,125	602	122	9,849
2013	10,069	557	91	10,717	9,399	623	114	10,136
2014	10,371	576	90	11,037	-	-	-	-
Total	\$ 48,922	\$ 2,697	\$ 497	\$ 52,116	\$ 44,337	\$ 2,911	\$ 623	\$ 47,871

Note 8: Actuarial FECA Liability

The Corporation's actuarial liability for future workers' compensation benefits under FECA was \$11.365 and \$11.638 million as of September 30, 2009 and 2008, respectively. The amount includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. The actuarial liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. Consistent with past practice, these projected annual benefit payments have been discounted to present value using the Office of Management and Budget's economic assumptions for 10-year Treasury notes and bonds.

Note 9: Net Position

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

Net Position by Fund Balance Components as of September 30, 2009 (dollars in thousands)

	Gift Fund	Trust Fund	Appropriated Funds	Total
Total unexpended appropriations	\$ -	\$ -	\$ 890,956	\$ 890,956
Cumulative results of operations	909	196,573	(8,530)	188,952
Total Net Position	\$ 909	\$ 196,573	\$ 882,426	\$1,079,908

Net Position by Fund Balance Components as of September 30, 2008 (dollars in thousands)

	Gift Fund	Trust Fund	Appropriated Funds	Total
Total unexpended appropriations	\$ -	\$ -	\$ 769,016	\$ 769,016
Cumulative results of operations	801	180,771	(8,268)	173,304
Total Net Position	\$ 801	\$ 180,771	\$ 760,748	\$942,320

Note 10: Appropriations Received by the National Service Trust

For fiscal year 2009, the National Service Trust received \$131.075 million under the Omnibus Appropriations Act, 2009 (Public Law 111-8) and an additional \$40 million under the American Recovery and Reinvestment Act of 2009 (Public Law 111-5). For fiscal year 2008 the National Service Trust received \$122.539 million under the Consolidated Appropriations Act, 2008 (Public Law 110-161). The Acts also authorized the Corporation to transfer additional amounts from subtitle C program funds to the National Service Trust if necessary to support the activities of national service participants. The Corporation transferred \$3.857 million and \$16.246 million to the Trust under this provision in FY 2009 and FY 2008, respectively.

Note 11: Expenses

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

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

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

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

Other Program Costs

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

Pass-through Grants – the Corporation has reimbursable agreements with state agencies whereby the Corporation awards and administers grants to a list of grantees selected and funded by the State. In addition, prior to FY 2007, the Corporation's annual appropriation included Congressionally-earmarked grants. No indirect costs have been allocated to these pass-through grants.

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

Components of Grant Funds Expended for the years ended September 30 (dollars in thousands)

	2009	2008
Domestic Volunteer Service Act Programs	\$ 248,945	\$ 248,385
National and Community Service Act Programs	333,676	316,158
Pass-through Grants	682	163
Total Grant Funds Expended	\$ 583,303	\$ 564,706

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

	2009	2008
AmeriCorps:		
State/National	\$ 484,486	\$ 459,584
NCCC	44,830	39,334
VISTA	<u>132,166</u>	<u>131,506</u>
<i>Subtotal</i>	\$ 661,482	\$ 630,424
National Senior Service Corps:		
Retired and Senior Volunteer Program	66,783	66,284
Foster Grandparent Program	120,381	119,396
Senior Companion Program	<u>\$ 51,641</u>	<u>\$ 51,114</u>
<i>Subtotal</i>	238,805	236,794
Learn and Serve America	47,812	42,436
Pass-through Grants	682	163
Office of Inspector General (OIG)	6,045	6,284
Total Expenses	\$ 954,826	\$ 916,101

Expenses by Type and Subprogram for the Year Ended September 30, 2009

Grant and Related Expense	AmeriCorps		National Senior Service Corps		Pass Through Grants	Learn & Serve	OIG	Total		
	State/National	NCAA	VISTA	RSVP					FGP	SCP
Grant funds expended	\$ 290,948	\$ -	\$ 29,413	\$ 61,081	\$ 111,055	\$ 47,396	\$ 42,728	\$ 682	\$ -	\$ 583,303
VISTA & NCCC stipends & benefits	-	11,759	53,656	-	-	-	-	-	-	65,415
Service award expense	152,312	2,885	16,465	-	-	-	-	-	-	171,662
Total Grant and Related Expense	443,260	14,644	99,534	61,081	111,055	47,396	42,728	682	-	820,380
Administrative Expense										
Federal employee salaries & benefits	26,786	11,894	20,665	2,860	5,192	2,217	3,372	-	3,678	76,664
Travel & transportation	878	2,530	3,792	699	1,278	551	213	-	94	10,035
Rent, communications, & utilities	3,935	4,235	934	448	813	347	299	-	369	11,380
Program analysis & evaluation	744	677	677	218	392	168	507	-	-	3,383
Printing & reproduction	59	91	74	27	28	9	8	-	-	296
Other services and expenses	7,602	9,676	6,181	1,189	1,240	755	571	-	1,861	29,075
Supplies & materials	459	1,064	172	161	201	120	44	-	43	2,264
Depreciation, amortization & loss on disposition of assets	753	19	135	99	180	77	69	-	-	1,332
Bad debt	10	-	2	1	2	1	1	-	-	17
Total Administrative Expense	41,226	30,186	32,632	5,702	9,326	4,245	5,084	-	6,045	134,446
Total Expenses by Type	\$ 484,486	\$ 44,830	\$ 132,166	\$ 66,783	\$ 120,381	\$ 51,641	\$ 47,812	\$ 682	\$ 6,045	\$ 954,826

Expenses by Type and Subprogram for the Year Ended September 30, 2008

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

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 that members are serving in an approved national service position. The Corporation estimates the expense for national service awards based on the increase in its cumulative service award liability during the year (see Note 6). The total service award liability as of September 30, 2009 and 2008, respectively, has been adjusted to reflect the fact that earned awards are not always used.

National Service Award Expense for the years ended September 30 (dollars in thousands)

	2009	2008
Estimated education awards	\$ 166,160	\$ 155,347
Estimated interest forbearance	5,502	5,443
President's Freedom Scholarship Program	-	-
National Service Award Expense	\$ 171,662	\$ 160,790

Note 13: Change in Unexpended Appropriations, Net

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

	2009	2008
Unexpended Appropriations, Beginning Balance	\$ 769,016	\$ 828,597
Increases:		
Appropriations Received, Net of Trust	1,090,866	871,558
Decreases:		
Appropriated Capital Used	(770,708)	(748,580)
Appropriations Transferred to Trust Fund (net of rescissions)	(171,075)	(122,539)
Program Funds Transferred to Trust	(3,857)	(16,246)
Rescissions and Cancellations	(23,286)	(43,774)
Total Decreases	(968,926)	(931,139)
Change in Unexpended Appropriations	121,940	(59,581)
Unexpended Appropriations, Ending Balance	\$ 890,956	\$ 769,016

Note 14: Contingencies

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

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

Note 15: Undelivered Orders at Fiscal Year-End

The Corporation's undelivered orders at September 30, 2009 and 2008 were \$894,283 thousand and \$804,283 thousand, respectively.

Note 16: Apportionment Categories of Incurred Obligations

An apportionment is a distribution by OMB of amounts available for obligation. OMB apportions Corporation funds on a quarterly basis. Obligations incurred during FY 2009 and FY 2008 were:

Consolidated Obligations Incurred (dollars in thousands)

Fiscal Year	Direct	Reimbursable	Total
2009	\$ 1,232,085	\$ 12,526	\$ 1,244,611
2008	\$ 1,057,252	\$ 7,633	\$ 1,064,885

Supplemental Information on the National Service Trust

Fiscal Years 2009 and 2008:

National Service Trust Fund

Schedules of Financial Position as of September 30 (dollars in thousands)

Assets	2009	2008
Trust Fund Balance with Treasury	\$ 452	\$ 227
Investments, carrying value	515,733	479,634
Investment and interest receivable	4,105	4,246
Accounts receivable	350	31
Total Assets	\$ 520,640	\$ 484,138
Liabilities		
Service Award Liability	\$ 324,067	\$ 303,367
Net Position		
Cumulative Results of Operations	196,573	180,771
Total Liabilities and Net Position	\$ 520,640	\$ 484,138

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

National Service Trust Fund

Schedules of Operations and Changes in Net Position for the Period Ending September 30 (dollars in thousands)

Revenues	2009	2008
Appropriations	\$ 171,075	\$ 122,539
Transfer in of Program Funds	3,857	16,246
Interest	12,236	17,804
Other	326	-
Total Revenues	\$ 187,494	\$ 156,589
Expenses		
AmeriCorps Program	\$ (171,662)	\$ (160,790)
Service Learning Program	-	-
(Writeoff) / Recovery of Receivables	(30)	23
Total Expenses	(171,692)	(160,767)
Excess of Revenues Over Expenses	\$ 15,802	\$ (4,178)
Net Position		
Excess of Revenues Over Expenses	\$ 15,802	\$ (4,178)
Net Position, Beginning of Year	180,771	184,949
Net Position, End of Year	\$ 196,573	\$ 180,771

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

National Service Trust Fund

Schedules of Trust Obligations as of September 30 (dollars in thousands)

Resources	2009	2008
Trust Fund Balance with Treasury	\$ 452	\$ 227
Investments, carrying value	515,733	479,634
Investment and interest receivable	4,105	4,246
Accounts receivable	<u>350</u>	<u>31</u>
<i>Sub-total</i>	<i>520,640</i>	<i>484,138</i>
Less investments and receivables not available for obligation	(13,833)	(8,792)
Less Trust Reserve	(50,197)	(46,697)
Total Resources	\$ 456,610	\$ 428,649
Unliquidated Obligations		
President's Freedom Scholarships	\$ (1,035)	\$ (772)
Education Awards	(424,571)	(402,261)
Interest Forbearance	(18,129)	(16,167)
Total Unliquidated Obligations	\$ (443,735)	\$ (419,200)
Commitments		
Education Awards	\$ -	\$ (570)
Interest Forbearance	-	(31)
Total Commitments	-	(601)
Funds Available for Obligation at September 30	\$ 12,875	\$ 8,848

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

National Service Trust Fund

Schedules of Trust Budgetary Resources as of September 30 (dollars in thousands)

	2009	2008
Funds Available for Obligation, beginning of year	\$ 8,848	\$ 6,727
Budgetary Resources		
Appropriations		
Appropriation Received in Trust (net of rescissions)	171,075	122,539
Transfers in of Program Funds	<u>3,857</u>	<u>16,246</u>
<i>Subtotal</i>	174,932	138,785
Deobligation of Member Positions	3,617	1,399
<i>Less: Additions to Trust Reserve</i>	(3,500)	-
Total Budgetary Resources	\$ 183,897	\$ 146,911
Obligations		
Education Awards	\$ (164,763)	\$ (133,804)
Interest Forbearance	(6,860)	(5,677)
President's Freedom Scholarships	-	-
Total Obligations	\$ (171,623)	\$ (139,481)
Net Change in Commitments		
Education Awards	\$ 570	\$ 1,346
Interest Forbearance	31	72
Total Commitments	\$ 601	\$ 1,418
Funds Available for Obligation, end of year	\$ 12,875	\$ 8,848

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

Notes to the Trust Fund Schedules

A. Basis Accounting

The Schedules of Financial Position; Operations and Changes in Net Position; Trust Obligations; and Trust Budgetary Resources have been prepared from the books and records of the Corporation in accordance with the Strengthen AmeriCorps Program Act (Public Law 108-45, 42 USC § 12605) for the periods commencing October 1 and ending September 30, 2009 and 2008, respectively.

The activities of the Trust are funded through the annual Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, which funds National and Community Service Act programs. Appropriations are provided on a no-year basis for the Trust, a fund within the Corporation used to provide education awards and student loan interest forbearance to eligible participants. Trust appropriations do not expire with the passage of time and are retained by the Corporation in the Trust until used for eligible purposes.

The Trust provides awards for AmeriCorps members serving in approved national service positions under AmeriCorps State and National, AmeriCorps NCCC, and AmeriCorps VISTA, as well as for the AmeriCorps Education Award Program, where sponsoring organizations are responsible for providing member subsistence and other costs, and the Corporation provides an education award and a small amount for administrative costs.

Funds from the Trust may be expended for the purpose of providing an education award or student loan interest forbearance payment and must always be paid directly to a qualified institution (college, university, or other approved educational institution, or a lending institution holding an existing student loan) as designated by the participant. The Trust

may also expend funds for payments under the President's Freedom Scholarship Program as authorized under various Corporation appropriations through fiscal 2006.

The recognition of budgetary accounting transactions is essential for compliance with legal controls over the use of Federal funds. Budgetary accounting principles are designed to recognize the obligation of funds upon the establishment of a properly documented legal liability, which in many cases is different from the occurrence of an accrual-based transaction.

The Strengthen AmeriCorps Program Act directs that, beginning with fiscal 2003, Trust obligations be recorded at the time the Corporation: (1) enters into an enforceable agreement with an individual participant to serve in a program carried out under subtitle E of title I of the National and Community Service Act of 1990 (42 USC § 12611 et seq.), or title I of the Domestic Volunteer Service Act of 1973 (42 USC § 4951 et seq.); or (2) awards a grant to (or enters into a contract or cooperative agreement with) an entity to carry out a program for which such a position may be approved under section 123 of the Act (42 USC § 12573). The Strengthen AmeriCorps Program Act also directs that the obligational amount be based on the estimated value of the education benefit, discounted for the estimated enrollment, earning and usage rates, and the time value of money.

In fiscal 2009 the Corporation used the following assumptions to calculate Trust obligations and budgetary needs: full value of the education award, 100 percent enrollment rate, and earning and usage rates averaging approximately 80 percent. Programs have up to two years after award to enroll members in positions. Funds related to positions awarded to programs but not filled are periodically deobligated and become available for award for new program activities. The Corporation deobligated \$3.617 and \$1.399 million in fiscal 2009 and 2008, respectively, related to unfilled positions.

B. Trust Appropriations

For fiscal year 2009, the National Service Trust received \$131.075 million under the Omnibus Appropriations Act, 2009 (Public Law 111-8) and an additional \$40 million under the American Recovery and Reinvestment Act of 2009 (Public Law 111-5). For fiscal year 2008 the National Service Trust received \$122.539 million under the Consolidated Appropriations Act, 2008 (Public Law 110-161). The Acts also authorized the Corporation to transfer additional amounts from subtitle C program funds to the National Service Trust if necessary to support the activities of national service participants. The Corporation transferred \$3.857 million and \$16.246 million to the Trust under this provision in fiscal year 2009 and 2008, respectively.

C. Trust Reserve

As required by the Strengthen AmeriCorps Program Act the Corporation sets aside in reserve a portion of the funds appropriated to the Trust in the event that its estimates used to calculate obligational amounts for education awards prove to be too low. The Corporation added \$3.5 million to the reserve in fiscal year 2009 for Recovery Act positions. No funds were added to the reserve in fiscal year 2008. The total amount held in reserve under this provision was \$50.197 and \$46.697 million as of September 30, 2009 and 2008, respectively.

D. Trust Awards

Since the Corporation's inception in 1994, AmeriCorps members have earned over \$1.7 billion in education awards. The Corporation has made \$1.2 billion in payments to educational institutions and student loan holders on these awards. In addition, the Corporation has made \$42.2 million in interest forbearance payments since the program's inception. Approximately \$164.8 million in education awards earned had expired without being used as of September 30, 2009. The Trust obligation formula has been adjusted to reflect these expired awards. Payments for President's Freedom Scholarships have totaled \$21.5 million.

Independent Auditor's Report

Office of Inspector General Corporation for National and Community Service



AUDIT OF THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE'S FISCAL YEAR 2009 FINANCIAL STATEMENTS

Audit Report Number 10-01

Prepared by:

CLIFTON GUNDERSON LLP
11710 Beltsville Drive
Calverton, Maryland 20705


This report was issued to Corporation management on November 13, 2009. 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 13, 2010, and complete its corrective actions by November 12, 2010. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



OFFICE OF INSPECTOR GENERAL

November 13, 2009

TO: Nicola Goren
Acting Chief Executive Officer

FROM: Kenneth Bach 
Acting Inspector General

SUBJECT: Audit of the Corporation for National and Community Service
Fiscal Year 2009 Financial Statements
OIG Audit Report Number 10-01

We contracted with the independent certified public accounting firm of Clifton Gunderson LLP (Clifton) to audit the consolidated financial statements of the Corporation for National and Community Service (Corporation) as of September 30, 2009 and 2008, 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, Clifton found

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

Clifton Gunderson is responsible for the attached auditor's report, dated November 10, 2009, and the conclusions expressed therein. The Office of Inspector General does not express an opinion on the Corporation's Financial Statements or Clifton's conclusions about the effectiveness of internal control or compliance with laws and regulations.

Attachment

cc: William Anderson, Acting Chief Financial Officer
Frank Trinity, General Counsel
Kristin McSwain, Chief Program Operations
Rocco Gaudio, Deputy CFO for Planning and Program Management
Mary Cadagin, Chief Information Officer
Bridgette Roy, Audit Liaison and Administrative Assistant
Bill Oliver, Engagement Partner, Clifton Gunderson LLP (without attachment)



Independent Auditor's Report

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

We have audited the accompanying consolidated statements of financial position of the Corporation for National and Community Service (Corporation) as of September 30, 2009 and 2008, and the related consolidated statements of operations and changes in net position and cash flows, and the combined statements of budgetary resources (hereinafter referred to as the "financial statements") for the years then ended. These financial statements are the responsibility of Corporation 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; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and applicable provisions of Office of Management and Budget Bulletin No. 07-04, Audit Requirements for Federal Financial Statements, as amended. Those standards require that we plan and perform the audit 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. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of September 30, 2009 and 2008, and the results of its operations and changes in net position, budgetary resources, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated November 10, 2009, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on internal control over financial reporting or compliance. Those reports are an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information on the National Service Trust is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in our opinion, is presented fairly, in all material respects, in relation to the basic financial statements, taken as a whole.

The Management's Discussion and Analysis (MD&A) contains a wide range of information, some of which is not directly related to the financial statements. We compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with the Corporation's officials. Based on this limited work, we found no material inconsistencies with the financial statements; accounting principles generally accepted in the United States, or OMB guidance. However, we do not express an opinion on this information.

The other accompanying information sections Donations and Contributions, and Improper Payments are presented for additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Clifton Henderson LLP

Calverton, Maryland

November 10, 2009



Independent Auditor's Report on Compliance and Other Matters

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

We have audited the financial statements of the Corporation for National and Community Service (Corporation) as of and for the year ended September 30, 2009, and have issued our report thereon dated November 10, 2009. 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 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

The management of the Corporation is responsible for complying with laws and regulations applicable to the Corporation. As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatements, we performed tests of the Corporation's compliance with certain provisions of laws and regulations, non-compliance 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 07-04, as amended.

We limited our tests of compliance to those provisions and we did not test compliance with all laws and regulations applicable to the Corporation. Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit, and, accordingly, we do not express such an opinion.

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

This report is intended solely for the information and use of the management of the Corporation, the Office of Inspector General, GAO, OMB and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Calverton, Maryland
November 10, 2009



Independent Auditor's Report on Internal Control

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

We have audited the financial statements of the Corporation for National and Community Service (Corporation) as of and for the year ended September 30, 2009, and have issued our report thereon dated November 10, 2009. We conducted our audit in accordance with the 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.

In planning and performing our audit, we considered the Corporation's internal control over financial reporting by obtaining an understanding of relevant internal controls, determined whether these internal controls had been placed in operation, assessed control risk, and performed tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and to comply with OMB Bulletin No. 07-04, as amended, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act* (FMFIA) (31 U.S.C. 3512), such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or reliably report financial data in accordance with generally accepted accounting principles such that, there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of internal control over financial reporting was for the limited purpose described above and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management of the Corporation, the Office of Inspector General, OMB, the Government Accountability Office and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Calverton, Maryland
November 10, 2009

Management's Response to Report

**MEMORANDUM**

Date: November 12, 2009

To: Kenneth Bach, Acting Inspector General *William Anderson*

From: William Anderson, Acting Chief Financial Officer

Subject: Draft Report on the Audit of the Corporation's Fiscal Year 2009 Financial Statements

Thank you for the opportunity to comment on the draft report on the audit of the Corporation's fiscal 2009 financial statements. The financial statements, which include supplemental schedules on the National Service Trust, received an unqualified opinion. Similarly, the report on internal control and report on compliance with laws and regulations noted no significant deficiencies or reportable conditions. Importantly, the audit confirmed that the Corporation resolved the significant deficiency reported in the 2008 audit related to the continuity of operations, application development, and change control management.

Executing sound financial stewardship of the Corporation's resources is an essential element for achieving our mission of improving lives, strengthening communities, and fostering civic engagement through service and volunteering. While we are proud of these audit results, we recognize that the work before us is challenging and we need to continue to improve our operations if we are to achieve the expansion envisioned by the Edward M. Kennedy Serve America Act. To that end, we will continue our work with the Corporation's Office of Inspector General and its financial auditors to identify areas where efficiencies can be made and internal controls improved.

The Corporation would also like to express its appreciation for the hard work your staff and the staff of Clifton Gunderson made on the 2009 audit. Without this collaborative effort we would not have been able to achieve the tight deadline for completing the audit.

Corporation for
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