



Report to the Chairman of the Board,
Congressional Award Foundation

May 2014

FINANCIAL AUDIT

Congressional Award Foundation's Fiscal Years 2013 and 2012 Financial Statements

Contents

Letter	1
--------	---

Auditor's Report	
Report on the Financial Statements	3
Report on Internal Control over Financial Reporting	5
Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements	7
Foundation's Comments	8

Financial Statements	
Statements of Financial Position	9
Statements of Activities	10
Statements of Cash Flows	11
Notes to Financial Statements	12

Appendix I	Comments from the Congressional Award Foundation	19
------------	--	----

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



May 15, 2014

Mr. Paxton K. Baker
Chairman of the Board
Congressional Award Foundation

Dear Mr. Baker:

This report presents the results of our audits of the financial statements of the Congressional Award Foundation (Foundation) as of and for the fiscal years ending September 30, 2013, and 2012. These financial statements are the responsibility of the Foundation. This report contains our (1) unmodified opinions on the Foundation's financial statements; (2) results of our consideration of the Foundation's internal control over financial reporting; and (3) conclusion that our tests of the Foundation's compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of reportable noncompliance during fiscal year 2013.

We conducted our audits pursuant to section 107 (2 U.S.C. § 807) of the Congressional Award Act, as amended, and in accordance with U.S. generally accepted government auditing standards.

We are sending copies of this report to interested congressional committees and members and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-3406 or malenichj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on

the last page of this report. Key contributors to this report were Anne Sit-Williams (Assistant Director), Nadine Ferreira, Vincent Gomes, and Emily Matic.

Sincerely yours,

A handwritten signature in black ink that reads "J. Lawrence Malenich". The signature is written in a cursive style with a large, stylized "J" and "M".

J. Lawrence Malenich
Director
Financial Management and Assurance



Independent Auditor's Report

To the Chairman of the Board of the Congressional Award Foundation

In accordance with section 107 (2 U.S.C. § 807) of the Congressional Award Act, as amended (the Act), we are responsible for conducting audits of the Congressional Award Foundation's (Foundation) financial statements. In our audits of the fiscal years 2013 and 2012 financial statements of the Foundation, we found

- the financial statements as of and for the fiscal years ended September 30, 2013, and 2012, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed;¹ and
- no reportable noncompliance for fiscal year 2013 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements; (2) our report on internal control over financial reporting; (3) our report on compliance with laws, regulations, contracts, and grant agreements; and (4) agency comments.

Report on the Financial Statements

In accordance with the Act, we have audited the Foundation's financial statements. The financial statements comprise the statements of financial position as of September 30, 2013, and 2012; the related statements of activities and cash flows for the fiscal years then ended; and the related notes to the financial statements.

¹A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, 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 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.

We conducted our audits in accordance with U.S. generally accepted government auditing standards. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility

Foundation management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles and (2) maintaining effective internal control over financial reporting, including 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 these financial statements based on our audits. U.S. generally accepted government auditing 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 of financial statements 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 auditor's 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 of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances.

Opinion on Financial Statements

In our opinion, the Foundation's financial statements present fairly, in all material respects, the financial position of the Foundation as of September 30, 2013, and 2012, and the results of its activities and its

cash flows for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Report on Internal Control over Financial Reporting

In connection with our audits of the Foundation's financial statements, we considered the Foundation's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to the Foundation's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

The Foundation's management is responsible for maintaining effective internal control over financial reporting.

Auditor's Responsibility

In planning and performing our audit of the Foundation's financial statements as of and for the year ended September 30, 2013, in accordance with U.S. generally accepted government auditing standards, we considered the Foundation's internal control over financial reporting 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 Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the Foundation's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies² or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded

²A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with laws, regulations, contracts, and grant agreements that could have a direct and material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described above, and was not designed to identify all deficiencies in internal control that might be material weaknesses or to express an opinion on the effectiveness of the Foundation's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our 2013 audit, we identified deficiencies in the Foundation's internal control over financial reporting that we do not consider to be material weaknesses. Nonetheless, these deficiencies warrant Foundation management's attention. We have communicated these matters to Foundation management and, where appropriate, will report on them separately.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of the Foundation's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of the Foundation's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

The Foundation's management is responsible for complying with laws, regulations, contracts, and grant agreements.

Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosures in the financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2013 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with all applicable laws, regulations, contracts, and grant agreements. Accordingly, we do not express such an opinion.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Foundation's Comments

In commenting on a draft of this report, the Foundation stated that it has continued its efforts to improve operations and internal control over financial reporting. The Foundation also stated that our audit findings report the positive results of its ongoing efforts.

A handwritten signature in black ink, reading "J. Lawrence Malenich". The signature is written in a cursive, flowing style.

J. Lawrence Malenich
Director
Financial Management and Assurance

May 7, 2014

Financial Statements

Statements of Financial Position

THE CONGRESSIONAL AWARD FOUNDATION
Statements of Financial Position
As of September 30, 2013, and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$ 179,190	\$ 137,110
Certificate of Deposit (notes 4 & 12)	20,362	20,287
Contributions receivable, net (note 3)	169,298	162,730
Accounts receivable	-	13,095
Prepaid expenses	2,816	16,342
Equipment, furniture, and fixtures, net (note 5)	<u>28,234</u>	<u>8,721</u>
Total assets	<u>\$ 399,900</u>	<u>\$ 358,285</u>
Liabilities and net assets		
Accounts payable and accrued expenses	\$ 11,037	\$ 8,221
Accrued payroll, related taxes, and benefits	<u>16,921</u>	<u>20,972</u>
Total liabilities	<u>27,958</u>	<u>29,193</u>
Commitment and contingencies (note 12)		
Net assets		
Unrestricted	357,352	314,355
Temporarily restricted (note 6)	<u>14,590</u>	<u>14,737</u>
Total net assets	<u>371,942</u>	<u>329,092</u>
Total liabilities and net assets	<u>\$ 399,900</u>	<u>\$ 358,285</u>

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

Statements of Activities

THE CONGRESSIONAL AWARD FOUNDATION
Statements of Activities
For the Fiscal Years Ended September 30, 2013, and 2012

	<u>2013</u>	<u>2012</u>
Changes in unrestricted net assets:		
Operating revenue and other support		
Contributions	\$ 386,365	\$ 304,987
Special Event Revenues	275,211	378,181
Program Fees	73,719	85,037
In-kind Contributions (note 7)	60,734	84,730
Interest Income	75	152
Net assets released from restrictions (note 6)	147	1,811
Total operating revenue and other support	<u>796,251</u>	<u>854,898</u>
Operating expenses (note 8)		
Salaries, benefits, and payroll taxes	339,071	348,476
Costs of direct benefit to donors	108,836	119,290
Professional fees	89,252	86,980
Gold Award ceremony	78,061	95,950
Administrative and other expense	64,318	65,013
Fund-raising expense	50,236	79,616
Program, promotion, and travel	15,051	31,043
Depreciation and amortization	4,742	3,789
Board of Directors expense	1,877	2,155
Uncollectible contributions	1,810	-
Total operating expenses	<u>753,254</u>	<u>832,312</u>
Change in unrestricted net assets	42,997	22,586
Changes in temporarily restricted net assets:		
Net assets released from restrictions (note 6)	(147)	(1,811)
(Decrease) in temporarily restricted net assets	<u>(147)</u>	<u>(1,811)</u>
Increase in net assets	42,850	20,775
Net assets at beginning of year	329,092	308,317
Net assets at end of year	<u>\$ 371,942</u>	<u>\$ 329,092</u>

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

Statements of Cash Flows

THE CONGRESSIONAL AWARD FOUNDATION
Statements of Cash Flows
For the Fiscal Years Ended September 30, 2013, and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from contributions	\$ 429,585	\$ 238,267
Cash received from special event revenues	223,613	377,246
Cash received from program fees	86,814	82,674
Cash paid to vendors	(409,823)	(468,255)
Cash paid to employees	(263,854)	(285,103)
Net cash provided by (used in) operating activities	<u>66,335</u>	<u>(55,171)</u>
Cash flows from investing activities:		
Purchases of fixed assets	(24,255)	(9,452)
Net cash used in investing activities	<u>(24,255)</u>	<u>(9,452)</u>
Net increase (decrease) in cash	42,080	(64,623)
Cash, beginning of year	<u>137,110</u>	<u>201,733</u>
Cash, end of year	<u>\$ 179,190</u>	<u>\$ 137,110</u>
 Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Cash flows from operating activities:		
Increase in net assets	\$ 42,850	\$ 20,775
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	4,742	3,789
Accrued interest income	(75)	(152)
Change in assets:		
Contributions receivable, net	(6,568)	(67,655)
Accounts receivable	13,095	(2,363)
Prepaid expenses	13,526	(11,478)
Change in liabilities:		
Accounts payable and accrued expenses	2,816	1,461
Accrued payroll, related taxes and benefits	(4,051)	452
Net cash provided by (used in) operating activities	<u>\$ 66,335</u>	<u>\$ (55,171)</u>

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

Notes to the Financial Statements

THE CONGRESSIONAL AWARD FOUNDATION Notes to the Financial Statements For the Fiscal Years Ended September 30, 2013, and 2012

Note 1. Organization

The Congressional Award Foundation (the Foundation) was formed in 1979 under Public Law 96-114 and is a private, nonprofit, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code established to promote initiative, achievement, and excellence among young people in the areas of public service, personal development, physical fitness, and expedition. New program participants totaled over 5,000 in fiscal year 2013. During fiscal year 2013, there were approximately 32,550 participants registered in the Foundation's Award program. Public Law 113-43, enacted on October 4, 2013, reauthorized the Congressional Award Foundation through September 30, 2018.

Note 2. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements are prepared on the accrual basis of U.S. generally accepted accounting principles applicable to not-for-profit organizations.

B. Cash and cash equivalents

Cash consists of cash on deposit with financial institutions and similar readily liquid assets and investments with initial maturities of ninety days or less. The Foundation maintains cash balances which may exceed Federally insured limits. The Foundation does not believe that this results in any significant credit risk.

C. Certificate of Deposit

Certificates of deposit purchased with original maturities greater than three months are stated at face value plus accrued interest.

D. Contributions Receivable

Unconditional promises to give, are recorded as revenue when the contributions or promises are made. Conditional promises to give are recorded as revenue when the conditions on which the promises have been made are substantially met. Contributions receivable to be collected within one year are measured at net realizable value. The Foundation expects to receive all of the contributions receivable within one year. The allowance for uncollectible pledges is based on historical information regarding prior collectability of pledges and specific identification.

E. Equipment, Furniture, and Fixtures and Related Depreciation

The Foundation's policy is to capitalize equipment, furniture and fixtures with an individual asset acquisition cost of more than \$500. Depreciation expense is calculated on a straight line basis over estimated useful lives of 2 to 10 years. Expenditures for major additions and betterments are capitalized and expenditures for maintenance and repairs are charged to expense when incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss

THE CONGRESSIONAL AWARD FOUNDATION
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2013, and 2012

is included in revenue or expense, as appropriate. Donated equipment is initially recorded at fair value when received.

Note 2. (continued)

F. Classification of Net Assets

The net assets of the Foundation are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for the general support of the Foundation.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for specific programs or future periods.

The Foundation has no permanently restricted net assets as of September 30, 2013 and 2012.

G. Revenue Recognition

Contribution revenue is recognized when received or unconditional promise is made and recorded as temporarily restricted if the funds are received with donor or grantor stipulations that limit the use of the donated assets to a particular purpose or for specific periods. When a stipulated time restriction ends or purpose of the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

H. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis as described in Note 8 of these financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

I. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures (for example, the reporting of Costs of Direct Benefit to Donors). Accordingly, actual results could differ from those estimates.

THE CONGRESSIONAL AWARD FOUNDATION
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2013, and 2012

Note 2. (continued)

J. In-kind Contributions

Contributed goods are recognized at fair value when received if the Foundation would have normally purchased them in the normal course of business. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as contributions in-kind are offset by like amounts included in expenses or additions to property and equipment.

K. Costs of Direct Benefit to Donors

Costs of direct benefit to donors includes all costs associated with an event in which the donor received a direct benefit in exchange for participating in the event in which they have made a contribution. These costs include meal, beverages, entertainment, and costs of the venue, services such as green fees and entrance fees, and various other items.

The Foundation's costs of direct benefit to donors policy reflects the overall benefits provided to donors for all of the events for the year.

L. Reclassifications

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

Note 3. Contributions Receivable, Net

At September 30, 2013 and 2012, contributions or unconditional promises to give totaled \$171,108 and \$162,730, respectively; no promises to give were temporarily restricted by the donors. Management has determined that an allowance of \$1,810 is necessary for the year ending September 30, 2013. No allowance was deemed necessary at September 30, 2012.

Note 4. Fair Value Measurements

FASB ASC Topic 820, Fair Value Measurement, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under FASB ASC Topic 820 are described below:

Level 1— Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access at the measurement date.

THE CONGRESSIONAL AWARD FOUNDATION
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2013, and 2012

Note 4. (continued)

Level 2— Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3— Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The level of an asset's or liability's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The certificate of deposit is valued at face value plus accrued interest, which approximates fair value.

The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Foundation's financial statements at fair value as of September 30, 2013 and 2012 are as follows:

September 30, 2013				
<u>Fair Value</u>	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Certificate of Deposit	<u>\$20,362</u>	<u>\$20,362</u>	<u>\$ —</u>	<u>\$ —</u>
September 30, 2012				
<u>Fair Value</u>	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Certificate of Deposit	<u>\$20,287</u>	<u>\$20,287</u>	<u>\$ —</u>	<u>\$ —</u>

Note 5. Equipment, Furniture, and Fixtures, Net

Equipment, furniture, and fixtures as of September 30, 2013, and 2012, are shown in the schedule below:

	<u>2013</u>	<u>2012</u>
Computer software	\$ 28,268	\$ 25,868
Furniture and equipment	36,667	14,811
Donated equipment	13,300	13,300
Accumulated depreciation & amortization	<u>(50,001)</u>	<u>(45,258)</u>
Total equipment, furniture, and fixtures, net	<u>\$ 28,234</u>	<u>\$ 8,721</u>

THE CONGRESSIONAL AWARD FOUNDATION
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2013, and 2012

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets as of September 30, 2013, and 2012 were available for the following programs and future periods:

	<u>2013</u>	<u>2012</u>
Puerto Rico Council development	\$ 14,590	\$ 14,737
Nevada Council development	-	-
Total net assets temporarily restricted for use	<u>\$ 14,590</u>	<u>\$ 14,737</u>

Net assets released from restrictions during the years ended September 30, 2012, and 2011 were as follows:

	<u>2013</u>	<u>2012</u>
Puerto Rico Council development	\$ 147	\$ 156
Nevada Council development	-	1,655
Total temporarily restricted net assets released for use	<u>\$ 147</u>	<u>\$ 1,811</u>

Note 7. In-kind Contributions

During fiscal years 2013 and 2012, the Foundation received in-kind (non-cash) contributions from donors. The Foundation received the following contributions in-kind, estimated at fair market value, on the dates of donations, during the years ended September 30, 2013 and 2012.

The values of the in-kind contributions recognized were \$60,734 and \$84,730 for fiscal years 2013 and 2012, respectively. These non-cash contributions are as follows:

	<u>2013</u>	<u>2012</u>
Professional services:		
Legal	\$ 40,000	\$ 39,720
Donations relating to fund-raising	17,368	34,460
Donations relating to program	<u>3,366</u>	<u>10,550</u>
Total in-kind contributions	<u>\$ 60,734</u>	<u>\$ 84,730</u>

During fiscal years 2013 and 2012, the Foundation employed the services of unpaid interns. However, amounts for the intern services are not included in these financial statements because the value of the services is not readily determinable.

THE CONGRESSIONAL AWARD FOUNDATION
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2013, and 2012

Note 7. (continued)

In addition, Section 106(e) of the Congressional Award Act, as amended, provides that "the Board may benefit from in-kind and indirect resources provided by the Offices of Members of Congress or the Congress." Resources so provided include use of office space, office furniture, and certain utilities. In addition, Section 102 of the Congressional Award Act, as amended, provides that the United States Mint may charge the United States Mint Public Enterprise Fund for the cost of striking Congressional Award Medals. The costs of these resources cannot be readily determined and, thus, are not included in the financial statements.

Note 8. Expenses by Functional Classification

The Foundation has presented its operating expenses by natural classification in the accompanying Statements of Activities for the fiscal years ending September 30, 2013, and 2012. Presented below are the Foundation's expenses by functional classification for the fiscal years ended September 30, 2013, and 2012:

	<u>2013</u>	<u>2012</u>
Program activities	\$ 363,947	\$ 409,493
Fund-raising activities	130,698	163,091
Costs of direct benefit to donors	108,836	119,290
Administrative activities	<u>149,773</u>	<u>140,438</u>
Total	<u>\$ 753,254</u>	<u>\$ 832,312</u>

Note 9. Employee Retirement Plan

For the benefit of its employees, the Foundation participates in a voluntary 403(b) tax-deferred annuity plan, which was activated on August 27, 1993. Under the plan, the Foundation may, but is not required to, make employer contributions to the plan. There were no contributions to the plan in fiscal years 2013 and 2012.

Note 10. Related Party Activities

The Foundation engaged in transactions with related parties during fiscal years 2013 and 2012.

During fiscal years 2013 and 2012, the National Director utilized her credit card to purchase items for the Foundation. The Foundation reimbursed the National Director for those purchases and the reimbursements were \$3,301 and \$3,217 for the fiscal years 2013 and 2012, respectively.

The following in-kind contribution was made by a related party and is included in note 7:

- During fiscal years 2013 and 2012, an ex officio director of the board provided pro bono legal services to the Foundation. The value of the pro bono legal services for fiscal years 2013 and 2012 were \$40,000 and \$39,720, respectively. Value of the pro bono legal services was determined based on fair value for fiscal years ending in 2013 and 2012.

THE CONGRESSIONAL AWARD FOUNDATION
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2013, and 2012

Note 11. Income Taxes

The Foundation is a not-for-profit organization exempt from taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The Foundation has also been classified as an entity that is not a private foundation with the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Foundation has adopted the provisions of FASB ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*. Under the provisions, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The implementation of the provisions has had no impact on the Foundation's financial statements. The Foundation does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. The Foundation has filed Internal Revenue Service's Form 990 as required and all other applicable returns where it is required. The Foundation believes that it is no longer subject to tax examinations by tax authorities for fiscal years before 2009. For the year ended September 30, 2013, there were no interest or penalties recorded or included in the Statement of Activities.

Note 12. Commitments and Contingencies

The Foundation has a corporate credit card for the Foundation's business use. The credit agreement requires collateral in the form of a certificate of deposit in the amount of \$20,000, the same face value as the amount of credit limit authorized on the card. The certificate of deposit and any accrued interest will roll forward each year until the collateral required is removed by the credit card company.

Note 13. Subsequent Events

In connection with the preparation of the financial statements, the Foundation has evaluated subsequent events after the date of the statement of financial position of September 30, 2013, through May 7, 2014, the date on which the Foundation's financial statements were available to be issued and determined there were none that required disclosure or adjustment to the financial statements.

Appendix I: Comments from the Congressional Award Foundation



Public Law 96-114, The Congressional Award Act

Congressional Award

May 8, 2014

Mr. J. Lawrence Malenich
Director, Financial Management and Assurance
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Mr. Malenich,

This letter is in response to your audit report of the Congressional Award Foundation's statements of financial position as of September 30, 2013 and 2012.

We are extremely pleased that the GAO found the fiscal year 2013 financial statements were presented fairly and in conformity with U.S. generally accepted accounting principles, and found no material weaknesses or reportable instances of noncompliance with laws and regulations. The Foundation has continued its efforts to improve operations and internal controls over financial reporting. Your audit findings report the positive results of those ongoing efforts.

We appreciate the feedback and assistance of the GAO in strengthening the Foundation and its operations.

Sincerely,

Edward L. Blansitt
Audit Chairman

Erica W. Heyse
National Director

379 Ford House Office Building • Washington, DC 20515 • (202) 226-0130 • FAX: (202) 226-0131
Mailing Address: Post Office Box 77440 • Washington, DC 20013

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (<http://www.gao.gov>). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to <http://www.gao.gov> and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on [Facebook](#), [Flickr](#), [Twitter](#), and [YouTube](#). Subscribe to our [RSS Feeds](#) or [E-mail Updates](#). Listen to our [Podcasts](#). Visit GAO on the web at www.gao.gov.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Website: <http://www.gao.gov/fraudnet/fraudnet.htm>

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Katherine Siggerud, Managing Director, siggerudk@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

