

# Corporation for National and Community Service

NationalService.gov



## FY 2016 Agency Financial Report

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## **How to Serve**

If you are interested in joining or learning more about the Corporation for National and Community Service (CNCS) programs, go to [www.nationalservice.gov](http://www.nationalservice.gov). Click “Serve Your Community” to discover which opportunity is right for you.

## **How this Report Is Organized**

### **Section I – Management’s Discussion and Analysis**

Section I provides an overview of performance and financial information. It includes a brief history of CNCS, introduces its mission, and contains major agency and program performance accomplishments. This section also provides summary financial highlights and internal control assurances.

### **Section II – Financial Statements**

Section II provides the agency’s financial details, including audited financial statements and footnotes, OIG report cover, OIG transmittal, as well as the independent auditor’s reports on the audited financial statements and footnotes, compliance matters, and internal controls. This section also contains management’s response to the auditor’s report.

### **Section III – Other Information**

Section III provides supplementary reporting of Donations and Contributions, the National Service Trust Fund (Trust), and Improper Payments. Donations and Contributions reporting identifies the nature and amount of donations, as well as how they were used in support of CNCS’s programs and activities. The Trust Status Report provides the status of Segal AmeriCorps Education Awards (Education Awards) and student loan interest forbearance to eligible participants. The section ends with an assessment of Improper Payments made by each program or activity and actions taken to recover them.

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

## **Message from the Chief Executive Officer**

For nearly a quarter century, the Corporation for National and Community Service has tapped our nation's greatest resource—the American people—to get things done.

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

I am pleased to present our fiscal year 2016 (FY 2016) Agency Financial Report. This report demonstrates our continued commitment to strong performance, focused investments, accountability, and management excellence.

This past year, CNCS engaged millions of Americans of all ages and backgrounds in results-driven service, strengthened thousands of nonprofit and faith-based groups, and forged innovative partnerships. This engagement was matched with increased accountability and our strong record of reliable fiscal stewardship that reflects our mission to build a better future for our citizens.

### **Driving Impact and Innovation**

This past year, we continued to implement the Edward M. Kennedy Serve America Act's focus on six priority areas: disaster services, economic opportunity, education, environmental stewardship, healthy futures, and veterans and military families.

Our 324,000 Senior Corps and AmeriCorps members tackled pressing issues, from preventing opioid abuse in Eastern Kentucky and addressing the Flint water emergency to supporting tribal communities and responding to disasters across the nation.

Our Social Innovation Fund (SIF) continued to find what works and make it work for more people – expanding evidence-based programs addressing tough challenges like chronic unemployment, systemic homelessness, and mental health problems. In six years, the SIF has leveraged more than \$625 million in non-federal dollars to support 458 programs and impact the lives of more than 700,000 individuals.

Through performance measures, research, and evaluation, we continue to use data and evidence in decision-making and to demonstrate our impact on key challenges. Competition is a fundamental value that we are using to drive funds to the highest-quality, highest-value programs.

### **Expanding Partnerships and Local Control**

National service is a model of public-private partnership. Each year, our programs generate more than \$1.2 billion in outside resources from businesses, foundations, and other sources – more than the federal appropriation. This local investment strengthens community impact, increases the return on taxpayer dollars, and demonstrates strong confidence in our programs' abilities to deliver results.

Governors are key partners in delivering national service, and in FY 2016 we increased our investment in Governor-appointed State Service Commissions. We granted more than \$6 million to State Commissions to expand their capacity to provide training and technical assistance to AmeriCorps grantees, and awarded grants to 22 State Commissions to develop programs to address the opioid epidemic and civil unrest in communities.

In FY 2016, we continued to work closely with local elected officials. A record 3,539 mayors, county, and tribal leaders participated in our annual recognition day to highlight the impact of national service and thank Senior Corps and AmeriCorps members. Together, these officials represent more than 178 million Americans—more than half of the U.S. population.

### **Expanding Economic Opportunity**

In FY 2016, we continued our focus on expanding economic opportunity by tutoring students in low-performing schools, educating students for jobs of the 21st century, connecting returning veterans to employment, helping seniors live independently, rebuilding communities after disasters, and more.

CNCS programs also expanded economic opportunity for service participants, by helping them graduate from high school, gain career skills, pay for higher education, and find work. More than 400 employers representing 2.4 million jobs in the public, private, and nonprofit sectors have become Employers of National Service, recognizing the contributions and unique skills of the more than one million men and women who have served in AmeriCorps and 200,000 individuals who have served with the Peace Corps.

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

CNCS has a deep commitment to ensuring the highest levels of accountability. In FY 2016, we maintained our unmodified audit opinion for the 17th consecutive year. We also strengthened oversight systems, monitoring protocols, and grantee training; hired a Chief Risk Officer; and initiated an enterprise-wide approach to risk management to achieve higher levels of performance and accountability.

In the spirit of continuous improvement, we are taking additional steps to strengthen our oversight and monitoring practices as part of our larger focus on using federal funds more effectively to ensure compliance, measure performance, and maximize our impact.

### **National Service Works for America**

Service and social innovation have always been a vital part of the American character. For five decades, Administrations of both parties have invested in national service to tap the ingenuity and can-do spirit of the American people.

Our programs empower citizens to solve problems. They bolster the institutions of civil society. They expand opportunity through hard work and personal responsibility. They strengthen our communities. And they unite us as a nation.

We look forward to building on this strong foundation and creating more opportunities for Americans to serve their communities.

Warmest Regards,



Wendy Spencer  
Chief Executive Officer

## **Agency Mission and Overview**

From the earliest days of our nation, Americans have stepped forward to help their neighbors, working together in creative ways to solve problems and strengthen communities.

As citizens, we recognize that we have responsibilities as well as rights. One of the ways Americans express their citizenship is by serving their communities. National service, volunteerism, and social innovation demonstrate the best of the American spirit – people turning toward problems instead of away and working together to find community solutions.

Since its creation more than two decades ago, the Corporation for National and Community Service (CNCS) has led the nation's efforts to engage citizens in solving problems in their communities. Working hand in hand with thousands of local partners, CNCS's mission is to improve lives, strengthen communities, and foster civic participation through service and volunteerism.

CNCS focuses its resources on the most pressing challenges facing our nation:

- Educating students for the jobs of the 21st century
- Supporting individuals, families, and neighborhoods on the road to economic recovery
- Addressing the needs of military families and a new generation of veterans returning from war
- Helping communities rebuild after natural disasters
- Promoting health and wellbeing
- Preserving the nation's parks and public lands.

Through AmeriCorps and Senior Corps, CNCS directly engages 324,000 Americans in intensive service each year at more than 50,000 locations across the country, from large cities to small towns to rural areas. These dedicated Americans serve in tough conditions to meet local needs, all while recruiting millions of other volunteers to serve alongside them and multiply their impact.

As they make a difference the lives of others, national service members also improve their own lives - by learning new career skills, earning college scholarships, experiencing positive health benefits, and connecting with their community.

For example, results of the AmeriCorps member exit survey<sup>1</sup> indicate the following:

- 94 percent of exiting members felt they had made a difference in the life of at least one person
- 82 percent stated they were more likely to volunteer for a cause or issues they care about
- 88 percent felt their experience was worthwhile in terms of furthering their professional goals and endeavors, with 83 percent describing their AmeriCorps service as a defining professional experience
- 86 percent stated they would recommend participating in AmeriCorps to a good friend or family member

Research from the randomized controlled trial of Experience Corps confirms the various health benefits of volunteering for older adults. Publications may be found on the National Institutes of

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<sup>1</sup> The member exit survey is administered to all members at the time they exit their service term for all AmeriCorps programs. Members have 60 days before and 180 days after their service end date, to complete the survey. The data reported here covers the period between April 30, 2015 and February 27, 2016. The survey response rate for this time period is 60 percent. The survey may be found at <http://www.nationalservice.gov/impact-our-nation/evidence-exchange/amicorps-member-exit-survey>.

Health (NIH) website.<sup>2</sup> NIH recently convened a meeting (*What Was Learned from the Experience Corps Evaluations, and Directions for Future Research on Civic and Social Engagement*) to discuss more recent findings to be published soon.

In addition to its national service programs, the CNCS Social Innovation Fund improves the lives of people in low-income communities by mobilizing public and private resources to replicate and scale promising and evidence-based solutions in three priority areas of need: economic opportunity, youth development, and healthy futures.

Findings from the National Assessment of the SIF Classic Program confirmed that grantees adopted evidence-based grant making strategies to ensure that effective community solutions were tested and scaled. SIF grantees changed their grant making practices more and faster compared to other, similar grant makers. SIF grantees reported that the SIF program was instrumental in bringing about these changes.<sup>3</sup>

At a time when public, private, and nonprofit organizations are struggling to meet the nation's most pressing challenges, and when tough choices are being made at every level to maximize limited resources, the SIF represents a new way of doing business for the federal government.

### **Evidence and Results**

CNCS has made it a priority to develop a knowledge and evidence base to support the agency's mission, programs, and strategic goals through rigorous program evaluation and research initiatives. CNCS's emphasis on evaluation is aligned with federal guidance on the importance of using evidence and rigorous evaluation in budget, management, and policy decisions. CNCS believes that implementing a robust research and evaluation agenda is critical to the agency's ability to achieve and communicate the value that national service and social innovation bring to communities across the country. In FY 2016:

- CNCS and the U.S. Census Bureau revised the volunteering and civic engagement Current Population Survey supplements to improve the quality of the nation's data on civic participation.
- CNCS funded seven universities to conduct research that will advance the knowledge base on volunteering. These studies examine the role of service and volunteering in creating social and economic benefits for individuals, organizations and communities.
- CNCS programs incorporated evidence and evaluation into their grant making practices and operational procedures.

Specific research and evaluation reports may be found in CNCS's on-line repository, the Evidence Exchange.<sup>4</sup>

### **Partnerships**

National service is a public-private partnership that recognizes no one sector can meet our challenges alone, and that we make progress best by working together. Nearly everything CNCS does is accomplished by working with and through others – including nonprofit and faith-based organizations, schools and higher education institutions, government at all levels, businesses – and ultimately individual citizens.

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<sup>2</sup> <https://search.nih.gov/search?utf8=%E2%9C%93&affiliate=nih&query=experience+corps&commit=Search>

<sup>3</sup> <http://www.nationalservice.gov/impact-our-nation/evidence-exchange/SIF-Classic-National-Assessment>

<sup>4</sup> <http://www.nationalservice.gov/impact-our-nation/evidence-exchange>

As the nation's largest grant-maker for community transformation through service, volunteering and social innovation, CNCS supports thousands of organizations, including schools, universities, food banks, homeless shelters, health clinics, youth centers, veteran's service facilities, hospitals, and other groups. CNCS's programs help these organizations expand their reach and impact by providing an infusion of human capital – trained and passionate AmeriCorps members and Senior Corps volunteers who can provide sustained service and mobilize other volunteers to strengthen community impact. Through the SIF, CNCS provides financial capital to grow and evaluate programs that work.

Another benefit for CNCS grantees and the communities they serve is the significant amount of cash and in-kind resources leveraged by the modest federal investment. Each year, CNCS, its grantees, and project sponsors generate more than \$1.2 billion in outside resources from businesses, foundations, and other sources – more than the agency's federal appropriation. Some of the nation's largest companies provide matching support, along with hundreds of small businesses, community foundations, and local agencies. This local investment strengthens community impact, increases the return on taxpayer dollars, and demonstrates great confidence in the ability of our programs to deliver results.

In addition to collaborating with nonprofit organizations across the country, CNCS also works with federal, state, and local government to engage citizens to meet important community needs. Congress created national service as a shared federal-state partnership, providing a central role for governors in designing and implementing national service through governor-appointed State Service Commissions. CNCS also works closely with mayors, county officials, and tribal leaders across the country to support local efforts to engage citizens in addressing community challenges.

On the federal level, CNCS in recent years has developed innovative partnerships with other agencies to meet critical challenges and expand opportunities for those who serve, including:

- FEMA (Federal Emergency Management Agency) Corps, a unit of the AmeriCorps National Civilian Community Corps (NCCC), strengthens the nation's disaster capacity, prepares young people for emergency management careers, and saves significant taxpayer dollars.
- School Turnaround AmeriCorps, a partnership between the U.S. Department of Education and AmeriCorps, brings hundreds of new AmeriCorps members into some of the nation's lowest performing schools to boost student academic achievement, attendance, high school graduation rates, and college and career readiness. Key findings of the national implementation evaluation concluded in FY16 include<sup>5</sup>:
  - Stakeholders in the majority of School Turnaround AmeriCorps program schools perceived that AmeriCorps services support turnaround efforts by offering helpful support, serving as partners in improving student outcomes, and providing activities frequently enough to be valuable.
  - Case study findings demonstrate how the program helps to build school capacity, leverages resources to increase services for students, uses AmeriCorps members to review student data, supports classroom teachers' efforts, and also contributed to some schools' success in exiting turnaround status.

CNCS has worked with a number of federal and private sector partners to launch new AmeriCorps service opportunities that address critical challenges, including:

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<sup>5</sup> <http://www.nationalservice.gov/impact-our-nation/evidence-exchange/School-Turnaround-AmeriCorps>

- Justice AmeriCorps, a partnership between CNCS and the Department of Justice that engages approximately 100 lawyers and paralegals annually as AmeriCorps members to provide legal services to unaccompanied immigrant children.
- Resilience AmeriCorps, a partnership with the National Oceanic and Atmospheric Administration, The Rockefeller Foundation, and Cities of Service formed to engage AmeriCorps VISTA members in helping communities plan and implement efforts to become more resilient to the impacts of extreme weather, disasters, and climate effects.
- ServiceWorks, a three-year project created to help low-income youth develop the skills they need to prepare for college and careers. Through this collaboration between AmeriCorps, Points of Light, and the Citi Foundation, up to 225 AmeriCorps members engage youth age 16-24 in a volunteer response effort in 10 cities.
- Youth Opportunity AmeriCorps, a partnership with the Department of Justice's Office of Juvenile Justice and Delinquency Prevention that enrolls disconnected youth in national service and provide them with a mentor.
- The Financial Opportunity Corps, a partnership with Bank of America and Points of Light, engages AmeriCorps VISTAs in bringing financial coaching to 10 communities around the nation.
- Elder Justice AmeriCorps, a two-year program with Department of Justice's Office of Victims of Crimes and Elder Justice Initiative, which engages 300 AmeriCorps members to provide legal assistance and support services to victims of elder abuse, neglect, and exploitation, and to promote pro bono capacity building in the field.

CNCS is continuing to work with other federal agencies and the private sector to develop service corps to meet the nation's most important challenges while providing pathways to opportunity for those who serve.

### **Economic Opportunity**

In all its programs, CNCS seeks to expand economic opportunity – helping disconnected youth, new Americans, veterans, military families, seniors, people with disabilities, and others acquire the skills, education, and training they need for productive employment.

National service and SIF grantees support the beneficiaries of our programs by expanding individual opportunity, building family stability, and creating more sustainable, resilient communities. When programs help seniors live independently in their homes, or provide tutoring to help students graduate, or work alongside a low-income family to build a new home, they are supporting economic independence.

National service is also a pathway to education and employment for those who serve. AmeriCorps provides members with valuable skills, leadership abilities, and experience to jumpstart their careers. In addition to gaining valuable experience to help them find employment, AmeriCorps alumni have earned more than \$3 billion in Segal AmeriCorps Education Awards to help them pay for college or repay student loans since 1993.

Through our Employers of National Service initiative, CNCS is recognizing the contributions and unique skills of the more than 1 million men and women who have served in AmeriCorps and the more than 200,000 individuals who have volunteered with the Peace Corps. More than 400 employers representing 2.4 million jobs in the public, private, and nonprofit sectors have joined this effort to recruit and hire Peace Corps and AmeriCorps alums.

CNCS research reinforces the positive connection between volunteering and employment. As shown in its seminal study, *Volunteering as a Pathway to Employment*, CNCS found that volunteers have a 27 percent higher likelihood of finding a job after being out of work than non-volunteers. This link was stable across socioeconomic variables such as gender, age, ethnicity, geographical area, or job market conditions. Volunteering can increase a person's social connections, professional contacts, skills, and experience — all factors that are positively related to finding work. Thus the millions of volunteers engaged through CNCS programs each year not only help their communities, they may improve their own employment future.

By helping more Americans graduate, pursue higher education, and find work, national service can provide immediate benefits to the community and significant long-term benefits to service recipients and those who serve.

### **Efficiency and Accountability**

CNCS is committed to increasing efficiency in its program and financial operations, streamlining processes, reducing burdens, and supporting grantees and project sponsors in achieving their objectives. Among other activities, CNCS is strengthening IT systems to enhance efficiencies, enable program effectiveness, improve accountability, and provide effective system security. Another priority is ensuring that financial and grant management systems and policies support CNCS's business infrastructure so that the agency can meet its goals and objectives.

In recent years, CNCS has taken multiple steps to strengthen its grants monitoring practices, including improved training and communication with staff, grantees, and participants; better use of financial data to assess grantee risk; quarterly reviews of Single Audit results; regular reviews of grantee drawdowns; increased controls on fixed-amount grants; and continued refinements to our monitoring tools.

In the spirit of continuous improvement, the agency is implementing additional steps to increase the effectiveness of CNCS's grants monitoring. In FY 2016 CNCS hired a highly qualified Chief Risk Officer, one of the few such positions within the federal government. This executive leads an office responsible for implementing enterprise risk management, and improving risk-based grants monitoring and overall agency internal controls. Other grants monitoring reforms already underway include reviewing and validating the agency's grantee risk model, updating its grants management IT system, benchmarking the model and monitoring processes against other similar grant making agencies, and evaluating innovative ways to identify issues more efficiently.

## Legislation

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

This authority was expanded in 2009 with the passage of the Edward M. Kennedy Serve America Act, which amended the original National and Community Service Act (1990) and the Domestic Volunteer Service Act (1973). Under this current authority CNCS manages the following major programs:

- AmeriCorps, including AmeriCorps State and National, AmeriCorps VISTA, and AmeriCorps National Civilian Community Corps (NCCC)
- State Service Commission Support Grants
- Senior Corps
- Social Innovation Fund
- Volunteer Generation Fund
- Martin Luther King Jr. National Day of Service, the September 11th National Day of Service and Remembrance, and other Innovation and Demonstration programming
- Evaluation

More on each program can be found later in this report.

## Organizational Structure

Headquartered in Washington, DC, CNCS is an independent federal agency with a Board of Directors, Chief Executive Officer (CEO), and Inspector General – all of whom are appointed by the President.

The CEO provides overall organizational management for the agency’s programs and operations, including more than 600 employees who work throughout the United States and its territories. The Board of Directors works closely with the CEO to set the direction for CNCS, advises the President and Congress concerning developments in national and community service that merit their attention, and conducts an annual evaluation of the CEO.

**Figure 1. CNCS Organizational Chart**

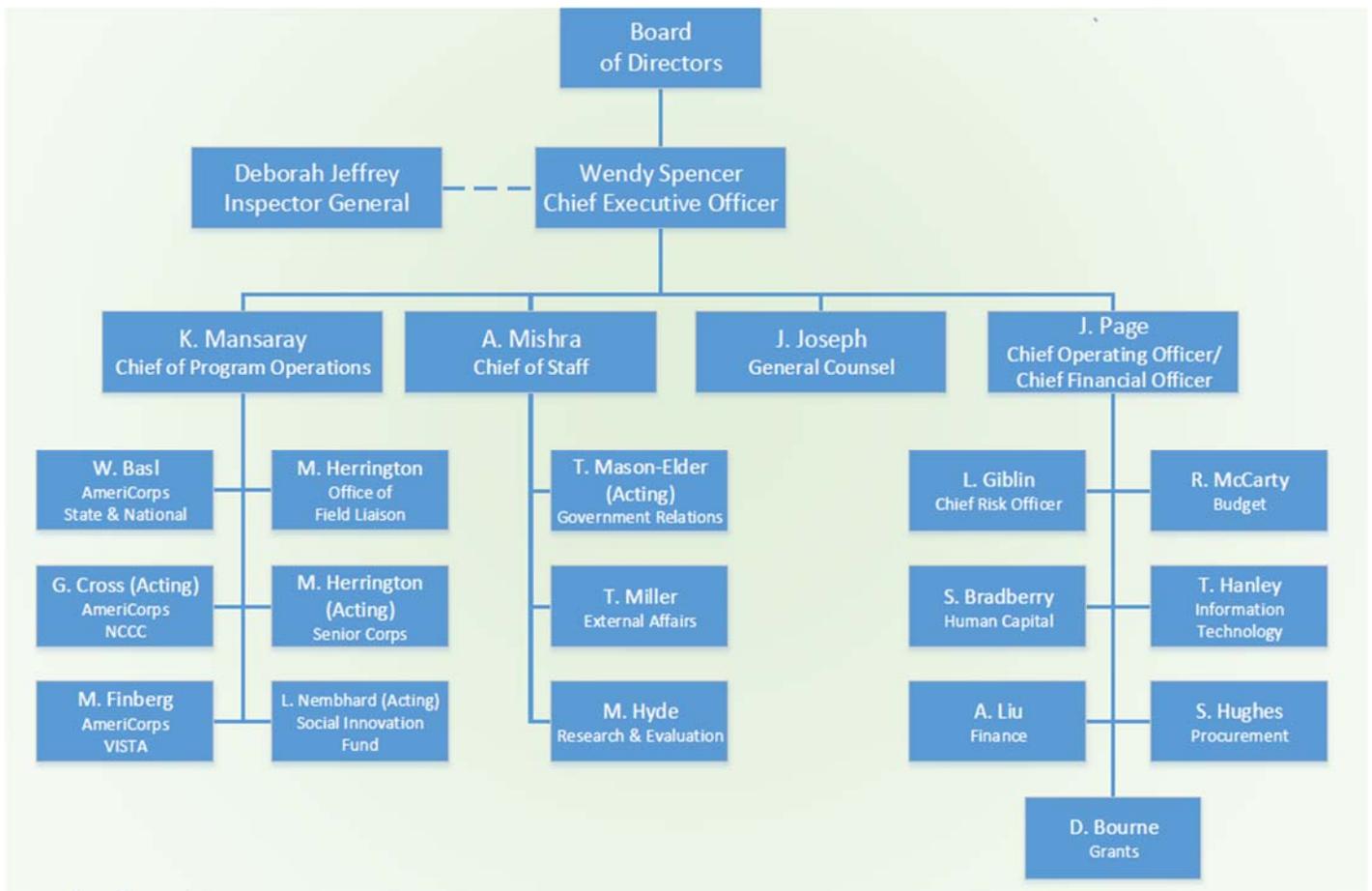
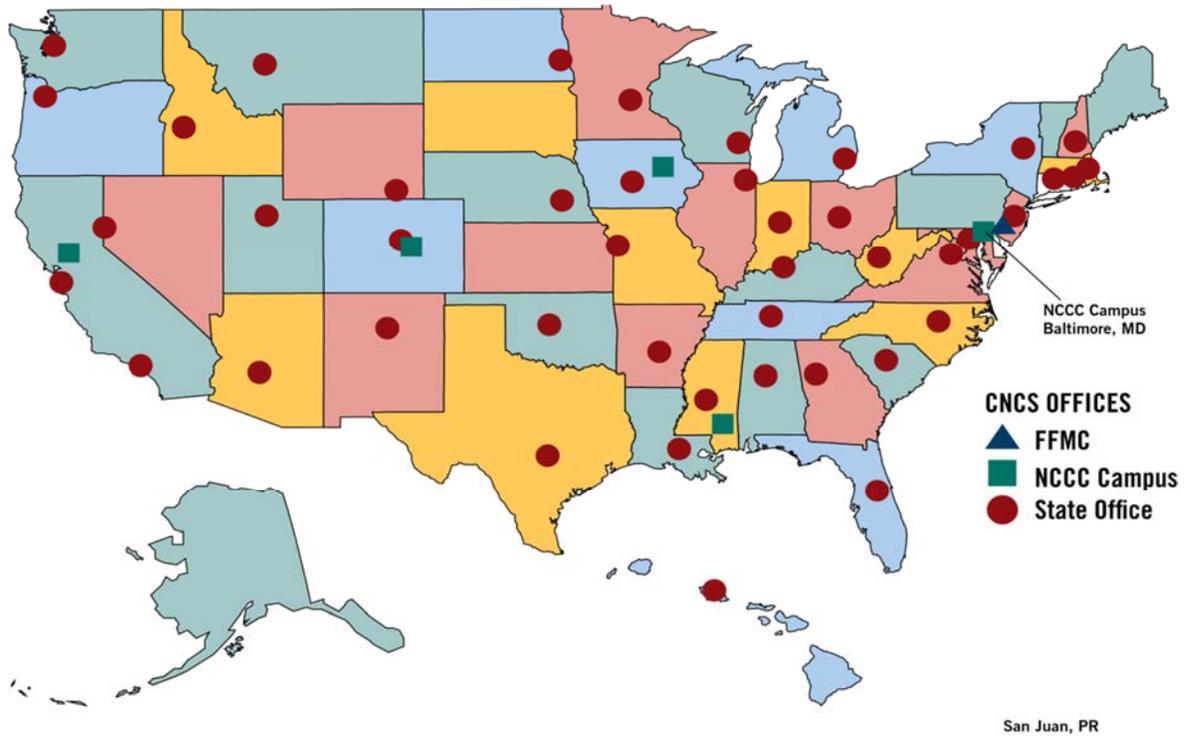


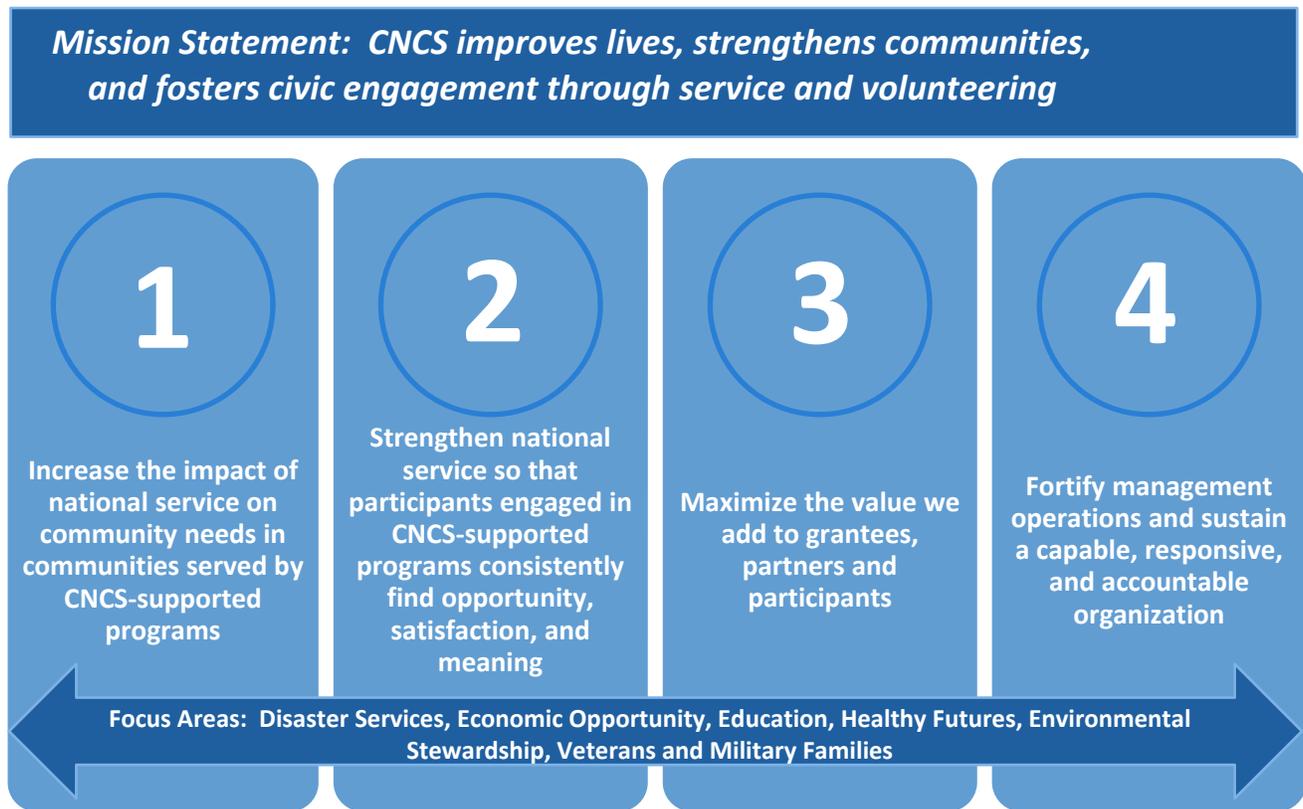
Figure 2. CNCS Offices



# Strategic Priorities

CNCS is currently operating under its 2011-2015 Strategic Plan framework. In accordance with federal guidance the agency will update its plan in FY 2017 to align with incoming Presidential Administration priorities.

For FY 2016, CNCS received \$1.095 billion in funding that it used to focus on the four goals below. Major program results aligned to these priorities are presented later in this report.<sup>6</sup>



<sup>6</sup> Specific priority measures can be found in CNCS’s budget and strategic plan located at <http://www.nationalservice.gov>.

## **Agency Accomplishments**

In FY 2016, CNCS continued to provide targeted, critical support through its national network of State Service Commissions, grantees, and partners, to deliver services to communities throughout the country.

CNCS's investment led to important accomplishment in the agency's priority focus areas. A partial sample of these accomplishments is listed below, grouped by goals established in the agency's strategic plan.

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

- Engaged approximately 80,000 AmeriCorps members and nearly 244,000 Senior Corps volunteers in results-driven service to strengthen education, support veterans and military families, help communities recover from disasters, expand economic opportunity, preserve the environment, provide health services, and more.<sup>7</sup>
- Continued to implement new public-private and interagency partnerships such as Resilience AmeriCorps and Elder Justice AmeriCorps to engage more Americans in meeting national priorities and expanding educational and economic opportunity for those who serve.
- Awarded the sixth year of funding for the Social Innovation Fund (SIF) to experienced grant-makers with strong track records of success in expanding the impact of high-performing organizations and improving the lives of people in low-income communities. As part of SIF, awarded three new Pay for Success grants, which provide assistance to projects that seek to further align public funding with outcomes.
- Provided critical support to Americans affected by multiple natural and man-made disasters, including direct assistance to homeowners in the cleanup and gutting of their homes, volunteer coordination, shelter operations, damage assessments, and documentation of donated goods and volunteer hours that may be used for the state's cost share for FEMA grants.
- Continued support for 10 Operation AmeriCorps grants to help tribal and local leaders address their community's most pressing local challenges. In this program, initiated in the summer of 2014, tribal and local leaders identified a high-priority challenge for AmeriCorps members to address in a relatively short period of time. Unlike other CNCS programs, applicants were able to request AmeriCorps State and National, AmeriCorps VISTA, and AmeriCorps NCCC resources in a single application.
- Continued partnerships to support community solutions including the Shaping Our Appalachian Region (SOAR) initiative to improve the economy and quality of life in rural Eastern Kentucky, the AmeriCorps Urban Safety Corps to reduce crime and blight in Detroit, and health and educational services to support families and individuals affected by the Flint water emergency.

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<sup>7</sup> Performance data are estimated because CNCS will not finish validating FY 2016 grantee reports until the end of Calendar Year 2016. The AmeriCorps count includes an estimated 600 FEMA Corps members. Updated performance information will be provided where available in CNCS's FY 2018 Congressional Budget Justification, which will be released in early 2017.

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

- Continued support for Employers of National Service, an initiative to recognize the valuable skills and experience gained by AmeriCorps and Peace Corps alumni and provide opportunities for them to apply their skills in the workplace. Employers of National Service connects national service alumni with leading employers to create recruitment, hiring, and advancement opportunities. More than 400 companies, nonprofits, and public agencies representing 2.4 million jobs have signed on as Employers of National Service since the initiative launched in September 2014, including Disney, Comcast, CSX, Delta Airlines, Miami-Dade County Public Schools, the cities of Philadelphia and Nashville, and the states of Montana and Virginia.
- Continued national Call to Service initiatives which engaged hundreds of thousands of Americans in projects on the Dr. Martin Luther King Jr. Day of Service and the September 11th National Day of Service and Remembrance, with many focused on supporting veterans, soldiers, and military families.

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

- Through the funding of AmeriCorps programs across the nation, established an infrastructure that recruited and managed millions of community volunteers to multiply the impact of national service participants and strengthen nonprofit and faith-based organizations across the country. AmeriCorps VISTA members raised an estimated \$200 million in cash and in-kind resources in support of anti-poverty programs.
- Expanded the use of competition to increase impact, including a new competition for Elder Justice AmeriCorps and continued competition for regional training events, School Turnaround AmeriCorps, and the Retired Senior Volunteer Program (RSVP) Senior Corps program.
- Provided State Service Commissions with new Commission Investment Funds to expand their capacity to improve service delivery by forging new collaborations and partnerships, offering training and technical assistance to grantees, and developing new skills and knowledge to help increase community impact.
- Awarded Program Development grants to 22 State Commissions to support the development of AmeriCorps programs addressing the opioid and prescription drug abuse crisis and civil unrest in communities.
- Strengthened relationships with governors, mayors, county, and tribal elected officials across the country. These officials are important partners in identifying local needs and ensuring national service resources are effectively meeting those needs. More than 3,500 mayors and county leaders representing 178 million Americans participated in the 2016 Mayor and County Recognition Day for National Service.
- Strengthened volunteer recruitment and management practices in 17 states through the Volunteer Generation Fund, which supported the recruitment of thousands of volunteers in FY 2016.

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

- Created an Office of Chief Risk Officer to coordinate enterprise risk management initiatives.
- Began implementation of a comprehensive risk identification, assessment, and prioritization effort across the agency to help make better decisions that reduce mission uncertainty.
- Continued to strengthen the agency’s Internal Controls with a specific focus on grant monitoring and Information Technology assessment.
- Completed the first phase of CNCS’s grant system modernization with enhanced grant application features expected to be available to agency staff and awardees in FY 2017.
- Received a 17<sup>th</sup> consecutive unmodified audit opinion.

The following sections provide partial results by major program, including performance measures where noted.<sup>8</sup>

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<sup>8</sup> Program results contribute to agency Strategic Goals 1-3. The final section regarding agency operations reflects priority measures for CNCS’s Strategic Goal 4.

FY 2016 results information provided in the performance section of each program narrative are estimated because CNCS will not finish validating FY 2016 grantee reports until the end of Calendar Year 2016. Updated performance information will be provided in CNCS’s FY 2018 Budget to Congress in early Calendar Year 2017.

## **Program Mission Performance**

## AmeriCorps State and National

For more than two decades, AmeriCorps State and National has engaged hundreds of thousands of members in intense impact-oriented service in every state and territory. These AmeriCorps members have dedicated millions of hours of service in communities across the nation helping to solve problems and expand economic opportunity through activities such as: tutoring, disaster response, helping veterans reintegrate into civilian life, and more.

### Performance

In FY 2016, AmeriCorps State and National continued to promote effective and efficient solutions to social challenges by using a grantmaking process that selected the strongest service models, taking into account the level of evidence for each intervention. This selection includes 18 tribal grantees with more than \$3 million in federal funds to implement programs engaging an estimated 260 AmeriCorps members. In addition, four tribal applicants were awarded planning grants. The goal of supporting veterans and military families has been actualized by supporting 63 programs with more than \$11.4 million and an estimated 2,149 members. By leveraging these strong approaches, and engaging more than 68,400 members, AmeriCorps projects are projected to achieve the following results.

Measure <sup>9</sup>	FY 2015 Actual <sup>10</sup>	FY 2016 Estimated
Number of students showing improved academic performance	356,000	360,000
Number of students demonstrating improved academic engagement	130,000	152,000
Number of veterans, veterans' family members, family members of active-duty military, and military service members served	42,000	32,000
Number of individuals receiving disaster preparedness services	370,000	364,000
Number of at-risk acres and miles of public land improved	345,000	256,000
Number of economically-disadvantaged people receiving housing assistance	38,000	25,000
Number of individuals that gained access to food resources	69,000	67,000
Percent of grantees that achieved at least a preliminary level of evidence <sup>11</sup>	67%	66%

<sup>9</sup> All whole numbers rounded to the nearest thousand. The distribution of measures used across ACSN's portfolio is dependent on which programs are funded and which performance measures they believe best capture the outcomes of their program models. As grantees change and/or they change what they are measuring, actual results can vary from year to year, such as the approximately 90,000 acres reduction of land improved between FY 2015 and FY 2016 (est.). Not all results across AmeriCorps' entire grant portfolio are represented here.

<sup>10</sup> CNCS is constantly strengthening its quality control practices and, as a result, identified discrepancies (such as one instance of significant grantee over-reporting) in previously-reported FY 2014 and FY 2015 data. The data shown here reflects corrected FY 2015 information.

<sup>11</sup> Level of evidence is calculated only for competitive applicants. The FY 2015 level represents two-thirds of the competitive portfolio; 2016 represents the entire competitive portfolio.

## Successful Project Examples

The following is a selection of recent AmeriCorps projects that have made an important difference in the communities they serve.

### Economic Opportunity

#### *Habitat for Humanity International (HFH), Multiple Locations*

Habitat International conducted a large-scale, multi-site quasi-experimental design (QED) evaluation that encompassed almost all 1,400 HFH affiliates across all 50 states. A comparison group was created by matching affiliate sites that hosted AmeriCorps members with affiliate sites that did not host AmeriCorps members on characteristics such as budget, similar staffing, fundraising, and service provision. This rigorous, high-quality study found that AmeriCorps members increased HFH host site capacity to build more homes and engage more volunteers compared to similar-size sites without AmeriCorps members. In addition, the study found that AmeriCorps members increased their homebuilding experience, leadership skills, project management skills, knowledge of service, and feeling of connection to the local community. Due to the large scale of this study, the results can be credibly generalized for the program model.

#### *Community Technology Empowerment Project, St. Paul, MN*

##### *St. Paul Neighborhood Network's Community Technology Empowerment Project (CTEP)*

Bobby Jones had zero technology skills. She felt hopeless about her future and didn't have the necessary tools to be successful in her job search. Then she found CTEP, a program where AmeriCorps members provide technology, financial, and employment teaching and coaching to low-income and immigrant populations at Twin Cities community agencies. By working closely with a CTEP AmeriCorps member, Bobby was able to create an email account, build a substantial resume, complete applications and apply for jobs online. Within a week of applying, Bobby had two interviews and was ultimately offered both positions. For the first time ever, she had leveraging power and the opportunity to choose. Today, Bobby is living a stable life working at two positions by choice. Over the past year, 758 other program participants have secured employment after receiving help from CTEP AmeriCorps members.

A 2015 quasi-experimental study using a survey and comparison group found a noteworthy increase of 15 percentage points in the employment rate among the adult learners in the CTEP program who were surveyed.

### Education

#### *City Year, Multiple Locations*

A 2015 quasi-experimental comparison group study measured the impact of City Year's "Whole School Whole Child" model by analyzing publicly available state assessment data from more than 600 similar schools in high-poverty urban settings in 22 cities, of which 150 had partnered with City Year and 460 had not. To identify comparison schools, Policy Studies Associates used propensity score matching that identified schools that were similar in terms of baseline state standardized test performance data, enrollment, and demographic information, including the percentage of English-language learners and economically disadvantaged students. The study found that schools that partnered with City Year were two to three times more likely to improve their proficiency rates in English Language Arts and math as compared with similar schools that did not have City Year. City Year AmeriCorps members promote academic achievement and foster student engagement in and out of the classroom at more than 290 schools in 27 urban communities across the United States

*Child Abuse Prevention Council, Sacramento County, CA*

The Child Abuse Prevention Council program leverages AmeriCorps members to help with activities such as conducting home visits and child mentoring with the goal of preventing child abuse, neglect, and abandonment. Recently the Child Abuse Prevention Council conducted an external evaluation of the Birth and Beyond Home Visitation (HV) Program. The QED evaluation keenly focused on three program outcomes: changes in parent education, changes in parenting and parent-child attitudes, and reduction of Child Protective Services (CPS) referral. There were 496 HV program participants and 985 comparison parents, the latter being determined by propensity score matching method.

Analysis of the HV and comparison groups found significant differences between the two groups in all three outcomes: positive increases in parent education and knowledge; positive increases in parenting and parent-child attitudes; and a reduction in recidivism of CPS referrals. A Cox regression analysis showed a statistically significant difference between parents receiving HV services and those who did not. Being in the HV program group decreased the probability of having a substantiated referral by 41 percent and the probability of having any CPS referral by 18 percent.

## AmeriCorps VISTA

AmeriCorps VISTA was created to support efforts to reduce poverty and build economic opportunity throughout the country. Established and authorized in 1964 as Volunteers in Service to America, the program became part of the AmeriCorps network of programs in 1993. AmeriCorps VISTA primarily builds the capacity of organizations to alleviate poverty by engaging individuals age 18 and older in a year of full-time service activities.

### Performance

In FY 2016, CNCS funded more than 8,000 AmeriCorps VISTA members who helped organizations meet community needs in the agency's primary focus areas below:

- Economic Opportunity (36%)
- Education (18%)
- Healthy Futures (23%)
- Other (23%)

### Successful Project Examples

The following section provides additional context for how AmeriCorps VISTA projects advanced CNCS's priority strategic objectives in FY 2016, and includes examples of recent project success based on currently available data.

#### Economic Opportunity

In FY 2016, more than 2,600 project sites were approved to receive capacity-building assistance from AmeriCorps VISTA members in the Economic Opportunity focus area. Their primary strategic objectives under Economic Opportunity are helping disadvantaged people find housing, obtain employment, and gain financial literacy. Some recent examples of successful programs follow:

##### *Journey Home, Hartford, CT*

AmeriCorps VISTA members have played an important role in helping to administer Hartford's 10 Year Plan to End Homelessness by serving at the organization, Journey Home. Journey Home is the agency responsible for the plan and addresses area homelessness through adopting innovative and creative strategies to combating barriers to housing and shelter. The AmeriCorps VISTA members serving at Journey Home assisted in the successful development and launch of an online Universal Housing Application, now used by 25 shelter, housing, and healthcare agencies in the Greater Hartford area. The Universal Housing Application allows a household living in a homeless shelter or other temporary living situation to submit one application to apply to 33 different housing programs. AmeriCorps VISTA members collaborated with Journey Home staff to develop and test the online application, train advocates of clients experiencing homelessness to submit applications, and create administrative materials to ensure the sustainability and evaluation of the project. The application has led to a smoother, quicker transition to housing for more than 3,000 individuals who experience homelessness each year in the Greater Hartford area. Hartford was one of the three original locations where VISTAs were assigned in 1965.

##### *Children's Home Society of Florida, Miami and Orlando, FL*

The Children's Home Society of Florida received a \$7.3 million TECH Success grant from Microsoft to bring technology and job training access to foster care youth, young adults exiting the foster care system and to low income youth, thanks in part to the contributions of an AmeriCorps VISTA member. Children's Home Society of Florida was able to successfully launch the Tech Success program recently in Orlando and Miami. The VISTA was responsible

for conducting the necessary needs assessments, completing pre-implementation surveys, conducting internal and external pre-implementation education and outreach, building valuable community partnerships, and providing the logistical support needed to successfully roll out the new program. Thanks to his efforts, the Southeastern (Miami) Division has a brand new “Creative Learning Center” with a great deal of donated state-of-the-art equipment and access to the newest technology. He has also recruited several volunteers to provide one-on-one instruction, group training, career coaching and job shadowing. All teenagers living in group homes in the Miami area now have access to the Creative Learning Center, and the valuable educational and vocational opportunities provided through Tech Success. Another VISTA member was also instrumental in launching Tech Success in Orlando and preparation efforts for several other CHS locations throughout the state.

### Education

For FY 2016, more than 2,900 project sites were approved to receive capacity-building assistance from AmeriCorps VISTA members in the Education focus area. A majority of those sites focus on K-12 success and post-school support. Some examples of successful models follow.

#### *Barbara Bush Houston Literacy Foundation, Houston, TX*

The Barbara Bush Houston Literacy Foundation (BBHLF) was established in 2013 to improve the quality of life for Houstonians through the power of literacy. BBHLF has taken on the strategic role of expanding awareness of the value of literacy and building capacity throughout the Houston literacy provider community by mobilizing resources – funding, volunteers and services – to dramatically increase literacy rates among people of all ages. In 2014, BBHLF was awarded a grant to host five AmeriCorps VISTA members as “boots on the ground” to support the first three years of the plan’s implementation.

Today, BBHLF AmeriCorps VISTA members mobilize volunteers, oversee communications/outreach and volunteer management technology, and cultivate diverse funders and stakeholders. Since 2014, with the help of the AmeriCorps VISTA members, BBHLF has engaged 4,818 volunteers who have given 33,153 hours of service for 27 Houston-area literacy partners. The VISTA members also increased awareness of the literacy cause, resulting in 12,500 followers across social media channels, 1.9 million Facebook views, and 12.5 million traditional media views (television/print media) stemming from 15 high profile events.

In the words of BBHLF President Julie Baker Finck: “As a new foundation formed in 2013, our AmeriCorps VISTA members have been instrumental in building capacity of our internal operations, raising awareness about the literacy cause, supporting a growing coalition of literacy providers across our city, and mobilizing thousands of volunteers to serve those in need.” The BBHLF AmeriCorps VISTA program was one of two AmeriCorps programs across the county that received a 2016 Excellence in AmeriCorps Programming and Service Award or “Harkin” Award. This award was created in 2014 to recognize extraordinary service programs and members in honor of Senator Tom Harkin, a tireless advocate for national service.

#### *Americana Community Center, Louisville, KY*

Americana Community Center’s mission is to provide a spectrum of services to the diverse individuals and families of the Louisville metro area, especially refugees, immigrants, and new Americans. Americana currently serves 5,000 individuals across Louisville and from 101 countries. The AmeriCorps VISTA program at the Americana Community Center supports the family and after-school education program, which has enrolled over 200 students and 55 families in the past year. Participants in this program focus on after school programming, tutoring, and a community garden to supplement family meals.

In the past year, the after school and college readiness programs have been improved and expanded by AmeriCorps VISTA members, resulting in a 100 percent college acceptance rate for high school seniors participating in the program.

## **AmeriCorps NCCC**

AmeriCorps NCCC is a residential, team-based program that provides opportunities for young Americans between the ages of 18 and 24 to address pressing national and community needs in all 50 states through 10 months of full-time, intensive national service. As they serve communities, members also gain valuable life and career skills that all employers look for including leadership, teamwork, and problem-solving.

### **Performance**

In FY 2016, AmeriCorps NCCC enrolled 1,000 members and recruited or coordinated more than 9,900 additional volunteers in efforts to improve communities throughout the country. Through an innovative partnership with FEMA, AmeriCorps NCCC engaged an additional estimated 600 young adults to serve in FEMA Corps. Throughout the fiscal year, AmeriCorps NCCC continued to serve in the focus areas identified in the Serve America Act: natural and other disasters, infrastructure improvement, environmental stewardship and conservation, urban and rural development, and energy conservation.

AmeriCorps NCCC measures its service activities to represent how the program is working to meet community needs nationwide. Many of AmeriCorps NCCC's projects work toward achieving more than just one outcome in a community. Monitoring which intended outcomes projects are working to address allows the program to prioritize its teams' service interventions in order to better direct resources to areas of priority needs as identified by states and local communities.

The tables that follow illustrate NCCC's success. The first chart shows how AmeriCorps NCCC is focusing projects to meet the intended outcomes of the program. Projects are the vehicle that AmeriCorps NCCC has to reach those intended outcomes making the measurement and tracking of the project towards that outcome key for strategic planning. The success and output of AmeriCorps NCCC's intended outcomes are outlined in the second chart.

**Percent of Service Projects by Intended Outcomes<sup>12</sup>**

NCCC Focus Area	Select NCCC Intended Community Outcomes <sup>13</sup>	Percent of Projects Working Towards Outcome		
		FY 2014 Actual	FY 2015 Actual	FY 2016 Projected
Environmental Stewardship and Conservation	Parks, natural habitats, and at-risk ecosystems preserved or protected.	35.6%	39.6%	40.0%
	Parks, natural habitats, and at-risk ecosystems enhanced.	21.1%	21.8%	25.0%
Infrastructure Improvement	Improved quality of community infrastructure.	26.7%	30.9%	35.0%
	Improved accessibility of community infrastructure.	16.5%	20.7%	16.0%
Natural and Other Disasters	Communities more thoroughly or quickly rebuilt after disasters.	13.5%	9.4%	18.0%
	Strengthened community's ability to prepare for or mitigate disasters.	10.0%	10.9%	18.0%
	Enhanced organization capacity and capability to provide disaster services.	38.5%	29.2%	32.0%
	Medical or basic human needs met more thoroughly or efficiently.	8.3%	9.5%	19.0%
Urban and Rural Development	Medical or basic human needs met more thoroughly or efficiently.	8.9%	8.6%	4.0%
	Improved community food security or nutritional practices.	12.4%	15.4%	18.0%
	Improved access to housing.	16.3%	20.6%	16.0%
	Improved public safety and community resilience.	17.1%	26.1%	24.0%

<sup>12</sup> Figures will add up to over 100% because AmeriCorps NCCC projects often fall into more than one Focus Area or have service activities aimed at contributing toward more than one intended community outcome. Service activities reported for each project are collected by NCCC Members and validated by Sponsoring Organizations and CNCS staff.

<sup>13</sup> NCCC's intended outcomes were adapted in consultation with the Office of Management and Budget in February 2016. Figures for FY 2014 and FY 2015 have been retroactively applied. The figures in this table only represent those for selected outcomes in which NCCC's efforts have been more focused.

**Performance Measures and associated intended outcomes**

Measure <sup>14</sup>	Intended Outcome	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual <sup>15</sup>	FY 2016 Estimated
Wildfire – suppression and containment	Communities or habitats protected from potential fire damage.	18,435	35,331	39,089	30,500
Wildfire - prescribed burns	Communities or habitats protected from potential fire damage.	4,108	25,813	12,648	14,200
Homeless assisted		16,880	16,322	13,700	15,600
At-risk youth assisted		13,335	21,666	14,638	16,500
Veterans assisted		3,913	5,681	2,978	3,000
People taught environmental information	Improved knowledge and understanding of sustainable energy practices	15,660	11,579	9,909	11,000
New trees planted	Parks, natural habitats, and at-risk ecosystems enhanced.	314,731	41,261	49,509	135,000
Volunteers coordinated or recruited		74,606	24,212	24,420	41,000
Houses constructed	Improved access to housing.	641	281	197	250
Houses weatherized/outfitted with energy-efficiency modifications	Increased use and application of sustainable energy technology.	231	182	235	200
Taxpayer dollars returned to Americans through tax preparation services	Improved access to economic opportunities.	21.3M	\$13.3M	\$16.5M	\$17M
Helpline calls answered	Enhanced organization capacity and capability to provide disaster services.	17,714	14,656	23,607	18,500
Educational materials or preparedness kits distributed	Strengthened community’s ability to prepare for or mitigate disasters.	24,773	1,240	3,830	6,000
Shelter sites assessed	Enhanced organization capacity and capability to provide disaster services.	141	64	1,796	700

**Successful Project Examples**

The following is a selection of recent AmeriCorps NCCC projects that have made an important difference in the communities they serve.

**Disaster Services**

In FY 2016, AmeriCorps NCCC responded to flooding in South Carolina, Missouri, Louisiana, and West Virginia. FEMA Corps teams responded to disasters throughout the country. In response to the Baton Rouge flooding in both March and August of this year, 92 AmeriCorps NCCC and FEMA Corps teams (819 members) were requested to respond which complemented the efforts of other CNCS disaster programs to provide critical resources to disaster damaged areas. They played a critical role in marshalling and managing outside volunteers helping the

<sup>14</sup> NCCC results depend largely on the projects selected by local communities. As priorities change, so do corresponding results. For example, in the first measure, more local communities carried out wildfire containment activities in FY 2015 compared to FY 2013, resulting in an increase of more than 20,000 such activities over this period. Over this same period, fewer communities focused on planting trees, which resulted in a decrease in approximately 265,000 of such activities.

<sup>15</sup> CNCS has updated FY 2015 performance information from what was reported in the agency’s FY 2015 AFR based on the most currently available data.

affected communities begin to recover, and bridging the gap between non-profit and non-governmental organization sector assistance to disaster survivors.

The first 72 hours are critical in disaster response and FEMA Incident Management Assistance Teams often arrive in that timeframe to set up response infrastructure. AmeriCorps NCCC teams augment this important work to enhance effectiveness, efficiency, and capacity; which ultimately benefits disaster survivors. The White House has highlighted this partnership as an example of government delivering services better, faster, and more efficiently – a core element of President Obama’s Management Agenda.

### Natural and Other Disasters

#### *United Way of Genesee County, Flint, Michigan*

In response to the water crisis in Flint, an AmeriCorps NCCC team partnered with the United Way of Genesee County to provide relief to area citizens. The United Way of Genesee County is a health and human service nonprofit, serving local funded partners through programs within four priority areas: education, health, financial stability, and basic needs. When lead was discovered in Flint’s water supply, the organization’s priority became providing the citizens with clean water.

AmeriCorps NCCC members helped transport cases of water from drop-off sites or warehouses to distribution points. Members also delivered water to residents who were disabled, elderly, or unable to pick up their own water. In total, 12,642 cases of water were delivered. The team also distributed water testing kits, filtration systems, and replacement filtration cartridges. Through the AmeriCorps NCCC team’s service, citizens of Flint were provided with fresh water for drinking, bathing, and cooking, reducing the risk of health issues caused by lead consumption.

## **State Service Commission Support Grants**

When Congress created CNCS in 1993, it envisioned national service as a shared federal-state partnership, creating a central role for governors in designing and implementing national service through governor-supported State Service Commissions (Commissions). This helps focus support at the local level. Commissions perform vital functions and are invaluable partners to CNCS. More than 1,000 private citizens serve as governor-appointed commissioners, leading and guiding national service efforts in their states by identifying local needs, directing federal and state resources, ensuring oversight and accountability, tracking performance and community impact, and leading citizen service efforts in their states and territories.

Today, the nation's 52 Commissions monitor approximately three-fourths of CNCS's AmeriCorps grant funds. Commissions strive to be centers of excellence and laboratories of innovation that develop state and local solutions for state and local needs. Commissions provide outreach to prospective AmeriCorps grantees, develop the next generation of AmeriCorps programs, conduct grant competitions, provide training and technical assistance, and build the capacity of faith-based and community organizations seeking to operate AmeriCorps programs. They are uniquely well-suited to this work because they know and understand state and local needs.

### **Performance**

In FY 2016, Commissions continued to conduct a variety of activities in their states to ensure accountability, develop partnerships, build the use of evidence, and maintain a strong network of service delivery. These activities included training, performance reviews, site visits, risk assessments, and other activities.

As an example of partnership development, ServeMinnesota continued to support the expansion of Reading Corps, an evidence-based, data-driven model that has proven to be effective in boosting literacy levels of Pre-K and K-3 students. Two recent evaluations of the Reading Corps model by NORC at the University of Chicago found that AmeriCorps members can produce significantly greater increases in student's literacy outcomes, and that the model is highly replicable in multiple settings. ServeMinnesota has provided technical support for the replications of the Reading Corps model, which now operates in 12 states and Washington D.C., serving more than 40,000 students annually in nearly 1,200 preschools and elementary schools.

Many Commissions play a leadership role in disaster services operations, working in partnership with state emergency management agencies, Voluntary Organizations Active in Disasters, and faith-based and nonprofit organizations. Twenty-five Commissions are included in their emergency states' management plans as the lead for volunteer and donations management during times of disaster. Others are responsible for coordinating disaster preparedness education programming for their state, donations or provide communities with disaster preparedness information. Commissions work with their networks to support disaster preparedness, response, recovery, and mitigation in their states.

One of CNCS's most significant Commission successes is the AmeriCorps Urban Safety Corps in Detroit. CNCS partnered with Michigan's Governor, the Michigan Community Service Commission, Detroit's Mayor and Police Chief, and Wayne State University to mobilize AmeriCorps members and community volunteers to help increase public safety in a number of high-need Detroit neighborhoods. Using special crime "hotspots" maps, AmeriCorps members and trained volunteers carried out neighborhood patrols, home safety

assessments, board-ups of vacant homes, neighborhood cleanups, and other activities to increase public safety.

## Senior Corps RSVP

RSVP engages the skills, talents, and experience of volunteers age 55 and older to meet a wide range of community needs. RSVP volunteers help seniors live independently in their homes, tutor and mentor at-risk youth, help communities recover from disasters, and expand economic opportunities for veterans and their families.

### Performance

In FY 2016, RSVP volunteers provided service in their communities through local organizations that delivered meals to the homes of isolated older adults, schools where volunteers tutor at-risk youths, and performed other services. The following table provides a selection of related performance measures.

Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
Veterans served	461,000	329,000	304,800	304,800
Children mentored	87,000	78,000	88,800	80,800
Adults receiving independent living services	610,000	797,000	605,000	605,000
Families or caregivers receiving respite care	15,000	20,300	15,000	15,000
Veterans serving as RSVP volunteers	21,600	20,100	19,300	19,300
Volunteers	274,500	232,400	208,000	208,000

### Successful Project Examples

The following is a selection of recent RSVP projects that have made an important difference in the communities they serve.

#### Economic Opportunity

##### *Income Tax Preparation in Allen County, IN*

RSVP volunteers of Allen County have been returning money from Earned Income Tax Credit (EITC) to low and moderate income taxpayers through its Volunteer Income Tax Assistance (VITA) initiative. As the lead agency for the City of Fort Wayne, RSVP, in collaboration with IRS who trains the volunteers, certifies more than 60 volunteers annually to support the VITA initiative. These RSVP volunteers provide free tax services to underserved populations including the unemployed, underemployed, and individuals with disabilities.

Allen County residents includes immigrants and refugees who speak more than 76 languages, so tax preparation services are also provided to low and moderate income individuals with limited English proficiency. VITA and EITC materials are translated into 5 languages (Spanish, Burmese-Karen, Arabic, French, and Russian) and bilingual volunteers are available to interpret tax preparation for these individuals.

In 2016, 67 RSVP volunteers prepared 2,948 tax returns that resulted in \$3,645,804 returned to Allen County residents. Tax client surveys showed that 70 percent of the clients earned less than \$25,000 per year. RSVP of Allen County also serves as a military tax site and in 2016 served 164 military service members. The military tax service is on-going through November 15 of each year.

## Education

### *Mentoring At-Risk Youth in New York City, New York*

The RSVP program sponsored by the Community Service Society of New York developed MentorUP as an alternative to detention programs for young people in New York who have been in conflict with law enforcement. As a site-based mentoring program, MentorUP focuses on academic and asset building and strives to increase the confidence and social skills of these young individuals. It pairs well-trained and highly motivated RSVP volunteers with the young people to help break the cycle of recidivism to create better futures for themselves.

During the period of July 1, 2015 – June 30, 2016, the RSVP MentorUP Program mobilized 55 RSVP volunteers who provided mentoring to 105 young people. MentorUP RSVP volunteers gave 2,446 hours of service.

In October 2015, the RSVP MentorUP Program partnered with the YouthBuild Transformation Academy in the South Bronx to assist young people on improving their academic, career, and leadership skills. The RSVP volunteers provided mentoring for 30 young people related to specific educational goals and to prepare them for the High School Equivalency (HSE) exam. By June 2016, 10 of the 30 mentees passed the HSE. Two of the participants were accepted into college and are currently attending Adelphi University and Columbia University while three others who passed the test are waiting to enroll in Bronx Community College. The remaining 20 young people and all of the mentors have returned to the program to continue working on their educational and career goals. Through weekly mentoring with the participants, the program showed immediate success and many more students are preparing for the next High School Equivalency Exam in 2017.

## Disaster Services

### *Assisting Survivors of Forest Fires in California*

North Coast Opportunities (NCO), the RSVP sponsor in Lake County, California has mobilized RSVP volunteers in response to two devastating fires, the Valley Fire and the Clayton Fire. RSVP volunteers served at Points of Distribution (PODs) to assist with delivering supplies to survivors returning to the affected area. The RSVP volunteers continue to serve as Disaster Case managers, aid with the physical rebuilding efforts, and sorting and tracking donations and by distributing food. In response to the Valley Fire alone, 175 volunteers have contributed more than 7,500 hours of service at nine community stations.

NCO was awarded an RSVP augmentation grant of \$100,000 to aid with recovery efforts related to the Lake County fires. NCO estimates that a total of 500 new volunteers provided at least 10,000 hours of assistance to approximately 6,400 individuals whose homes have been destroyed or damaged in FY 2016. Since the fires, more than 375 new volunteers have helped with relief efforts, and volunteers continue to come forward to serve.

## Senior Corps Foster Grandparent Program

The Foster Grandparent Program (FGP) is an intergenerational program first established in 1965 that connects volunteers age 55 and over with opportunities to provide one-on-one mentoring, nurturing, and support to children with special or exceptional needs, or who are at an academic, social, or financial disadvantage.

### Performance

In FY 2016, FGP volunteers provided service in their communities through local organizations that tutored children, served military families, and performed other activities. The following table provides a selection of important related performance measures.

Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
Volunteers' hours served (in thousands)	23,000	23,000	21,000	21,000
Children served	196,000	189,100	200,000	200,000
Children of military families served	3,400	2,700	2,100	2,100
Direct volunteers	28,250	25,190	24,000	24,000

### Successful Project Examples

The following is a selection of recent Foster Grandparent projects that have made an important difference in the communities they serve.

#### Education

##### *Increasing Childhood Literacy in Utah*

Weber Human Services engages 91 Foster Grandparent Volunteers in 7 school districts in Weber, Morgan, Davis, Box Elder, and Cache Counties in Utah. In the Ogden District, 50 percent of third graders fall below the benchmarks in literacy and 73 percent of the students qualify for free or reduced-cost lunch. During the 2015-2016 school year, volunteers tutored 1,221 children in literacy skills at least twice per week, totaling 68,202 volunteer hours. Teachers reported that 84 percent of the children tutored by Foster Grandparents improved their reading scores. Also for the same school year, according to the Dynamic Indicators of Basic Early Literacy Skills pre-post test scores of children tutored by Foster Grandparent Volunteers, 45 percent of the children tutored reached the benchmark in reading.

##### *Supporting Children in Detention Facilities in Maryland*

The Foster Grandparent program in Baltimore, Maryland is sponsored by the Maryland Department of Juvenile Services (DJS) to support children in juvenile detention facilities. Statewide, 23 Foster Grandparent volunteers tutor and mentor approximately 350 children ages 12-21 years of age at the Maryland Department of Juvenile Services. These adults model appropriate behavior and help build up the self-esteem of the students they serve. DJS staff reports that the youth served by a Foster Grandparent are more respectful, not just to the adults, but also to their peers. Their overall classroom behavior improved and they are more focused on their class work.

## Senior Corps Senior Companion Program

The Senior Companion Program (SCP) engages volunteers, age 55 and over, in providing in-home support to adults who have difficulty with daily living tasks.

### Performance

In FY 2016, SCP volunteers provided service in their communities through local organizations that provided respite care and other support to ailing adults. The following table provides a selection of important related performance measures.

Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
Volunteers' hours served (in thousands)	10,700	10,000	9,000	9,000
Families receiving respite care	6,900	6,650	6,200	6,200
Frail, older adults served (e.g., buying food, providing transportation to medical appointments, etc.)	46,750	43,000	42,120	42,120
Frail, older adult veterans served	3,480	3,100	2,700	2,700
Direct volunteers	13,770	12,190	11,500	11,500

### Successful Project Example

The following is a selection of recent Senior Companion projects that have made an important difference in the communities they serve.

#### Health

##### *Independent Living in Broward County, Florida*

The Senior Companion program sponsored by Broward County, provides services to frail elderly adults and adults with disabilities and terminal illnesses who need extra assistance to live independently in their own homes. Both the volunteers and their clients benefit from the program which reduces isolation and prevents premature institutionalization by providing a routine visit that involves a variety of activities from light meal preparation, medication reminders, reading together, grocery shopping, and/or escorting clients to appointments.

Between July 1, 2015, and June 30, 2016, 120 Senior Companion volunteers served 82,293 hours assisting 456 clients. Ninety-seven of these clients received respite service. During this period, the program conducted a survey of 288 of its 456 clients with 98 percent agreeing that they are highly satisfied with their Senior Companion services and can do more of the things that they need to do. Ninety-six percent indicated that they feel less lonely and isolated having a Senior Companion volunteer.

## Social Innovation Fund

Over the past six years, the Social Innovation Fund (SIF) has combined public and private resources to grow the impact of innovative, community-based solutions that have compelling evidence of improving the lives of people in low-income communities throughout the United States. The federal investment of \$295 million has been leveraged to raise more than \$600 million in match from local, regional and national funding sources. The organizations receiving grants from the SIF have supported more than 1,400 local organizations in 46 states and the District of Columbia to address the compelling needs of approximately 700,000 children, youth and adults to achieve outcomes such as:

- Increased financial stability
- Sustainable employment
- Access to healthcare
- Reading proficiency

Under its original program, SIF Classic, the experienced grantmakers receiving funds from the SIF not only support local nonprofits to grow the impact of their programs, but also ensure the rigorous evaluation of these programs to further strengthen the evidence of their effectiveness and also identify opportunities for improvement. Through these efforts, an impressive cadre of evidence-based programs is being developed for the benefit of the nonprofit sector and private and public funders.

Under its Pay for Success program (PFS), the SIF is championing the use of Pay for Success as another tool for expanding effective programs. In Pay for Success, the government pays for the services provided if and only agreed-upon results are achieved, as validated by an external evaluator. The high-impact organizations that have received SIF PFS funds are supporting more than 70 projects across the country, which are assessing feasibility, developing capacity or actually structuring PFS transactions with the goal of maximizing the number of high-quality PFS projects underway in the United States. SIF is supporting the majority of active PFS projects underway in the United States, expanding issue areas into new and innovative fields for PFS, and broadening the geographies in which PFS is currently active, especially in regions including the Intermountain West and American South.

The Administrative Data Pilot is the SIF's newest program. Three organizations were selected to assist PFS projects across the country access administrative data in order to assess and improve the outcomes of interventions they are implementing.

## Performance

### Evidence

A recent SIF report provides evidence that the program is helping grantees build their capacity to support effective interventions.<sup>16</sup> For example, compared to program applicants who did not receive a funding award, SIF grantees conducted more rigorous evaluations and made more use of resulting information to improve program performance. Relatedly, an initial agency assessment of SIF grantees showed that nearly 20 percent of grantees increased their evidence levels after being awarded funding.<sup>17</sup>

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<sup>16</sup> The SIF's Impact on Strengthening Organizational Capacity, <http://www.nationalservice.gov/documents/sif-classic-national-assessment/2015/sifs-impact-strengthening-organizational-capacity>

<sup>17</sup> Based on initial agency assessment of grantees whose evaluations are completed.

## Successful Project Examples

The following is a selection of SIF projects that have made an important difference in the communities they serve.

### Economic Opportunity

#### *Local Initiative Support Corporation*

SIF funds programs to increase economic opportunities and financial stability for economically disadvantaged individuals and families. The results of independent, rigorous evaluations provide valuable information on how to do this effectively. The Local Initiative Support Corporation's Financial Opportunity Centers (FOC) improve the financial wellbeing of low-income families by helping people get steady, living-wage employment, boost their credit rating and increases their net income and net worth. A quasi-experimental evaluation of LISC's SIF project found that its FOCs increased year-round employment of its clients significantly more than the comparison group (21 percent vs 15 percent).

#### *Jobs for the Future*

The National Fund for Workforce Solutions, established by Jobs for the Future, supports the development of workforce partnerships to identify local workforce needs and design and administer programs to help low-income workers to obtain the skills needed to meet those needs. A quasi-experimental evaluation of its SIF project found statistically significant positive effects on the general employment rates of participants and that its approach was highly effective in improving focus industry employment, job retention, and earnings for health careers participants.

### Youth Development

#### *Edna McConnel Clark Foundation/Reading Partners*

SIF funds a range of programs to improve outcomes for children and youth by preparing them for success in school, active citizenship, productive work, and healthy and safe lives. An independent, randomized control trial showed that Reading Partners, funded by the Edna McConnel Clark Foundation (EMCF), was more effective in increasing reading proficiency of elementary school children than similar programs, and was half as costly as other reading programs offered in the same schools. Reading Partners focuses on elementary school students in low-income communities who are at least six months behind in reading; recruiting and using community volunteers to provide individualized instruction to help them master the reading fundamentals they need to reach grade level. AmeriCorps members are leveraged to act as coordinators and volunteer recruiters for Reading Partners' in-school sites.

#### *Edna McConnel Clark Foundation/SEED DC*

SEED DC, a boarding charter school, also supported by EMCF, provides a highly supportive environment for students focused on academic excellence and personal development. An evaluation that used the random assignment of the school's admissions lottery, found that SEED DC had significant, positive impacts on students' standardized test scores and proficiency levels – particularly in math – in comparison with outcomes among students who did not win admission to SEED.

### Healthy Futures/ Access to Health Care

#### *AIDS United*

SIF funds programs to improve health outcomes, promote healthy lifestyles, and decrease health disparities that disproportionately affect low-income communities. AIDS United's Access to Care Initiative (A2C) aims to increase the number of HIV positive individuals receiving care by supporting innovative partnerships of nonprofits, researchers and others that are improving individual health outcomes and strengthening local services systems. An independent,

randomized control trial of A2C showed improvements in engagement in HIV medical care along the HIV continuum of care, including viral suppression.<sup>18</sup>

*The John A. Hartford Foundation*

The John A. Hartford Foundation is disseminating the IMPACT model of depression treatment through community health clinics in low-income rural areas in Wyoming, Washington, Alaska, Montana, and Idaho. By reducing costs for health expenditures and caregiving and increasing employment income of those affected by depression, they aim to increase economic well-being for individuals served. The rigorous evaluation underway is determining the impact of the program on depression as well as on patient healthcare costs.

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<sup>18</sup> According to NIH, viral suppression is defined as when antiretroviral therapy (ART) reduces a person's viral load (HIV RNA) to an undetectable level. (<https://aidsinfo.nih.gov/education-materials/glossary/1650/viral-suppression>)

## Volunteer Generation Fund

The Volunteer Generation Fund (VGF) supports CNCS's mission to improve lives and strengthen communities by strengthening volunteer management practices across the country. This includes helping nonprofit and voluntary organizations broaden their volunteer base, more effectively recruit and retain volunteers, expand opportunity for those who serve, and increase their impact on community challenges.

### Performance

In FY 2016, VGF grantees that received awards in FY 2015 reported results and CNCS made new awards to grantees that will continue to focus on the agency's priorities.<sup>19</sup>

FY 2016 Commissions that received their CNCS grant awards in the previous year supported volunteer connector organizations, trained nonprofits in volunteer management, and increased the number of new and continuing volunteers in their states, especially skilled volunteers. Governor-supported Commissions provided direct support to numerous nonprofits and volunteer connector organizations in urban and rural communities in their states, and reported on performance measures related to volunteer recruitment and management.

For example, VGF grantees:

- Expanded access to volunteer opportunities by expanding geographic reach of volunteer centers in underserved communities
- Improved systems and training for coordinating disaster and emergency volunteers to meet immediate and long-term needs
- Implemented a research-based volunteer management curriculum for nonprofit organizations
- Enhanced nonprofit organizational capacity to manage and engage volunteers in meaningful service through training and technical assistance
- Recruited volunteers from among specialized populations including college students, youth, and corporate volunteers
- Built capacity to manage volunteers in times of disaster.

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<sup>19</sup> FY 2015 VGF grants were awarded in the 4th quarter of the fiscal year and were funded for one year. Therefore, results from these grants occurred in FY 2016 and represent the most current VGF accomplishments.

## **Innovation, Demonstration, and Other Activities**

Subtitle H Innovation, Demonstration, and Other Activities funding provides resources for CNCS to strengthen the nation's volunteer sector, bring more Americans into service, encourage social innovation, strengthen existing national service programs, and support and encourage new forms of national service and civic participation. Subtitle H activities also include Call to Service initiatives to engage more Americans in service to meet pressing community needs including the Martin Luther King, Jr. (MLK) National Day of Service and the September 11th National Day of Service and Remembrance.

### **Performance**

#### **Call to Service**

In FY 2016, Call to Service activities including national days of service, partnerships, and convenings that engaged hundreds of thousands of Americans in service, expanded to new communities, demonstrated impact, and recognized the efforts of those who serve.

#### *Martin Luther King Jr. National Day of Service*

The Martin Luther King Jr. National Day of Service was a significant moment for national service. Over 230,000 volunteers were involved in service across the country through events planned by the MLK Day grantees. Specific examples of MLK Day success include the following:

- The Arc of the United States promoted Dr. King's idea that, "everybody can be great because anybody can serve" by engaging people with disabilities in service. Ten chapters across the country planned service events at local food banks where people with and without disabilities served alongside one another to ensure the availability of food for those in need.
- Service for Peace engaged over 27,000 volunteers who served over 100,000 hours on MLK Day with an additional 15,000 volunteers who served in the subsequent 40 days of peace season of service.

#### *September 11th National Day of Service and Remembrance*

Like MLK Day, the September 11th National Day of Service and Remembrance brought together neighbors in all 50 states and the District of Columbia to build affordable housing for veterans and military families, educate citizens on disaster preparedness, organize food drives, and more.

CNCS led the annual event, working with MyGoodDeed, Points of Light, Youth Service America, Service for Peace, and hundreds of nonprofit groups, faith-based organizations, and schools and businesses nationwide. In many locations, AmeriCorps and Senior Corps members organized and participated in service projects.

In New York City, MyGoodDeed commemorated the 15th anniversary of September 11th by working with eight faith based organizations and thousands of volunteers to pack over 500,000 meals for those in need. MyGoodDeed also developed new tool kits and lesson plans to promote empathy and service learning, making these resources available to teachers across the country.

## Evaluation

CNCS's Office of Research and Evaluation coordinates the agency's learning agenda across the activities highlighted earlier.

### Performance<sup>20</sup>

#### Research Learning Strategies

- Conducted a research grant competition to expand the agency's connection to academia's intellectual capital. The Notice of Funding Availability published in June of 2015 generated 60 letters of interest submissions by institutions of higher education nationwide. A total of 54 applications were submitted. Seven awards were made totaling \$923,100 in FY 2015 with work continuing into FY 2016.
- Improved a survey methodology that will increase the quality of information the agency collects from its national service members. The member exit survey content and administration were revised within a year and was administered for the first time in the spring of 2015.
- Completed a Senior Corps survey that provided the first-ever descriptive data for volunteers in the program and implementation of a longitudinal survey of volunteers based on these findings.
- Explored the feasibility of matching AmeriCorps alumni data to two administrative datasets.
  - o A sample of three cohorts of AmeriCorps alumni (who completed their last term of service in 2005, 2010, and 2013) was matched to postsecondary enrollment and graduation records held by the National Student Clearinghouse (NSC). CNCS found high levels of enrollment and degree completion for alumni in the NSC match.
  - o CNCS will work with the U.S. Census Bureau (the Center for Administrative Records Research and Applications, CARRA) to develop an employment outcomes brief that will link AmeriCorps alumni data to the Longitudinal Employer-Household Dynamics (LEHD) dataset. CARRA provided CNCS an estimate and scope of work for the brief and an agreement will be executed in FY 2017.

#### Evaluation Learning Strategies

- Prioritized a set of third-party program evaluations focused on assessing the agency's highest-profile initiatives which currently includes the Social Innovation Fund national assessment, the School Turnaround AmeriCorps evaluation, and the Social Innovation Fund Pay for Success evaluation.
- Implemented an evaluation capacity building initiative that has increased grantee organizations' ability to conduct quality evaluations and ultimately generate more credible evidence of effectiveness. Within two years of implementing this model, staff has experienced a transition from resistance to evaluation to invitations from Commissions to offer workshops at their regional training conferences nationwide.

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<sup>20</sup> CNCS will provide updated Evaluation information in its FY2018 Congressional Budget Justification.

### **Dissemination & Utilization Strategies**

- Launched a virtual repository of evaluation reports and resources, facilitating access to existing evidence and best-practices for program design and evaluation purposes and contributing to an increase of three points for the Agency's What Works Index score in 2015.
- Conducted a systematic review of the National Service and Social Innovation research literature and developed two practice briefs focused on the Education and Economic Opportunity focus areas for the field to use.
- Convened the agency's first annual Research Summit. A total of 236 individuals representing nonprofit/philanthropic organizations (34 percent), the agency (22 percent), academia (14 percent), government (13 percent), and unaffiliated (17 percent) attended the event.

## **Agency Management Performance**

## Human Capital

For FY 2016, CNCS continued to invest in its most important resource: agency employees. This investment included:

- Hiring a skilled training coordinator to further align and help prioritize training and learning needs across the agency
- Issuing pay and non-pay awards for staff that excelled in performing their duties

In addition to many other process and policy improvements, the agency anticipates that these investments will help build on employees' satisfaction expressed in the chart below. This remains an agency priority because employees who have positive work experience are more motivated and can better help the agency better meet its goals.

Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual
Percent of employees who are satisfied with their job	67%	63%	70%	68%

## Information Technology

CNCS continued to invest in agency-wide IT modernization in FY 2016. Modernization will provide users with a more flexible and efficient system for awarding and managing agency grants. Additionally, the agency focused on projects that will strengthen information security, services, and overall IT governance and oversight.

Below are a few of the many priority accomplishments by strategic area.

- Fortify cybersecurity
  - Continued to address issues identified in CNCS's Federal Information Security Modernization Act remediation plan
- Modernize technology and services
  - Continued to complete projects for the agency's new Grants and Member Management System
  - Implemented SharePoint to enhance records management, information sharing, and collaboration
- Enhance services delivered
  - Continued to consolidate network file storage and internal web pages
- Strengthen governance and oversight
  - Completed 5-year IT Strategic Plan and Enterprise Architecture plan that provides a framework to help CNCS identify IT direction, solutions, and risks and incorporate them into resourcing decisions

## Grants Management

As the nation's largest federal grantmaker devoted exclusively to supporting national and community service projects, CNCS provides hundreds of millions of dollars in results-focused funding to organizations across the nation that improve lives and strengthen communities.

CNCS has adopted key indicators below to help gauge the agency’s effectiveness and efficiency in managing grants and contribute to the agency’s strategic goal four highlighted earlier in this report. As reflected in the chart below, in FY 2016 the agency continued to award and close grants effectively.

Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual
Percent of grants awarded before the budget period start date	95%	95%	96%	95%
Percent of grants closed within 180 days of performance period end date	64%	65%	56%	65%

### Accountability

In April 2016, CNCS established an Office of the Chief Risk Officer to lead the agency’s risk management efforts toward a more integrated framework. The framework consists of internal controls reviews, improper payments assessments, grant monitoring and compliance, and the launch of an enterprise risk management program. This effort will result in a more holistic approach to managing uncertainties associated with meeting mission objectives.

Based on this broad organizational approach, the office began:

- Implementing a governance structure to better integrate the agency’s risk assessments and provide more effective communication on the status of risk reviews and the implementation of risk mitigation strategies
- Developing a plan to review the annual risk assessment of the agency’s grant portfolio to better identify awards that may require additional oversight, monitoring or training and technical assistance
- Establishing a stronger regulatory compliance structure to help ensure CNCS meets relevant legal requirements
- Enhancing business processes to strengthen investment and budgetary decisions by focusing scarce resources on the highest mission priorities

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## **Analysis of Entity's Systems, Control and Legal Compliance:**

Implementation of the Federal Managers Financial Integrity Act (FMFIA)

Statement of Assurance

## **Implementation of the Federal Managers' Financial Integrity Act (FMFIA)**

Section 306 of the Chief Financial Officers Act established a reporting requirement related to the internal controls for corporations covered by the Government Corporation Control Act. CNCS is subject to the Government Corporation Control Act (31 U.S.C. 9101 et Seq.). These corporations must submit an annual management report to the Congress. This report must include, among other items, a statement on control systems by the head of the management of the corporation consistent with the requirement of the FMFIA. The statement must reflect management's assessment of the effectiveness of its internal control system as well as a summary of its process for assessing internal control.

During FY 2016, CNCS assessed the effectiveness of its internal control system in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. In assessing the design, implementation and operating effectiveness of its internal controls, CNCS performed an evaluation of its entity level controls with the objective of mapping the seventeen principles supporting the five components of internal control to existing entity level control activities. Consistent with Section IV.B of OMB Circular A-123, CNCS also relied on other sources of information such as knowledge gained by management from daily operations of programs and systems, audits and assessments including: standard operating procedures, systems of financial and administrative controls, information obtained from internal reviews or reconciliations, Office of Inspector General (OIG) and Government Accountability Office (GAO) audits, the annual audit of CNCS financial statements, management reviews, annual evaluations and reports related to information technology, information security, and information resources pursuant to Federal Information Security Modernization Act and OMB Circular No. A-130. These evaluations did not identify significant deficiencies or material weaknesses that should be reported to senior level management or disclosed in the annual assurance statement.

The Chief Executive Officer's statement of assurance that follows is supported by the assessments and reviews described above. A detailed summary of management assurances is also provided in the "Other Information" section of this AFR.



## Statement of Assurance

The Corporation for National and Community Service management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. The Corporation for National and Community Service conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, Management's *Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of the assessment, the Agency can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2016.

A handwritten signature in blue ink that reads 'Wendy Spencer'.

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Wendy Spencer  
Chief Executive Officer

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## **Analysis of Financial Statements and Stewardship Information**

### **Understanding the Financial Statements**

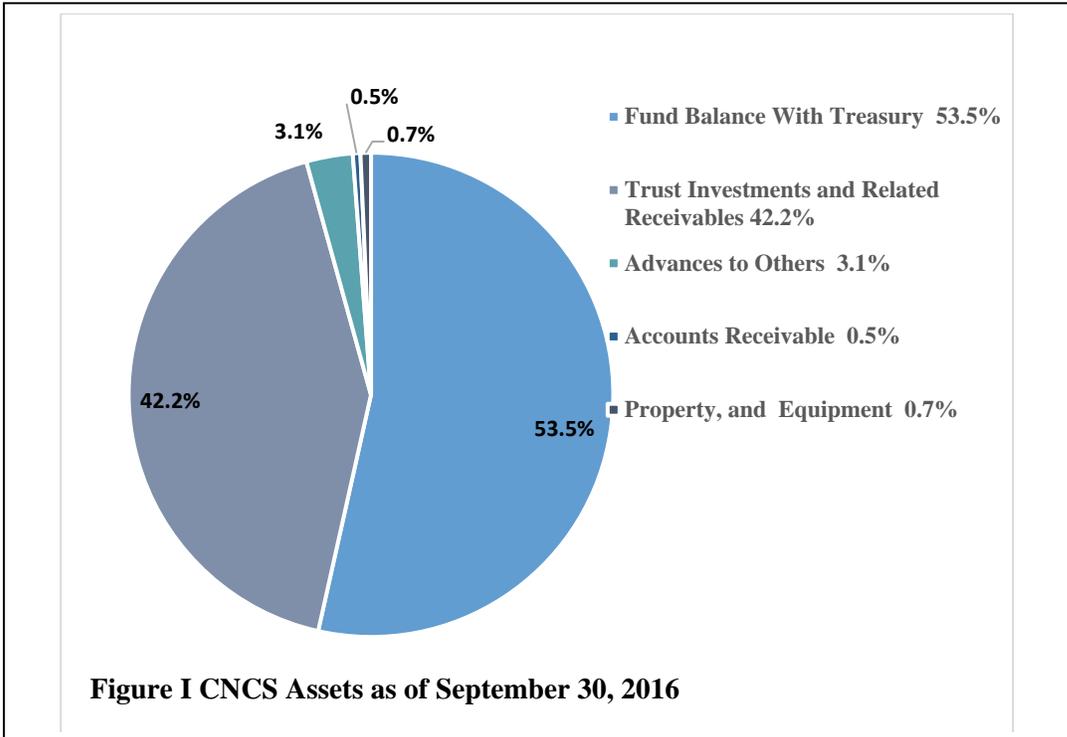
The Corporation for National and Community Service's (CNCS) consolidated financial statements outline its financial position, results of operations, cash flows, and budgetary resources, as required by the Government Corporation Control Act (GCCA) and Executive Order 13331, National and Community Service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

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

In addition, under the requirements of Executive Order 13331, CNCS prepares a Statement of Budgetary Resources (SBR) as a principal financial statement. The SBR provides information about the budgetary resources made available to CNCS and the status of those resources at the end of the fiscal year. CNCS's financial statements provide comparative information for Fiscal Year (FY) 2016 and 2015.

The Statement of Financial Position provides an overview of CNCS's financial position at the certain point in time. The fiscal year end statement displays the current and the future economic benefits owed or available for use (assets) and amounts owed ( liabilities) and the residual amount (net position) at September 30<sup>th</sup>.

### Composition of CNCS Assets



In **Figure I**, the chart displays the composition of FY 2016 assets. CNCS reported on its Statement of Financial Position the total assets of \$2.0 billion at the end of FY 2016. The amount aforementioned above represents an increase of \$121.0 million over the FY 2015 total assets of \$1.8 billion. The change is primarily due to \$40.1 million increase in Fund Balance with Treasury (FBWT) and \$71.2 million increase in Trust Investments and Related Receivables.

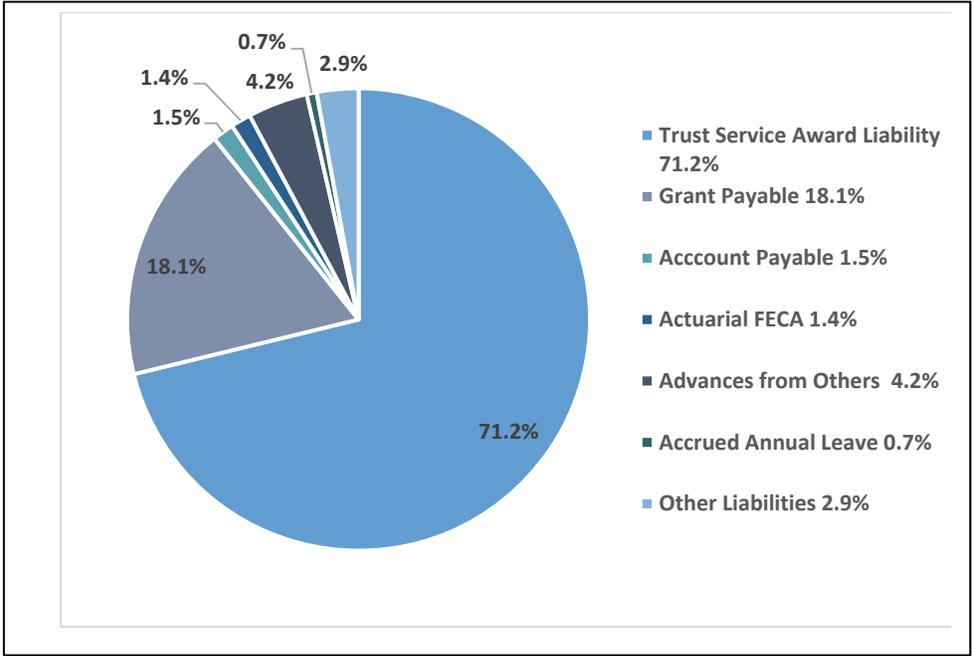
FBWT is the largest asset class. The FBWT is increased through appropriations, transfers, recoveries, receipts and collections and decreased by expenditures and rescissions. CNCS is authorized to use FBWT to make expenditures for authorized expenses resulting from operational activity.

Trust Investments and Related Receivables is second largest asset class. Funding for the Trust investments comes from appropriations, interest earned, sponsorships, and proceeds from the sale or redemption of investments. Investments and Related Receivables are used to pay Education Awards for eligible participants who complete AmeriCorps service.

**Composition of CNCS Liabilities**

As of September 30, 2016, CNCS total liabilities amounted to \$556.7 million, \$54.6 million decrease from the FY 2015.

**Figure II CNCS Liabilities as of September 30, 2016**

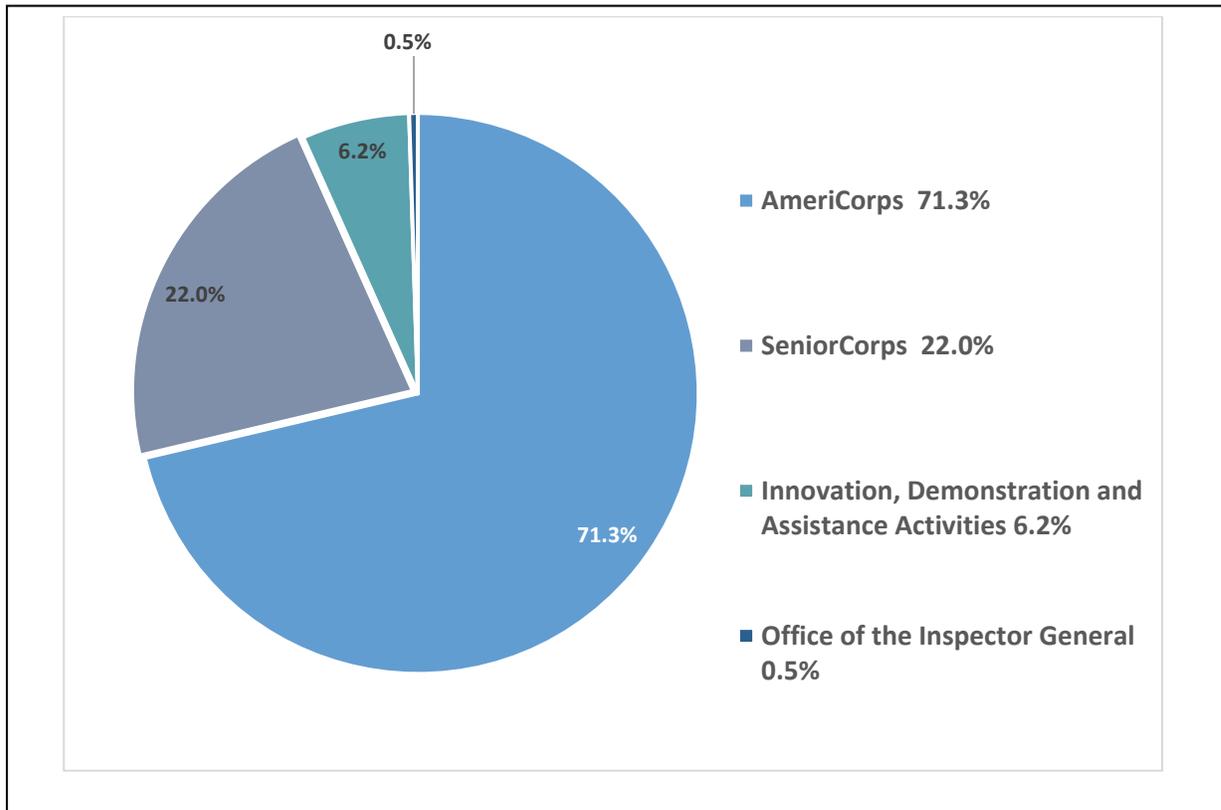


In **Figure II**, the chart displays the composition of FY 2016 liabilities. The major change in liabilities composed of a significant decrease in Trust Service Award Liability of \$58.6 million due to a revised statistical method. The Trust Service Award Liability consisted of estimates of unpaid earned and expected to earned education award and interest forbearance costs that are likely to be paid. Grants Payable represents funds due to grantees in payment of their performance under a grant. Grants Payable amounted to \$100.7 million in FY 2016 from \$97.0 million in 2015.

### Results of Operations

The Statement of Operations and Changes in Net Position presents revenue earned by CNCS (primarily appropriations) and the annual cost of operating CNCS programs. CNCS recognizes its use of appropriated capital as revenue at the time it is expended or accrued to pay program or administrative expenses. Appropriations received for the Trust are recognized as revenue when received. In FY 2016, CNCS used a revised cost accounting methodology to allocate the expenses allocated among its major programs, at the sub-program level. Costs for each major CNCS program are reported separately. Program costs include grant expenses and direct and allocated personnel and administrative costs, including AmeriCorps recruitment and Trust operations. In **Figure III**, the pie chart displays the FY 2016 expenses by the major programs aligned with the percentages of the total program expenses.

**Figure III CNCS Expenses for the Period Ended September 30, 2016**



For FY 2016, CNCS's Total revenue totaled \$1.1 billion, an increase of \$36.3 million from FY 2015. Total expenses reported for FY 2016 totaled \$958.2 million, which represents a decrease of \$58.1 million from FY 2015. CNCS's net revenue over expenses for FY 2016 was \$134.9 million, which is an increase of \$94.5 million compared to FY 2015.

### Budgetary Resources

The Statement of Budgetary Resources provides information on how budgetary resources were made available to CNCS for the year and the status of those budgetary resources at year-end. Total budgetary resources had an increase of \$100 million from FY 2015 to FY 2016.

**Limitations of the Financial Statements**

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

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## **Section II: Financial Section**



## Message from the Chief Financial Officer

The Corporation for National and Community Service improves lives, strengthens communities, and fosters civic engagement through service and volunteering. We accomplish this mission through the dedicated work of our national service family. Whether it is AmeriCorps members helping our children reach their educational goals, Senior Corps volunteers delivering food to our elderly neighbors so that they can live independently, or Social Innovation Fund projects helping disadvantaged youth live healthier, CNCS supports those who get things done for our country.

Given this critical mission, we take very seriously our public charge to manage CNCS effectively and efficiently. Therefore, I am pleased to report that for the 17th consecutive year, CNCS has earned an unmodified opinion on its annual financial statement audit. This accomplishment demonstrates an on-going commitment to delivering cost effective programs through sound fiscal management and effective internal controls.

Additionally, over the past year, we continued to strengthen agency operations in support of our strategic goal four. For example, we further aligned our risk management functions under a new Chief Risk Officer, who will lead agency efforts to reduce the negative consequences of enterprise-wide mission uncertainties. We also continued to make progress on the first phase of our information systems enhancements, which will help reduce the burden associated with awarding and managing thousands of grants every year.

We are proud of our team's progress thus far and energized to tackle some tough future challenges, which include strengthening management controls, developing a more robust risk-based grant monitoring approach, and completing our information system modernization.

CNCS submitted a budget plan to Congress earlier this year that will allow us to address these priorities and meet related operational goals. Our plan prioritizes staffing, accountability, and the second phase of our information system enhancements. If we receive the requested funding, it will begin to reverse years of under-investment in the agency's infrastructure and support operations, which the CNCS OIG has noted is a major impediment to the agency's efforts to improve operations and mitigate risks.

In closing, I would like to thank the financial and program professionals throughout the agency for their continued dedication and hard work this past year. From providing grantees with guidance and support to completing that last end-of-year closeout activity, our employees make success possible.

A stylized, grey, handwritten signature of Jeffrey Page.

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Jeffrey Page  
Chief Operating Officer/Chief Financial Officer

## **Part 2 Financial Statements and Footnotes**

Consolidated Statements of Financial Position

Consolidated Statements of Operations and Changes in Net Position

Consolidated Statements of Cash Flows

Combined Statements of Budgetary Recourses

Footnotes

## Consolidated Financial Statements

**Corporation for National and Community Service**  
**Consolidated Statements of Financial Position**  
**As of September 30, 2016 and 2015**  
*(Dollars in Thousands)*

	2016	2015
<b>Assets</b>		
Fund Balance with Treasury (Note 2)	\$ 1,044,413	\$ 1,004,351
Cash and Other Monetary Assets	-	79
Investments and Related Receivables (Note 3)	822,652	751,464
Advances to Others	59,488	57,288
Accounts Receivable, Net (Note 4)	9,559	8,157
Property and Equipment, Net (Note 5)	13,638	7,440
<b>Total Assets</b>	<b>\$ <u>1,949,750</u></b>	<b>\$ <u>1,828,779</u></b>
 <b>Liabilities</b>		
Trust Service Award Liability (Note 6)	\$ 396,344	\$ 454,890
Grants Payable	100,664	96,978
Accounts Payable	8,250	5,149
Actuarial FECA Liability (Note 8)	7,573	8,328
Advances from Others (Note 9)	23,507	26,725
Accrued Annual Leave	4,130	4,301
Other Liabilities (Note 10)	16,200	14,912
<b>Total Liabilities</b>	<b>\$ <u>556,668</u></b>	<b>\$ <u>611,283</u></b>
 Contingencies (Note 16)		
 <b>Net Position</b>		
Unexpended Appropriation	956,173	915,432
Cumulative Results of Operations	436,909	302,064
<b>Total Net Position (Note 11)</b>	<b>\$ <u>1,393,082</u></b>	<b>\$ <u>1,217,496</u></b>
 <b>Total Liabilities and Net Position</b>	 <b>\$ <u>1,949,750</u></b>	 <b>\$ <u>1,828,779</u></b>

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

**Corporation for National and Community Service**  
**Consolidated Statements of Operations and Changes in Net Position**  
**For the Periods Ended September 30, 2016 and 2015**  
*(Dollars in Thousands)*

	2016	2015
<b>Revenue</b>		
Appropriated Capital Used	\$ 794,222	\$ 779,799
Appropriations Received by the National Service Trust (Note 12)	241,352	217,507
Interest	3,964	2,747
Revenue from Services Provided	39,605	40,450
Other	13,893	16,194
<b>Total Revenue</b>	<b>1,093,036</b>	<b>1,056,697</b>
<b>Expenses</b>		
AmeriCorps	682,390	742,280
SeniorCorps	211,217	221,788
Innovation, Demonstration and Assistance Activities	59,620	47,702
Office of the Inspector General	4,964	4,552
<b>Total Expenses (Note 13)</b>	<b>958,191</b>	<b>1,016,322</b>
<b>Net of Revenue Over Expenses</b>	<b>\$ 134,845</b>	<b>\$ 40,375</b>
<b>Net Position</b>		
Net of Revenue Over Expenses	\$ 134,845	\$ 40,375
Increase/(Decrease) in Unexpended Appropriations, Net (Note 15)	40,741	25,065
Increase/(Decrease) in Net Position, Net	175,586	65,440
Net Position, Beginning Balance	1,217,496	1,152,056
<b>Net Position, Ending Balance (Note 11)</b>	<b>\$ 1,393,082</b>	<b>\$ 1,217,496</b>

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

**Corporation for National and Community Service**  
**Consolidated Statements of Cash Flows**  
**For the Periods Ended September 30, 2016 and 2015**  
*(Dollars in Thousands)*

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net of Revenue over Expenses	\$ <u>134,845</u>	\$ <u>40,375</u>
Adjustments Affecting Cash Flow:		
Depreciation, Amortization, and Loss on Disposition of Assets	1,245	1,917
Amortization of Premium/(Discount) on Investments	(197)	(1,606)
Appropriated Capital Used	(794,222)	(779,799)
Appropriations Received in Trust	(241,352)	(217,507)
Appropriations Transferred to Other Federal Agencies	1,000	(1,000)
Decrease/(Increase) in Cash and Other Monetary Assets	79	46
Decrease/(Increase) in Accounts Receivable	(1,402)	1,121
Decrease/(Increase) in Interest Receivable	(305)	182
Decrease/(Increase) in Advances to Others	(2,200)	834
Increase/(Decrease) in Accounts Payable and Other Liabilities	4,389	685
Increase/(Decrease) in Advances from Others	(3,218)	1,735
Increase/(Decrease) in FECA and Annual Leave Liabilities	(926)	(870)
Increase/(Decrease) in Trust Liability	(58,546)	759
Increase/(Decrease) in Grants Payable	3,686	1,407
Total Adjustments	<u>(1,091,969)</u>	<u>(992,096)</u>
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>(957,124)</b>	<b>(951,721)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of Securities	1,129,620	981,391
Purchase of Assets	(7,443)	(6,970)
Purchase of Securities	<u>(1,200,306)</u>	<u>(1,013,458)</u>
<b>Net Cash Provided/(Used) in Investing Activities</b>	<b>(78,129)</b>	<b>(39,037)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Appropriations Received, Net of Trust	1,094,916	1,054,954
Rescissions and Cancellations	<u>(19,601)</u>	<u>(31,583)</u>
<b>Net Cash Provided by Financing Activities</b>	<b>1,075,315</b>	<b>1,023,371</b>
<b>Net Increase/(Decrease) in Fund Balance with Treasury</b>	<b>40,062</b>	<b>32,613</b>
<b>Fund Balance with Treasury, Beginning</b>	<u><b>1,004,351</b></u>	<u><b>971,738</b></u>
<b>Fund Balance with Treasury, Ending (Note 2)</b>	<b>\$ <u><u>1,044,413</u></u></b>	<b>\$ <u><u>1,004,351</u></u></b>

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

**Corporation for National and Community Service**  
**Combined Statements of Budgetary Resources**  
**For the Periods Ended September 30, 2016 and 2015**  
*(Dollars in Thousands)*

	2016	2015
<b>Budgetary Resources</b>		
Unobligated, balance brought forward, October 1	\$ 230,979	\$ 205,420
Recoveries of unpaid prior year obligations	36,354	31,772
Recoveries of paid prior year obligations	569	-
Other changes in unobligated balance	(19,601)	(31,583)
Unobligated balance from prior year budget authority, net	<u>248,301</u>	<u>205,609</u>
Appropriation Discretionary	1,095,916	1,053,954
Appropriation (special or trust funds)	241,369	217,514
Appropriation Discretionary (total)	<u>1,337,285</u>	<u>1,271,468</u>
Appropriation Mandatory (special or trust funds)	3,461	3,933
Appropriations (discretionary and mandatory)	<u>1,340,746</u>	<u>1,275,401</u>
Spending authority from offsetting collections (discretionary and mandatory)	42,725	50,718
<b>Total Budgetary Resources</b>	<b><u>\$ 1,631,772</u></b>	<b><u>\$ 1,531,728</u></b>
<b>Status of Budgetary Resources</b>		
New obligations and upward adjustments ( Note 19)	<u>\$ 1,339,985</u>	<u>\$ 1,300,749</u>
Unobligated balance, end of year:		
Apportioned, unexpired accounts (Note 2)	221,756	98,113
Unapportioned, unexpired accounts (Note 2)	4	51,649
Unexpired unobligated balance, end of year	<u>221,760</u>	<u>149,762</u>
Expired unobligated balance, end of the year (Note 2)	70,027	81,217
Total unobligated balance, end of year	<u>291,787</u>	<u>230,979</u>
<b>Total Budgetary Resources</b>	<b><u>\$ 1,631,772</u></b>	<b><u>\$ 1,531,728</u></b>
<b>Change in obligated balance</b>		
Unpaid obligations:		
Unpaid obligations, brought forward, October 1	\$ 1,523,813	\$ 1,480,417
New obligations and upward adjustments	1,339,985	1,300,749
Outlays (gross)	(1,250,293)	(1,225,581)
Recoveries of prior year unpaid obligations, actual	(36,354)	(31,772)
<b>Unpaid Obligations, end of year</b>	<b><u>1,577,151</u></b>	<b><u>1,523,813</u></b>
Uncollected payments:		
Uncollected payments, Federal sources, brought forward, October 1	(2,042)	(131)
Change in uncollected payments, Federal sources	(3,566)	(1,911)
<b>Uncollected payments, Federal sources, end of year</b>	<b><u>(5,608)</u></b>	<b><u>(2,042)</u></b>
Memorandum (non-add) entries:		
<b>Obligated balance, start of year</b>	<b><u>\$ 1,521,771</u></b>	<b><u>\$ 1,480,286</u></b>
<b>Obligated balance, end of year (Note 2)</b>	<b><u>\$ 1,571,543</u></b>	<b><u>\$ 1,521,771</u></b>
<b>Budget Authority and Outlays, net</b>		
Budgetary authority, gross (discretionary and mandatory)	\$ 1,383,471	\$ 1,326,119
Actual offsetting collections (discretionary and mandatory)	(39,728)	(48,807)
Change in uncollected payments, Federal sources	(3,566)	(1,911)
Recoveries of paid prior year obligations	569	-
<b>Budget Authority, net (discretionary and mandatory)</b>	<b><u>\$ 1,340,746</u></b>	<b><u>\$ 1,275,401</u></b>
Outlays, gross (discretionary and mandatory)	\$ 1,250,293	\$ 1,225,581
Actual offsetting collections (discretionary and mandatory)	(39,728)	(48,807)
<b>Outlays, net (discretionary and mandatory)</b>	<b><u>1,210,565</u></b>	<b><u>1,176,774</u></b>
Distributed offsetting receipts	(242,772)	(218,475)
<b>Agency Outlays, net (discretionary and mandatory)</b>	<b><u>\$ 967,793</u></b>	<b><u>\$ 958,299</u></b>

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

## Footnotes for Consolidated Financial Statements

## **NOTE 1—Summary of Significant Accounting Policies**

### **A. REPORTING ENTITY**

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

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

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

- AmeriCorps State, National, Tribes, and Territories (State and National) offers grants supporting a broad range of local service programs that engage thousands of Americans in intensive service to meet critical community needs.
- AmeriCorps Volunteers in Service to America (VISTA) helps community organizations and public agencies create and expand programs that build capacity and ultimately bring low-income individuals and communities out of poverty.
- AmeriCorps National Civilian Community Corps (NCCC) strengthens communities while developing leaders through direct, team-based national and community service.

CNCS, for the most part, administered its programs in FY 2016 from the following funds:

#### **Trust and Gift Funds:**

- National Service Trust (Trust), from which CNCS provided education awards and interest forbearance for volunteers that serve as AmeriCorps members.
- Gifts and Contributions, into which CNCS deposited qualified gifts and contributions from individuals and organizations from which approved expenditures are made furthering CNCS's goals.

#### **Appropriated Funds:**

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

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

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

## **B. BASIS OF ACCOUNTING**

The accompanying financial statements include all funds administered by CNCS, as delineated in Note 1A—Reporting Entity. They include CNCS's activities related to providing grants and other assistance to eligible states, local governments, and nonprofit organizations as well as education awards to eligible national service participants. All significant intra-entity transactions and balances are eliminated in consolidation.

## **C. FINANCIAL STATEMENT PRESENTATION AND CONSOLIDATION POLICY**

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

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

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

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

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

In FY 2016, presentation changes have been made to facilitate a greater understanding of the statements and notes.

#### **D. BUDGETS AND BUDGETARY ACCOUNTING**

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

#### **E. ASSET AND LIABILITY VALUATION**

CNCS values its investments at carrying value and discloses fair value. As of September 30, 2016, the carrying amounts of Fund Balance with Treasury, Cash and Other Monetary Assets, Accounts Receivable, Advances to Others, Accrued Interest Receivable, Accounts Payable and Other Liabilities approximate their fair value.

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

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

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

#### **G. CASH AND OTHER MONETARY ASSETS**

Cash consists of coins, paper currency and readily negotiable instruments, such as money orders, checks, and bank drafts on hand or in transit for deposit. CNCS does not have Cash and Other Monetary Assets for the periods ending September 30, 2016.

#### **H. INVESTMENTS AND RELATED RECEIVABLES**

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

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

#### **I. CASH EQUIVALENTS**

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

#### **J. ADVANCES TO OTHERS**

CNCS advances funds to non-federal entities, primarily in response to grantee drawdown requests, to facilitate their authorized service activities. The cash payments to grantees, in excess of amounts appropriately expended under the terms of the grant agreements, are accounted for as advances. At the end of the fiscal year, the total amount advanced to grantees is compared with the total CNCS-funded amount of grant expenses properly incurred by the grantees. Grantee expenses are determined from reports submitted by the grantees. For those grantees with advances exceeding expenses, the aggregate difference is reported as the advance account balance.

#### **K. ACCOUNTS RECEIVABLE**

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

#### **L. GENERAL PROPERTY AND EQUIPMENT**

Property and Equipment is stated at full cost, including all costs related to acquisition, delivery, and installation, less accumulated depreciation/amortization. Normal maintenance and repair costs on capitalized property and equipment are expensed when incurred. CNCS capitalizes property and equipment with an estimated useful life of two years or more based on the below thresholds. Capitalized property are depreciated or amortized on a straight line over their estimated useful lives ranging from 2 to 10 years.

The CNCS's capitalization policy, *Accounting for Capital Property*, was updated with an effective date May of Fiscal Year 2016. Property and Equipment acquired before this policy was implemented that does not meet the new capitalization criteria will be fully depreciated.

The primary change relates to the capitalization thresholds for each asset type. Prior to May 2016 threshold change, CNCS capitalized items with a cost of \$50 thousand or greater for all asset types.

Effective May 2016, CNCS capitalizes single items of property and equipment with a cost of \$50 thousand or more. Also, CNCS capitalizes bulk purchases of property and equipment with an aggregate cost of \$250 thousand or more. A bulk purchase is defined as the purchase of like items related to a specific project, or the purchase of like items occurring within the same fiscal year that have an estimated useful life of at least two years.

In addition, CNCS capitalizes Internal Use Software with an aggregate cost of \$250 thousand or more. Internal Use Software is either purchased off the shelf, internally developed, or contractor developed solely to meet the CNCS's internal or operational needs. Internal Use software developed to meet CNCS's internal or operational needs will be recognized as capitalized Internal Use software in development if the estimated developmental cost obligated on the contract meets the capitalization criteria. Internal Use software in development will be recorded at cost in the fiscal year when they are incurred and paid. The realization of Internal Use software will be recognized in CNCS's financial records upon completion of the software development and when the title is passed to CNCS. Refer to Note 7, General Property and Equipment, Net for additional information.

#### **M. TRUST SERVICE AWARD LIABILITY**

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

#### **N. GRANTS PAYABLE**

CNCS awards grants to nonprofit organizations, educational institutions, states, municipalities, and other external organizations. Grants become budgetary obligations, but not liabilities, at the time they are awarded.

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

#### **O. ACCOUNTS PAYABLE**

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

#### **P. ACTUARIAL FECA LIABILITY**

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

#### **Q. OTHER LIABILITIES**

Other liabilities include amounts owed but not paid at the end of the fiscal year for payroll and benefits, AmeriCorps VISTA stipends, the amount of claims for benefits for CNCS employees under FECA that have been paid by DOL and billed to CNCS but have not yet been reimbursed to DOL, other unfunded employment related liability, liability for non-fiduciary deposit funds and undeposited collections, and accounts payable canceled appropriations.

#### **R. ACCRUED ANNUAL LEAVE**

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

#### **S. ADVANCES FROM OTHERS**

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

## **T. NET POSITION**

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

## **U. REVENUE RECOGNITION**

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

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

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

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

## **V. RETIREMENT BENEFITS**

CNCS's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). FERS was established by the enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984 elected to join FERS and Social Security or remained in the CSRS.

For employees covered by CSRS, CNCS contributes 7.0 percent of their basic pay. For those employees covered by FERS, CNCS contributes 11.2 percent of their gross pay towards retirement. Employees are allowed to participate in the Federal Thrift Savings Plan (TSP). For employees under FERS, CNCS contributes an automatic one percent of basic pay to TSP and matches employee contributions up to an additional 4.0 percent of pay, for a maximum CNCS contribution amounting to 5.0 percent of pay. Employees under CSRS may participate in the TSP, but will not receive either CNCS's automatic or matching contributions.

## **W. INCOME TAXES**

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

**X. USE OF ESTIMATES**

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

**Y. COMPARATIVE DATA**

Certain FY 2015 amounts have been reclassified to conform to the FY 2016 presentation.

**Z. CONCENTRATION OF RISKS**

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

## **NOTE 2 – Fund Balance with Treasury**

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

- **Appropriated Funds** – Appropriated funds are received through congressional appropriations to provide financing sources for the CNCS’s programs on an annual, multi-year, and no-year basis.
- **Trust Funds** – Trust funds are accounts designated by law for receipts earmarked for specific purposes and for the expenditure of these receipts. Funds from the National Service Trust may be expended for the purpose of providing an education award or student loan interest forbearance payment and are made directly to a qualified institution (college, university, or other approved educational institution, or a lending institution holding an existing student loan) as designated by the participant. The National Service Trust also pays awards under the President’s Freedom Scholarship, Summer of Service, and Silver Scholar programs.
- **Gift Funds** – Gift Funds are funds received from individuals and organizations as donations in furtherance of the purposes of national service laws.

**NOTE 2 – Fund Balance with Treasury---Continued**

<b>Fund Balance with Treasury as of September 30, 2016</b> <i>(dollars in thousands)</i>					
<b>Type</b>	<b>Unrestricted</b>		<b>Restricted</b>		<b>Total</b>
	<b>Appropriated Funds</b>	<b>Trust Funds</b>	<b>Gift Funds</b>		
Obligated Not Yet Disbursed	\$ 945,000	\$ 626,512	\$ 31		\$ 1,571,543
Unobligated Available	22,764	198,628	364		221,756
Unobligated Unavailable	70,027	4	-		70,031
Non Budgetary FBWT	2,200	-	-		2,200
Investments *	-	(821,117)	-		(821,117)
<b>Total</b>	<b><u>\$ 1,039,991</u></b>	<b><u>\$ 4,027</u></b>	<b><u>\$ 395</u></b>		<b><u>\$ 1,044,413</u></b>

<b>Fund Balance with Treasury as of September 30, 2015</b> <i>(dollars in thousands)</i>					
<b>Type</b>	<b>Unrestricted</b>		<b>Restricted</b>		<b>Total</b>
	<b>Appropriated Funds</b>	<b>Trust Funds</b>	<b>Gift Funds</b>		
Obligated Not Yet Disbursed	\$ 886,406	\$ 635,320	\$ 45		\$ 1,521,771
Unobligated Available	24,435	73,335	343		98,113
Unobligated Unavailable	82,669	50,197	-		132,866
Non Budgetary FBWT	2,033	-	-		2,033
Investments *	-	(750,432)	-		(750,432)
<b>Total</b>	<b><u>\$ 995,543</u></b>	<b><u>\$ 8,420</u></b>	<b><u>\$ 388</u></b>		<b><u>\$ 1,004,351</u></b>

\* Investments include purchases, sales, premiums and discounts

### NOTE 3 – Investments and Related Receivables

<b>Investments and Related Receivables as of September 30</b> <i>(dollars in thousands)</i>			
	<b>2016</b>		<b>2015</b>
Investments, Carrying Value	\$821,860	\$	750,977
Interest Receivable	792		487
<b>Total</b>	<b><u>\$ 822,652</u></b>	<b><u>\$</u></b>	<b><u>751,464</u></b>

<b>Amortized Cost and Fair Value of Investment Securities</b> <b>as of September 30, 2016</b> <i>(dollars in thousands)</i>				
<b>Securities</b>	<b>Amortized Cost</b>	<b>Unrealized</b>	<b>Gains/(Losses)</b>	<b>Fair Value</b>
Notes	\$ 541,519	\$	463	\$ 541,982
Bills	280,341		47	280,388
<b>*Total</b>	<b><u>\$ 821,860</u></b>	<b><u>\$</u></b>	<b><u>510</u></b>	<b><u>\$ 822,370</u></b>

<b>Amortized Cost and Fair Value of Investment Securities</b> <b>as of September 30, 2015</b> <i>(dollars in thousands)</i>				
<b>Securities</b>	<b>Amortized Cost</b>	<b>Unrealized</b>	<b>Gains/(Losses)</b>	<b>Fair Value</b>
Notes	\$ 328,823	\$	652	\$ 329,475
Bills	422,154		142	422,296
<b>Total</b>	<b><u>\$ 750,977</u></b>	<b><u>\$</u></b>	<b><u>794</u></b>	<b><u>\$ 751,771</u></b>

As of September 30, 2016, the notes held at year-end had an interest rate range of 0.375% to 0.875% and an outstanding maturity period of approximately 31 days to 2.5 years. The bills held at year-end had an interest rate range of 0.215% to 0.535% and were all due to mature within 364 days. The par values of notes range from \$3.6 million to \$148.3 million. The fair value of the bills and notes is based on bid and ask prices quoted by Treasury as of September 30, 2016 and 2015.

Since FY 2003, CNCS has set aside in reserve a portion of the funds in the National Service Trust for use in the event that its estimates used to calculate obligational amounts for education awards prove to be too low. This reserve was originally required by the Strengthen AmeriCorps Program Act, and is now required by section 149(b) of the National and Community Service Act (42 U.S.C. 12606(b)). As of September 30, 2016, \$50.2 million of CNCS's investment account has been set aside for this reserve.

**NOTE 3 – Investments and Related Receivables---Continued**

<b>Maturation of Securities Held as of September 30</b> <i>(dollars in thousands)</i>				
<b>Held- to- Maturity Securities</b>	<b>2016</b>		<b>2015</b>	
	<b>Amortized Costs</b>	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Fair Value</b>
Due in 1 year or less	\$ 721,874	\$ 722,133	\$ 523,225	\$ 523,435
Due after 1 year up to 5 years	99,986	100,237	227,752	228,336
<b>Total</b>	<b>\$ 821,860</b>	<b>\$ 822,370</b>	<b>\$ 750,977</b>	<b>\$ 751,771</b>

**NOTE 4 – Accounts Receivable, Net**

<b>Accounts Receivable as of September 30</b> <i>(dollars in thousands)</i>			
	<b>Appropriated Funds</b>	<b>Trust Fund</b>	<b>Total</b>
<b>2016</b>			
Accounts receivable	\$ 10,774	\$ 305	\$11,079
Less: allowance for doubtful accounts	(1,415)	(105)	(1,520)
<b>Accounts Receivable, Net</b>	<b><u>\$ 9,359</u></b>	<b><u>200</u></b>	<b><u>\$ 9,559</u></b>
<b>2015</b>			
Accounts receivable	\$ 9,196	\$ 355	\$ 9,551
Less: allowance for doubtful accounts	(1,300)	(94)	(1,394)
<b>Accounts Receivable, Net</b>	<b><u>\$ 7,896</u></b>	<b><u>261</u></b>	<b><u>\$ 8,157</u></b>

## NOTE 5 – Property and Equipment, Net

General Property and Equipment as of September 30, 2016 (dollars in thousands)					
Major Class	Service Life (Years)	Cost	Accumulated Depreciation	Net Book Value	
Equipment	3 – 10	\$ 4,010	\$ (3,009)	\$ 1,001	
ADP software in development	N/A	11,907	-	11,907	
ADP software	2	13,847	(13,117)	730	
<b>Total</b>		<b>\$ 29,764</b>	<b>\$ (16,126)</b>	<b>\$ 13,638</b>	

General Property and Equipment as of September 30, 2015 (dollars in thousands)					
Major Class	Service Life (Years)	Cost	Accumulated Depreciation	Net Book Value	
Equipment	3 – 10	\$ 4,010	\$ (2,534)	\$ 1,476	
ADP software in development	N/A	4,464	-	4,464	
ADP software	2	13,847	(12,347)	1,500	
<b>Total</b>		<b>\$ 22,321</b>	<b>\$ (14,881)</b>	<b>\$ 7,440</b>	

## NOTE 6 – Trust Service Award Liability

Individuals who successfully complete terms of service in AmeriCorps programs earn education awards, which can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The Education award must be used within seven years of completion date of an approved term of national service. If the education award is a transferred award or Summer of Service award the use period will be ten years. These awards are paid from the National Service Trust Fund.

The National Service Trust also pays forbearance interest on qualified student loans during the period members perform community service. The award liability components related to education awards and interest forbearance have been adjusted, based on historical experience, to reflect the fact that some eligible participants may not use these benefits.

Funds for the President’s Freedom Scholarship Program were provided in the appropriations acts from 1998 through 2007. Because the program last received appropriated funds in 2007 and recipients had seven years to use the scholarships, the last available use date was in 2014, and no payments have been made since that date.

The following table provides the Total Cumulative Service Awards, Award Payments, and resulting Liability as of September 30:

<b>Service Award Liability as of September 30</b> <i>(dollars in thousands)</i>		
	<b>2016</b>	<b>2015</b>
Education awards	\$2,736,947	2,647,027
Interest forbearance	112,005	103,258
President's Freedom Scholarship Program	<u>21,643</u>	<u>22,527</u>
Total estimated Service Award Liability	2,870,595	2,772,812
Less: cumulative awards paid	(2,474,251)	(2,317,922)
<b>Total</b>	<b><u>\$ 396,344</u></b>	<b><u>\$ 454,890</u></b>

The Net Service Award Liability as of September 30, 2016 decreased by approximately \$58.6 million from the Net Service Award Liability as of September 30, 2015. A large portion of this reduction, approximately \$48.6 million, is attributed to a revised statistical method. The remaining reduction is due to current year award payments and expirations in excess of current year enrollments.

## NOTE 7 – Operating Leases

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

Estimated Operating Lease Commitments as of September 30 (dollars in thousands)								
Fiscal Year	2016				2015			
	Facilities Space	Vehicles	Other	Total	Facilities Space	Vehicles	Other	Total
2016					11,522	795	554	12,871
2017	7,916	818	482	9,216	11,846	813	561	13,220
2018	8,141	836	485	9,462	12,179	832	575	13,586
2019	8,372	855	498	9,725	12,523	852	598	13,973
2020	8,611	874	506	9,991	12,876	872	622	14,370
2021	8,856	895	521	10,272				
<b>Total</b>	<b><u>\$ 41,896</u></b>	<b><u>\$ 4,278</u></b>	<b><u>\$2,492</u></b>	<b><u>\$48,666</u></b>	<b><u>\$ 60,946</u></b>	<b><u>\$ 4,164</u></b>	<b><u>\$2,910</u></b>	<b><u>\$68,020</u></b>

## **NOTE 8 – Actuarial FECA Liability**

CNCS's actuarial liability for future workers' compensation benefits under FECA was \$7.6 and \$ 8.3 million as of September 30, 2016 and 2015, respectively. The amount includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. As with all Federal agencies CNCS's FECA liability is determined by DOL. The actuarial liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. Consistent with past practice, these projected annual benefit payments have been discounted to present value using the Office of Management and Budget's (OMB's) economic assumptions for 10-year Treasury notes and bonds.

## NOTE 9 – Advances from Others

Advances from Others consists of advances from other federal government entities and nonfederal entities related to the interagency and cost share agreements into which CNCS entered to provide services. Advances from others primarily consist of Federal Emergency Management Agency (FEMA), Environmental Protection Agency (EPA), Department of Justice (DOJ), Department of Housing and Urban Development (HUD), and Department of Agriculture (USDA) related reimbursable activities.

<b>Advances from Others as of September 30</b> <i>(dollars in thousands)</i>			
		<b>2016</b>	<b>2015</b>
Advances from Others-Federal	\$	23,481	\$ 26,725
Advances from Others-Non-Federal		26	-
<b>Total Advances from Others</b>		<b><u>\$ 23,507</u></b>	<b><u>\$ 26,725</u></b>

## NOTE 10 – Other Liabilities

Other liabilities include amounts owed but not paid at the end of the fiscal year for payroll and benefits, AmeriCorps VISTA stipends, the amount of claims for benefits for CNCS's employees under FECA that have been paid by DOL and billed to CNCS but have not yet been reimbursed to DOL, other unfunded employment related liability, liability for non-fiduciary deposit funds and un-deposited collections, and accounts payable canceled appropriations.

<b>Other Liabilities as of September 30</b> <i>(dollars in thousands)</i>		
	<b>2016</b>	<b>2015</b>
Accrued Funded Payroll and Benefits	\$ 2,669	\$ 2,180
Unfunded FECA Liability	1,977	2,076
Member Payroll Related Liabilities	4,341	3,808
Liability for Non-Entity Assets	3,991	3,481
Other	3,222	3,367
<b>Total Other Liabilities</b>	<b><u>\$ 16,200</u></b>	<b><u>\$ 14,912</u></b>

## NOTE 11 – Net Position

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

<b>Net Position by Fund Balance Component as of September 30, 2016</b> <i>(dollars in thousands)</i>				
	<b>Appropriated Funds</b>	<b>Trust Funds</b>	<b>Gift Funds</b>	<b>Total</b>
Unexpended appropriations	\$ 956,173	\$ -	\$ -	\$ 956,173
Cumulative results of operations	5,983	430,535	391	436,909
<b>Total Net Position</b>	<b><u>\$ 962,156</u></b>	<b><u>\$ 430,535</u></b>	<b><u>\$ 391</u></b>	<b><u>\$ 1,393,082</u></b>

<b>Net Position by Fund Balance Component as of September 30, 2015</b> <i>(dollars in thousands)</i>				
	<b>Appropriated Funds</b>	<b>Trust Funds</b>	<b>Gift Funds</b>	<b>Total</b>
Unexpended appropriations	\$ 915,432	\$ -	\$ -	\$ 915,432
Cumulative results of operations	(3,576)	305,255	385	302,064
<b>Total Net Position</b>	<b><u>\$ 911,856</u></b>	<b><u>\$ 305,255</u></b>	<b><u>\$ 385</u></b>	<b><u>\$ 1,217,496</u></b>

## NOTE 11 – Net Position ---Continued

CNCS is required to report information regarding its financial position according to three classes of net assets (net position): unrestricted, temporarily restricted and permanently restricted.

CNCS has no permanently restricted assets. The following table presents the Corporation's unrestricted and temporarily restricted net assets.

<b>Restrictions on Net Position as of September 30, 2016</b> <i>(dollars in thousands)</i>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Appropriated Funds	\$ 962,156	\$ -	\$ 962,156
Trust Funds	-	430,535	430,535
Gift Funds	-	391	391
<b>Total Net Position</b>	<b><u>\$ 962,156</u></b>	<b><u>\$ 430,926</u></b>	<b><u>\$ 1,393,082</u></b>

<b>Restrictions on Net Position as of September 30, 2015</b> <i>(dollars in thousands)</i>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Appropriated Funds	\$ 911,856	\$ -	\$ 911,856
Trust Funds	-	305,255	305,255
Gift Funds	-	385	385
<b>Total Net Position</b>	<b><u>\$ 911,856</u></b>	<b><u>\$ 305,640</u></b>	<b><u>\$ 1,217,496</u></b>

## **NOTE 12 – Appropriations Received by the National Service Trust**

As of September 30, 2016 and 2015, the National Service Trust received \$220.0 million and \$209.6 million, respectively. CNCS is also authorized to transfer additional amounts from subtitle C program funds to the National Service Trust to support the activities of national service participants. Under the provisions of the law, CNCS transferred \$21.4 million and \$ 7.9 million to the Trust in FY 2016 and FY 2015, respectively. Accordingly, the National Service Trust received a total funding of \$ 241.4 million in FY 2016, and \$217.5 million in FY 2015, respectively.

## **NOTE 13 – Expenses**

Effective FY 2016, CNCS used a revised cost accounting methodology to allocate the costs among its major programs, and at the sub-program level.

Costs for each sub-program are reported on separately:

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

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

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

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

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

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

**NOTE 13 – Expenses---Continued**

<b>Expenses by Major Responsibility Segment for the Period Ended September 30</b> <i>(dollars in thousands)</i>		
	<b>2016</b>	<b>2015</b>
<b>AmeriCorps</b>		
State/National	\$ 480,375	\$ 569,506
NCCC	65,315	39,597
VISTA	<u>136,700</u>	<u>133,177</u>
Subtotal	<b>\$ 682,390</b>	<b>\$ 742,280</b>
<b>Senior Corps</b>		
RSVP	50,998	56,316
Foster Grandparent Program	111,721	116,241
Senior Companion Program	<u>48,498</u>	<u>49,231</u>
Subtotal	<b>211,217</b>	<b>221,788</b>
Innovation, Demonstration, & Assistance Activities	59,620	47,702
Office of Inspector General (OIG)	4,964	4,552
<b>Total Expenses</b>	<b><u>\$ 958,191</u></b>	<b><u>\$1,016,322</u></b>

## NOTE 14 – National Service Award Expense

Members serving in approved national service positions are eligible to earn a service award to pay for qualified education expenses.

The National Service Trust also pays interest forbearance costs on qualified student loans during the period members perform community service.

CNCS estimates the expense for national service awards based on the increase in its cumulative service award liability during the year (see Note 6). The total service award liability as of September 30, 2016 and 2015, respectively, has been adjusted to reflect the fact that earned awards are not always used.

<b>National Service Award Expense for the Period Ended September 30</b> <i>(dollars in thousands)</i>		
	<b>2016</b>	<b>2015</b>
Estimated education awards	\$ 113,828	\$ 179,586
Estimated interest forbearance	9,331	11,989
<b>National Service Award Expense</b>	<b><u>\$ 123,159</u></b>	<b><u>\$ 191,575</u></b>

**NOTE 15 – Change in Unexpended Appropriations, Net**

<b>Unexpended Appropriations, Net as of September 30 (dollars in thousands)</b>		
	<b>2016</b>	<b>2015</b>
Unexpended appropriations, beginning balance	\$ 915,432	\$ 890,367
<b>Increases:</b>		
Appropriations received	1,094,916	1,054,954
<b>Decreases:</b>		
Appropriated capital used	(794,222)	(779,799)
Appropriations transferred to Trust Fund (net of rescissions)	(220,000)	(209,618)
Program funds transferred to Trust Fund	(21,352)	(7,889)
Appropriations transferred to other federal agencies	1,000	(1,000)
Rescissions and cancellations	(19,601)	(31,583)
Total decreases	<b>(1,054,175)</b>	<b>(1,029,889)</b>
<b>Change in Unexpended Appropriations</b>	40,741	25,065
<b>Unexpended Appropriations, Ending Balance</b>	<b><u>\$ 956,173</u></b>	<b><u>\$ 915,432</u></b>

## **NOTE 16 – Contingencies**

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

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

**NOTE 17 – Subsequent Events**

CNCS has evaluated subsequent events through November 14, 2016, which is the date these financial statements were available to be issued. As a consequence of its evaluation, CNCS has determined that no subsequent events need to be recognized or disclosed.

**NOTE 18 – Undelivered Orders at the End of the Period**

CNCS's undelivered orders as of September 30, 2016 and 2015 were \$1.1 and \$1.0 billion, respectively.

**NOTE 19 – Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable Obligations**

An apportionment is a distribution by OMB of amounts available for obligation. OMB apportions CNCS’s funds on both a quarterly and annual basis. Obligations incurred as of September 30, 2016 and 2015 were:

<b>Consolidated Obligations Incurred through September 30</b> <i>(dollars in thousands)</i>			
<b>Fiscal Year</b>	<b>Direct</b>	<b>Reimbursable</b>	<b>Total</b>
<b>2016</b>	\$ 1,297,084	\$ 42,901	\$ <b>1,339,985</b>
<b>2015</b>	\$ 1,252,132	\$ 48,617	\$ <b>1,300,749</b>

**NOTE 20 – Contributed Capital (Donations)**

Under CNCS's authorizing legislation, donated funds may be accepted and used in furtherance of the purposes of the national service laws (42 U.S.C. 12651g (a)(2)(A)). Donated funds received by the CNCS as of September 30, 2016 and 2015 were \$17.1 and \$7.5 thousand, respectively.

### **Part 3 – Independent Auditor's Report**

“Audit of the Corporation for National and Community Service’s Fiscal Year 2016 Financial Statements”  
- The Office of Inspector General (OIG) Report 17-01

“Audit of the Corporation for National and Community Service’s Fiscal Year 2016  
National Service Trust Fund Financial Statements” - OIG Report 17-02

The following pages are intended to show Part 3 - Independent Auditor's Report

Audit of the Corporation for National and Community Service's Fiscal Year 2016 Financial Statements

Transmittal Letter for OIG Report 17-01

Independent Auditor's Report on Financial Statements

Independent Auditor's Report on Internal Controls over Financial Reporting

Independent Auditor's Report on Compliance with Laws, Regulations, Contracts and Grant Agreements

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

**AUDIT OF THE  
CORPORATION FOR NATIONAL AND  
COMMUNITY SERVICE'S  
FISCAL YEAR 2016 FINANCIAL STATEMENTS**

**OIG REPORT 17-01**

Office of Inspector General

*Corporation for*  
**NATIONAL &  
COMMUNITY  
SERVICE** 

Prepared by:

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

This report was issued to Corporation management on November 14, 2016. Under the laws and regulations governing audit follow up, the Corporation is to make final management decisions on the report's findings and recommendations no later than May 15, 2017, and complete its corrective actions by November 14, 2017. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



November 14, 2016

TO: Wendy Spencer  
Chief Executive Officer

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

SUBJECT: Audit of the Corporation for National and Community Service's  
Fiscal Year 2016 Financial Statements, OIG Report 17-01

We contracted with the independent certified public accounting firm of Kearney & Company, P.C. (Kearney) to audit the consolidated financial statements of the Corporation for National and Community Service (Corporation) as of September 30, 2016 and 2015, and for the years then ended. The contract required that the audit be performed in accordance with the *Government Auditing Standards* and applicable Office of Management and Budget guidance.

In its audit, Kearney found:

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

In connection with the contract, we reviewed Kearney's reports and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with United States generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the Corporation's financial statements or conclusions about the effectiveness of internal control; or conclusions on compliance with applicable provisions of laws, regulations, contracts, and grant agreements.

Kearney is responsible for the attached independent auditor's reports, dated November 14, 2016, and the conclusions expressed therein. However, our review disclosed no instances where Kearney did not comply, in all material respects, with United States generally accepted government auditing standards.

Attachment

cc: Asim Mishra, Chief of Staff  
Jeremy Joseph, General Counsel  
Jeffrey Page, Chief Operating Officer and Chief Financial Officer  
Tom Hanley, Chief Information Officer  
Lori Giblin, Chief Risk Officer  
David Zavada, Engagement Partner, Kearney & Company, P.C.  
250 E Street, SW ★ Suite 4100 ★ Washington, DC 20525  
202-606-9390 ★ Hotline: 800-452-8210 ★ [www.cncsoig.gov](http://www.cncsoig.gov)

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying consolidated financial statements of the Corporation for National and Community Service (CNCS), which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, the related consolidated statements of operations and changes in net position, the consolidated statements of cash flows, and the combined statements of budgetary resources (SBR) (hereinafter referred to as the "financial statements") for the years then ended, as well as the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CNCS as of September 30, 2016 and 2015, as well as its net cost of operations and changes in net position, cash flows, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the 2004 Executive Order, entitled “National and Community Service Programs” (E.O. 13331), requires a statement of assurance in CNCS’s Management Representation Letter by the Chief Executive Officer and Chief Financial Officer that its financial statements, including the SBR, are accurate and reliable. CNCS has interpreted this requirement to include presenting the SBR as a principal financial statement. CNCS’s SBR is prepared in accordance with accounting principles generally accepted in the United States of America.

Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the Donations and Contributions, National Service Trust Fund (Trust) Status Report – September 2016, and Improper Payments sections of the Fiscal Year 2016 Agency Financial Report is presented for purposes of additional analysis and is not a required part of the financial statements. Except as described below, such information has not been subjected to the auditing procedures applied in the audits of the financial statements; accordingly, we do not express an opinion or provide any assurance on it.

Certain information from the Trust Status Report – September 2016 statements of financial position, related statements of operations and changes in net position, statements of cash flows and combined SBR (hereinafter referred to as the “Trust financial statements”) as of September 30, 2016 is presented as other information. In accordance with the requirements of the National and Community Service Act of 1990, as amended, we performed a separate audit of the Trust financial statements and issued a report thereon dated November 14, 2016.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02, we have also issued reports, dated November 14, 2016, on our consideration of CNCS’s internal control over financial reporting and on our tests of CNCS’s compliance with provisions of applicable laws, regulations, contracts, and grant agreements, as well as other matters for the year ended September 30, 2016. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02 and should be considered in assessing the results of our audits.



Alexandria, Virginia  
November 14, 2016

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

We have audited the consolidated financial statements of the Corporation for National and Community Service (CNCS) and CNCS's National Service Trust Fund (Trust) as of and for the year ended September 30, 2016, and we have issued our reports thereon dated November 14, 2016. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*.

### **Internal Control over Financial Reporting**

In planning and performing our audits of the consolidated financial statements, we considered CNCS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of CNCS's internal control. Accordingly, we do not express an opinion on the effectiveness of CNCS's internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 15-02. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to ensuring efficient operations.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a



deficiency in internal control, described in the accompanying Schedule of Findings, that we consider to be a significant deficiency.

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

**Status of Prior-Year Findings**

In the *Independent Auditor’s Report on Internal Control over Financial Reporting* included in the audit report on CNCS’s fiscal year (FY) 2015 financial statements,<sup>1</sup> we noted two issues that were related to internal control over financial reporting. The status of the FY 2015 internal control findings are summarized in *Table 1*.

*Table 1: Status of Prior-Year Findings*

Control Deficiency	FY 2015 Status	FY 2016 Status
Information Technology	Significant Deficiency	Control Deficiency
Internal Controls Program	Significant Deficiency	Significant Deficiency

**CNCS’s Response to Findings**

CNCS’s response to the findings identified in our audits is described in a separate letter in Section II of the Agency Financial Report. CNCS’s response was not subjected to the auditing procedures applied in our audits of the financial statements; accordingly, we do not express an opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing and not to provide an opinion on the effectiveness of CNCS’s internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02 in considering CNCS’s internal control. Accordingly, this report is not suitable for any other purpose.

Alexandria, Virginia  
November 14, 2016

<sup>1</sup> *Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance with Applicable Provisions of Laws, Regulations, Contracts, and Grant Agreements*

## Schedule of Findings

### Significant Deficiency

#### I. Internal Controls Program (Repeat Condition)

The Corporation for National and Community Service (CNCS) is subject to the reporting requirements of the Government Corporation Control Act and is therefore subject to the Federal Managers' Financial Integrity Act (FMFIA); Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (Revised 07/15/2016); and the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (also known as the "Green Book"), incorporated by reference within these requirements. Collectively, these laws, regulatory guidance, and standards require agencies to establish effective internal controls over program and financial operations. CNCS continues to implement a program to meet these requirements, but it does not yet have a fully functioning internal control monitoring process in place to determine the effectiveness of internal controls and support management's required annual assurance statement under FMFIA.

Effective in fiscal year (FY) 2016, CNCS's internal controls must meet the more robust requirements of the revised 2014 GAO Green Book, as well as the newly revised OMB Circular A-123. The lack of a fully functional internal controls program means that financial, operational, and compliance objectives may not be met and risks may not be adequately identified and mitigated. The areas where deficiencies exist are described in the following sections:

#### ***Governance and Oversight Not Fully Functional and Effective***

The governance and oversight of the internal controls program have not been fully functional for a majority of FY 2016. The Senior Risk Management Council (SRMC)/Risk Management Council (RMC) and senior leadership held eight meetings during FY 2016, with its fourth quarter RMC meeting held on September 27, 2016. Although a majority of the SRMC and RMC meeting requirements were met throughout FY 2016, actionable items to remediate the internal controls program did not fully begin to develop until the hiring of the Chief Risk Officer (CRO) in April 2016.

In FY 2016, CNCS also established the Risk and Assessment Committee (RAC). The RAC is tasked with assisting the Office of the Chief Risk Officer (OCRO) in implementing the agency's risk assessments and monitoring activities. As required by the RAC charter, members are required to meet quarterly. However, the RAC did not hold its initial kick-off meeting until September 26, 2016. Both the RMC and RAC meetings were either held late in the FY or did not provide enough governance and oversight of the internal controls program implementation for a majority of FY 2016.

Additionally, CNCS did not follow up on a majority of the agency's Corrective Action Plans (CAP) to ensure they had been implemented during FY 2016. This was due to the lack of tracking, monitoring, and testing of the corrective actions, as required by OMB Circular A-50, *Audit Followup*. Beginning in June 2016, CNCS assigned the responsibility to incorporate the tracking and monitoring of CAPs related to agency-wide audits and investigations to the Agency Audits and Investigations Coordinator. Furthermore, the Office of Grants Management (OGM) continues to monitor its own CAPs. There was no evidence that the current statuses of these CAPs were briefed in either the RMC or RAC meetings held in FY 2016. The lack of oversight by RMC or RAC means OGM is not being held accountable for its CAPs, although OGM made significant progress on resolving, in a timely manner, audit findings relating to the Office of Inspector General audits during FY 2016. Overall, CNCS's governance and oversight is still evolving and not fully effective in FY 2016.

### ***Incomplete Risk Assessment and Internal Controls Monitoring Processes***

While CNCS continues to improve its internal control risk assessment, the process remains incomplete in FY 2016. OCRO has developed a comprehensive questionnaire and assessment that aligns to the 17 principles described in the GAO Green Book, using the responses as a baseline and foundation for assessing the design of entity-level controls to meet CNCS's intended internal control objectives. However, the assessment evaluated only the design and implementation of entity-level controls, and it was not completed until July 2016. Due to the timing, CNCS was not able to address deficiencies identified through the assessment process, and it was the only risk assessment completed in FY 2016. While CNCS's assessment considered fraud risk in general, a more thorough assessment needs to be performed at the transaction and account levels. CNCS also does not have a formal means to incorporate Office of Inspector General (OIG) audit and investigation findings into its risk assessment process.

CNCS established the OCRO in FY 2016 to improve the effectiveness of the internal controls monitoring program, with specific attention towards Enterprise Risk Management. The CRO was appointed in late April 2016 and has since made strides in developing the program, specifically by completing the initial entity-level control assessment and addressing the financial statement audit CAPs with detailed actions to address each recommendation. However, due to the timing of the implementation of the OCRO, the CRO has not yet stood up a fully functional and operational program within FY 2016.

In FY 2015, CNCS performed some transaction-level testing related to grants, procurement, financial reporting, and information technology (IT) assets. Although transaction-level testing occurred, proper narratives and risk and control matrices were not yet in place to drive the transaction-level testing, thus not fully implementing a sound baseline for its internal control framework. Also, CNCS did not perform any transaction-level testing in FY 2016. OCRO plans to begin transaction-level testing on a sample basis in FY 2017.



During FY 2016, CNCS hired consultants to develop a written description of its grants management process (grant process narrative) to identify key controls. As of September 2016, this grant process narrative had not been completed and was still in draft form. In addition, neither tests of design nor tests of operating effectiveness were performed over the grants management area in FY 2016.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS,  
REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS**

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

We have audited the consolidated financial statements of the Corporation for National and Community Service (CNCS) and CNCS's National Service Trust Fund (Trust) as of and for the year ended September 30, 2016, and we have issued our reports thereon dated November 14, 2016. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CNCS's consolidated financial statements are free from material misstatement, we performed tests of its compliance with provisions of applicable laws, regulations, contracts, and grant agreements, with which noncompliance could have a direct and material effect on the determination of financial statement amounts. We limited our tests of compliance to these provisions and did not test compliance with all laws, regulations, contracts, and grant agreements applicable to CNCS. Providing an opinion on compliance with those provisions was not an objective of our audits; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 15-02.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the effectiveness of CNCS's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02 in considering CNCS's compliance. Accordingly, this report is not suitable for any other purpose.



Alexandria, Virginia  
November 14, 2016

Audit of the Corporation for National and Community Service's Fiscal Year  
2016 National Service Trust Fund Financial Statements

Transmittal Letter for OIG Report 17-02

Independent Auditor's Report on the National Service Trust Fund Financial Statements

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

**AUDIT OF THE  
CORPORATION FOR NATIONAL AND  
COMMUNITY SERVICE'S  
FISCAL YEAR 2016  
NATIONAL SERVICE TRUST FUND  
FINANCIAL STATEMENTS**

**OIG REPORT 17-02**

Office of Inspector General

*Corporation for*  
**NATIONAL &  
COMMUNITY  
SERVICE** 

Prepared by:

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

This report was issued to Corporation management on November 14, 2016.



November 14, 2016

TO: Wendy Spencer  
Chief Executive Officer

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

SUBJECT: Audit of the Corporation for National and Community Service's  
Fiscal Year 2016 National Service Trust Fund Financial Statements,  
OIG Report 17-02

We contracted with the independent certified public accounting firm of Kearney & Company, P.C. (Kearney) to audit the Corporation for National and Community Service's (Corporation) National Service Trust Fund financial statements (Trust financial statements) as of September 30, 2016 and 2015, and for the years then ended. The contract required that the audit be performed in accordance with the *Government Auditing Standards* and applicable Office of Management and Budget guidance.

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

In connection with the contract, we reviewed Kearney's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with United States generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the Trust financial statements.

Kearney is responsible for the attached independent auditor's report, dated November 14, 2016, and the conclusions expressed therein. However, our review disclosed no instances where Kearney did not comply, in all material respects, with United States generally accepted government auditing standards.

#### Attachment

cc: Asim Mishra, Chief of Staff  
Jeremy Joseph, General Counsel  
Jeffrey Page, Chief Operating Officer and Chief Financial Officer  
Tom Hanley, Chief Information Officer  
Lori Giblin, Chief Risk Officer  
David Zavada, Engagement Partner, Kearney & Company, P.C.

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying financial statements of the Corporation for National and Community Service (CNCS) National Service Trust Fund (Trust), which comprise the statements of financial position as of September 30, 2016 and 2015, the related statements of operations and changes in net position, the statements of cash flows, and the combined statements of budgetary resources (SBR) (hereinafter referred to as the "Trust financial statements") for the years then ended, as well as the related notes to the Trust financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Trust financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 require that we plan and perform the audits to obtain reasonable assurance about whether the Trust financial statements are free from material misstatement.

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



estimates made by management, as well as evaluating the overall presentation of the Trust financial statements.

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

## **Opinion**

In our opinion, the Trust financial statements referred to above present fairly, in all material respects, the financial position of CNCS's Trust as of September 30, 2016 and 2015, as well as its net cost of operations and changes in net position, cash flows, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the Trust financial statements, the 2004 Executive Order, entitled "National and Community Service Programs" (E.O. 13331), requires a statement of assurance in CNCS's Management Representation Letter by the Chief Executive Officer and Chief Financial Officer that its financial statements, including the SBR, are accurate and reliable. CNCS has interpreted this requirement to include presenting the Trust SBR as a principal financial statement. CNCS's Trust SBR is prepared in accordance with accounting principles generally accepted in the United States of America.

Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the Trust financial statements taken as a whole. The information contained in the National Service Trust Fund Status Report – September 2016, *Other Information*, section of the Fiscal Year 2016 Agency Financial Report is presented for purposes of additional analysis and is not a required part of the Trust financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the Trust financial statements; accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02, we have also issued reports, dated November 14, 2016, on our consideration of CNCS's internal control over financial reporting and on our tests of CNCS's compliance with provisions of applicable laws, regulations, contracts, and grant agreements, as well as other matters for the year ended September 30, 2016. The purpose of those reports is to describe the scope of our testing of



internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02 and should be considered in assessing the results of our audits.

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

Alexandria, Virginia  
November 14, 2016

## **Part 4 – Management’s Response**



Memorandum

Date: November 14, 2016

To: Deborah Jeffrey, Inspector General

From: Jeffrey Page, Chief Financial Officer

Subject: Independent Auditor's Report

Thank you for the opportunity to respond to the results of your audit of CNCS's Independent Auditor's Report. CNCS concurs with the conditions and recommendations it contains.

CNCS remains committed to improving the agency's internal control framework. While the agency has moved forward in addressing these recommendations, management is confident that the newly created Office of the Chief Risk Officer (OCRO) will begin to provide depth and structure to the nascent program. The Chief Risk Officer (CRO) is currently implementing a departmental work plan that will not only ensure consistent governance and communication on the status of risk mitigation but also provide the agency with the reporting it needs to strengthen its assurance over the effectiveness and efficiency of internal controls across the corporation.

## **Section III: Other Information**

## **Donations and Contribution**

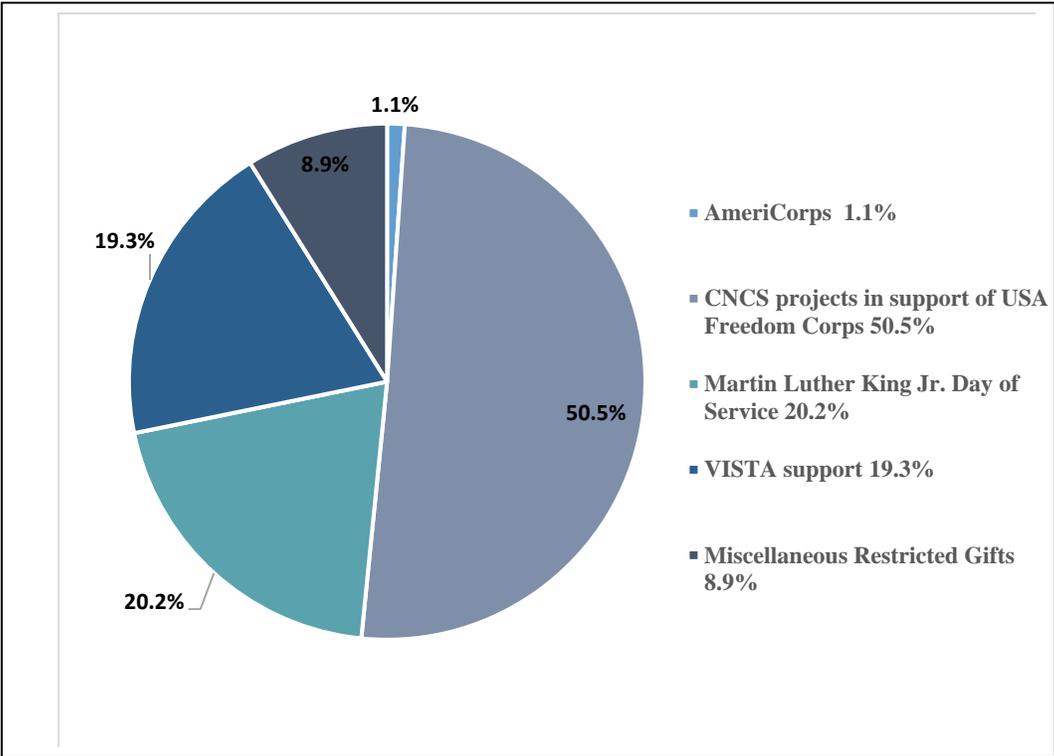
## Donations and Contributions

Under CNCS’s authorizing legislation, CNCS may “solicit, accept, hold, administer, use, and dispose of, in furtherance of the purpose of the national service laws, donations of any money or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise” (42 USC 12651g (a)(2)(A)). The legislation also requires that CNCS report to Congress on the nature and amount of donations, as well as on how they were used and disposed of (in the case of donated property) in support of its programs and activities. This report fulfills these requirements for FY 2016. In addition to accepting paper check donations, CNCS also receives donations through Pay.gov, a Treasury program that allows payments to be made to federal agencies online. Under the Pay.gov program, CNCS receives donations by credit card or direct debit from donors. Pay.gov facilitates the process of collecting gift funds from donors online through a secure website with real-time identification verification and provides the reporting necessary for processing transactions.

<b>Status of Gift Fund Balance as of September 30, 2016</b> <i>(dollars in thousands)</i>	
Fund Balance with Treasury (FBWT)	\$ 395
Obligation & Commitments	(40)
<b>Funds Available</b>	<b><u>\$ 355</u></b>

The total FBWT of \$ 395 thousand included \$17 thousand of current year receipts and \$11 thousand of current year expenses during FY 2016. The donations came from various sources from the public. The single largest donation was \$15 thousand from the Eli Segal Citizen Leaders Program at Brandeis University. Below is the summary of the spending activities:

**FY 16 Use of Donations and Contributions**



# **National Service Trust Fund Status Report**

Part 1: General Discussion

Part 2: Trust Fund Financial Statements and Footnotes

# **National Service Trust Fund Status Report**

## **Part 1: General Discussion**

## National Service Trust Fund Status Report-September 30, 2016

The National Service Trust Fund (Trust) was established by the National and Community Service Trust Act of 1993 (the Act), 42 USC 12601, et seq. to provide funds for Segal AmeriCorps Education Awards (education awards) for eligible members who complete AmeriCorps service. Funding comes from appropriations, interest earned, transfer of program dollars, proceeds from the sale or redemption of Trust investments, partnerships with other agencies, and funds collected from disallowed or improperly awarded education awards. The Trust is also authorized to accept gifts or bequests, Sponsorships, and funds from federal partners. Under the Act, funds are available to repay qualified student loans, pay educational expenses at qualified educational institutions, and repay eligible interest expense on student loans.

The value of an education award depends on the term of service performed by an AmeriCorps member. For Program Year 2016, completion of a full-time term of service, requiring a minimum of 1,700 hours of service, entitles an AmeriCorps member to an education award of \$5,775. Completion of a part-time term, requiring a minimum of 900 hours of service, entitles an AmeriCorps member to an education award of \$2,887. Reduced part-time terms, which provide awards of \$500 to \$2,200, are also offered. The education award is indexed to the maximum federal Pell grant; therefore, these amounts may change each year.

Education awards earned by AmeriCorps members are generally available to be used for seven years from the completion of the service term for which they are earned. Payments are made directly to the educational institutions and/or loan holders, as directed by the members and by the institutions. Trust funds are not used to pay member stipends or other grant costs. Beginning in Program Year 2010, AmeriCorps State and National and Silver Scholar members who are age 55 or older when they begin service may also transfer the education award to a qualified child, grandchild, or foster child. Note that although it is authorized, the Silver Scholars program has never been funded.

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

Program	Program Year 2016					Program Year 2015				
	Awarded		Certified Not	Planned Not	Total	Awarded		Certified Not	Planned Not	Total
	Enrolled	Not Enrolled	Awarded	Certified		Enrolled	Not Enrolled	Awarded	Certified	
State & National	27,206	(27,206)	-	68,959	68,959	60,470	(2,302)	10,877	(21)	69,024
VISTA	7,036	-	-857	0	6,179	6,359	-	(180)	1,556	7,735
NCCC	1,239	-	(39)	-	1,200	1,134	-	66	-	1,200
<b>Total</b>	<b>35,481</b>	<b>(27,206)</b>	<b>(896)</b>	<b>68,959</b>	<b>76,338</b>	<b>67,963</b>	<b>(2,302)</b>	<b>10,763</b>	<b>1,535</b>	<b>77,959</b>

The 76,338 Trust positions planned for Program Year 2016 do not include an estimated 1,500 AmeriCorps VISTA members (1,300 full time and 200 Summer Associates) who elected an end-of-service cash stipend instead of an education award (an option only available to VISTA members). Total estimated member positions for Program Year 2016, including VISTA members electing an end-of-service cash stipend, is 77,838. Member enrollment and slot data are periodically adjusted to reflect corrections and slot reconfigurations by grantees; therefore, they may change slightly from month to month.

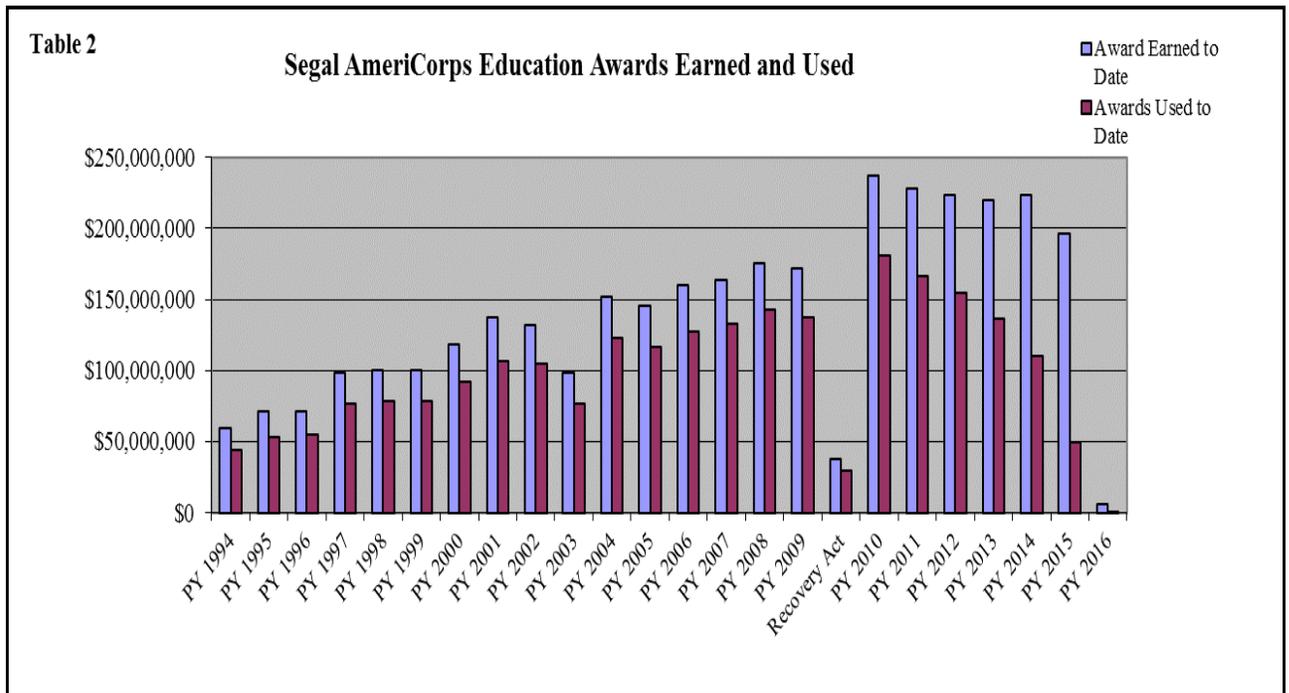
The 77,959 Trust positions for Program Year 2015 do not include an estimated 1,650 AmeriCorps VISTA members (1,329 full time and 321 Summer Associates) who elected an end-of-service cash stipend instead of an education award. Total estimated member positions for Program Year 2015, including VISTA members electing a stipend, is 79,609. Of the 6,359

VISTA member positions in the Trust for 2015, 1,835 positions are for Summer Associates who received an education award of \$1,175.

**Trust Awards**

Since CNCS's inception in 1993, AmeriCorps members have earned over \$3.33 billion in Segal AmeriCorps Education Awards and used over \$2.37 billion of that amount to fund their education and repay student loans. In addition, CNCS has made \$25.64 million in interest forbearance payments over the same period. Approximately \$365.97 million in education awards earned have expired without being used. The Trust obligation formula has been adjusted to reflect these expired awards.

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



## Refilled Positions

CNCS policy allows grantees limited flexibility to refill positions vacated by a member who has served less than 30 percent of his/her service term, provided that the departing member had not earned a pro-rated education award. To prevent over-enrollment, the policy includes “fail safe” triggers that restrict the overall number of refills to no more than five percent of awarded positions and suspends refilling altogether if total AmeriCorps enrollment reaches 97 percent of awarded positions. Table 3 provides information on the number of positions refilled. Positions in Program Years 2010 and earlier can no longer be refilled.

	Number of Refilled Positions						Fail-safe Trigger
	Program Year	Program Year	Program Year	Program Year	Program Year	Program Year	
	2011	2012	2013	2014	2015	2016	
Number of Refilled Positions	1,516	1381	1,200	25	0	0	N/A
Refills as a Percent of Awarded State & National Positions	2.1%	2.1%	1.9%	0.0%	0.0%	0.0%	5%
State & National Enrollment as a Percentage of Awarded Positions	97.7%	98.8%	98.5%	106.7%	104.0%	0.0%	97%

Table 4 shows the most significant factors used to calculate Trust obligations on a historical basis. It is important to note that Program Year refers to the fiscal year in which positions are awarded to a grantee. Positions are often filled in time periods after the year in which they are awarded. For example, a grantee may receive a grant in fiscal year 2015 but not fill all positions until fiscal 2016. All positions related to this grant would be considered Program Year 2015 positions, irrespective of the fiscal year in which they are filled.

	Factors Affecting the National Service Trust Fund				
	Program Year				
	2012	2013	2014	2015	2016
Member enrollments in the Trust	74,997	71,145	70,651	68,647	36,427
Percent of members who earned an education award	84.69%	83.87%	83.61%	84.15%	67.54%
Percent of earned education awards used	69.13%	62.20%	49.29%	25.28%	17.84%
Weighted average maturity for investments	1.25%	1.25%	1.25%	1.25%	1.25%
Breakout of enrollment by term type:					
Full-time	48%	52%	54%	54%	79%
Part-time	13%	12%	12%	13%	7%
Reduced Part-time	39%	36%	34%	33%	14%

The Program Year data used throughout these tables reflect all enrollments recorded through the reporting period. Prior year enrollment numbers may change slightly over time due to corrections or late reporting by grantees. The percentage of members earning an award in Table 6 is calculated by taking the number of members earning an award divided by the total members enrolled less members still earning.

Tables 5 and 6 present information on the budgetary resources and obligations of the Trust, including the Trust Reserve. The schedules present information on a budgetary basis, which represents the accounting used to determine compliance with the Anti-Deficiency Act. CNCS records Trust obligations at the time it awards AmeriCorps State & National grants or at the time it enters into an enforceable agreement with AmeriCorps VISTA and NCCC members.

Table 5

**Corporation for National and Community Service  
National Service Trust  
Schedule of Budgetary Activity for the Period Ended September 30, 2016**

	Recovery Act	Trust Other	Trust FEMA Corps	General Fund	Consolidated
Funds Available at October 1	\$ 1,882	\$ 3	\$ 286	\$ 71,163	\$ 73,334
<b>Budgetary Resources</b>					
Fiscal Year Appropriation	24	-	16	244,774	244,814
Other Collections-Federal			3,075		3,075
Apportioned- Subsequent( Reserve)	3,500			46,697	50,197
Collection of Audit Receivables	-	-	-	110	110
Less: Additions to Trust Reserve	-	-	-	-	-
Total Budgetary Resources	<u>5,406</u>	<u>3</u>	<u>3,377</u>	<u>362,744</u>	<u>371,530</u>
<b>Obligations</b>					
Education Awards	(23)	-	(2,767)	(163,669)	(166,459)
Interest Forbearance	(1)	-	(104)	(6,334)	(6,439)
Total Obligations	<u>(24)</u>	<u>-</u>	<u>(2,871)</u>	<u>(170,003)</u>	<u>(172,898)</u>
<b>Commitments</b>					
Education Awards	-	-	-	(36,165)	(36,165)
Interest Forbearance	-	-	-	(1,499)	(1,499)
Total Commitments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,664)</u>	<u>(37,664)</u>
Apportioned- Subsequent (Reserve)	(3,500)			(46,697)	(50,197)
Unapportioned	(4)	-		-	(4)
Funds Available for Obligation	<u>\$ 1,878</u>	<u>\$ 3</u>	<u>\$ 506</u>	<u>\$ 108,380</u>	<u>\$ 110,767</u>

Table 6

**Corporation for National and Community Service  
National Service Trust  
Schedule of Trust Obligations as of September 30, 2016**

<b>Resources</b>	<b>Recovery Act</b>	<b>Trust Other</b>	<b>Trust FEMA Corps</b>	<b>General Fund</b>	<b>Consolidated</b>
Fund Balance with Treasury	\$ 602	\$ 56	\$ 499	\$ 2,870	\$ 4,027
Investments, Net	8,713	-	10,414	802,733	821,860
Interest Receivable	-	-	-	792	792
Accounts Receivable	-	-	-	200	200
Subtotal	<u>9,315</u>	<u>56</u>	<u>10,913</u>	<u>806,595</u>	<u>826,879</u>
<i>Less:</i>					
Cumulative Trust Reserve	(3,500)	-	-	(46,697)	(50,197)
Receivables Not Available for Obligation	(13)	-	(14)	(1,708)	(1,735)
Unapportioned	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>
Total Resources	<u>5,798</u>	<u>56</u>	<u>10,899</u>	<u>758,190</u>	<u>774,943</u>
<b>Unliquidated Obligations</b>					
Education Awards	(3,819)	(50)	(10,368)	(605,339)	(619,576)
Interest Forbearance	(101)	(2)	(25)	(6,808)	(6,936)
President's Freedom Scholarships	-	-	-	-	-
Total Unliquidated Obligations	<u>(3,920)</u>	<u>(52)</u>	<u>(10,393)</u>	<u>(612,147)</u>	<u>(626,512)</u>
<b>Commitments</b>					
Education Awards	-	-	-	(36,165)	(36,165)
Interest Forbearance	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,499)</u>	<u>(1,499)</u>
Total Commitments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,664)</u>	<u>(37,664)</u>
Funds Available for Obligation	<u>\$ 1,878</u>	<u>\$ 4</u>	<u>\$ 506</u>	<u>\$ 108,379</u>	<u>\$ 110,767</u>

## Enrollment Activity

Table 7 presents cumulative data to date on Trust enrollments and education awards earned and used for Program Years 1994 through 2016, as well as Recovery Act positions.

<b>Table 7</b>								
<b>Trust Enrollment Activity – Program Years 1994 through</b>								
<b>Program Year</b>	<b>Type</b>	<b>Members Enrolled</b>	<b>Members Earning or Not Exited</b>	<b>Earned an Award</b>	<b>Did Not Earn</b>	<b>Amount Earned</b>	<b>Amount Used</b>	
<b>1994</b>	Full Time	342,572	1	269,393	73,178	1,239,413,396	994,814,449	
<b>through</b>	Part-time	144,994	0	95,045	49,949	216,389,577	154,561,248	
<b>2007</b>	Reduced Part-time	173,924	1	135,975	37,948	150,492,442	115,625,071	
	<b>Total</b>	<b>661,490</b>	<b>2</b>	<b>500,413</b>	<b>161,075</b>	<b>\$1,606,295,414</b>	<b>\$1,265,000,768</b>	
<b>2008</b>	Full Time	32,366	0	28,185	4,181	131,713,558	110,160,048	
<b>2008</b>	Part-time	10,678	1	8,110	2,567	18,841,248	13,688,538	
<b>2008</b>	Reduced Part-time	27,007	0	21,877	5,130	24,992,292	18,574,249	
	<b>Total</b>	<b>70,051</b>	<b>1</b>	<b>58,172</b>	<b>11,878</b>	<b>\$175,547,097</b>	<b>\$142,422,834</b>	
<b>2009</b>	Full Time	31,040	3	27,329	3,708	127,717,890	104,880,921	
<b>2009</b>	Part-time	9,877	0	7,590	2,287	17,636,065	12,682,691	
<b>2009</b>	Reduced Part-time	28,867	2	23,306	5,559	26,487,400	19,715,770	
	<b>Total</b>	<b>69,784</b>	<b>5</b>	<b>58,225</b>	<b>11,554</b>	<b>\$171,841,356</b>	<b>\$137,279,382</b>	
<b>Rec_Act</b>	Full Time	7,908	0	6,654	1,254	31,022,831	24,485,066	
<b>Rec_Act</b>	Part-time	1,662	0	1,221	441	2,818,344	1,864,288	
<b>Rec_Act</b>	Reduced Part-time	4,297	0	3,592	705	4,186,393	2,999,836	
	<b>Total</b>	<b>13,867</b>	<b>0</b>	<b>11,467</b>	<b>2,400</b>	<b>\$38,027,568</b>	<b>\$29,349,190</b>	
<b>2010</b>	Full Time	37,721	6	33,286	4,429	175,564,059	138,628,196	
<b>2010</b>	Part-time	11,430	4	8,784	2,642	22,961,157	15,428,757	
<b>2010</b>	Reduced Part-time	39,210	4	31,758	7,448	38,778,808	27,205,184	
	<b>Total</b>	<b>88,361</b>	<b>14</b>	<b>73,828</b>	<b>14,519</b>	<b>\$237,304,024</b>	<b>\$181,262,136</b>	
<b>2011</b>	Full Time	35,764	2	31,463	4,299	170,181,310	128,150,693	
<b>2011</b>	Part-time	10,351	2	8,377	1,972	22,515,239	13,975,709	
<b>2011</b>	Reduced Part-time	33,085	2	27,116	5,967	35,393,399	24,561,486	
	<b>Total</b>	<b>79,200</b>	<b>6</b>	<b>66,956</b>	<b>12,238</b>	<b>\$228,089,947</b>	<b>\$166,687,888</b>	
<b>2012</b>	Full Time	36,275	7	31,894	4,374	171,051,486	121,700,459	
<b>2012</b>	Part-time	9,577	2	7,770	1,805	21,023,448	12,197,606	
<b>2012</b>	Reduced Part-time	29,145	7	23,840	5,298	31,578,800	20,709,583	
	<b>Total</b>	<b>74,997</b>	<b>16</b>	<b>63,504</b>	<b>11,477</b>	<b>\$223,653,734</b>	<b>\$154,607,649</b>	
<b>2013</b>	Full Time	37,047	16	32,233	4,798	173,354,049	110,697,587	
<b>2013</b>	Part-time	8,784	6	6,883	1,895	18,650,904	9,348,803	
<b>2013</b>	Reduced Part-time	25,314	33	20,509	4,772	27,579,886	16,525,027	
	<b>Total</b>	<b>71,145</b>	<b>55</b>	<b>59,625</b>	<b>11,465</b>	<b>\$219,584,840</b>	<b>\$136,571,417</b>	
<b>2014</b>	Full Time	37,971	77	32,740	5,154	178,918,182	90,405,715	
<b>2014</b>	Part-time	8,662	38	6,735	1,889	18,524,612	6,931,428	
<b>2014</b>	Reduced Part-time	24,018	214	19,318	4,486	26,321,338	12,947,503	
	<b>Total</b>	<b>70,651</b>	<b>329</b>	<b>58,793</b>	<b>11,529</b>	<b>\$223,764,132</b>	<b>\$110,284,645</b>	
<b>2015</b>	Full Time	37,148	2,834	29,061	5,253	161,073,478	41,898,148	
<b>2015</b>	Part-time	9,081	2,311	5,135	1,635	14,195,010	2,272,539	
<b>2015</b>	Reduced Part-time	22,418	4,548	15,412	2,458	21,025,231	5,448,466	
	<b>Total</b>	<b>68,647</b>	<b>9,693</b>	<b>49,608</b>	<b>9,346</b>	<b>\$196,293,719</b>	<b>\$49,619,152</b>	
<b>2016</b>	Full Time	28,775	27,116	587	1,072	3,173,129	442,090	
<b>2016</b>	Part-time	2,694	2,658	0	36	0	0	
<b>2016</b>	Reduced Part-time	4,958	2,858	1,976	124	2,412,871	554,396	
	<b>Total</b>	<b>36,427</b>	<b>32,632</b>	<b>2,563</b>	<b>1,232</b>	<b>\$5,586,000</b>	<b>\$996,486</b>	
	<b>Cumulative to Date</b>	<b>1,304,620</b>	<b>42,753</b>	<b>1,003,154</b>	<b>258,713</b>	<b>3,325,987,832</b>	<b>2,374,081,548</b>	

# National Service Trust Fund Status Report

## Part 2: Financial Statements and Footnotes

National Service Trust Statement of Financial Position

National Service Trust Statement of Operations and Changes in Net Position

National Service Trust Statement of Cash Flow

National Service Trust Statement of Budgetary Resources

Footnotes

\* Please also see the “Independent Auditor's Report on the National Service Trust Fund Financial Statements” (OIG Report 17-02) in Section II Part 3 “Independent Auditor’s Report”

# National Service Trust Financial Statements

**Corporation for National and Community Service**  
**National Service Trust Statement of Financial Position**  
**As of September 30, 2016 and 2015**  
*(Dollars in Thousands)*

	2016	2015
<b>Assets</b>		
Fund Balance with Treasury (Note 2)	\$ 4,027	\$ 8,420
Investments and Related Receivables (Note 3)	822,652	751,464
Accounts Receivable, Net (Note 4)	200	261
<b>Total Assets</b>	<b>\$ <u>826,879</u></b>	<b>\$ <u>760,145</u></b>
 <b>Liabilities</b>		
Service Award Liability (Note 5)	\$ 396,344	\$ 454,890
 <b>Net Position</b>		
Cumulative Results of Operations (Note 6)	<u>430,535</u>	<u>305,255</u>
<b>Total Liabilities and Net Position</b>	<b>\$ <u>826,879</u></b>	<b>\$ <u>760,145</u></b>

*The accompanying footnotes are an integral part of these financial statements*

**Corporation for National and Community Service**  
**National Service Trust Statement of Operations and Changes in Net Position**  
**For the Periods Ended September 30, 2016 and 2015**  
*(Dollars in Thousands)*

	2016	2015
<b>Revenue</b>		
Appropriations Received by the National Service Trust (Note 7)	\$ 220,000	\$ 209,618
Transfer in Program Funds	21,352	7,889
Interest	3,964	2,747
Other Revenue	3,185	5,894
<b>Total Revenue</b>	<b>\$ 248,501</b>	<b>\$ 226,148</b>
<b>Expenses</b>		
Service Award Expense (Note 8)	\$ 123,159	\$ 191,575
Write off/Recovery of Receivables	62	(33)
Other Expenses	-	28
<b>Total Expenses</b>	<b>123,221</b>	<b>191,570</b>
<b>Net of Revenue Over Expenses</b>	<b>\$ 125,280</b>	<b>\$ 34,578</b>
<b>Net Position</b>		
Net of Revenue Over Expenses	\$ 125,280	\$ 34,578
Net Position, Beginning Balance	305,255	270,677
<b>Net Position, Ending Balance (Note 6)</b>	<b>\$ 430,535</b>	<b>\$ 305,255</b>

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

**Corporation for National and Community Service  
National Service Trust Statement of Cash Flows  
For the Periods Ended September 30  
(Dollars in Thousands)**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net of Revenue Over Expenses	\$ <u>125,280</u>	\$ <u>34,578</u>
Adjustments Affecting Cash Flow:		
Amortization of Premium/Discount on Investments	(197)	(1,606)
Appropriations Received in Trust	(241,352)	(217,507)
Decrease/(Increase) in Accounts Receivable	61	(32)
Decrease/(Increase) in Interest Receivable	(305)	182
Increase/(Decrease) in Trust Liability	(58,546)	759
Total Adjustments	<u>(300,339)</u>	<u>(218,204)</u>
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>(175,059)</b>	<b>(183,626)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of Securities	1,129,620	981,391
Purchase of Securities	<u>(1,200,306)</u>	<u>(1,013,458)</u>
<b>Net Cash Provided/(Used) in Investing Activities</b>	<b>(70,686)</b>	<b>(32,067)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Appropriations Received, Net of Trust	<u>241,352</u>	<u>217,507</u>
<b>Net Cash Provided by Financing Activities</b>	<b>241,352</b>	<b>217,507</b>
<b>Net Increase/(Decrease) in Fund Balance with Treasury</b>	<b>(4,393)</b>	<b>1,814</b>
<b>Fund Balance with Treasury, Beginning</b>	<u><b>8,420</b></u>	<u><b>6,606</b></u>
<b>Fund Balance with Treasury, Ending (Note 2)</b>	<u><u><b>\$ 4,027</b></u></u>	<u><u><b>\$ 8,420</b></u></u>

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

**Corporation for National and Community Service**  
**National Service Trust Statement of Budgetary Resources**  
**For the Periods Ended September 30, 2016 and 2015**  
*(Dollars in Thousands)*

	2016	2015
<b>Budgetary Resources</b>		
Unobligated, balance brought forward, October 1	\$ 123,532	\$ 99,021
Appropriation Discretionary (trust funds)	241,352	217,507
Appropriation Mandatory (trust funds)	3,461	3,933
Appropriations (discretionary and mandatory)	<u>244,813</u>	<u>221,440</u>
Spending authority from offsetting collections	3,185	5,894
<b>Total Budgetary Resources</b>	<b><u>\$ 371,530</u></b>	<b><u>\$ 326,355</u></b>
<b>Status of budgetary resources</b>		
New obligations and upward adjustments	<u>\$ 172,898</u>	<u>\$ 202,823</u>
Unobligated balance, end of year		
Apportioned, unexpired accounts (Note 2)	198,628	73,335
Unapportioned, unexpired accounts (Note 2)	<u>4</u>	<u>50,197</u>
Total unobligated balance, end of year	<u>198,632</u>	<u>123,532</u>
<b>Total Budgetary Resources</b>	<b><u>\$ 371,530</u></b>	<b><u>\$ 326,355</u></b>
<b>Change in Obligated Balance</b>		
Unpaid obligations		
Unpaid obligations, brought forward, October 1	\$ 635,320	\$ 623,340
New obligations and upward adjustments	172,898	202,823
Outlays (gross)	<u>(181,706)</u>	<u>(190,843)</u>
<b>Unpaid Obligations, end of year</b>	<b><u>\$ 626,512</u></b>	<b><u>\$ 635,320</u></b>
Memorandum (non-add) entries:		
<b>Obligated balance, start of year</b>	<b><u>\$ 635,320</u></b>	<b><u>\$ 623,340</u></b>
<b>Obligated balance, end of year (Note 2)</b>	<b><u>\$ 626,512</u></b>	<b><u>\$ 635,320</u></b>
<b>Budget Authority and Outlays, net</b>		
Budgetary authority, gross (discretionary and mandatory)	\$ 247,998	\$ 227,334
Actual offsetting collections	<u>(3,185)</u>	<u>(5,894)</u>
<b>Budget Authority, net (discretionary and mandatory)</b>	<b><u>\$ 244,813</u></b>	<b><u>\$ 221,440</u></b>
Outlays, gross (discretionary and mandatory)	181,706	190,843
Actual offsetting collections	<u>(3,185)</u>	<u>(5,894)</u>
<b>Outlays, net (discretionary and mandatory)</b>	<b><u>\$ 178,521</u></b>	<b><u>\$ 184,949</u></b>
Distributed offsetting receipts	<u>(241,352)</u>	<u>(217,507)</u>
<b>Agency Outlays, net (discretionary and mandatory)</b>	<b><u>\$ (62,831)</u></b>	<b><u>\$ (32,558)</u></b>

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

## Footnotes for National Service Trust Financial Statements

## **NOTE 1—Summary of Significant Accounting Policies**

### **A. REPORTING ENTITY**

The National Service Trust Fund (the Trust) was established by the National and Community Service Trust Act of 1993 (The Act), 42 USC 12601, et seq. to provide funds for Segal AmeriCorps Education Awards for eligible participants who complete AmeriCorps service. The activities of the Trust are funded primarily through the annual Departments of Labor, Health and Human Services, Education and Related Agencies Appropriations Act, which funds National and Community Service Act programs. Appropriations are provided on a no-year basis for the Trust, a fund within the Corporation used to provide education awards and student loan interest forbearance to eligible participants. Trust appropriations do not expire with the passage of time and are retained by the Corporation in the Trust until used for eligible purposes.

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

Funds from the Trust may be expended for the purpose of providing an education award or student loan interest forbearance payment and must always be paid directly to a qualified institution (college, university, or other approved educational institution, or a lending institution holding an existing student loan) as designated by the participant. The Trust may also expend funds for payments under the President's Freedom Scholarship Program as authorized under various Corporation appropriations through fiscal 2007.

### **B. BASIS OF ACCOUNTING**

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

### **C. FINANCIAL STATEMENT PRESENTATION AND CONSOLIDATION POLICY**

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

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

The financial statements are presented in accordance with the accounting principles generally accepted in the United States of America (GAAP), as applicable to federal government corporations. The Federal Accounting Standards Advisory Board (FASAB) is the standard setting body for the federal government. Statement of Federal Financial Accounting Standards Number 34 (SFFAS 34) provides that financial statements prepared by certain government corporations in conformity with the accounting standard

issued by the Financial Accounting Standards Board (FASB) are regarded as being in conformity with GAAP. As provided by SFFAS 34, where there is no standard issued by FASB applicable to the federal corporation the financial statements are presented in accordance with the accounting standards issued by FASAB.

In addition, under Executive Order 13331, National and Community Service Programs, CNCS must prepare a Combined Statement of Budgetary Resources as a principal statement. The accompanying Combined Statements of Budgetary Resources have been prepared in accordance with GAAP, as prescribed by FASAB. The Combined Statement of Budgetary Resources presents additional details to include activity that is significant to the CNCS.

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

#### **D. BUDGETS AND BUDGETARY ACCOUNTING**

The activities of the National Service Trust Fund are primarily funded through the annual Departments of Labor, Health and Human Services, Education and Related Agencies Appropriation Act. CNCS's accounting structure reflects both accrual and budgetary accounting transactions.

Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred, without regard to the actual collection or payment of cash. Federal budgetary accounting recognizes the obligation of appropriations and other funds upon the establishment of a properly documented legal liability, which, in many cases, is different from the recording of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal controls over the use of federal funds.

#### **E. ASSET AND LIABILITY VALUATION**

CNCS values its investments at carrying value and discloses fair value. As of September 30, 2016, the carrying amounts of Fund Balance with Treasury, Accounts Receivable, Accrued Interest Receivable, and Liabilities approximate their fair value.

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

CNCS considers Fund Balance with Treasury (FBWT) to represent cash and cash equivalents. It is CNCS's cash accounts with the Department of the Treasury (the Treasury). The Treasury processes cash receipts and disbursements on behalf of CNCS and CNCS's accounting records are reconciled with those of the Treasury on a regular basis. The FBWT maintained in the National Service Trust is restricted to specific purposes, such as paying service awards earned by eligible participants, and is not available for use in the current operations of CNCS.

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

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

Since they are expected to be held-to-maturity, CNCS's investments are valued at cost and adjusted for the amortization of premiums and discounts. The premiums and discounts are recognized as adjustments to interest income, and are amortized using the level yield/effective interest method for the notes and straight line method for the bills. Interest receivable represents amounts earned, but not received on investments held at year-end. Prepaid interest is the amount of interest earned on a security since the date

of its last interest payment, up to the date the security is purchased by CNCS. Such interest, if any, at year-end is included in the interest receivable balance.

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

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

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

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

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

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

#### **K. ACCOUNTS PAYABLE**

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

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

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

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

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

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

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

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

## **N. INCOME TAXES**

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

## **O. USE OF ESTIMATES**

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

## **P. COMPARATIVE DATA**

Certain FY 2015 amounts have been reclassified to conform to the FY 2016 presentation.

## **Q. CONCENTRATION OF RISKS**

Congress annually considers whether to fund CNCS's program and operational activities. Should Congress opt not to enact appropriations to fund them, CNCS would be unable to continue operations of the National Service Trust Fund once funds are exhausted for their intended purpose. Corporation management believes the risk of such an occurrence is remote.

## NOTE 2 – Fund Balance with Treasury

U.S. Government cash is accounted for on an overall consolidated basis by the U.S. Department of Treasury. The Fund Balance with Treasury line on the Statement of Financial Position consists of Trust Funds of \$4.0 million in FY 2016 and \$8.4 million in FY 2015 that are considered restricted.

Trust funds are accounts designated by law for receipts earmarked for specific purposes and for the expenditure of these receipts. Funds from the National Service Trust may be expended for the purpose of providing an education award or student loan interest forbearance payment and are made directly to a qualified institution (college, university, or other approved educational institution, or a lending institution holding an existing student loan) as designated by the participant. The National Service Trust also pays awards under the President's Freedom Scholarship, Summer of Service, and Silver Scholar programs.

<b>Fund Balance with Treasury as of September 30</b>			
<i>(dollars in thousands)</i>			
<b>Type</b>		<b>2016</b>	<b>2015</b>
Obligated Not Yet Disbursed	\$	626,512	\$ 635,320
Unobligated Available		198,628	73,335
Unobligated Unavailable		4	50,197
Investment*		(821,117)	(750,432)
<b>Total</b>	<b>\$</b>	<b><u>4,027</u></b>	<b><u>8,420</u></b>

\* *Investments include purchases, sales, premiums, and discounts*

### NOTE 3 – Investments and Related Receivables

<b>Investments and Related Receivables as of September 30</b> <i>(dollars in thousands)</i>			
	<b>2016</b>		<b>2015</b>
Investments, Carrying Value	\$821,860	\$	750,977
Interest Receivable	792		487
<b>Total</b>	<b><u>\$ 822,652</u></b>	<b><u>\$</u></b>	<b><u>751,464</u></b>

<b>Amortized Cost and Fair Value of Investment Securities</b> <b>as of September 30, 2016</b> <i>(dollars in thousands)</i>				
<b>Securities</b>	<b>Amortized Cost</b>	<b>Unrealized</b>	<b>Gains/(Losses)</b>	<b>Fair Value</b>
Notes	\$ 541,519	\$	463	\$ 541,982
Bills	280,341		47	280,388
<b>*Total</b>	<b><u>\$ 821,860</u></b>	<b><u>\$</u></b>	<b><u>510</u></b>	<b><u>\$ 822,370</u></b>

<b>Amortized Cost and Fair Value of Investment Securities</b> <b>as of September 30, 2015</b> <i>(dollars in thousands)</i>				
<b>Securities</b>	<b>Amortized Cost</b>	<b>Unrealized</b>	<b>Gains/(Losses)</b>	<b>Fair Value</b>
Notes	\$ 328,823	\$	652	\$ 329,475
Bills	422,154		142	422,296
<b>Total</b>	<b><u>\$ 750,977</u></b>	<b><u>\$</u></b>	<b><u>794</u></b>	<b><u>\$ 751,771</u></b>

As of September 30, 2016, the notes held at year-end had an interest rate range of 0.375% to 0.875% and an outstanding maturity period of approximately 31 days to 2.5 years. The bills held at year-end had an interest rate range of 0.215% to 0.535% and were all due to mature within 364 days. The par values of notes range from \$3.6 million to \$148.3 million. The fair value of the bills and notes is based on bid and ask prices quoted by Treasury as of September 30, 2016 and 2015.

Since FY 2003, CNCS has set aside in reserve a portion of the funds in the National Service Trust for use in the event that its estimates used to calculate obligational amounts for education awards prove to be too low. This reserve was originally required by the Strengthen AmeriCorps Program Act, and is now required by section 149(b) of the National and Community Service Act (42 U.S.C. 12606(b)). As of September 30, 2016, \$50.2 million of CNCS's investment account has been set aside for this reserve.

**NOTE 3 – Investments and Related Receivables---Continued**

<b>Maturations of Securities Held as of September 30</b> <i>(dollars in thousands)</i>				
<b>Held- to- Maturity Securities</b>	<b>2016</b>		<b>2015</b>	
	<b>Amortized Costs</b>	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Fair Value</b>
Due in 1 year or less	\$ 721,874	\$ 722,133	\$ 523,225	\$ 523,435
Due after 1 year up to 5 years	99,986	100,237	227,752	228,336
<b>Total</b>	<b>\$ 821,860</b>	<b>\$ 822,370</b>	<b>\$ 750,977</b>	<b>\$ 751,771</b>

**NOTE 4 –Accounts Receivables, Net**

<b>Accounts Receivable as of September 30</b> <i>(dollars in thousands)</i>			
	<b>Trust Fund</b>		<b>Total</b>
<b>2016</b>			
Accounts receivable	\$	305	\$ 305
Less: allowance for doubtful accounts		(105)	(105)
<b>Accounts Receivable, Net</b>	<b>\$</b>	<b><u>200</u></b>	<b><u>\$ 200</u></b>
<b>2015</b>			
Accounts receivable	\$	355	\$ 355
Less: allowance for doubtful accounts		(94)	(94)
<b>Accounts Receivable, Net</b>	<b>\$</b>	<b><u>261</u></b>	<b><u>\$ 261</u></b>

## NOTE 5 – Trust Service Award Liability

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

The estimate of the Service Award Liability under GAAP includes factors that take account the effect of members who enroll but do not earn an award and members who enroll but do not earn an award but do not use it within the period of availability. CNCS estimates that up to 86 percent of members earning an award will eventually use it.

Individuals who successfully complete terms of service in AmeriCorps programs earn education awards, which can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The Education award must be used within seven years of completion date of an approved term of national service. If the education award is a transferred award or Summer of Service award the use period will be ten years. These awards are paid from the National Service Trust Fund.

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

<b>Service Award Liability as of September 30</b>		
<i>(dollars in thousands)</i>		
	<b>2016</b>	<b>2015</b>
Education awards	\$ 2,736,947	\$ 2,647,027
Interest forbearance	112,005	103,258
President's Freedom Scholarship Program	<u>21,643</u>	<u>22,527</u>
Total estimated Service Award Liability	2,870,595	2,772,812
Less: cumulative awards paid	(2,474,251)	(2,317,922)
<b>Total</b>	<b><u>\$ 396,344</u></b>	<b><u>\$ 454,890</u></b>

The Net Service Award Liability as of September 30, 2016 decreased by approximately \$58.6 million from the Net Service Award Liability as of September 30, 2015. A large portion of this reduction, approximately \$48.6 million, is attributed to a revised statistical method. The remaining reduction is due to current year award payments and expirations in excess of current year enrollments.

## **NOTE 6 – Net Position**

Net position consists of cumulative results of operations. The cumulative result of operations for the Trust Fund was \$ 430.5 million in FY 2016 and \$305.3 million in FY 2015, respectively.

CNCS is required to report information regarding its financial position according to three classes of net assets (net position): unrestricted, temporarily restricted and permanently restricted. CNCS has no permanently restricted assets. The financial position of the Trust Fund in the amounts of \$430.5 million in FY 2016 and \$305.3 million in FY 2015 is temporarily restricted.

## **NOTE 7 – Appropriations Received by the National Service Trust**

For FY 2016, the National Service Trust received \$220.0 million under the Consolidated Appropriations Act, 2016 (Public Law 114-113). For FY 2015, the National Service Trust received \$209.6 million under the Consolidated Appropriations Act, 2015 (Public Law 113-235). The acts also authorized CNCS to transfer additional amounts from subtitle C program funds to the National Service Trust to support the activities of national service participants. CNCS transferred \$ 21.4 million and \$ 7.9 million to the Trust under this provision in FY 2016 and FY 2015, respectively. Accordingly, the National Service Trust received a total funding of \$241.4 million in FY 2016, and \$217.5 million in FY 2015, respectively.

## NOTE 8 – Expenses

Effective FY 2016, CNCS used a revised cost accounting methodology to allocate the costs among its major programs and at the sub-program level.

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

<b>Expenses by Sub-Program for the Period Ended September 30, 2016</b> <i>(dollars in thousands)</i>					
<b>Type</b>	<b>State/National</b>	<b>AmeriCorps</b>		<b>Total</b>	
		<b>NCCC</b>	<b>VISTA</b>		
Service Award Expense	\$ 82,886	\$ 14,902	\$ 25,371	\$	123,159
<b>Total Expenses</b>	<b>\$ 82,886</b>	<b>\$ 14,902</b>	<b>\$ 25,371</b>	<b>\$</b>	<b>123,159</b>

<b>Expenses by Sub-Program for the Period Ended September 30, 2015</b> <i>(dollars in thousands)</i>					
<b>Type</b>	<b>State/National</b>	<b>AmeriCorps</b>		<b>Total</b>	
		<b>NCCC</b>	<b>VISTA</b>		
Service Award Expense	\$ 164,878	\$ 4,808	\$ 21,889	\$	191,575
<b>Total Expenses</b>	<b>\$ 164,878</b>	<b>\$ 4,808</b>	<b>\$ 21,889</b>	<b>\$</b>	<b>191,575</b>

## **NOTE 9 – Subsequent Events**

CNCS has evaluated subsequent events through November 14, 2016 which is the date these financial statements were available to be issued. As a consequence of its evaluation, CNCS has determined that no subsequent events need to be recognized or disclosed.

**NOTE 10—Undelivered Orders at Fiscal Year-End**

Trust Fund undelivered orders at September 30, 2016 and 2015 were \$230.2 million and \$180.4 million, respectively.

## **Detailed Summary of Management Assurances**

## Detailed Summary of Management Assurances

**TABLE 1: SUMMARY OF FINANCIAL STATEMENT AUDIT**

Audit Opinion	Unmodified				
Restatement	No				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

**TABLE 2: SUMMARY OF MANAGEMENT ASSURANCES**

Effectiveness of Internal Control over Reporting (including external financial reporting) (FMFIA § 2)					
Statement of Assurance	Unmodified				
Restatement	No				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA § 2)					
Statement of Assurance	Unmodified				
Restatement	No				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0
Effectiveness of Internal Control over Compliance (FMFIA § 2)					
Statement of Assurance	Unmodified				
Restatement	No				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	1 <sup>i</sup>	0	1	0	0
Total Material Weaknesses	1	0	1	0	0
Conformance with Financial Management System Requirements (FMFIA § 4)					
Statement of Assurance	Unmodified				
Restatement	No				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Overall Assessment of CNCS System of Internal Control		
System Evaluation	Designed & Implemented (Yes/No)	Operating Effectively
Control Environment	Yes	Effective
Risk Assessment	Yes	Effective
Control Activities	Yes	Effective
Information and Communication	Yes	Effective
Monitoring	Yes	Effective
Are all components operating together in an integrated Manner?	Yes	Effective

Overall Evaluation of CNCS System of Internal Control	
Overall Evaluation	Operating Effectively
Is the overall CNCS system of internal control effective?	Yes

<sup>1</sup> In FY 2015, FISMA evaluation noted a number of significant deficiencies which under OMB guidance at the time must be reported as material weakness under FMFIA.

## **Improper Payments**

The following pages are intended to show the report of Improper Payments

## Improper Payments Reporting Background

The Improper Payments Information Act of 2002 (IPIA), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA), and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), requires agencies to annually report information on improper payments (IP) to the President and Congress through their annual financial reports. OMB Circular No. A-123, Management's Responsibility for Internal Control, Appendix C, Requirements for Effective Estimation and Remediation of Improper Payments (A-123, Appendix C) requires reporting of "significant improper payments," which is defined as gross annual improper payments in a program exceeding both the threshold of 1.5 percent of program

### I. Risk Assessment

Prior to FY 2016, CNCS designated the following four grant programs susceptible to significant improper payments: AmeriCorps State and National, the Foster Grandparent Program (FGP), the Senior Companion Program (SCP), and the Retired and Senior Volunteer Program (RSVP). CNCS performed risk assessments on its direct programs and activities in FY 2015 to meet the improper payment risk assessment requirements under IPERIA and OMB Circular A-123, Appendix C. The risk assessment results did not yield any additional susceptible programs or activities. CNCS will re-perform risk assessments on those programs and activities according to the OMB Circular A-123, Appendix C requirements.

The "Performance Audit of the Corporation for National and Community Service's Compliance with The Improper Payments Elimination and Recovery Act of 2010 (IPERA) for Fiscal Year 2015" recommended CNCS re-assess the Social Innovation Fund (SIF) grant program in FY 2016. Previously, CNCS used a combination of qualitative and quantitative measures to determine susceptibility. Since CNCS

outlays and \$10 million of all program or activity payments or \$100 million regardless of the improper payment percentage. Agencies are required to determine an annual estimate of improper payments within programs that are susceptible to significant improper payments with a 90% statistical confidence interval of no more than  $\pm 2.5$  percent of the total amount of all payments for a program around the estimate of the dollars of improper payments, unless the agency has an approved alternative sampling plan. A-123, Appendix C, also requires agencies with programs susceptible to significant improper payments to identify root causes of improper payments and implement corrective action plans.

performed quantitative sampling on the SIF program in FYs 2014 and 2015 and determined the program was not susceptible, CNCS used only a qualitative risk assessment in FY 2016. Per OMB Circular A-123, Appendix C, Part I.A.9.b, CNCS used the following qualitative risk factors to determine if SIF was susceptible to significant improper payments:

1. Whether the program reviewed is new to the agency;
2. The complexity of the program reviewed, particularly with respect to determining correct payment amounts;
3. The volume of payments made annually;
4. Whether payments or payment eligibility decisions are made outside of the agency, for example, by a state or local government, or a regional federal office;
5. Recent major changes in program funding, authorities, practices, or procedures;
6. The level, experience, and quality of training for personnel responsible for making program eligibility determination or certifying that payments are accurate;

- 7. Inherent risks of improper payments due to the nature of agency programs or operations;
- 8. Significant deficiencies in the audit reports of the agency including, but not limited to, CNCS Inspector General or Government Accountability Office (GAO) audit report findings, or other relevant management findings that might hinder accurate payment certification; and

- 9. Results from prior improper payment work.

After assessing these qualitative factors, CNCS determined that the SIF program is not susceptible to significant improper payments. CNCS will re-evaluate this program on a three year cycle according to OMB Circular A-123, Appendix C requirements.

<b>FY 2016 Risk Assessment Results</b>		
<b>Program</b>	<b>Risk Assessment Last Performed</b>	<b>Results</b>
SIF	FY 2015	Not Susceptible

## II. Statistical Sampling

CNCS uses the same sampling methodology for all four susceptible programs – AmeriCorps State and National, FGP, SCP, and RSVP. Since CNCS’s grantees report aggregate federal expenditures on a six month basis, CNCS must use an iterative, multi-stage sampling methodology, which is briefly described below. CNCS contracted with an independent accounting firm, KPMG, in FY 2016 to implement a more straightforward, simple random sampling data processing methodology. However, given the nature of the process, CNCS lacks the capacity to complete the statistical requirements, as required by OMB A-123, Appendix C. OMB A-123, Appendix C requires programs to report estimates at a 90% +/- 2.5% statistical confidence. Any deviation from this requires an OMB approved sampling methodology.

CNCS does not currently have an approved alternative sampling methodology by OMB. Given the current staffing constraints, CNCS targeted a +/- 25% confidence interval in FY 2016. Additionally, CNCS performed component testing in the grant compliance area that yields that highest number of improper payments – National Service Criminal History Checks (NSCHC). CNCS will work with OMB in FY 2017 to adopt an acceptable alternative methodology. CNCS plans to acquire additional personnel to meet the staffing needs of an approved alternative sampling methodology.

### *IPERIA Testing*

In FY 2016, KPMG implemented a multi-stage sampling method for CNCS to select a sample of grantee payments from each of CNCS’s four cost reimbursement grant programs, namely, AmeriCorps State and National, FGP, (RSVP, and SCP, for the FY 2016 improper payments assessment. KPMG followed the same sampling approach in selecting the samples for each program.

In the first stage, KPMG selected a random sample of Federal Financial Reports (FFRs) from each program using a probability proportional to size (PPS) sampling methodology, specifically PPS with replacement.<sup>1</sup> For each sampled FFR, CNCS sampled from the supporting General Ledger (GL) transactions using a multi-stage sample selection approach. CNCS continued with selections from subsidiary ledgers until a single transaction, which represents a testable payment, was selected. This was considered the final stage.

KPMG estimated the required sample sizes for the grantee programs assuming a relative precision target of 25.0 percent at the two-sided confidence level of 90.0 percent and a non-response rate of 10.0 percent<sup>2</sup> for each program. The table below outlines the sample sizes for each program based on a non-response rate of 10 percent.

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<sup>1</sup> In theory, the PPS with replacement sampling method is similar to the monetary unit sampling, which is frequently used by auditors to test financial accounts. With PPS with replacement, the probabilities of selection remain proportional to sizes at each selection and the formulas for the estimated variances of the estimates are straight

forward (refer to Cochran’s *Sampling Techniques*, 3rd Edition, Chapter 9A, for details). In practice, these two approaches usually lead to results with minimal difference.

<sup>2</sup> CNCS considers a non-response rate below 10% to be non-material. .

Program	N (Universe)	Sample Size (+/-25.0% Precision)
AmeriCorps	342	4
FGP	528	24
RSVP	1,220	32
SCP	289	24
<b>Total</b>	<b>2,379</b>	<b>84</b>

***Extrapolation of Sample Findings for FY 2016***

CNCS identified and extrapolated three types of errors in the grantee payments population. The first type of error occurred when CNCS did not receive the requested support for the FFR selected in the first stage. These errors were defined as “Non-Response Errors.” The second type of error occurred when the total amount on the documentation from the grantee’s accounting system (General Ledger, Trial Balance, etc.) did not match the dollar amount submitted on the FFR or reported for the prior stage. These errors were defined as “Unmatched Reporting Errors.” The third type of error occurred when CNCS determined that the sampled transaction is an improper payment, meaning a review of the supporting documentation provided by the grantee was insufficient. The error extrapolation method was consistent with the multi-stage sample design.

written consent, the ability to challenge any findings, etc. However, CNCS only considered files improper, if the file was non-compliant in an area that is tied to eligibility.

***NSCHC file Component Testing***

KPMG randomly selected, in the same manner described above, additional FFRs in each of the four susceptible grant programs. CNCS randomly selected two staff, member, or volunteer files from the each of selected grantees. These files were assessed for NSCHC compliance only. CNCS tracked all aspects of NSCHC compliance for its review – including proof of government issued identification,

### III. Improper Payment Reporting

**Table 1  
Improper Payment Reduction Outlook**

(\$ in millions)

Program or Activity	PY Outlays \$	PY IP %	PY IP \$	CY Outlays \$	CY IP %	CY IP \$	CY Over payment \$	CY Under payment \$	CY+1 Est. Outlays \$	CY +1 IP %	CY+1 IP \$	CY+2 Est. Outlays \$	CY+2 IP %	CY+2 IP \$	CY+3 Est. Outlays \$	CY +3 IP %	CY+3 IP \$
AmeriCorps State and National	\$222.40	6.5%	\$14.50	\$243.97	n/c <sup>3</sup>	n/c	n/c	\$0	\$243.97	5.5%	\$13.42	\$243.97	5.0%	\$12.20	\$243.97	4.5%	\$10.98
FGP	\$80.17	n/c	n/c	\$78.65	34.1%	\$26.82	\$26.82	\$0	\$78.65	33.1%	\$26.54	\$78.65	32.1%	\$25.73	\$78.65	31.1%	\$24.93
RSVP	\$43.26	n/c	n/c	\$41.46	22.9%	\$9.48	\$9.48	\$0	\$41.46	21.9%	\$9.08	\$41.46	20.9%	\$8.67	\$41.46	19.9%	\$8.21
SCP	n/r <sup>4</sup>	n/r	n/r	\$31.88	33.2%	\$10.60	\$10.60	\$0	\$31.88	32.2%	\$10.10	\$31.88	31.2%	\$9.79	\$31.88	30.2%	\$9.48
TOTAL	\$345.83	6.5%	\$14.50	\$395.96	30.01%	\$46.90	\$46.90	\$0	\$395.96	23.18%	\$59.14	\$395.96	22.30%	\$56.39	\$395.96	22.18%	\$53.64

\*n/c

<sup>3</sup> N/C (not completed): CNCS's sample size and testing results did not yield results within our self-prescribed confidence interval. As a result, the improper payment extrapolation was not an accurate depiction of the program's activities.

<sup>4</sup> N/R (not reported): SCP was not deemed susceptible as the risk assessment was performed in FY 2015.

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**IV. Improper Payment Root Cause Categories**

CNCS’s improper payments fall into the category “Insufficient Documentation to Determine,” which occurs when there is insufficient supporting documentation necessary to verify the accuracy of a payment identified in the improper payment testing sample. The payments represented in this category are characterized by missing or inadequate administrative documents, such as

timesheets. Additionally, in those cases where grantees did not perform required National Service Criminal History Checks on national service participants prior to the tested transaction or did not provide documentation on all required components. CNCS did not find any instances of ineligible individuals serving in its programs through IPERIA testing.

**Improper Payment Root Cause Category Matrix**

(\$ in millions)

Reason for Improper Payment		AmeriCorps State and National		FGP		RSVP		SCP	
		Overpayments	Underpayments	Overpayments	Underpayments	Overpayments	Underpayments	Overpayments	Underpayments
Program Design or Structural Issue									
Inability to Authenticate Eligibility									
Failure to Verify:	Death Data								
	Financial Data								
	Excluded Party Data								
	Prisoner Data								
	Other Eligibility Data								
Administrative or Process Error Made by:	Federal Agency								
	State or Local Agency								
	Other Party								
Medical Necessity									
Insufficient Documentation to Determine			<del></del>	\$26.82	<del></del>	\$9.48	<del></del>	\$10.60	<del></del>
<b>Total</b>		n/c		\$26.82		\$9.48		\$10.60	

See Table 1 for additional notations.

## V. Corrective Actions

### Insufficient Documentation to Determine

The majority of improper payments CNCS has identified over the past are non-compliant National Service Criminal History Checks, largely because they were not completed timely. There is a regulatory requirement that grantees complete or initiate all checks prior to all national service participants' start of service. In FY 2016, CNCS continued to strategize solutions and implement corrective actions to improve grantees' compliance with criminal history check laws, regulations, and policies with enhanced training, consistent enforcement, and the addition of the FBI Channeler in an effort to reduce barriers that impede grantee compliance. This is an ongoing effort for the agency.

#### Actions Taken in FY 2016

- As of April 1 2015, CNCS established an agency-wide criminal history check enforcement policy, which includes cost disallowance in most cases of non-compliance.
- In February 2016, CNCS added an FBI Channeler, which allows grantees who cannot access FBI fingerprint background checks through their designated state repositories to access this check, eliminating the need for FBI check exemptions.
- CNCS launched a new criminal history check eCourse. CNCS staff is required to take this training along with one individual from each awarded grant. This is an annual requirement.
- The existing criminal history check website on CNCS's Knowledge Network was redesigned in a more user-friendly manner.
- CNCS provided 31 trainings to staff and grantees in FY2016.
- CNCS has added an additional staff person criminal history checks, which should aid in providing technical assistance to the field.

- CNCS recently moved the criminal history check program into the Office of the Chief Risk Officer.

#### Planned Corrective Actions

- CNCS Senior Leadership is currently assessing the goals and objectives of the criminal history check program, which will streamline the goals going forward.
- CNCS will revise the NSCHC tools in FY 2017 to respond to evolving needs.
- CNCS is working on a state-by-state website guide to assist in grantees understanding of state processes for obtaining compliant NSCHC checks in each state
- CNCS is exploring the options of utilizing contract support to further assist in obtaining required NSCHC reviews.
- CNCS will continue to regularly offer trainings to staff and grantees.

#### Non-Criminal History Check Related Findings

Past CNCS has primarily focused on resolving NSCHC findings from the IPERIA assessment. CNCS's new Portfolio Risk and Compliance Program will focus on all grantee compliance aspects, including retaining proper administrative documentation to support payments.

#### Planned Corrective Actions

- Create reference folders and checklists for grantees that clearly identify the support documentation needed to support all types of transactions.
- Create a best practices document for record keeping and maintenance that will be made available for interested grantees.
- Stress to both grantees and CNCS staff the importance of accurately reporting

expenditures on Federal Financial Report totals.

**VI. Internal Control Over Payments**

The risk susceptible programs for CNCS are all outward facing grant programs, and CNCS does not have direct control over the payments that are made. To minimize improper payments, CNCS is enhancing its internal controls framework to better prevent, detect, and recover improper payments. Given the nature

of the programs, key controls related to improper payments include: risk assessments; financial and programmatic training for staff and grantees; grants management and audit resolution, and monitoring visits, among others.

**Table 3 Status of Internal Control**

<b>Internal Control Standards</b>	<b>AmeriCorp</b>	<b>FGP</b>	<b>RSVP</b>	<b>SCP</b>
Control Environment	3	2	2	2
Risk Assessment	3	2	2	2
Control Activities	3	2	2	2
Information and Communication	3	2	2	2
Monitoring	3	2	2	2

**Legend:**

- 4=Sufficient controls are in place to prevent IPs
- 3=Controls are in place to prevent IPs but there is room for improvement
- 2=Minimal controls are in place to prevent IPs
- 1=Controls are not in place to prevent IPs

**VII. Accountability**

CNCS is committed to reducing and recovering improper payments. In FY 2016, CNCS named the Chief Risk Officer the agency accountable official over IPERIA compliance. CNCS has also hired a Chief Risk Officer to implement an agency-wide Enterprise Risk Management program and manage grant Portfolio Risk and Compliance, which includes the IPERIA assessment.

CNCS has stressed the importance of IPERIA to its grantees by offering trainings on the IPERIA

law, guidance, and CNCS’s IPERIA programs at the four annual FY2016 regional conferences.

CNCS has moved the NSCHC program into the Office of the Chief Risk Officer to focus on root causes of grantee non-compliance. NSCHC non-compliance is responsible for a majority of improper payments found. Over the last twelve months, CNCS has also consistently applied disallowances to grantees for non-compliant criminal history checks in an effort to both incentivize compliance and stress the

importance of the requirements, at the grantee level. Additionally, CNCS is adding criminal history check component testing to its IPERIA test plan in order to better assess the root causes of non-compliance.

CNCS is using FY 2016 and the smaller sample size as a baseline to determine what

challenges it is still facing at the grantee level and delve deeper into an analysis of improper payments. This information will be used to develop a comprehensive plan for IPERIA compliance, including meeting reduction targets.

### **VIII. Agency Information Systems and other Infrastructure**

CNCS is currently establishing a plan that addresses the human capital, information systems and other infrastructure needs to reduce improper payments to targeted levels. CNCS is currently undergoing an IT Modernization effort that will provide a more comprehensive workflow monitoring system that will allow the agency more visibility on the challenges facing the grant portfolio.

Additional staff will be hired to focus on Portfolio Risk and Compliance. CNCS is also focusing on making adjustments to the NSCHC program, determining the root causes of non-compliance, and developing solutions. CNCS believes these actions will ensure it has the appropriate internal controls, human capital, and information systems to meet its improper payment targets going forward.

### **IX. Barriers**

There are two statutory or regulatory barriers that affect CNCS's effectiveness of its corrective actions over improper payments. First, CNCS is prohibited from awarding all Senior Corps grants entirely competitively, which limits its recourse against low-performing grantees and grantees that are susceptible to higher levels of improper payments. Secondly, CNCS's NSCHC law requires multiple components that are only available from selected sources, and not all grantees have access to obtain the information necessary to complete a compliant check from

these sources. CNCS is unable to offer a one-stop, federal-sanctioned solution to conduct all of the required criminal history check components. CNCS continues to work to determine a solution to this problem. CNCS has recently contracted with an FBI Channeler to solve the issue of grantees unable to gain access to the FBI fingerprint checks. However, some grantees are still unable to access criminal checks from the designated state repositories, which is a required component for compliance.

### **X. Recapture of Improper Payments Reporting**

#### **Payment Recapture Audit Narrative, Programs Excluded from Payment Recapture Audit Program**

OMB A-123, Appendix C requires agencies to conduct payment recapture audits for each program and activities that expends over \$1M

annually, if cost effective. CNCS provided in the response to its FY 2015 IPERA OIG audit corrective action plan that it will perform this analysis for all programs and activities by FY 2018.

#### **Payment Recapture Audit Reporting**

See Tables Below

**Overpayments Recovered Outside of Payment Recapture Audits**

**Payment Recapture Audit Targets**

See Tables Below

CNCS issues disallowances for NSCHC non-compliance when found during routine monitoring. CNCS is currently implementing a tracking system that details whether disallowances stemmed from IPERA activities or routine monitoring.

**Table 4  
Improper Payment Recaptures with and without Audit Programs**

(\$ in millions)

Program or Activity	Type of Payment					Total		Overpayments Recaptured Outside of Payment Recapture Audits	
	Amount Identified	Amount Recaptured	CY Recapture Rate Note (1)	CY + 1 Recapture Rate Target	CY + 2 Recapture Rate Target	Amount Identified	Amount Recaptured	Amount Identified	Amount Recaptured
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Table 5  
Disposition of Funds Recaptured Through**

**Payment Recapture Audits**

(\$ in millions)

Program or Activity	Amount Recovered	Type of Payment	Agency Expenses to Administer the Program	Payment Recapture Auditor Fees	Financial Management Improvement Activities	Original Purpose Note (1)	Office of Inspector General	Returned to Treasury
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Table 6  
Aging of Outstanding Overpayments Identified in the Payment Recapture Audits**

(\$ in millions)

Program or Activity	Type of Payment	CY Amount Outstanding (0 – 6 months)	CY Amount Outstanding (6 months to 1 year)	CY Amount Outstanding (over 1 year)	Amount Determined to Not be Collectable
N/A	N/A	N/A	N/A	N/A	N/A

**XI. Additional Comments**

CNCS also completed component testing on criminal history check files, and the results are found below. Please see the Corrective Actions

section to see actions CNCS plans to take to reduce these numbers.

**CNCS National Service Criminal History Check Component Testing Results**

(Percentage of files considered improper)

Program	AmeriCorps State and National	FGP	RSVP	SCP
FY2016	21.74%	35.71%	40%	41.03%

## **XII. Agency reduction of improper payments with the Do Not Pay Initiative**

IPERA was further amended in FY 2012 by requiring OMB to identify high-priority federal programs for greater levels of oversight and review, provide guidance to agencies for improving estimates of improper payments, and establish a working system for pre-award, pre-payment and post-payment reviews. Accordingly, CNCS uses the Do Not Pay (DNP) IPERA process to comply with the executive order of reducing improper payments by intensifying efforts to eliminate payment error, waste, fraud, and abuse in the major programs administered by the federal government, while continuing to ensure that federal programs serve and provide access to their intended beneficiaries.

CNCS payments subject to DNP IPERA guidance include payments to vendors and contractors and Federal Financial Assistance payments, including grants and payroll member payments. CNCS's emphasis on expediting certain payments (for example, member /volunteer payments for necessary mission-related assistance), and the decentralized nature of CNCS's operations increase CNCS's risk for improper payments.

To minimize risk of improper payments, CNCS established pre-payment and pre-award controls. For example, grantee eligibility and compliance with prior awards are reviewed prior

to new grant awards. In addition, CNCS compares vendor and member payments to the Social Security Administration's listing of deceased individuals prior to disbursement to ensure payments are not made to these individuals.

CNCS also compares DNP data from internal systems with DNP database sources, such as the System for Award Management, Death Master File -DMF Public [SSA], Debt Check\* [TOP/FMS], List of Excluded Individuals and Entities-LEIE [HHS], , Office of Foreign Assets Control (OFAC) [Treasury], and Access to the Work Number, for possible improper matches. Improper payments identified through this process are referred to appropriate offices to initiate the recapture process.

CNCS began using the DNP business rules for vendor and member payments and will begin the testing phase using the Continuous Monitoring Segment (CMS). CNCS also expects to incorporate business rules for other various types of data, such as grants, member payroll, and vendor lists to facilitate continuous batch monitoring. In addition, CNCS is attempting to automate the use of DNP matching with its data source systems. CNCS continues to resolve possible matches between its payment files and DNP data base matches based on the current CNCS DNP business rules and actively compares various types of CNCS data (such as, grantees, vendors, members, employees) against the DNP single online portal.

**Table 7****Results of the Do Not Pay Initiative in Preventing Improper Payments (\$ in millions)**

	Number (#) of payments reviewed for possible improper payments	Dollars (\$) of payments reviewed for possible improper payments	Number (#) of payments stopped	Dollars (\$) of payments stopped	Number (#) of potential improper payments reviewed and determined accurate	Dollars (\$) of potential improper payments reviewed and determined accurate
Reviews with the IPERIA specified databases	n/c	n/c	n/c	n/c	n/c	n/c
Reviews with databases not listed in IPERIA	n/c	n/c	n/c	n/c	n/c	n/c