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May 2015

# FINANCIAL AUDIT

## Congressional Award Foundation's Fiscal Years 2014 and 2013 Financial Statements

Accessible Version

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May 15, 2015

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, 2014, and 2013. These financial statements are the responsibility of the Foundation. This report contains our (1) unmodified opinion 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 2014.

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>.

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If you or your staff have any questions about this report, please contact me at (202) 512-3406 or [malenichj@gao.gov](mailto: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), Daniel Flavin, Keila Hill, Nina M. Rostro, and Kenneth Thiry.

Sincerely yours,

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

J. Lawrence Malenich  
Director  
Financial Management and Assurance



## Independent Auditor's Report

To the Chairman of the Board of the Congressional Award Foundation

In our audits of the fiscal years 2014 and 2013 financial statements of the Congressional Award Foundation (Foundation), we found

- the Foundation's financial statements as of and for the fiscal years ended September 30, 2014, and 2013, 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 as of September 30, 2014, based on the limited procedures we performed;<sup>1</sup> and
- no reportable noncompliance for fiscal year 2014 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.

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<sup>1</sup>A 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.

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## Report on the Financial Statements

In accordance with section 107 (2 U.S.C § 807) of the Congressional Award Act, as amended (the Act), we have audited the Foundation's financial statements.<sup>2</sup> The Foundation's financial statements comprise the statements of financial position as of September 30, 2014, and 2013; the related statements of activities and cash flows for the fiscal years then ended; and the related notes to the financial statements.

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.

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## 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.

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## 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

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<sup>2</sup>On November 26, 2014, the Government Reports Elimination Act of 2014 was enacted, which amended the Congressional Award Act to repeal GAO's annual requirement to audit the Foundation's financial statements. See Pub. L. No. 113-188, § 902, 128 Stat. 2016. Beginning in fiscal year 2015, the Foundation is required to contract with an independent public accountant to audit the Foundation's financial statements. Therefore, the fiscal year 2014 audit will be our final audit under the Congressional Award Act.

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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.

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### 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, 2014, and 2013, 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.

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### 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.

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### Management's Responsibility

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

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### Auditor's Responsibility

In planning and performing our audit of the Foundation's financial statements as of and for the fiscal year ended September 30, 2014, 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.

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Accordingly, we do not express an opinion on the Foundation's internal control over financial reporting. We are required to report all identified deficiencies that are considered to be significant deficiencies<sup>3</sup> 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.

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### 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 against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with applicable 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.

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### 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 and significant deficiencies may exist that have not been identified.

During our fiscal year 2014 audit, we identified deficiencies in the Foundation's internal control over financial reporting that we do not consider to be significant deficiencies or material weaknesses. Nonetheless, these deficiencies warrant Foundation management's

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<sup>3</sup>A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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attention. We have communicated these matters to Foundation management.

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### Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report on internal control over financial reporting 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 on internal control over financial reporting 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.

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### 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.

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### Management's Responsibility

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

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### 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 applicable to the Foundation.

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### 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 2014 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

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laws, regulations, contracts, and grant agreements applicable to the Foundation. Accordingly, we do not express such an opinion.

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

The purpose of this report on compliance with laws, regulations, contracts, and grant agreements 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 on compliance with laws, regulations, contracts, and grant agreements 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.

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### 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.



J. Lawrence Malenich  
Director  
Financial Management and Assurance

May 8, 2015

# Financial Statements

## Statements of Financial Position

**THE CONGRESSIONAL AWARD FOUNDATION**  
**Statements of Financial Position**  
**As of September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash	\$ 254,078	\$ 179,190
Certificate of Deposit (notes 4 & 12)	20,410	20,362
Contributions receivable, net (note 3)	124,608	169,298
Accounts receivable	14,025	-
Prepaid expenses	4,758	2,816
Equipment, software, furniture, and fixtures, net (note 5)	<u>33,142</u>	<u>28,234</u>
<b>Total assets</b>	<b><u>\$ 451,021</u></b>	<b><u>\$ 399,900</u></b>
<b>Liabilities and net assets</b>		
Accounts payable and accrued expenses	\$ 17,497	\$ 11,037
Accrued payroll, related taxes, and benefits	<u>15,549</u>	<u>16,921</u>
<b>Total liabilities</b>	<b><u>33,046</u></b>	<b><u>27,958</u></b>
<b>Commitment and contingencies (note 12)</b>		
<b>Net assets</b>		
Unrestricted	388,710	357,352
Temporarily restricted (note 6)	<u>29,265</u>	<u>14,590</u>
<b>Total net assets</b>	<b><u>417,975</u></b>	<b><u>371,942</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 451,021</u></b>	<b><u>\$ 399,900</u></b>

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, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Changes in unrestricted net assets:</b>		
<b>Operating revenue and other support</b>		
Contributions	\$ 471,320	\$ 386,365
Special Event Revenues	258,921	275,211
Program Fees Revenue	85,876	73,719
In-kind Contributions (note 7)	28,956	60,734
Interest Income	61	75
Net assets released from restrictions (note 6)	325	147
<b>Total operating revenue and other support</b>	<b>845,459</b>	<b>796,251</b>
<b>Operating expenses (note 8)</b>		
Salaries, benefits, and payroll taxes	361,182	339,071
Gold Award ceremony	102,665	78,061
Costs of direct benefit to donors	99,594	108,836
Professional fees	81,694	89,252
Administrative and other expense	70,499	64,318
Fund-raising expense	62,755	50,236
Program, promotion, and travel	25,944	15,051
Depreciation and amortization	7,182	4,742
Board of Directors expense	2,084	1,877
Loss on Disposal of Assets	502	-
Uncollectible contributions	-	1,810
<b>Total operating expenses</b>	<b>814,101</b>	<b>753,254</b>
<b>Change in unrestricted net assets</b>	<b>31,358</b>	<b>42,997</b>
<b>Changes in temporarily restricted net assets:</b>		
Contribution	15,000	-
Net assets released from restrictions (note 6)	(325)	(147)
<b>Increase/(Decrease) in temporarily restricted net assets</b>	<b>14,675</b>	<b>(147)</b>
<b>Increase in net assets</b>	<b>46,033</b>	<b>42,850</b>
Net assets at beginning of year	371,942	329,092
<b>Net assets at end of year</b>	<b>\$ 417,975</b>	<b>\$ 371,942</b>

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, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities:</b>		
Cash received from contributions	\$ 532,300	\$ 429,585
Cash received from special event revenues	257,644	223,613
Cash received from program fees revenue	71,851	86,814
Cash paid to vendors	(487,625)	(409,823)
Cash paid to employees	(286,690)	(263,854)
<b>Net cash provided by operating activities</b>	<u><b>87,480</b></u>	<u><b>66,335</b></u>
<b>Cash flows from investing activities:</b>		
Purchases of fixed assets	(12,592)	(24,255)
<b>Net cash used in investing activities</b>	<u><b>(12,592)</b></u>	<u><b>(24,255)</b></u>
<b>Net increase in cash</b>	74,888	42,080
<b>Cash, beginning of year</b>	179,190	137,110
<b>Cash, end of year</b>	<u><b>\$ 254,078</b></u>	<u><b>\$ 179,190</b></u>
<b>Reconciliation of change in net assets to net cash provided by (used in) operating activities:</b>		
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 46,033	\$ 42,850
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	7,182	4,742
Loss on disposal of asset	502	-
Accrued interest income	(48)	(75)
<b>Change in assets:</b>		
Contributions receivable, net	44,690	(6,568)
Accounts receivable	(14,025)	13,095
Prepaid expenses	(1,942)	13,526
<b>Change in liabilities:</b>		
Accounts payable and accrued expenses	6,460	2,816
Accrued payroll, related taxes and benefits	(1,372)	(4,051)
<b>Net cash provided by (used in) operating activities</b>	<u><b>\$ 87,480</b></u>	<u><b>\$ 66,335</b></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, 2014 and 2013**

**Note 1. Organization**

The Congressional Award Foundation (the Foundation) was formed in 1979 under Public Law 96-114 and is a private, nonprofit, organization and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Public Law 113-43, enacted on October 4, 2013, reauthorized the Congressional Award Foundation through September 30, 2018.

The Foundation was 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 2014. During fiscal year 2014, there were approximately 34,155 participants registered in the Foundation's Award program.

**Note 2. Summary of Significant Accounting Policies**

A. Basis of Accounting

The financial statements are prepared on the accrual basis of accounting which is the basis for accounting principles generally accepted in the United States of America (GAAP).

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 fair value based on amount expected to be collected. 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.

**THE CONGRESSIONAL AWARD FOUNDATION**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended September 30, 2014 and 2013**

**Note 2. (continued)**

**E. Equipment, Software, 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 is included in revenue or expense, as appropriate. Donated equipment is initially recorded at fair value when received. Amortization expense for website development costs is calculated on a straight line basis over an estimated useful life of 3 years.

**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, 2014 and 2013.

**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. Certain administrative costs were allocated based on the percentage of direct labor hours among the programs and supporting services benefited.

**I. Estimates**

The preparation of financial statements in conformity with GAAP 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, 2014 and 2013**

**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.

**Note 3. Contributions Receivable, Net**

At September 30, 2014 and 2013, contributions or unconditional promises to give totaled \$124,608 and \$171,108, respectively; no promises to give were purpose restricted by the donors. The allowance was \$0 and \$1,810 at September 30, 2014 and 2013, respectively.

**Note 4. Fair Value Measurements**

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

GAAP 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 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.

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;

**THE CONGRESSIONAL AWARD FOUNDATION**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended September 30, 2014 and 2013**

**Note 4. (continued)**

- 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 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, 2014 and 2013 are as follows:

<b>September 30, 2014</b>				
<u>Fair Value</u>	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Certificate of Deposit	<u>\$20,410</u>	<u>\$20,410</u>	<u>\$ —</u>	<u>\$ —</u>
 <b>September 30, 2013</b>				
<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>

**Note 5. Equipment, Software, Furniture, and Fixtures, Net**

Equipment, software, furniture, and fixtures as of September 30, 2014, and 2013, are shown in the schedule below:

	<u>2014</u>	<u>2013</u>
Computer software	\$ 28,268	\$ 28,268
Furniture and equipment	37,411	36,667
Donated equipment	13,300	13,300
Website Development Costs	11,000	-
Accumulated depreciation & amortization	<u>(56,837)</u>	<u>(50,001)</u>
Total equipment, software, furniture, and fixtures, net	<u>\$ 33,142</u>	<u>\$ 28,234</u>

**THE CONGRESSIONAL AWARD FOUNDATION**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended September 30, 2014 and 2013**

**Note 6. Temporarily Restricted Net Assets**

Temporarily restricted net assets as of September 30, 2014, and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Puerto Rico Council development	\$ 14,265	\$ 14,590
Contribution for 2015	<u>15,000</u>	<u>-</u>
<b>Total net assets temporarily restricted for use</b>	<b><u>\$ 29,265</u></b>	<b><u>\$ 14,590</u></b>

Net assets released from restrictions during the years ended September 30, 2014, and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
<b>Total temporarily restricted net assets released for use</b>	<b><u>\$ 325</u></b>	<b><u>\$ 147</u></b>

**Note 7. In-kind Contributions**

During fiscal years 2014 and 2013, 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, 2014 and 2013.

The values of the in-kind contributions recognized were \$28,956 and \$60,734 for fiscal years 2014 and 2013, respectively. These non-cash contributions are as follows:

	<u>2014</u>	<u>2013</u>
Professional services:		
Legal	\$ 24,000	\$ 40,000
Donations – fund-raising activities	4,700	17,368
Donations – program activities	<u>256</u>	<u>3,366</u>
Total in-kind contributions	<b><u>\$ 28,956</u></b>	<b><u>\$ 60,734</u></b>

During fiscal years 2014 and 2013, 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.

**THE CONGRESSIONAL AWARD FOUNDATION**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended September 30, 2014 and 2013**

**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, 2014, and 2013. Presented below are the Foundation's expenses by functional classification for the fiscal years ended September 30, 2014, and 2013:

	<u>2014</u>	<u>2013</u>
Program activities	\$ 430,968	\$ 363,947
Fund-raising activities	149,423	130,698
Administrative activities	134,116	149,773
Costs of direct benefit to donors	<u>99,594</u>	<u>108,836</u>
Total	<u>\$ 814,101</u>	<u>\$ 753,254</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 2014 and 2013.

**Note 10. Related Party Activities**

The Foundation engaged in transactions with related parties during fiscal years 2014 and 2013.

During fiscal years 2014 and 2013, the National Director utilized her personal credit card to purchase some items for the Foundation. The Foundation reimbursed the National Director for those purchases and the reimbursements were \$983 and \$3,301 for the fiscal years 2014 and 2013, respectively.

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

- During fiscal years 2014 and 2013, 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 2014 and 2013 were \$24,000 and \$40,000, respectively. Value of the pro bono legal services was determined based on fair value for fiscal years ending in 2014 and 2013.

**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

**THE CONGRESSIONAL AWARD FOUNDATION**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended September 30, 2014 and 2013**

**Note 11. (continued)**

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 2010. For the year ended September 30, 2014, 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, 2014, through May 8, 2015, 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, 2015

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, 2014 and 2013.

We are extremely pleased that the GAO found the fiscal year 2014 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,

A handwritten signature in blue ink, appearing to read 'E. Blansitt'.

Edward L. Blansitt  
Audit Chairman

A handwritten signature in blue ink, appearing to read 'Erica W. Heyse'.

Erica W. Heyse  
National Director

379 Ford House Office Building • Washington, DC 20515 • (202) 226-0130 • FAX: (202) 226-0131  
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# Appendix II: Accessible Data

## Data Tables for Financial Statements: Statements of Financial Position as of September 30, 2014 and 2013

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Cash	\$254,078	\$179,190
Certificate of Deposit (notes 4 & 12)	\$20,410	\$20,362
Contributions receivable, net (note 3)	\$124,608	\$169,268
Accounts receivable	\$14,025	
Prepaid expenses	\$4,758	\$2,816
Equipment, software, furniture, and fixtures, net (note 5)	\$33,142	\$28,234
<b>Total assets</b>	<b>\$451,021</b>	<b>\$399,900</b>

<b>Liabilities and net assets</b>	<b>2014</b>	<b>2013</b>
Accounts payable and accrued expenses	\$17,497	\$11,037
Accrued payroll, related taxes, and benefits	\$15,549	\$16,921
<b>Total liabilities</b>	<b>\$33,046</b>	<b>\$27,958</b>

## Commitment and contingencies (note 12)

<b>Net assets</b>	<b>2014</b>	<b>2013</b>
Unrestricted	\$388,710	\$357,352
Temporarily restricted (note 6)	\$29,265	\$14,590
<b>Total net assets</b>	<b>\$417,975</b>	<b>\$371,942</b>

	<b>2014</b>	<b>2013</b>
<b>Total liabilities and net assets</b>	<b>\$451,021</b>	<b>\$399,900</b>

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

## Data Tables for Financial Statements: Statements of Activities for the Fiscal Years Ended September 30, 2014 and 2013

### Changes in unrestricted net assets:

<b>Operating revenue and other support</b>	<b>2014</b>	<b>2013</b>
Contributions	\$471,320	\$386,365
Special Event Revenues	\$258,921	\$275,211
Program Fees Revenue	\$85,876	\$73,719
In-kind Contributions (note 7)	\$28,956	\$60,734

<b>Operating revenue and other support</b>	<b>2014</b>	<b>2013</b>
Interest income	\$61	\$75
Net assets released from restrictions (note 6)	\$325	\$147
<b>Total operating revenue and other support</b>	<b>\$845,459</b>	<b>\$796,251</b>

<b>Operating expenses (note 8)</b>	<b>2014</b>	<b>2013</b>
Salaries, benefits and payroll taxes	\$361,182	\$339,071
Gold Award ceremony	\$102,665	\$78,061
Costs of direct benefit to donors	\$99,594	\$108,836
Professional fees	\$81,694	\$89,252
Administrative and other expense	\$70,499	\$64,318
Fund-raising expense	\$62,755	\$50,236
Program, promotion, and travel	\$25,944	\$15,051
Depreciation and amortization	\$7,182	\$4,742
Board of Directors expense	\$2,084	\$1,877
Loss on Disposal of Assets	\$502	
Uncollectible contributions		\$1,810
<b>Total operating expenses</b>	<b>\$814,101</b>	<b>\$753,254</b>

	<b>2014</b>	<b>2013</b>
<b>Change in unrestricted net assets</b>	<b>\$31,358</b>	<b>\$42,997</b>

<b>Changes in temporarily restricted net assets</b>	<b>2014</b>	<b>2013</b>
Contribution	\$15,000	
Net assets released from restrictions (note 6)	(\$325)	(\$147)
<b>Increase/(Decrease) in temporarily restricted net assets</b>	<b>\$14,675</b>	<b>(\$147)</b>

	<b>2014</b>	<b>2013</b>
<b>Increase in net assets</b>	<b>\$46,033</b>	<b>\$42,850</b>

	<b>2014</b>	<b>2013</b>
Net assets at beginning of year	\$371,942	\$329,092
<b>Net assets at end of year</b>	<b>\$417,975</b>	<b>\$371,942</b>

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

**Data Tables for Financial Statements: Statements of Cash Flows for the Fiscal Years Ended September 30, 2014 and 2013**

<b>Cash flows from operating activities</b>	<b>2014</b>	<b>2013</b>
Cash received from contributions	\$532,300	\$429,585
Cash received from special event revenues	\$257,644	\$223,613
Cash received from program fees revenue	\$71,851	\$86,814
Cash paid to vendors	(\$487,625)	(\$409,823)
Cash paid to employees	(\$286,690)	(\$263,854)
<b>Net cash provided by operating activities</b>	<b>\$87,480</b>	<b>\$66,335</b>

<b>Cash flows from investing activities</b>	<b>2014</b>	<b>2013</b>
Purchases of fixed assets	(\$12,592)	(\$24,255)
<b>Net cash used in investing activities</b>	<b>(\$12,592)</b>	<b>(\$24,255)</b>

	<b>2014</b>	<b>2013</b>
<b>Net increase in cash</b>	<b>\$74,888</b>	<b>\$42,080</b>
<b>Cash, beginning of year</b>	<b>\$179,190</b>	<b>\$137,110</b>
<b>Cash, end of year</b>	<b>\$254,078</b>	<b>\$179,190</b>

**Reconciliation of change in net assets to net cash provided by (used in) operating activities:**

<b>Cash flows from operating activities</b>	<b>2014</b>	<b>2013</b>
Increase in net assets	\$46,033	\$42,850
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	\$7,182	\$4,742
Loss on disposal of asset	\$502	
Accrued interest income	(\$48)	(\$75)

<b>Change in assets</b>	<b>2014</b>	<b>2013</b>
Contributions receivable, net	\$44,690	(\$6,568)
Accounts receivable	(\$14,025)	\$13,095
Prepaid expenses	(\$1,942)	\$13,526

<b>Change in liabilities</b>	<b>2014</b>	<b>2013</b>
Accounts payable and accrued expenses	\$6,460	\$2,816

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<b>Change in liabilities</b>	<b>2014</b>	<b>2013</b>
Accrued payroll, related taxes and benefits	(\$1,372)	(\$4,051)
Net cash provided by (used in) operating activities	\$87,480	\$66,335

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

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