

# Agency Financial Report

FISCAL YEAR 2013





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## How to Serve

If you are interested in joining or learning more about CNCS programs, go to [nationalservice.gov](http://nationalservice.gov). Click "Serve Your Community" to discover which opportunity is right for you.

An electronic copy of this report is available on the web at: [www.nationalservice.gov/about/role\\_impact/performance.asp](http://www.nationalservice.gov/about/role_impact/performance.asp)

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Fiscal Year 2013

# Agency Financial Report



## About this Report

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

- This report, the Agency Financial Report (AFR), focuses on CNCS' financial management and the results of the agency's annual financial audit. It includes management's assurance statement, CNCS' improper payments report, and a response from management.
- The Annual Performance Report (APR) provides an overall assessment of agency performance. The APR will be included in CNCS' FY 2015 Congressional Budget Justification, which will be transmitted to Congress in February 2014.
- The Performance Highlights Report summarizes key information from the AFR and APR. It will be available in February 2014.

These reports meet 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, and the Federal Information Security Management Act, among others. These reports also follow 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 This Report Is Organized

### Section I: Management's Discussion and Analysis

Section I provides an overview of performance and financial information. It includes a brief history of CNCS, introduces its mission and contains a description of CNCS' organizational structure and strategic framework. This section highlights performance and key accomplishments in each of its strategic goals and objectives. Section I also provides management's assessment of future priorities and management's assurances over internal controls. The section closes with highlights of financial results.

### Section II: Financial Statements

Section II begins with a message from the Chief Financial Officer. The section contains the details of CNCS' finances to include the audited financial statements and footnotes.

### Section III: Independent Auditor's Report

Section III provides the independent auditor's reports on the audited financial statements and footnotes, compliance matters and internal controls. This section also contains management's response to the results of the auditor's report.

### Section IV: Other Information

Section IV provides supplementary reporting of Donations and Contributions, the National Service Trust Fund and Improper Payments. Donation and Contribution reporting identifies the nature and amount of donations, as well as how they were used and disposed of in support of CNCS' programs and activities. The National Service Trust Fund Status Report provides status of education awards and student loan interest forbearance to eligible participants. The section ends with an assessment of Improper Payments made by each program or activity in the agency and actions taken to recover them.

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# Message from the CEO



Since its creation 20 years ago, the Corporation for National and Community Service (CNCS) has tapped our nation's greatest resource—the American people—to get things done.

Working hand in hand with thousands of local partners, CNCS programs improve lives, expand economic opportunity, and engage millions of Americans in solving problems in their communities.

I am pleased to present our Fiscal Year 2013 Agency Financial Report, which demonstrates our continued commitment to strong performance, focused investments, innovative partnerships, and management excellence.

This past year, CNCS engaged millions of Americans in service, provided critical services to communities across the U.S., strengthened thousands of nonprofit and faith-based groups, forged innovative partnerships, increased accountability, and continued our strong record of reliable fiscal stewardship.

With leadership from the President's Task Force on Expanding National Service, CNCS is poised to engage more Americans in results-driven service, building a better future for our citizens, communities, and nation.

## Expanding Economic Opportunity

In FY 2013, we continued our focus on expanding economic opportunity by providing job counseling to returning veterans, helping seniors live independently, rebuilding homes after disasters, teaching financial literacy, tutoring students in low-performing schools, and more.

CNCS programs also expanded economic opportunity for service participants, by helping them graduate from high school, gain career skills, pursue higher education, and find work. For both beneficiaries and participants, national service helps expand individual opportunity, build family stability, and create more sustainable, resilient communities.

## Driving Impact and Innovation

This past year, we continued to implement our Strategic Plan guided by the bipartisan Edward M. Kennedy Serve America Act. The Act focused national service on six priority areas: Disaster Services, Economic Opportunity, Education, Environmental Stewardship, Healthy Futures, and Veterans and Military Families.

In FY 2013, we aligned our programming to focus on these priority areas, and implemented a set of agency-wide priority measures to measure impact. We continued to use competition to fund high quality, high value programs, and we worked to maximize this investment by emphasizing performance.

Recognizing the need for new approaches to complex problems, we continued to foster innovation through our programs. In FY 2013, we awarded the fourth year of Social Innovation Fund grants, leveraging significant private and non-federal funds to expand the impact of promising nonprofit programs serving low-income communities.

## Growing National Service and Volunteerism

National service is model of public-private partnership that recognizes progress is best made by working together. The modest federal investment leverages hundreds of millions of additional resources from non-CNCS sources to strengthen community impact and increase return on taxpayer dollars.

Recognizing the smart design of national service—and the key role it plays in tackling tough challenges—President Obama created the Task Force on Expanding National Service, charged with developing

strategies to expand national service to meet national needs through partnerships with other Federal agencies and the private sector.

In FY 2013, CNCS implemented several innovative partnerships:

- FEMA Corps, collaboration between FEMA and AmeriCorps NCCC launched in FY 2012, provided critical support to survivors of Hurricane Sandy, the Oklahoma tornadoes, the Colorado floods, and other disasters in FY 2013.
- CNCS awarded grants to support more than 650 School Turnaround AmeriCorps members to serve in some of our nation's lowest-performing schools to boost student achievement, attendance, graduation rates, and college and career readiness.
- AmeriCorps VISTA partnered with the Bank of America to launch the Financial Opportunity Corps to help low- and moderate-income households achieve financial stability.

The Task Force will spur the development of new partnerships to meet critical needs and expand opportunity for those who serve.

### **Managing for Results and Accountability**

CNCS has a deep commitment to ensuring the highest levels of accountability. In FY 2013, CNCS maintained its record of strong fiscal stewardship by achieving an unmodified "clean" audit opinion for the 14th consecutive year.

Other management accomplishments include creating a Financial Integrity Steering Committee, implementing a comprehensive internal controls assessment program, addressing findings from the 2012 audit, and enhancing information technology. We have built an outstanding senior team with the vision and experience to lead the agency to higher levels of impact and accountability.

For decades, successive Administrations of both parties have invested in national service as a smart way to tap the ingenuity and can-do spirit of the American people.

As we mark our 20th anniversary, we look forward to building on this great foundation and creating more opportunities for Americans to make a difference in their communities.

In Service,



Wendy Spencer  
Chief Executive Officer

## Section I:

# Management's Discussion & Analysis

## Agency Mission and Overview

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

For nearly two decades, CNCS has invested in community solutions across the nation—working hand in hand with local partners to improve lives, expand economic opportunity, and engage millions of Americans in solving problems in their communities.

Through AmeriCorps, Volunteers in Service to America (VISTA), National Civilian Community Corps (NCCC), Senior Corps, the Social Innovation Fund, the Volunteer Generation Fund and other initiatives, CNCS programs engage more than five million Americans in results-driven service each year at more than 70,000 locations across the country, from large cities to small towns to rural areas.

CNCS plays a vital role in supporting the American culture of citizenship, national service and responsibility. CNCS is a catalyst for change and champion for the ideal that every American has skills and talents to give. 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. Participants in CNCS programs provide assistance to their communities through nonprofits, K-12 schools, institutions of higher learning, faith-based and other community organizations, and local and state governments.

CNCS brings vital leadership, resources, and coordination to some of the most pressing challenges facing America: educating students for jobs



of the 21st century, supporting individuals, families, and neighborhoods on the road to economic recovery; addressing the needs of military families and a new generation of veterans returning from war; helping communities rebuild after natural disasters; promoting health and well-being, and preserving the nation's parks and public lands.

Through all its programs, CNCS expands economic opportunity—helping disconnected youth, new Americans, veterans, military families, seniors, people with disabilities, and others acquire the skills, education, and training they need for productive employment. By helping more Americans graduate, pursue higher education, and find work, national service provides immediate benefits to the community and significant long-term benefits to service recipients and those who serve.

CNCS strengthens the country in a unique and effective way, by bolstering—not displacing—the civic, neighborhood, and faith-based organizations that serve our communities. Serving in many of the nation's most impoverished communities, CNCS participants provide vital support to tens of thousands of organizations—food banks, homeless shelters, community health clinics, youth centers, veterans service facilities, schools, universities, and other community organizations.

CNCS multiplies the impact of its federal investment by leveraging hundreds of millions of non-federal dollars and mobilizing millions of volunteers.



## 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 two main programs:

- Senior Corps, which incorporated the Foster Grandparents Program (FGP), RSVP, and Senior Companion Program (SCP);
- The newly created AmeriCorps, which incorporated VISTA, State and National, and NCCC.

Enacted on April 21, 2009, the bipartisan Edward M. Kennedy Serve America Act (SAA) reauthorized and expanded the mission and operation of CNCS, amending the National and Community Service Act of 1990 and the Domestic Volunteer Service Act of 1973.

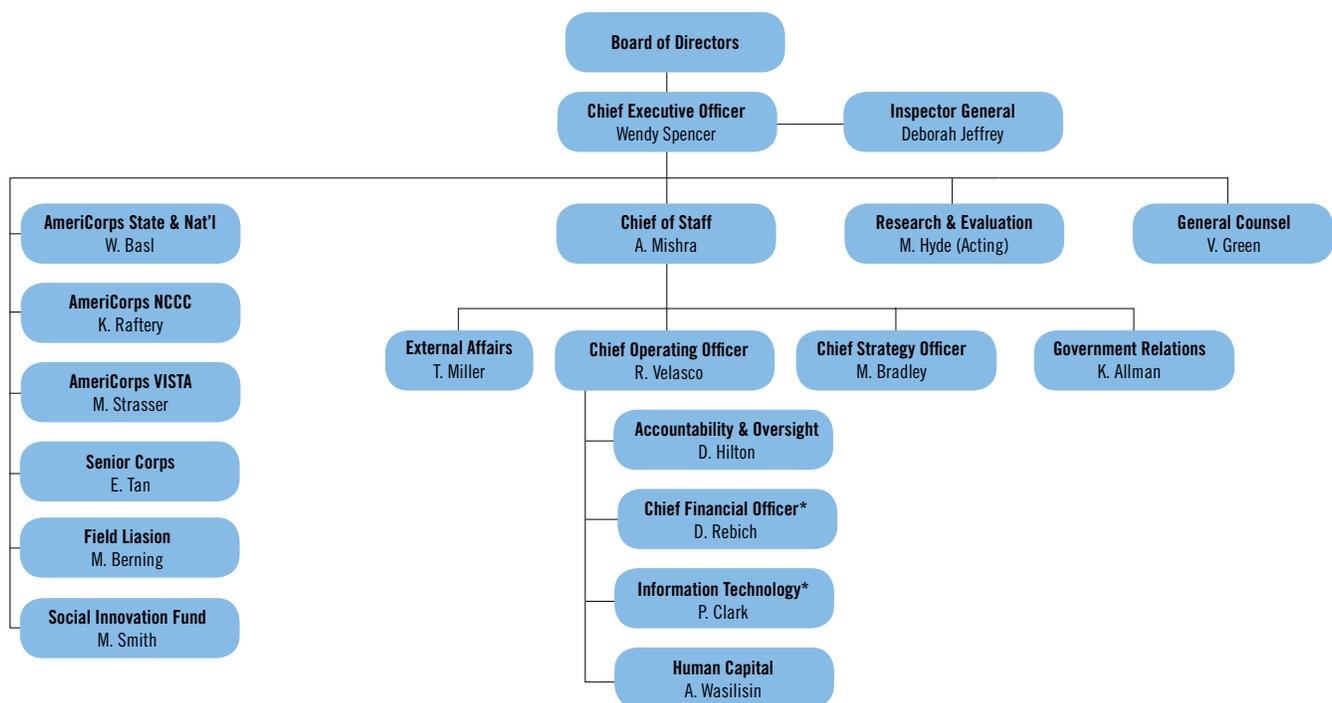
The SAA authorized both the expansion of existing service programs and the creation of a number of new programs to provide opportunities to serve and provide support for the nonprofit sector. The legislation also directed CNCS to target resources on a core set of critical national problems and evaluate our impact using standardized performance measures.

# 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.

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

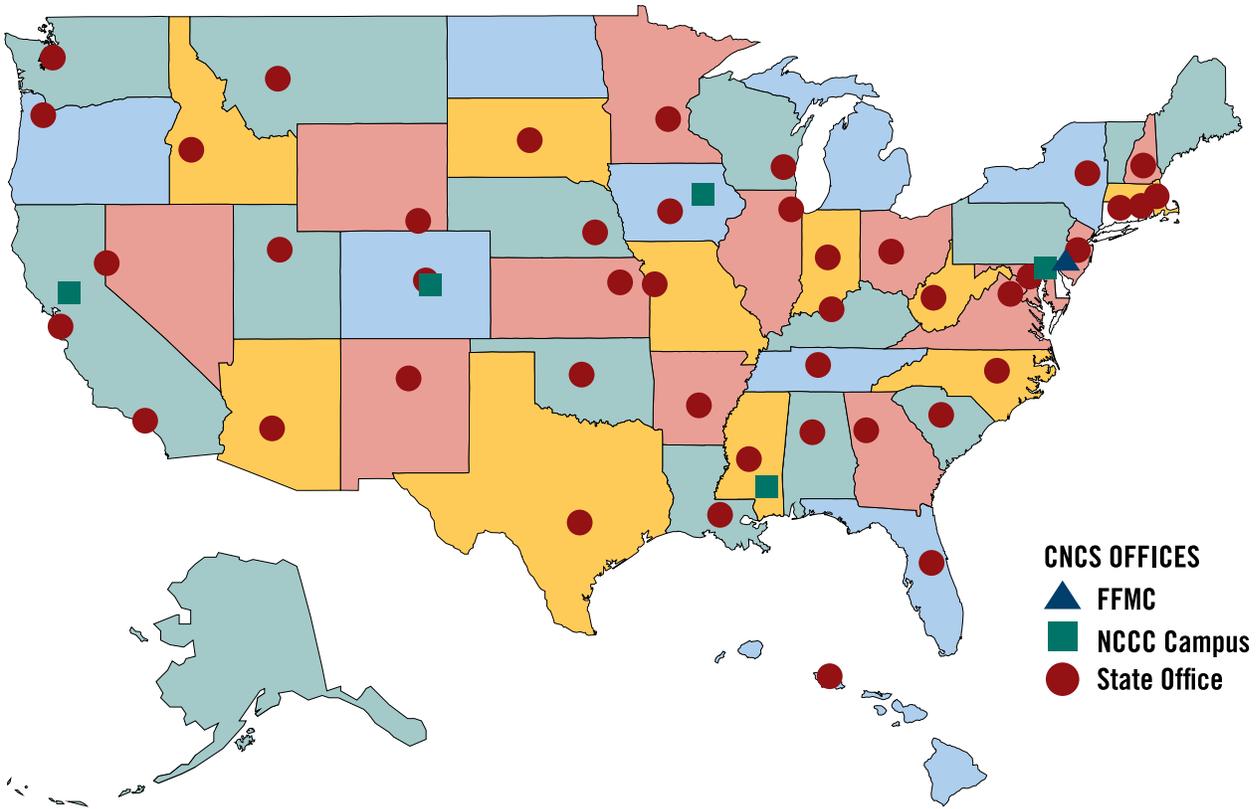
**Figure 1: CNCS Organization Chart**



*Organization Chart is as of December 2, 2013*

*\* Denotes staff that also have reporting line to the CEO*

**Figure 2: CNCS Field Offices**



## Strategic Priorities

During FY 2013, CNCS received \$994.0 million in resources that it used to focus national service on six priority areas: Disaster Services, Economic Opportunity, Education, Environmental Stewardship, Healthy Futures, and Veterans and Military Families. In addition, CNCS' Strategic Priorities set forth goals outlined in the tables on the following pages. These goals are the foundation for CNCS' performance plan to strengthen the experience of individuals participating in national service, maximize the value we add to grantees, partners and participants; and fortify management operations and sustain a capable, responsive and accountable organization.

CNCS' strategic priority measures build upon our historical work, provide a common focal point for all our programs, and allow us to demonstrate the

tangible ways in which our grantees and participants are having an impact. As CNCS continues to align its programming to the agency's priority measures, it is also taking additional steps to adopt a more performance-oriented culture. These include building structures and systems for performance measurement, analysis, and knowledge management, and enhancing staff capacity to support results-based services. Some highlights of this effort are provided in this report. In addition, CNCS is updating the strategic plan in accordance with Government Performance and Results Act (GPRA) to be released in early calendar year 2014. More specific information on the performance initiatives will be available in the agency's FY 2013 performance report, which will be presented with CNCS' FY 2015 Congressional Budget Justification.

# Strategic Priority Goals

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

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

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

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

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

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

Percent of organizations that implement evaluations that demonstrate stronger evidence of program effectiveness than prior to receiving CNCS national service participants or funding.

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

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

Complete modernization of IT infrastructure.

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

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Award and close grants and contracts within prescribed timeframes.

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# CNCS Programs and Performance

## AmeriCorps State and National

For nearly two decades, AmeriCorps State and National has engaged hundreds of thousands of members in intense, impactful service in every state. Through AmeriCorps State and National more than 800,000 people have participated in national service. These AmeriCorps members have dedicated millions of hours of service in communities across the nation. AmeriCorps State and National is a critical component of CNCS’ effort to meet the President’s call to expand national service as expressed in his July 2013 Presidential Memorandum on Expanding National Service.



### AmeriCorps State and National Strategic Goals

1 - Increase impact on communities	2 - Enhance national service participant experience	3 - Maximize value to grantees, partners, and participants
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**FY 2013 OPERATING LEVEL: \$326.3 million\***

\*Amounts are post across the board and sequestration reductions.

In FY 2013, CNCS estimates that 63,000 AmeriCorps members were funded across all AmeriCorps State and National grants.<sup>1</sup> These members served in thousands of service sites in urban and rural communities across the nation engaged in activities like helping educate impoverished children, assisting those affected by natural disasters rebuild their homes, and helping veterans reintegrate into civilian life.<sup>2</sup>

In addition, AmeriCorps State and National aligned its grant awards to the agency’s strategic priorities in FY 2013. This included funding programs focused on the following:

- Improving academic outcomes for economically disadvantaged children in School Improvement Grant/Priority schools.<sup>3</sup>
- Engaging and serving veterans and military families.
- Helping individuals and communities prepare, respond, recover, and mitigate disasters while increasing community resilience.
- Supporting and/or facilitating access to services and resources that helped contribute to the improved economic opportunity for low-income people.
- Supporting, through the AmeriCorps Governor and Mayor Initiatives, service solutions that address the most pressing local issues as identified by a city and state government.

### Partnership Highlight—School Turnaround AmeriCorps

In collaboration with the Department of Education (ED), CNCS developed an initiative to improve the nation’s persistently low achieving schools. Launched in July 2013, the School Turnaround AmeriCorps program is designed to support the placement of a dedicated cadre of AmeriCorps members in persistently low achieving schools across the country. In its first full year, estimated 650 School Turnaround AmeriCorps members will be supporting a variety of intervention efforts aimed at addressing the unique needs of each School Improvement Grant and Priority school.

### Evaluation Highlight

To further increase the efficiency and knowledge of national service, AmeriCorps State and National is developing a new effort to pool grantee and subgrantee evaluation resources to develop a national evaluation pilot. This collaborative effort has the benefit of consolidating research funding, building a uniform research design, and developing an evidentiary basis across programs. Pooling the resources and data of grantees with common focus areas should allow CNCS to create economies of scale which increase efficiency and outcomes ensuring comprehensive assessments that broaden the rigorous evidence basis for the impact of national service.

<sup>1</sup> Member levels based on FY 2012 grant awards.

<sup>2</sup> Final performance data will be reported in the FY 2013 Annual Performance Report, released as a part of the FY 2015 Congressional Budget Justification. CNCS will also release the amount of non-CNCS resources generated in FY 2013 in the aforementioned performance report.

<sup>3</sup> School Improvement Grants (SIG), authorized under section 1003(g) of Title I of the Elementary and Secondary Education Act of 1965 (Title I or ESEA), are grants to State educational agencies (SEAs) that SEAs use to make competitive subgrants to local educational agencies (LEAs) that demonstrate the greatest need for the funds and the strongest commitment to use the funds to provide adequate resources in order to raise substantially the achievement of students in their lowest-performing schools.

## AmeriCorps VISTA

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

The AmeriCorps VISTA program embraces the core principles of sustainability, capacity building, and strengthening community. It offers critical contributions to the agency's mission priorities under goals one, two, and three of CNCS' Strategic Plan through activities such as community outreach and partnership development, resource development, and establishment of volunteer recruitment and management systems. AmeriCorps VISTA members strengthen and improve the ability of local organizations to carry out their mission and programs. Sponsoring organizations must ensure that their AmeriCorps VISTA projects engage residents of the targeted low-income community in the project planning, development, and implementation. This approach promotes service and community engagement at the local level.

AmeriCorps VISTA Strategic Goals		
1 - Increase impact on communities	2 - Enhance national service participant experience	3 - Maximize value to grantees, partners, and participants
<b>FY 2013 OPERATING LEVEL: \$89.9 million*</b> *Amounts are post across the board and sequestration reductions.		

In FY 2013, AmeriCorps VISTA placed an estimated 7,211 members (5,695 full time, and 1,516 Summer Associates). Preliminary results indicate that these members recruited approximately one million additional volunteers to build capacity in the more than one thousand communities and organizations across the country. In alignment with the agency's strategic priorities, members serve at programs focused on education and economic opportunity, including helping Americans find jobs and housing, and improving their financial literacy.

### Healthy Futures

In FY 2013, nearly 15 percent of all new projects supported organizations that meet the health needs of economically disadvantaged individuals, including access to food resources and health care. Below is an example of this focus:

## Economic Opportunity

Economic opportunity continues to be one of AmeriCorps VISTA's largest focus areas, representing a third of the new projects developed in FY 2013. Below is an example of this focus:

- Legal Assistance Foundation of Metropolitan Chicago VISTA's worked to increase access to legal representation for low income resident of Illinois in the areas of housing, education, medical, public benefits, and basic legal services. This was accomplished by making the systems more efficient, increasing the number of pro-bono attorneys, creating additional revenue streams, and creating self-representation options when appropriate. In a two year period between 2012 and 2013, AmeriCorps VISTA's recruited over 350 volunteers who contributed 5,000 hours of legal services and served more than 4,800 clients. Additionally, they raised over \$970 thousand dollars in cash and in-kind resources for the programs they support.

- The AmeriCorps VISTA project at Harvest Against Hunger, a gleaning and outreach program in Washington state, is remarkably successful. The talents and creativity of 10 AmeriCorps VISTAs, situated in communities statewide, have helped establish connections between small to medium-sized farmers and local food banks, increasing both the amount of fresh produce available to food banks, as well as establishing new opportunities for direct donor and volunteer participation. In the first year, the project served 534,000 clients and reported \$1.2 million in noncash donations. During the past four years, 10,500 volunteers have recovered more than two million pounds of fresh, healthy produce. And that's just the beginning: Harvest AmeriCorps VISTAs builds programs that are sustainable and scalable. The positive impact of these programs will benefit for years to come. David Bobanick, Executive Director of Harvest Against Hunger, said: "Given the very limited resources of hunger relief agencies and local food banks, without AmeriCorps VISTAs this sort of work would simply not be in the realm of possibility. With the AmeriCorps VISTAs, we're able to not only develop these programs, but also to share program models across a broad spectrum of hunger relief agencies here in Washington State and across the United States."

### Education

Education continues to be a significant focus area, totaling more than 35 percent of all new projects developed in FY 2013. To break the cycle of poverty through education, AmeriCorps VISTA members perform service in schools and community organizations that focus on improving educational



outcomes for the economically disadvantaged, through locally determined interventions. An example in this focus area is:

- STEM AmeriCorps is new initiative to spur student interest in science, technology, engineering, and math education. 50 AmeriCorps VISTA members were placed this year with FIRST (For Inspiration and Recognition of Science and Technology), a nonprofit that inspires an appreciation of science and technology in young people through robotics competitions. Serving in low-income communities across the country, the AmeriCorps VISTAs are recruiting volunteers and support teams of students to participate in FIRST competitions, making it possible for more students to be exposed to the STEM fields. Through a second initiative, AmeriCorps VISTA will also partner with leading nonprofits in the maker movement to coordinate STEM training, building STEM partnerships, and identifying resources for STEM program sustainability.

### **Veterans and Military Families**

AmeriCorps VISTA continues to expand and enhance programming to support projects that assist low-income veterans and military families. The AmeriCorps VISTA program encourages all projects, particularly those that serve veterans and military families, to recruit veterans to serve as AmeriCorps VISTA members. The most recent member satisfaction survey revealed overwhelmingly positive responses by veterans serving as AmeriCorps VISTA members. Nearly 78 percent are satisfied or extremely satisfied with their roles and 80 percent say their service has helped them reconnect with community activities in civilian life. An example of a project in this focus area is:

- A Maryland-DC Campus Compact AmeriCorps VISTA, serving on the Veteran Career Management project at Stevenson University, has helped create a sustainable network to meet the employment needs of veterans in the community. This VISTA member, a Navy veteran, oversees the MDCC AmeriCorps VISTA program's signature event—the Veteran Career Fair and Resource Expo. Held twice a year in May and November, this event encompasses the Dependable Strengths Articulation Process workshop, and provides veterans the opportunity to network with potential employers and address inquiries with community partners. An AmeriCorps VISTA member recently helped students establish a veteran club, the first of its kind on the university's campus. The club has increased veteran awareness among faculty, staff, and students. AmeriCorps VISTA members have assisted 144 veterans and 124 volunteers have contributed nearly 1,200 hours of service.

### **Partnerships Highlights**

In FY 2013, in alignment with the President's call for the federal government to expand national service as a solution to community challenges, AmeriCorps VISTA engaged in the following partnerships:

- In collaboration with Bank of America and the Points of Light Institute, AmeriCorps VISTA launched the Financial Opportunity Corps to support low and moderate-income households. This initiative ultimately will place 20 AmeriCorps VISTA members at local nonprofit, public, and faith-based organizations throughout the country. The AmeriCorps VISTA members are building local capacity at their sites by launching and supporting proven financial coaching

programs to help low- and moderate-income households achieve financial stability.

- Together for Tomorrow (TFT), an initiative developed by CNCS, the U.S. Department of Education, and the White House Office of Faith-based and Neighborhood Partnerships, uses AmeriCorps VISTA members to expand community partnerships to improve some of our lowest-performing schools. Building on the success the six AmeriCorps VISTA TFT initiative pilot projects engaged more than 60 AmeriCorps VISTAs in five states. CNCS built on this success by expanding the initiative in 2013 to include 33 more TFT projects and 215 AmeriCorps VISTAs serving 28 more states. These AmeriCorps VISTA members fostered local community partnerships to focus on student outcomes such as attendance, behavior, course performance, and college access.

### AmeriCorps National Civilian Community Corps

AmeriCorps National Civilian Community Corps (NCCC) is residential, team-based program that provides opportunities for young American between the ages of 18-24 to address pressing national and community needs in all 50 states through 10 months full-time, intensive national service. Since 2000, more than 15,000 AmeriCorps NCCC members from across the country have served more than 5.3 million hours on disaster projects. The service, training, and certification provided by AmeriCorps NCCC increase employment and leadership opportunities for young adults—particularly those from disadvantaged circumstances.

AmeriCorps NCCC provides rigorous training in skills, such as first aid, CPR, firefighting, case management and asset mapping, and volunteer coordination, which prepares its members to serve as lead CNCS disaster responders and as force multipliers who can effectively coordinate and manage episodic volunteers. In addition to disaster preparation, mitigation, response, and recovery, AmeriCorps NCCC members serve at the request of local, state, and regional organizations in the areas of infrastructure improvement, environmental stewardship and conservation, urban and rural development, and energy conservation.

AmeriCorps NCCC Strategic Goals		
1 - Increase impact on communities	2 - Enhance national service participant experience	3 - Maximize value to grantees, partners, and participants
<b>FY 2013 OPERATING LEVEL: \$30.2 million*</b> *Amounts are post across the board and sequestration reductions.		

In FY 2013, CNCS estimated that AmeriCorps NCCC enrolled 1,000 members and recruited or managed an additional 86,000 volunteers in efforts to improve communities throughout the country. These volunteers,

through their service teams, spent 8 percent of project hours on infrastructure improvement, 25 percent on environmental stewardship and conservation, 35 percent on urban and rural development and one percent on energy conservation projects which all supported CNCS strategic goals. AmeriCorps NCCC members also participated in more than 2,300 disaster response on and recovery efforts in 50 States in FY 2013. This included continued recovery efforts in Joplin, Missouri and in the Atlantic states following Hurricane Sandy, and resulted in the delivery of an estimated 1.7 million meals in disaster-stricken areas across the nation to help feed those in need.

In addition, during FY 2013, AmeriCorps NCCC members assisted 17,600 homeless citizens and constructed nearly 650 homes, providing housing opportunities for Americans in need.

### Partnership Highlight: FEMA Corps

Building on a 19-year history of working together on disaster response and recovery efforts, the Department of Homeland Security’s Federal Emergency Management Agency (FEMA) and the CNCS launched an innovative partnership in 2012 to strengthen the nation’s ability to respond to and recover from disasters while expanding career opportunities for young people. As with other AmeriCorps partnerships, this initiative is consistent with the objectives of the July 2013 Presidential memorandum on Expanding National Service.

In FY’s 2012–2013, FEMA Corps teams provided vital services to survivors of Hurricane Sandy, distributing more than 24,000 educational and preparedness kits in New York and New Jersey. FEMA Corps teams assisted more than 13,300 people in Moore, Oklahoma affected by an EF5 tornado that devastated the city on May 20, 2013. In total, FEMA Corps teams have served in 58 cities across 27 states and have completed more than 5,800 damage or need assessments, answered more than 17,000 registration or helpline calls, and conducted more than 63,000 case status updates conducted for disaster survivors.

### State Service Commissions

Since the inception of CNCS in 1993, Congress envisioned AmeriCorps and national service as a joint state-federal undertaking. To carry out this partnership, Congress created a unique role and responsibility for State Service Commissions on service and volunteering. More than a thousand private citizens serve as governor-appointed commissioners and direct the states’ national and community service efforts. These State Service Commissions are invaluable partners to CNCS, identifying local needs and directing federal and state resources to address them.

In the FY 2013 grant cycle, State Service Commissions received and reviewed more than 900 applications for AmeriCorps program funding, resulting in the selection of 735 new and continuation programs.

Commissions funded 582 programs with their Formula funds and CNCS funded 153 with Competitive funds. The Commissions support staff and over 27,000 AmeriCorps members in those programs in their states. In addition, those with AmeriCorps National Direct operating sites in their states helped connect those sites to the AmeriCorps network. Commissions provide an important monitoring and oversight by conducting performance reviews and/or site visits for all programs to which they provide funding. This oversight ensures that AmeriCorps programs are accountable in meeting performance outcomes and address pressing community needs.

State Service Commissions Strategic Goals		
1 - Increase impact on communities	2 - Enhance national service participant experience	3 - Maximize value to grantees, partners, and participants
<b>FY 2013 OPERATING LEVEL: \$12.7 million*</b> *Amounts are post across the board and sequestration reductions.		

### Partnerships Highlights

State Service Commissions are forging partnerships with the private sector and with other state agencies to provide more service opportunities and to meet state and local needs. The Washington Commission on National and Community Service partnered with the Washington Employment Security Agency to provide AmeriCorps members to a wide variety of organizations across the state meeting the needs of low-income, elderly, unemployed, and other individuals.

In Iowa, State Farm provided support to the Iowa State Commission to train local community organizations in working successfully with volunteers and provides funds to the Commission's Volunteer Generation Fund program. The Alabama Commission partners with Lamar Advertising to post volunteer promotion messages on Lamar's electronic billboards across the state. The California Commission established a council to work with businesses to expand employee volunteer opportunities and partner with them to support other national service activities. Throughout California over 8,800 Bank of America employees recorded over 200,000 volunteer hours with non-profits in a variety of service activities including the Soldier Support initiative that assembled nearly 4,000 care packages for deployed troops.

### Focus Area Highlight: Disaster Response

State Service Commissions played a key role in responding to major disasters in FY 2013, including Commissions in New York, New Jersey, Rhode Island, and other states affected by Hurricane Sandy took on key roles, including managing volunteers and donations. In addition, State Commissions outside the affected regions lent a hand by sending over

90 programs and 2,700 members to those states to assist with clean-up and rebuilding efforts and coordinate the thousands of other volunteers responding to the devastation.

## Senior Corps



### RSVP

Retired and Senior Volunteer Program (RSVP) engages the skills, talents, and interests of more than 300,000 volunteers aged 55 and older to meet a wide range of community needs. Volunteers serve in community organizations to help them deliver critical services and fulfill their missions. RSVP is a flexible volunteer service model, with no set service schedules or compensation for the volunteers when on assignment, with the exception of insurance coverage and mileage reimbursement.

RSVP grants are provided to eligible sponsoring organizations, including nonprofit organizations and state, local, and tribal governments. RSVP has the largest rural footprint of any CNCS program, and often serves as an important source of disaster services in rural communities. The required non-federal share is a minimum 10 percent of the total grant in year one, 20 percent in year two, and 30 percent in year three and all subsequent years. Grants are awarded for a period of up to three years.

RSVP Strategic Goals		
1 - Increase impact on communities	2 - Enhance national service participant experience	3 - Maximize value to grantees, partners, and participants
<b>FY 2013 OPERATING LEVEL: \$47.6 million*</b> *Amounts are post across the board and sequestration reductions.		

In FY 2013, RSVP volunteers delivered an estimated 47 million hours of service in their communities. Moreover, CNCS estimates that across a network of 646 grants awarded to sponsoring organizations, a total

of 320,600 RSVP volunteers served in more than 38,000 community organizations nationwide to deliver essential services. Working through such networks as Area Agencies on Aging, Volunteer Centers, the United Way, social services agencies, and many others, RSVP volunteers:

- Mentored an estimated 82,590 children;
- Provided independent living services to an estimated 742,800 adults;
- Provided respite services to nearly 24,000 family or informal caregivers; and
- Served 563,200 veterans in activities such as transportation and employment referral services.

In FY 2013, CNCS estimates that states and local communities contributed nearly \$34 million in non-federal funds to support RSVP projects. This level is 41 percent of the total cost, and well above the required 30 percent non-federal share required by the program. This additional funding, including \$3.6 million in state appropriated dollars, demonstrates the value of the essential services that RSVP volunteers provide in their communities.

Some examples of RSVP volunteers meeting high priority needs include:

- **Disaster Services**—In April, 2013, a West Texas fertilizer plant exploded killing 15 people, injuring many others and leaving hundreds of people in the town homeless. Senior Corps provided a grant supplementation of \$195,000 to the Heart of Texas RSVP program for the development of a long-term volunteer reception center that serves as home base for local volunteer and faith-based groups. As of October 2013, the Center, staffed by two RSVP volunteer coordinators, has managed over 9,000 volunteers who have provided more than 80,000 hours of service. To help mitigate the effects of the disaster on student academic performance over the summer, a third RSVP volunteer Coordinator was tasked to support West school students. With the help of RSVP volunteers who supported 65 school-aged kids, the West Best Smart Club met twice weekly, focusing one session on math skills and the second session on language arts. These efforts are continuing through the school year with the recruitment of additional volunteers to pair with other students. RSVP volunteers also serve the residents of West Rest Haven Nursing Facility and, in collaboration with the Red Cross, are planning emergency response training for nursing facilities that builds on the experience of the West Haven nursing facility.
- **Helping Veterans**—An estimated 7,518 veterans in Cheshire County, New Hampshire live below poverty level and 25.4 percent of those are living with a disability leading them to need services provided by Monadnock Family Services RSVP. RSVP veteran volunteers provide independent living services to low-income and disabled veterans and/or more than 30 military family members who are referred to the RSVP independent living program by the Keene Veteran's Center,



Medical Clinic and social service providers. Services RSVP veteran volunteers provide include: home repairs, companionship, phone reassurance, transportation, and assistance with other day-to-day activities. These services help more than 60 percent of these veterans maintain their independence at home and help delay and prevent nursing home placement.

In Brevard County, Florida, the Vets Driving Vets has 19 veteran Senior Corps RSVP volunteers. Since February 2013, the program has served 49 low-income, homebound veteran men and women ranging in ages from 30 to 90 years. Receiving some referrals from the Veterans Administration Outpatient Clinic, the Veterans served have an annual single household income of less than \$17,000 or a combined household annual income of less than \$24,000. These dedicated RSVP volunteers have donated 15,516 miles of transportation and provided more than 491 rides to assist veterans in accessing health care needs. Volunteers are given Vets Driving Vets signage for their vehicles and name badge identification to make them more visible while serving throughout the community. Three volunteer area coordinators, who are all fellow veterans, are helping the program to increase its client and volunteer base. Vets Driving Vets also offers skill-based volunteer opportunities in area transportation coordination.

- **Supporting Education**—In 2011, to address the high number of elementary school students performing below reading and math proficiency (40 percent) in Milwaukee, Wisconsin, the Interfaith Older Adults Programs, Inc. RSVP project developed a volunteer tutor program that engages 200 RSVP Volunteers as tutors to 1,000 Milwaukee Public School (MPS) children. In 2012, the program was recognized for its success by the MPS Board and Superintendent with the Excellence in Education Award. Ninety-six percent of the students demonstrated an increase in their academic confidence and more

than 80 percent of the children demonstrated grade level proficiency. The program has been so successful that the Milwaukee Public Schools secured a grant from General Electric and requested RSVP Milwaukee to expand the tutoring program to 500 volunteers who will eventually serve all 113 district elementary schools by 2015.

- **Economic Security**—In collaboration with AARP, the RSVP Tax-Aide Initiative is a volunteer-run tax assistance and preparation service available to taxpayers with low and moderate incomes and gives special attention to people age 60 and older. During 2013, 100 Montgomery County, Maryland RSVP volunteers served 16,000 hours completing and filing 4,345 tax returns, 2,827 of which were for individuals over the age of 60. The average adjustable income for these returns was \$36,345 and the service of these RSVP volunteers yielded a total amount of \$4,337,898 returned to the economy in the form of tax refunds.

The Financial Coaching Corps (FCC) Program of RSVP at the Community Service Society of New York provides one-on-one financial coaching to low wage earning clients to build pathways to economic security. In 2012, the program placed 27 volunteer coaches at 23 partner sites and helped 701 clients. Most of the clients experienced extensive debt and credit problems. To address these financial issues, RSVP volunteer coaches assisted clients in improving their credit by accessing, reviewing and correcting credit reports, contacting debt collectors, and seeking solutions.

Of these clients:

- 71 percent were unemployed;
- 78 percent earned \$10,000 or less;
- 65 percent lived in public or transitional housing; and
- 65 percent were female while 35 percent were male.

**Senior Companion Program (SCP)**

The Senior Companion Program (SCP) provides a cost-effective option in the continuum of care available to the nation’s aging population. Each year, Senior Companions serve thousands of older and frail adults by providing companionship, transportation, light chores, and respite to assist seniors to remain in their own homes. Senior Companions help aging Americans and veterans to maintain their dignity and quality of life, while enriching their own lives through their national service experience. Senior Companions’ traditional clients are frail seniors, particularly women over the age of 85 who live alone. Other clients include individuals with disabilities and their caregivers.

Research conducted by the program in 2004-2005 suggests that Senior Companion clients had significant, long-term mental health benefits from SCP services, including reduced rates of depression. Companionship provides benefits to both the Senior Corps volunteer

and companion, as social ties and perceived social support are linked with long-term health outcomes. Senior Companions also serve 6,900 caregivers. Caregiving can have a negative impact on the caregiving family’s economic opportunities, and caregiver burnout can be an important contributor to nursing home use. The Salt Lake County Aging Services in Utah also serve home-bound veterans in a VA Home Based Primary Care program by providing caregiver respite.

Senior Companions serve between 15 and 40 hours per week and income-eligible volunteers, who are at 200 percent of the federal poverty level, receive a modest monetary hourly stipend of \$2.65 per hour to help offset the cost of volunteering. Volunteers also receive service-related insurance, mileage reimbursement, and other non-monetary incentives. SCP grants are awarded to eligible sponsoring organizations, including nonprofit organizations and state, local, and tribal governments. Grantees are required to contribute at least 10 percent of the total budget from non-federal sources, and an amount equal to 80 percent of the federal budget must be expended on direct volunteer costs. Grants are awarded for a period of up to three years.

Senior Companion Program Strategic Goals	
1 - Increase impact on communities	2 - Enhance national service participant experience
<b>FY 2013 OPERATING LEVEL: \$44.3 million*</b> *Amounts are post across the board and sequestration reductions.	

In FY 2013, CNCS estimates 13,770 SCP volunteers served through 213 total grants, funded by federal and non-federal sources. They delivered 11.7 million hours of services to approximately 50,380 frail, older adults and others with physical or other limitations. They transport clients to medical appointments; help shop for food and basic necessities; provide companionship to offset isolation; and offer respite to an estimated 6,900 family members and informal caregivers. SCP grantees also work with states to expand services through Medicaid Home and Community-based Waivers.

In 2013, six states elected to incorporate SCP services into their Medicaid-funded home and community-based services, providing more than \$775,000 to support 383 Senior Companions who in turn provided in-home support to more than 1,000 Medicaid eligible clients. In 2013, states and local communities contributed \$16 million in non-federal funds to support Senior Companions, well above the required ten percent non-federal share of \$5.1 million. The additional funds, including \$3.4 million in state appropriated dollars, demonstrate the value of essential services that Senior Companions provide in their communities.

Through the Senior Companion Program sponsored by Lutheran Social Service in Minnesota, 395 Senior Companions provided weekly companionship services to 2,227 frail elders, with 85 percent reporting less isolation and loneliness and 88 percent remaining in their own homes for the entire year. Companionship services include accompanying and transporting clients to a senior center, health care facility or recreational activity, providing grief support, reading, writing letters, filling out forms and friendly visiting. Providing respite services, another 20 Senior Companions provided temporary relief for caregivers of 195 elders. Eighty five percent of caregivers reported less stress and an improved sense of well-being and 80 percent reported they would be able to keep their loved one at home for at least six more months.

CNCS estimates that in FY 2013 13,770 SCP volunteers, serving through 213 grants awarded to sponsoring organizations, delivered 11.7 million hours of service to approximately 50,380 frail, older adults, and others with physical or other limitations.

In 2012, 190 Senior Companions in Montana served 181,612 hours with 1,131 at-risk seniors, of which 789 (or 70 percent) retained independence, delaying use of Medicaid funds for nursing home placement. According to Kevin Brown, Montana Adult Protective Services, “The Senior Companion program is a very important aspect to maintaining our clients and assuring their safety. I cannot imagine anything more valuable to those of us seeking assistance and help to the welfare of our clients.” Providing respite to family and informal caregivers is also a much needed service. Respite Care Manager Sara Orbe said, “Missoula Aging Services’ Senior Companion Program is changing lives one senior at a time. They relieve worry for families who struggle to care for an elderly loved one and augment the care that families often have to miss work to provide.”

**Foster Grandparent Program (FGP)**

The Foster Grandparent Program (FGP) is an intergenerational program first established in 1965. It connects volunteers aged 55 and over with opportunities to provide one-on-one mentoring, nurturing, and support to children with special needs, exceptional needs, or who are at an academic, social, or financial disadvantage. Foster Grandparents help young children with special or exceptional needs to gain skills and confidence to succeed in school, tutor children in literacy, and assist children in the child welfare system.

A Foster Grandparent can serve as a caring and consistent adult presence in children’s lives, which can impact their future economic opportunities. In turn, Foster Grandparents derive significant emotional and health benefits from their service, which can improve their quality of life and provide them with a strong sense of purpose.

Foster Grandparents serve between 15 and 40 hours per week and income-eligible volunteers receive a modest hourly stipend of \$2.65 per hour. Volunteers also receive service-related insurance, mileage reimbursement, and other non-monetary incentives. Grants are provided to eligible sponsoring organizations, including nonprofit organizations and state, local, and tribal governments. Grantees contribute at least ten percent of the total budget in non-federal funds and an amount equal to 80 percent of the federal grant award must be expended on direct volunteer costs. Grants are awarded for a period of up to three years.

Foster Grandparent Program Strategic Goals	
1 - Increase impact on communities	2 - Enhance national service participant experience
<b>FY 2013 OPERATING LEVEL: \$104.8 million*</b> *Amounts are post across the board and sequestration reductions.	

In FY 2013, CNCS estimates that 28,250 FGP volunteers delivered approximately 24 million hours of service in their communities through a network of 336 grants funded from both federal and non-federal sources. In addition, the agency estimates that FGP volunteers served a total of 215,700 children, including mentoring more than 110,300 children, 7,000 of whom were children of incarcerated parents and more than 3,038 of whom were children of military families.

In 2013, states and local communities contributed an estimated \$24 million in non-federal funds to support Foster Grandparents, well above the required 10 percent non-federal share. The additional funds, including an estimated \$4.2 million in state appropriated dollars, demonstrate the value of essential services that Foster Grandparents provide to children with special or exceptional needs in their communities.

To ensure school readiness, 72 Foster Grandparent volunteers with the Westchester Community Opportunity Program in Elmsford, New York served a minimum of 25 hours weekly for 35 weeks providing 149 Head Start children with literacy, language and math support. Ninety-one percent of the students (136 of the 149 students) who worked with a Foster Grandparent showed moderate and/or high improvement in three or more identified skill areas. Eighty-six percent of the students who worked with the Foster Grandparents (128 of the 149 students) were promoted and ready to enter Kindergarten because of their improvements in teacher identified skill areas with 122 students (81.9 percent) having improved



their overall math skills and 127 students (85.2 percent) having improved their overall reading skills.

One-third of the population of Williamsburg County, South Carolina lives below the poverty level and 40 percent of the children are growing up in single parent households. Last year, 31 Foster Grandparents tutored 134 elementary school students at risk of academic failure. More than 85 percent of the students tutored by a Foster Grandparent increased their reading skills by at least one grade level and showed a reduction in negative behavior. These students also showed higher promotion rates to the next grade level. As Foster Grandparents continue to support these students, the program expects to see ongoing academic improvement.

Northern Arizona Foster Grandparent volunteers serve as tutors and mentors to special needs children throughout Arizona. From July 2012 —June 2013, 196 Foster Grandparent volunteers served 136,531 hours assisting 824 students. Of the students assisted by Foster Grandparents, 97.9 percent demonstrated improved language development skills, 95.2 percent improved intellectual/thinking skills, 99.1 percent improved social/emotional skills and 100 percent improved motor skills as rated by classroom teachers.

St. Mary's Foster Grandparent program in Grand Junction, Colorado, utilizes Foster Grandparents to improve reading scores for teacher identified students. Between July and December 2012, 30 Foster Grandparents tutored 757 students. Ninety-five percent of the students tutored by Foster Grandparents demonstrated reading proficiency growth. Additionally, Foster Grandparent-tutored students had 754 proficiency growth points versus 732 proficiency growth points for all other students.

#### Subtitle H—Innovation and Demonstration and Call to Service

Subtitle H funding provides resources for CNCS to support and encourage new forms of national service and civic participation and improve existing national service programs. The activities in Subtitle H generally promote national service and volunteering throughout the country; identify and incubate innovative program models and approaches; and disseminate effective practices found to improve the reach and effectiveness of programs and projects.

#### Innovation and Demonstration and Call to Service Strategic Goals

2 - Enhance national service participant experience

3 - Maximize value to grantees, partners, and participants

**FY 2013 OPERATING LEVEL: \$4.2 million\***

\*Amounts are post across the board and sequestration reductions.

Innovation, demonstration, and assistance significantly contribute to CNCS Strategic Goal 2, strengthening national service so that participants find satisfaction, meaning, and opportunity in their service. CNCS strives to ensure that members and volunteers across its programs leverage their experiences in ways that benefit them as individuals and the communities in which they remain engaged. Subtitle H activities also contribute to CNCS Strategic Goal 3, which seeks to maximize the value we add to grantees, partners, and participants through programming, convening meetings, and producing materials to help improve volunteer programs. Finally, funded within innovation activities is the agency's main program for identifying and scaling promising community solutions, the Social Innovation Fund.

### Call to Service

Call to Service activities including national days of service, partnerships, and convenings that engage hundreds of thousands of Americans in service, expanding service to new communities, demonstrating impact, and recognizing the efforts of those who serve.

The 2013 Martin Luther King (MLK) National Day of Service was an especially big moment for national service, as this federal holiday that encourages Americans to take a “day on” instead of a day off coincided with the Presidential Inauguration. This resulted in support from President Obama to establish a National Day of Service that inspired more than 150,000 Americans to pledge to serve a total of 1.3 million hours helping Americans. CNCS continues to engage these volunteers by working with other federal agencies and nonprofit partners to provide monthly opportunities to make good on their pledges.



CNCS’ MLK grantees mobilized at least 369,472 volunteers in FY 2013. These grantees reported their impact within the agency’s focus areas. For example, 60,832 people received disaster services support, more than 12,000 people received financial literacy services, and almost 10,000 veterans and member of their families were engaged in service. The digital presence of MLK Day also increased in FY 2013, as the related CNCS website experienced a five-fold increase in traffic, with 263,143 visitors, compared to 54,361 the previous year.

Grantees also reported collecting or serving more than 287,000 pounds of food for needy families. In a Hurricane Sandy-affected area of New Jersey, 500 HopeWorldwide volunteers conducted door-to-door needs assessments for referrals to organizations addressing hurricane recovery efforts. They learned that at least 500 households (in habitable homes) were still without power more than two months after the storm. In New Orleans, CNCS grantee HandsOn organized 250 local volunteers and partnered with another CNCS grantee, City Year, to improve a

neighborhood school. Together, they created 30 school garden benches, planted 80 trees on school grounds, and installed four school garden sheds. Working with the local Neighborhood Association, they also cleared five empty lots of debris and abandoned fencing.

Through National Mentoring Month, CNCS and its partners raised awareness about the positive impact high-quality mentoring relationships can have on young people’s academic achievement, self-esteem, social skills, and career development. The National Mentoring Summit brought together 500 nonprofit, business, and government leaders to enhance the quality and impact of the mentoring programs, chart the mentoring field’s future and focus the power of mentoring on measurable outcomes.

The fourth annual summer Let’s Read. Let’s Move. initiative promoted children’s physical activity and summer reading loss prevention. Highlights of this year’s initiative include a launch event in Washington, D.C. This event, done in conjunction with DC Public Schools, the Junior League of Washington, national service members and staff joined 50 second-grade students at Garfield Elementary School. The event was the first of a 15,000-book donation by the Junior League of Washington to the DC Public School.

CNCS, as a lead agency on the Let’s Move in Indian Country initiative, secured private sector resources to support placement of AmeriCorps VISTA members in Indian Country youth sports programs.

Working with the Department of Education, CNCS recognized 690 schools for exemplary community service in the 2013 President’s Higher Education Community Service Honor Roll. Of these designees, five institutions received the Presidential Award, the highest honor. One of the recipients was Gettysburg College, where 72 percent of students engage in community service. With one in every four families dealing with food insecurity and 70 percent of their local community living in poverty, Gettysburg students have distributed over 12,000 pounds of food, and provided afterschool tutoring and mentoring for young learners in the community and for migrant farm workers and their children.

### Innovation in Training

As in past years, CNCS continued to provide training to its Senior Corps network through a Virtual Conference. One thousand nine hundred unique registrants focused on impact and performance measures. This conference supports applicants for the upcoming Senior Corps’ competitions and trains Senior Corps program staff on performance measures. A conference pre- and post- test indicated 86 percent of respondents agreed or strongly agreed that they gained new knowledge and skills as a result of the conference. In addition, 95 percent of attendees indicated that they would use the information gathered at the conference.

During FY 2013, CNCS also introduced six new communities of practice and related forums. Four address education, disaster services, healthy futures and economic opportunity. The remaining two are for Senior Corps and AmeriCorps communities. The design of these interactive functionalities was adopted from the very successful design of the veterans and military families (VMF) community of practice. Subtitle H Funds investment in the VMF Knowledge Network and Community Forum created a body of knowledge and useful practitioner materials for the national service network where none existed before. Over 2,000 individual practitioners participate and use over 200 library resources, 30 recorded webinars, 87 discussion topics. In FY 2013, the VMF community forum hosted monthly conference calls, 12 webinars and monitored and responded to over 300 posted comments. This investment in communities of practice is an essential support CNCS provides to grantees and projects, and is the basis for the agency’s training and technical assistance.

In FY 2013, CNCS made great strides in measuring the value of training programs and understanding of grantee training needs. For example, CNCS launched an important effort to collect knowledge gains on performance measures, financial and grants management, and program compliance for AmeriCorps and Senior Corps. Pre and post test questions were developed to survey training knowledge gains. The surveys were piloted at the Regional Training and Technical Assistance Conferences and at the AmeriCorps Symposium. The pilot data will be available in FY 2014.

**The Volunteer Generation Fund**

Volunteers provide enormous social and economic benefit to our communities and the nation. In 2012, the last year for which data is available, 64.5 million adults volunteered through an organization. The 7.89 billion hours these individuals volunteered is valued at more than \$174 billion, using Independent Sector’s estimate of the dollar value of volunteer time. As highlighted in the July 2013 Presidential Memorandum entitled “Expanding National Service,” national service and volunteering can be effective solutions to national challenges and can have positive and lasting impacts that reach beyond the immediate service experience. Whether tutoring at-risk students or providing job training to veterans or responding to natural disasters, volunteers have a powerful impact on critical challenges facing our nation. Volunteering also provides important benefits to those who serve—helping them develop and maintain skills, expand professional networks, stay connected to their community, and experience physical and mental health benefits. Researchers have found that when citizens volunteer, they have higher lifetime rates of civic engagement, educational attainment, social capital, and life skills (Frumkin & Jastrzab, 2010; Simon & Wang, 2002; Tschirhart et. al, 2001). In addition, CNCS research found that after a period of unemployment, volunteers had 27 percent higher odds of being employed than non-

volunteers. The effect was strongest among individuals without high school diploma or equivalent and individuals who live in rural areas. The study also found that the relationship between volunteering and employment is stable across gender, race and ethnic categories, age, time, Metropolitan Statistical Area, and unemployment rate.

The Volunteer Generation Fund (VGF) has shown promising early results that seek to stimulate greater innovation in the voluntary sector, help nonprofits attract and retain skilled volunteers, create a sustainable infrastructure of volunteer connector organizations, and build the capacity of the voluntary sector to more effectively use volunteers to address critical community needs. With these objectives in mind, VGF grantees accomplished the following in FY 2013:

- Developed a research-based volunteer management curriculum for nonprofit organizations.
- Created and expanded volunteer centers in underserved communities.
- Trained and deployed volunteer leaders to coordinate and manage community service projects.
- Launched and expanded skill-based volunteer programs.
- Improved systems and training for coordinating disaster and emergency volunteers to meet immediate and long-term needs.
- Convened networks to share and disseminate best practices.
- Provided training and technical assistance to enhance nonprofit organizational capacity to manage and engage volunteers in meaningful service.

<b>Volunteer Generation Fund Strategic Goals</b>
2 - Enhance national service participant experience
<b>FY 2013 OPERATING LEVEL: \$3.8 million*</b>
*Amounts are post across the board and sequestration reductions.



In FY 2013, CNCS also awarded \$3.7 million in grants to 17 State Service Commissions to generate significant, measurable improvements in the number of volunteer hours and volunteers generated and retained, especially those related to engaging skill-based volunteers.

**Evaluation**

The research and evaluation agenda within the CNCS is designed to develop knowledge to support the agency’s mission, programs, and strategic goals through rigorous program evaluation and research initiatives. Strengthening the evidence base for national service is a priority outlined in the agency’s Strategic Plan. As a result, CNCS has conducted evaluation of the impacts of national service programs on volunteers, members, beneficiaries, and communities.

CNCS conducts research and evaluation projects designed to expand the knowledge base for national service and social innovation. The agency’s research is conducted via three sources:

- 1) carefully-selected and rigorously-designed research and evaluation projects;
- 2) partnerships with other federal agencies whereby research and evaluation projects are co-sponsored; and
- 3) evaluation conducted by grantees and sub-grantees, where CNCS provides technical assistance, monitoring, and resources to measure results and identify promising interventions.

CNCS research and evaluation initiatives are designed to answer important and broad ranging questions, including:

- Which national service interventions and program models offer evidence?
- How can we best emphasize evidence and evaluation in the grant review process, such that our investments are placed in organizations that maximize community impact?
- What are the outcomes of CNCS programs on communities and beneficiaries?
- How is national service a pathway to employment? Does service increase knowledge and skills in areas that are valuable or in short supply in the labor market?
- What are the trends in volunteering and program participation?

**Evaluation Strategic Goals**

3 – Maximize the value we add to grantees, partners, and participants

**FY 2013 OPERATING LEVEL: \$2.8 million\***

\*Amounts are post across the board and sequestration reductions.

The following is a selection of impact-focused agency evaluations in FY 2013:

***Volunteering as a Pathway to Employment—Does Volunteering Increase Odds of Finding a Job for the Out of Work?*** After controlling for demographic variables, CNCS research found that after a period of unemployment, volunteers had 27 percent higher odds of being employed than non-volunteers. The association between volunteering and employment had the strongest effect on individuals without a high school diploma or equivalent (51 percent increase in odds) and individuals who live in rural areas (55 percent increase in odds). The study also found that the relationship between volunteering and employment is stable across gender, race and ethnic categories, age, time, Metropolitan Statistical Area, and unemployment rate.

After controlling for demographic variables, CNCS research found that after a period of unemployment, volunteers had 27 percent higher odds of being employed than non-volunteers.

***Evaluation of Minnesota Reading Corps (MRC)—What is the impact of the Minnesota Reading Corps on student literacy outcomes?*** The results of the experimental study showed that Kindergarten, first and third grade students who received MRC tutoring from AmeriCorps members achieved significantly higher literacy assessment scores by the end of the first semester than did control students who did not participate in MRC tutoring. For example, kindergarten students who participated in the MRC program produced more than twice as many correct letter sounds by the end of the first semester than did students in the control condition.

**Social Innovation Fund (SIF)**

The Social Innovation Fund (SIF) improves the lives of people in low-income communities by mobilizing public and private resources to grow innovative, community-driven solutions that have evidence of compelling impact in three priority areas of need: economic opportunity, youth development, and healthy futures. At a time when public, private, and nonprofit organizations are struggling to meet the nation’s most pressing challenges, and when tough choices are being made at every level to maximize limited resources, the SIF represents a new way of doing business for the federal government.



Through an open and highly competitive grant process, the SIF awards federal funds to organizations with strong grant making expertise and track records of success in identifying, supporting, and evaluating nonprofits. These intermediaries match the funds 1:1 with cash from private or other non-federal sources; competitively select nonprofits (“subgrantees”) to implement compelling evidence-based programs; and support the growth and rigorous evaluation of these programs. The selected nonprofits must also match the funds they receive with cash from non-federal sources.

Through rigorous evaluation of every funded program, the SIF will identify program interventions that have demonstrable impact on communities and that can be replicated in communities across the country by public and private funders wanting to focus their limited resources on efforts that will have the greatest impact. In addition, the SIF National Assessment, a comprehensive, systematic effort to be conducted over the next four years to assess the impact of SIF, is underway. Progress on the national assessment will be summarized and reported annually.

### Social Innovation Fund Strategic Goals

3 – Maximize value to grantees, partners, and participants

**FY 2013 OPERATING LEVEL: \$42.5 million\***

\*Amounts are post across the board and sequestration reductions.

Fiscal Year 2013 represented the third full year of operations for the Social Innovation Fund, in which the primary focus was threefold:

- Build a solid programmatic and operational foundation to support growth and development of promising, innovative program interventions and the generation of compelling outcomes.
- Strengthen the application of the most appropriate levels of evidence and monitor the implementation of rigorous evaluations across funded program interventions.
- Develop the knowledge initiative, to share what the SIF is learning about what works in tackling our nation’s toughest challenges for the benefit of other federal agencies and the nonprofit sector.

During FY 2013, the SIF achievements include ensuring a healthy field of subgrantees implementing interventions and building critical partnerships, supporting the evaluation efforts of the programs, and collecting and sharing knowledge critical to the SIF network and the broader social sector. These achievements include the following:

- More than 200 nonprofit organizations across the country are implementing programs with at least a preliminary level of evidence as defined in the SIF Notice of Funding Opportunity (2010-2012), increasing their reach and strengthening their evaluation capacity while implementing rigorous evaluations.
- More than 80 interventions are being implemented as part of the SIF program to date. Of the 70 evaluation plans currently underway, 77 percent are experimental or quasi-experimental designs. During 2014, final evaluation results will start to become available and a summary of interim results will be produced. Also during 2014, evaluations will begin for subgrantees selected in 2013.

Already, these efforts are on track to meet long-term goals for scaling and evaluating ground breaking solutions, with 20 intermediary grantees funding over 221 nonprofit organizations that have reached more than 200,000 individuals in 37 states and the District of Columbia to date.

Examples of SIF programming include:

- Jobs for the Future is working with business communities in local regions to determine workforce needs and provide workers with targeted training and technical assistance to meet those needs. With SIF support, in FY 2013, Jobs for the Future helped to advance the careers of more than 8,800 low-income individuals while also meeting the critical skill needs of local employers. Through evaluation Jobs for the Future will assess the outcomes of participation in workforce partnership programs for both employees and employers and will help determine the participant characteristics, program types, and types of services that yield the most desirable outcomes.
- Missouri Foundation for Health (MFH) is investing in local organizations working in low-income communities to reduce the risk factors and prevalence of two preventable causes of chronic disease and death: tobacco use and obesity. With SIF support, the program provided an additional 8,821 people with health-related services. MFH's evaluation is assessing community-level changes to local health policy and environmental factors that promote healthy activities.
- Venture Philanthropy Partners (VPP) is investing in six nonprofit organizations to build a powerful network addressing the education, employment, and healthy behavior needs of low-income youth. Over 4,000 youth received services in FY 2013. The evaluations being implemented will assess the effectiveness of the six different interventions in achieving positive outcomes for youth.
- The U.S. Soccer Foundation's Soccer for Success program is improving the health of low-income youth by reducing obesity through physical activity and nutrition education. Over 12,800 youth were served in FY 2013 and are expected to see results such as reduction in body mass index ratings, increase in nutrition knowledge, and increase in fitness levels. The evaluation will assess the effectiveness of this intervention by comparing outcomes for young people who participate in the program with those who do not.

The Social Innovation Fund portfolio now represents a \$177.6 million federal investment that is expected to leverage more than \$423 million in non-federal resources. SIF intermediaries are investing in over 220 local nonprofits and programs have received funding commitments from at least 168 non-federal organizations to date.



## Training and Technical Assistance

CNCS provides its staff and service partners with training and technical assistance to improve the programmatic quality of current and potential national service programs and projects.<sup>4</sup> CNCS' current training and technical assistance strategy focuses on: 1) the development and availability of materials and interactive resources through technology; 2) data analysis of knowledge gains and performance measures for performance management purposes; and 3) creating more inclusive environments so that all individuals of abilities can serve.

### Training and Technical Assistance Strategic Goals

3 – Maximize the value we add to grantees, partners, and participants

**FY 2013 OPERATING LEVEL: \$1.9 million\***

\*Amounts are post across the board and sequestration reductions.

With thousands of CNCS-sponsored organizations across multiple programs supported by Training and Technical Assistance (TTA) funds, the agency's capacity to provide technical assistance and measure the effectiveness of training relies on its online infrastructure. Content is focused on CNCS training on implementing performance measures and program, financial and grants compliance requirements, CNCS delivered more training online in 2013 than in the previous year<sup>5</sup>, anchored by the annual CNCS virtual conference. Based on FY 2013 mid-year reports and past year performance trends, CNCS estimates that in FY 2013, TTA websites hosted over one million unique visitors, deliver 246 webinars experienced by 20,899 participants, provide 200 e-courses and webinars completed by 15,000 participants, and support the downloading of 100,000 resource documents.

In addition to supporting its online training infrastructure, CNCS grantees conducted five regional conferences in FY 2013, which provided training to

<sup>4</sup> The NCSA (1990), as amended by the SAA (2009), authorizes CNCS to use up to 2.5 percent of its program appropriations to fund TTA activities.

<sup>5</sup> CNCS offered 21% more on line courses than the previous year (46 vs. 38) and enrolled 26.9% more individuals in these courses (14,931 vs. 11,767).

more than 1,000 AmeriCorps and Senior Corps grantee and project staff. Conference sessions included core competencies utilizing CNCS available materials and resources, and included performance measures, and fiscal, program and grants compliance. Knowledge gains results for AmeriCorps and Senior Corps core competencies will be available in early FY 2014.

**Disability Inclusion Grants**

Disability inclusion is a priority for CNCS. Pursuant to its authorizing legislation, CNCS seeks to expand opportunities for the meaningful and successful inclusion of people with disabilities in national service. Our disability inclusion strategy supports the objectives of Goal 2 in the CNCS strategic plan, strengthening national service so that participants engaged in CNCS-supported programs consistently find satisfaction, meaning, and opportunity.

Our disability inclusion strategy mitigates the real and perceived barriers to full inclusion of people with disabilities in national service programs. In addition, this strategy helps participants to:

- Engage in a high-quality service experience.
- Find meaning in their service experience that leads to continued service in their communities.
- Discover professional, educational, or civic opportunities through their service experience.
- Gain health benefits associated with service, particularly for veterans and participants over the age of 55.

Disability Inclusion Grants Strategic Goals
2 - Enhance national service participant experience
<b>FY 2013 OPERATING LEVEL</b> CNCS did not receive an appropriation for this line item in FY 2013. However, as authorized by the SAA, CNCS funded disability activities with money from its program budget.

For FY 2013, as authorized by the Serve America Act, CNCS used program dollars to fund its disability activities.

In order to recruit and retain people with disabilities in national service programs, CNCS grantees and project staff need specific knowledge and skills to be able to identify potential applicants, articulate the benefits of service, design appropriate service experiences, provide reasonable accommodations, and create an environment of inclusion and support throughout their organizations.

In FY 2013, to support the goal of inclusion of people with disabilities in service, CNCS:

- Partnered with disability organizations and agencies at national, state and local levels to leverage expertise and networks around recruitment. For example, through a grant to the University of Massachusetts, CNCS worked with Vocational Rehabilitation counselors across the country to identify barriers to participation for people with disabilities and solicit participation in recruitment. Through disability grants to state service commissions, 25 states maintained State Inclusion Teams (formal partnerships with a variety of disability support organizations).
- Through March of FY 2013, CNCS provided training and technical assistance, resources, and materials on practices to provide knowledge and skills for program and project managers to successfully engage people with disabilities.
- CNCS recently hired a new Disability and Inclusion Advisor to help promote a national agenda on engaging people with disabilities in our programs with other federal partners as well as private non-profits that engage constituent groups with disabilities.
- CNCS' objectives are to increase awareness and to ensure that individuals with disabilities who want to serve are afforded opportunities to do so. In the past, CNCS has faced some challenges in assessing service efforts undertaken by individuals with disabilities who may choose not to identify their disability status. In FY 2013, the Office of Research and Evaluation undertook a demographic survey of members in its programs and established baseline numbers in which to compare future year's participants.

# Management Performance

## Human Capital

CNCS remains committed to ensuring its employees are prepared to do their jobs effectively and efficiently. An important tool in helping the agency meet this goal is the employee satisfaction survey, which assesses the extent to which employees believe CNCS provides them with the necessary support to achieve mission success. Below are the most recently available data on employee satisfaction.

### Public and Employee Satisfaction Trends (2008–2013)

Performance Objective and Measure	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	Actual Data Trend FY 09-13
Percent of employees who report overall satisfaction with their jobs	68%	73%	69%	65%	67%	

As shown in the table above, CNCS employees reported a two percentage point increase in job satisfaction between FY 2012 and FY 2013. The FY 2013 employee satisfaction rate reflects a positive year over year trend that CNCS will build upon in FY 2014. While the two percent increase over FY 2012 is a modest improvement, this improvement occurred in an environment of reduced resources available for employee compensation and training. CNCS took a proactive approach to managing its human capital resources through restructuring the organization to focus on organizational priorities and re-purposing and eliminating resources performing redundant or declining functions.

The BEST Initiative (Build Employee Satisfaction Together) began in FY 2013 at CNCS to facilitate the agency’s ability to leverage diversity and foster inclusion to increase employee engagement and productivity. Led by the Office of Civil Rights and Inclusiveness, the first phase of the initiative kicked off in March and concluded in June. The initiative introduced senior leaders and managers to “The New IQ” (the 20 behaviors identified by OPM that lead to an inclusive environment). They participated in discussions on utilizing the Employee Viewpoint Survey data as a tool and received counseling on using the New IQ to strengthen their programs and units.

Also in FY 2013, as part of an effort to reduce paper and improve service to employees, CNCS, in conjunction with the Office of Personnel Management (OPM), implemented an electronic official personnel folder system. This E-Government initiative provides employees with easier and faster access to their Official Personnel Folder, the file containing the employment history of civilian Federal Government employees. This transition reduces costs associated with storage, maintenance, and retrieval of records while also keeping in compliance with OPM and federally mandated HR employee record management regulations.

### Office of Accountability and Oversight (OAO)

CNCS continued to foster a culture of integrity, accountability and transparency in FY 2013 by fortifying its internal controls, oversight, and monitoring. In this spirit of continual improvement and CNCS’ Strategic Plan Goal 4 strategy of promoting adherence to internal controls, CNCS established a new Office of Accountability and Oversight (OAO) in April 2012 and implemented an Integrity Framework that has not been finalized as a set of disciplined practices to help ensure CNCS’ organizational effectiveness, cohesion, and longevity. This framework identifies integrity as the cultural value by which all CNCS staff members are called upon to act in accordance with high ethical and professional standards, and to continually assess and improve daily business practices. To support this proposition, CNCS updated all management team work plans to include an enhanced integrity performance standard.

CNCS, with the coordination of OAO, began an intense campaign to strengthen grants management oversight, improve internal controls and address audit findings. Aligning with the integrity framework, CNCS created the Financial Integrity Steering Committee to review internal control issues regarding financial reporting and financial related systems.

## Accounting and Financial Management Services

As an initiative to increase efficiency through automation, CNCS adopted a government standard for streamlining invoice processing management. The Department of the Treasury's Invoice Processing Platform (IPP) was implemented by CNCS in FY 2013. The impetus for implementing IPP was to achieve greater stability in CNCS' vendor payments process by moving away from a paper-based system. IPP is a secure, Web-based system that allows CNCS to more efficiently manage invoicing from purchase order through payment notification by enforcing proper workflow in validating, approving, and paying invoices.

## Information Technology (IT)

CNCS' recent IT investments have focused on addressing Goal 4 of the Agency's strategic plan to fortify management operations and sustain a capable, responsive, and accountable organization. These investments have resulted in a core set of IT services to support mission needs and robust IT policy, process, and tools to enable secure and effective IT management.

Below are a few of CNCS' FY 2013 IT accomplishments organized by the IT strategy they support.

### Support Evolving Agency Mission Requirements

- Completed Phase 2 implementation of the Performance Measures module enabling AmeriCorps VISTA, NCCC, and SIF programs to establish performance measures and targets and enhance reporting of performance measures at program levels. With this work completed, grantees can report in eGrants on their progress toward achieving agency performance goals thereby strengthening accountability and enabling CNCS programs to demonstrate the impact of service on the country's communities.
- Completed the CNCS IT Modernization Roadmap to greatly improve grant and member management data quality, timeliness and accessibility; and to increase staff efficiency. In FY 2014 CNCS plans to develop detailed requirements for several of the highest priority modernization projects.
- Initiated an eSPAN system enhancement project to automate/streamline AmeriCorps VISTA Cost Share collection processes.

### Maximize Return on Agency IT Investment

- Began acquisition planning for the re-competition of the CNCS' Managed Data Center contract to reduce IT infrastructure operating costs while minimizing the impacts on IT service delivery.

CNCS continued to mature the IT governance and management processes by strengthening connections between the Executive Review Board and lower-level system change control boards. These updates ensure IT investments are aligned with business strategy, well-coordinated across the Agency, and effectively managed to deliver desired outcomes.

### Manage Agency Information Resources

- Continued data warehouse enhancements adding new, more localized (e.g., city, county, Congressional district) data sets to State Profiles reports; and new functionality that expands staff access to data and self-service analytical tools. These improvements implement the basic IT analytical services that will be expanded upon with future IT modernization projects.
- Completed the migration to an agency-wide web content management platform resulting in web-site consolidation and operational efficiencies. Also, initiated a project to migrate CNCS training and technical assistance web based resources to the new platform.

## Priority Measures

### Grantmaking

As the nation's largest federal grantmaker devoted exclusively to supporting national and community service projects, CNCS provides nearly \$1 billion in results-based funding to organizations across the nation that improve lives and strengthen America's communities. While carrying out its mission, CNCS is committed to awarding funds efficiently and the agency uses the priority measures below to help manage and continuously strengthen its grant award operations.

As illustrated in the chart below, CNCS continued to award grants efficiently in FY 2013 matching its successful award level of 95 percent from the prior year, and exceeding its award target of 85 percent by ten percentage points. CNCS also closed 64 percent of its grants within target timeframes, which is four percentage points better than the target level and three percentage points better than the prior year grant closure rate.

### CNCS High Priority Measures

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

Performance Measure	FY13 Target	FY13 Actual
Financial Statements:		
Prepare and publish audited financial statements covering CNCS operations within 45 days of fiscal year end and receive a clean audit opinion on annual financial statements	On time; Clean opinion	On time; Clean opinion
No material internal control weaknesses identified in the annual financial statement audit	0	0
No significant deficiencies in internal control weaknesses identified in the annual financial statement	0	0
No compliance issues identified in the annual financial statement audit	0	0
Grantmaking:		
Award all grants before the budget period start date	85%	95%
Post all grant competition award data to the Internet within 90 days of completion of the award process <sup>6</sup>	85%	TBD
Complete all grant-monitoring activities identified in the annual monitoring plan and follow up with grantees where necessary	85%	89%
Close all grants within 180 days of the performance period end date	60%	64%

<sup>6</sup>Actual data for this measure will be available in February 2014.



## Internal Controls: Management Assurance Statements

CNCS annually makes a number of specific assurances that its policies, procedures and operations are sufficient to meet specified management objectives. These assurance statements cover meeting government-wide objectives in regard to CNCS' internal and management controls (including controls over financial reporting) and CNCS' financial management systems, as well as specific annual assurances regarding the management and operation of the National Service Trust. This section briefly describes each of these management objectives, the bases for CNCS' assessments, and provides the specific management assurance statements for each area.

### Internal Controls (Including Internal Controls over Financial Reporting)

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 amendments made by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), (31 USC 3512, et seq.) and implemented by Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control. Under OMB Circular A-123, CNCS is to state its assessment of whether there is reasonable assurance that internal controls are achieving the objectives of ensuring (1) effective and

efficient operations; (2) compliance with applicable laws and regulations; and (3) reliable financial reporting. Based on its assessment, CNCS must report any identified material weaknesses in internal controls present within the agency, and describe management's current plans to address and correct any material weaknesses.

During FY 2013, CNCS continued to strengthen its internal control program by following the requirements of the FMFIA and the Government Corporation Control Act, applying OMB Circular A-123 and its related appendices, implementing a new internal control governance structure, and enhancing its assessment process.

CNCS' FY 2013 internal control program is led by the Office of Accountability and Oversight (OAO) with significant support from the Financial Integrity Steering Committee (FISC) and the CNCS executive team. Senior management from across the agency provided support and guidance based on their subject matter expertise.

In fiscal year 2013 CNCS adopted an Integrity Control Framework which customized government-wide internal control standards to CNCS operations. The principles within the Integrity Framework apply to all aspects of CNCS' operations: programmatic, financial, and compliance. Implementing the new CNCS Integrity Framework by using well established methodologies, like the Government Accountability Office's (GAO) Management Evaluation Tool, allowed CNCS to assess how well its detailed policies, procedures, and practices fit the agency's operations and to ensure that internal controls are built into and are an integral part of operations.

In fiscal year 2013 CNCS also adopted GAO's Risk Management Framework as an important tool in planning its assessment of internal and management controls. This framework helps identify the areas of greatest risk within agency operations and provides indicators as to where CNCS should concentrate its efforts to assess the effectiveness and efficiency of controls. Additionally, based on the assessment of risk, CNCS can determine the scope and frequency of control evaluations it should establish. CNCS further incorporated risk assessment and management into its overall assessment of internal and management controls by conducting a rigorous analysis to meet the OMB Circular A-123 requirement to establish materiality levels that provide reasonable assurance that significant deficiencies will be detected and corrected in a timely manner.

Through the materiality assessment and by applying the GAO Risk Management Framework, CNCS identified the following 13 business processes for evaluation in FY 2013.

- Accounts Receivable
- Budget Execution
- Disbursements
- Entity-wide
- Financial Management Systems
- Financial Reporting
- Funds Balance with Treasury
- Grants Management
- Human Capital
- Interest and Investments
- Procurement
- Property and Equipment
- Trust Service Award Liability

To assess the sufficiency of internal and management controls in these areas, CNCS established a five step process:

- Step 1: Planning;
- Step 2: Evaluating Internal Control at the Entity Level;
- Step 3: Evaluating Internal Control at the Process Level;
- Step 4: Testing Control Design and Operating Effectiveness at the Transaction Level; and
- Step 5: Concluding, Reporting, and Correcting.

These five steps did not necessarily occur in chronological order. Many of these steps occurred concurrently throughout the FY13 Internal Controls review. In addition, some of the work products were submitted to the OAO; other work products were maintained by the unit and made available at the OAO's request.

After carrying out a series of evaluations using the five-step process, OAO reported to CNCS' Chief Executive Officer that it did not uncover any material weaknesses or significant deficiencies in CNCS' internal controls over the 13 CNCS business processes which were identified for evaluation.

CNCS also considered the results of its annual financial statement audit as part of its internal controls assessment. Fiscal year 2013 marks the 14th consecutive year CNCS has earned an unmodified opinion on its financial statements. The audit also found no instance of noncompliance with laws and regulations. These results reflect CNCS' commitment to sound financial management and the hard work by staff over the past year to continuously improve financial operations.

## **Management Assurances**

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

CNCS management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of FMFIA and OMB Circular A-123. These objectives are to ensure (1) effective and efficient operations; (2) compliance with applicable laws and regulations; and (3) reliable financial reporting. As required by OMB Circular A-123, CNCS has evaluated its internal control and financial management systems to determine whether the FMFIA objectives are being met. Based on its assessment (as described above), CNCS provides an unqualified statement of reasonable assurance that its internal control and financial systems meet the objectives of the FMFIA as of September 30, 2013.

### **Management's Statement of Assurance for Internal Control over Financial Reporting**

CNCS' management is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations. CNCS conducted its assessment of the effectiveness of the Corporation's internal control over financial reporting in accordance with OMB Circular A-123. Based on the results of this evaluation, CNCS can provide reasonable assurance that internal control over financial reporting as of June 30, 2013 was operating effectively and that no material weaknesses were found in the design or operation of the internal controls over financial reporting.

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

Although not required by OMB Bulletin 14-02, Audit Requirements for Federal Financial Statements, CNCS has adopted the standards governing financial systems that were established by the Federal Financial Management Improvement Act (FFMIA). FFMIA provides

guidance to federal agencies in implementing and maintaining 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 to 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.<sup>7</sup>

CNCS' assessment of its compliance with FFMIA standards is based in part on its use of Momentum Financials as its core financial system. Momentum Financials is a commercial off-the-shelf software application certified by the Office of Federal Financial Management as meeting the Circular A-127 financial system requirements. By design, activity is posted in Momentum Financials following the USSGL at the transaction level.

CNCS' assessment of its compliance with FFMIA is also informed by CNCS' overall information system security assessments. In accordance with Federal Information Security Management Act (FISMA), OMB policies and guidance, and standards and guidance issued by the National Institute of Standards and Technology (NIST), federal agencies are required to secure information and information systems through the implementation of appropriate risk mitigation strategies. During FY 2013 CNCS continued to enhance the awareness of the security state of its information systems by prioritizing the monitoring frequencies of security controls deemed to have a significant impact on security, and by establishing assessment frequencies based on providing adequate security commensurate with the risk. These improvements support CNCS' risk management decisions and its situational awareness.

#### **Management's Statement of Compliance with Financial Systems Requirements, Accounting Standards, and U.S. Standard General Ledger**

Based on its assessments of its financial management systems (as described above), CNCS has determined that it substantially complies with the requirements of the FFMIA for FY 2013.

#### **National Service Trust Obligations**

Section 149(a)(3) of the National and Community Service Act of 1990 (NCSA), as amended by the Edward M. Kennedy Serve America Act (PL 111-13), establishes the specific criteria for timing and recording obligations in the National Service Trust. Section 149(a)(3) of the NCSA requires the Chief Executive Officer of CNCS to annually certify that CNCS is in compliance with the requirements of the NCSA with regard to the timing and recording of obligations within the Trust.

Section 149(c) of the NCSA requires CNCS to obtain an independent audit of the accounts and records demonstrating the manner in which CNCS has recorded its Trust estimates (see 42 USC 12606). For FY 2013, the CNCS OIG obtained the independent audit required by section 149(c) of the NCSA. At the conclusion the audit, the auditors issued an unmodified opinion that CNCS' financial reports regarding the National Service Trust present fairly, in all material respects, the assets, liabilities, net position, and obligations of the Trust as of September 30, 2013.

#### **Management Certification of Compliance Regarding National Service Trust**

Based on CNCS' analysis and review of its National Service Trust activities and the results of the OIG's audit, CNCS certifies that for FY 2013 it complied with the requirements for recording National Service Trust Obligations as described in section 149(a)(1) of the NCSA.



**Wendy Spencer**  
Chief Executive Officer



**David Rebich**  
Chief Financial Officer

<sup>7</sup>As of October 1, 2013, OMB has suspended the application of Circular A-127. The requirements related to FFMIA are now found in Appendix D to Circular A-123.

# Analysis of Appropriations and Financial Condition

## Understanding The Financial Statements

CNCS has a fiduciary and stewardship responsibility to efficiently and effectively manage its federal funds and to comply with federal guidance on financial management. As part of this responsibility, the agency prepares annual financial statements in conformity with generally accepted accounting principles (GAAP) for U.S. Federal government corporations and subjects them to an independent audit to ensure their integrity and reliability in assessing performance. For FY 2013 and 2012, CNCS' financial statements received an unmodified opinion. This opinion recognized that CNCS' financial statements are fairly presented, in all material respects in conformity with generally accepted accounting principles.

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

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

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

## Composition of CNCS Assets

The Statement of Financial Position presents the total amounts available for use by CNCS (assets) against the amounts owed (liabilities) and amounts that comprise the difference (net position). Over 96 percent of CNCS' total assets are comprised of Fund Balance with Treasury (FBWT) and Trust Investments and Related Receivables.

In FY 2013, total assets increased less than one percent over the balance at the end of FY 2012. The majority of the \$4.5 million increase occurred in the Trust Investments and Related Receivables and Property and Equipment offset with a decrease in FBWT account.



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 \$54.6 million reflecting the investment of FY 2013 appropriations for new AmeriCorps positions awarded during the year net of payments made on previously earned awards.

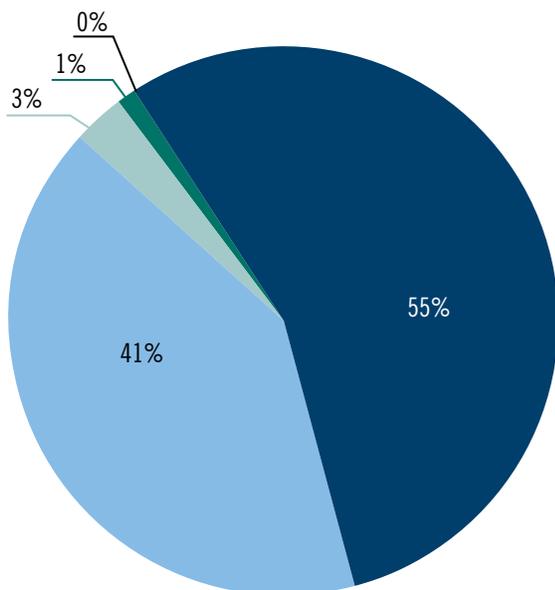
Property and Equipment represent capital investments made in software enhancements. These investments for FY 2013 increased Property and Equipment \$1.7 million.

FBWT is funding available to CNCS to make expenditures for authorized expenses through the disbursement authority of the Department of the Treasury. The FBWT is increased through appropriations and collections and decreased by expenditures and rescissions. The decrease in FY 2013 primarily results from reductions in appropriations received.

CNCS records Trust obligations at the time of the grant award for AmeriCorps State and National, or at the time the AmeriCorps VISTA and NCCC members begin their terms of service. The amount to be obligated is the estimated value of authorized education benefits, discounted for estimated enrollment, historical 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 2013, CNCS based its obligation amount on the full value of the education award, a 100 percent enrollment rate (allowing for refills), and earning and usage rates ranging from 77 to 87 percent depending on term type.

## CNCS Assets as of September 30, 2013



- Fund Balance with Treasury 55%
- Trust Investments and Related Receivables 41%
- Advances to Others 3%
- Accounts Receivable, Net 1%
- Property and Equipment, Net 0%

As of September 30, 2013, the National Service Trust had available cash, investments, and other assets of about \$694.0 million to make education award and interest forbearance payments. Of this amount, CNCS' unliquidated obligations for awarded AmeriCorps positions totaled about \$200.1 million. About \$40.2 million was available at year-end to fund new AmeriCorps member positions, of which \$1.9 million derives from Recovery Act funding, which cannot be used without new authorization. Trust assets are estimated to be fully sufficient to pay for all awarded AmeriCorps positions. As grants expire, CNCS deobligates funds related to member positions that were not filled. CNCS also continuously analyzes Trust operations and liability projections to identify any needed adjustments to obligations.

Advances to Others mainly represent funds provided to grantees in advance of their performance under a grant. For the most part, these advances are liquidated during the first quarter of the subsequent fiscal year. Advances to Others decreased by about two percent, from \$57 million at September 30, 2012 to \$56 million at September 30, 2013, reflecting decreased funding level for 2013 programs.

### Composition of Corporation Liabilities

CNCS' most significant liabilities are the Trust Service Award Liability and Grants Payable. Individuals who successfully complete terms of service in AmeriCorps programs earn education awards that can be used to make payments on qualified student loans or for educational expenses

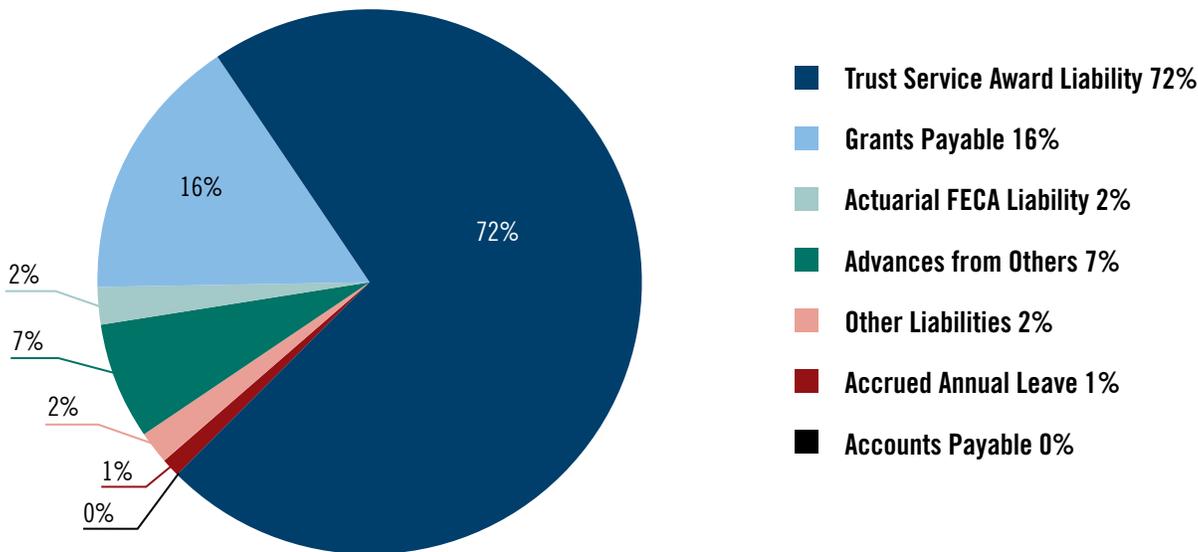
at qualified educational institutions. The awards, which can be used for a period of up to seven years, are paid from the National Service Trust. Since CNCS' inception through FY 2009 the maximum amount of an education award was \$4,725. Beginning with FY 2010, the SAA tied the amount of the award to the amount of a Pell Grant administered by the Department of Education. The award amount of \$5,550 was in effect throughout FY 2013.

The Trust also pays forbearance interest on qualified student loans during the period members perform community service. Each year the award liability components related to education awards and interest forbearance are adjusted to reflect current trends. For FY 2013, the Trust Service Award Liability increased by \$17.1 million, about four percent, due to the continued enrollment of members in AmeriCorps programs, increased member enrollment related to FEMA Corps, the increase in the value of an education award, and a slight increase in the projected usage rate.

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 two percent, from \$100.8 million at September 30, 2012 to \$103.1 million at September 30, 2013, reflecting increased grant activity from prior years.

## CNCS Liabilities as of September 30, 2013



Advances from Others represent the receipt of cash for work to be performed at a future date. This liability increased \$12.4 million during FY 2013 to support FEMA Corps related activity.

### Results of Operations

The Statement of Operations and Changes in Net Position presents revenue earned by CNCS (primarily appropriations) and the annual cost of operating CNCS programs. CNCS recognizes its use of appropriated capital as revenue at the time it is expended or accrued to pay program or administrative expenses. Appropriations received for the CNCS Trust are recognized as revenue when received in the Trust Fund. Using an appropriate cost accounting methodology, CNCS' expenses have been allocated among its major programs, at the sub-program level. Costs for each major CNCS program are reported separately. Program costs include grant expenses, and direct and allocated personnel and administrative costs including AmeriCorps recruitment and National Service Trust operations.

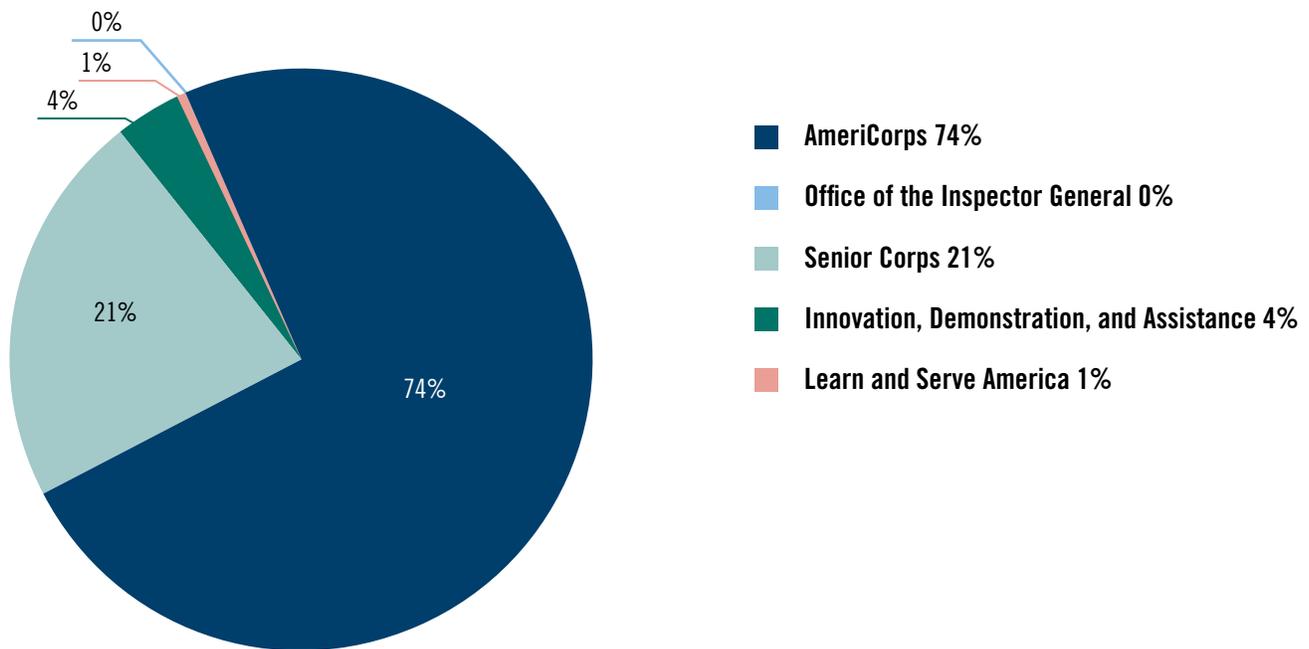
For FY 2013, CNCS Revenue totaled \$1.087 billion, an increase of \$13.0 million, or one percent, from FY 2012. Total Expenses reported for FY 2013 were \$1.057 billion which represents a decrease of \$15.9 million, or 2 percent, from FY 2012. The decrease reflects the reduced funding level in FY 2013 for all of CNCS' programs.

CNCS' net revenue over expenses for FY 2013 was \$30.1 million which is an increase of \$28.9 million compared to FY 2012. The increase is primarily attributable to revenue earned and collected in support of FEMA Corps related activities.

### Budgetary Resources

The Statement of Budgetary Resources provides information on how budgetary resources were made available to CNCS for the year and the status of those budgetary resources at year-end. For FY 2013, Total Budgetary Resources increased \$12.4 million and Total Obligations Incurred increased \$4.3 million due primarily to reimbursable activity related to FEMA Corp.

## CNCS Expenses for the Period Ended September 30, 2013



### Future Business Trends and Events

CNCS is cognizant of our responsibility to effectively manage and operate programs funded through taxpayer dollars. CNCS take a broad view of financial management, seeking to continuously improve and integrate its financial operations and processes to provide for better oversight, transparency, and accountability of the resources we manage. As we closely monitor resources, we will continue to focus on discerning the value of the goods and services we receive for the resources we expend. Following are some of the accomplishments CNCS plans to achieve that improve our ability to better manage our resources:

- **Grant Award Process Improvements**—During FY 2013, CNCS piloted a financial analysis of grantees during the grant application review phase for the AmeriCorps grant competition. The financial analysis was one of several factors considered in the pre-award phase. CNCS is evaluating criteria and the data reliability of the pilot prior to operationalizing the assessment in future grant competitions.
- **Invoice Processing Platform (IPP)**—CNCS implemented the interface to Treasury’s Invoice Processing Platform (IPP). The interface went live in June of FY 2013. IPP gives CNCS the capability to process vendor invoices electronically using the systems workflow management capability. The workflow management has improved the efficiency and timeliness of invoice processing. As we move into

FY 2014, IPP will become more fully utilized as is operationalized for FY 2014 procurements.

- **Integration with Treasury’s Central Accounting and Reporting System (CARS)**—CNCS plans to fully transition to Treasury’s Central Accounting and Reporting System (CARS) during the 2nd Quarter of FY 2014. This will be the culmination of nearly a year-long effort at CNCS, which will streamline our central transaction reporting processes. The result will be real-time reporting of our payment and collection transactions to Treasury instead of monthly reporting, providing real-time updates to our Fund Balance with Treasury.
- **Implementation of the Government-wide Treasury Account Symbol (GTAS) System**—CNCS will also be ready to implement GTAS reporting in the 2nd quarter of FY 2014. We will provide a single Trial Balance report to Treasury that will eliminate the need to submit multiple Treasury and OMB financial and budgetary reports. This will greatly improve the integrity and consistency of the data we provide to Treasury, while eliminating redundant reporting submission to various Treasury systems.
- **Collection Information Repository (CIR) Interface**—In an effort to implement an all-electronic accounting and finance operation, we will be interfacing with Treasury’s Collection Information Repository (CIR). By doing so, we will automate the accounting of all collection

data posted into our agency accounting system. Integrating with the CIR will drastically increase the timeliness and accuracy of collection transaction processing thus reducing manual transaction processing and reconciliation processes.

- **IT Modernization**—CNCS will begin implementing a series of business initiatives and IT projects aimed at modernizing business processes and IT systems. Key objectives include:
  - Providing more accurate, timely and targeted information for agency decision makers, partners, and the public;
  - Increasing staff and grantee productivity through streamlined navigation and functionality of grants and member management systems; and
  - Increasing agency engagement with the public through enhanced web site features and mobile-friendly applications.

CNCS will initially focus on updating the technology used to support back-office processes related to grant and member (i.e., volunteer) service; pursuing new grant application review process automation to support virtual reviews and meet anticipated increases in grant volume associated with new partnerships; and implementing new capability to improve analytical support and expand access to information.

- **Upgrade Critical IT Infrastructure**—CNCS will be upgrading old, critical IT infrastructure including network core, switches, and telecommunication system which are end of life and foundational to communication services. These upgrades will address operational risk by avoiding unexpected failures and service interruptions.
- **Data warehouse**—CNCS will continue to add new, data sets to State Profile reports; and expand functionality that enables staff to have self-service access to data sets from across the Programs to help explain why service matters and support Program management, oversight, and accountability.
- **Web Consolidation**—CNCS will continue to consolidate web sites to improve user experience and streamline management of content infrastructure resulting in new operational efficiencies.

# Message from the CFO



As a Federal agency that is accountable to the taxpayers, the Corporation for National and Community Service (CNCS) strives to provide efficient and cost-effective national service programs. The CNCS Agency Financial Report (AFR) presents a comprehensive report on financial operations and provides transparency and accountability to the American people. I am pleased to report that for the 14th consecutive year, CNCS has earned an unmodified opinion on its AFR. This accomplishment demonstrates an on-going commitment to strong fiscal stewardship of the resources provided to CNCS. The Office of the Chief Financial Officer leads CNCS' efforts to deliver cost effective programs, through sound fiscal management of resources. Our efforts resulted in the removal of our single material weakness from our FY 2011 and FY 2012 audits. We made significant progress by implementing a comprehensive internal controls assessment program. We also addressed other management letter findings from the 2012 audit. Two organizational factors can be directly attributed to our improvement:

- The establishment of the Office of Accountability and Oversight in April 2012, which reports directly to the Chief Operating Officer, and
- The establishment of the Financial Integrity Steering Committee (FISC), which replaced the Senior Assessment Team, that focuses on correcting financial management issues here at CNCS.

These two advances demonstrate the overall importance that CNCS places on accountability and fiscal responsibility. The early work performed by the Office of Accountability and Oversight improved CNCS' ability to assess and report on internal controls throughout the organization. The FISC has provided focused attention and discipline on implementing corrective actions that address the audit findings contained in last year's AFR. As a result, CNCS has removed a material weakness, closed three Management Letter findings cited in FY 2012, and made progress regarding six other FY 2012 Management Letter findings.

Like most federal agencies, the advent of sequestration in FY 2013 provided significant challenges to CNCS. To meet the sequestration related challenges, CNCS established hiring and spending control committees to ensure that only the highest priority items were funded during FY 2013. Through strict priority management, and sound financial management, CNCS provided outstanding national service and volunteerism programs.

These accomplishments provide the foundation for sound organizational and financial management. However, we need to continue to improve and address challenges as we move forward. CNCS remains committed to taking action and implementing processes that will improve internal controls and maximize CNCS' stewardship of our resources. The CFO organization is committed to streamlining and improving its fiscal operations to meet the mission and goals of CNCS. In meeting these challenges, CNCS will continue to practice strong financial management as shown through the information provided in this year's AFR.

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

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

**David Rebich**  
Chief Financial Officer

## Section II:

# Financial Statements

## Consolidated Financial Statements

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

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

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

CNCS' financial statements provide comparative information for FY 2013 and 2012. For FY 2013, CNCS' financial statements, for the 14th consecutive year, received an unmodified opinion. This opinion recognizes that CNCS' financial statements are fairly presented, in all material respects in conformity with generally accepted accounting principles.



Also presented in Section IV, Other Information of this report is the National Service Trust Fund Status Report which includes the Statements of Financial Position; Operations, Changes in Net Position, Cash Flows, and Budgetary Resources prepared in accordance with Generally Accepted Accounting Principles (GAAP) as required by the Government Corporation Control Act (Act) and Executive Order 13331, National and Community Service Programs. These principal statements and the accompanying notes present information on the assets, liabilities, revenue, expenses, cash flow, and budgetary resources of the National Service Trust Fund.

### Limitations of the Financial Statements

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

## Corporation for National and Community Service

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

Assets	2013	2012
Fund Balance with Treasury (Note 2)	\$ 914,224	\$ 965,928
Trust Investments and Related Receivables (Note 3)	693,165	638,565
Advances to Others	56,000	57,298
Accounts Receivable, Net (Note 4)	9,601	8,483
Property and Equipment, Net (Note 5)	3,346	1,610
<b>Total Assets</b>	<b><u>\$ 1,676,336</u></b>	<b><u>\$ 1,671,884</u></b>
Liabilities		
Trust Service Award Liability (Note 6)	\$ 464,274	\$ 447,191
Grants Payable	103,125	100,791
Accounts Payable	4,466	2,860
Actuarial FECA Liability (Note 8)	9,702	9,783
Advances from Others	46,121	33,696
Accrued Annual Leave	4,129	4,140
Other Liabilities	12,042	14,220
<b>Total Liabilities</b>	<b><u>643,859</u></b>	<b><u>612,681</u></b>
Contingencies (Note 14)	—	—
<b>NET POSITION (Note 9)</b>	<b><u>\$ 1,032,477</u></b>	<b><u>\$ 1,059,203</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 1,676,336</u></b>	<b><u>\$ 1,671,884</u></b>

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

## Corporation for National and Community Service

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

Revenue	2013	2012
Appropriated Capital Used	\$ 808,085	\$ 824,684
Appropriations Received by the National Service Trust (Note 10)	223,568	211,916
Interest	3,133	4,434
Revenue from Services Provided	34,816	18,834
Other	17,231	13,953
<b>Total Revenue</b>	<b>\$ 1,086,833</b>	<b>\$ 1,073,821</b>
Expenses		
AmeriCorps	\$ 778,211	\$ 792,475
SeniorCorps	223,235	222,315
Learn and Serve America	6,048	17,801
Innovation, Demonstration and Assistance Activities	47,355	34,748
Office of the Inspector General	3,392	5,241
<b>Total Expenses (Note 11)</b>	<b>1,058,241</b>	<b>1,072,580</b>
<b>Net of Revenue Over Expenses</b>	<b>\$ 28,592</b>	<b>\$ 1,241</b>
Net Position		
Net of Revenue over Expenses	\$ 28,592	\$ 1,241
Increase/(Decrease) in Unexpended Appropriations, Net (Note 13)	(55,318)	(11,257)
Increase/(Decrease) in Net Position, Net	(26,726)	(10,016)
Net Position, Beginning Balance	1,059,203	1,069,219
<b>Net Position, Ending Balance (Note 9)</b>	<b>\$ 1,032,477</b>	<b>\$ 1,059,203</b>

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

## Corporation for National and Community Service

### Consolidated Statements of Cash Flows for the Periods Ended September 30 *(dollars in thousands)*

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2013</b>	<b>2012</b>
Net of Revenue over Expenses	\$ 28,592	\$ 1,241
Adjustments Affecting Cash Flow:		
Depreciation, Amortization, and Loss on Disposition of Assets	801	88
Amortization of Premium/Discount on Investments	1,795	(2,811)
Appropriated Capital Used	(808,085)	(824,684)
Appropriations Received in Trust	(223,568)	(211,916)
Decrease/(Increase) in Accounts Receivable	(1,118)	(876)
Decrease/(Increase) in Interest Receivable	136	385
Decrease/(Increase) in Advances to Others	1,298	7,644
Increase/(Decrease) in Accounts Payable and Other Liabilities	(571)	3,031
Increase/(Decrease) in Advances from Others	12,425	33,629
Increase/(Decrease) in FECA and Annual Leave Liabilities	(92)	710
Increase/(Decrease) in Trust Liability	17,083	36,930
Increase/(Decrease) in Grants Payable	2,334	(14,406)
Total Adjustments	(997,562)	(972,276)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>(968,970)</b>	<b>(971,035)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of Securities	729,799	831,264
Purchase of Assets	(2,537)	(772)
Purchase of Securities	(786,331)	(861,742)
<b>Net Cash Provided/(Used) in Investing Activities</b>	<b>(59,069)</b>	<b>(31,250)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Appropriations Received, Net of Trust	1,048,884	1,050,870
Rescissions and Cancellations	(72,549)	(25,527)
<b>Net Cash Provided by Financing Activities</b>	<b>976,335</b>	<b>1,025,343</b>
<b>Net Increase/(Decrease) in Fund Balance with Treasury</b>	<b>(51,704)</b>	<b>23,058</b>
<b>Fund Balance with Treasury, Beginning</b>	<b>965,928</b>	<b>942,870</b>
<b>Fund Balance with Treasury, Ending</b>	<b>\$ 914,224</b>	<b>965,928</b>

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

## Corporation for National and Community Service

### Combined Statements of Budgetary Resources for the Periods Ended September 30 *(dollars in thousands)*

BUDGETARY RESOURCES	2013	2012
Unobligated balance, brought forward, October 1	\$ 205,105	\$ 156,728
Adjustment to unobligated balance brought forward, Oct 1	(5)	-
Unobligated balance brought forward, Oct 1, as adjusted	205,100	156,728
Recoveries of prior year unpaid obligations	33,850	28,175
Other changes in unobligated balance (+ or -)	(17,692)	(23,546)
Unobligated balance from prior year budget authority, net	221,258	161,357
<b>Budget authority:</b>		
Appropriation Discretionary	1,048,884	1,050,870
Appropriation (special or trust fund)	223,770	212,122
Permanent Reduction – New Budget Authority	(54,857)	(1,986)
Appropriation Discretionary (total)	1,217,797	1,261,006
Appropriation Mandatory (special or trust fund)	1,295	3,856
Appropriations (discretionary and mandatory)	1,219,092	1,264,862
<b>Spending authority from offsetting collections:</b>		
Spending Authority from offsetting collections (total)	52,845	54,547
<b>Total budgetary resources</b>	<b>\$ 1,493,195</b>	<b>\$ 1,480,766</b>
<b>STATUS OF BUDGETARY RESOURCES</b>		
<b>Obligations incurred</b>		
Obligations incurred (total) (Note 17)	\$ 1,279,940	\$ 1,275,661
<b>Unobligated balance</b>		
Apportioned	52,837	35,030
Unobligated balance not available	160,418	170,075
Total unobligated balance, end of year	213,255	205,105
<b>Total budgetary resources</b>	<b>\$ 1,493,195</b>	<b>\$ 1,480,766</b>

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

(Continued)

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

CHANGE IN OBLIGATED BALANCE	2013	2012
Unpaid obligations:		
Unpaid obligations, brought forward, October 1	\$ 1,393,997	\$ 1,387,883
Obligations incurred	1,279,941	1,275,661
Outlays (gross) (-)	(1,252,314)	(1,241,372)
Recoveries of prior year unpaid obligations, actual	(33,845)	(28,175)
<b>Unpaid Obligations, end of year</b>	<b>1,387,779</b>	<b>1,393,997</b>
Uncollected Payments:		
Uncollected payments, Federal Sources, brought forward, October 1	(106)	(539)
Change in uncollected customer payments, Federal sources	2	433
<b>Uncollected payments, Federal Sources, end of year</b>	<b>(104)</b>	<b>(106)</b>
Memorandum entries:		
<b>Obligated balance, start of year</b>	<b>\$ 1,393,891</b>	<b>\$ 1,387,344</b>
<b>Obligated balance, end of year</b>	<b>\$ 1,387,675</b>	<b>\$ 1,393,891</b>
<b>BUDGET AUTHORITY AND OUTLAYS, NET</b>		
Budget authority, gross (discretionary and mandatory)	\$ 1,271,937	\$ 1,319,409
Actual offsetting collections	(52,847)	(54,980)
Change in uncollected customer payments from federal sources	2	433
<b>Budget authority, net (discretionary and mandatory)</b>	<b>\$ 1,219,092</b>	<b>\$ 1,264,862</b>
Outlay, gross (discretionary and mandatory)	1,252,314	1,241,372
Actual offsetting collections	(52,847)	(54,980)
<b>Outlays, net (discretionary and mandatory)</b>	<b>1,199,467</b>	<b>1,186,392</b>
Distributed offsetting receipts	(224,088)	(213,058)
<b>Agency Outlays, net (discretionary and mandatory)</b>	<b>\$ 975,379</b>	<b>\$ 973,334</b>

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

## NOTE 1—Summary of Significant Accounting Policies

### A. REPORTING ENTITY

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

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

**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;
- AmeriCorps Volunteers in Service to America (VISTA) helps community organizations and public agencies create and expand programs that build capacity and ultimately bring low-income individuals and communities out of poverty; and
- National Civilian Community Corps (NCCC) strengthens communities while developing leaders through direct, team-based national and community service.

CNCS, for the most part, administered its programs in fiscal year 2013 from the following 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 qualified gifts and contributions from individuals and organizations from which approved expenditures are made furthering CNCS' goals.

#### Appropriated Funds:

- Operating Expenses, from which the Corporation funded Senior Corps, AmeriCorps and other program activity.

- Salaries and Expenses, from which the Corporation funded its general administrative expenses.
- Office of Inspector General, from which CNCS funded the expenses of the OIG.
- AmeriCorps VISTA Advance Payment Revolving Fund, from which CNCS paid the living allowances for AmeriCorps 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 AmeriCorps VISTA Advance Payment Revolving Fund is not a revolving fund, but rather a general fund expenditure account.

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

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

### B. BASIS OF ACCOUNTING

The accompanying financial Statements include all funds administered by CNCS, as delineated in Note 1A—Reporting Entity. They include CNCS' activities related to providing grants and other assistance to eligible states, local governments, and nonprofit organizations as well as education awards to eligible national service participants. All significant intra-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. The Combined Statement of Budgetary Resources presents additional details to include activity that is significant to the CNCS.

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, 2013, the carrying amounts of Fund Balance with Treasury, Accounts Receivable, Advances to Others, Accrued Interest Receivable, Accounts Payable and Other Liabilities approximate their fair value.

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

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

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

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

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

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

#### **H. CASH EQUIVALENTS**

For purposes of the statement of cash flows, CNCS considers all interest-bearing Treasury securities guaranteed by the United States to be cash equivalents.

#### **I. 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 CNCS-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.

#### **J. 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.

#### **K. PROPERTY AND EQUIPMENT**

Property and Equipment is stated at full cost, including all costs related to acquisition, delivery, and installation, less accumulated depreciation (or amortization). Normal maintenance and repair costs on capitalized property and equipment are expensed when incurred.

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

#### **L. TRUST SERVICE AWARD LIABILITY**

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

#### **M. 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.

#### **N. 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.

#### **O. ACTUARIAL FECA LIABILITY**

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees,

AmeriCorps 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.

#### **P. OTHER LIABILITIES**

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

#### **Q. 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.

#### **R. 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.

#### **S. 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.

#### **T. REVENUE RECOGNITION**

Appropriated Capital Used. CNCS recognizes its use of appropriated capital as revenue at the time it is expended or accrued to pay program or administrative expenses. Appropriations expended for property and equipment are recognized as used when the property is purchased. Appropriated capital not expended within five fiscal years after it became available for obligation is cancelled. Unpaid obligations recorded against cancelled appropriated capital are paid from currently available

appropriated funds as payments become due. Appropriations received for CNCS' Trust are recognized as revenue when received in the Trust Fund. Trust appropriations do not expire with the passage of time and are retained by CNCS in the Trust until used for eligible education service award purposes.

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

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

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

#### U. 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 CNCS 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.

#### V. 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.

#### W. USE OF ESTIMATES

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

#### X. Comparative Data

CNCS financial statements provide comparative information for FY 2013 and 2012. Certain prior year amounts have been reclassified to conform to current year presentation and better reflect CNCS' operations under its reauthorization. Specifically, the Statement of Budgetary Resources was realigned as prescribed by FASAB. In addition, amounts presented on the Statement of Budgetary Resources as Refunds and Recoveries temporarily precluded from obligations in the prior year were adjusted per OMB guidance and are reflected as Adjustment to unobligated balance brought forward, Oct 1 for the period ended September 30, 2013.

#### Y. CONCENTRATION OF RISKS

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

**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, 2013** *(dollars in thousands)*

Type	Unrestricted	Restricted	Total
Appropriated Funds	\$ 912,962	\$ -	\$ 912,962
Trust Funds	-	611	611
Gift Funds	-	651	651
<b>Total</b>	<b>\$ 912,962</b>	<b>\$ 1,262</b>	<b>\$ 914,224</b>

**Fund Balance with Treasury as of September 30, 2012** *(dollars in thousands)*

Type	Unrestricted	Restricted	Total
Appropriated Funds	\$ 960,310	\$ -	\$ 960,310
Trust Funds	-	4,951	4,951
Gift Funds	-	667	667
<b>Total</b>	<b>\$ 960,310</b>	<b>\$ 5,618</b>	<b>\$ 965,928</b>

**NOTE 2—Fund Balance with Treasury—Continued****Unexpended Balances as of September 30, 2013** *(dollars in thousands)*

Type	Unrestricted	Restricted	Total
FBWT	\$ 912,962	\$ 1,262	\$ 914,224
Investments and Related Receivables	-	693,165	693,165
<b>Total</b>	<b>\$ 912,962</b>	<b>\$ 694,427</b>	<b>\$1,607,389</b>

**Status of Unexpended Balances as of September 30, 2013** *(dollars in thousands)*

Type	Unrestricted	Restricted	Total
Unobligated:			
Available	\$ 117,527	\$ 51,990	\$ 169,517
Unavailable	-	50,197	50,197
Obligated not yet Disbursed	795,435	592,240	1,387,675
<b>Total</b>	<b>\$ 912,962</b>	<b>\$ 694,427</b>	<b>\$1,607,389</b>

**Unexpended Balances as of September 30, 2012** *(dollars in thousands)*

Type	Unrestricted	Restricted	Total
FBWT	\$ 960,310	\$ 5,618	\$ 965,928
Investments and Related Receivables	-	638,565	638,565
<b>Total</b>	<b>\$ 960,310</b>	<b>\$ 644,183</b>	<b>\$1,604,493</b>

**Status of Unexpended Balances as of September 30, 2012** *(dollars in thousands)*

Type	Unrestricted	Restricted	Total
Unobligated:			
Available	\$ 130,960	\$ 79,642	\$ 210,602
Unavailable	-	-	-
Obligated not yet Disbursed	829,350	564,541	1,393,891
<b>Total</b>	<b>\$ 960,310</b>	<b>\$ 644,183</b>	<b>\$1,604,493</b>

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

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

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

	2013	2012
Investments, Carrying Value	\$ 692,243	\$ 637,507
Interest Receivable	922	1,058
<b>Total</b>	<b>\$ 693,165</b>	<b>\$ 638,565</b>

**Amortized Cost and Fair Value of Investment Securities as of September 30, 2013** *(dollars in thousands)*

Securities	Amortized Cost	Unrealized Gains/(Losses)	Fair Value
Notes	\$ 512,220	\$ 1,560	\$ 513,780
Bills	180,023	11	180,034
<b>Total</b>	<b>\$ 692,243</b>	<b>\$ 1,571</b>	<b>\$ 693,814</b>

**Amortized Cost and Fair Value of Investment Securities as of September 30, 2012** *(dollars in thousands)*

Securities	Amortized Cost	Unrealized Gains/(Losses)	Fair Value
Notes	\$ 477,115	\$ 3,045	\$ 480,160
Bills	160,392	5	160,397
<b>Total</b>	<b>\$ 637,507</b>	<b>\$ 3,050</b>	<b>\$ 640,557</b>

At September 30, 2013, the notes held at year-end had an interest rate range of 0.250 percent to 4.25 percent and an outstanding maturity period of approximately seven days to three years. The bills held at year-end had an interest rate range of 0.000 percent to 0.175 percent and were all due to mature within 364 days. The par values of these bills range from \$.2 million to \$33.0 million. The fair value of the bills and notes is based on bid and ask prices quoted by the Treasury as of September 30, 2013 and 2012.

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, 2013, \$50.2 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)*

	2013		2012	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<b>Held-to-Maturity Securities</b>				
Due in 1 year or less	\$ 441,185	\$ 441,710	\$ 327,537	\$ 327,780
Due after 1 year up to 5 years	251,058	252,104	309,970	312,777
<b>Total</b>	<b>\$ 692,243</b>	<b>\$ 693,814</b>	<b>\$ 637,507</b>	<b>\$ 640,557</b>

**NOTE 4 – Accounts Receivables, Net****Accounts Receivable as of September 30** *(dollars in thousands)*

	Appropriated Funds	Trust Fund	Total
<b>2013</b>			
Accounts receivable	\$ 9,962	\$ 281	\$ 10,243
Less: allowance for loss on receivables	(595)	(47)	(642)
<b>Accounts Receivable, Net</b>	<b>\$ 9,367</b>	<b>\$ 234</b>	<b>\$ 9,601</b>
<b>2012</b>			
Accounts receivable	\$ 8,616	\$ 289	\$ 8,905
Less: allowance for loss on receivables	(384)	(38)	(422)
<b>Accounts Receivable, Net</b>	<b>\$ 8,232</b>	<b>\$ 251</b>	<b>\$ 8,483</b>

**NOTE 5—Property and Equipment, Net****General Property and Equipment as of September 30, 2013** *(dollars in thousands)*

Major Class	Service Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Equipment	3 - 10	\$ 2,586	\$ (2,065)	\$ 521
ADP software	2	11,983	(9,158)	2,825
<b>Total</b>		<b>\$ 14,569</b>	<b>\$ (11,223)</b>	<b>\$ 3,346</b>

**NOTE 5—Property and Equipment, Net—Continued****General Property and Equipment as of September 30, 2012** *(dollars in thousands)*

Equipment	3 - 10	\$ 2,586	\$ (1,863)	\$ 723
ADP software	2	9,446	(8,559)	887
<b>Total</b>		<b>\$ 12,032</b>	<b>\$ (10,422)</b>	<b>\$ 1,610</b>

**Depreciation Expense for the period ending September 30** *(dollars in thousands)*

Major Class	2013	2012
Equipment	\$ 202	\$ (208)
ADP software	599	296
<b>Total</b>	<b>\$ 801</b>	<b>\$ 88</b>

**NOTE 6—Trust Service Award Liability**

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

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

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

	2013	2012
Education awards	\$ 2,301,708	\$ 2,109,437
Interest forbearance	79,604	72,256
President's Freedom Scholarship Program	<u>22,527</u>	<u>22,527</u>
Total estimated service award liability	2,403,839	2,204,220
Less: cumulative awards paid	<u>1,939,565</u>	<u>1,757,029</u>
<b>Total</b>	<b><u>\$ 464,274</u></b>	<b><u>\$ 447,191</u></b>

The net Service Award Liability as of September 30, 2013 increased by approximately \$17.1 million from the net Service Award Liability as of September 30, 2012. This change was largely due to new member enrollments related to FEMA Corps and an increase in the number of members still serving during the year. Past CNCS appropriations made amounts from the National Service Trust available for \$1,000 scholarships for high school students known as Presidential Freedom Scholarships. To fund each scholarship, a local community or corporate source matched the \$500 portion of the scholarship provided by CNCS. The program was discontinued in fiscal 2007; however, because students have up to seven years to use the scholarship, some payments will continue to be made through FY 2014. As of October 1, 2009, the National Service Trust is also available to pay Summer of Service and Silver Scholar educational awards. However, the Silver Scholar program was not funded and no current

liability was accrued for those educational awards. The Summer of Service program was only funded in FY 2010.

**NOTE 7—Operating Leases**

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

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

Fiscal Year	2013				2012			
	Facilities Space	Vehicles	Other	Total	Facilities Space	Vehicles	Other	Total
2013	\$ -	\$ -	\$ -	\$ -	\$ 9,861	\$ 766	\$ 339	\$ 10,966
2014	10,059	953	354	11,366	9,846	788	294	10,928
2015	10,115	873	303	11,291	10,151	819	279	11,249
2016	10,401	874	287	11,562	10,465	851	272	11,588
2017	10,696	733	287	11,716	10,790	884	272	11,946
2018	<u>11,000</u>	<u>750</u>	<u>287</u>	<u>12,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 52,271</u></b>	<b><u>\$ 4,183</u></b>	<b><u>\$ 1,518</u></b>	<b><u>57,972</u></b>	<b><u>\$ 51,113</u></b>	<b><u>\$ 4,108</u></b>	<b><u>\$ 1,456</u></b>	<b><u>\$ 56,677</u></b>

**NOTE 8—Actuarial FECA Liability**

CNCS' actuarial liability for future workers' compensation benefits under FECA was \$9.7 and \$9.8 million as of September 30, 2013 and 2012, respectively. The amount includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. As with all federal agencies CNCS' FECA liability is determined by the Department of Labor. The actuarial liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that

period. Consistent with past practice, these projected annual benefit payments have been discounted to present value using the Office of Management and Budget's economic assumptions for ten-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, 2013** *(dollars in thousands)*

	Gift Fund	Trust Fund	Appropriated Funds	Total
Unexpended appropriations	\$ -	\$ -	\$ 809,513	\$ 809,513
Cumulative results of operations	644	229,736	(7,416)	222,964
<b>Total Net Position</b>	<b>\$ 644</b>	<b>\$ 229,736</b>	<b>\$ 802,097</b>	<b>\$ 1,032,477</b>

**Net Position by Fund Balance Component as of September 30, 2012** *(dollars in thousands)*

	Gift Funds	Trust Funds	Appropriated Funds	Total
Unexpended appropriations	\$ 28	\$ -	\$ 864,803	\$ 864,831
Cumulative results of operations	633	196,576	(2,837)	194,372
<b>Total Net Position</b>	<b>\$ 661</b>	<b>\$ 196,576</b>	<b>\$ 861,966</b>	<b>\$ 1,059,203</b>

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

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

**Restrictions on Net Position as of September 30, 2013** *(dollars in thousands)*

	Unrestricted	Temporarily Restricted	Total
Appropriated Funds	\$ 802,097	\$ -	\$ 802,097
Trust Funds	-	229,736	229,736
Gift Funds	-	644	644
<b>Total Net Position</b>	<b>\$ 802,097</b>	<b>\$ 230,380</b>	<b>\$ 1,032,477</b>

**Restrictions on Net Position as of September 30, 2012** *(dollars in thousands)*

	Unrestricted	Temporarily Restricted	Total
Appropriated Funds	\$ 861,966	\$ -	\$ 861,966
Trust Funds	-	196,576	196,576
Gift Funds	28	633	661
<b>Total Net Position</b>	<b>\$ 861,994</b>	<b>\$ 197,209</b>	<b>\$ 1,059,203</b>

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

For fiscal year 2013, the National Service Trust received \$200.719 million under the Continuing Appropriations Act, 2013 (Public Law 112-175). For fiscal year 2012, the National Service Trust received \$207.561 million under the Consolidated Appropriations Act. The acts also authorized CNCS to transfer additional amounts from subtitle C program funds to the National Service Trust to support the activities of national service participants. CNCS transferred \$22.8 million and \$4.4 million to the Trust under this provision in fiscal year 2013 and 2012, respectively.

**NOTE 11—Expenses**

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

AmeriCorps engages members in intense, impact-oriented service to address local community needs in areas of education, healthy futures, environmental stewardship, economic opportunity, disaster services, and assisting veterans and military families. AmeriCorps includes the State, National, Tribes, and Territories (State/National); National Civilian Community Corps (NCCC); and Volunteers In Service To America (VISTA) programs. The State/National sub-program includes grant expenses, as well as direct and allocated personnel and administrative costs including AmeriCorps recruitment and National Service Trust operations. The NCCC sub-program includes member stipend and benefits, and direct and allocated personnel and administrative costs including AmeriCorps recruitment and National Service Trust operations. The AmeriCorps VISTA sub-program includes grant expenses, member stipend and benefits, as well as direct and allocated personnel and administrative costs including AmeriCorps recruitment and National Service Trust operations.

Senior Corps programs provide opportunities for members 55 and older to address local community needs in the areas of education, assisting veterans and military families, disaster response, and healthy futures. Senior Corps includes the Foster Grandparent Program (FGP); Senior

Companion Program (SCP); and the RSVP. The Senior Corps program includes grant expenses, as well as direct and allocated personnel and administrative costs for RSVP, FGP, and SCP. CNCS also has reimbursable agreements with several state agencies whereby CNCS awards and administers grants to a list of grantees selected and funded by the State (pass-through grants). The activity related to pass-through grants has been reclassified to be associated with the related Senior Corps program.

Learn and Serve America includes grant expenses, as well as direct and allocated personnel and administrative costs, for the Learn and Serve America Program, the President's Student Service Challenge, and National Service Leader Schools. The Learn & Serve program is no longer funded; however, there was on-going activity through FY 2013 as the program wound down.

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

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

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

**NOTE 11—Expenses—Continued****Components of Grant Funds Expended for the Period Ended September 30** *(dollars in thousands)*

	2013	2012
Domestic Volunteer Service Act Programs	\$ 226,790	\$ 227,317
National and Community Service Act Programs	395,955	407,603
<b>Total Grant Funds Expended</b>	<b><u>\$ 622,745</u></b>	<b><u>\$ 634,920</u></b>

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

	2013	2012
<b>AmeriCorps</b>		
State and National	\$ 595,844	\$ 609,046
NCCC	48,216	45,394
VISTA	134,151	138,035
Subtotal	\$ 778,211	\$ 792,475
<b>Senior Corps</b>		
RSVP	53,115	51,980
Foster Grandparent Program	119,391	119,206
Senior Companion Program	\$ 50,729	\$ 51,129
Subtotal	223,235	222,315
Learn and Serve America	6,048	17,801
Innovation, Demonstration, Assistance Activities	47,355	34,748
Office of Inspector General (OIG)	3,392	5,241
<b>Total Expenses</b>	<b><u>\$1,058,241</u></b>	<b><u>\$ 1,072,580</u></b>

**Expenses by Type and Sub-Program for the Period Ended September 30, 2013** (dollars in thousands)

Type	AmeriCorps			National Senior Service Corps						Total
	State/National	NCCC	VISTA	RSVP	FGP	SCP	Learn & Serve	ID&A Activities	OIG	
<b>Grant and Related Expense</b>										
Grant funds expended	\$ 344,389	\$ -	\$ 31,893	\$ 45,576	\$ 105,085	\$ 44,236	\$ 5,057	\$ 46,509	\$ -	\$ 622,745
VISTA and NCCC stipends and benefits	-	8,896	54,961	-	-	-	-	-	-	63,857
Service award expense	171,188	8,484	19,896	-	-	-	-	-	-	199,568
<b>Total Grant and Related Expense</b>	<b>515,577</b>	<b>17,380</b>	<b>106,750</b>	<b>45,576</b>	<b>105,085</b>	<b>44,236</b>	<b>5,057</b>	<b>46,509</b>	<b>-</b>	<b>886,170</b>
<b>Administrative Expense</b>										
Federal employee salaries and benefits	40,355	4,752	7,226	3,286	7,735	3,280	490	-	2,429	69,553
Travel and transportation	2,449	5,107	1,559	261	603	261	30	-	72	10,342
Rent, communications, and utilities	5,563	3,922	884	450	1,060	449	67	-	12	12,407
Program analysis and evaluation	1,720	63	308	139	328	139	24	-	-	2,721
Printing and reproduction	126	84	23	22	23	15	1	-	-	294
Other services and expenses	29,032	14,703	17,194	3,300	4,365	2,268	363	846	866	72,937
Supplies and materials	444	2,194	117	34	81	34	9	-	13	2,926
Depreciation, amortization, and loss on disposition of assets	520	10	81	42	100	42	6	-	-	801
Bad debt	58	1	9	5	11	5	1	-	-	90
<b>Total Administrative Expense</b>	<b>80,267</b>	<b>30,836</b>	<b>27,401</b>	<b>7,539</b>	<b>14,306</b>	<b>6,493</b>	<b>991</b>	<b>846</b>	<b>3,392</b>	<b>172,071</b>
<b>Total Expenses by Type</b>	<b>\$ 595,844</b>	<b>\$48,216</b>	<b>\$134,151</b>	<b>\$53,115</b>	<b>\$119,391</b>	<b>\$50,729</b>	<b>\$6,048</b>	<b>\$47,355</b>	<b>\$3,392</b>	<b>\$1,058,241</b>

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**Expenses by Type and Sub-Program for the Period Ended September 30, 2012** (dollars in thousands)

Type	AmeriCorps			National Senior Service Corps						Total
	State/National	NCCC	VISTA	RSVP	FGP	SCP	Learn & Serve	ID&A Activities	OIG	
<b>Grant and Related Expense</b>										
Grant funds expended	\$ 358,112	\$ -	\$ 29,387	\$ 46,345	\$ 106,159	\$ 45,426	\$ 15,583	\$ 33,908	\$ -	\$ 634,920
VISTA and NCCC stipends and benefits	-	9,571	60,951	-	-	-	-	-	-	70,522
Service award expense	182,786	8,609	27,028	-	-	-	-	-	-	218,423
<b>Total Grant and Related Expense</b>	<b>540,898</b>	<b>18,180</b>	<b>117,366</b>	<b>46,345</b>	<b>106,159</b>	<b>45,426</b>	<b>15,583</b>	<b>33,908</b>	<b>-</b>	<b>923,865</b>
<b>Administrative Expense</b>										
Federal employee salaries and benefits	34,919	9,504	7,885	2,497	5,861	2,485	1,251	-	3,429	67,831
Travel and transportation	1,144	3,217	1,606	386	865	380	37	-	98	7,733
Rent, communications, and utilities	4,439	5,247	835	322	756	320	105	-	98	12,122
Program analysis and evaluation	1,876	137	395	161	379	161	101	-	-	3,210
Printing and reproduction	68	40	12	36	16	11	2	-	2	187
Other services and expenses	25,116	7,460	9,840	2,186	5,060	2,299	706	840	1,574	55,081
Supplies and materials	212	1,603	39	17	39	17	6	-	40	1,973
Depreciation, amortization, and loss on disposition of assets	322	5	49	26	61	26	9	-	-	498
Bad debt	52	1	8	4	10	4	1	-	-	80
<b>Total Administrative Expense</b>	<b>68,148</b>	<b>27,214</b>	<b>20,669</b>	<b>5,635</b>	<b>13,047</b>	<b>5,703</b>	<b>2,218</b>	<b>840</b>	<b>5,241</b>	<b>148,715</b>
<b>Total Expenses by Type</b>	<b>\$ 609,046</b>	<b>\$ 45,394</b>	<b>\$ 138,035</b>	<b>\$ 51,980</b>	<b>\$ 119,206</b>	<b>\$ 51,129</b>	<b>\$ 17,801</b>	<b>\$ 34,748</b>	<b>\$ 5,241</b>	<b>\$ 1,072,580</b>

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**NOTE 12—National Service Award Expense**

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

CNCS estimates the expense for national service awards based on the increase in its cumulative service award liability during the year (see Note 6). The total service award liability as of September 30, 2013 and 2012, 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)*

	2013	2012
Estimated education awards	\$ 190,594	\$ 208,758
Estimated interest forbearance	8,974	9,665
<b>National Service Award Expense</b>	<b>\$ 199,568</b>	<b>\$ 218,423</b>

**NOTE 13—Change in Unexpended Appropriations, Net****Unexpended Appropriations, Net as of September 30** *(dollars in thousands)*

	2013	2012
Unexpended Appropriations, Beginning Balance	\$ 864,831	\$ 876,088
<b>Increases:</b>		
Appropriations Received	1,048,884	1,050,870
<b>Decreases:</b>		
Appropriated Capital Used	(808,085)	(824,684)
Appropriations Transferred to Trust Fund (net of rescissions)	(200,719)	(207,561)
Program Funds Transferred to Trust	(22,849)	(4,355)
Rescissions and Cancellations	(72,549)	(25,527)
Total Decreases	(1,104,202)	(1,062,127)
<b>Change in Unexpended Appropriations</b>	<b>(55,318)</b>	<b>(11,257)</b>
<b>Unexpended Appropriations, Ending Balance</b>	<b>\$ 809,513</b>	<b>\$ 864,831</b>

**NOTE 14—Contingencies**

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

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

**NOTE 15—Subsequent Events**

CNCS has evaluated subsequent events through December 16, 2013, 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, 2013 and 2012 were \$868,598 and \$895,614 thousand, respectively.

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

An apportionment is a distribution by OMB of amounts available for obligation. OMB apportions Corporation funds on both a quarterly and annual basis. Obligations incurred during FY 2013 and 2012 were:

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

Fiscal Year	Direct	Reimbursable	Total
2013	\$ 1,226,901	\$ 53,039	\$ 1,279,940
2012	\$ 1,255,712	\$ 19,949	\$ 1,275,661

Section III:

# Independent Auditor's Report



**Office of Inspector General  
Corporation for National and  
Community Service**

**AUDIT OF THE  
CORPORATION FOR NATIONAL AND  
COMMUNITY SERVICE'S  
FISCAL YEAR 2013 FINANCIAL STATEMENTS**

**OIG REPORT 14-01**



Prepared by:

Kearney & Company, P.C.  
1701 Duke Street, Suite 500  
Alexandria, Virginia 22314

This report was issued to Corporation management on December 16, 2013. 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 June 16, 2014, and complete its corrective actions by December 16, 2014. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



December 16, 2013

TO: Wendy Spencer  
Chief Executive Officer

FROM: Stuart Axenfeld /s/  
Assistant Inspector General for Audit

SUBJECT: Audit of the Corporation for National and Community Service's  
Fiscal Year 2013 Financial Statements, OIG Report 14-01

We contracted with the independent certified public accounting firm of Kearney & Company, P.C. (Kearney) to audit the consolidated financial statements of the Corporation for National and Community Service (Corporation) as of September 30, 2013 and 2012, and for the years then ended. The contract required that the audit be performed in accordance with the *Government Auditing Standards*.

In its audit, Kearney found:

- The financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America;
- No material weaknesses in the Corporation's internal control over financial reporting; and
- No instances of noncompliance with applicable provisions of laws, regulations, contracts, and grant agreements.

Kearney is responsible for the attached independent auditor's reports, dated December 16, 2013, 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 Corporation's internal control over financial reporting or compliance with applicable provisions of laws, regulations, contracts, and grant agreements.

Attachment

cc: Asim Mishra, Chief of Staff  
Kim Mansaray, Acting Chief Operating Officer  
David Rebich, Chief Financial Officer  
Philip Clark, Chief Information Officer  
Rocco Gaudio, Deputy CFO for Grants and Field Financial Management Center  
Douglas Hilton, Director, Office of Accountability and Oversight  
David Zavada, Engagement Partner, Kearney & Company, P.C.



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of the Corporation for National and Community Service (the Corporation), which comprise the consolidated statements of financial position as of September 30, 2013 and 2012, the related consolidated statements of operations and changes in net position, the consolidated statements of cash flows, and the combined statements of budgetary resources (SBR) (hereinafter referred to as the "financial statements") for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of September 30, 2013 and 2012, and its net cost of operations, changes in net position, cash flows, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

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

As discussed in Note 1 to the financial statements, the Corporation reclassified certain amounts in the prior year’s combined SBR to conform to the current year’s presentation. These reclassifications had no effect on the previously reported Statements of Budgetary Resources balances.

Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis (hereinafter referred to as the “required supplementary information”) be presented to supplement the financial statements. This information, although not a part of the financial statements, is required by the OMB and the Federal Accounting Standards Advisory Board, who consider it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, and/or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These procedures included inquiries of management about the methods used in preparing the information and comparing it for consistency with management’s responses to our inquiries, the financial statements, and other knowledge we obtained during our audits. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the Donations and Contributions, National Service Trust Fund (Trust) Status Report – September 2013, and Improper Payments sections of the fiscal year 2013 Agency Financial Report is presented for purposes of additional analysis and is not a required part of the financial statements. Except as described below, such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Certain information from the Trust Status Report – September 2013 statements of financial position, related statements of operations and changes in net position, statements of cash flows and combined statements of budgetary resources (hereinafter referred to as the “Trust financial statements”), as of September 30, 2013, is presented as other information. In accordance with the requirements of the National and Community Service Act of 1990, as amended, we performed a separate audit of the Trust financial statements and issued a report thereon, dated December 16, 2013.

### **Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance with Applicable Provisions of Laws, Regulations, Contracts, and Grant Agreements**

In accordance with *Government Auditing Standards* and OMB Bulletin No. 14-02, we have also issued a report, dated December 16, 2013, on our consideration of the Corporation’s internal control over financial reporting and our tests of the Corporation’s compliance with certain provisions of laws, regulations, contracts, and grant agreements; and other matters for the year ended September 30, 2013. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting, or on compliance and other matters. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 14-02, and in considering the Corporation’s internal control over financial reporting and compliance.

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

Alexandria, Virginia  
December 16, 2013



## **INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE WITH APPLICABLE PROVISIONS OF LAWS, REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS**

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

We have audited the accompanying consolidated financial statements of the Corporation for National and Community Service (the Corporation), which comprise the consolidated statement of financial position as of September 30, 2013, the related consolidated statement of operations and changes in net position, the consolidated statement of cash flows, and the combined statement of budgetary resources (hereinafter referred to as the “financial statements”) for the year then ended, and the related notes to the financial statements, and have issued our report thereon, dated December 16, 2013. We conducted our audit 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. 14-02, *Audit Requirements for Federal Financial Statements*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation’s internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 14-02. 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, on a timely basis. A significant deficiency is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be



material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We noted certain additional matters involving internal control over financial reporting that we will report to the Corporation's management in a separate letter.

### **Compliance with Applicable Provisions of Laws, Regulations, Contracts, and Grant Agreements**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 14-02. We limited our tests of compliance to these provisions and did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Corporation. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 14-02.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 14-02 in considering the Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

Alexandria, Virginia  
December 16, 2013



### Status of Prior Year Findings

In the Report on Internal Control included in the *Independent Auditor's Report on the Corporation's 2012 and 2011 Financial Statements*, we noted a deficiency in internal control over financial reporting. Table 1 below summarizes the condition, as reported by us in the prior fiscal year (FY), and the status of that condition based on our evaluation of this finding in the current FY.

**Table 1: Prior Year Significant Internal Control Deficiencies**

Control Deficiency	FY 2012 Status	FY 2013 Status
Grant Accrual Estimate	Material Weakness	Closed

**Office of Inspector General  
Corporation for National and  
Community Service**

**AUDIT OF THE  
CORPORATION FOR NATIONAL AND  
COMMUNITY SERVICE'S  
FISCAL YEAR 2013  
NATIONAL SERVICE TRUST FUND  
FINANCIAL STATEMENTS**

**OIG REPORT 14-02**



Prepared by:

Kearney & Company, P.C.  
1701 Duke Street, Suite 500  
Alexandria, Virginia 22314



December 16, 2013

TO: Wendy Spencer  
Chief Executive Officer

FROM: Stuart Axenfeld /s/  
Assistant Inspector General for Audit

SUBJECT: Audit of the Corporation for National and Community Service's  
Fiscal Year 2013 National Service Trust Fund Financial Statements,  
OIG Report 14-02

We contracted with the independent certified public accounting firm of Kearney & Company, P.C. (Kearney) to audit the Corporation for National and Community Service's (Corporation) National Service Trust Fund financial statements (Trust financial statements) as of September 30, 2013 and 2012, and for the years then ended. The contract required that the audit be performed in accordance with the *Government Auditing Standards*.

In its audit, Kearney found that the Trust financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Kearney is responsible for the attached independent auditor's report, dated December 16, 2013, and the conclusions expressed therein. The Office of Inspector General does not express an opinion on the Trust financial statements.

#### Attachment

cc: Asim Mishra, Chief of Staff  
Kim Mansaray, Acting Chief Operating Officer  
David Rebich, Chief Financial Officer  
Philip Clark, Chief Information Officer  
Rocco Gaudio, Deputy CFO for Grants and Field Financial Management Center  
Douglas Hilton, Director, Office of Accountability and Oversight  
David Zavada, Engagement Partner, Kearney & Company, P.C.



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Trust Financial Statements**

We have audited the accompanying financial statements of the Corporation for National and Community Service (the Corporation) National Service Trust Fund (Trust), which comprise the statements of financial position as of September 30, 2013 and 2012, the related statements of operations and changes in net position, the statements of cash flows, and the combined statements of budgetary resources (SBR) (hereinafter referred to as the "Trust financial statements") for the years then ended, and the related notes to the Trust financial statements.

### ***Management's Responsibility for the Trust Financial Statements***

Management is responsible for the preparation and fair presentation of the Trust financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the Trust financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Trust financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Trust financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Trust financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Trust financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Trust financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the Trust financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of September 30, 2013 and 2012, and its net cost of operations, changes in net position, cash flows, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

As discussed in Note 1 to the Trust financial statements, the Corporation changed its basis of accounting from a regulatory basis, as prescribed by the National and Community Service Act of 1990 (NCSA) (Public Law 101-610), as amended, to accounting principles generally accepted in the United States of America. In accordance with this change, the Corporation presented a Statement of Cash Flows and SBR, and the related note disclosures for the periods ending September 30, 2013 and 2012. The addition of these financial statements had no effect on the previously reported schedule of Trust obligations and Trust budgetary resources, which have been moved to the National Service Trust Fund Status Report – September 2013, *Other Information* section of the fiscal year 2013 Agency Financial Report in conformity with the requirements of generally accepted accounting principles.

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

Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Other Information***

Our audits were conducted for the purpose of forming an opinion on the Trust financial statements taken as a whole. The information contained in the National Service Trust Fund Status Report – September 2013, *Other Information*, section of the fiscal year 2013 Agency Financial Report is presented for purposes of additional analysis and is not a required part of the Trust financial statements. Such information has not been subjected to the auditing procedures



applied in the audits of the Trust financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in blue ink that reads "Kearney &amp; Company".

Alexandria, Virginia  
December 16, 2013



**Memorandum**

**DATE:** December 16, 2013

**TO:** Deborah Jeffrey, Inspector General

**FROM:** David Rebich, Chief Financial Officer 

**SUBJECT:** Draft Report on the Corporation for National and Community Service's (CNCS) FY 2013 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 FY 2013 financial statements. I am pleased that we can report CNCS maintained its record of strong fiscal stewardship for the American people in FY 2013. CNCS received an unmodified opinion on its consolidated financial statements for the 14th consecutive year. The audit also found no instance of noncompliance with laws and regulations.

I am also pleased that the material weakness in financial reporting related to the estimated grant accruals and three management letter findings associated with financial reporting contained in the FY 2012 report was corrected. In addition, the audit results for six other management letter findings indicate that progress was made during FY 2013. Overall, the results reflect CNCS' commitment to sound financial management and the hard work to continuously improve financial operations.

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**Memorandum**

**DATE:** December 16, 2013

**TO:** Deborah Jeffrey, Inspector General

**FROM:** David Rebich, Chief Financial Officer 

**SUBJECT:** Draft Report on the FY 2013 National Service Trust Fund Financial Statements

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Thank you for the opportunity to respond to the draft report on the results of your audit of the FY 2013 National Service Trust Fund financial statements. I am pleased that we can report Corporation for National and Community Service (CNCS) maintained its unmodified opinion on the National Service Trust Fund financial statements.

CNCS revised the National Service Trust Fund reporting framework during FY 2013 principle financial statements and accompanying note disclosures to conform with generally accepted accounting principles as required by the Government Corporation Control Act (Act) and Executive Order 13331, National and Community Service Programs.

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## Section IV:

# Other Information

## Donations and Contributions

Under CNCS' authorizing legislation, donated funds may be accepted and used in furtherance of the purposes of the national service laws (42 USC 12651g(a)(2)(A)). The law allows CNCS to "solicit, accept, hold, administer, use, and dispose of, in furtherance of the purpose of the national service laws, donations of any money or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest or otherwise." The legislation also requires that CNCS report to the Congress on the nature and the amount of donations, as well as on how they were used and disposed of (in the case of donated property) in support of its programs and activities. This report fulfills these requirements for FY 2013.

CNCS also utilizes Pay.gov, a Treasury program that allows federal agencies to conduct transactions online. Under the Pay.gov program, CNCS collects donations by credit card or direct debit from donors. Pay.gov facilitates the process of collecting gift funds from donors online through a secure website with real-time identification verification and provides the reporting necessary for processing transactions. The following schedules show the Gift Fund balances available as of September 30, 2013, to fund authorized activities as well as the receipts and expenses paid from the Gift Fund in FY 2013 and FY 2012, respectively.



## Status of Gift Fund Balance at September 30, 2013

	Fund Balance With Treasury	Obligation & Commitments	Funds Available
Best Buy	\$ 40,513	\$ (4,600)	\$ 35,913
Bradley Foundation	2,030	-	2,030
CVS	7,500	-	7,500
Home Depot	135,262	(7,937)	127,325
Land O'Lakes	70,791	(3,240)	67,551
Ralph Lauren Polo Foundation	54,834	-	54,834
State Farm Insurance Co.	111	(111)	-
UPS Foundation	2,026	-	2,026
Walt Disney Company	45,903	(22,696)	23,207
Kellogg Foundation	55,572	(26,415)	29,157
Disaster Relief Fund	16,623	(350)	16,273
Motorola Foundation	970	-	970
Shell Oil Co.	3,365	-	3,365
Microsoft	6,315	-	6,315
American Express	25,000	(13,845)	11,155
IBEW Union	532	(532)	-
White House Council	108,007	-	108,007
Miscellaneous Donations	76,079	(52,301)	23,778
<b>Total</b>	<b>\$ 651,433</b>	<b>\$ (132,027)</b>	<b>\$ 519,406</b>

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

Donor	Use of Funds	2013		2012	
		Received	Used	Received	Used
Best Buy	Grants for the Martin Luther King Day of Service	\$ -	\$ 54,913	\$ 100,525	\$ 8,446
Home Depot		-	32,971		
Land O'Lakes		150,775	41,842		
Ralph Lauren Polo Foundation	Support for NCCC program activities	-	660	-	-
State Farm Insurance Co.	Learn & Serve America 15th	-	-	-	-
Walt Disney Company	Corporation Projects in support of USA Freedom Corp	-	12,656		
Shell Oil Co.	Support for the Martin Luther King Day of Service	-	-	-	-
Kellogg Foundation	AmeriCorps volunteer mobilization	-	-	2,000	1,500
IBEW Union	CNCS Board of Directors Support	-	517	-	-
Motorola Foundation	National Conference	475	-	395	1,962
Microsoft	Student Driven Virtual Help Desk	-	-	-	-
American Express	United We Serve	50,000	42,882	-	1,132
Rockefeller Foundation	White House Council on Community Solutions	-	-	100,000	89,237
<b>Small Individual Donations</b>	<b>Restricted to</b>				
	Disaster Relief	-	-	-	-
	Senior Corps	-	-	-	-
	AmeriCorps (Miscellaneous)	60	-	850	-
	AmeriCorps NCCC	-	-	200	335
	Learn & Serve America	-	-	-	-
	AmeriCorps Vista	-	3,309	-	-
	Service Learning Toolkit Promotion	-	-	-	-
	General/Miscellaneous Support	719	684	1,457	643
<b>Total</b>		<b>\$ 202,029</b>	<b>\$ 190,434</b>	<b>\$ 205,427</b>	<b>\$ 103,255</b>

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

## National Service Trust Fund Status Report— September 2013

The National Service Trust Fund (the Trust) was established by the National and Community Service Trust Act of 1993 (The Act), 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, funds transferred from subtitle C pursuant to 42 USC 1260, and proceeds from the sale or redemption of Trust investments. The Trust is also authorized to accept 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 2013, completion of a full-time term of service, requiring a minimum of 1,700 hours of service, entitles an AmeriCorps member to an education award of \$5,550. Completion of a part-time term, requiring a minimum of 900 hours of service, entitles an AmeriCorps member to an education award of \$2,775. Reduced part-time terms, which provide awards of \$500 to \$2,114, are also offered. The education award is indexed to the maximum federal Pell grant; therefore these amounts may 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, AmeriCorps State and National and Silver Service members who are age 55 or older when they begin service may transfer their education award to a qualified child, grandchild, or foster child. 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, AmeriCorps State and National and Silver Service members who are age 55 or older when they begin service may transfer their education award to a qualified child, grandchild, or foster child.

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 CNCSS’ Chief Executive Officer for award to grantees for which the final grant award has not been executed. For budgetary purposes these positions are considered commitments in the Trust Fund.

**Table 1. Member Position Award Activity**

AmeriCorps Program	Program Year 2013					Program Year 2012				
	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	22,825	39,330	10,168	2,697	75,020	66,212	1,148	6,660	1,000	75,020
VISTA	6,053	—	453	—	6,506	6,756	—	424	—	7,180
NCCC	1,173	—	27	—	1,200	1,208	—	—	—	1,208
<b>Total</b>	<b>30,051</b>	<b>39,330</b>	<b>10,648</b>	<b>2,697</b>	<b>82,726</b>	<b>74,176</b>	<b>1,148</b>	<b>7,084</b>	<b>1,000</b>	<b>83,408</b>

The 81,820 Trust positions planned for Program Year 2013 do not include an estimated 1,020 AmeriCorps VISTA members (870 full time and 150 Summer Associates) electing an end-of-service stipend instead of an education award. Total estimated member positions for Program Year 2013, including AmeriCorps VISTA members electing a stipend, is 82,840. Member enrollment and slot data are periodically adjusted to reflect corrections and slot reconfigurations by grantees; therefore they may change slightly from month to month.

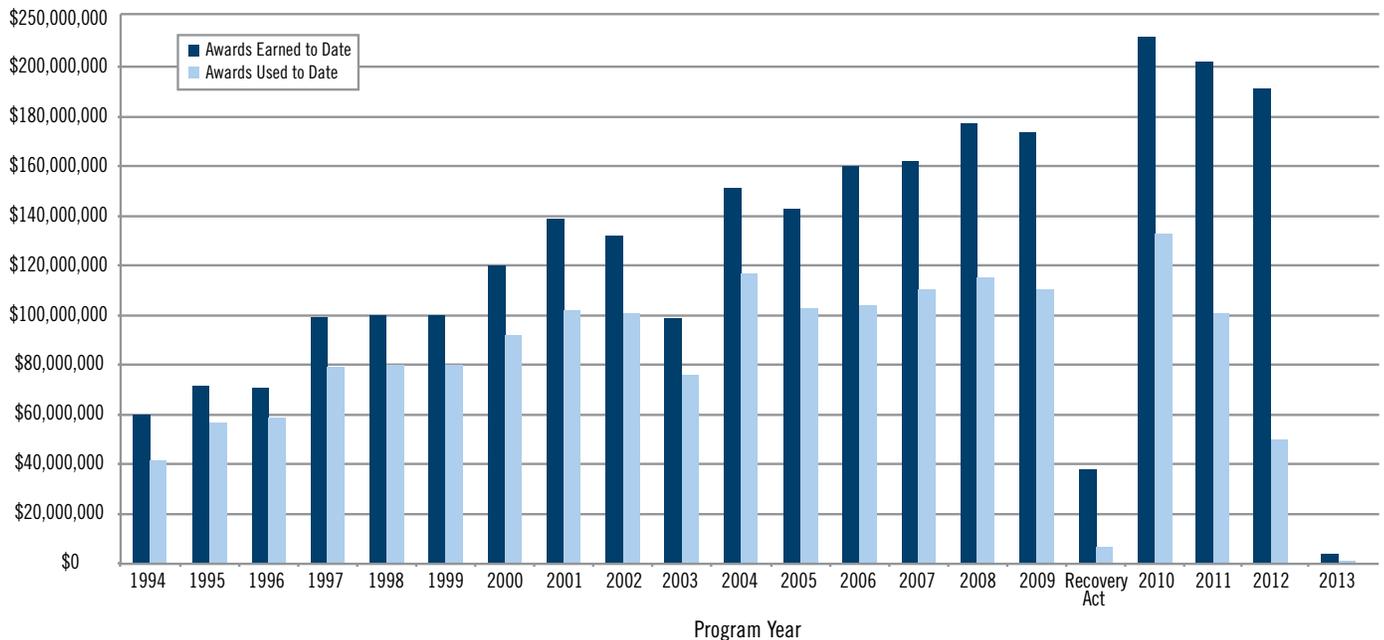
The 83,408 Trust positions for Program Year 2012 do not include an estimated 1,650 AmeriCorps VISTA members (1,329 full time and 321 Summer Associates) electing an end-of-service stipend instead of an education award. Total estimated member positions for Program Year 2012, including AmeriCorps VISTA members electing a stipend, is 85,058.

Of the 6,756 AmeriCorps VISTA member positions in the Trust for 2012, 1,835 positions are for Summer Associates who receive a Trust award of \$1,175. Member enrollment and slot data are periodically adjusted to reflect corrections and slot reconfigurations by grantees; therefore they may change slightly from month to month.

### Trust Awards

Since CNCS' inception in 1993, AmeriCorps members have earned over \$2.7 billion in Segal AmeriCorps Education Awards and used over \$1.9 billion to fund their education and repay student loans. In addition, CNCS has made \$70.3 million in interest forbearance payments. Approximately \$271.1 million in education awards earned have expired without being used. The Trust obligation formula has been adjusted to reflect these expired awards.

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



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

total of \$1,000 to help the student fund a college education. Although the program was discontinued in fiscal 2006, students have up to seven years to use their scholarship; therefore some payments will continue to be made over the next fourteen months. President's Freedom Scholarships payments to date have totaled \$21.6 million.

## Refilled Positions

CNCS policy allows grantees limited flexibility to refill positions vacated by a member who has served less than 30 percent of his or her service term, 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 2 provides information on the number of positions refilled. Recovery Act positions and positions in Program Years 2010 and earlier can no longer be refilled.

**Table 2. Number of Refilled Positions**

	Results to Date						
	Program Year 2009	Recovery Act	Program Year 2010	Program Year 2011	Program Year 2012	Program Year 2013	Fail-safe Trigger
Number of Refilled Positions	1,385	328	1,604	1,516	1,361	62	N/A
Refills as a Percent of Awarded State and National Positions	2.1%	3.1%	2.0%	2.1%	2.0%	0.1%	5%
State and National Enrollment as a Percentage of Awarded State and National Positions	97.3%	98.6%	99.5%	97.7%	98.3%	36.7%	97%

## National Service Trust Fund Accounting

The Statements of Financial Position; Operations and Changes in Net Position; Cash Flows, and Budgetary Resources and accompanying notes have been prepared from the books and records of the Corporation in accordance with generally accepted accounting principles as required by the Government Corporation Control Act (Act) and Executive Order 13331, National and Community Service Programs.

As specified in the Act, principal financial statements are the:

- Statement of Financial Position which reports the status of assets, liabilities, and net position of the Trust;
- Statement of Operations and Changes in Net Position which reports revenues and expenses for the year and the changes in net position that occurred during the year.
- Statement of Cash Flows which show how changes in the financial position affect cash according to operating, investing, and financing activity.
- Statement of Budgetary Resources which reports status of budgetary resources.

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.

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

**Corporation for National and Community Service**  
**National Service Trust Statements of Financial Position as of September 30**  
*(dollars in thousands)*

	2013	2012
<b>Assets</b>		
Fund Balance with Treasury (Note 2)	\$ 611	\$ 4,951
Investments, Net (Note 3)	692,243	637,507
Interest Receivable	922	1,058
Accounts Receivable, Net (Note 4)	234	251
<b>Total Assets</b>	<b>\$ 694,010</b>	<b>\$ 643,767</b>
<b>Liabilities</b>		
Service Award Liability (Note 5)	464,274	447,191
<b>Net Position</b>		
Cumulative Results of Operations (Note 6)	229,736	196,576
<b>Total Liabilities and Net Position</b>	<b>\$ 694,010</b>	<b>\$ 643,767</b>

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

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

	2013	2012
<b>Revenues</b>		
Appropriations (Note 7)	\$ 200,719	\$ 207,561
Transfer in of Program Funds	22,849	4,355
Interest	3,133	4,434
Other Revenue	6,054	2,686
<b>Total Revenues</b>	<b>\$ 232,755</b>	<b>\$ 219,036</b>
<b>Expenses</b>		
Service Award Expense	199,568	218,423
Write off/Recovery of Receivables	27	441
Total Expenses (Note 8)	\$ 199,595	\$ 218,864
<b>Excess of Revenues Over Expenses</b>	<b>\$ 33,160</b>	<b>\$ 172</b>
<b>Net Position</b>		
Excess of Revenues Over Expenses	33,160	172
Net Position, Beginning of Year	196,576	196,404
<b>Net Position, End of Year</b>	<b>\$ 229,736</b>	<b>\$ 196,576</b>

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

**Corporation for National and Community Service**  
**National Service Trust Statements of Cash Flows**  
**for the Periods Ended September 30** *(dollars in thousands)*

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2013</b>	<b>2012</b>
Net of Revenue over Expenses	\$ 33,160	\$ 172
Adjustments Affecting Cash Flow:		
Amortization of Premium/Discount on Investments	1,795	(2,811)
Appropriations Received in Trust	(223,568)	(211,916)
Decrease/(Increase) in Accounts Receivable	18	393
Decrease/(Increase) in Interest Receivable	136	385
Increase/(Decrease) in Trust Liability	17,083	36,930
Total Adjustments	(204,536)	(177,019)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>(171,376)</b>	<b>(176,847)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Assets	729,799	831,264
Purchase of Securities	(786,331)	(861,743)
<b>Net Cash Provided/(Used) in Investing Activities</b>	<b>(56,532)</b>	<b>(30,479)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Appropriations Received in Trust	223,568	211,916
<b>Net Cash Provided by Financing Activities</b>	<b>223,568</b>	<b>211,916</b>
<b>Net Increase/(Decrease) in Fund Balance with Treasury</b>	<b>(4,340)</b>	<b>4,590</b>
<b>Fund Balance with Treasury, Beginning</b>	<b>4,951</b>	<b>361</b>
<b>Fund Balance with Treasury, Ending</b>	<b>\$ 611</b>	<b>\$ 4,951</b>

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

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

BUDGETARY RESOURCES	2013	2012
Unobligated balance, brought forward, October 1	\$ 76,053	\$ 61,024
<b>Budget authority:</b>		
Appropriations (discretionary and mandatory)	224,863	215,772
<b>Spending authority from offsetting collections:</b>		
Spending Authority from offsetting collections (total)	<u>6,054</u>	<u>2,686</u>
<b>Total budgetary resources</b>	<b><u>\$ 306,970</u></b>	<b><u>\$ 279,482</u></b>
<b>STATUS OF BUDGETARY RESOURCES</b>		
<b>Obligations incurred</b>		
Obligations incurred (total)	<u>210,150</u>	<u>203,428</u>
<b>Unobligated balance</b>		
Apportioned	46,623	25,857
Unobligated balance not available	<u>50,197</u>	<u>50,197</u>
Total unobligated balance, end of year	<u>96,820</u>	<u>76,054</u>
<b>Total budgetary resources</b>	<b><u>\$ 306,970</u></b>	<b><u>\$ 279,482</u></b>

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

(Continued)

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

CHANGE IN OBLIGATED BALANCE	2013	2012
Unpaid obligations:		
Unpaid obligations, brought forward, October 1	\$ 564,476	\$ 542,589
Obligations incurred	210,150	203,428
Outlays (gross) (-)	<u>(182,495)</u>	<u>(181,541)</u>
<b>Unpaid Obligations, end of year</b>	<b>\$ 592,131</b>	<b>\$ 564,476</b>
Memorandum entries:		
Obligated balance, start of year	<u>\$ 564,476</u>	<u>\$ 542,589</u>
Obligated balance, end of year	<u><u>\$ 592,131</u></u>	<u><u>\$ 564,476</u></u>
<b>BUDGET AUTHORITY AND OUTLAYS, NET</b>		
Budget authority, gross (discretionary and mandatory)	\$ 230,917	\$ 218,458
Change in uncollected customer payments from federal sources	<u>(6,054)</u>	<u>(2,686)</u>
<b>Budget authority, net (discretionary and mandatory)</b>	<b><u><u>\$ 224,863</u></u></b>	<b><u><u>\$ 215,772</u></u></b>
Outlay, gross (discretionary and mandatory)	182,495	181,541
Actual offsetting collections	<u>(6,054)</u>	<u>(2,686)</u>
<b>Outlays, net (discretionary and mandatory)</b>	<b>\$ 176,441</b>	<b>\$ 178,855</b>
Distributed offsetting receipts	<u>(223,568)</u>	<u>(211,916)</u>
<b>Agency Outlays, net (discretionary and mandatory)</b>	<b><u><u>\$ (47,127)</u></u></b>	<b><u><u>\$ (33,061)</u></u></b>

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

## NOTE 1—Summary of Significant Accounting Policies

### A. REPORTING ENTITY

The National Service Trust Fund (the Trust) was established by the National and Community Service Trust Act of 1993 (The Act), 42 USC 12601, et seq. to provide funds for Segal AmeriCorps Education Awards for eligible participants who complete AmeriCorps service.

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

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

Funds from the Trust may be expended for the purpose of providing an education award or student loan interest forbearance payment and must always be paid directly to a qualified institution (college, university, or other approved educational institution, or a lending institution holding an existing student loan) as designated by the participant. The Trust may also expend funds for payments under the President's Freedom Scholarship Program as authorized under various Corporation appropriations through fiscal 2006.

### B. BASIS OF ACCOUNTING

The Statements of Financial Position; Operations and Changes in Net Position, Cash Flows and Budgetary Resources have been prepared from the books and records of CNCS in accordance with Generally Accepted Accounting Principles (GAAP) as required by the Government Corporation Control Act (Act) and Executive Order 13331, National and Community Service Programs.

### 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 standard 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. The Combined Statement of Budgetary Resources presents additional details to include activity that is significant to the CNCS.

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 the National Service Trust Fund 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, 2013, the carrying amounts of Fund Balance with Treasury, Accounts Receivable, Accrued Interest Receivable, and 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. The FBWT maintained in the National Service Trust is restricted to specific purposes, such as paying service awards earned by eligible participants, and is not available for use in the current operations of CNCS.

#### **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. CASH EQUIVALENTS**

For purposes of the statement of cash flows, CNCS considers all interest-bearing Treasury securities guaranteed by the United States to be cash equivalents.

#### **I. ACCOUNTS RECEIVABLE**

Accounts receivable represents amounts due to CNCS primarily related to grantee audit resolution determinations. An allowance for doubtful accounts is established for reporting purposes based on past experience.

#### **J. TRUST SERVICE AWARD LIABILITY**

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

#### **K. 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.

#### **L. NET POSITION**

Net Position represents Net Assets and is comprised of cumulative results of operations. Cumulative results of operations represent the net differences between revenues and expenses from the inception of CNCS.

#### **M. REVENUE RECOGNITION**

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.

**Transfer in of Program Funds.** Transfers in of program funds are recognized as revenue when funds are transferred from subtitle C pursuant to 42 USC 1260.

**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.

**Other Revenue.** CNCS' engagements in federal partnerships allow the Trust Fund to be reimbursed for Segal AmeriCorps Education Awards earned by members supporting activities of the partnership. The revenue from these partnerships is recognized as Other revenue when earned.

#### **N. 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.

#### **O. USE OF ESTIMATES**

The preparation of financial statements in accordance with GAAP requires CNCS to make estimates and assumptions about future events. These estimates and assumptions affect the amounts reported in

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

#### **P. COMPARATIVE DATA**

The National Trust Fund financial statements provide comparative information for FY 2013 and 2012. For FY 2013, the Statements of Cash Flow and Budgetary Resources were added as primary statements

to conform with GAAP as applicable to federal government corporations. Certain prior year amounts have been reclassified to conform to current year presentation and better reflect CNCS' operations under its reauthorization.

#### **Q. CONCENTRATION OF RISKS**

Congress annually considers whether to fund CNCS' program and operational activities. Should Congress opt not to enact appropriations to fund them, CNCS would be unable to continue operations of the National Service Trust Fund once funds are exhausted for their intended purpose. Corporation management believes the risk of such an occurrence 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 Trust Funds of \$611 thousand in FY 2013 and \$5.0 million in FY 2012 that are considered restricted.

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.

**Unexpended Balances as of September 30, 2013** *(dollars in thousands)*

Type	Restricted	Total
FBWT	\$ 611	\$ 611
Investments and Related Receivables	693,165	693,165
<b>Total</b>	<b>\$ 693,776</b>	<b>\$ 693,776</b>

**Status of Unexpended Balances as of September 30, 2013** *(dollars in thousands)*

Type	Restricted	Total
Unobligated:		
Available	\$ 51,448	\$ 51,448
Unavailable	50,197	50,197
Obligated not yet Disbursed	592,131	592,131
<b>Total</b>	<b>\$ 693,776</b>	<b>\$ 693,776</b>

**Unexpended Balances as of September 30, 2012** *(dollars in thousands)*

Type	Restricted	Total
FBWT	\$ 4,951	\$ 4,951
Investments and Related Receivables	638,565	638,565
<b>Total</b>	<b>\$ 643,516</b>	<b>\$ 643,516</b>

**Status of Unexpended Balances as of September 30, 2012** *(dollars in thousands)*

Type	Restricted	Total
Unobligated:		
Available	\$ 28,843	\$ 28,843
Unavailable	50,197	50,197
Obligated not yet Disbursed	564,476	564,476
<b>Total</b>	<b>\$ 643,516</b>	<b>\$ 643,516</b>

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

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

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

	2013	2012
Investments, Carrying Value	\$ 692,243	\$ 637,507
Interest Receivable	922	1,058
<b>Total</b>	<b>\$ 693,165</b>	<b>\$ 638,565</b>

**Amortized Cost and Fair Value of Investment Securities as of September 30, 2013** *(dollars in thousands)*

Securities	Amortized Cost	Unrealized Gains/(Losses)	Fair Value
Notes	\$ 512,220	\$ 1,560	\$ 513,780
Bills	180,023	11	180,034
<b>Total</b>	<b>\$ 692,243</b>	<b>\$ 1,571</b>	<b>\$ 693,814</b>

**Amortized Cost and Fair Value of Investment Securities as of September 30, 2012** *(dollars in thousands)*

Securities	Amortized Cost	Unrealized Gains/(Losses)	Fair Value
Notes	\$ 477,115	\$ 3,045	\$ 480,160
Bills	160,392	5	160,397
<b>Total</b>	<b>\$ 637,507</b>	<b>\$ 3,050</b>	<b>\$ 640,557</b>

At September 30, 2013, the notes held at year-end had an interest rate range of 0.250 percent to 4.25 percent and an outstanding maturity period of approximately seven days to three years. The bills held at year-end had an interest rate range of 0.000 percent to 0.175 percent and were all due to mature within 364 days. The par values of these bills range from \$.2 million to \$33.0 million. The fair value of the bills and notes is based on bid and ask prices quoted by the Treasury as of September 30, 2013 and 2012.

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, 2013, \$50.2 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	2013		2012	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	\$ 441,185	\$ 441,710	\$ 327,537	\$ 327,780
Due after 1 year up to 5 years	251,058	252,104	309,970	312,777
<b>Total</b>	<b>\$ 692,243</b>	<b>\$ 693,814</b>	<b>\$ 637,507</b>	<b>\$ 640,557</b>

### NOTE 4 – Accounts Receivables, Net

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

	Trust Fund	Total
<b>2013</b>		
Accounts receivable	\$ 281	\$ 281
Less: allowance for loss on receivables	(47)	(47)
<b>Accounts Receivable, Net</b>	<b>\$ 234</b>	<b>\$ 234</b>
<b>2012</b>		
Accounts receivable	\$ 289	\$ 289
Less: allowance for loss on receivables	(38)	(38)
<b>Accounts Receivable, Net</b>	<b>\$ 251</b>	<b>\$ 251</b>

**NOTE 5—Trust Service Award Liability**

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 paid. 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.

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

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)*

	2013	2012
Education awards	\$ 2,301,708	\$ 2,109,437
Interest forbearance	79,604	72,256
President's Freedom Scholarship Program	<u>22,527</u>	<u>22,527</u>
Total estimated service award liability	2,403,839	2,204,220
Less: cumulative awards paid	<u>1,939,565</u>	<u>1,757,029</u>
<b>Total</b>	<b><u>\$ 464,274</u></b>	<b><u>\$ 447,191</u></b>

Since the Corporation's inception in 1994, AmeriCorps members have earned over \$2.7 billion in education awards. The Corporation has made \$1.9 billion in payments to educational institutions and student loan holders on these awards. In addition, the Corporation has made \$72.0 million in interest forbearance payments since the program's inception. Approximately \$271.9 million in education awards earned had expired without being used as of September 30, 2013. The Trust obligation formula has been adjusted to reflect these expired awards. Payments for President's Freedom Scholarships have totaled \$21.7 million.

The net Service Award Liability as of September 30, 2013 increased by approximately \$17.1 million from the net Service Award Liability as of September 30, 2012. This change was largely due to new member enrollments related to FEMA Corps and an increase in the number of members still serving during the year. Past CNCS appropriations made amounts from the National Service Trust available for \$1,000 scholarships for high school students known as Presidential Freedom Scholarships. To fund each scholarship, a local community or corporate source matched the \$500 portion of the scholarship provided by CNCS. The program was

discontinued in fiscal 2007; however, because students have up to seven years to use the scholarship, some payments will continue to be made through 2014. As of October 1, 2009, the National Service Trust is also available to pay Summer of Service and Silver Scholar educational awards. However, the Silver Scholar program was not funded and no current liability was accrued for those educational awards. The Summer of Service program was only funded in FY 2010.

**NOTE 6—Net Positions**

Net position consists of cumulative results of operations. The cumulative result of operations for the Trust Fund was \$229.7 million in FY 2013 and \$196.6 million in FY 2012, respectively.

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 financial of position of the Trust Fund in the amounts of \$229.7 million in FY 2013 and \$196.6 million in FY 2012 is temporarily restricted.

**NOTE 7—Appropriations Received by the National Service Trust**

For fiscal year 2013, the National Service Trust received \$200.7 million under the Continuing Appropriations Act, 2013 (Public Law 112-175). For fiscal year 2012, the National Service Trust received \$207.6 million under the Consolidated Appropriations Act. The acts also authorized CNCS to transfer additional amounts from subtitle C program funds to the National Service Trust to support the activities of national service participants. CNCS transferred \$22.8 million and \$4.4 million to the Trust under this provision in fiscal year 2013 and 2012, respectively.

**NOTE 8—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:

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

**Expenses by Sub-Program for the Period Ended September 30, 2013** *(dollars in thousands)*

Type	State/National	AmeriCorps		Total
		NCCC	VISTA	
Service award expense	171,188	8,484	19,896	199,568
<b>Total Expenses</b>	<b>\$ 171,188</b>	<b>\$ 8,484</b>	<b>\$ 19,896</b>	<b>\$ 199,568</b>

**Expenses by Sub-Program for the Period Ended September 30, 2012** *(dollars in thousands)*

Type	State/National	AmeriCorps		Total
		NCCC	VISTA	
Service award expense	182,786	8,609	27,028	218,423
<b>Total Expenses</b>	<b>\$ 182,786</b>	<b>\$ 8,609</b>	<b>\$ 27,028</b>	<b>\$ 218,423</b>

**NOTE 9—Subsequent Events**

CNCS has evaluated subsequent events through December 16, 2013, 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 10—Undelivered Orders at Fiscal Year-End**

Trust Fund undelivered orders at September 30, 2013 and 2012 were \$592.1 and \$564.5 million, respectively.

**NOTE 11—Apportionment Categories of Incurred Obligations**

An apportionment is a distribution by OMB of amounts available for obligation. OMB apportions Trust funds on an annual basis. Obligations incurred in the Trust Fund during FY 2013 and 2012 were \$210.1 and \$203.4 million, respectively.

## Other Information

Table 3 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 a particular fiscal year's grant funds. Positions are often filled in time periods after the year in which they are

awarded. For example, a grantee may receive a grant in fiscal year 2012 but not fill all positions until fiscal 2013. All positions related to this grant would be considered Program Year 2012 positions, irrespective of the year in which they are filled.

**Table 3. Factors Affecting the National Service Trust Fund**

	Program Year				
	2012	Recovery Act	2011	2012	2013
Member enrollments in the Trust	88,362	13,862	79,197	74,176	30,051
Percent of members who earned an education award	83.6%	82.7%	84.8%	86.4%	66.7%
Percent of earned education awards used	63.0%	68.6%	50.0%	24.8%	16.4%
Weighted average yield to maturity for investments	1.3%	0.25%	1.25%	1.25%	1.25%
<b>Breakout of enrollment by term type:</b>					
Full-time	43%	57%	45%	48%	79%
Part-time	13%	0%	13%	13%	8%
Reduced Part-time	44%	43%	42%	39%	14%

The Program Year data used throughout these tables reflect all enrollments recorded through the reporting period. 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 2012 there are 74,176 members enrolled in the Trust, of which 13,063 are reported as still earning an award and 52,810 as having earned an award. Therefore the percentage of members who earned an education award is calculated by dividing the number of education awards earned 52,810 by the number of enrolled members who are no longer earning an award [74,176 – 13,063 = 61,113]. Thus the percentage of members who earned an award is 52,810/61,113 or 86.41 percent. The percentage of earned education awards used is calculated by taking the dollar amount of

education awards used divided by the total amount earned for the Program Year to date. Term type is based on Program Year enrollments to date. The enrollment and award usage data used to compute these factors can be found in Table 4, at the end of this report.

Tables 4 and 5 present information on the budgetary resources and obligations of the Trust, including the Trust Reserve. The National and Community Service Act of 1990 (NCSA), as amended by the Edward M. Kennedy Serve America Act (PL 111- 13), establishes the specific criteria for estimating and recording obligations in the Trust. Accordingly, CNCS records Trust obligations at the time it awards AmeriCorps State and National grants or at the time AmeriCorps VISTA and NCCC members begin their terms of service.

**Table 4. Corporation for National and Community Service  
National Service Trust Schedule of Budgetary Activity for the Period Ended  
September 30, 2013**

Resources	Recovery Act	Trust FEMA Corps	General Fund	Consolidated
Funds Available at October 1	\$ 1,882,155	\$ 3,594	\$ 8,569,708	\$ 10,455,457
<b>Budgetary Resources</b>				
Fiscal Year Appropriation	-	-	200,718,695	200,718,695
Other Actual Collections – Federal	-	5,737,206	-	5,737,206
Transfers in of Program Funds	-	-	22,848,845	22,848,845
Deobligation Prior Year Positions (net)	-	-	6,633,892	6,633,892
Collection of Audit Receivables	-	-	316,692	316,692
Less: Additions to Trust Reserve	-	-	-	-
Total Budgetary Resources	1,882,155	5,740,800	239,087,832	246,710,787
<b>Obligations</b>				
Education Awards	-	(4,532,570)	(187,926,851)	(192,459,421)
Interest Forbearance	-	(183,166)	(7,445,145)	(7,628,311)
Total Obligations	-	(4,715,736)	(195,371,996)	(200,087,732)
<b>Net Change in Commitments</b>				
Education Awards	-	-	(5,278,020)	(5,278,020)
Interest Forbearance	-	-	(1,113,316)	(1,113,316)
Net Change in Commitments	-	-	(6,391,336)	(6,391,336)
<b>Funds Available for Obligation</b>	<b>\$ 1,882,155</b>	<b>\$ 1,025,064</b>	<b>\$ 37,324,500</b>	<b>\$ 40,231,719</b>

In accordance with the National and Community Service Act of 1990 and Sec. 149. (42 U.S.C. 12606), the Schedules of Budgetary Activity and Trust Obligations are used to specify amounts deposited to the Trust and present the amounts recorded as an obligation based on an estimate of the net present value of the education benefit discounted for the estimated enrollment, earning and usage rate and the time value of money. For fiscal 2013, these factors are the full value of the Segal AmeriCorps Education Award, a 100 percent enrollment rate (which allows for refills), an average earning rate of 84 percent (which ranges from 77 to 86 percent depending on term type), and an average usage rate of 87 percent. Under the Kennedy Serve America Act, awards earned by members over age 55 can be transferred to an eligible beneficiary. Therefore, for budgetary purposes we are projecting that all transferable awards will eventually be used. For program years 2002 and prior, CNCS uses the actual amounts earned, adjusted for amounts used and the time

value of money to determine the obligation. Obligations are periodically adjusted to reflect current earning and usage projections.”

A portion of the funds in the Trust is held in reserve and are for use in the event that the estimates used to calculate obligations differ from actual results. The reserve currently totals \$50.2 million (\$46.7 million for the General Fund and \$3.5 million for the Recovery Act Fund). To date, no reserve funds have been used.

FEMA Corps is a new unit of AmeriCorps’ National Civilian Community Corps (NCCC) whose members will be devoted solely to FEMA disaster response, and recovery efforts. The five-year agreement provides for a full service corps of 1,600 members annually who will compliment and support of FEMA’s current disaster workforce.

**Table 5. Corporation for National and Community Service  
National Service Trust Schedule of Trust Obligations  
as of September 30, 2013**

Resources	Recovery Act	FEMA Corps	General Fund	Consolidated
Fund Balance with Treasury	\$ 105,662	\$ 223,392	\$ 281,553	\$ 610,607
Investments, Net	12,508,659	7,205,663	672,529,061	692,243,383
Interest Receivable	-	-	922,111	922,111
Accounts Receivable	-	-	234,133	234,133
Subtotal	12,614,321	7,429,055	673,966,858	694,010,234
<b>Less:</b>				
Cumulative Trust Reserve	(3,500,000)	-	(46,697,000)	(50,197,000)
Receivables Not Available for Obligation	(8,659)	(5,663)	(5,044,994)	(5,059,316)
Total Resources	9,105,662	7,423,392	622,224,864	638,753,918
<b>Unliquidated Obligations</b>				
Education Awards	(7,107,606)	(6,190,424)	(562,690,654)	(575,988,684)
Interest Forbearance	(115,901)	(207,904)	(14,935,374)	(15,259,179)
President’s Freedom Scholarships	-	-	(883,000)	(883,000)
Total Unliquidated Obligations	(7,223,507)	(6,398,328)	(578,509,028)	(592,130,863)
<b>Commitments</b>				
Education Awards	-	-	(5,278,020)	(5,278,020)
Interest Forbearance	-	-	(1,113,316)	(1,113,316)
Total Commitments	-	-	(6,391,336)	(6,391,336)
<b>Funds Available for Obligation</b>	<b>\$ 1,882,155</b>	<b>\$ 1,025,064</b>	<b>\$ 37,324,500</b>	<b>\$ 40,231,719</b>

## Enrollment Activity

Table 6 presents cumulative data to date on Trust enrollments, education awards earned and used for Program Years 1994 through 2013 as well as Recovery Act positions.

**Table 6. Trust Enrollment Activity—Program Years 1994 through 2013**

Program Year	Type	Members Enrolled	Members Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
1994	Full-time	15,331	0	11,463	3,868	\$48,266,389.19	\$35,310,366.87
	Part-time	6,264	0	4,172	2,092	\$8,988,028.17	\$6,694,416.79
	Reduced Part-time	2,814	0	2,432	382	\$2,467,981.29	\$1,748,637.74
	<b>Total</b>	<b>24,409</b>	<b>0</b>	<b>18,067</b>	<b>6,342</b>	<b>\$59,722,398.65</b>	<b>\$43,753,421.40</b>
1995	Full-time	17,551	0	13,563	3,988	\$61,095,280.87	\$46,174,720.47
	Part-time	6,850	0	4,362	2,488	\$9,551,027.13	\$6,944,709.87
	Reduced Part-time	577	0	493	84	\$481,481.98	\$349,740.58
	<b>Total</b>	<b>24,978</b>	<b>0</b>	<b>18,418</b>	<b>6,560</b>	<b>\$71,127,789.98</b>	<b>\$53,469,170.92</b>
1996	Full-time	17,634	0	13,319	4,315	\$60,762,700.91	\$47,452,937.01
	Part-time	6,941	0	4,467	2,474	\$10,085,197.90	\$7,157,131.16
	Reduced Part-time	593	0	505	88	\$499,514.66	\$394,179.93
	<b>Total</b>	<b>25,168</b>	<b>0</b>	<b>18,291</b>	<b>6,877</b>	<b>\$71,347,413.47</b>	<b>\$55,004,248.10</b>
1997	Full-time	23,259	0	17,294	5,965	\$79,318,854.34	\$62,492,739.88
	Part-time	12,832	0	7,083	5,749	\$15,939,868.60	\$11,712,827.10
	Reduced Part-time	3,677	0	2,975	702	\$2,904,130.87	\$2,315,198.17
	<b>Total</b>	<b>39,768</b>	<b>0</b>	<b>27,352</b>	<b>12,416</b>	<b>\$98,162,853.81</b>	<b>\$76,520,765.15</b>
1998	Full-time	24,749	0	17,903	6,846	\$82,264,571.93	\$65,310,115.79
	Part-time	11,156	0	6,208	4,948	\$14,031,027.14	\$10,220,496.61
	Reduced Part-time	5,101	0	3,829	1,272	\$3,799,775.12	\$3,002,711.80
	<b>Total</b>	<b>41,006</b>	<b>0</b>	<b>27,940</b>	<b>13,066</b>	<b>\$100,095,374.19</b>	<b>\$78,533,324.20</b>
1999	Full-time	23,294	0	17,016	6,278	\$78,324,396.27	\$62,159,045.89
	Part-time	11,333	0	6,915	4,418	\$15,636,042.42	\$11,226,347.34
	Reduced Part-time	7,260	0	5,862	1,398	\$6,095,874.28	\$4,841,701.83
	<b>Total</b>	<b>41,887</b>	<b>0</b>	<b>29,793</b>	<b>12,094</b>	<b>\$100,056,312.97</b>	<b>\$78,227,095.06</b>
2000	Full-time	26,203	0	19,082	7,121	\$87,921,306.62	\$69,537,392.52
	Part-time	13,213	0	8,453	4,760	\$19,404,182.70	\$13,696,839.52
	Reduced Part-time	13,619	0	10,272	3,347	\$10,645,579.77	\$8,522,513.48
	<b>Total</b>	<b>53,035</b>	<b>0</b>	<b>37,807</b>	<b>15,228</b>	<b>\$117,971,069.09</b>	<b>\$91,756,745.52</b>
2001	Full-time	29,455	0	22,600	6,855	\$104,409,272.45	\$82,674,422.91
	Part-time	13,834	0	8,884	4,950	\$20,165,005.40	\$13,854,609.14
	Reduced Part-time	15,827	0	12,470	3,357	\$12,967,902.89	\$9,911,073.87
	<b>Total</b>	<b>59,116</b>	<b>0</b>	<b>43,954</b>	<b>15,162</b>	<b>\$137,542,180.74</b>	<b>\$106,440,105.92</b>
2002	Full-time	28,139	0	23,172	4,967	\$107,730,673.73	\$87,636,041.99
	Part-time	9,427	0	6,478	2,949	\$14,859,278.64	\$10,256,610.63
	Reduced Part-time	10,842	0	8,118	2,724	\$9,300,854.33	\$7,262,166.76
	<b>Total</b>	<b>48,408</b>	<b>0</b>	<b>37,768</b>	<b>10,640</b>	<b>\$131,890,806.70</b>	<b>\$105,154,819.38</b>

**Table 6. Trust Enrollment Activity—Program Years 1994 through 2013** *(continued)*

Program Year	Type	Members Enrolled	Members Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
2003	Full-time	18,319	0	15,236	3,083	\$70,063,810.06	\$55,973,686.25
	Part-time	9,424	0	7,063	2,361	\$16,283,881.70	\$11,524,856.28
	Reduced Part-time	13,272	0	10,590	2,682	\$12,084,613.06	\$9,180,532.25
<b>Total</b>		<b>41,015</b>	<b>0</b>	<b>32,889</b>	<b>8,126</b>	<b>\$98,432,304.82</b>	<b>\$76,679,074.78</b>
2004	Full-time	29,044	0	24,363	4,681	\$113,198,486.73	\$94,071,936.55
	Part-time	10,833	0	7,614	3,219	\$17,514,510.62	\$12,354,578.25
	Reduced Part-time	22,779	0	17,992	4,787	\$20,763,252.88	\$16,161,639.67
<b>Total</b>		<b>62,656</b>	<b>0</b>	<b>49,969</b>	<b>12,687</b>	<b>\$151,476,250.23</b>	<b>\$122,588,154.47</b>
2005	Full-time	28,301	0	23,094	5,207	\$107,133,771.62	\$87,380,253.87
	Part-time	11,132	0	7,809	3,323	\$17,968,525.35	\$12,832,663.77
	Reduced Part-time	23,365	0	18,084	5,281	\$20,338,612.06	\$15,407,329.80
<b>Total</b>		<b>62,798</b>	<b>0</b>	<b>48,987</b>	<b>13,811</b>	<b>\$145,440,909.03</b>	<b>\$115,620,247.44</b>
2006	Full-time	30,389	0	25,167	5,222	\$116,957,710.23	\$92,361,454.84
	Part-time	11,619	0	8,199	3,420	\$18,935,740.46	\$13,067,074.71
	Reduced Part-time	27,255	1	21,001	6,253	\$23,833,568.30	\$17,715,007.97
<b>Total</b>		<b>69,263</b>	<b>1</b>	<b>54,367</b>	<b>14,895</b>	<b>\$159,727,018.99</b>	<b>\$123,143,537.52</b>
2007	Full-time	30,905	0	26,185	4,720	\$121,975,658.01	\$96,596,519.99
	Part-time	10,137	0	7,367	2,770	\$17,027,260.29	\$11,754,422.56
	Reduced Part-time	26,943	0	21,366	5,577	\$24,309,300.61	\$17,791,592.25
<b>Total</b>		<b>67,985</b>	<b>0</b>	<b>54,918</b>	<b>13,067</b>	<b>\$163,312,218.91</b>	<b>\$126,142,534.80</b>
2008	Full-time	32,368	0	28,181	4,187	\$131,710,066.71	\$101,262,717.02
	Part-time	10,679	1	8,113	2,565	\$18,842,497.88	\$12,646,358.51
	Reduced Part-time	27,007	1	21,876	5,130	\$24,990,545.16	\$17,754,463.63
<b>Total</b>		<b>70,054</b>	<b>2</b>	<b>58,170</b>	<b>11,882</b>	<b>\$175,543,109.75</b>	<b>\$131,663,539.16</b>
2009	Full-time	31,037	2	27,320	3,715	\$127,713,768.60	\$93,494,348.70
	Part-time	9,878	24	7,589	2,265	\$17,621,890.44	\$11,296,467.80
	Reduced Part-time	28,866	7	23,303	5,556	\$26,484,489.14	\$18,442,936.53
<b>Total</b>		<b>69,781</b>	<b>33</b>	<b>58,212</b>	<b>11,536</b>	<b>\$171,820,148.18</b>	<b>\$123,233,753.03</b>
Recovery Act	Full-time	7,907	0	6,654	1,253	\$31,013,381.18	\$21,577,132.42
	Part-time	0	0	0	0	\$0.00	\$0.00
	Reduced Part-time	5,955	0	4,813	1,142	\$7,004,737.02	\$4,486,324.58
<b>Total</b>		<b>13,862</b>	<b>0</b>	<b>11,467</b>	<b>2,395</b>	<b>\$38,018,118.20</b>	<b>\$26,063,457.00</b>

**Table 6. Trust Enrollment Activity—Program Years 1994 through 2013** *(continued)*

Program Year	Type	Members Enrolled	Members Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
2010	Full-time	37,723	0	33,284	4,426	\$175,577,504.01	\$112,773,143.30
	Part-time	11,426	0	8,733	2,612	\$22,823,457.20	\$12,636,871.80
	Reduced Part-time	39,213	0	31,743	7,437	\$38,759,833.05	\$24,058,659.70
<b>Total</b>		<b>88,362</b>	<b>0</b>	<b>73,760</b>	<b>14,475</b>	<b>\$237,160,794.26</b>	<b>\$149,468,674.80</b>
2011	Full-time	35,760	41	31,420	4,299	\$169,992,576.87	\$85,402,299.50
	Part-time	10,352	179	8,250	1,923	\$22,162,641.01	\$9,257,781.84
	Reduced Part-time	33,085	412	26,947	5,726	\$35,178,369.01	\$19,058,665.64
<b>Total</b>		<b>79,197</b>	<b>632</b>	<b>66,617</b>	<b>11,948</b>	<b>\$227,333,586.89</b>	<b>\$113,718,746.98</b>
NCS							
2012	Full-time	1,470	868	366	236	\$1,978,984.76	\$504,093.90
2012	Full-time	35,756	3,297	28,448	4,011	\$152,865,572.78	\$38,597,548.59
	Part-time	9,496	2,757	5,402	1,337	\$14,599,176.33	\$2,251,828.42
	Reduced Part-time	28,924	7,009	18,960	2,955	\$24,712,994.80	\$6,750,721.39
<b>Total</b>		<b>74,176</b>	<b>13,063</b>	<b>52,810</b>	<b>8,303</b>	<b>\$192,177,743.91</b>	<b>\$47,600,098.40</b>
2013	Full-time	23,606	22,284	510	812	\$2,700,236.63	\$367,528.44
	Part-time	2,300	2,279	1	20	\$2,775.00	\$1,388.00
	Reduced Part-time	4,145	2,844	1,251	50	\$1,469,403.63	\$314,683.25
<b>Total</b>		<b>30,051</b>	<b>27,407</b>	<b>1,762</b>	<b>882</b>	<b>\$4,172,415.26</b>	<b>\$683,599.69</b>
<b>Cumulative To Date</b>		<b><u>1,200,727</u></b>	<b><u>43,177</u></b>	<b><u>917,248</u></b>	<b><u>240,302</u></b>	<b><u>\$2,917,021,758.69</u></b>	<b><u>\$1,978,746,620.24</u></b>

## Improper Payments

Like all federal agencies, CNCS is responsible for complying with the Improper Payments Elimination and Recovery Act of 2010 (IPERA). IPERA requires agencies to evaluate their programs and activities at least once every 3 years to determine which programs or activities are susceptible to improper payments.<sup>8</sup> For any program or activity determined to be susceptible to significant improper payments,<sup>9</sup> IPERA and its implementing Office of Management and Budget (OMB) guidance requires agencies to:

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

As reported in its Fiscal Year 2012 Agency Financial Report, in Fiscal Year 2013 CNCS has undertaken a far more rigorous approach to assessing whether its programs were susceptible to significant levels of improper payments. CNCS's analysis in Fiscal Year 2013 focused specifically assessing whether the AmeriCorps State and National grant program is susceptible to significant levels of improper payments. Because the AmeriCorps State and National program has annual outlays in excess of \$300 million (significantly larger than any other CNCS program), relatively modest levels of improper payments can still lead to the conclusion that total estimated improper payments exceed \$10 million (which would meet the IPERA reporting threshold).

At the outset, CNCS had to determine how it was going to assess what constituted an "improper payment" with a federal grant program. CNCS determined that, in order to meet the overall purposes of IPERA, it would assess the rate of improper payment within its grant programs consistent with the criteria for disallowing costs in federal grants. In other words, CNCS considers any use of its grant funds which meets the allowable cost criteria under applicable OMB cost principles and the terms and conditions of the CNCS grant to be proper payments, and any use of grant funds which would not be allowable grant charges to be an improper payment for purposes of IPERA.

Having adopted this standard for assessing improper payments within its grant programs, CNCS began an analysis of the levels of improper payments among cost-reimbursement grantees in the AmeriCorps State and National program. Although not required to do so, CNCS decided to conduct its initial IPERA assessment through a rigorous statistical approach. Although AmeriCorps grantees are subject to significant program and fiscal monitoring, there has never been an analysis of the costs incurred by AmeriCorps grantees across the entire portfolio. Historically, CNCS's monitoring of its grantees, and the OIG audits of grant awards, have been concentrated on grants and programs that represented higher risks. While this is an appropriate way to allocate limited resources, it severely limits CNCS's ability to assess an entire portfolio of grantees. A statistically-based approach allows CNCS to more accurately assess the extent of improper payments across an entire program grant portfolio.

Based on its statistically-based approach for the AmeriCorps grants, CNCS has determined that the AmeriCorps State and National program is susceptible to significant levels of improper payments. Accordingly, CNCS's IPERA program will now move forward with obtaining Office of Management and Budget approval of its overall statistical approach to measuring improper payments, and engaging in appropriate corrective actions. Upon approval of the measurement methodology (and any additional sampling and analysis required), CNCS will describe its measurement methodology, publish its estimates of the rates and amounts of improper payments, and describe its corrective actions. CNCS cannot currently state when during Fiscal Year 2014 that its improper payments measurements will be published, but in any case that information will be reported in the CNCS Fiscal Year 2014 Agency Financial Report.

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<sup>8</sup> IPERA defines an improper payment as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. It includes any payment to an ineligible recipient, any payment for an ineligible service, any duplicate payment, payments for services not received, any payment that does not account for applicable discounts, or any amount that should have been paid to an eligible recipient but was not. OMB guidance also states that when an agency's review is unable to discern whether a payment is proper as a result of insufficient or lack of documentation, this payment must also be considered improper.

<sup>9</sup> For Fiscal Year 2013, IPERA and its implementing OMB guidance define "significant improper payments" as annual overpayment amounts plus underpayment amounts in a program that exceeds both 2.5% of total program outlays and \$10,000,000.