

Annual Financial Report

Fiscal Year 2010



Purpose of this Report

In lieu of a Performance and Accountability Report, the Corporation for National and Community Service (CNCS) will produce three alternative reports that provide financial management and program performance information. Each completed report will be available on the CNCS website at www.nationalservice.gov/about/role_impact/performance.asp.

- This report, the Annual Financial Report (AFR), focuses on CNCS' financial management and the results of the agency's annual financial audit. It includes management's assurance statement, CNCS' improper payments report, as well as a response from management.
- The Annual Performance Report (APR) provides an overall assessment of agency performance. The APR will be included in CNCS' FY 2012 Congressional Budget Justification, which will be transmitted to Congress on February 7, 2011.
- CNCS' Performance Highlights report summarizes key information from the AFR and APR. It will be available in February 2011.

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

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.



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Management's Discussion & Analysis



MESSAGE FROM THE CEO



The Corporation for National and Community Service is pleased to present our Fiscal Year (FY) 2010 Annual Financial Report, a summary of our performance and financial condition in relation to our mission and goals. This report serves as a final accounting of how well we have done in meeting the goals of our previous five-year strategic plan, which was focused primarily on growing the Corporation in terms of both volunteers and projects. The accomplishments and work outlined in these pages provide a strong platform for even greater effectiveness as the Corporation moves forward under new leadership.

From FY 2006-2010, we increased the number of Corporation-sponsored volunteers by 50 percent, from 3.7 million to 5.6 million. A majority of these volunteers were engaged in meeting our strategic goals of meeting critical needs in communities, strengthening the capacity of our grantees, and engaging disadvantaged and older Americans as both volunteers and beneficiaries of service. We generated a 400 percent increase in the number of college students serving their communities. And during this period, our programs mentored more than 110,000 children and youth of incarcerated parents, an increase of more than 300 percent.

During the past fiscal year, implementation of the Serve America Act has been our major priority. We have made outstanding progress instituting changes to existing programs and standing up

new programs for social innovation, volunteer generation, and nonprofit capacity building. The Corporation has also been on the frontlines of the nation's economic recovery. The American Reinvestment and Recovery Act of 2009 provided \$200 million in funding for an expansion of AmeriCorps State and National and AmeriCorps Volunteers In Service To America (VISTA) programs. The funding supports more than 15,000 AmeriCorps members engaged in service directly related to improving the social and economic conditions worsened by the recession.

As we move forward, our next five-year strategic plan will place more emphasis on targeting resources to meet critical national challenges, achieving results and demonstrating impact. To that end, in FY 2010, we instituted a national performance measures pilot to gather initial data and feedback from AmeriCorps grantees. This information will inform our efforts to establish performance measures for grantees and program sponsors in all Corporation programs.

Undergirding our increased focus on achieving and measuring results are four major goals: First, to fulfill the promise to make service a solution for big national challenges like the drop-out crisis and the economic recovery; second, to expand opportunities for more Americans of all ages and backgrounds to serve; third, to build the capacity of individuals, organizations, and communities by giving them the tools they need to succeed; and finally, to embrace innovation by expanding what works and seeding innovative ideas.

Corporation Performance

In a year of transition, the Corporation mobilized its staff, grantees and stakeholders to meet or exceed the majority of performance targets. While we have been effective in transforming communities, one of the things I am most proud of is our success in transforming lives. Many of the people who

“ From FY 2006-2010... our programs mentored more than 110,000 children and youth of incarcerated parents, an increase of more than 300 percent. ”

have been served through our programs have been inspired to become volunteer service providers themselves. And in these austere times, programs like AmeriCorps are giving young people the opportunity to find their passion and their calling through national service.

Last fiscal year, through our three signature programs—AmeriCorps, Senior Corps, and Learn and Serve America—the Corporation awarded and oversaw more than \$780 million in grants to states, tribes, local communities, and nonprofit grantees and engaged more than five million Americans in service. This included nearly 400,000 Baby Boomer volunteers, an increase of five percent from the prior year. These members and volunteers helped improve the lives of millions of people in need across this country, whether serving as tutors and mentors for the young, giving comfort and help to the elderly, or working shoulder to shoulder with people in communities rebuilding after a major disaster.

Corporation Management

Management reform remains one of our major priorities, and during the transition to new leadership, we have focused a good deal of attention on putting the right people and processes in place to ensure our future success. One of the first things I did as CEO was to scour the country to identify and attract a senior team that has both the vision and experience to lead the agency into a new era of results-oriented performance and accountability. We have filled numerous long-vacant positions and created several new ones, and I am confident we now have the right team in place to lead us forward. We have also nominated a new slate of board members who represent some of the nation's foremost leaders in nonprofit leadership and community service.



...through our three signature programs...the Corporation engaged more than five million Americans in service...



In response to the Serve America Act, our Office of Information Technology spent FY 2010 implementing major systems enhancements, modifications and fixes to improve customer service and to keep pace with changing business needs. This included the on-time and on-budget centralization and outsourcing of our data center.

I am also happy to report that for the 11th consecutive year, we have received a clean, unqualified opinion on our consolidated financial statements and no material weaknesses. Our year-end budget close-out went as scheduled and all accounts came in on budget.

Our previous authorizing statute at times forced us into “silos” and inefficient ways of doing business, but reforms in the Serve America Act are enabling us to make our structure more efficient. Among these 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 agency programs.

These statutory reforms, coupled with the strength of our new leadership team, a highly focused board of directors, and a hardworking and dedicated staff, will help the Corporation achieve even higher levels of efficiency, cost effectiveness, and management excellence as we fulfill the promise to make service a solution for America's toughest challenges.

All my best,

Patrick A. Corvington
Chief Executive Officer



Agency Mission & Overview

The mission of the Corporation for National and Community Service (CNCS) is to improve lives, strengthen communities, and foster civic participation through service and volunteering. For more than 15 years, CNCS has helped to engage millions of citizens in meeting community and national challenges through service and volunteer action through its Senior Corps, AmeriCorps, and Learn and Serve America programs.

CNCS plays a vital role in supporting the American culture of citizenship,

service, and responsibility. As the nation's largest grant maker in the area of service, CNCS promotes volunteering and civic engagement around the country and helps organizations build their capacity to engage volunteers effectively. Members and volunteers who serve in 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.

Table 1. Funding History (dollars in thousands)

Account	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	Recovery Act	FY10 Enacted	FY11 President's Budget
Operating Expenses	\$ 837,936	\$ 805,760	\$ 782,744	\$ 811,639	\$ 194,000	\$ 1,054,021	\$ 1,297,586
Learn & Serve America	37,125	37,125	37,459	37,459		39,500	40,198
AmeriCorps NCCC ⁱ	36,730	26,789	23,782	27,500		29,000	34,593
AmeriCorps State & National	264,825	264,825	256,805	271,196	89,000	372,547	488,033
AmeriCorps VISTA	95,464	95,468	93,800	96,050	65,000	99,074	98,000
VISTA Advance Payment Revolving Fund		3,500					
National Service Trust	138,600	117,720	122,539	131,075	40,000	197,000	293,662
State Commission Admin Grants	12,516	12,516	11,790	11,790		17,000	18,000
Partnership Grants	14,850	NA	NA	NA	NA	NA	NA
Senior Corps	217,586	217,586	213,785	213,785		220,900	221,100
RSVP	59,685	59,685	58,642	58,642		63,000	63,000
Foster Grandparents 111,100 Program	110,937	110,937	108,999	108,999		110,996	
Senior Companion Program	46,964	46,964	46,144	46,144		46,904	47,000
Innovation, Demonstration, & Assistance ⁱⁱ	16,280	29,771	13,980	14,753		5,500	6,000
Evaluation	3,960	3,960	3,891	3,891		6,000	8,000
Training / Technical Assistance ⁱⁱⁱ	NA	NA	NA	NA	NA	7,500	13,000
Disability Grants ⁱⁱ	NA	NA	4,913	4,140		5,000	6,000
Operating Expenses	\$ 837,936	\$ 805,760	\$ 782,744	\$ 811,639	\$ 194,000	\$ 1,054,021	\$ 1,297,586
Salaries and Expenses ^{iv}	\$ 66,083	\$ 70,324	\$ 67,759	\$ 71,715	\$ 6,000	\$ 88,000	\$ 109,000
Office of the Inspector General	\$ 5,940	\$ 4,693	\$ 5,828	\$ 6,512	\$ 1,000	\$ 7,700	\$ 9,000
Total	\$ 909,959	\$ 881,047	\$ 856,331	\$ 889,866	\$ 201,000	\$ 1,149,721	\$ 1,415,586

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 fiscal years 2008 and 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.

Detailed information on CNCS' budget is available at <http://www.nationalservice.gov/about/budget/index.asp>.

Legislation

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

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

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

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

The 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 Remembrance, 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 nonprofits 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.

Establishes *Nonprofit Capacity Building Program* grants aimed at increasing the capacity of a small number of intermediary grantees to work with small and midsize nonprofits in communities facing resource hardship challenges to develop and implement performance management systems.

Strengthening Management, Cost-Effectiveness, and Accountability

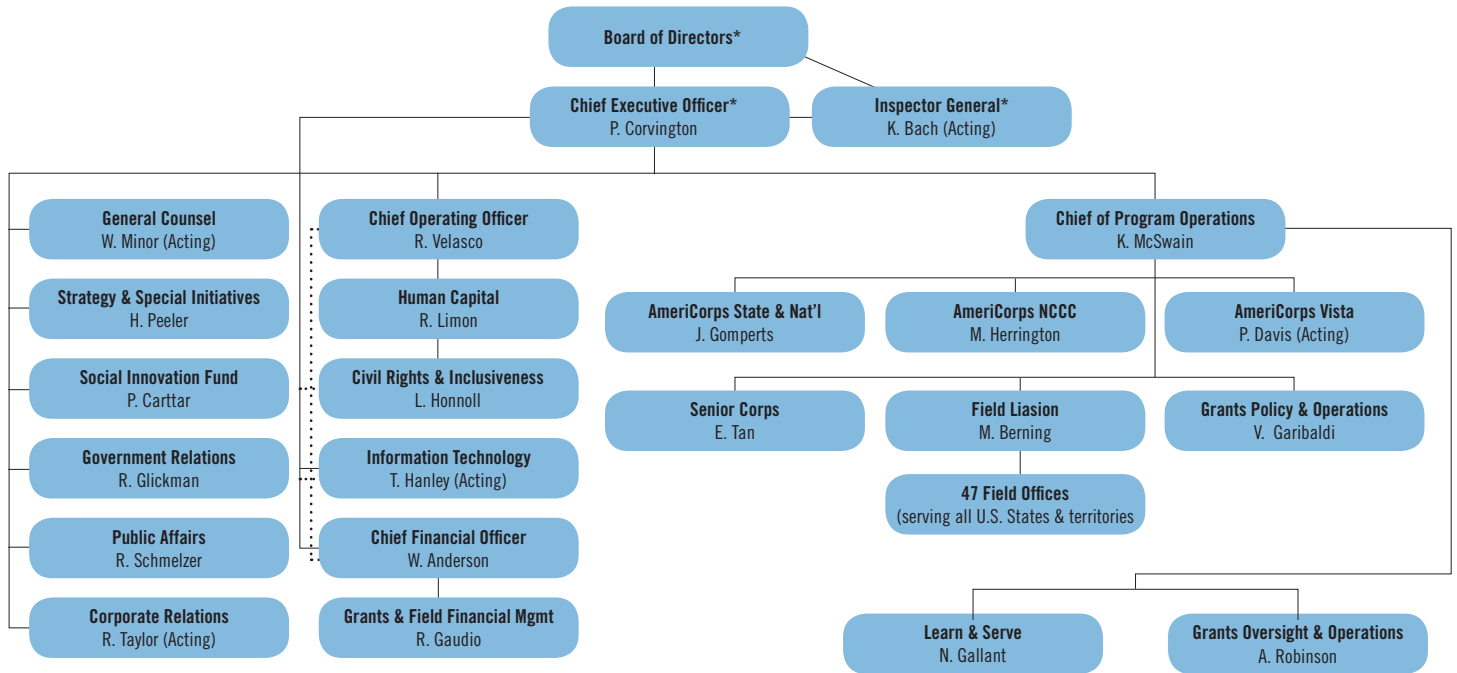
Merges funding streams, expands the use of simplified, fixed amount grants, and gives CNCS flexibility to consolidate application and reporting requirements. Increases support for State Commissions on national and community service. Bolsters the capacity and duties of CNCS' Board of Directors.

Ensures that programs receiving assistance under national service laws are continuously evaluated for effectiveness in achieving performance and cost goals.

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 **Serve America Act** can be found at <http://www.nationalservice.gov/about/serveamerica/index.asp>.

Figure 1. Corporation Organization Chart



Organizational Structure

Headquartered in Washington, D.C., CNCS is an independent federal agency with a Board of Directors, Chief Executive Officer (CEO), and Inspector General (IG)—all of whom are appointed by the President and confirmed by the Senate. Under CNCS’ recent reauthorization, the Chief Financial Officer (CFO) is to be appointed by the CEO. In addition, a Chief Operating Officer (COO) and Chief of Program Operations (CPO) also are appointed by the CEO.

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

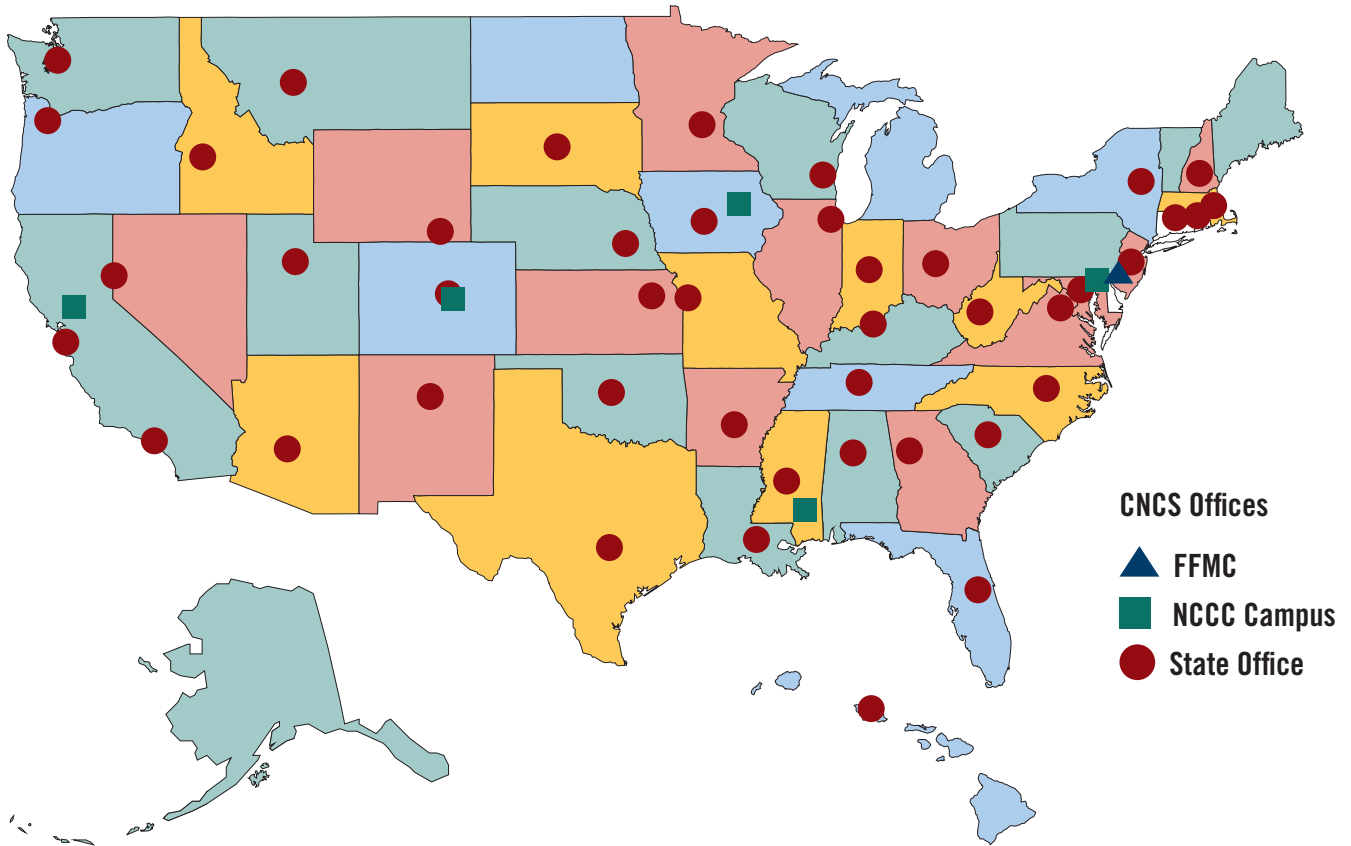
Field offices in nearly every state conduct public outreach and program support and are directly responsible for developing grants and projects

and for overseeing all Senior Corps and VISTA projects in their states. CNCS’ structure also includes five regional AmeriCorps NCCC campuses and one Field Financial Management Center in Philadelphia, Pa.

The agency also works directly with 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 these 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

CNCS 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 1,300 organizations sponsoring projects that tap the experience, skills, and talents of Americans age 55 and over to meet a wide range of community needs. In FY 2010, an estimated 458,000 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 enable 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 2010, roughly 81,100 AmeriCorps members served in communities across the nation and mobilized an estimated 2.8 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 (LSA) 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, LSA provides resources to teachers, faculty members, schools, and community groups across the country. Additionally, LSA supports these service-learning activities in Tribal Nations and U.S. Territories. In FY 2010, an estimated 1.6 million students and volunteers were engaged in service-learning through the program.

Other Corporation Programs and Initiatives

CNCS supports and encourages new forms of service and civic participation through funding provided for innovation and demonstration activities (Subtitle H). The activities in Subtitle H fund new streams of service, volunteer partnerships and networks; identify and incubate innovative

program models and approaches; and disseminate effective practices found to improve the reach and effectiveness of programs and projects. The Serve America Act significantly expanded the Subtitle H authority—both in its funding and programming—to encompass new activities including the Social Innovation Fund, the Volunteer Generation Fund, the 9/11 Day of Service and Remembrance, and the Serve America Fellowship.

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. CNCS also:

- Provides grants aimed at engaging individuals with disabilities in service and extensive training and technical assistance to nonprofits 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.

Corporation Strategy

In February 2006, CNCS adopted a Strategic Plan for fiscal years 2006 through 2010. Incorporating input from hundreds of stakeholders 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. Additionally, the goal of this effort was to grow the national service movement by greatly increasing the number of volunteers serving their communities.

Additional information on the FY 2006—2010 Strategic Plan is available at: http://www.nationalservice.gov/about/focus_areas/index.asp

Strategic Initiatives

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:

- **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, CNCS 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**—CNCS 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 INITIATIVES					
STRATEGIC GOALS	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	Mobilize national service participants and volunteers to help communities prepare for disasters and to recruit, manage, and coordinate otherwise population 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 and long-term 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 recovery

The FY 2006—2010 Strategic Plan also identifies “Sustain Management Excellence” as one of CNCS’ 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.

CNCS’ 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.

Performance Management

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

Figure 3. Performance planning, measurement, and reporting



CNCS sets a strategic initiative national target (National Measures). Achieving this national target requires a combination of CNCS’ actions and the efforts by CNCS’ grantees, external stakeholders, and volunteers across the country. CNCS’ contribution to the national target is reflected in CNCS’ 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 CNCS to meet its established goals.

FY 2011—FY 2015 Strategic Plan

With the start of Fiscal Year 2011 and guided by a presidential administration focused on citizen service as a strategy to meet national challenges, CNCS is now moving aggressively to build on the success of the strategic framework outlined earlier by implementing a new and improved plan for FYs 2011–2015. Combined with bipartisan Congressional support and strong interagency partnerships, CNCS will create more opportunities for Americans to tackle pressing social problems, encourage innovation, and focus on measuring the performance and impact of agency grantmaking. This work will be informed by these four themes:

- **Service as a solution**—Targeting resources to tackle national priorities from increasing high school graduation rates to fostering economic opportunity, CNCS will identify where service has an important role to play and target resources to tackle those issues.
- **Expanding opportunities to serve**—Connecting with citizens from diverse communities, backgrounds, and perspectives, providing easily accessible service opportunities to fit their needs, and engaging them in a lifetime of service.
- **Building enduring capacity**—Enabling individuals, organizations and communities to become more effective at addressing pressing challenges and better able to use service as a lasting solution.
- **Embracing innovation**—Investing in models that work, finding new ways of doing business, and serving as a source of ideas for local communities. All across America, groups are finding solutions to local problems, and CNCS’ challenge is to scale these opportunities to achieve our national priorities.

In accordance with guidance set forth in the Serve America Act, CNCS will continue to focus our programs and activities in the following areas: **Education, Economic Opportunity, Veterans (and Military Families), Healthy Futures, Disaster Services, and Environmental Stewardship.**

Mission Performance & Analysis

CNCS 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. Looking ahead to the FY 2011-2016 Strategic Plan, the agency will retool the framework and systems used to gather the information necessary to assess the impact of agency programming. This new approach will necessarily include new and revised strategic goals and initiatives, performance measures, and targets for all programs. For example, the agency will no longer collect and report distinct national measures given the outcomes of several of the prior national measures were not primarily the result of agency performance but were instead affected by factors primarily external to agency programming

In FY 2010, CNCS received a total appropriation of about \$1.15 billion, an increase of \$260 million or 29 percent above the FY 2009 enacted level. Roughly \$786 million or 68 percent of appropriated funding was distributed to states, tribes, local communities, and nonprofit grantees, either using a statutory formula or through a competitive process aimed at identifying promising and successful initiatives; \$197 million or 17 percent was directed to the National Service Trust, which funds Segal Education Awards for eligible national service participants; and \$29 million or 2.5 percent supported the AmeriCorps National Civilian Community Corps program, which is wholly managed by CNCS. The remaining funding supports agency and program administration—including salaries and IT costs—in addition to research and evaluation activities.

FY 2010 data for CNCS' national goals will be unavailable until later in FY 2011 and most program performance data will be available by the end of calendar year 2010. Therefore, the agency will provide a more full performance report as part of the FY 2012 Congressional Budget Justification/FY 2010 Annual Performance Report.

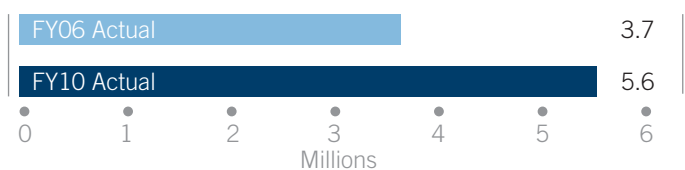
“ In fulfilling its mission and strategic plan in FY 2010, the Corporation... enabled 697,000 children and youth from disadvantaged circumstances to serve their communities through Corporation-sponsored programs. **”**

The most current available data shows that 63.4 million Americans volunteered through organizations between September 2008 and September 2009, including three million college students and 22.8 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.

Increased the number of volunteers by more than 50%.

Measure description

Total number of volunteers supported by Corporation-sponsored programs (including Corporation program members, participants, volunteers, and leveraged community volunteers)



Increased the number of college students serving their communities by 400%.

Measure description

Number of college students serving through Corporation-sponsored program (whole numbers)



Increased the number of children and youth of incarcerated parents mentored through Corporation programs by over 300%.

Measure description

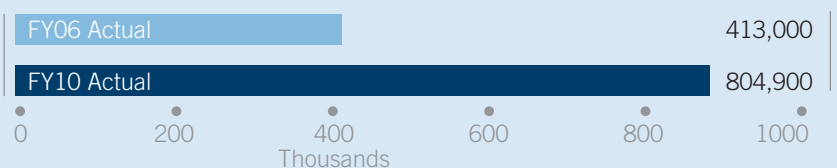
Number of children and youth of incarcerated parents mentored through Corporation programs (whole number)



Increased the number of clients who received independent living services by 95%.

Measure description










Number of clients who receive independent living services, including direct support and/or respite for their informal caregivers, through Corporation-sponsored programs (whole number)



One of the focuses of the agency's FY's 2006—2010 Strategic Plan was to position CNCS as a catalyst of growth for the voluntary sector. To show accomplishment toward this goal, presented below are the agency's critical strategic successes.

In fulfilling its mission and strategic plan in FY 2010, CNCS 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 697,000 children and youth from disadvantaged circumstances to serve their communities through Corporation-sponsored programs;
- Provided mentoring and other support services to more than 110,000 children of prisoners;
- Delivered independent living services—including direct support and respite for informal caregivers—to nearly 805,000 clients; and
- Engaged over 541,000 college students in service.

FY 2010 Corporation Performance (estimated)	Met or Exceeded Goal	Did Not Meet Goal	Year-over-Year Trend (FY09 to FY10)
Total number of volunteers supported by Corporation-sponsored programs (including Corporation program members, participants, volunteers, and leveraged community volunteers)			↔
Number of children and youth from disadvantaged circumstances mentored through Corporation programs			↔
Number of children and youth of incarcerated parents mentored through Corporation programs			↑
Number of children and youth from disadvantaged circumstances serving their communities through Corporation-sponsored programs			↑
Number of college students serving through Corporation-sponsored programs			↔
Number of higher education institutions matching the AmeriCorps Education Award			↔
Percent of organizations funded through Learn and Serve America that have adopted at least six of the nine institutional supports that lead to sustainability for service-learning			↑
Number of Baby Boomer volunteers generated through Corporation-sponsored programs			↑
Number of clients who receive independent living services, including direct support and/or respite for their informal caregivers, through Corporation-sponsored programs			↑

As indicated in the chart above, CNCS did not meet its target for the number of clients who receive independent living services. The total deviation from the goal was less than 10 percent, and performance in this measure is trending up between FY09 and FY10, but CNCS will continue to analyze underlying factors and use all findings to inform related programming in CNCS' new FY 2011– 2015 Strategic Plan.

CNCS maintained strong results in its effort to achieve ambitious goals it set forth for FY 2010. The agency met or exceeded its targets on eight of nine performance measures for which data was collected. (Note: Data for all measures is not available or collected annually.) A fuller analysis of CNCS' performance on its national and agency goals in FY 2010 will be included in the FY 2010 Annual Performance Report, which will be

released in February 2011. Tables 3 and 4 reflect the performance at the national and agency levels.

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, CNCS 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.

Table 3. Performance Trends for National Goals

Strategic Initiative & Performance Measure	FY06 Actual	FY07 Actual	FY08 Target	FY08 Actual	FY09 Target	FY09 Actual	FY10 Target	FY10 Actual
Mobilize Volunteers								
Number of Americans volunteering annually through an organization (in millions) ⁱⁱ	61.2	60.8	71.3	61.8	73.5	63.4	75	Avail 2/11
Number of Americans regularly volunteering (in millions) ⁱⁱⁱ	30.9	32.1	39.2	32.3	41.0	32.6	43	Avail 2/11
Ensure a Bright 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	2.3	2.2	Avail 2/11
Number of children and youth of incarcerated parents who are mentored through federal programs (in thousands) ^v	30,200	93,400	40,000	NA	96,400	NA	97,300	NA
Number of teens from disadvantaged circumstances engaged in service in their communities (in millions) ^{vi}	2.6	NA	2.8	NA	NA	NA	3.0	NA
Engage Students in Communities								
Number of college students who volunteer (in millions)	2.8	2.7	4.3	3.0	4.7	3.2	5.0	Avail 2/11
Percentage of Federal Work Study funds devoted to college students engaged in service ^{vii}	15%	15%	18%	16%	19%	19%	20%	Avail 5/11
Percentage of K-12 schools that incorporate service-learning into their curricula ^{viii}	NA	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	22.8	28.7	Avail 2/11
Support Disaster Preparedness and Response ^{ix}	NA							

Table 3 Notes:

- 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 CNCS' measures, please contact the Office of the Chief Financial Officer at 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, CNCS planned to measure the "Number of Americans who mentor 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 CNCS 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 CNCS, 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 are being reexamined as part of the development of CNCS' next strategic plan.

Table 4. Performance Trends for Corporation Goals

Strategic Initiative and Performance Measure	FY06 Actual	FY07 Actual	FY08 Target	FY08 Actual	FY09 Target	FY09 Actual	FY10 Target	FY10 Actual
Mobilize More Volunteers								
Total number of volunteers supported by Corporation-sponsored programs (including Corporation program members, participants, volunteers and leveraged community volunteers) (whole number—millions) ⁱ	3.7	3.9	3.6	4.0	4.4	5.5	5.5	5.6
Percent of former AmeriCorps members who continue to volunteer in their communities after their term of service	NA	64	NA	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 (whole number—millions) ⁱⁱⁱ	NA	0.6	0.3	1.3	0.9	1.2	1.1	1.1
Number of children and youth of Corporation programs (whole number)	26,000	47,000	46,700	9,094	89,800	102,617	92,460	110,300
Number of children and youth from disadvantaged circumstances serving their communities through Corporation-sponsored programs (whole number) ^{iv}	465,000	663,000	556,000	614,604	570,300	602,178	687,400	697,036
Engage Students in Communities								
Number of college students serving through Corporation-sponsored programs (thousands)	108,000	199,000	187,000	561,152	529,000	533,942	539,000	541,700
Number of higher education institutions matching the AmeriCorps Education Award (whole number)	57	76	67	77	74	87	88	88
Percent of organizations funded through Learn and Serve America that have adopted at least six of the nine institutional supports that lead to sustainability for service-learning	23	22	28	23	29	19	30	30
Harness Baby Boomers' Experience								
Number of Baby Boomer volunteers generated through Corporation-sponsored programs (whole number) ^v	NA	230,000	333,540	333,606	356,590	376,828	390,790	395,090
Number of clients who receive independent living services, including direct support and/or respite for their informal caregivers, through Corporation-sponsored programs (whole number)	413,000	470,000	675,100	813,202	811,500	740,718	879,500	804,900
Support Disaster Preparedness and Response^{vi}								
Number of Corporation program participants who have been certified in disaster-related training (thousands)	NA	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 responses	NA	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	NA

Table 4 Notes:

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 CNCS' measures, please contact the Office of the Chief Financial Officer at 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 out year targets. Currently, there are no plans to continue the survey.

iii. CNCS did not collect this data prior to FY 2007.

iv. The definition of disadvantaged children and youth receiving Corporation mentoring services or participating in Corporation-sponsored programs 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, have a 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.

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 CNCS' next strategic plan.

Program Performance

Senior Corps

In FY 2010, an estimated 458,100 volunteers age 55 and over served in the three Senior Corps programs through a network of 1,300 grantees.

RSVP. In FY 2010, RSVP volunteers delivered an estimated 62 million hours of service in their communities. Across the network of approximately 759 grantees, an estimated 426,500 RSVP volunteers served in more than 65,000 community organizations nationwide to deliver essential services. Working through such infrastructure networks as Area Agencies on Aging, Volunteer Centers, United Ways, social services agencies, and many others, RSVP volunteers provide critical services across the country. This includes tutoring and mentoring children, providing independent living services to seniors, assisting victims of natural disasters, improving the environment, conducting safety patrols, and mobilizing other volunteers.

CNCS awarded \$2.7 million to support a total of 8,275 new RSVP volunteers to serve in a series of new and existing projects. Specifically, there were 18 new RSVP projects with approximately 4,275 volunteers and 48 grant augmentations to existing projects, adding approximately 4,000 new RSVP volunteers to those programs. CNCS also required that 20 percent of all new volunteers be placed in assignments to recruit and coordinate community volunteers, thus expanding the capacity of local nonprofits to greater meet their missions. In total, RSVP volunteers leveraged an estimated 61,000 additional volunteers from the communities in which they worked and helped local nonprofits deliver key social services to communities in need.

Foster Grandparent Program (FGP). In FY 2010, 28,400 FGP volunteers delivered an estimated 24 million hours of service in their communities. In total, the program served an estimated 247,080 children and youth—149,000 of which were mentored by FGP volunteers. In the coming year, CNCS anticipates providing more aggressive outreach to younger Baby Boomers.

In FY 2010, CNCS implemented changes required by the Serve America Act, including changes to the age and income requirements. CNCS will continue to track the extent to which this change attracts new volunteers to enter the program. CNCS' state and local partners are vital to sustaining local FGP projects. In FY 2009—the most recent available data—local communities contributed \$37.8 million in non-federal funds to support Foster Grandparent projects, which is well above the required 10 percent non-federal share.

Senior Companion Program (SCP). In FY 2010, an estimated 14,800 SCP volunteers delivered an estimated 12.2 million hours of service in their communities, taking care of the in-home needs of approximately 66,304 frail, older adults and others with physical or other limitations. These volunteers transport clients to medical appointments, help shop for food and basic necessities, provide companionship to offset isolation, and offer respite to nearly 9,300 family members and informal caregivers. In the coming year, CNCS anticipates providing more aggressive outreach to younger Baby Boomers.

“ RSVP volunteers delivered an estimated 62 million hours of service in their communities. ”

In FY 2010, CNCS implemented changes required by the Serve America Act, including changes to the age and income requirements. CNCS will continue to track the extent to which this change attracts new volunteers to enter the program.

The value of the Senior Companion Program is apparent in numerous tangible ways, quantifiable and non-quantifiable. Research conducted by the program in 2004–2005 showed Senior Companion clients had significant, long-term mental health benefits from their services, including reduced rates of depression.

SCP grantees also work with states to expand services through Medicaid Home and Community-based Waivers. In 2009, 12 states elected to incorporate SCP services into their Medicaid-funded home and community-based services, providing nearly \$1.3 million to support 624 Senior Companions who in turn provided in-home support to more than 1,230 clients. State and local policy makers and program administrators recognize that independent living is more cost-effective than housing seniors in skilled nursing facilities and see the Senior Companion Program as a critical partner in finding creative solutions to keep communities healthy and independent.

CNCS' state and local partners are vital to sustaining local SCP projects. Finally, in 2009 local communities contributed \$25.7 million in non-federal funds to support Senior Companions, which is well above the required 10 percent non-federal share. The additional funds, including \$6.4 million in state appropriated dollars, demonstrate the value of essential services that Senior Companions provide in their communities.

AmeriCorps State and National

In FY 2010, CNCS supported an estimated 72,500 AmeriCorps State and National members serving in programs across the nation. These members recruited 1.5 million additional volunteers to serve in communities and provide much needed human capital to nonprofits across the nation. Final performance data will be available in FY 2011.

Roughly 337 organizations from across the country received a total of \$233 million in competitive grants (across funding streams) to support more than 57,000 new AmeriCorps members who will serve in FY 2010/2011 through national and local nonprofit organizations, community and faith-based groups, educational institutions, and Indian Tribes.

“...an estimated 72,500 AmeriCorps State and National members...recruited 1.5 million additional volunteers to serve in communities and provide much needed human capital to nonprofits across the nation.”

Nationwide, applications for AmeriCorps funding increased significantly in FY 2010, which dramatically increased the competition for funding. Approximately 60 percent more grant funding was requested in 2010 than in 2009 and organizations requested about twice the number of grant dollars and AmeriCorps positions than could be funded. In addition to the competitive AmeriCorps funding, CNCS also awarded \$126 million in formula funding to State Service Commissions and territories—a 49 percent increase over FY 2009. Also in FY 2010, CNCS piloted a series of uniform, outcome-based performance measures, which 74 percent of all grantees adopted as part of the FY 2010 grant competition. The adoption of standardized measures allowed CNCS to focus funding on evidence-based solutions to community problems through the AmeriCorps portfolio and eventually will improve agency efforts to demonstrate the aggregate impact that AmeriCorps members have when focused on key national and community challenges. Similar to the information provided below on the ARRA reporting, in November, CNCS will be able to report—in the aggregate—on the targets set by grantees for each performance measure. CNCS will be able to report on actual program performance following the end of the grant year, in FY 2011.

Though CNCS receives few applications from rural areas (just 42 self-identified as having a rural programming in the FY 2010 competition),

these applicants tend to be successful in securing Corporation funding. Of the pool of eligible rural applicants, 84 percent—28 of 33 applicants—received funding in FY 2010. To further expand the presence of AmeriCorps in rural America, CNCS plans to work closely with State Commissions in FY 2011 to increase their ability to conduct outreach to potential applicants in rural areas.

AmeriCorps VISTA

In FY 2010, VISTA enrolled 8,075 new members, exceeding its initial projections by 410 members. This includes 6,696 full time VISTAs and 1,379 Summer Associates. The number of new members was higher than projected due to a higher than usual onboard strength rolling over from FY 2009.

However, AmeriCorps VISTA met its target of 5,385 member service years ensuring that there was no over spending of the budget. AmeriCorps VISTA also met its target of 17 percent of member service years supported through cost share agreements.

In FY 2010, CNCS received the final report of the AmeriCorps VISTA Sustainability Assessment. Conducted by Westat Inc., the study was designed to assess how well AmeriCorps VISTA was achieving its mission of building sustainable anti-poverty programs. Focusing on projects that had been closed for two to five years, the findings indicated that 84 percent of projects that have been closed for two years or longer remain sustainable. The study also reaffirmed AmeriCorps VISTA's core principle of the importance of community involvement in planning, development, and execution of project programming, as well as in ensuring a well qualified cadre of members.

During FY 2010, AmeriCorps VISTA senior leadership convened a number of internal workgroups consisting of staff from the Office of Field Liaison and the Federal Financial Management Center (FFMC) to revise policies where necessary and undertake systems enhancements that would improve program operations and better position the program for future growth. This exercise targeted budget line items with high variable costs (travel, training, and grants), where efficiencies would result in a considerable return on investment.

Travel

An examination of travel and relocation expenses resulted in several important policy changes including:

- Increasing the emphasis on using ground transportation for member travel;
- Switching to mileage reimbursements equivalent to the GSA levels for federal employees; and
- Disallowing payments for certain types of travel prior to pre-service orientation. These measures are estimated to reduce relocation costs

by five percent or approximately \$283,000 from projected spending in FY 2011.

IT Enhancements

Automation improvements in FY 2010 include implementation of electronic Memoranda of Agreement (eMAs), implementation of an interface between the MyAmeriCorps Portal and Momentum accounting system, and the deployment of a web-based system for planning and tracking member service years. Using eMAs will eliminate the need to mail hardcopies of MAs from state offices to headquarters for signature and final approval, which will decrease costs, time, and supplies. The Portal/Momentum interface will permit reimbursement of travel for VISTA Members and Supervisors through Electronic Funds Transfer, resulting in a reduction response time, cost (postage and supplies), and workload for the staff at the FFMC and VISTA Member Support Unit (VMSU).

The tracking and forecasting of member service years is critical to execution of the program within budget. To date, the tracking process has been conducted through the manual entry of data and the reconciliation of a complex set of spreadsheets by staff in all 50 state offices and in headquarters. The integrated, web-based system will use real-time data from the MyAmeriCorps Portal, improve program coordination, and reduce the likelihood of errors.

Training

Training remains a critical component of member development and success; it also represents the program's highest variable costs. A comprehensive review of training has been underway and two significant steps were undertaken in FY 2010:

- Development of a robust blended curriculum (computer-based, webinar, and face-to-face training), including:
 - > In-Service Training (IST) that provides members with unlimited access to high-quality training materials to further their skill development during their service term;
 - > Orientation for supervisors that provides sponsors and supervisors with materials to coach and develop the VISTA members assigned to their organizations; and
 - > VISTA Leaders Training that includes field work.
- Migration of certain components of the Pre-Service Orientation (PSO) and Supervisors Orientation (SO) curriculums to the online VISTA Campus, which will allow more time at the in-person PSO for sessions focused hard skill development, such as resource mobilization and volunteer generation.

Additional work will be undertaken in FY 2011 as part of this ongoing review of the training model, including an independent assessment

of member training. This assessment will review the skills and competencies that members need in preparation for their service and the extent to which the current model succeeds in addressing these needs. AmeriCorps VISTA also plans to conduct a pilot training program in two or three small states, whereby the in-person PSO model will be replaced by a distance learning model that leverages video-conferencing technology. The pilot will assess the cost implications and efficacy of the pilot model in preparing AmeriCorps VISTA members for service.

AmeriCorps NCCC

In FY 2010, AmeriCorps NCCC teams completed 564 projects and over 1.2 million hours of service through partnerships with federal and state agencies and community-based organizations. CNCS devoted 42 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 964 AmeriCorps NCCC members served each month and an estimated 50,000 additional community volunteers were leveraged.

“ AmeriCorps NCCC members built 334 new homes, completed 4,500 tax returns for low income families, and supported 11,000 children in out of school programming. ”

CNCS is committed to managing the AmeriCorps NCCC program in a cost-effective manner through sound financial planning and strategic operations. Over the past several years, a number of measures aimed at improving efficiency have been implemented across the campuses, e.g. increasing the member to full-time staff ratio, having members prepare their own meals, and reducing training costs by employing existing staff as trainers and soliciting pro bono services. In May 2010, CNCS consolidated its Office of Emergency Management into AmeriCorps NCCC to provide greater coordination of agency-wide disaster preparation, mitigation and response, and recovery activities.

In FY 2010, 50 percent of AmeriCorps NCCC resources were devoted to disaster services nationwide, providing support to displaced and needy individuals, families, and communities. The average AmeriCorps NCCC member completed 1,868 hours of service (including training) during their 10-month service term in FY 2010.

AmeriCorps NCCC members built 334 new homes, completed 4,500 tax returns for low income families and supported 11,000 children in out-of-school programming. Members also conducted prescribed burns and fire mitigation on over 9,800 acres of land, supported over 130 community gardens, and recruited or managed more than 50,000 community volunteers. In addition to disaster relief, members completed 282 additional projects in the areas of education, the environment, and human services, for a total over 1.2 million hours of service.

1.5 million participants engaged in service-learning activities for nearly 15 million hours through LSA grantmaking. In a pilot program this year, 2 million in grants were awarded to engage at-risk youth in grades 6 through 9 in innovative service projects that address environmental and disaster preparedness issues through a Summer of Service.

Some of the program's major deployments in FY 2010 include Kentucky, Tennessee, and Georgia (floods), Mississippi (tornadoes), American Samoa (tsunami), and the Gulf Coast following the Deepwater Horizon oil spill. The program supported disaster response efforts in partnership with the Federal Emergency Management Agency, the American Red Cross, State Commissions and local municipalities throughout the U.S. and its territories.

AmeriCorps NCCC members assisted more than 158,000 people affected by disasters.

Additionally, since 2005, members from all campuses have served over 3 million hours in the Gulf Coast region on over 1,100 relief and recovery projects. Corporation management is exploring additional opportunities for employing AmeriCorps NCCC resources in support of agency-wide disaster planning. For example, under the agency's Continuity of Operations Plan (COOP), CNCS is considering NCCC campuses as potential work sites for critical staff following a catastrophic event affecting its Washington, DC headquarters. AmeriCorps NCCC campuses also can be used to train and house other Corporation national service members and volunteers during times of disaster.

Learn and Serve America

Since CNCS' first service-learning grants were awarded in 1993, the field has developed a body of curricula, evaluations, and other materials in the National Service-Learning Clearinghouse. Over the years, LSA has served as a catalyst to seed, expand, and replicate service-learning programs. At this time in the field's development, LSA needs to shift its focus to innovative practices that demonstrate research-based impact. CNCS funded 141 grantees through LSA in 2010 that directly implemented programs and provided sub-grants to approximately 1,400 local operating sites. As a result, 1.5 million participants engaged in service-learning activities for nearly 15 million hours through LSA grant-making.

- As guided by legislation, LSA administered a cohort of Science, Technology, Engineering, and Math (STEM) grants across the portfolio of \$5.7 million in school-based and \$3.9 million in higher education grants. These grants supported the integration of service-learning into middle school STEM curricula to enhance academic engagement while fostering civic responsibility. Additionally, these grants supported faculty development, student participation, and institutional involvement in community projects through the STEM disciplines.
- LSA invested \$2.8 million to support teacher training. These grants enlighten new and existing teachers with innovative strategies to connect service-learning to their curriculum. This pipeline of teachers trained in service-learning implements proven, educational strategies that improve classroom performance. Teacher training is an important new area in which LSA hopes to grow its work in future years.
- LSA School-Based Tribal grants continued federal partnership with the Substance Abuse Mental Health Services Administration (SAMHSA) to combat methamphetamine abuse in Indian Country. In FY 2010, LSA also awarded five new grants totaling \$650,070 to tribal communities for service-learning activities dedicated to the environment; retention of tribal history, language, and culture; and community economic development.
- LSA administered the 4th annual President's Community Service Honor Roll, funded through Subtitle H. This Presidential Award recognizes institutions of higher education for exemplary, innovative, and effective program achievements in community service and service-learning. The Honor Roll also increases the public's awareness of the contributions that colleges and their students make to local communities and the nation as a whole.

While LSA has enjoyed success as a federal program since its inception in 1993, an extensive program review conducted in 2010 revealed several opportunities to refocus and refine the program's contribution to the Administration's education agenda. In particular, CNCS sees

an opportunity to build upon past successes through innovations in academic achievement and service-learning.

Innovation and Demonstration

CNCS' investment in quality and innovation activities in FY 2010 resulted in the following important accomplishments.

Social Innovation Fund. During FY 2010, the Social Innovation Fund (SIF) completed its inaugural grant competition, awarding \$49.3 million to 11 intermediaries drawn from different parts of the U.S. These awardees represent organizations that have unparalleled expertise and track records of success in using evidence-based research to grow successful nonprofits working in communities. Their proposals embody multi-year plans targeted toward three of CNCS' priority areas—Economic Opportunity, Healthy Futures and Youth Development/School Support—and are expected to have the following impact through their 2010/2011 grant cycle:

- More than 23,000 low income individuals in the South and Southwest will receive job training and education leading to jobs with more than 1,000 employers.
- A successful anti-poverty program started in New York City will be replicated in eight new urban areas: Kansas City, Memphis, Newark, San Antonio, Cleveland, Youngstown, Akron, and Tulsa.
- Projects in Kentucky and Missouri will expand access to needed health services, support improvements in nutrition and physical activity, and work to reduce rates of smoking, obesity, and preventable disease in targeted communities.
- Projects in Alabama, Georgia, Louisiana, and North and South Carolina serving at least 3,500 low-income individuals living with HIV/AIDS will support innovative strategies that increase access to care, reduce barriers to care, improve health outcomes, and include rigorous evaluation that will improve future service delivery.
- An estimated 20,000 low-income and vulnerable young people in Washington, DC will benefit from a new collaboration with as many as eight nonprofit organizations working together to improve their educational and employment outcomes.

Volunteer Generation Fund. The purpose of the Volunteer Generation Fund is to strengthen our volunteer infrastructure to best utilize the large influx of volunteers that are seeking service opportunities. In recent years, the number of people volunteering their time has increased significantly. However, to be effective in leveraging large numbers of people, many nonprofit organizations need assistance in training, managing, and supporting volunteers. Such support has proven highly effective in making best use of the time and skills of people who volunteer, providing them with useful and satisfying volunteer

experiences, while directing and focusing their work.

Investment for Quality and Innovation. In FY 2010, CNCS expanded the President's Call to Service through Let's Read, Let's Move, an intensive United We Serve summer outreach program. The Corporate Pro Bono Campaign topped \$500 million in commitments with \$110 million in new commitments this year. National Mentoring Month and the Higher Education Honor Roll continued to highlight important service in the education sector. CNCS expanded opportunities to serve through outreach to urban American Indian communities, outreach to diverse faith and neighborhood initiatives to encourage interfaith collaboration and service to address needs identified in CNCS' new strategic plan. Finally, the President's Council on Service and Civic Participation had its inaugural activities and adopted a set of activities for the future.

In FY 2010, CNCS organized and coordinated activities for the United We Serve initiative and the national days of service. United We Serve is a nationwide "call to service" effort to encourage all Americans to engage in service and volunteering. Increasing the number of people engaging in service—expanding opportunities to serve—will yield greater capacity to solve social problems in communities. CNCS awarded six continuation grants in honor of the legacy of Dr. Martin Luther King Jr. to support

The 2010 MLK Day of Service included over 10,000 projects in all 50 states, and included participation by elected officials, colleges and universities, and corporate partners.

community efforts to address pressing issues by engaging local volunteers, with a focus on activities held on the MLK Day of Service. In FY 2010, the MLK Day of Service included over 10,000 projects in all 50 states, and included participation by elected officials, colleges and universities, and corporate partners. On the first September 11 National Day of Service and Remembrance, communities organized service projects in all 50 states, and Americans of all backgrounds rekindled the remarkable spirit of unity and compassion that arose following the attacks.

The 2010 National Conference on Volunteering and Service was co-convened by Points of Light Institute and CNCS and attended by over 6,000 stakeholders, including hundreds of grantees, and nonprofit,

corporate, philanthropy, and other leaders. Participants received critical training and shared knowledge and best practices—both within and across sectors—for engaging citizens in solving community problems. The conference emphasizes a focus on finding solutions, highlights and promotes innovation, and builds enduring capacity in the sector to improve lives, strengthen communities, and foster civic engagement.

In FY 2010, CNCS initiated an ambitious effort to position the agency as the thought leader in quality and innovation in service as a solution. Several case studies highlighting innovative practices in the field were initiated and will be published in FY 2011. CNCS also convened thought leaders to discuss the Serve America Act focus areas and to provide depth and input for CNCS' future activities. For example, the Education Convening brought together 70 nonprofits, SEA, and faith-based leaders to discuss partnerships between schools and community organizations that improve student success. Results from that meeting will inform CNCS' pilot partnership with the U.S. Department of Education related to low performing schools.

Training and Technical Assistance

Supporting and helping to strengthen the capacity of the nonprofit sector to manage national service programs toward successful outcomes is fundamental to CNCS' mission. As such, CNCS' training and technical assistance activities (TTA) are being redesigned to reinforce and incentivize a focus on performance and results across grantees. In FY 2010, CNCS realigned its Office Leadership Development and Training into the Office of Strategy in order to provide a more coordinated and targeted approach to training and technical assistance across Corporation programs. New training and technical assistance approaches will be employed to ensure a pipeline of applicants that have the technical skills to measure and report results that align with CNCS' new strategic focus areas and that can effectively use service to achieve lasting outcomes.

CNCS provides its field with technical skills to convene service impacts around evidence-based solutions. Tools, training, and information flow through robust web platforms to seed innovation and solidify capacity. For instance, the National Service-Learning Clearinghouse stores primary source documents, curriculum, research, and material resources. These materials include:

- Toolkits for K-12 teachers and higher education faculty on planning high-quality service-learning courses;
- Resources to support K-12, higher education, community-based organizations (CBO), and tribal service-learning educators with the Service-Learning Ideas and Curricular Examples database; and
- Over 500 service-learning lesson plans, syllabi, and project ideas.

The Service-Learning Clearinghouse received a rating of 83 out of 100, and the Resource Center site a rating of 76 out of 100 in relevance of topics and usefulness of information in a 2009 ACSI study of training and technical assistance performance. The topics that received the highest rating in terms of importance included disability inclusion, financial and grants management, faith-based and community initiatives, performance measurement, volunteer management and recruitment, and community engagement and strengthening.

Decisions about training and technical assistance investments have evolved from multiple sources of input including constituent needs, grants monitoring data, and Corporation strategic initiatives. CNCS provides online and phone assistance related to performance measurement basics, data collection, and reporting tools. In follow-up surveys, 92 percent of respondents agreed or strongly agreed that the assistance they received resulted in the development of a performance measurement plan for their program. Furthermore, another 95 percent agreed or strongly agreed that technical assistance enabled them to report performance impact.

In the first two quarters of FY 2010, over 1.1 million unique visitors accessed CNCS' online Resource Center. This site includes:

- An effective practices database of over 800 vetted practices;
- Twenty-six online affinity groups;
- An online learning center with 38 courses enrolling 12,775 individuals; and
- Collaborative webinars reaching 2,258 individuals.

In the first two quarters of FY 2010, CNCS also:

- Supported 31 training events attended by 2,570 learners, and 52 sessions at training events sponsored by organizations that reached 2,641 additional participants. This includes a Financial and Grants Management Institute, AmeriCorps, and Learn and Serve grantee meetings.
- Supported technical assistance (TA) with 55 onsite visits reaching 1,267 individuals, 75 sponsored webinars reaching 2,258 participants, and 23,046 people coached on the phone or by e-mail.
- Standardized surveys administered across all events with 91 percent of participants reporting that they gained new knowledge they would apply in their work.

Disability Inclusion Grants

CNCS engages Americans with disabilities in service through grants to State Service Commissions and National Disability Organizational Partners. State commissions use inclusion funding to conduct outreach and recruitment, provide reasonable accommodations, develop local partnerships, and build the capacity of sub-grantees for disability inclusion.

Disability organizations use disability grant funds to facilitate partnerships between local, state, and national disability organizations, promote service and volunteering among their peers, and enhance appreciation of the value of a service experience. They build individual, organizational, and community capacity for inclusion through training and technical assistance and serve as a critical resource on service and inclusion. The strategic alignment between State Service Commissions and disability agencies mitigates real and perceived barriers and expands national service opportunities toward full inclusion. CNCS provides Disability Inclusion Grants to impact:

- Outreach activities that provide Americans with disabilities access to information about national service programs;
- Community development through social networking media formatted for Americans with disabilities;
- Accessibility at training venues, the National Conference on Volunteering and Service, and at service sites;
- Capacity for inclusion through training and technical assistance; and
- Economic opportunities for individuals with disabilities including veterans with disabilities.

As of the second quarter of FY 2010, Corporation disability grants funded:

- One thousand four hundred national service participants attended 49 face-to-face training in 11 states. Ninety-four percent of the trainees reported gaining knowledge that they would apply to their work.
- Six thousand seven hundred individuals participated in web-based training events and teleconferences, received remote technical assistance, or accessed technical assistance through fully accessible websites.
- Thirty-six new partnerships between University Centers on Disability and State Service Commissions or Corporation State Offices.
- The National Service Toward Employment Project (NextSTEP) will identify innovative practices and programs in the service, employment, and nonprofit fields that effectively transition Americans with disabilities from service to post-secondary education and employment.

Research and Evaluation

In FY 2010, CNCS realigned its evaluation and research functions into the new Office of Strategy. Through this new structure, CNCS' research and evaluation function will more clearly align with training and technical assistance activities. We will build the capacity of our grantees to better track and measure their own performance and make sense of the data they are collecting.

CNCS' research provides the agency and our national and community service programs with information to improve performance and more effectively engage Americans in a lifetime of volunteering and civic

engagement. CNCS has instituted an external review process for its major research studies. In cooperation with academics at major universities and independent organizations, we will conduct objective reviews of agency reports and findings.

In 2008, CNCS conducted a rigorous evaluation of the impact of service on AmeriCorps members. Results of this evaluation show that participation in AmeriCorps programs result in increased interest in public service, particularly among minorities. Furthermore, participation in AmeriCorps programs increases the likelihood that individuals from disadvantaged backgrounds will seek careers in the public service. This type of random assignment impact evaluation has set the stage for CNCS to develop and implement other rigorous studies to demonstrate how service has an impact on service participants and communities. These future studies will also provide opportunities to demonstrate how particular program models support the agency's strategic goals and align with our focus areas. Thus, in FY 2010, in addition to continuing to track the cohort of members who participated in the AmeriCorps Longitudinal Study, CNCS conducted the following:

- Initial phases of the fixed-amount grants pilot and national performance measure pilot in AmeriCorps State and National—For this project, CNCS is gathering perspectives from grantees that chose to opt-in or opt-out of one or both of the pilots. Evaluation of the pilot measures will continue through 2012 and inform our efforts to establish performance measures for grantees and program sponsors in all Corporation programs.
- Random assignment of Youth Corps evaluation—Research continued for a random-assignment evaluation of Youth Corps programs (which engage disadvantaged youth in service) across the country to assess their impact on future employment, education, life skills, and civic engagement. This is the first rigorous assessment of Youth Corps in more than a decade.
- Service-learning evaluation—In addition, CNCS launched a random-assignment study of service-learning in schools to assess the impact of service on academic achievement and school engagement as required in the Serve America Act and continued to partner with the U.S. Census Bureau and the Bureau of Labor Statistics to collect annual data on volunteering and civic health in the United States through the current population survey.

CNCS also continued its work to expand opportunities to serve through research of trends in our Volunteering in America Study. In 2010, the annual survey tracked national demographic trends in volunteering as well as place-based, demographic trends from 200 communities across the country—thus providing an opportunity to demonstrate the geographic impact of CNCS' programs. Research shows that in 2009 the country had the largest increase in volunteer rates since 2003.

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Management Performance

FY 2010 data for the majority of the agency management performance measures is not currently available. Data for the measures related to the American Customer Satisfaction Index will not be available until March 2011. Data for the grantees' performance against their own program/project metrics also will not be available until later in FY 2011. Data for these measures is expected to demonstrate sustained increases in employee satisfaction resulting from CNCS' ongoing efforts to improve its operations.

Data for the FY 2010 Federal Employment Viewpoint Survey (formerly known as the Human Capital Survey), sponsored by Office of Personnel Management, show a significant increase in Corporation employees' job satisfaction. Since FY 2009, the rate of satisfied employees jumped by 5 percentage points, from 68 percent to 73 percent.

CNCS has taken a number of important steps to prepare for the growth authorized under the Serve America Act. Within the last year, CNCS completed the following management initiatives.

Information Technology

Stabilized CNCS' IT infrastructure by:

- Centralizing and outsourcing our data center providing:
 - > First time HQ and field locations have redundant paths to CNCS network and systems;
 - > Power back-up, automatic West Coast fail-over and constant up-time for the general public, and CNCS members, grantees, and employees;
 - > High marks from Federal Information Security Management Act (FISMA) auditors for strong 2009 FISMA compliance in a small agency; and
 - > New Oracle development team brought on board to implement changes to payroll to provide high quality processing. Also providing support for enhancements to the Trust and assist with Serve America Act implementation.

Allowed for a more agile IT response to CNCS' changing needs:

- In response to the newly passed Serve America Act, the Office of Information Technology (OIT) spent 2010 implementing over 350 systems enhancements, modifications, and fixes to meet the Serve America Act requirements and business needs;
- First Phase Data Warehouse was rolled out, subsequent phases are in design and development; and
- Redesigned and re-implemented the internal website of CNCS and re-envisioned the new CNCS web presence.

Improved productivity and service across CNCS using technology:

- First re-think of all help desk services to grantees, the public, and members, designed to:
 - > Save costs;
 - > Provide better customer service;
 - > Provide a single point for all support;
 - > Improve reporting, monitoring, and responsiveness.
- Dramatic improvements in field technology support:
 - > First high-speed Internet access for 35 of the 52 field office.
 - > VOIP phone installations in seven field offices.
- Increase capacity and improvements in usability of remote access solutions

Following IT best practices CNCS is striving for continuous improvement:

- First PII inventory completed, including detailed training for field offices:
 - > First secure e-mail transmission, provides email review and secure retrieval of messages that contain PII data.
 - > Systems Risk Management monitoring (Xacta) has been installed and training for CNCS is underway.

In late FY 2010, CNCS was notified of access vulnerabilities in the MyAmeriCorps portal website that may have created the potential for others to view personal information of program applicants and participants. The vulnerabilities, which were immediately fixed, date back to the creation of the system in 2006. Though the vulnerabilities would not have caused personal information to be exposed in the normal operation of the portal, Corporation staff worked diligently to strengthen and ensure the security of the agency's computer systems. Furthermore, an independent computer security specialist was hired to conduct a comprehensive review of the system, including vulnerability scanning and penetration testing, and a senior systems security engineer was retained to oversee ongoing monitoring and updating of our IT systems.

By year's end, CNCS:

- Identified and corrected the vulnerabilities;
- Found no evidence that any data was misused;
- Notified and offered credit monitoring services (daily alerts, fraud recovery, and insurance) to 509,000 users of the portal;
- Established a call center through Experian. To date, over 2,000 calls have been received (less than one percent of the notified population) and over 9,000 redemptions of credit monitoring services (roughly two percent of the notified population);
- Awarded a contract for an independent contractor who began on penetration testing and code review;
- Expects analysis and recommendations for the independent contractor to be completed in February 2011;

- Hired a systems security engineer; and
- Plans to engage the U.S. Department of Homeland Security to perform further system reviews in second half of FY 2011.

Grant Operations

CNCS engaged a contractor to evaluate the way it conducts business, identifies efficiencies, and implements new methods for evaluating and

awarding grants, as well as provides training, conducts oversight and monitoring, recruits program members and participants, and provides the technology necessary for each of these activities. Based in part on the contractor’s evaluation, CNCS is developing a plan to consolidate and realign grants management and other programmatic functions to become a more efficient and effective organization. CNCS plans to begin this re-alignment in the second quarter of FY 2011 and complete this work in late FY 2012.

Table 5. Performance Trends for Management Goalsⁱ

Performance Objective and Measure	FY06 Actual	FY07 Actual	FY08 Target	FY08 Actual	FY09 Target	FY09 Actual	FY10 Target	FY10 Actual
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	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	0 MW 2SD
Percent of government-wide financial management metrics where CNCS is rated “green” ^{iv}	48%	62%	100%	63%	100%	69%	100%	97%
Deliver Exemplary Customer Service								
Overall Corporation score on the American Customer Satisfaction Index (100 point scale)	71	73	74	74	77	74	80	Avail 03/11
Overall score for satisfaction with the overall usability and effectiveness of the agency’s major technology stems (100 point scale)	62	70	70	67	75	74	80	Avail 06/11
Build a Diverse, Energized, and High-Performing Workforce								
Percent of employees who report overall satisfaction with their jobs	72%	77%	76%	68%	72%	68%	75%	73%

Table 5 Notes:

- NA = Data not available.
- This initiative is being reexamined as part of the development of CNCS’ next strategic plan.
- 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.
- 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. CNCS 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.nationalservice.gov/about/role_impact/performance.asp.

Workforce Development and Employee Engagement

In FY 2010, CNCS dedicated significant resources to meeting mandated training (e.g., No Fear Act, Contracting Officer's Representative, Benefits Officer, and New Supervisor) and mission-critical developmental needs (e.g., Project Management and Information Technology Acquisition). CNCS also deployed a web-based learning management system (LMS) that includes over 400 online training courses and presentations available to all CNCS employees.

While CNCS currently provides strong health and wellness support to employees, the Office of Human Capital continues to investigate programs designed to improve the health and wellness of agency employees. For the past five years, CNCS has monitored the results of the Federal Human Capital Survey (now the EVS) and the Annual Employee Survey. While CNCS' senior leadership and human capital programs have been successful in building and maintaining strong job satisfaction and satisfaction with the organization, we do note two potential threats to our ability to foster an environment in which our employees continue to invest the same level of their talents, energy, knowledge, and enthusiasm in their work.

Specifically, while employees consistently report strong identification with the mission, they also report decreasing affirmation that their workload is reasonable (EVS item #10). From 2006 to 2010 the percentage of favorable responses in this area fell from 57 percent to 49 percent. In 2010, the gap between the percentage of Corporation employee positive responses on workload reasonableness and the government-wide average reached 10 percent.

CNCS also noted that fewer and fewer employees reported that pay raises depended on how well employees performed their jobs. From 2006 to 2010 the percentages of favorable responses to this item (EVS #33) fell from 47.1 percent to 37 percent. While still considerably higher than the government-wide average, it should be noted that CNCS' alternative personnel system is intended to reflect pay-for-performance principles. Salary increases are not tenure-based as they are in the General Schedule.

CNCS successfully oversaw two critical initiatives in FY 2010—the continued implementation of the Serve America Act and the American Reinvestment and Recovery Act.

Implementation of the Serve America Act

In order to implement the various components of the Serve America Act, CNCS 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 again made significant progress in their work in FY 2010 and met all benchmarks for initial implementation of the Serve America Act. Some highlights include:

National Service Trust

The National Service Trust Working Group analyzed the provisions of the Serve America Act and discussed how these provisions would affect Corporation existing policies. Based upon these discussions, the Working Group established and justified business rules necessary for the implementation of Serve America Act provisions. Several of the provisions required the Working Group to draft new forms and update others. Technical requirements were established along with formal change requests for Corporation systems to ensure system functionality. The Working Group updated documents and used flowcharts to help address questions received through listening sessions, serve.gov, and other venues.

Senior Corps

Changes in age eligibility (from 60 years to 55 years) and income (from 125 percent of poverty to 200 percent of poverty) for Foster Grandparent and Senior Companions took effect October 2009.

The required online training and technical assistance guide for the RSVP Re-Competition was published by the deadline at <http://nationalservicerresources.org/rsvp-online-resource-guide>

The pre-competition evaluation has been designed and implementation is underway, including the steps necessary for OMB clearance of the survey of local steering committees. New regulations are currently going through internal clearance prior to publication of the proposed rule.

Senior Corps staff re-designed the FY 2010 RSVP competition to comply with Serve America Act language regarding Programs of National Significance, directing 25 percent of the Programs of National Significance (PNS) set-aside to be awarded to new organizations that are not current grantees of CNCS.

New Competitions

Nonprofit Capacity Building Grant Competition

The Nonprofit Capacity Building Working Group collected input from a wide range of stakeholders and interested parties and used that input

to create a Notice of Funding Availability (NOFA) which was posted in March 2010. One hundred and seventy-two proposals were submitted for the \$1 million in available funding.

Cross-program Working Groups

Branding and Product Lines

The Serve America Act Product Lines/Branding Working Group's accomplishments have occurred in four main areas: Transparency and Public Input, Communicating Program Changes, Call to Service Campaign, and the September 11 National Day of Service and Remembrance.

Transparency and Public Input: A key goal of Serve America Act implementation has been public participation. After passage, agency leaders went on a lengthy "listening tour" and received thousands of comments through conference calls, emails, web postings, and grantee meetings. We have put major policies up for public comment, including rulemaking and competitions, and created working groups with stakeholders. The extensive public input has greatly enhanced implementation.

Communicating Program Changes: The Serve America Act launched several brand new initiatives including the Social Innovation Fund, Volunteer Generation Fund, and Nonprofit Capacity Building Program, and made significant changes to existing Senior Corps, AmeriCorps, and Learn and Serve America programs. CNCS has communicated these changes to stakeholders and the public through multiple channels including monthly Serve America Act update emails; a dedicated Serve America Act landing page on our website; updated content in program brochures, fact sheets, and web pages; and CEO speeches, messages, conference calls, press releases, and other vehicles. CNCS is reflecting the new vision of Serve America Act in new websites to be launched in the winter of 2010.

Fixed Amount Grants

The Serve America Act allows CNCS the opportunity to pilot a new grant making technique called a fixed amount grant. Essentially, this strategy reduces administrative burden on grantees and focuses their efforts on achieving high level programmatic outcomes.

This year, CNCS prepared technical assistance materials and guidance for implementation of this concept in the AmeriCorps full-time program. In FY 2010, CNCS funded 54 grants using the fixed amount grant technique in three categories. CNCS funded 20 fixed amount grants at \$13,000 per Member Service Year (MSY) for full-time programs (10

national direct and 10 state), three fixed amount grants at \$2,000 per MSY for Professional Corps programs (two national direct and one state) and 31 fixed amount grants at \$800 per MSY for Education Award programs (16 national direct and 15 state). In addition, we expect to support 21 fixed amount grants under 13 state commission formula grants.

An independent evaluation is underway to review our implementation strategy and create learning opportunities for implementation in FY 2011. CNCS expects to expand this concept to Senior Corps (Foster Grandparents and Senior Companion programs) and AmeriCorps part-time programs in the future.

Grant Application Review Process (GARP) - Peer Reviewer Recruitment

In order to ensure an adequate number of reviewers with expertise in the five priority areas identified in the Serve America Act (Education, Healthy Futures, Environment, Opportunity, and Veterans) the Office of Grants Policy Oversight:

- Refined peer reviewer's data to gain an accurate view of the reviewer pool on hand; and
- Modified the peer reviewer application to ensure recruitment of adequate numbers of peer reviewers with the expertise needed to address the priority areas.

The Office of Grants Policy and Operations (OGPO) conducted intensive outreach using various strategies including targeted mailings to organizations that work in the priority areas, posting on the CNCS website and electronic mailing lists, attending four grantee conferences, sending out press releases, publishing announcements in professional journals, distributing a recruitment flier to foundations and other federal agencies, and sending a "Save the Date" message to active reviewers.

Grantee Training

The Grantee Training Group developed and managed meetings of AmeriCorps grantees to collect input about performance measures for priority focus areas and the development of a combined competition. They also developed new online materials to support the AmeriCorps performance measures national pilot and are designing the annual AmeriCorps Grantee Meeting around key Serve America Act implementation tasks for grantees.

Performance Measures

The AmeriCorps State and National Working Group piloted national performance measures in the 2010 competition. Outputs were created

for each of the five priority areas identified in the Serve America Act, and intermediate outcomes were also created for Education, Healthy Futures, and Environment/Clean Energy. In addition to developing the measures, this effort involved soliciting input from the field and outside experts, modifying e-Grants, and developing trainings and materials for applicants and grantees. Currently the Performance Measures Working Group is focusing on developing intermediate outcomes for the remaining priority areas, and expanding the pilot to all Corporation programs.

Risk Assessment and Internal Controls

The Risk Assessment Working Group reviewed the Serve America Act to confirm coverage by working groups. This group also compiled a comprehensive list of reports required by the Act and a checklist for staff planning new grant competitions.

Rulemaking

The Rulemaking Working Group has issued one interim final rule, one proposed rule for the Trust, and is preparing a proposed rule for Senior Corps and a Final Rule for the Trust.

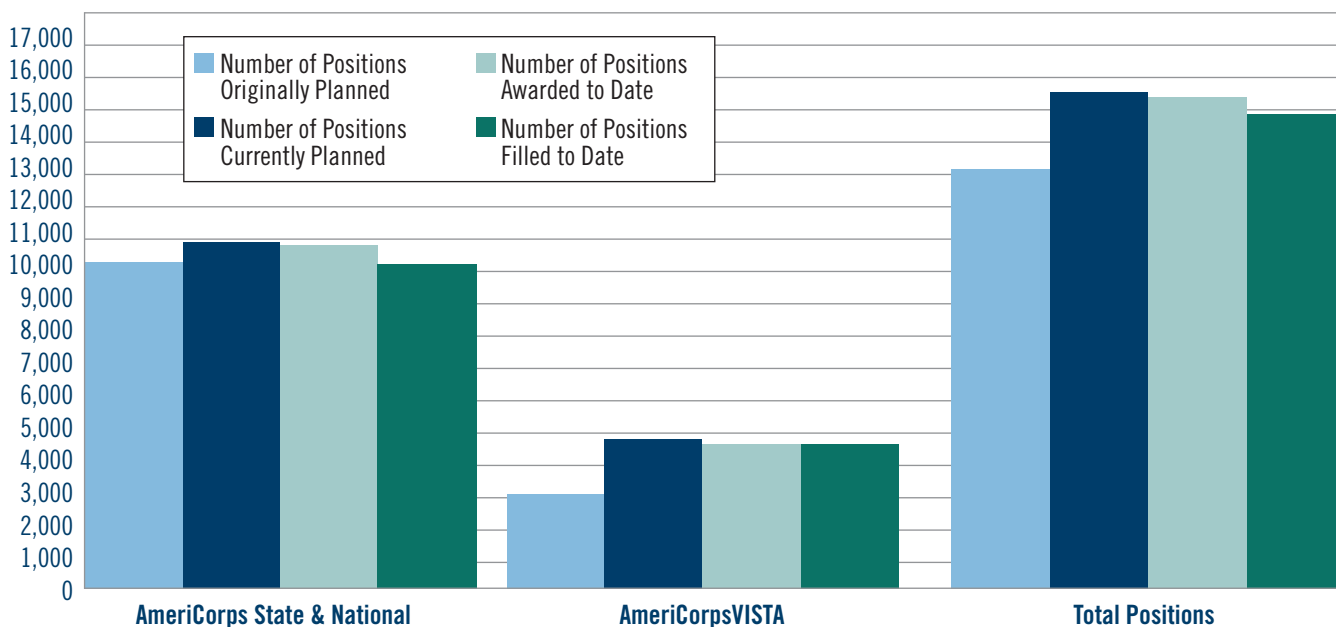
Technology

The Technology Working Group and the Office of Information Technology elicited business requirements and designed and deployed 16 system change order requests as of June 1, 2010, based on provisions in the Serve America Act. This Working Group anticipates completing another 15 changes by the end of December, and additional changes early in 2011. These systems modifications included changes in e-Grants to allow applicants to select Serve America Act characteristics, priorities, and national performance measures. Modifications to the My AmeriCorps Portal included changes to allow for education award transfer, number of terms of service, and provisions related to veterans.

American Recovery and Reinvestment Act of 2009

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided \$200 million¹ in funding to CNCS. CNCS acted swiftly to get funding into communities and boots on the ground, enrolling over 15,000 AmeriCorps members. Additional information is available at <http://recovery.nationalservice.gov/index.asp>.

Comparison of Planned Recovery Act Positions to Actual Activity (as of June 30, 2010)



1. CNCS' Office of Inspector General received \$1 million in Recovery Act funding to carry out its oversight activities related to CNCS' implementation of the Act that is not included in this report.

These AmeriCorps members are providing vital services to people facing unemployment, poverty, and other challenges by offering job counseling and placement services, providing foreclosure prevention and financial counseling, weatherizing homes, strengthening food banks, supporting health care and independent living services, and more. In addition to providing these vital services to the public, AmeriCorps members learn

new skills, acquire qualities of leadership, and gain a sense of satisfaction from taking on responsibilities that directly affect peoples' lives.

The following table provides CNCS' key milestones in implementing and carrying out Recovery Act funded programming:

Task	Planned Completion	Actual Completion
AmeriCorps State and National		
Planning completed	3/9/2009	3/9/2009
Disseminate grant application guide	3/9/2009	3/13/2009
Applications due	4/3/2009	4/3/2009
Formula grants awarded	4/17/2009	5/21/2009
Competitive grants awarded	5/8/2009	7/7/2009
Planning for supplemental awards	5/14/2010	6/30/2010
Secondary grants awarded	7/30/2010	7/30/2010
Monitoring grant programs and reporting	6/30/2011	*
All Recovery Act grant performance periods completed	5/31/2011	*
Progress reporting	Quarterly	Quarterly
AmeriCorps VISTA		
Planning Completed	3/9/2009	3/9/2009
Identify and develop projects	6/30/2009	6/30/2009
Recruit, select, and approve members	10/31/2009	7/30/2009
Train and place all full-time Recovery Act VISTAs	12/31/2009	9/30/2009
Planning for Summer Associate program	4/30/2010	4/30/2010
Place all Recovery Act Summer Associates	6/30/2010	6/30/2010
Monitoring program activities and reporting	12/31/2010	*
All Recovery Act AmeriCorps VISTA member terms completed	9/30/2010	9/30/2010
Progress reporting	Quarterly	Quarterly
National Service Trust Fund		
Obligate funds as positions are awarded	7/30/2010	9/30/2010
Obligate funds to bring Education Awards to net present value	4/30/2021	*
Outlay funds as awards are utilized	5/31/2021	*
Salaries and Expenses		
Competitively procure information technology contracts	9/30/2009	12/30/2009
Hire temporary administrative staff	9/30/2009	6/21/2009
Reallocate administrative funds balance to information technology	6/30/2010	6/30/2010

* This is an ongoing activity or the completion date is in the future.

Internal Controls, Audit Results, and Management Assurances

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

Internal Control Program

During FY 2010, CNCS continued to refine its internal control assessment, testing, and assurance program, which is modeled on OMB Circular A-123. These efforts included further development of the internal control organizational structure and monitoring of internal controls initiated during previous fiscal years. CNCS' internal control program is led by a Senior Assessment Team (SAT) of key financial, program, and administrative executives. Senior managers from the Office of Inspector General (OIG) also attend the meetings to keep abreast of CNCS' activities and to provide suggestions for improvement. The SAT is staffed by the Internal Control and Analysis Team (IC&A) within the Department of the Chief Financial Officer. The SAT approves internal control program improvements, oversees its maintenance, and reviews IC&A activities.

The risk-based assessment approach used by CNCS gives priority for internal control reviews, including testing to specific organizational and functional areas where significant risks are known to exist. For example, CNCS' Accounting, 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. CNCS also continued to improve its grantee oversight and monitoring program using a similar risk-based approach.

Basis of FY 2010 Assessment

CNCS' assessment 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.
- Comprehensive risk-based Internal Control Reviews (ICR) including risk assessments and random-sample testing of key internal controls within selected Corporation program and administrative operations. For example, FY 2010 payments made by the National Service Trust were tested to verify that the payment was properly authorized, the amount was correct, and the payment was made in a timely manner to the correct vendor, among other attributes.
- In-Progress Reviews (IPR) at NCCC campuses including a focused management control assessment that provides for a self-assessment by campus staff, followed by an independent review by headquarters staff. All five campuses received an IPR during FY 2010. The IC&A also performs NCCC transaction testing that sometimes includes campus site visits. 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 develop corrective action plans in response to IPR recommendations.
- Office of Inspector General reports, including the annual financial statement audit and recent audits of portions of CNCS' operations.

In addition, management's knowledge of CNCS' day-to-day operations helps the agency to ensure that adequate controls are in place for all of the agency's operations. These controls include announcement of funds availability for grants, the receipt and evaluation of applications for financial assistance, and the negotiation and award of grants, contracts, and cooperative agreements. The FY 2010 risk assessment testing priority decisions were influenced by the dollar volume of grant programs and findings associated with the FY 2009 financial statement audit and related management letter.

In carrying out the internal control program the IC&A considered the nature of each deficiency, the existence of a compensating control, the dollar value of transactions potentially affected by the deficiency, the level of risk, and the likelihood that an error may not be prevented or detected. The SAT assessed and evaluated CNCS' compliance with these internal control requirements as of September 30, 2010, and determined that none of the deficiencies found rise to the level of a material weakness or a significant deficiency. Recommended corrective actions for the deficiencies were reviewed and CNCS' progress in implementing them will be monitored by the SAT during FY 2011 to assure that appropriate corrective actions are taken.

Certification and Accreditation Assessment

Corporation policy, in accordance with federal law, OMB guidance, and the NIST SP 800-37, *Guide for Applying the Risk Management Framework to Federal Information Systems*, requires the assessment of information systems security controls using appropriate assessment procedures to determine the extent to which the controls are implemented correctly, operating as intended, and producing the desired outcome with respect to meeting the security requirements for the system every three years or when there is a significant change to the system.

During FY 2010, CNCS conducted security control assessments of the Network and the eSPAN information systems, which had undergone significant changes. The Certification and Accreditation Assessment determined that the security controls in place provide adequate security. As required by NIST SP 800-37 and OMB guidance, CNCS has implemented a continuous monitoring strategy for assessing a subset of the security controls employed within and inherited by the system during the authorization period. Also, CNCS has acquired and is implementing automated tools to automate system security-related activities and analyze security-related information.

Annual Financial Audit Results

Fiscal Year 2010 marks the 11th consecutive year CNCS has earned an unqualified opinion on its financial statements. It also marked the 10th consecutive year with no material internal control weaknesses. The auditors also found no instance of noncompliance with laws and regulations. These results reflect CNCS' commitment to sound financial management and the hard work by staff over the past year to continuously improve financial operations.

Management Assurances

Certification of Trust Obligations

The Strengthen AmeriCorps Program Act (SAPA) established specific criteria for estimating and recording obligations in the National Service Trust. SAPA required an annual certification that CNCS is in compliance with the requirements of the SAPA and to obtain an independent audit of the accounts and records demonstrating the manner in which CNCS has recorded its Trust estimates. Effective October 1, 2009, the Edward M. Kennedy Serve America Act (Public Law 111-13) repealed the provisions of SAPA and added the same requirements to the National and Community Service Act of 1990 (Section 149 of Public Law 101-610, 42 USC 12606). CNCS' Office of Inspector General contracted with Kearney & Company to perform the audit required for FY 2010. Based on CNCS' analysis and review of Trust activities and the results of OIG's audit,

CNCS certifies that it complied with these requirements for FY 2010.

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

CNCS is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Financial Management Improvement Act (FFMIA). CNCS conducted its assessment of internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123. Based on the results of this evaluation, CNCS provides reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2010, 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, CNCS' internal control program described above assured effectiveness of internal controls over financial reporting, this includes safeguarding of assets and compliance with applicable laws and regulations. Based on the results of this evaluation, CNCS provides reasonable assurance that its internal control over financial reporting as of September 30, 2010, 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 Federal Financial Management Improvement Act (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.

CNCS utilizes Momentum Financials as its core financial system. Momentum 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 CNCS' review of its central financial processes and auditors' report, the agency determined that CNCS complies substantially with the requirements of the FFMIA for FY 2010.



Patrick A. Corvington
Chief Executive Officer



William Anderson
Chief Financial Officer

Financial Management Metrics

Since FY 2005, CNCS has measured its financial performance against a set of nine metrics originally developed by U.S. CFO Council for CFO Act departments. CNCS' goal each year is to meet the standard for a "green" score on each of the metrics. For the majority of FY 2005, CNCS achieved "green" on only one out of nine (11 percent) of these metrics. Since that time CNCS has made significant strides in improving its financial performance. For FY 2010, the yearly average of "green" scores was 97 percent. Comparable average scores for FYs 2006 through 2009 are 48 percent, 62 percent, 63 percent, and 69 percent, respectively. Performance in each of the individual metrics during fiscal year 2010 is summarized as follows:

- Fund Balance with Treasury was "green" for the entire fiscal year (Metric 1).
- Suspense Account Clearance and Accounts Receivable Delinquency was "green" for the entire year (Metrics 2 and 3).
- The Percent of Vendor Payments by Electronic Funds Transfer (EFT) achieved a "green" performance level for the entire year (Metric 4).
- Percent of Vendor Payments Made on Time was "green" for the entire year (Metric 5).
- Late Payment Penalties Paid as a Percent of Total Vendor Payments was "green" for the entire year (Metric 6).
- The last three metrics relate to credit card payment timelines. During FY 2010, Centrally Billed Travel Timeliness (Metric 7) and Purchase Card Timeliness (Metric 8) were at the "green" level for the entire fiscal year. Individually Billed Account (IBA) Travel Card Timeliness (Metric 9) was at "red" levels for the first three months of the year and at "green" levels for the last nine 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. With the implementation of a split pay interface for IBA cards we expect to remain at the "green" performance level for future reporting periods.

Analysis of Appropriations and Financial Condition

CNCS' goals for financial management are to deliver the highest level of business services to our customers and stakeholders through effective internal controls and efficient work processes and to provide reliable and timely financial information to support sound management decisions. In carrying out these activities, CNCS is committed to the principles of

transparency, accountability, and excellence. The result is an established record of effectiveness in federal financial management documented by clean audit opinions. In FY 2010, the areas where CNCS' financial management was focused included:

- **Implementation of the Edward M. Kennedy Serve America Act**—On April 21, 2009, President Obama signed into law the Edward M. Kennedy Serve America Act, the first reauthorization of CNCS' programs since passage of the National and Community Service Trust Act of 1993. Fulfilling the promise of the Act has been the top priority of CNCS. CNCS has made excellent progress, from standing up new programs to improving technology and mobilizing more Americans to serve, all while using a collaborative and transparent process with a high degree of public input. One year after its enactment, volunteering is up, momentum is strong, and a new vision for service is taking effect. One based on growth, innovation, and targeting resources on our nation's pressing problems. During FY 2010 CNCS:
 - > Continued the expansion of service opportunities for Americans of all ages, setting a path for increasing the number of AmeriCorps members to 250,000 by 2017;
 - > Launched a Social Innovation Fund pilot program to provide seed money and scale up innovative and evidence-based programs that leverage private and foundation capital to meet major social challenges;
 - > Continued simplifying AmeriCorps program management, including through the availability of fixed amount grants; and
 - > Increased the Segal AmeriCorps Education Award and established a process tying the award to the maximum amount of a Pell grant in accordance with the Serve America Act.
- **Development of a new five year strategic plan**—Every five years, Congress requests each federal agency to adopt a strategic plan that defines its missions, goals, and the means by which it will measure its progress. With the Serve America Act as our guide, in 2010 CNCS began soliciting public input for the new plan. The Serve America Act stipulates that national service should focus on areas of national need, identifying education, energy conservation, health, economic opportunity, and disaster services as top priorities. Engaging veterans as participants in and recipients of service was also highlighted as a priority. Thus, in looking to increase impact in communities, CNCS will focus its efforts in these areas.

The solutions to these challenges are not simple. They require an "all hands on deck" approach that engages multiple partners, organizations, and approaches. Targeting resources to tackle national priorities from increasing high school graduation rates to fostering economic opportunity, CNCS will identify where service has an

important role to play and target resources to tackle those issues. That said, these national priorities are best addressed through local solutions. CNCS will continue to work with state commissions, local governments, and community based organizations to ensure that the full potential of service and volunteering can be effectively harnessed. The new strategic plan will guide CNCS' formulation and development for future years.

- **Implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act)**—The Recovery Act introduced additional accountability and reporting requirements for the \$200 million received by CNCS under the Recovery Act.² CNCS has worked closely with its OIG to ensure compliance and quality assurance. Accountability and transparency were fundamental requirements for the awarding, monitoring, tracking, and reporting of Recovery Act funds.
- **Improved system operations**—The escalating pace of change in the federal environment is an opportunity to improve financial management performance. Changes currently affecting CNCS include new technology and new accountability legislation. In FY 2010, CNCS continued to make progress in modernizing its Information Technology infrastructure, moving our antiquated data center from our D.C. Headquarters building to an off-site Managed Data Center Service. As a result, Corporation systems are no longer susceptible to power outages; all internet connections have fail-over protection; connectivity with field offices has been improved with T1 line speeds; and Load Balancers manage traffic to prevent e-Grants failures at grants closing time. These changes will help to improve our customer and stakeholder experience.
- **Improved Fund Balance with Treasury (FBWT) Reconciliation**—As CNCS' operations continue to grow, improving efficiency and better utilizing scarce staff resources becomes paramount. During FY 2010 CNCS dramatically improved its process for reconciling FBWT, automating several manual processes to significantly improve the accuracy and time needed to identify and correct differences between amounts reported by the Department of Health and Human Services and Department Agriculture on behalf of CNCS and CNCS' financial management system. This automation allows CNCS to post corrections in current periods. As a result of these improvements, there were zero differences between CNCS' general ledger and FBWT at FY 2010 year end.

- **Increased transparency in Corporation operations**—CNCS began exploring better ways to provide meaningful information to our stakeholders and the general public. In April 2010 we launched our Open Government Plan. The Plan describes CNCS' commitment to transparency, participation, and collaboration in carrying out our mission, and includes milestones to release additional data on grants and grantees. It also invites feedback from the public so that we can constantly improve on our efforts. In July 2010, CNCS began posting information on the grants award process for the new Social Innovation Fund. The information posted included complete applications for grantees selected for award, reviewer comments of the applications, the list of expert reviewers, and a list of organizations that applied for a Social Innovation Fund grant but did not receive an award. A process is being established to provide similar information on future grant competitions.

Understanding the Financial Statements

CNCS has a fiduciary and stewardship responsibility to efficiently and effectively manage its federal funds and to comply with federal guidance on financial management. As part of this responsibility, the agency prepares annual financial statements in conformity with generally accepted accounting principles (GAAP) for U.S. federal government corporations and subjects them to an independent audit to ensure their integrity and reliability in assessing performance. For FYs 2009 and 2010 CNCS's financial statements received an unqualified opinion. This opinion recognizes that CNCS' financial statements are fairly presented, in all material respects, and in conformity with generally accepted accounting principles.

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

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

2. *The Recovery Act provided \$200 million to CNCS to expand the AmeriCorps State and National and VISTA programs and \$1 million to the Office of Inspector General for oversight activities. CNCS' Recovery Act funding was available for obligation during fiscal years 2009 and 2010. Additional information on CNCS' Recovery Act activities can be found at <http://recovery.nationalservice.gov/index.asp>.*

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

CNCS' financial statements present comparative information for FYs 2010 and 2009. The following table presents the changes in Corporation's financial position in FY 2010.

VISTA and NCCC programs.³ 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. CNCS has also set aside a Trust reserve of \$50.1 million (including \$3.5 million set aside in FY 2009 for Recovery Act positions) to protect CNCS in the event that the estimates used to calculate obligations differ from actual results. During FY 2010 CNCS based its obligation amount on

Net Financial Condition	FY 2010	FY 2009 (Dollars in thousands)	Increase/(Decrease)
Assets	\$ 1,600,679	\$ 1,542,363	\$ 58,316
Liabilities	\$ 665,753	\$ 462,455	\$ 203,298
Net Position	\$ 934,926	\$ 1,079,908	\$ (144,982)
Net of Revenue over Expense	\$ (11,416)	\$ 15,648	\$ (27,064)

The *Statement of Financial Position* presents the total amounts available for use by CNCS (assets) against the amounts owed (liabilities) and amounts that comprise the difference (net position). Over 97 percent of CNCS' total assets are comprised of *Fund Balance with Treasury and Trust Investments and Related Receivables*. A significant balance also exists in the *Advances to Others* account.

In FY 2010, total assets increased 3.8 percent over the balance at the end of FY 2009. The majority of the increase occurred in the Fund Balance with Treasury account (FBWT), which grew by \$47.9 million and Trust Investments and Related Receivables, which grew by \$45.5 million. *FBWT* is funding available to CNCS from which it is authorized to make expenditures for amounts due through the disbursement authority of the Department of the Treasury. The *FBWT* is increased through appropriations and collections and decreased by expenditures and rescissions.

Trust Investments and Related Receivables are used to pay Segal AmeriCorps Education Awards for eligible participants who complete AmeriCorps service. Funding for the Trust comes from appropriations, interest earned, and proceeds from the sale or redemption of investments. The account increased by \$45 million primarily due to the funding needed to provide awards to a greater number of AmeriCorps members and the increase in the maximum amount of the award.

CNCS records Trust obligations at the time of grant award for AmeriCorps State and National, or at the time CNCS enters into an enforceable agreement with an individual participant in the AmeriCorps

the full value of the education award, a 100 percent enrollment rate (allowing for refills), and earning and usage rates of 77 to 86 percent depending on term type.

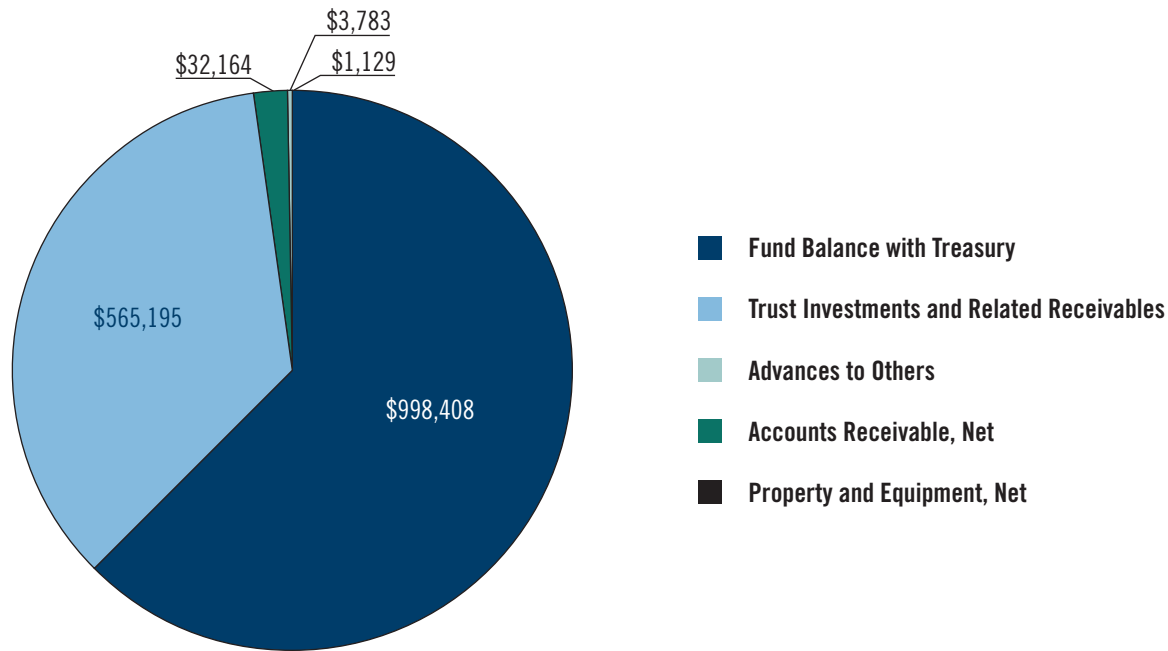
As of September 30, 2010, the National Service Trust had available cash and investments of about \$565.6 million to make education award and interest forbearance payments. Of this amount, CNCS' unliquidated obligations for awarded AmeriCorps positions totaled about \$498.8 million.

About \$11.9 million was available at year-end to fund new AmeriCorps member positions, of which \$1.8 million derives from Recovery Act funding, which cannot be used without new authorization. Trust assets are estimated to be fully sufficient to pay for all awarded AmeriCorps positions. As grants expire, CNCS deobligates funds related to member positions that were not filled. CNCS also continuously analyzes Trust operations and liability projections to identify any needed adjustments to obligations.

Advances to Others mainly represent funds provided to grantees in advance of their performance under a grant. For the most part, these advances are liquidated during the first quarter of the subsequent fiscal year. Advances to Others decreased by about 50 percent, from \$67 million at September 30, 2009 to \$32 million at September 30, 2010, reflecting the effects of Recovery Act activity and the increased funding level for 2010 programs.

3. With the passage of the Edward M. Kennedy Serve America Act the requirements of the Strengthen AmeriCorps Program Act were added to the National and Community Service Act of 1990.

Corporate Assets as of September 30, 2010 (*dollars in thousands*)



CNCS' most significant liabilities are the *Trust Service Award Liability and Grants Payable*. Individuals who successfully complete terms of service in AmeriCorps programs earn education awards that can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The awards, which can be used for a period of up to seven years, are paid from the National Service Trust. Since CNCS' inception through FY 2009 the maximum amount of an education award was \$4,725. Beginning with FY 2010, the Serve America Act tied the amount of the award to the amount of a Pell Grant administered by the Department of Education. The new award amount FY 2010 was \$5,350. The Trust also pays forbearance interest on qualified student loans during the period members perform community service. In FY 2010, 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. For FY 2010, the *Trust Service Award Liability* increased by \$55.8 million, largely due to the continued growth of the AmeriCorps State and National program, the additional members serving in Recovery Act positions, and the change in the value of an education award.

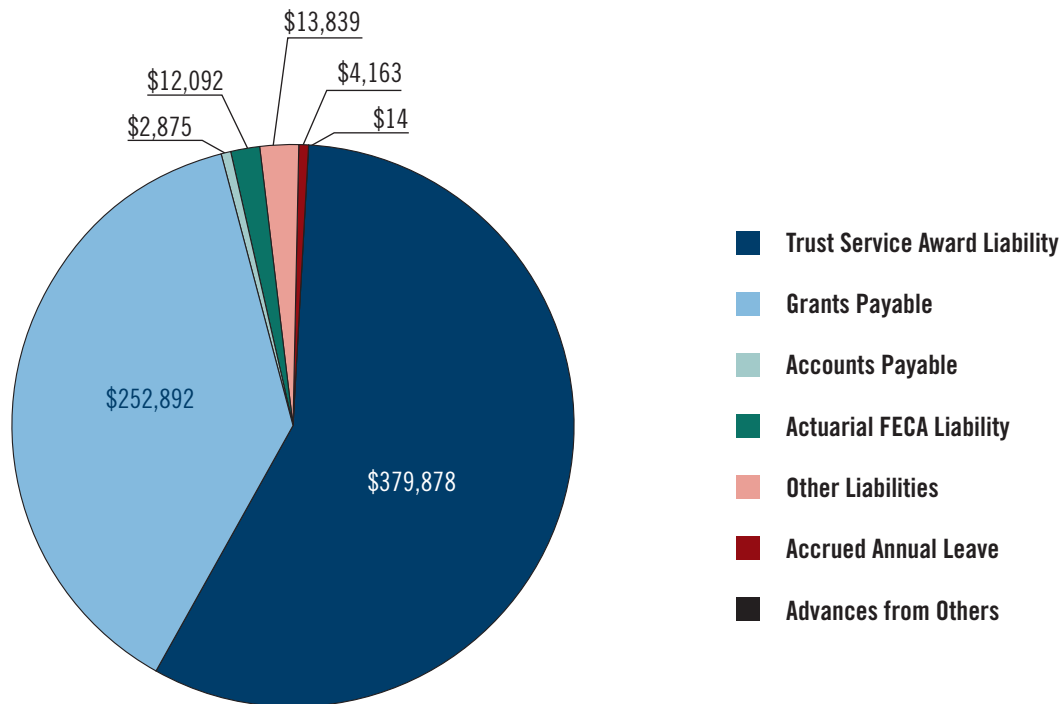
Grants Payable represents funds due to grantees in payment of their performance under a grant. For the most part, these payables are liquidated during the first quarter of the subsequent fiscal year. Grants Payable increased by about \$148 million, reflecting the significant

increase in program activity brought about by the Recovery Act and the higher program funding level for FY 2010. The *Statement Operations and Changes in Net Position* presents revenue earned by CNCS (primarily appropriations) and the annual cost of operating Corporation programs. Using an appropriate cost accounting methodology, CNCS' expenses have been allocated among its major programs, at the sub-program level. Costs for each major Corporation program are reported on separately. Program costs include grant expenses, as well as direct and allocated personnel and administrative costs including AmeriCorps recruitment and National Service Trust operations. No indirect costs are allocated to pass-through grants or to the OIG.

For FY 2010, Corporation revenue totaled \$1.273 billion, an increase of \$302.9 million, or 31 percent, above the FY 2009 level. This increase was primarily attributable to an increase in appropriations used of approximately \$283.5 million related to the increased funding level for FY 2010 and the continued use of Recovery Act funding.

Total expenses reported for FY 2010 were \$1.285 billion which represents an increase of \$330.0 million, or 35 percent, above the FY 2009 level. Most of the increase is related to additional program expenses for all three major Corporation programs, particularly the AmeriCorps program. This increase is in line with CNCS' goal to increase the AmeriCorps member levels to 250,000 by FY 2017 as a commitment to national service.

Corporate Liabilities as of September 30, 2010 (*dollars in thousands*)



CNCS' net revenue over expenses for FY 2010 was (\$11.4) million; this compares to a surplus of revenue over expenses of \$15.6 million in 2009. The deficit of revenue over expenses in FY 2010 is primarily attributable to the Trust, wherein expenses exceeded revenues by \$10.8 million, reflecting a surge in enrollments by Recovery Act members that were funded in the Trust in FY 2009.

The *Statement of Budgetary Resources* provides information on how budgetary resources were made available to CNCS for the year and the status of those budgetary resources at year-end. For FY 2010, *Total Budgetary Resources* increased by \$136.6 million due to the increased funding levels and an unobligated balance brought forward at the beginning of FY 2010. Similarly, total *Obligations Incurred* in FY 2010 also increased significantly, by \$168.9 million. The increase in both total budgetary resources available to CNCS in FY 2010 and the obligations CNCS incurred reflects the significant expansion in the AmeriCorps program, the increase in the Segal AmeriCorps Education Awards, and the increase in a wide range of high-quality opportunities for all Americans to serve their communities.

Future Business Trends and Events

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

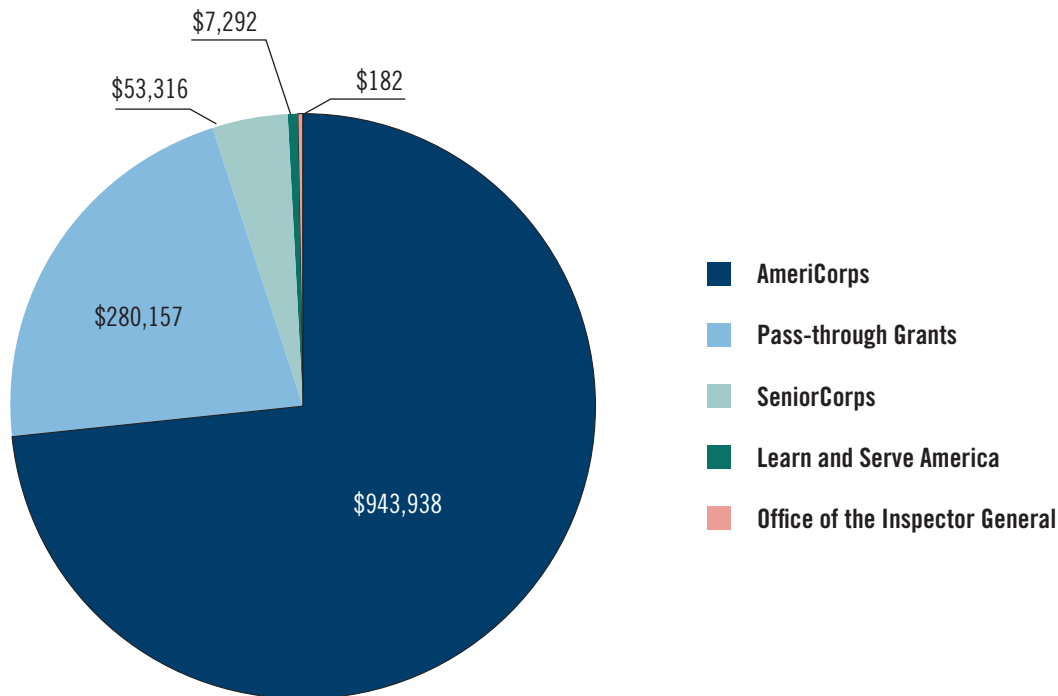
- **Open Government**—To foster unprecedented levels of accountability and transparency in government spending, CNCS is actively implementing its Open Government Plan⁴ in an effort to imbed the principles of transparency, participation, and collaboration that form the cornerstone of an open government into agency operations:

Transparency promotes accountability by providing the public with information about what the government is doing;

Participation allows members of the public to contribute ideas and expertise so that their government can make policies with the benefit of a wide range of views and information; and

4. CNCS' plan can be found at <http://www.nationalservice.gov/about/open>.

Corporate Expenses for the Year Ended September 30, 2010 (*dollars in thousands*)



Collaboration improves the effectiveness of government by encouraging partnerships and cooperation within the federal government, across levels of government, and between the government and private institutions and citizens.

Over the next 12 months, CNCS will begin taking additional steps to improve the data published on our activities including:

- > Reviewing the information recorded in our systems and determining how it can best be conceptually divided into publishable data sets. CNCS will include both already published data and data not made public;
- > Publishing new data, seeking public comment on the relative importance of the datasets and review prior FOIA requests to look for areas of high public interest;
- > Publishing communications between CNCS and Congress, including responses to inquiries and testimony before committees;
- > Streamlining the Freedom of Information Act (FOIA) request process and improve the transparency of FOIA requests and responses; and
- > Publishing media and publication policies.

- **Grants Process Improvements**—CNCS is beginning the design of its next generation Grants Processing and Management Application Database. This project will review CNCS’ current systems, organizational structure, and business processes and provide recommendations for a more efficient grants process and structure. The goal of the project is to streamline the grants management and member application systems and processes to reduce the burden on programs and the public by:
 - > Reducing duplication of efforts;
 - > Eliminating unnecessary steps;
 - > Shortening processing timeframes;
 - > Effectively sequencing tasks to achieve greater staff efficiency; and
 - > Aligning with the requirements of the Serve America Act.
- **Financial System Upgrade**—CNCS utilizes a commercial off-the-shelf accounting system to manage its core financial activities. Currently, this system is Momentum version 6.1.5. Momentum was implemented without customization in order to minimize risks associated with systems development efforts. CNCS is in the process of upgrading the system to a more modern version in order to have continued vendor maintenance, continue improving its internal controls, and improve efficiencies. CNCS expects this effort to proceed without any customizations and to be completed during FY 2011.

- **Budget Formulation**—In FY 2010, CNCS entered into an interagency agreement with the U.S. Department of the Treasury to adopt its Budget Formulation and Execution Manager (BFEM). BFEM will allow CNCS to automate the collection, aggregation, and publication of its budget submissions to OMB and Congress. BFEM, currently in use by a number of other federal agencies, enables federal budget offices to define when data is collected, the level of detail required for submission, and the justifications required to submit data for review. It ensures numbers within documents tie to sums and justifications and the system maintains all historic data for each refinement of the budget. Following an initial period of data gathering and process mapping, CNCS expects to launch BFEM to develop its FY 2013 Budget Request.
- **Data Security**—CNCS values the trust placed in it by programs, participants, and others interested in national and community service. During FY 2010, CNCS discovered and corrected two access vulnerabilities in the MyAmeriCorps Portal website that may have created the potential for others to view personal information of program applicants and participants. The vulnerabilities would not have caused personal information to be exposed in the normal operation of the Portal. However, to ensure that all privacy data provided to CNCS is protected to the fullest extent practical, we notified all system users and began working with an independent computer security specialist to conduct a comprehensive review of the system, including vulnerability scanning and penetration testing. We expect this additional assessment to be completed and identified weakness, if any, corrected early in FY 2011.

Corporation for National and Community Service Fiscal Year 2010 and 2009 Financial Statements



Message from the CFO



I am pleased to report that in FY 2010 CNCS maintained its record of strong fiscal stewardship for the American people. CNCS received an unqualified “clean” opinion on its consolidated financial statements for the 11th consecutive year.

CNCS also achieved the distinction of having no material weaknesses in internal control for the past 10 years. These are tremendous accomplishments in light of the challenges, new mandates, and transitions that CNCS has undertaken over the past two years. During FY 2010, CNCS continued to automate and refine its financial processes to achieve greater efficiencies and future savings in operations.

Some notable efforts undertaken during the year include:

- Successfully carrying out CNCS’ Recovery Act program and meeting new reporting and accountability requirements.
- Developing internal structures for Serve America Act implementation—with accountability, responsibility, and extensive involvement across CNCS—and implementing competitions for all new funded programs.
- Publishing a comprehensive Open Government Plan with aggressive milestones for publishing data on CNCS’ operations. The plan was recognized by outside reviewers as third best in the Federal government.
- Automating the process for submitting the Statement of Transactions (SF-224) to Treasury. Through a financial system interface data is now directly uploaded to the Treasury.
- Streamlining the Fund Balance with Treasury reconciliation process to allow more timely and accurate reconciliation. No temporary FACTS II adjustment was needed at fiscal year end.
- Automating the financial statement preparation process which includes extensive edit checks to ensure proper consolidation of data.

Staff and senior leadership across the agency are committed to sound, accountable, and transparent financial management and our stakeholders should have confidence in our efforts to further strengthen financial management practices at CNCS moving forward.

I would like to take this opportunity to thank the financial management professionals throughout the agency for their dedication and hard work throughout the past year. Their efforts ensure that we deliver the most accurate, transparent, and useful financial information possible.

A handwritten signature in cursive script that reads "William Anderson".

William Anderson
Chief Financial Officer

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 including the corporation's financial statements to Congress. 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; and
- *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 Executive Order 13331, the Corporation prepares a Statement of Budgetary Resources (SBR) as a principal financial statement. 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.

The Corporation's financial statements present comparative information for fiscal 2010 and 2009. For fiscal 2010, the Corporation's financial statements, for the 11th 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.

Corporation for National and Community Service

Consolidated Statements of Financial Position as of September 30

(dollars in thousands)

ASSETS	2010	2009
Fund Balance with Treasury (Note 2)	\$ 998,408	\$ 950,532
Trust Investments and Related Receivables (Note 3)	565,195	519,838
Advances to Others	32,164	67,521
Accounts Receivable, Net (Note 4)	3,783	2,763
Property and Equipment, Net (Note 5)	1,129	1,709
Total Assets	\$ 1,600,679	\$ 1,542,363
LIABILITIES		
Trust Service Award Liability (Note 6)	\$ 379,878	\$ 324,067
Grants Payable	252,892	105,084
Accounts Payable	2,875	2,031
Actuarial FECA Liability (Note 8)	12,092	11,365
Other Liabilities	13,839	16,774
Accrued Annual Leave	4,163	3,120
Advances from Others	14	14
Total Liabilities	\$ 665,753	\$ 462,455
Contingencies (Note 14)		
NET POSITION (Note 9)	\$ 934,926	\$ 1,079,908
Total Liabilities and Net Position	\$ 1,600,679	\$ 1,542,363

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

Corporation for National and Community Service Consolidated Statements of Operations and Changes in Net Position for the Periods Ended September 30 *(dollars in thousands)*

REVENUE	2010	2009
Appropriated Capital Used	\$ 1,054,258	\$ 770,708
Appropriations Transferred to the Trust Fund (Note 10)	199,659	174,932
Interest	7,288	12,236
Revenue from Services Provided	2,486	4,536
Other	9,778	8,062
Total Revenue	\$ 1,273,469	\$ 970,474
EXPENSES		
AmeriCorps	943,938	661,482
Senior Corps	280,157	238,805
Learn and Serve America	53,316	47,812
Subtotal - Program Expenses	1,277,411	948,099
Pass-through Grants	182	682
Office of the Inspector General	7,292	6,045
Total Expenses (Note 11)	\$ 1,284,885	\$ 954,826
Net of Revenue Over Expenses	\$ (11,416)	\$ 15,648
NET POSITION		
Net of Revenue over Expenses	\$ (11,416)	\$ 15,648
Increase/(Decrease) in Unexpended Appropriations, Net (Note 13)	(133,566)	121,940
Increase/(Decrease) in Net Position, Net	(144,982)	137,588
Net Position, Beginning Balance	1,079,908	942,320
Net Position, Ending Balance (Note 9)	\$ 934,926	\$ 1,079,908

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

Corporation for National and Community Service

Consolidated Statements of Cash Flows for the Periods Ended September 30

(dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	2010	2009
Net of Revenue over Expenses	\$ (11,416)	\$ 15,648
Adjustments Affecting Cash Flow:		
Depreciation, Amortization, and Loss on Disposition of Assets	580	1,334
Amortization of Premium/Discount on Investments	4,045	1,647
Appropriated Capital Used	(1,054,258)	(770,708)
Appropriations Received in Trust	(199,659)	(174,932)
Decrease/(Increase) in Accounts Receivable	(1,020)	(147)
Decrease/(Increase) in Interest Receivable	2,363	(141)
Decrease/(Increase) in Advances	35,357	(8,133)
Increase/(Decrease) in Accounts Payable and Other Liabilities	(2,091)	(2,626)
Increase/(Decrease) in FECA and Annual Leave Liabilities	1,770	(317)
Increase/(Decrease) in Capital Lease Liability	-	(250)
Increase/(Decrease) in Trust Liability	55,811	20,700
Increase/(Decrease) in Grants Payable	147,808	15,628
Total Adjustments	(1,009,294)	(917,945)
Net Cash Provided/(Used) by Operating Activities	\$ (1,020,710)	\$ (902,297)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of Securities	905,140	844,999
Purchase of Securities	(956,905)	(882,739)
Net Cash Provided/(Used) in Investing Activities	\$ (51,765)	\$ (37,740)
CASH FLOWS FROM FINANCING ACTIVITIES		
Appropriations Received, Net of Trust	1,149,721	1,090,866
Rescissions and Cancellations	(29,370)	(23,286)
Net Cash Provided by Financing Activities	\$ 1,120,351	\$ 1,067,580
Net Increase/(Decrease) in Fund Balance with Treasury	\$ 47,876	\$ 127,543
Fund Balance with Treasury, Beginning	\$ 950,532	\$ 822,989
Fund Balance with Treasury, Ending	\$ 998,408	\$ 950,532

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

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

BUDGETARY RESOURCES	2010	2009
Unobligated balance, brought forward, October 1	\$ 187,608	\$ 145,061
Recoveries of prior year unpaid obligations		
Actual	32,951	25,335
Anticipated	-	-
Budget authority:		
Appropriation		
Actual	1,366,207	1,273,580
Anticipated	-	-
Spending authority from offsetting collections:		
Collected	11,435	13,075
Change in receivables from federal sources	-	(338)
Change in unfilled customer orders:		
Advance received	-	(276)
Without advance from federal sources	-	(932)
Anticipated for rest of year	-	-
Total budget authority	1,377,642	1,285,109
Temporarily Not Available	-	-
Permanently not available	(29,370)	(23,286)
Total budgetary resources	\$ 1,568,831	\$ 1,432,219
STATUS OF BUDGETARY RESOURCES		
Obligations incurred	\$ 1,413,524	\$ 1,244,611
Unobligated balance:		
Apportioned		
Currently Available	-	-
Subsequent Periods	50,497	104,506
Anticipated	-	-
Unobligated balance not available	104,810	83,102
Total status of budgetary resources	\$ 1,568,831	\$ 1,432,219

(Continued)

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

(Continued)

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

CHANGE IN OBLIGATED BALANCE	2010	2009
Obligated balance, net:		
Unpaid obligations, brought forward, October 1	\$ 1,265,772	\$ 1,150,605
Uncollected customer payments from federal sources, brought forward, October 1	-	(1,270)
Total unpaid obligated balance, net	1,265,772	1,149,335
Obligations incurred, net	1,413,524	1,244,611
Gross outlays	(1,246,284)	(1,104,109)
Recoveries of prior year unpaid obligations, actual	(32,951)	(25,335)
Change in uncollected customer payments from federal sources	-	1,270
Total unpaid obligated balance, net, end of period	\$ 1,400,061	\$ 1,265,772
Obligated balance, net, end of period:		
Unpaid obligations	1,400,061	1,265,772
Uncollected customer payments from federal sources	-	-
Total unpaid obligated balance, net, end of period	\$ 1,400,061	\$ 1,265,772
NET OUTLAYS		
Gross outlays	\$ 1,246,284	\$ 1,104,109
Offsetting collections	(11,436)	(12,799)
Distributed offsetting receipts	(200,822)	(175,838)
Net outlays	\$ 1,034,026	\$ 915,472

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

NOTE 1—Summary of Significant Accounting Policies

A. REPORTING ENTITY

The Corporation for National and Community Service (CNCS) was created by the National and Community Service Trust Act of 1993 (Public Law 103-82). CNCS' mission is to improve lives, strengthen communities, and foster civic engagement through service and volunteering. To meet its mission, CNCS provides grants and other assistance to states, local municipalities, and 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. CNCS' major programs are:

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

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

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

CNCS for the most part administered its programs in fiscal year 2010 from the following trust, gift, and appropriated funds:

Trust and Gift Funds:

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

Appropriated Funds:

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

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The Recovery Act included funding for the use of CNCS to support an expansion of the AmeriCorps State and National and VISTA programs. As a result of the passage of the Recovery Act, three additional appropriated funds were established for fiscal years 2009 and 2010:

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

B. BASIS OF ACCOUNTING

The accompanying financial statements include all funds administered by CNCS, as delineated in Note 1A – Reporting Entity. They include CNCS' activities related to providing grants and other assistance to eligible states, local governments, and not-for-profit organizations as well as education awards to eligible national service participants. All significant inter-entity transactions and balances are eliminated in consolidation.

C. FINANCIAL STATEMENT PRESENTATION AND CONSOLIDATION POLICY

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

- *Statement of Financial Position*, which reports the status of Corporation assets, liabilities, and net position;

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

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

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

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

D. BUDGETS AND BUDGETARY ACCOUNTING

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

E. ASSET AND LIABILITY VALUATION

CNCS values its investments at carrying value and discloses fair value. As of September 30, 2010, the carrying amounts of Fund Balance with Treasury, Accounts Receivable, Advances to Others, Accrued Interest Receivable, Accounts Payable, and Other Liabilities approximate their fair value.

F. FUND BALANCE WITH TREASURY

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

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

G. INVESTMENTS AND RELATED RECEIVABLES

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

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

H. ADVANCES TO OTHERS

CNCS advances funds to non-federal entities, primarily in response to grantee drawdown requests, to facilitate their authorized service activities. The cash payments to grantees, in excess of amounts

appropriately expended under the terms of the grant agreements, are accounted for as advances. At the end of the fiscal year, the total amount advanced to grantees is compared with the total Corporation-funded amount of grant expenses properly incurred by the grantees. Grantee expenses are determined from reports submitted by the grantees. For those grantees with advances exceeding expenses, the aggregate difference is reported as the advance account balance.

I. ACCOUNTS RECEIVABLE

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

J. PROPERTY AND EQUIPMENT

Property and Equipment is stated at full cost, including all costs related to acquisition, delivery, and installation, less accumulated depreciation (or amortization). 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.

CNCS' general policy is to capitalize Property and Equipment if the initial acquisition price is \$50 thousand or more. Property and equipment with an estimated useful life that extends beyond the year of acquisition is capitalized at historical cost and is depreciated (or amortized) on a straight-line basis over estimated useful lives ranging from two to 10 years, using the half-year convention.

K. TRUST SERVICE AWARD LIABILITY

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

L. GRANTS PAYABLE

CNCS awards grants to nonprofit organizations, educational institutions, states, municipalities, and other external organizations. Grants become budgetary obligations, but not liabilities, at the time they are awarded. Although most grantees request funds prior to incurring expenses,

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

M. ACCOUNTS PAYABLE

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

N. ACTUARIAL FECA LIABILITY

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

O. OTHER LIABILITIES

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

P. ACCRUED ANNUAL LEAVE

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

Q. ADVANCES FROM OTHERS

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

R. NET POSITION

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

S. REVENUE RECOGNITION

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

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

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

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

T. RETIREMENT BENEFITS

CNCS' employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS).

FERS was established by the enactment of Public Law 99-335.

Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984, elected to join FERS and Social Security or remained in the CSRS.

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

CNCS made retirement contributions of \$403 and \$419 thousand to the CSRS, and \$9.6 and \$7.8 million to FERS and TSP in fiscal years 2010 and 2009, respectively.

U. INCOME TAXES

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

V. USE OF ESTIMATES

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

W. RECLASSIFICATIONS

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

X. CONCENTRATION OF RISKS

The Congress annually considers whether to fund CNCS' program and operational activities. Should the Congress opt not to enact appropriations to fund them, CNCS would be unable to continue operations. Corporation management believes the risk of such an occurrence is remote.

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

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

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

NOTE 2—Fund Balance with Treasury

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

Appropriated Funds—Appropriated funds are received through congressional appropriations to provide financing sources for CNCS' programs on an annual, multi-year, and no-year basis.

Trust Funds—Trust funds are accounts designated by law for receipts earmarked for specific purposes and for the expenditure of these receipts. Funds from the National Service Trust may be expended for

the purpose of providing an education award or student loan interest forbearance payment and are made directly to a qualified institution (college, university, or other approved educational institution, or a lending institution holding an existing student loan) as designated by the participant. The National Service Trust also pays awards under the President's Freedom Scholarship, Summer of Service, and Silver Scholar programs.

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

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

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

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

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

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

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

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

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	\$ 127,155	\$ 13,763	\$ 140,918
Unavailable	-	63,680	63,680
Obligated not yet Disbursed	822,037	443,735	1,265,772
Total	\$ 949,192	\$ 521,178	\$1,470,370

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*)

	2010	2009
Investments, Carrying Value	\$ 563,453	\$ 515,733
Investment and Interest Receivable	1,742	4,105
Total	\$ 565,195	\$ 519,838

Amortized Cost and Fair Value of Investment Securities as of September 30, 2010 (*dollars in thousands*)

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

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

At September 30, 2010, the notes held at year-end had an interest rate range of 0.750 percent to 5.00 percent and an outstanding maturity period of approximately seven days to five years. The bills held at year-end had an interest rate range of 0.075 percent to 0.365 percent and were all due to mature within 217 days. The par values of these bills range from \$.30 million to \$46.14 million. The fair value of the bills and notes is based on bid and ask prices quoted by the Treasury as of September 30, 2010 and 2009. Since fiscal 2003, CNCS has set aside

in reserve a portion of the funds in the National Service Trust for use in the event that its estimates used to calculate obligational amounts for education awards prove to be too low. This reserve was originally required by the Strengthen AmeriCorps Program Act, and is now required by section 149(b) of the National and Community Service Act (42 U.S.C. 12606(b)). As of September 30, 2010, \$50.197 million of CNCS' investment account has been set aside for this reserve.

NOTE 3—Trust Investments and Related Receivables—Continued

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

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

Held-to-Maturity Securities	2010		2009	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	\$ 332,181	\$ 332,378	\$ 426,683	\$ 429,627
Due after 1 year up to 5 years	231,272	235,863	89,050	89,757
Total	\$ 563,453	\$ 568,241	\$ 515,733	\$ 519,384

NOTE 4—Accounts Receivables, Net

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

	Appropriated Funds	Trust Fund	Total
2010			
Accounts receivable	\$ 4,357	\$ 214	\$ 4,571
Less: allowance for loss on receivables	(788)	-	(788)
Accounts Receivable, Net	\$ 3,569	\$ 214	\$ 3,783
2009			
Accounts receivable	\$ 2,875	\$ 350	\$ 3,225
Less: allowance for loss on receivables	(462)	-	(462)
Accounts Receivable, Net	\$ 2,413	\$ 350	\$ 2,763

NOTE 5—Property and Equipment, Net

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

Major Class	Service Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Equipment	3 - 10	\$ 2,997	\$ (1,868)	\$ 1,129
Capital leases	3 - 5	8,263	(8,263)	-
Total		\$ 11,260	\$ (10,131)	\$ 1,129

NOTE 5—Property and Equipment, Net—Continued

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

Major Class	Service Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Equipment	3 - 10	\$ 2,996	\$ (1,662)	\$ 1,334
Capital leases	3 - 5	-	-	-
ADP software	2	8,263	(7,888)	375
Total		\$ 11,259	\$ (9,550)	\$ 1,709

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

Major Class	2010	2009
Equipment	\$ 206	\$ 121
Capital leases	-	(291)
ADP software	375	489
Total	\$ 581	\$ 319

NOTE 6—Trust Service Award Liability

Individuals who successfully complete terms of service in AmeriCorps programs earn education awards, which can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The awards, which are available to use for a period of up to seven years after the benefit has been earned, are paid from the National Service Trust. The National Service Trust

also pays forbearance interest on qualified student loans during the period members perform community service, as well as awards under the Presidential Freedom Scholarship Program. The award liability components related to education awards and interest forbearance have been adjusted, based on historical experience, to reflect the fact that some eligible participants may not use these benefits. The Service Award was composed of the following as of September 30:

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

	2010	2009
Education awards	\$ 1,712,184	\$ 1,501,414
Interest forbearance	55,207	48,209
President's Freedom Scholarship Program	22,527	22,527
Total estimated service award liability	1,789,918	1,572,150
Less: cumulative awards paid	1,410,040	1,248,083
Total	\$ 379,878	\$ 324,067

NOTE 6—Trust Service Award Liability—Continued

The net Service Award Liability as of September 30, 2010 increased by approximately \$55.8 million from the net Service Award Liability as of September 30, 2009. 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 CNCS. The program was discontinued in fiscal 2006; however, because students have up to seven years to use the scholarship, some payments will continue to be made over the next several years. As of October 1, 2009, the National Service Trust is also available to pay Summer of Service and Silver Scholar educational awards. However, these programs were not funded in fiscal year 2010, so there is no current liability for those educational awards.

NOTE 7—Operating Leases

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

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

Fiscal Year	2010				2009			
	Facilities Space	Vehicles	Other	Total	Space	Vehicles	Other	Total
2010	\$ -	\$ -	\$ -	\$ -	\$ 9,215	\$ 504	\$ 110	\$ 9,829
2011	9,487	861	276	10,624	9,491	521	107	10,119
2012	9,781	820	266	10,867	9,776	539	99	10,414
2013	10,083	852	261	11,196	10,069	557	91	10,717
2014	10,395	885	264	11,544	10,371	576	90	11,037
2015	10,717	919	266	11,902	-	-	-	-
Total	\$ 50,463	\$ 4,337	\$ 1,333	\$ 56,133	\$ 8,922	\$ 2,697	\$ 497	\$ 52,116

NOTE 8—Actuarial FECA Liability

CNCS' actuarial liability for future workers' compensation benefits under FECA was \$12.092 and \$11.365 million as of September 30, 2010 and 2009, 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 Positions

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

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

	Gift Fund	Trust Fund	Appropriated Funds	Total
Total unexpended appropriations	\$ -	\$ -	\$ 757,390	\$ 757,390
Cumulative results of operations	571	185,772	(8,807)	177,536
Total Net Position	\$ 571	\$ 185,772	\$ 748,583	\$ 934,926

Net Position by Fund Balance Component 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

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

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

	Unrestricted	Temporarily Restricted	Total
Appropriated Funds	\$ 748,583	\$ -	\$ 748,583
Trust Funds	-	185,772	185,772
Gift Funds	-	571	571
Total Net Position	\$ 748,583	\$ 186,343	\$ 934,926

Restrictions on Net Position as of September 30, 2009 *(dollars in thousands)*

	Unrestricted	Temporarily Restricted	Total
Appropriated Funds	\$ 882,426	\$ -	\$ 882,426
Trust Funds	-	196,573	196,573
Gift Funds	-	909	909
Total Net Position	\$ 882,426	\$ 197,482	\$ 1,079,908

NOTE 10—Appropriations Received by the National Service Trust

For fiscal year 2010, the National Service Trust received \$197.000 million under the Consolidated Appropriations Act, 2010 (Public Law 111-117). 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 \$40.000 million under the American Recovery and Reinvestment Act of 2009 (Public Law 111-5). The Acts also authorized CNCS to transfer additional amounts from Subtitle C program funds to the National Service Trust if necessary to support the activities of national service participants. CNCS transferred \$2.659 million and \$3.857 million to the Trust under this provision in fiscal year 2010 and 2009, respectively.

NOTE 11—Expenses

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

AmeriCorps includes the *State and 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 CNCS’ 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—CNCS has reimbursable agreements with state agencies whereby CNCS awards and administers grants to a list of grantees selected and funded by the state. No indirect costs have been allocated to these pass-through grants.

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

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

	2010	2009
Domestic Volunteer Service Act Programs	\$ 297,662	\$ 248,945
National and Community Service Act Programs	523,323	333,676
Pass-through Grants	182	682
Total Grant Funds Expended	\$ 821,167	\$ 583,303

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

	2010	2009
AmeriCorps		
State/National	\$ 722,332	\$ 484,486
NCCC	73,609	44,830
VISTA	147,997	132,166
Subtotal	\$ 943,938	\$ 661,482
National Senior Service Corps:		
Retired and Senior Volunteer Program	76,253	66,783
Foster Grandparent Program	143,839	120,381
Senior Companion Program	\$ 60,065	\$ 51,641
Subtotal	280,157	238,805
Learn and Serve America	53,316	47,812
Pass-through Grants	182	682
Office of Inspector General (OIG)	7,292	6,045
Total Expenses	\$ 1,284,885	\$ 954,826

Expenses by Type and Sub-Program for the Period Ended September 30, 2010 (dollars in thousands)

Type	AmeriCorps			National Senior Service Corps					OIG	Total
	State/National	NCCC	VISTA	RSVP	FGP	SCP	Learn & Serve	Pass-through Grants		
Grant and Related Expense										
Grant funds expended	\$ 476,896	\$ -	\$ 39,307	\$ 69,653	\$ 131,365	\$ 55,337	\$ 6,427	\$ 182	\$ -	\$ 821,167
VISTA and NCCC stipends and benefits	-	38,849	63,002	-	-	-	-	-	-	101,851
Service award expense	190,499	4,685	22,209	-	-	-	-	-	-	217,767
Total Grant and Related Expense	667,395	43,534	124,518	69,653	133,365	55,337	46,801	182	-	1,140,785
Administrative Expense										
Federal employee salaries and benefits	33,051	10,404	6,749	2,747	5,242	2,177	3,829	-	4,053	68,252
Travel and transportation	1,107	3,182	3,228	777	1,446	624	118	-	197	10,679
Rent, communications, and utilities	4,368	6,157	1,043	412	788	327	445	-	383	13,923
Program analysis and evaluation	925	796	797	249	469	196	586	-	-	4,018
Printing and reproduction	126	99	65	28	36	14	16	-	1	385
Other services and expenses	14,687	7,537	11,464	2,321	2,367	1,338	1,469	-	2,580	43,763
Supplies and materials	257	1,877	72	25	46	19	24	-	78	2,398
Depreciation, amortization, and loss on disposition of assets	354	20	52	35	68	28	24	-	-	1,581
Bad debt	62	3	9	6	12	5	4	-	-	101
Total Administrative Expense	454,937	30,075	23,479	6,600	10,474	4,728	6,515	-	7,292	144,100
Total Expenses by Type	\$ 722,332	\$473,609	\$ 147,997	\$ 76,253	\$ 143,839	\$ 60,065	\$ 53,316	\$ 182	\$ 7,292	\$ 1,284,885

Expenses by Type and Sub-Program for the Period Ended September 30, 2009 (dollars in thousands)

Type	AmeriCorps			National Senior Service Corps						Total
	State/National	NCCC	VISTA	RSVP	FGP	SCP	Learn & Serve	Pass-through Grants	OIG	
Grant and Related Expense										
Grant funds expended	\$ 290,948	\$ -	\$ 29,413	\$ 61,081	\$ 111,055	\$ 47,396	\$ 42,728	\$ 682	\$ -	\$ 583,303
VISTA and NCCC stipends and 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 and benefits	26,786	11,894	20,665	2,860	5,192	2,217	3,372	-	3,678	76,664
Travel and transportation	878	2,530	3,792	699	1,278	551	213	-	94	10,035
Rent, communications, and utilities	3,935	4,235	934	448	813	347	299	-	369	11,380
Program analysis and evaluation	744	677	677	218	392	168	507	-	-	3,383
Printing and 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 and materials	459	1,064	172	161	201	120	44	-	43	2,264
Depreciation, amortization, and 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	\$ 4,830	\$ 132,166	\$ 66,783	\$ 120,381	\$ 51,641	\$ 47,812	\$ 682	\$ 6,045	\$ 954,826

NOTE 12—National Service Award Expense

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

CNCS estimates the expense for national service awards based on the increase in its cumulative service award liability during the year (see Note 6). The total service award liability as of September 30, 2010 and 2009, respectively, has been adjusted to reflect the fact that earned awards are not always used.

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

	2010	2009
Estimated education awards	\$ 210,769	\$ 166,160
Estimated interest forbearance	6,998	5,502
President's Freedom Scholarship Program	-	-
National Service Award Expense	<u>\$ 217,767</u>	<u>\$ 171,662</u>

NOTE 13—Change in Unexpected Appropriations, Net

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

	2010	2009
Unexpended Appropriations, Beginning Balance	\$ 890,956	\$ 769,016
Increases:		
Appropriations Received, Net of Trust	1,149,721	1,090,866
Decreases:		
Appropriated Capital Used	(1,054,258)	(770,708)
Appropriations Transferred to Trust Fund (net of rescissions)	(197,000)	(171,075)
Program Funds Transferred to Trust	(2,659)	(3,857)
Rescissions and Cancellations	(29,370)	(23,286)
Total Decreases	<u>(1,283,287)</u>	<u>(968,926)</u>
Change in Unexpended Appropriations	(133,566)	121,940
Unexpended Appropriations, Ending Balance	<u>\$ 757,390</u>	<u>\$ 890,956</u>

NOTE 14—Contingencies

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

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

NOTE 15—Subsequent Events

CNCS has evaluated subsequent events through November 15, 2010, which is the date these financial statements were available to be issued. As a consequence of its evaluation, CNCS has determined that no subsequent events need to be recognized or disclosed.

NOTE 16—Undelivered Orders at Fiscal Year-End

CNCS' undelivered orders at September 30, 2010 and 2009 were \$791,757 and \$894,283 thousand, respectively.

NOTE 17—Apportionment Categories of Incurred Obligations

An apportionment is a distribution by OMB of amounts available for obligation. OMB apportions Corporation funds on a quarterly basis. Obligations incurred during FY 2010 and 2009 were:

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

Fiscal Year	Direct	Reimbursable	Total
2010	\$ 1,403,065	\$ 10,459	\$ 1,413,524
2009	\$ 1,232,085	\$ 12,526	\$ 1,244,611

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Independent Auditor's Report

Office of Inspector General



Audit of the
Corporation for National and
Community Service's
Fiscal Year 2010 Financial Statements

Audit Report Number 11- 01

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

This report was issued to Corporation management on November 15, 2010. Under the laws and regulations governing audit follow up, the Corporation is to make final management decisions on the report's findings and recommendations no later than May 16, 2011, and complete its corrective actions by November 15, 2011. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



Date: November 15, 2010
To: Patrick A. Corvington
Chief Executive Officer
From: Kenneth Bach/s/
Acting Inspector General
Subject: Audit of the Corporation for National and Community Service's Fiscal Year 2010
Financial Statements, OIG Audit Report Number 11-01

We contracted with the independent certified public accounting firm of Kearney & Company (Kearney) to audit the consolidated financial statements of the Corporation for National and Community Service (Corporation) as of September 30, 2010 and 2009, and for the years then ended. The contract required that the audit be performed in accordance with generally accepted government auditing standards.

In its audit, Kearney found

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

Kearney is responsible for the attached auditor's report, dated November 15, 2010, and the conclusions expressed therein. The Office of Inspector General does not express an opinion on the Corporation's financial statements or Kearney's conclusions about the effectiveness of internal controls or compliance with laws and regulations.

Attachment

cc: James Siegal, Chief of Staff
Robert Velasco, Chief Operating Officer
William Anderson, Chief Financial Officer
Kristin McSwain, Chief of Program Operations
Wilsie Minor, Acting General Counsel
Rocco Gaudio, Deputy CFO for Grants and Field Financial Management
Tom Hanley, Acting Chief Information Officer
David Zavada, Engagement Partner, Kearney & Company

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REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated statements of financial position of the Corporation for National and Community Service (the Corporation) as of September 30, 2010, and the related consolidated statements of operations and changes in net position, the consolidated statements of cash flows, and the combined statements of budgetary resources (hereinafter referred to as the “financial statements”) for the year then ended. These financial statements are the responsibility of the Corporation’s management. Our responsibility is to express an opinion on these financial statements based on our audit. The Corporation’s financial statements as of September 30, 2009 were audited by other auditors, whose report dated November 10, 2009 expressed an unqualified opinion on those statements.

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards require that we plan and perform the 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, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion on the financial statements.

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

In our opinion, the consolidated statements of financial position, the consolidated statements of operations and changes in net position, the consolidated statements of cash flows, and the combined statements of budgetary resources, including the accompanying notes, present fairly, in all material respects, the financial position of the Corporation as of September 30, 2010, as well as its net income and changes in net position, cash flows, and changes in budgetary resources for the year then ended, in conformity with accounting principles generally accepted (GAAP) in the United States of America.

We were engaged for the purpose of forming an opinion on the basic financial statements taken as a whole. The Corporation’s accompanying Management’s Discussion and Analysis (MD&A) and



other accompanying information are not required parts of the basic financial statements. This supplementary information is the responsibility of the Corporation's management. We applied certain limited procedures to the MD&A, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information; however, such information has not been subjected to the procedures applied in our engagement to audit the basic financial statements. Accordingly, we do not express an opinion on it.

In accordance with *Government Auditing Standards* and OMB Bulletin No. 07-04, as amended, we have also issued reports, dated November 15, 2010, on our consideration of the Corporation's internal control over financial reporting and compliance, and on our tests of the Corporation's compliance with certain provisions of laws, regulations, and other matters for the year ended September 30, 2010. The purpose of the reports is to describe the scope of our testing of internal control over financial reporting and compliance as well as the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 07-04, as amended, and should be considered in assessing the results of our audit.

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

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

Alexandria, Virginia
November 15, 2010



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND OTHER MATTERS

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

We have audited the consolidated statements of financial position of the Corporation for National and Community Service (the Corporation) as of September 30, 2010, and the related consolidated statements of operations and changes in net position, the consolidated statements of cash flows, and the combined statements of budgetary resources (hereinafter referred to as the "financial statements"), for the year then ended, and have issued our report dated November 15, 2010. We conducted our audit in accordance with audit standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. The management of the Corporation is responsible for 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 misstatement, we performed tests of the Corporation's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. We limited our tests of compliance and we did not test compliance with all laws and regulations applicable to the Corporation. Providing an opinion on compliance with certain provisions was not an objective of our audit and accordingly, we do not express such an opinion.

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

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

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

Alexandria, Virginia
November 15, 2010



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

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

We have audited the consolidated statements of financial position of the Corporation for National and Community Service (the Corporation) as of September 30, 2010, and the related consolidated statements of operations and changes in net position, the consolidated statements of cash flows, and the combined statements of budgetary resources (hereinafter referred to as the "financial statements"), for the year then ended, and have issued our report dated November 15, 2010. We conducted our audit in accordance with audit 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 work, we considered the Corporation's internal control over financial reporting and compliance by obtaining an understanding of the design effectiveness of the Corporation's internal control, determining whether controls had been placed in operation, assessing control risk, and performing tests of the Corporation's controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal controls. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting and compliance, or on management's assertion on internal control included in Management's Discussion and Analysis.

We limited our internal control testing to those controls necessary to achieve the OMB Bulletin No. 07-04, as amended, control objectives that provide reasonable, but not absolute assurance that: (1) transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and (2) transactions are executed in compliance with laws governing the use of budget authority, government-wide policies and laws identified in Appendix E of OMB Bulletin No. 07-04, as amended, and other laws and regulations that could have a direct and material effect on financial statements. We did not test all internal controls relevant to operating objectives, as broadly defined by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to ensuring efficient operations.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable



possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected in a timely manner.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses; therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted other matters involving internal control and its operations over financial reporting, which have been reported to the Corporation’s management in a separate letter.

We consider the following deficiencies in the Corporation’s internal control to be significant deficiencies.

Significant Deficiencies

I. Information Technology

The Corporation’s information technology (IT) internal control structure for the general support systems and significant applications supporting the financial reporting process did not support a sound control environment related to application business processes, logical access, and audit log monitoring. Both the National Institute of Standards and Technology (NIST) and the Government Accountability Office (GAO) (in its Federal Information System Controls Audit Manual [FISCAM]) provide control objectives and evaluation techniques, which were utilized during our audit. The Corporation’s IT control structure exhibited design and operational weaknesses that, when combined, are considered to be a significant deficiency. The deficiencies, in order of significance, are summarized below.

- The Corporation uses eSPAN and, in particular, the eGRANTS subsystem to process grant activity, payroll for Volunteers in Service to America (VISTA) volunteers, and vendor table maintenance actions that interface with the Corporation’s core financial management system, Momentum. In reviewing and testing the eGRANTS interfaces, we identified several issues related to confidentiality controls over system logs, interfaced applications, generic user IDs, and passwords. For example, users of the eGRANTS system are capable of directly accessing the Momentum application using a generic user ID. The generic user ID has privileges to approve notice of grant awards and grant requests, create and modify vendors and related information in the vendor table, and approve certain transaction overrides. This deficiency increases the risk of unauthorized users gaining access to eSPAN and Momentum, processing unauthorized transactions, and viewing confidential information without being uniquely identified in the system logs.



- Password complexity related to the eSPAN and Momentum systems does not meet the Corporation’s password complexity policy. Without enforcement of strong passwords, the eSPAN system is subject to a higher risk of unauthorized access.
- User accounts were not deactivated in a timely manner to prevent unauthorized access. Without removing access rights in a timely manner, terminated or separated users may continue to have access to systems without authorization. Additionally, the Corporation establishes “guest” accounts on the network for individuals who are not regular full-time employees, but have a need for access to the Corporation’s systems. The procedures and controls for “guest” accounts issued to contractors are not effectively documented or readily available. The procedures and controls for activation and deactivation of these “guest” accounts are not documented, and the practices are inconsistently applied, which leads to the untimely deactivation of these accounts. Without timely removal of user accounts, the risk of unauthorized access to systems and key applications increases.
- System logs in the eSPAN system did not include sufficient information documenting actions recorded, which hampers the Corporation’s review and response capabilities. The logs do not provide sufficient information to determine if the action was appropriate or needs further investigation. As a result, unauthorized activities captured in the system logs may not be identified and investigated in a timely manner.
- Incident handling policies and procedures were not provided to the eSPAN third-party servicer responsible for help desk activities. These policies and procedures should include steps for classifying, handling, and reporting incidents. Without properly disseminating clear and concise procedures, the Corporation and the third-party servicer may not properly escalate and provide notifications as required by legislation to protect personally identifiable information. In addition, violations may continue to occur that may jeopardize the information systems’ and related resources’ confidentiality, integrity, and availability.
- Users’ system access requests must be based on a business need, and a system access request must be approved by the user’s supervisor or manager. We were unable to determine that some Momentum user access request forms were approved by the supervisor, and system owner permissions were granted prior to assignments or alterations of user privileges and/or roles in Momentum. Without sufficient controls to ensure direct supervisors authorize their staff members’ user access, the Corporation faces an increased risk of unauthorized access and inappropriate assignment of system rights and privileges.
- The Corporation had inadequate controls over ensuring proper segregation of duties. A Business Unit or Business Owner is assigned to authorize user access and privileges (i.e., roles) in the eSPAN system, which includes eGRANTS. We found that there is insufficient clarity regarding Business Owner assigning principles. During our review and walkthrough of the eSPAN account privilege approvals process, we noted that the personnel responsible for the assignment of roles to users in the eSPAN systems did not



have access to role descriptions or documentation of incompatible roles. Without complete information and an effective monitoring process, proper segregation of duties may not exist.

Kearney has been informed that the Corporation implemented corrective actions to address some of these IT deficiencies in late fiscal year (FY) 2010 and early FY 2011. Kearney plans to test these corrective actions in FY 2011.

II. Fund Balance with Treasury

During the course of our audit, we identified deficiencies in the Fund Balance with Treasury (FBWT) reconciliation process that inhibited a full and complete reconciliation of differences between the Corporation's general ledger and the U.S. Department of the Treasury (Treasury) balances. Treasury guidance requires the Corporation to reconcile (at a transaction level) its FBWT balance in its general ledger with corresponding balances reported on the Government-Wide Accounting (GWA) Account Statement issued by Treasury. The reconciliation is required for each Treasury account symbol on at least a monthly basis. The FBWT reconciliation is a fundamental account reconciliation and an important control used to maintain financial integrity. If this reconciliation is not adequately performed, loss, fraud, and irregularities could occur and not be promptly detected, and/or financial reports that are inaccurate may be prepared and used in decision making. Adequate documentation should be maintained to support all reconciling items, and any reconciling differences identified should be researched and resolved in a timely manner. Adjustments should only be posted after the causes of the differences have been established and documented. During the course of our audit, we noted the following deficiencies related to the FBWT reconciliation process:

- The GWA ending balance for December 2009, which was reported on the Corporation's FBWT reconciliation, did not agree to the December 2009 ending balance reported on the GWA Account Statement, resulting in a difference of \$1,331,389.04. The difference was the result of errors in the spreadsheet used to calculate the Corporation's FBWT reconciliation.
- As of December 31, 2009, the general ledger and Treasury's records differed by a net value of \$464,834.56 and an absolute value of \$1,276,980.18. The Corporation does not identify this difference by individual transactions or reconciling items. Developing a transaction-level listing of reconciling items is essential to performing a complete reconciliation, clearing differences timely, and obtaining adequate financial transparency and accountability. Corporation general ledger account balances were adjusted monthly to agree to Treasury balances.

The Corporation's monthly FBWT reconciliation template and corresponding procedures were designed throughout the year to perform the reconciliation by Agency Location Code rather than Treasury account symbol, which is required by the Treasury Financial Manual (TFM). The reconciliation does not allow the preparer and/or reviewer to view aggregate balances and any variances by Treasury account symbol, as indicated by TFM guidance. Additionally, on a



monthly basis, differences between GWA and the general ledger remain unreconciled at the transaction level. The Corporation has taken action to address these deficiencies and enhance the documentation of the process to facilitate a complete and more transparent reconciliation. The efforts underway are intended to ensure differences between Treasury and the Corporation's general ledger are reconciled at a transaction level on a monthly basis. The Corporation has also taken steps to automate the FBWT reconciliation process in order to improve it.

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.

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

Alexandria, Virginia
November 15, 2010

MEMORANDUM

DATE: November 15, 2010

TO: Ken Bach, Acting Inspector General

FROM: William Anderson, Chief Financial Officer



SUBJECT: Draft Report on the Corporation's FY 2010 Financial Statements

Thank you for the opportunity to respond to the draft report on the results of your audit of the Corporation for National and Community Service's (Corporation) FY 2010 financial statements. I am pleased that we can report that in FY 2010 the Corporation maintained its record of strong fiscal stewardship for the American people. The Corporation received an unqualified "clean" opinion on its consolidated financial statements for the eleventh consecutive year. We also achieved the distinction of no material weaknesses in internal control for the past ten years. These are tremendous accomplishments in light of the challenges, new mandates, and transitions that the Corporation has undertaken over the past two years. During FY 2010 the Corporation continued to automate and refine its financial processes to achieve greater efficiencies and future savings in operations. Some notable efforts undertaken during the year include:

- Successfully carrying out the Corporation's Recovery Act program and meeting new reporting and accountability requirements.
- Developing internal structures for Serve America Act implementation—with accountability, responsibility and extensive involvement across the Corporation—and implementing competitions for all new funded programs.
- Publishing a comprehensive Open Government Plan with aggressive milestones for publishing data on the Corporation's operations. The plan was recognized by outside reviewers as third best in the Federal government.
- Automating the process for submitting the Statement of Transactions (SF-224) to Treasury Through a financial system interface data is now directly uploaded to Treasury.
- Streamlining the Fund Balance with Treasury reconciliation process to allow more timely and accurate reconciliation. No temporary FACTS II adjustment was needed at fiscal year end.
- Automating the financial statement preparation process which includes extensive edit checks to ensure proper consolidation of data.

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Staff and senior leadership across the agency are committed to sound, accountable, and transparent financial management and our stakeholders should have confidence in our efforts to further strengthen financial management practices at the Corporation moving forward.

Although there were no material weaknesses, the audit report did identify two areas of internal control as a significant deficiency. I have reviewed both carefully and determined that neither gives rise to a significant risk to the Corporation's operations. The first issue, regarding Information Technology, mostly dealt with staff not providing adequate documentation to the IT auditors. Follow up with IT staff found that most of the information requested is available and has been made available to the firm. There were also two instances where the auditors believe that an application did not enforce sufficiently strong password authentication. However, since you must first log into the Network using strong authentication, it was determined that the risk of not having strong passwords for these two internal applications was low. In any event, the Corporation implemented strong passwords in one (Momentum) and is scheduled to do so for the other application (eSPAN) in December. In addition, the Corporation added each of the IT findings to the appropriate Plans of Action and Milestones (POA&M) with a vulnerability impact of low, as the issues noted are also protected by compensating controls that are in place and working.

The second issue concerned the Corporation's reconciliation process for Fund Balance with Treasury (FBWT). The Corporation followed a reconciliation process at the Agency Location Code (ALC) and Treasury Account Symbol (TAS) level throughout the year. The Treasury Financial Manual specifies that the reconciliation is required only at the Treasury Account Symbol level. We exceeded the requirement on a monthly basis. Each month the Corporation summarized the reconciliation at the ALC level to facilitate management evaluation of where the discrepancies occurred. The Corporation also summarized the FBWT reconciliation at the TAS level for each of our quarterly reporting periods. Documentation supporting the reconciliation and adjustments is maintained by the reconciliation team. This information was used to post adjustments to the trial balance on a quarterly basis so that our cash position was fairly stated on the quarterly financial statements.

The FBWT reconciliation process used in past years and for the majority of FY 2010 was labor intensive. To reduce the impact on staff and to improve the process the Corporation began an initiative in November 2009 to streamline and automate the FBWT reconciliation. Under the automated process (implemented prior to year end and in effect as we prepared our annual financial statements) the Corporation can accurately reconcile FBWT within a day of Treasury making the Government-wide Accounting Program (GWA) cash balances available to agencies. It also allows the Corporation to post adjustments as part of our SF-224 submission in the current month. The audit trail for the automated process also makes it much easier for staff to research and reconcile any variances.

This is a significant enhancement to our research ability as well as necessary preparation for Treasury's implementation of the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) scheduled for 2013. Once GTAS is implemented there will be no manual SF-224 submissions. All cash activity will flow directly from trial balance submissions in GTAS. Our new automated process will allow the continued proper reporting of funds usage against our appropriations once GTAS is implemented. These efficiencies have put us in a solid position to implement GTAS from a cash reporting perspective as well as improving the timing of our reporting while reducing the manual effort required to provide our standard high quality reporting.

Finally, I would like to take this opportunity to thank the financial management professionals throughout the agency for their dedication and hard work throughout the past year. Their efforts ensure that we deliver the most accurate, transparent, and useful financial information possible.

Other Accompanying Information



Donations & Contributions

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

in support of its programs and activities. This report fulfills these requirements for FY 2010.

CNCS also utilizes Pay.gov, a Treasury program that allows federal agencies to conduct transactions online. Under the Pay.gov program, CNCS collects donations by credit card or direct debit from donors. Pay.gov facilitates the process of collecting gift funds from donors online through a secure website with real-time identification verification and provides the reporting necessary for processing transactions. The following schedules show the Gift Fund balances available to fund authorized activities as well as the receipts and expenses paid from the Gift Fund in FY 2010 and FY 2009, respectively.

Status of Gift Fund Balance at September 30, 2010

Donor	With Treasury	Commitments	Funds Available
A&E Television Networks	\$ 3,142	\$ (600)	\$ 2,542
Best Buy	1,977	(855)	1,122
Bradley Foundation	2,030	(2,030)	-
CVS	7,500	-	7,500
Home Depot	158,606	-	158,606
Land 'O Lakes	2,814	(717)	2,097
Ralph Lauren Polo Foundation	55,493	(311)	55,182
State Farm Insurance Co.	11	-	11
UPS Foundation	2,026	-	2,026
Walt Disney Company	60,521	-	60,521
Kellogg Foundation	57,041	(26,415)	30,626
Disaster Relief Fund	15,734	(2,962)	12,772
Motorola Foundation	427	(427)	-
Shell Oil Co.	76,091	(72,711)	3,380
Microsoft	84,130	(25,185)	58,945
Target	1,127	(6,814)	(5,687)
American Express	25,000	-	25,000
IBEW Union	2,287	(754)	1,533
Miscellaneous Check Donations	10,090	(8,458)	1,632
Miscellaneous Electronic Donations	51,756	(1,431)	50,325
Total	\$ 617,803	\$ (149,670)	\$ 468,133

Supplemental Information on the Source and Useⁱ Of Donations

Donor	Use of Funds	2010		2009	
		Received	Used	Received	Used
A&E Television Networks	Support for summit on History, Civics, and Service	\$ -	\$ -	\$ -	\$ 1,658
Best Buy	Grants for the Martin Luther King, Jr. Day of Service	-	2,703	-	5,000
Ralph Lauren Polo Foundation	Support for NCCC program activities	-	1,285	-	2,721
State Farm Insurance Co.	Learn and Serve America 15th anniversary conference	-	-	119,209	118,304
Walt Disney Company	Corporation projects in support of USA FreedomCorps	-	-	-	107
Shell Oil Co.	Support for the Martin Luther King, Jr. Day of Service	-	21,483	25,000	8,394
Kellogg Foundation	AmeriCorps volunteer mobilization	-	321,283	-	16,143
IBEW Union	CNCS Board of Directors Support	-	2,820	5,000	490
Motorola Foundation	National Conference	50,000	49,573	15,000	15,000
Microsoft	Student Driven Virtual Help Desk	238,000	252,185	152,000	60,000
Target	Summer of Service	-	19,708	94,212	67,062
Citi Corp Foundation	United We Serve/Cities of Service	50,000	50,000	-	-
American Express	United We Serve	25,000	-	-	-
Small Individual Donations	Restricted to				
	Disaster Relief	1,122	-	4,290	150
	Senior Corps	44	-	231	-
	AmeriCorps (Miscellaneous)	1,070	-	2,387	-
	AmeriCorps*NCCC	250	1,810	31,925	4,340
	Learn and Serve America	10,150	-	-	7,474
	AmeriCorps* VISTA	350	-	230	-
	Service-Learning Toolkit Promotion	-	690	230	-
	General/Miscellaneous Support	2,074	2,000	3	5,923
Total		\$ 378,060	\$ 725,540	\$ 449,717	\$ 312,766

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

National Service Trust Fund Status Report—September 2010

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

The value of an education award depends on the term of service performed by an AmeriCorps member. For Program Year 2010 completion of a full-time term of service, requiring a minimum of 1,700 hours of service, entitles an AmeriCorps member to an education award of \$5,350. Completion of a part-time term, requiring a minimum of 900 hours of service, entitles an AmeriCorps member to an education award of \$2,675. Reduced part-time terms, which provide awards of \$500 to \$2,038, are also offered. The education award is indexed to Pell grants, therefore these amounts could change each year.

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

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

The 90,299 planned Trust positions for Program Year 2010 do not include an estimated 1,883 AmeriCorps VISTA members (1,578 full-time and 305 Summer Associates) who will elect an end-of-service stipend instead of an education award and 100 summer NCCC members who do not receive an education award. Total planned enrollment for Program Year 2010, including VISTA members electing a stipend and summer NCCC members, is 92,282. Of the 5,838 VISTA member positions in the Trust for 2010, 1,107 positions are for Summer Associates who receive a Trust award of \$1,132.

Table 1. Member Position Award Activity

AmeriCorps Program	Program Year 2010					Program Year 2009				
	Awarded		Certified Not Awarded	Planned Not Certified	Total	Awarded		Certified Not Awarded	Planned Not Certified	Total
	Enrolled	Not Enrolled				Enrolled	Not Enrolled			
State and National VISTA	29,858	49,408	—	—	79,266	62,879	2,510	—	—	65,389
NCCC	5,838	—	—	—	5,838	5,083	—	—	—	5,083
Summer of Service	1,195	—	—	—	1,195	1,066	—	—	—	1,066
	954	3,046	—	—	4,000	n/a	—	—	—	n/a
Total	37,845	52,454	—	—	90,299	69,028	2,510	—	—	71,538

The 71,538 Trust positions for Program Year 2009 do not include 2,164 AmeriCorps VISTA members (1,882 full-time and 282 Summer Associates) who elected an end-of-service stipend instead of an education award and 75 summer NCCC members who did not receive an education award. Total planned enrollment for Program Year 2009, including VISTA members electing a stipend and summer NCCC members, is 73,777. Of the 5,083 VISTA Trust positions, 1,193 are for Summer Associates who receive a Trust award of \$1,000. Program Year 2009 slots have been adjusted to reflect slot corrections and reconfigurations by grantees.

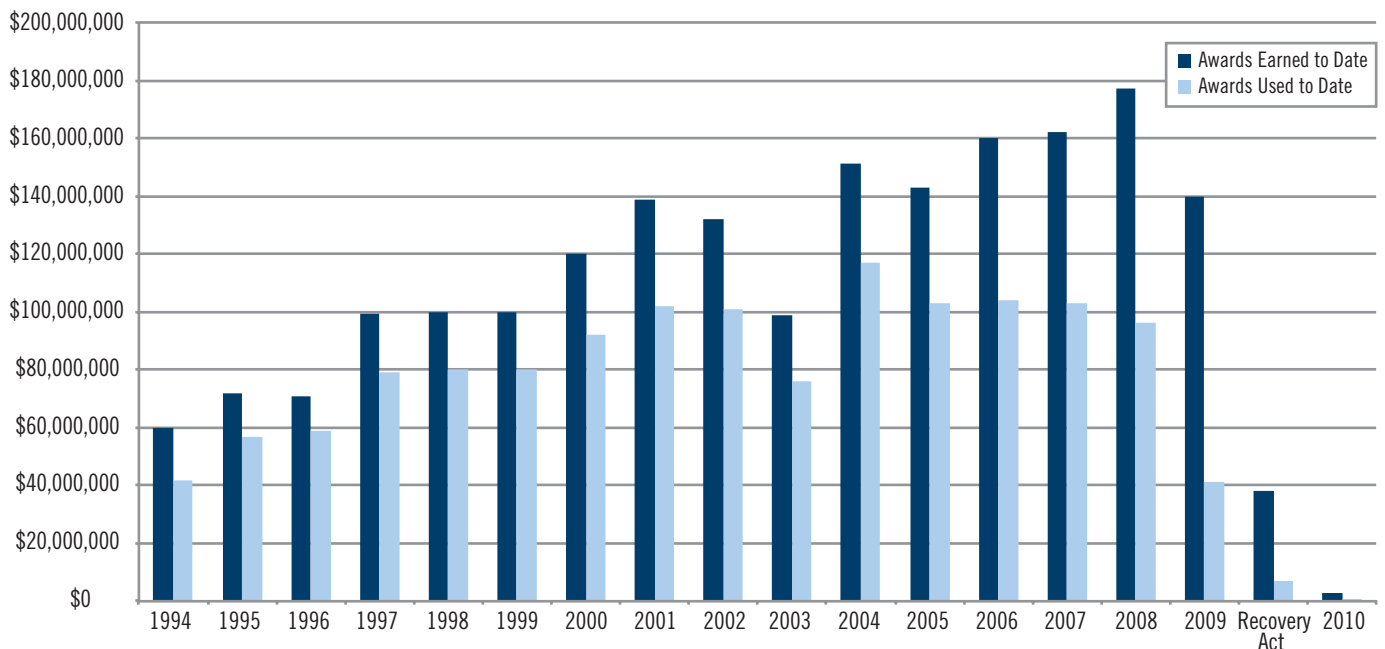
American Recovery and Reinvestment Act of 2009

CNCS received funding under the American Recovery and Reinvestment Act of 2009 (Recovery Act) to put AmeriCorps State and National and AmeriCorps VISTA members to work through national service, meeting the needs of vulnerable populations and communities during the current economic recession. The Trust received \$40 million dollars to fund education award and interest forbearance payments for members serving in these Recovery Act positions. Table 2 shows the planned Recovery Act Trust positions and actual enrollments to date against the plan.

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

AmeriCorps Program	Awarded		Certified Not Awarded	Planned Not Certified	Total
	Enrolled	Not Enrolled			
AmeriCorps State and National Volunteers In Service To America (VISTA)	10,296	161	—	—	10,457
	3,552	—	—	—	3,552
Total Recovery Act Positions	13,848	161	—	—	14,009

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



The 14,009 Recovery Act Trust positions do not include 2,359 AmeriCorps VISTA members (2,040 full-time and 319 Summer Associates) electing an end-of-service stipend instead of an education award. Total planned enrollment for Recovery Act funding, including VISTA members electing a stipend, is 16,368.6 Recovery Act members are projected to enroll between April 2009 (initial VISTA Recovery Act enrollments) and January 2011 (State and National enrollments). Recovery Act slots have been adjusted to reflect slot corrections and reconfigurations by grantees.

Trust Awards

Since CNCS' inception in 1994, AmeriCorps members have earned more than \$1.96 billion in Segal AmeriCorps Education Awards and used more than \$1.34 billion to fund their education and repay student loans. In addition, CNCS has made \$47.86 million in interest forbearance payments. Approximately \$198.23 million in education awards earned have expired without being used as of September 30, 2010. The Trust obligation formula has been adjusted to reflect these expired awards.

Not reflected in the Segal AmeriCorps Education Award balances are payments for President's Freedom Scholarships to high school students. CNCS no longer awards these \$500 scholarships from the National Service Trust earned by high school students. Under this program a Trust scholarship was matched with \$500 from a local sponsor for a total of \$1,000 to help the student fund a college education. Although the program was discontinued in fiscal 2006, students have up to seven years to use their scholarship; therefore some payments will continue to be made over the next several years. President's Freedom Scholarships payments to date have totaled \$21.64 million.

Refilled Positions

CNCS implemented a limited policy allowing grantees to refill positions vacated before a member served more than 15 percent of his or her service term. In May 2007, this policy was expanded to include positions vacated within 30 percent of service term completion provided that the departing member had not earned a pro-rated education award. To prevent over enrollment, the policy includes "fail safe" triggers that restrict the overall number of refills to no more than 5 percent of awarded positions and suspends refilling altogether if total AmeriCorps enrollment reaches 97 percent of awarded positions. Table 3 provides information on the number of positions refilled. Recovery Act positions and positions in Program Years 2008 can no longer be refilled.

Trust Accounting

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

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

Table 3. Number of Refilled Positions

	Program Year						
	Program Year 2006	Program Year 2007	Program Year 2008	Program Year 2009	Recovery Act	Program Year 2010	Fail-safe Trigger
Number of Refilled Positions	1,099	1,441	1,437	1,356	328	42	N/A
Refills as a Percent of Awarded State and National Positions	1.64%	2.16%	2.17%	2.07%	3.14%	0.05%	5%
State and National Enrollment as a Percentage of Awarded State and National Positions	94.60%	92.41%	97.01%	96.16%	98.46%	0.20%	97%

The estimate of the Service Award Liability under GAAP includes factors for members who enroll but do not earn an award, and for members who earn an award but do not use it within the period of availability. CNCS estimates that up to 84.4 percent of members earning an award will eventually use it. Because certain accruals used to prepare the Schedule of Financial Position and the Schedule of Operations and Changes in Net Position are only available on a quarterly basis, the monthly report presents information for the most recently completed quarter.

Table 6 shows the most significant factors used to calculate Trust obligations on a historical basis. It is important to note that Program Year refers to positions awarded with (although not necessarily filled in) a particular fiscal year's grant funds. For example, a grantee may receive a grant in fiscal year 2009 but not fill all positions until fiscal 2010. All positions related to this grant would be considered Program Year 2009 positions irrespective of the year filled.

The Program Year data used throughout these tables reflects all enrollments recorded through the month of the report. Prior year enrollment numbers may change slightly from time to time due to corrections or late reporting by grantees. The percentage of members earning an award in Table 6 is calculated by taking the number of

members earning an award divided by the total members enrolled, net of members still earning. For example, in Program Year 2009 there are 69,028 members enrolled in the Trust, of which 15,396 are reported as still earning an award, and 45,892 as having earned an award. Therefore the percentage of members who earned an education award is calculated by dividing 45,892 by 53,632, which is 85.5 percent $[69,028 - 15,396 = 53,632]$.

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

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

Table 4. Corporation for National and Community Service
National Service Trust Schedule of Net Position as of September 30, 2010

	Recovery Act	General Fund	Consolidated
Assets			
Fund Balance with Treasury	\$ 54	\$ 240,957	\$ 241,011
Investments, Net	31,015,226	532,438,245	563,453,471
Interest Receivable	767	1,740,782	1,741,549
Accounts Receivable	-	213,578	213,578
Subtotal	<u>\$ 31,016,047</u>	<u>\$ 534,633,562</u>	<u>\$ 565,649,609</u>
Liabilities			
Service Award Liability	\$ 25,596,621	\$ 354,281,986	\$ 379,878,607
Net Position			
Cumulative Results of Operations	5,419,426	180,351,576	185,771,002
Total Liabilities and Net Position	<u>\$ 31,016,047</u>	<u>\$ 534,633,562</u>	<u>\$ 565,649,609</u>

Table 5. Corporation for National and Community Service
National Service Trust Schedule of Operations through the Quarter Ended
September 30, 2010

	Recovery Act	General Fund	Consolidated
Revenues			
Appropriations	\$ -	\$ 197,000,000	\$ 197,000,000
Transfer in of Program Funds	-	2,659,265	2,659,265
Interest	101,013	7,186,737	7,287,750
Other Revenue	-	154,560	154,560
Total Revenues	<u>\$ 101,013</u>	<u>\$ 207,000,562</u>	<u>\$ 207,101,575</u>
Expenses			
Service Award Expense	\$ 28,276,353	\$ 189,491,056	\$ 217,767,409
(Write off)/Recovery of Receivables	-	135,915	135,915
Total Expenses	<u>28,276,353</u>	<u>189,626,971</u>	<u>217,903,324</u>
Excess of Revenues Over Expenses	<u>\$ (28,175,340)</u>	<u>\$ 17,373,591</u>	<u>\$ (10,801,749)</u>
Net Position			
Excess of Revenues Over Expenses	\$ (28,175,340)	\$ 17,373,591	\$ (10,801,749)
Net Position, Beginning of Year	33,594,766	162,977,985	196,572,751
Net Position, End of Period	<u>\$ 5,419,426</u>	<u>\$ 180,351,576</u>	<u>\$ 185,771,002</u>

Table 6. Factors Affecting the National Service Trust Fund

	Program Year					
	2006	2007	2008	2009	Recovery Act	2010
Member enrollments in the Trust	69,263	67,981	70,076	69,028	13,848	37,845
Percent of members who earned an education award	78.6%	81.1%	83.7%	85.6%	82.9%	19.6%
Percent of earned education awards used	67.4%	65.2%	54.4%	30.3%	23.4%	0%
Weighted average maturity for investments	3%	2.5%	2.4%	2.0%	.25%	1.25%
Breakout of enrollment by term type:						
Full-time	44%	45%	46%	45%	57%	77%
Part-time	17%	15%	15%	14%	12%	9%
Reduced Part-time	39%	40%	39%	41%	31%	14%

The amounts obligated in the Trust are based on the estimated value of the education benefit, discounted for the estimated enrollment, earning and usage rate, and the time value of money. For fiscal 2010, these factors are the full value of the Segal AmeriCorps Education Award, a 100 percent enrollment rate (allowing for refills), an average earning rate of 84 percent (ranges from 77 to 86 percent depending on term type), and an average usage rate of 86 percent (under the Serve America Act awards earned by members over age 55 can be transferred to an eligible beneficiary; we are projecting that all transferable awards will eventually be used). For program years 2002 and prior, CNCS used the

actual amounts earned, adjusted for amounts used and the time value of money when establishing the obligation. Estimates for program years 2003 and forward are periodically adjusted to reflect current usage projections.

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

Table 7. Corporation for National and Community Service
National Service Trust Schedule of Budgetary Activity for the Period Ended
September 30, 2010

Resources	Recovery Act	General Fund	Consolidated
Funds Available at October 1	\$ 3,727,840	\$ 9,147,211	\$ 12,875,051
Budgetary Resources			
Fiscal Year Appropriation	\$ -	\$ 197,000,000	\$ 197,000,000
Transfers in of Program Funds	-	2,659,265	2,659,265
Deobligation Prior Year Positions (net)	-	8,388,347	8,388,347
Collection of Audit Receivables	-	154,560	154,560
Less: Additions to Trust Reserve	-	-	-
Total Budgetary Resources	\$ 3,727,840	\$ 217,349,383	\$ 221,077,223
Obligations			
Education Awards	\$ (1,664,927)	\$(199,724,597)	\$(201,389,524)
Interest Forbearance	(180,758)	(7,634,620)	(7,815,378)
Total Obligations	\$ (1,845,685)	\$(207,359,217)	\$(209,204,902)
Net Change in Commitments			
Education Awards	\$ -	\$ -	\$ -
Interest Forbearance	-	-	-
Net Change in Commitments	-	-	-
Funds Available for Obligation	\$ 1,882,155	\$ 9,990,166	\$ 11,872,321

Table 8. Corporation for National and Community Service
National Service Trust Schedule of Trust Obligations as of September 30, 2010

Resources	Recovery Act	General Fund	Consolidated
Fund Balance with Treasury	\$ 54	\$ 240,957	\$ 241,011
Investments, Net	31,015,226	532,438,245	563,453,471
Interest Receivable	767	1,740,782	1,741,549
Accounts Receivable	-	213,578	213,578
Subtotal	\$ 31,016,047	534,633,562	\$ 565,649,609
Less:			
Cumulative Trust Reserve	(3,500,000)	(46,697,000)	(50,197,000)
Receivables Not Available for Obligation	(37,270)	(4,733,639)	(4,770,909)
Total Resources	\$ 27,478,777	\$ 483,202,923	\$ 510,681,700
Unliquidated Obligations			
Education Awards	\$ (24,934,907)	\$ (456,148,770)	\$ (481,083,677)
Interest Forbearance	(661,715)	(16,181,487)	(16,843,202)
President's Freedom Scholarships	-	(882,500)	(882,500)
Total Unliquidated Obligations	\$ (25,596,622)	\$ (473,212,757)	\$ (498,809,379)
Commitments			
Education Awards	\$ -	\$ -	\$ -
Interest Forbearance	-	-	-
Total Commitments	-	-	-
Funds Available for Obligation	\$ 1,882,155	\$ 9,990,166	\$ 11,872,321

Enrollment Activity

Table 9 presents the cumulative activity to date on Trust enrollments, education awards earned and used for Program Years 1994 through 2010 as well as Recovery Act positions.

Table 9. Trust Enrollment Activity—Program Years 1994 through 2010

Program Year	Type	Members Enrolled	Members Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
1994	Full-time	15,331	0	11,463	3,868	\$ 48,266,389.19	\$ 35,310,580.59
	Part-time	6,264	0	4,172	2,092	8,988,028.17	6,694,416.79
	Reduced Part-time	2,814	0	2,432	382	2,467,981.29	1,752,755.29
	Total	24,409	0	18,067	6,342	\$ 59,722,398.65	\$ 43,757,752.67
1995	Full-time	17,551	0	13,563	3,988	\$ 61,095,280.87	\$ 46,177,901.17
	Part-time	6,850	0	4,362	2,488	9,551,027.13	6,944,709.87
	Reduced Part-time	577	0	493	84	481,481.98	349,740.58
	Total	24,978	0	18,418	6,560	\$ 71,127,789.98	\$ 53,472,351.62
1996	Full-time	17,634	0	13,319	4,315	\$ 60,762,700.91	\$ 47,451,146.25
	Part-time	6,942	0	4,467	2,475	10,085,197.90	7,157,223.16
	Reduced Part-time	593	0	505	88	499,514.66	394,179.93
	Total	25,169	0	18,291	6,878	\$ 71,347,413.47	\$ 55,002,549.34
1997	Full-time	23,259	0	17,294	5,965	\$ 79,318,854.34	\$ 62,491,005.11
	Part-time	12,832	0	7,083	5,749	15,939,868.60	11,716,294.60
	Reduced Part-time	3,677	0	2,975	702	2,904,130.87	2,315,198.17
	Total	39,768	0	27,352	12,416	\$ 98,162,853.81	\$ 76,522,497.88
1998	Full-time	24,749	0	17,903	6,846	\$ 82,264,571.93	\$ 65,317,004.14
	Part-time	11,156	0	6,208	4,948	14,031,027.14	10,222,193.59
	Reduced Part-time	5,101	0	3,829	1,272	3,799,775.12	3,002,711.80
	Total	41,006	0	27,940	13,066	\$ 100,095,374.19	\$ 78,541,909.53
1999	Full-time	23,294	0	17,016	6,278	\$ 78,324,396.27	\$ 62,148,465.23
	Part-time	11,333	0	6,915	4,418	15,636,042.42	11,226,489.84
	Reduced Part-time	7,260	0	5,862	1,398	6,095,874.28	4,841,701.83
	Total	41,887	0	29,793	12,094	\$ 100,056,312.97	\$ 78,216,656.90
2000	Full-time	26,203	0	19,082	7,121	\$ 87,921,306.62	\$ 69,518,456.25
	Part-time	13,213	0	8,453	4,760	19,404,182.70	13,689,493.32
	Reduced Part-time	13,619	0	10,272	3,347	10,645,579.77	8,519,805.64
	Total	53,035	0	37,807	15,228	\$ 117,971,069.09	\$ 91,727,755.21
2001	Full-time	29,455	0	22,600	6,855	\$ 104,409,272.45	\$ 82,598,100.94
	Part-time	13,834	0	8,884	4,950	20,165,005.40	13,830,758.86
	Reduced Part-time	15,827	0	12,470	3,357	12,967,902.89	9,909,856.75
	Total	59,116	0	43,954	15,162	\$ 137,542,180.74	\$ 106,338,716.55
2002	Full-time	28,139	0	23,172	4,967	\$ 107,730,673.73	\$ 87,026,302.68
	Part-time	9,427	0	6,478	2,949	14,859,278.64	10,178,296.48
	Reduced Part-time	10,842	0	8,118	2,724	9,300,854.33	7,249,538.18
	Total	48,408	0	37,768	10,640	\$ 131,890,806.70	\$ 104,454,137.34

Table 9. Trust Enrollment Activity—Program Years 1994 through 2010 *(continued)*

Program Year	Type	Members Enrolled	Members Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
2003	Full-time	18,319	0	15,236	3,083	\$ 70,063,810.06	\$ 53,418,139.80
	Part-time	9,424	0	7,063	2,361	16,283,881.70	11,020,235.35
	Reduced Part-time	13,272	0	10,590	2,682	12,084,613.06	8,999,556.03
	Total	41,015	0	32,889	8,126	\$ 98,432,304.82	\$ 73,437,931.18
2004	Full-time	29,043	0	24,365	4,678	\$ 113,193,761.73	\$ 87,777,941.46
	Part-time	10,833	0	7,614	3,219	17,514,510.62	11,507,439.58
	Reduced Part-time	22,779	0	17,992	4,787	20,763,252.88	15,402,028.87
	Total	62,655	0	49,971	12,684	\$ 151,471,525.23	\$ 114,687,409.91
2005	Full-time	28,303	0	23,083	5,220	\$ 107,099,256.89	\$ 78,375,757.05
	Part-time	11,132	0	7,809	3,323	17,968,525.35	11,616,353.69
	Reduced Part-time	23,365	14	18,084	5,267	20,338,612.06	14,404,292.56
	Total	62,800	14	48,976	13,810	\$ 145,406,394.30	\$ 104,396,403.30
2006	Full-time	30,388	42	25,132	5,214	\$ 116,815,968.57	\$ 79,639,796.83
	Part-time	11,620	88	8,190	3,342	18,915,625.09	11,478,766.33
	Reduced Part-time	27,255	12	20,997	6,246	23,828,981.63	16,382,585.32
	Total	69,263	142	54,319	14,802	\$ 159,560,575.29	\$ 107,501,148.48
2007	Full-time	30,905	77	26,138	4,690	\$ 121,775,315.00	\$ 80,890,107.64
	Part-time	10,135	358	7,245	2,532	16,745,568.91	9,466,052.40
	Reduced Part-time	26,941	82	21,354	5,505	24,296,700.61	15,792,458.46
	Total	67,981	517	54,737	12,727	\$ 162,817,584.52	\$ 106,148,618.50
2008	Full-time	32,381	195	28,070	4,116	\$ 131,209,689.70	\$ 72,171,535.38
	Part-time	10,674	1,053	7,532	2,089	17,477,382.64	8,040,176.67
	Reduced Part-time	27,021	299	21,755	4,967	24,867,872.28	14,157,832.34
	Total	70,076	1,547	57,357	11,172	\$ 173,554,944.62	\$ 94,369,544.39
2009	Full-time	30,973	4,138	23,555	3,280	\$ 110,026,126.50	\$ 33,147,854.92
	Part-time	9,677	4,011	4,339	1,327	10,017,005.59	2,099,355.36
	Reduced Part-time	28,378	7,247	17,998	3,133	20,277,008.29	7,290,525.76
	Total	69,028	15,396	45,892	7,740	\$ 140,320,140.38	\$ 42,537,736.04
Recovery Act	Full-time	7,901	420	6,270	1,211	\$ 29,211,473.79	\$ 6,442,317.45
	Part-time	1,659	186	1,081	392	2,490,854.64	579,604.10
	Reduced Part-time	4,288	256	3,410	622	3,971,675.35	1,334,035.07
	Total	13,848	862	10,761	2,225	\$ 35,674,003.78	\$ 8,355,956.62
2010	Full-time	27,764	26,468	717	580	\$ 3,667,951.56	\$ 669,464.76
	Part-time	3,133	3,093	1	39	2,362.50	0.00
	Reduced Part-time	6,948	4,817	2,071	60	1,741,271.49	401,354.06
	Total	37,845	34,378	2,789	679	\$ 5,411,585.55	\$ 1,070,818.82
Cumulative to Date		852,287	52,856	617,081	182,351	\$ 1,960,565,258.09	\$ 1,340,539,894.28

Improper Payments

The Improper Payments Information Act (IPIA—P.L. 107-300) requires federal agencies to identify and report on significant payment programs that are susceptible to improper payments. The Act defines significant improper payments as those within a single payment program that exceed both 2.5 percent of that program's annual amounts paid and \$10 million annually. CNCS reviewed its operations identifying 12 payment programs, and assessed each to determine which, if any, were susceptible to significant improper payments. Only seven of the 12 programs make total annual payments that exceed \$10 million. For any of these seven payment programs, a preliminary error rate exceeding 2.5 percent and an estimated improper payment amount of \$10 million would have to be subsequently confirmed through a statistical sampling process to designate a payment program as susceptible to significant improper payments.

The two largest Corporation payment programs are the Domestic Volunteer Service Act; and National and Community Service Act grant programs. Together the annual payments for these programs account for about 62 percent of all Corporation payment amounts. As grant programs, these payments are administered by the Department of Health and Human Services' Payment Management System. There are numerous internal and external controls making improper grant program payments highly unlikely. For example, awards go through many levels of review and approval before obligations are created and transmitted to the Payment Management System. These payments are all requested by authorized grantees, and then they are validated and disbursed by Health and Human Services. Moreover, the receipt and use of grant funds by grantees are monitored by CNCS and in many cases

are subject to independent audits under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

Based on the results of the FY 2010 IPIA review, there were no significant payment programs susceptible to improper payments. However, even though CNCS concluded its programs are not susceptible to improper payments as defined under the Act, most non-grant payments are reviewed as part of the OMB Circular A-123 Internal Control Assessment and Testing Program discussed above.

Going forward, the Improper Payments Elimination and Recovery Act of 2010 (IPERA) amends the Improper Payments Information Act of 2002 to expand requirements for identifying programs and activities susceptible to improper payments. IPERA defines significant as any single payment program where improper payments may have exceeded \$10 million and 2.5 percent of all outlays from that program in the preceding year. CNCS has initiated a project assisted by a major public accounting firm that has a great deal of experience in assessing, remediating, reporting, and recovering improper payments at federal agencies. That project is designed to:

- Evaluate critical processes for all payment programs;
- Analyze risk conditions and perform risk assessment of all payment programs;
- Identify the two highest risk programs and perform random testing of payments in those programs;
- Estimate the error rate and improper payment amount for those programs;
- Determine the need for remedial and recovery actions based on the test results; and
- Prepare a plan for fiscal 2011 financial statement reporting compliance with IPERA.

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