

GAO

Report to the Chairman, Congressional
Award Foundation

May 2009

FINANCIAL AUDIT

Congressional Award
Foundation's Fiscal
Years 2008 and 2007
Financial Statements



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United States Government Accountability Office
Washington, D.C. 20548

May 15, 2009

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

Dear Mr. Baker:

This report presents our opinion on the financial statements of the Congressional Award Foundation (the Foundation) for the fiscal years ended September 30, 2008, and 2007. These financial statements are the responsibility of the Foundation. This report also presents (1) our opinion on the effectiveness of the Foundation's related internal control as of September 30, 2008, and (2) the results of our tests of the Foundation's compliance during fiscal year 2008 with selected provisions of laws and regulations. We conducted our audit pursuant to section 107 of the Congressional Award Act, as amended (2 U.S.C. § 807), and in accordance with U.S. generally accepted government auditing standards.

If you or your office have any questions concerning this report, please contact me at (202) 512-3406 or by e-mail at sebastians@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 Julie Phillips, Assistant Director; Liliam Coronado; Vivian Gutierrez; and Bethany Smith.

Sincerely yours,

Steven J. Sebastian
Director
Financial Management and Assurance



United States Government Accountability Office
Washington, D.C. 20548

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

We have audited the accompanying statements of financial position of the Congressional Award Foundation (the Foundation) as of September 30, 2008, and 2007, and the related statements of activities and statements of cash flows for the fiscal years then ended. We found

- the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles;
- the Foundation had effective internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations; and
- no reportable instances of noncompliance with laws and regulations we tested.

The following sections provide additional detail about our conclusions and the scope of our audit.

Opinion on Financial Statements

The financial statements and accompanying notes present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the Foundation's assets, liabilities, and net position as of September 30, 2008, and 2007, and the results of its activities and its cash flows for the fiscal years then ended.

Opinion on Internal Control

The Foundation maintained, in all material respects, effective internal control over financial reporting (including safeguarding assets) and compliance as of September 30, 2008, that provided reasonable assurance that misstatements, losses, or noncompliance material in relation to the financial statements would be prevented or detected on a timely basis. Our

opinion is based on criteria established in the *Standards for Internal Control in the Federal Government*.¹

Compliance with Laws and Regulations

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

Objectives, Scope, and Methodology

The Foundation's management is responsible for

- preparing the annual financial statements in conformity with U.S. generally accepted accounting principles;
- establishing, maintaining, and assessing the Foundation's internal control to provide reasonable assurance that the Foundation's control objectives are met; and
- complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether (1) the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles and (2) management maintained effective internal control, the objectives of which are the following:

- **Financial reporting:** Transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
- **Compliance with laws and regulations:** Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements.

¹GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

We are also responsible for testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements.

In order to fulfill these responsibilities, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used and significant estimates made by Foundation management;
- evaluated the overall presentation of the financial statements and notes;
- obtained an understanding of the Foundation and its operations, including its internal control related to financial reporting (including safeguarding assets) and compliance with laws and regulations;
- tested relevant internal control over financial reporting (including safeguarding assets) and compliance and evaluated the design and operating effectiveness of internal control; and
- tested compliance with selected provisions of the Congressional Award Act, as amended.

We did not evaluate internal controls relevant to operating objectives, such as controls relevant to ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance with laws and regulations. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate.

We did not test compliance with all laws and regulations applicable to the Foundation. We limited our tests of compliance to those provisions of laws and regulations that we deemed to have a direct and material effect on the financial statements for the fiscal years ended September 30, 2008, and 2007. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

We performed our work in accordance with U.S. generally accepted government auditing standards.

Foundation's Comments

We provided a draft of our report to Congressional Award Foundation officials for their review and comment. Foundation officials agreed with the content of our report.



Steven J. Sebastian
Director
Financial Management and Assurance

May 11, 2009

Financial Statements

Statements of Financial Position

**The Congressional Award Foundation
Statements of Financial Position
As of September 30, 2008, and 2007**

	<u>2008</u>	<u>2007</u>
Assets		
Cash and cash equivalents	\$ 120,691	\$ 15,937
Certificate of deposit	-	59,610
Contributions receivable (note 3)	137,400	132,600
Accounts receivable	9,820	-
Prepaid expense	4,073	2,602
Congressional Award Fellowship Trust (note 4)	-	29,118
Equipment, furniture, and fixtures, net (note 5)	21,812	29,355
Total assets	<u>\$ 293,796</u>	<u>\$ 269,222</u>
Liabilities and net assets		
Accounts payable	\$ 5,764	\$ 14,662
Line of credit (note 6)	-	100,000
Accrued payroll, related taxes, and leave	14,170	7,430
Loan from National Director (note 7)	-	664
Liability for tax penalty and interest (note 8)	-	3,317
Capital lease liability (note 9)	14,266	18,334
Total liabilities	<u>34,200</u>	<u>144,407</u>
Net assets		
Unrestricted	239,630	102,058
Temporarily restricted (note 10)	19,966	22,757
Total net assets	<u>259,596</u>	<u>124,815</u>
Total liabilities and net assets	<u>\$ 293,796</u>	<u>\$ 269,222</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, 2008, and 2007

	<u>2008</u>	<u>2007</u>
Changes in unrestricted net assets:		
Operating revenue and other support		
Contributions	\$ 619,316	\$ 526,825
Contributions - In-kind (note 11)	89,989	71,486
Program and other revenues	246,486	179,776
Interest and dividends	1,420	3,131
Net assets released from restrictions (note 10)	<u>2,792</u>	<u>2,704</u>
Total operating revenue and other support	<u>960,003</u>	<u>783,922</u>
Operating expenses (note 12)		
Salaries, benefits, and payroll taxes	349,140	282,547
Program, promotion, and travel	49,454	38,886
Fund-raising expense	127,642	101,736
Costs of direct benefit to donors	13,135	9,768
Gold Award ceremony	142,134	111,998
Professional fees	63,635	52,736
Depreciation and amortization	7,543	4,853
Board of Directors expense	-	1,062
Administrative and other expense	<u>69,896</u>	<u>71,087</u>
Total operating expenses	<u>822,579</u>	<u>674,673</u>
Subtotal	137,424	109,249
Other changes		
Net unrealized investment losses	-	(3,776)
Net realized investment gains	<u>149</u>	<u>13,569</u>
Increase/(decrease) in unrestricted net assets	137,573	119,042
Changes in temporarily restricted net assets:		
Net assets released from restrictions (note 10)	<u>(2,792)</u>	<u>(2,704)</u>
Decrease in temporarily restricted net assets	<u>(2,792)</u>	<u>(2,704)</u>
Increase/(decrease) in net assets	134,781	116,338
Net assets at beginning of year	<u>124,815</u>	<u>8,477</u>
Net assets at end of year	<u>\$ 259,596</u>	<u>\$ 124,815</u>

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

Financial Statements

Statements of Cash Flows

**The Congressional Award Foundation
Statements of Cash Flows
For the Fiscal Years Ended September 30, 2008, and 2007**

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Increase in net assets	\$ 134,781	\$ 116,338
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	7,543	4,853
Net unrealized losses on investments	-	3,776
Net realized gains on sale of investments	(149)	(13,569)
Interest and dividends income on certificate of deposit and trust fund	-	(3,131)
Change in operating assets:		
Contributions receivable	(4,800)	(81,300)
Accounts receivable	(9,820)	-
Prepaid expenses	(1,471)	370
Change in operating liabilities:		
Accounts payable	(8,898)	3,420
Line of credit note payable	(100,000)	-
Accrued payroll, related taxes and leave	6,740	(10,348)
Liability for tax penalty and interest	<u>(3,317)</u>	<u>(483)</u>
Net cash provided/(used) in operating activities	<u>20,609</u>	<u>19,926</u>
 Cash flows from investing activities:		
Purchase of computer equipment	-	(8,098)
Proceeds from certificate of deposit	59,610	-
Net proceeds from sale of investments	<u>29,267</u>	<u>20,000</u>
Net cash provided by investing activities	<u>88,877</u>	<u>11,902</u>
 Cash flows from financing activities:		
Principal payments under capital lease obligation	(4,068)	(1,795)
Repayment of loans	<u>(664)</u>	<u>(22,657)</u>
Net cash provided by financing activities	<u>(4,732)</u>	<u>(24,452)</u>
 Net increase in cash and cash equivalents	104,754	7,376
 Cash and cash equivalents, beginning of year	<u>15,937</u>	<u>8,561</u>
 Cash and cash equivalents, end of year	<u>\$ 120,691</u>	<u>\$ 15,937</u>
 Supplemental data:		
Cash paid during year for interest	<u>\$ 7,239</u>	<u>\$ 12,590</u>

Supplemental data on noncash investing and financing activities:

A capital lease obligation of \$20,129 was incurred when the Foundation entered into a lease for new equipment in fiscal year 2007.

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

Notes to Financial Statements

THE CONGRESSIONAL AWARD FOUNDATION
Notes to Financial Statements
For the Fiscal Years Ended September 30, 2008, and 2007

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 4,400 in fiscal year 2008. During fiscal year 2008, there were approximately 26,500 participants registered in the Foundation's Award program. Public Law 109-143, enacted in December 2005, reauthorized the Congressional Award Foundation through September 30, 2009.

Note 2. Summary of Significant Accounting Policies

A. Basis of Accounting

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

B. Cash Equivalents and Certificate of Deposit

The Foundation considers funds held in its checking account and all highly liquid investments with an original maturity of 3 months or less to be cash equivalents. Money market funds held in the Foundation's Congressional Award Fellowship Trust (the trust) are not considered cash equivalents for financial statement reporting purposes.

As of September 30, 2007, the Foundation had a \$50,000 certificate of deposit, which was pledged as collateral on a \$100,000 line of credit. In February 2008, the \$50,000 certificate of deposit was used to pay down the original \$100,000 line of credit. In May 2008, the balance remaining on the \$100,000 line of credit was paid in its entirety (see note 6). In addition, the Foundation negotiated a new line of credit for \$50,000 that bears interest at prime plus 2 percent.

C. Contributions Receivable

Unconditional promises to give are recorded as revenue when the promises are made. Contributions receivable to be collected within less than one year are measured at net realizable value.

THE CONGRESSIONAL AWARD FOUNDATION
Notes to Financial Statements
For the Fiscal Years Ended September 30, 2008, and 2007

D. Equipment, Furniture, and Fixtures and Related Depreciation

The Foundation capitalizes equipment, furniture, and fixtures with an individual asset acquisition cost of more than \$2,500. Assets are stated at cost, and depreciation is computed using the straight-line method over estimated useful lives of 5 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 is included in revenue or expense, as appropriate. Donated equipment is recorded at fair value.

The capital lease liability represents the lesser of the net present value of future lease payments or the fair value of the asset acquired. Amortization of the capital lease is included in depreciation expense.

E. Congressional Award Fellowship Trust - Investments

The trust investments consisted of equity securities and money market funds, which were stated at fair value in fiscal year 2007. The trust was terminated in November 2007 (see note 4).

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.

G. Revenue Recognition

Contribution revenue is recognized when received or promised 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.

THE CONGRESSIONAL AWARD FOUNDATION
Notes to Financial Statements
For the Fiscal Years Ended September 30, 2008, and 2007

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 12. 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. Accordingly, actual results could differ from those estimates.

J. Reclassifications

Certain fiscal year 2007 amounts have been reclassified to conform with fiscal year 2008 classifications.

Note 3. Contributions Receivable

At September 30, 2008, and 2007, promises to give totaled \$137,400 and \$132,600, respectively, none of which were temporarily restricted by the donors. All amounts were due within one year. All but \$31,250 of the \$137,400 receivable at September 30, 2008, was received by May 1, 2009.

Note 4. Congressional Award Fellowship Trust

The trust was established in 1990 to benefit the charitable and educational purposes of the Foundation. During the fiscal year ended September 30, 2008, the trustees authorized the use of \$29,267 of the trust fund to support fiscal year 2008 operations.

In October 2007, the Board of Directors of the Foundation requested that the trustees of the Congressional Award Trust approve distribution of the assets of the trust to the Foundation, approved termination of the trust, and directed that the assets of the trust (together with the certificate of deposit and other funds) be used for repayment of the Foundation's line of credit. The trustees approved distribution of the assets of the trust, and in November 2007, the Foundation received such assets and the trust was terminated.

THE CONGRESSIONAL AWARD FOUNDATION
Notes to Financial Statements
For the Fiscal Years Ended September 30, 2008, and 2007

At September 30, 2008, and 2007, the trust fund's investments at fair value consisted of the following:

<u>Description</u>	<u>September 30,</u>	
	<u>2008</u>	<u>2007</u>
Equity and debt securities	\$ 0	\$ 27,414
Money market funds	<u>0</u>	<u>1,704</u>
Total	<u>\$ 0</u>	<u>\$ 29,118</u>

Activity in the trust fund for the fiscal years ended September 30, 2008, and 2007 was as follows:

	<u>September 30,</u>	
	<u>2008</u>	<u>2007</u>
Interest and dividends (securities only)	\$ 0	\$ 473
Net realized gains	149	13,569
Net unrealized losses	<u>0</u>	<u>(3,776)</u>
Total investment gains (losses)	149	10,266
New contributions to investment fund	0	0
Investments and earnings transferred to current operations	<u>(29,267)</u>	<u>(20,000)</u>
Net change in trust fund investments	(29,118)	(9,734)
Trust fund investments, beginning of year	<u>29,118</u>	<u>38,852</u>
Trust fund investments, end of year	<u>\$ 0</u>	<u>\$ 29,118</u>

THE CONGRESSIONAL AWARD FOUNDATION
Notes to Financial Statements
For the Fiscal Years Ended September 30, 2008, and 2007

Note 5. Equipment, Furniture, and Fixtures

Equipment, furniture, and fixtures as of September 30, 2008, and 2007, is shown in the schedule below.

	<u>September 30.</u>	
	<u>2008</u>	<u>2007</u>
Computer software	\$25,868	\$25,868
Equipment - capital lease	20,129	20,129
Furniture and equipment	76,576	76,576
Contributed equipment	15,100	15,100
Accumulated depreciation	(110,339)	(106,822)
Accumulated amortization - capital lease	<u>(5,522)</u>	<u>(1,496)</u>
Equipment, furniture, and fixtures, net	<u>\$21,812</u>	<u>\$29,355</u>

Equipment under capital lease is pledged as collateral under the terms of the lease agreements.

Note 6. Line of Credit

The Foundation had a \$100,000 revolving line of credit with its bank that bore interest at the Wall Street Journal Prime Rate plus 2 percent. Interest paid on this line of credit during fiscal years 2008 and 2007 was \$4,145 and \$9,620, respectively. The line of credit was partially secured by the Foundation's investment in a \$50,000 certificate of deposit held by the same bank. In February 2008, the \$50,000 certificate of deposit was used to pay down the original \$100,000 line of credit. In May 2008, the remaining balance on the \$100,000 line of credit was paid in its entirety.

In February 2008, the Foundation negotiated a new line of credit for \$50,000 that bears interest at prime plus 2 percent and is secured by a lien on all business assets. There was no activity on this line of credit during the remainder of the fiscal year.

Note 7. Loan from National Director

During fiscal years 2008 and 2007, the National Director used her credit card to purchase items for the Foundation. All amounts paid by the National Director have been reimbursed.

Note 8. Liability for Tax Penalty and Interest

The Foundation filed its annual Internal Revenue Service Form 990 information return for fiscal year 2005 in July 2006. The Internal Revenue Service issued a letter to the

THE CONGRESSIONAL AWARD FOUNDATION
Notes to Financial Statements
For the Fiscal Years Ended September 30, 2008, and 2007

Foundation in December 2006, advising it that the information return was filed late and that penalties and interest had accrued in the amount of \$3,580 as of January 8, 2007. On January 24, 2007, the Foundation appealed this decision. On February 23, 2007, the Internal Revenue Service advised the Foundation that it had not yet made a determination and was still reviewing the appeal. In November 2007, the Internal Revenue Service forwarded the request and all applicable documents to an appeals coordinator for final determination. The tax liability of \$3,800 was reduced by a \$483 holdback from the Internal Revenue Service, leaving a balance owed at September 30, 2007, of \$3,317.

On March 7, 2008, the Foundation received notification from the Appeals Section of the Internal Revenue Service that its request for appeal regarding the accrual of penalties and interest stemming from the Foundation's late filing of its fiscal year 2005 Form 990 information return was denied. On March 18, 2008, the Foundation paid the full amount of the obligation of \$3,520 (\$3,317 plus interest).

Note 9. Capital Lease Liability

During fiscal year 2007, the Foundation entered into a capital lease for new computer equipment for \$20,129.

The following is a schedule (by fiscal year) of future minimum lease payments under capital leases together with the present value of the net minimum lease payments for the 3-year period remaining, net of interest, as of September 30, 2008.

Years ending September 30:	
2009	\$7,197
2010	6,973
2011	<u>3,886</u>
Total minimum lease payments	18,056
Less: amount representing interest	<u>(3,790)</u>
Present value of net minimum lease payments	<u>\$14,266</u>

THE CONGRESSIONAL AWARD FOUNDATION
Notes to Financial Statements
For the Fiscal Years Ended September 30, 2008, and 2007

Note 10. Temporarily Restricted Net Assets

Temporarily restricted net assets as of September 30, 2008, and 2007 were available for the following programs and future periods:

	September 30,	
	2008	2007
Puerto Rico Council development	\$ 15,024	\$ 16,237
Nevada Council development	4,942	6,520
Total net assets temporarily restricted for use	<u>\$ 19,966</u>	<u>\$ 22,757</u>

Net assets released from restrictions during the years ended September 30, 2008, and 2007 were as follows:

	2008	2007
Puerto Rico Council development	\$ 1,214	\$ 1,159
Nevada Council development	1,578	1,545
Total temporarily restricted net assets released for use	<u>\$ 2,792</u>	<u>\$ 2,704</u>

Note 11. In-kind Contributions

During fiscal years 2008 and 2007, the Foundation received in-kind (noncash) contributions from donors. In-kind contributions are accounted for as contribution revenue and as current period operating expenses.

The value of the in-kind contributions recognized was \$89,989 and \$71,486 for fiscal years 2008 and 2007, respectively. These noncash contributions are as follows.

	2008	2007
Professional services:		
Legal	\$ 30,000	\$ 30,000
Web site	10,000	13,520
Donations relating to fundraising	33,260	14,652
Donations relating to program	16,729	13,314
Total in-kind contributions	<u>\$ 89,989</u>	<u>\$ 71,486</u>

THE CONGRESSIONAL AWARD FOUNDATION
Notes to Financial Statements
For the Fiscal Years Ended September 30, 2008, and 2007

In fiscal year 2007, in-kind donations relating to fundraising and program were shown together and totaled \$27,966. In fiscal year 2008, a specific classification for program related in-kind donations was added. Under this new classification, fiscal year 2007 donations relating to fund-raising and program are shown separately above and were \$14,652 and \$13,314, respectively.

During fiscal years 2008 and 2007, 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.

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 12. 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, 2008, and 2007. Presented below are the Foundation's expenses by functional classification for the fiscal years ended September 30, 2008, and 2007.

	<u>2008</u>	<u>2007</u>
Program activities	\$ 536,844	\$ 433,326
Fund-raising activities	152,879	117,273
Costs of direct benefit to donors	13,135	9,768
Administrative activities	<u>119,721</u>	<u>114,306</u>
Total	<u>\$ 822,579</u>	<u>\$ 674,673</u>

In fiscal year 2007, expenses for fund-raising activities and costs of direct benefit to donors were shown together and totaled \$127,041. In fiscal year 2008, a specific classification for costs of direct benefit to donors was added. Under this new classification, fiscal year 2007 expenses relating to fundraising activities and costs of direct benefit to donors are shown separately above and were \$117,273 and \$9,768, respectively.

THE CONGRESSIONAL AWARD FOUNDATION
Notes to Financial Statements
For the Fiscal Years Ended September 30, 2008, and 2007

Note 13. 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 2008 and 2007.

Note 14. Related Party Activities

The Foundation engaged in numerous transactions with related parties during fiscal years 2008 and 2007.

During fiscal years 2008 and 2007, the Foundation had an agreement with a professional fund-raiser. The professional fund-raiser's spouse is on the board of directors of the Foundation. Disbursements by the Foundation during fiscal years 2008 and 2007 to the related party totaled \$18,000 and \$18,000, respectively.

During fiscal years 2008 and 2007, the Controller, through his professional tax business, prepared the Foundation's annual Internal Revenue Service Form 990 information returns. His firm was compensated \$900 and \$940 during fiscal years 2008 and 2007, respectively.

During fiscal years 2008 and 2007, the National Director utilized her credit card to purchase items for the Foundation. All amounts paid by the National Director were reimbursed.

During fiscal year 2007, a board member, through his company, made a direct contribution to the Foundation to cover costs associated with a breakfast with the New Jersey delegation in the amount of \$1,416.

The following in-kind contributions were made by related parties and are included in note 11:

- During fiscal years 2008 and 2007, an ex officio director of the board provided pro bono legal services to the Foundation. The value for fiscal years 2008 and 2007 was \$30,000 and \$30,000, respectively.
- During fiscal years 2008 and 2007, a board member did not request reimbursement of expenses for participants to attend Mississippi and Washington, D.C., ceremonies. The value for fiscal years 2008 and 2007 was \$2,950 and \$2,800, respectively.

THE CONGRESSIONAL AWARD FOUNDATION
Notes to Financial Statements
For the Fiscal Years Ended September 30, 2008, and 2007

- During fiscal year 2008, a board member did not request reimbursement of expenses for transportation costs to assist with Congressional Award events in Washington, D.C. and Pennsylvania, the value of which was \$1,049.
- During fiscal year 2008, a board member, through his company, provided services relating to the Annual Poker Tournament, the value of which was \$3,700.
- During fiscal year 2008, a board member, through his company, provided filming of the Gold Award Ceremony, the value of which was \$8,000.
- During fiscal year 2007, a board member, through his company, paid for fund-raising events, the value of which was \$1,548. This board member, through his company, also provided a prize for a fund-raising event, the value of which was \$136.

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