

May 1999

FINANCIAL AUDIT

Congressional Award Foundation's 1998 and 1997 Financial Statements



**Accounting and Information
Management Division**

B-282179

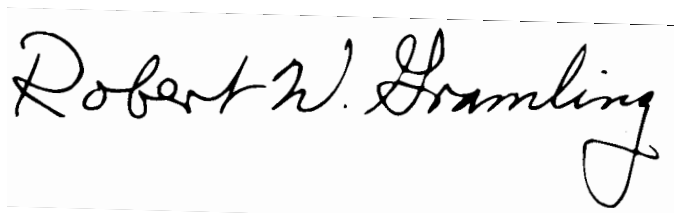
May 14, 1999

To the President of the Senate and the
Speaker of the House of Representatives

This report presents our opinion on the financial statements of the Congressional Award Foundation for the fiscal years ended September 30, 1998 and 1997. These financial statements are the responsibility of the Congressional Award Foundation. This report also presents (1) our opinion on Foundation management's assertion regarding the effectiveness of its internal controls as of September 30, 1998, and (2) our evaluation of the Foundation's compliance with selected provisions of laws and regulations during fiscal year 1998.

We conducted our audit pursuant to section 8 of the Congressional Award Act, as amended (2 U.S.C. 807), and in accordance with generally accepted government auditing standards.

We are sending copies of this report to Senator Fred Thompson, Chairman, and Senator Joseph I. Lieberman, Ranking Minority Member, Senate Committee on Governmental Affairs; Representative William Goodling, Chairman, and Representative William Clay, Ranking Minority Member, House Committee on Education and the Workforce; Mr. Thomas D. Campbell, Chairman, National Board of Directors, Congressional Award Program; Mr. James F. Manning, National Director, Congressional Award Foundation; and other interested parties.

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Robert W. Gramling
Director, Corporate Audits
and Standards

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**Accounting and Information
Management Division**

B-282179

To the President of the Senate and the
Speaker of the House of Representatives

We have audited the statements of financial position of the Congressional Award Foundation as of September 30, 1998 and 1997, and the related statements of activities and of cash flows for the fiscal years then ended. We found

- the financial statements were reliable in all material respects;
- the Congressional Award Foundation's management fairly stated that internal controls in place on September 30, 1998, were effective in safeguarding assets from material loss, assuring material compliance with relevant laws and regulations, and assuring that there were no material misstatements in the financial statements; and
- no reportable noncompliance with selected provisions of laws and regulations we tested for the fiscal year ended September 30, 1998.

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

Opinion on Financial Statements

The financial statements and accompanying notes present fairly, in all material respects, in conformity with generally accepted accounting principles, the Congressional Award Foundation's financial position as of September 30, 1998 and 1997, and the results of its activities and its cash flows for the fiscal years then ended.

Opinion on Management's Assertion About the Effectiveness of Internal Controls

We evaluated the Foundation management's assertion about the effectiveness of its internal controls designed to

- safeguard assets against loss from unauthorized acquisition, use, or disposition;
- assure the execution of transactions in accordance with management's authority and with selected provisions of those laws and regulations that have a direct and material effect on the financial statements of the Foundation; and
- properly record, process, and summarize transactions to permit the preparation of reliable financial statements and to maintain accountability for assets.

Management of the Congressional Award Foundation fairly stated that those controls in place on September 30, 1998, provided reasonable assurance that losses, noncompliance, or misstatements material in relation to the financial statements would be prevented or detected on a timely basis. Management made this assertion based upon criteria established under the Federal Managers' Financial Integrity Act of 1982 and the Office of Management and Budget Circular A-123, Management Accountability and Control.

Although management's assertion regarding the effectiveness of internal controls is fairly stated in all material respects based on the control criteria cited earlier, we noted certain matters involving the Foundation's internal accounting controls and its operations. These matters, while not significant, will be reported to management in a separate letter, and copies will be provided to the appropriate congressional committees.

Compliance With Laws and Regulations

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

Objectives, Scope, and Methodology

The Foundation's management is responsible for

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

We are responsible for obtaining reasonable assurance that (1) the financial statements are free of material misstatement and presented fairly, in all material respects, in conformity with generally accepted accounting principles and (2) management's assertion about the effectiveness of internal controls is fairly stated, in all material respects, based upon the internal control criteria used by the Foundation's management in making this assertion. We are also responsible for testing compliance with selected provisions of laws and regulations.

In order to fulfill these responsibilities, we

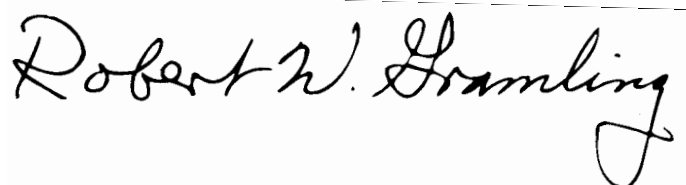
- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used and significant estimates made by the Foundation's management;
- evaluated the overall presentation of the financial statements;
- inquired into the Foundation's efforts to assess, and as necessary address, the extent to which information systems the Foundation relies on are vulnerable to the Year 2000 computing problem;
- obtained an understanding of the Foundation's internal controls related to safeguarding assets, compliance with laws and regulations, and financial reporting;
- tested relevant internal controls over safeguarding, compliance, and financial reporting and evaluated management's assertion about the effectiveness of internal controls; and
- tested compliance with selected provisions of the Congressional Award Act, as amended.

We did not evaluate all internal controls relevant to operating objectives, such as controls relevant to ensuring efficient operations. We limited our internal control testing to those controls necessary to achieve the objectives outlined in our opinion on management's assertion about the effectiveness of internal controls. Because of inherent limitations in any system of internal controls, losses, noncompliance, or misstatements may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate.

We conducted our audit from December 11, 1998 through April 9, 1999. Our audits were conducted in accordance with generally accepted government auditing standards.

Foundation Comments and Our Evaluation

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

A handwritten signature in black ink that reads "Robert W. Gramling". The signature is written in a cursive style with a large, stylized "G" at the end.

Robert W. Gramling
Director, Corporate Audits
and Standards

April 9, 1999

Financial Statements

Statements of Financial Position

The Congressional Award Foundation Statements of Financial Position

	<u>September 30,</u> <u>1998</u>	<u>As of</u> <u>September 30,</u> <u>1997</u>
Assets		
Cash and cash equivalents (note 3)	\$126,052	\$143,846
Contributions receivable, net (note 4)	29,100	41,250
Accounts receivable, net (note 5)	2,915	9,057
Prepaid expenses	4,304	27,871
Congressional Award Fellowship Trust (note 6)	351,112	313,574
Equipment, furniture and fixtures, net (note 2)	15,552	21,373
Escrowed funds from councils, net (note 7)	<u>1,111</u>	<u>4,420</u>
Total assets	<u>\$530,146</u>	<u>\$561,391</u>
Liabilities and Net Assets		
Accounts payable	\$7,187	\$12,468
Accrued payroll and related taxes	8,958	9,432
Refundable advances (note 15)	50	15,500
Escrowed funds due councils, net (note 7)	<u>1,111</u>	<u>4,420</u>
Total liabilities	<u>\$17,306</u>	<u>\$41,820</u>
Net Assets		
Unrestricted	\$201,573	\$245,723
Temporarily restricted	48,210	52,747
Permanently restricted	<u>263,057</u>	<u>221,101</u>
Total net assets	<u>\$512,840</u>	<u>\$519,571</u>
Total Liabilities and Net Assets	<u>\$530,146</u>	<u>\$561,391</u>

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

Statements of Activities

The Congressional Award Foundation
Statements of Activities

	Fiscal years ended <u>September 30, September 30,</u>	
	<u>1998</u>	<u>1997</u>
Changes in Unrestricted Net Assets:		
<u>Operating revenue and other support</u>		
Contributions	\$724,924	\$623,594
Contributions - in kind (note 8)	84,761	38,000
Program and other revenues	32,187	45,157
Interest and dividends applied to current operations	17,341	16,888
Net assets released from restrictions (note 9)	<u>35,557</u>	<u>16,673</u>
Total operating revenue and other support	\$894,790	\$740,312
<u>Operating expenses</u>		
Salaries, benefits, and payroll taxes	\$344,385	\$268,798
Program, promotion, and travel	177,197	86,400
Events	-	1,791
Fund-raising expenses	282,426	158,582
Gold Award ceremony	54,484	39,914
Professional fees	60,092	47,928
Depreciation	5,821	4,055
Administrative and other expense	8,887	8,793
Bad debt expense	<u>1,230</u>	<u>768</u>
Total operating expenses	\$934,522	\$617,029
<u>Other changes</u>		
Investment earnings (losses) not applied to current operations	<u>\$(4,418)</u>	<u>\$69,724</u>
Increase (decrease) in unrestricted net assets	\$(44,150)	\$193,007
Changes in Temporarily Restricted Net Assets:		
Contributions (note 10)	\$31,040	\$18,219
Net assets released from restrictions	<u>(35,577)</u>	<u>(16,673)</u>
Increase (decrease) in temporarily restricted net assets	\$(4,537)	\$1,546
Changes in Permanently Restricted Net Assets:		
Contributions	<u>\$41,956</u>	<u>\$400</u>
Increase in permanently restricted net assets	\$41,956	\$400
Increase(Decrease) in Net Assets	\$(6,731)	\$194,953
Net Assets at Beginning of Year	<u>\$519,571</u>	<u>\$324,618</u>
Net Assets at End of Year	<u>\$512,840</u>	<u>\$519,571</u>

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

Statements of Cash Flows

The Congressional Award Foundation
Statements of Cash Flows

	Fiscal years ended	
	September 30,	September 30,
	1998	1997
Cash Flows From Operating Activities:		
Contributions received	\$752,614	\$635,562
Refundable advances	50	15,500
Cash received from councils and independents	37,100	41,202
Interest and dividends received	17,341	16,888
Cash paid to employees	(277,412)	(264,344)
Cash paid to vendors	(547,487)	(335,371)
Net Cash Used/Provided From Operating Activities	\$(17,794)	\$109,437
Cash flows from investing activities:		
Cash paid to acquire equipment	-	\$(18,562)
Net increase (decrease) in cash	\$(17,794)	\$90,875
Cash at beginning of year	143,846	52,971
Cash at end of year	\$126,052	\$143,846
Reconciliation of Change in Net Assets to Net Cash Used/Provided From Operating Activities		
Change in net assets	\$(6,731)	\$194,953
Adjustments to reconcile change in net assets to net cash used/provided from operating activities:		
Investment earnings (losses) not applied to operations	4,418	(69,724)
Depreciation expense	5,821	4,055
Bad debt expense	1,230	(400)
Restricted trust fund contributions	(41,956)	-
Decrease (increase) in contributions receivable	12,150	(6,250)
Decrease (increase) in other accounts receivable	4,912	(3,956)
Decrease (increase) in prepaid expenses	23,567	(27,213)
Increase (decrease) in accounts payable	(5,281)	(1,982)
Increase (decrease) in accrued payroll and related taxes	(474)	4,454
Increase (decrease) in refundable advances	(15,450)	15,500
Net Cash Used/Provided From Operating Activities	\$(17,794)	\$109,437

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

Notes to Financial Statements

The Congressional Award Foundation
Notes to Financial Statements
for the Fiscal Years Ended September 30, 1998 and 1997

Note 1. Organization

The Congressional Award Foundation was formed in 1979 under Public Law 96-114 and is a private, nonprofit, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Service code established to promote initiative, achievement, and excellence among youth in the areas of public service, personal development, physical fitness, and expedition. In September 1996, the President signed Public Law 104-208, Section 5401 of which reauthorized the Congressional Award Foundation through September 30, 1999.

Note 2. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. Assets and services contributed to the Foundation are recorded in the accounting records at fair value as of the date of the contribution and reflected on an accrual basis in the Foundation's financial statements.

B. Basis of Presentation

The Foundation's financial statements and notes have been prepared in accordance with generally accepted accounting principles, including three accounting pronouncements applicable to not-for-profit organizations--Statements on Financial Accounting Standards (SFAS) Nos. 116, 117, and 124.

SFAS No. 116 established the accounting treatment for contributions received and contributions made. SFAS No. 117 established standards for the form and content of financial statements for not-for-profit organizations. SFAS 117 required that either the financial statements or footnotes for not-for-profit organizations disclose expense information by functional classification (such as major programs, fund-raising, and classes of supporting services) as contrasted with "natural" expense classifications (such as salaries and benefits, rents, and depreciation) traditionally presented in financial statements. In response to this requirement the Foundation developed, effective for fiscal year 1997, a methodology to be applied annually for assigning direct expenses and for allocating indirect expenses by functional classification (See Note 14).

In addition, in fiscal year 1997, the Foundation adopted SFAS No. 124, which provides

measurement and disclosure guidelines for investments in equity securities with readily determinable fair values and for all investments in debt securities (see note 6).

C. Use of Estimates

The preparation of the Foundation's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

D. Contributions and Revenue Recognition

The Foundation records as contribution revenue amounts received in the form of cash, promises or pledges to give, and the fair value of certain contributed services and gifts of long-lived and other assets. Unconditional promises or pledges to give are recognized as contributions receivable. Multiyear pledges or promises due over a period of time are discounted to their present value, based upon prevailing interest rates, and recognized in the period of initial pledge.

E. Classification of Net Assets

The Foundation classifies and reports net assets based on the existence of applicable restrictions limiting their use.

Permanently restricted net assets result from donor-imposed restrictions stipulating that the resources donated be maintained permanently. The Foundation's permanently restricted contributions received to date have consisted of contributions designated for deposit into the Foundation's Fellowship Trust Fund. The Fund was established for the benefit of the charitable and educational purposes of the Foundation. The terms of the Trust allow the Foundation to use or expend all or part of the value of the Trust Fund in excess of the aggregate value of all donations to the Trust when received.

Temporarily restricted net assets result from donor-imposed restrictions that permit the Foundation to use or expend the assets after the restrictions have been satisfied. When a donor-imposed restriction is satisfied--that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished--temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Unrestricted net assets result from the receipt of unrestricted contributions, the expiration of donor-imposed restrictions on contributions, and changes in other assets and liabilities. These assets are available to the Board for use in support of current and future operations.

F. Office Furniture and Equipment

Office furniture and equipment is stated at cost to the Foundation or, as described in note 2.A, at fair value at the date of contribution. Fixed assets such as office furniture valued in excess of \$500 are depreciated on the straight-line basis over their estimated useful lives. Accumulated depreciation at September 30, 1998 and 1997, was \$44,835 and \$39,014, respectively.

G. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Foundation considers all highly liquid investments with a maturity of 3 months or less when purchased to be cash equivalents.

Note 3. Cash

Cash as reported on the Statements of Financial Position consists of the following.

	<u>1998</u>	<u>1997</u>
Temporarily restricted	\$43,210	\$52,747
Unrestricted	<u>83,953</u>	<u>95,519</u>
Sub-total	127,163	148,266
Less: Escrow cash (Note 7)	<u>(1,111)</u>	<u>(4,420)</u>
Total cash	<u>\$126,052</u>	<u>\$143,846</u>

Note 4. Contributions Receivable, Net

Contributions receivable consist of promises to give that are due and payable after year-end (see note 2.D). At September 30, 1998 and 1997, contributions receivable, net were as follows.

	<u>1998</u>	<u>1997</u>
Unrestricted	<u>\$29,100</u>	<u>\$41,250</u>
Contributions receivable, net	<u>\$29,100</u>	<u>\$41,250</u>

Note 5. Accounts Receivable, Net

At September 30, 1998 and 1997, accounts receivable consisted of payments due from vendors, employees, and councils as follows.

	<u>1998</u>	<u>1997</u>
Unrestricted	<u>\$4,145</u>	<u>\$9,057</u>
Less: Allowance for doubtful accounts	<u>1,230</u>	<u>-</u>
Accounts Receivable, Net	<u>\$2,915</u>	<u>\$9,057</u>

Note 6. Congressional Awards Fellowship Trust

A. Congressional Award Fellowship Trust

Established in 1990, the Congressional Award Fellowship Trust was created to benefit the charitable and educational purposes of the Foundation. The Foundation receives contributions intended for the Trust Fund from supporters of the Congressional Award Program, including members of the World Fellowship--an organization established to promote similar programs throughout the world.

B. Trust Policy and Accounting

Deposits to the Trust Fund are invested in equity and debt securities. Investments are carried at market value and classified, based on their nature, as either permanently restricted or unrestricted amounts. The Foundation's permanently restricted net assets represent the value of all permanently restricted donor contributions received. From the Trust Fund's inception in 1990 through September 30, 1998 and 1997, permanently restricted contributions received by the Trust Fund totaled \$263,057 and \$221,101, respectively.

In accordance with the terms of the Trust Declaration (agreement), the Foundation is permitted to use all Trust income for the benefit of the charitable and educational purposes of the Foundation. Trust income represents the value of the Trust assets (including

interest and dividends earned and realized and unrealized gains and losses on Trust Fund investments) in excess of the aggregate amount received as endowment donations. The Trust Declaration describes endowment donations as the aggregate fair market value (as of the contribution date) of all donations to the Trust Fund. As defined by the Declaration, this represents the amount of Trust Funds the Foundation cannot use or distribute.

As a matter of policy, the Foundation's Board further limits the use of Trust Fund investments to support current operations. The Board limits the amount applied to support current operations to the interest and dividends earned on Trust Fund investments. Realized and unrealized gains on Trust Fund investments are retained in the Trust Fund. In the absence of donor-imposed restrictions limiting the availability of realized and unrealized gains on donated assets, all realized and unrealized gains on Trust Fund investments are considered unrestricted assets and reported in the Statements of Activities as investment earnings not applied to current operations. Realized and unrealized gains or (losses) on Trust Fund investments for fiscal years 1998 and 1997 were \$(5,052) and \$69,724, respectively. The interest and dividends earned on Trust Fund investments for fiscal years 1998 and 1997 were \$12,434 and \$12,688, respectively. The Foundation believes that interest and dividends on Trust Fund investments will continue indefinitely.

A reconciliation of investment earnings (returns) and contributions received to changes in the restricted and unrestricted portions of Trust Fund investments for fiscal years 1998 and 1997 is as follows.

	Trust Fund Activity			
	Permanently Restricted Trust Assets		Unrestricted Trust Assets	
	September 30,		September 30,	
	1998	1997	1998	1997
Investment Earnings, Net:				
Dividends and interest earned on trust fund investments	-	-	\$12,434	\$12,688
Realized and unrealized investment gains (losses)	-	-	(5,052)	69,724
Total investment earnings^a	-	-	\$ 7,382	\$82,412
Investment earnings applied to current operation	-	-	(11,800)	(12,688)
Investment earnings (losses) not applied to current operation	-	-	(4,418)	69,724
Gifts available for investment	\$41,956	\$400	-	-
Net change in investment assets	\$41,956	\$400	\$(4,418)	\$69,724
Investments at beginning of the year	\$221,101	\$220,701	\$92,474	\$22,750
Investments at end of the year	\$263,057	\$221,101	\$88,056	\$92,474

^aTotal investment earnings are net of \$1,720 in investment expenses for fiscal year 1998 and \$968 for fiscal year 1997.

The relative concentration of total Trust Fund investments as of September 30, 1998 and 1997 is summarized as follows.

<u>Description</u>	<u>Market Value at September 30,</u>	
	<u>1998</u>	<u>1997</u>
Cash Fund	\$1,573	\$2,361
Equity Securities	211,307	183,433
U.S. Treasury Notes and Bonds	<u>138,232</u>	<u>127,780</u>
Total	<u>\$351,112</u>	<u>\$313,574</u>

Note 7. Escrowed Funds

The Foundation holds as escrowed funds certain amounts provided by selected State Congressional Award Councils. These funds are used, at the discretion of the State Council, to pay certain council-related expenses. As of September 30, 1998 and 1997, the funds held in escrow were \$1,111 and \$4,420, respectively.

Note 8. In-kind Contributions

During fiscal years 1998 and 1997, the Foundation received in-kind (noncash) contributions from donors, which are accounted for as contribution revenue and operating expenses in the Statements of Activities. These noncash contributions are as follows.

	<u>1998</u>	<u>1997</u>
Promotional support	\$40,970	-
Professional services (legal)	30,000	\$30,000
Printing and photographic support	2,256	5,500
Supplies for fund-raising gala--beef	-	2,500
Other support--Foundation sponsored events	<u>11,535</u>	<u>-</u>
Total In-kind Contributions	<u>\$84,761</u>	<u>\$38,000</u>

In addition, to support the Congressional Award Foundation without providing direct funding, the Congress, through Section 7(e) of the Congressional Award Act, as amended by Section 7(c) of Public Law 101-525, the Congressional Award Amendments of 1990, provided that "the Board may benefit from in-kind and indirect resources provided by Offices of Members of Congress or the Congress." Resources so provided include use of

office space, office furniture, and utilities (excluding telephone, which is paid by the Foundation). The cost of these resources cannot be readily determined and thus is not included in the financial statements.

Note 9. Release of Net Assets

Net assets released from donor restrictions result from either the incurrence of expenses that satisfy the donor-imposed restriction or the occurrence of other donor-specified events. As of September 30, 1998 and 1997, net assets released from restriction were as follows.

	<u>1998</u>	<u>1997</u>
General fund	\$18,500	-
Nevada Council development	3,242	\$6,023
South Bronx Project	5,000	5,000
D.C. Council development	3,516	2,321
South Dakota Council development	5,319	141
Board expenses	-	1,254
Contributor sponsored events	-	1,934
Total	\$35,577	\$16,673

Note 10. Temporarily Restricted Contributions

Temporarily restricted contributions received by purpose:

	<u>1998</u>	<u>1997</u>
Special Projects and Events, General Fund	\$23,500	-
Nevada Council development	40	\$30
South Dakota Council development	-	10,000
South Bronx Project	5,000	5,000
D.C. Council development	2,500	-
Board expenses	-	1,255
Contributor sponsored events	-	1,934
Total	\$31,040	\$18,219

Note 11. Employee Retirement Plan

For the benefit of its employees, the Foundation participates in a voluntary 403B tax-deferred annuity plan, which was activated on August 27, 1993. Under the plan, the Foundation may, but is not required to, make employer contributions to the plan. For 1997, the Foundation made no such contributions. For 1998, the Board voted to make matching contributions to qualified employees of up to 3 percent, which for fiscal year 1998 totaled \$3,714.

Note 12. Related Party Activities

Due to its nature, the Foundation often receives contributions from members of the Congressional Award Board or other related parties. For example, during fiscal years 1998 and 1997, an ex-officio Director of the Board and an attorney provided pro bono legal services to the Foundation. The value of legal services has been included in the in-kind contributions and professional fees line items (see note 8).

While not resulting in an in-kind contribution, a Director of the Board served as portfolio manager with the brokerage firm responsible for managing the Congressional Award Fellowship Trust account (see note 6) during fiscal years 1998 and 1997. An investment committee of the Board establishes investment guidelines and monitors the portfolio's performance.

The Foundation retained a professional photographer for photographic services at the Gold Award Ceremony. This individual is the spouse of a Foundation employee.

Note 13. Concentration of Credit Risk--Cash

At September 30, 1998 and 1997, the Foundation maintained its cash balance at a single financial institution. The Federal Deposit Insurance Corporation insures balances up to \$100,000. The Foundation's bank balances at September 30, 1998 and 1997, were \$52,426 and \$58,234, respectively, in excess of the insured amount. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 14. Expenses by Functional Classification

As permitted by SFAS No. 117, the Foundation has elected to present its operating expenses by natural classification in its Statements of Activities for the periods ending September 30, 1998 and 1997. To fully comply with requirements of SFAS No. 117 related to disclosure of expenses by functional classification for fiscal years 1998 and 1997, the Foundation developed a technique for allocating its indirect expenses to program and support activities (functional classifications).

Presented below are the Foundation's expenses by functional classification for fiscal years 1998 and 1997 as required by SFAS No. 117. The expenses include both direct and allocated indirect expenses by functional classification.

Fiscal Years 1998 and 1997 Expenses by
Functional Classification

	<u>1998</u> <u>Percent</u>	<u>1998</u> <u>Amount</u>	<u>1997</u> <u>Percent</u>	<u>1997</u> <u>Amount</u>
Program activities	53	\$497,159	50	\$309,207
Fund-raising activities	38	351,401	34	206,776
Administrative activities	<u>09</u>	<u>85,962</u>	<u>16</u>	<u>101,046</u>
Total expenses	100	<u>\$934,522</u>	100	<u>\$617,029</u>

Note 15. Refundable Advances

During fiscal year 1997, the Foundation received \$15,500 in advance contributions specified for participation in a fiscal year 1998 fund-raising event. Because the event is conditional on good weather, contribution revenue was not recognized until the event occurred in fiscal year 1998. During 1998, the Foundation received registration fees in the amount of \$50 to be applied to future program registration fees. Consequently, revenue recognition is deferred until 1999.

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