

CHRISTOPHER COLUMBUS FELLOWSHIP FOUNDATION



PERFORMANCE AND ACCOUNTABILITY REPORT Fiscal Year 2013

**Christopher Columbus Fellowship Foundation
Performance and Accountability Report
Fiscal Year 2013**

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- **Independent Auditor’s Report**

The Independent Auditor’s Report is a document created by the auditor and appears in its original format.



Christopher Columbus Fellowship Foundation

Message from the Chair

Pursuant to the Performance and Accountability Report, the Christopher Columbus Fellowship Foundation presents the enclosed report including both financial and program performance results for FY 2013. The data contained in this report is complete and reliable.

Based on the results of an independent financial statement audit, the Foundation can provide reasonable assurance that the objectives of the Accountability of Tax Dollars Act have been met. The Foundation can also provide reasonable assurance that its financial systems conform to government-wide standards.

Mission

The Christopher Columbus Fellowship Foundation was established by Congress through Public Law 102-281 to “encourage and support research, study, and labor designed to produce new discoveries in all fields of endeavor for the benefit of mankind.” The Foundation is authorized to award fellowships to outstanding individuals to encourage discovery. Recipients shall be known as “Columbus Scholars.” Recipients of the fellowships may be selected directly, by contract or through a nationwide competition.

Agency Goals and Accomplishments

The Foundation continually targets and monitors outstanding innovations and research being conducted around the country throughout the year. The Foundation developed awards programs to encourage and honor these efforts including STEM (science, technology, engineering and math) education and research, agriscience and community service. The programs sponsored by the Foundation are constantly changing and evolving as new discoveries and technological breakthroughs by American innovators and educators emerge throughout the country.

The Foundation’s goal is to raise awareness and honor the “cutting edge” research being conducted by Americans around the country, whether in schools, universities, companies or government labs and to encourage community service. The Foundation currently strives to promote STEM education and research, agriscience, community service and honor educators.

The Foundation has been very successful in forming public-private partnerships with organizations such as the National Science Foundation, Bayer Corporation, Xerox Corporation, U.S. Chamber of Commerce, American Farm Bureau Federation, AgustaWestland North America, Walt Disney World®, *DISCOVER Magazine*, National Italian American Foundation, National Museum of Education and Association for Middle Level Education.

In 2013, the Foundation presented the Fourth Annual *Agriscience Awards* in partnership with the American Farm Bureau Federation. Four *Agriscience Awards* were presented honoring a scientist, educator and two students working in the field of agriscience. The *Agriscience Awards* presented \$17,000 in monetary awards as incentive for continuing science education and research. The Foundation handles all administrative aspects of the awards program.

The Foundation sponsored the 17th Annual *Christopher Columbus Awards* designed exclusively for teams of middle school students. The teams are challenged to explore opportunities for positive change in their communities using the scientific method. Two teams won Gold Medals and \$2,000 for each team member, and one team won the *\$25,000 Columbus Foundation Community Grant* to take back to their community to implement their idea.

The Christopher Columbus Fellowship Foundation accomplished a great deal in FY 2013. Please visit: www.christophercolumbusfoundation.gov for more information on the programs sponsored by the Foundation. If you have any questions, please feel free to contact Judi Shellenberger, Executive Director of the Foundation at: (315) 258-0090 or email: judithmscolumbus@cs.com.

Sincerely,

A handwritten signature in cursive script that reads "Maria Lombardo".

Maria Lombardo
Chair



Christopher Columbus Fellowship Foundation

Statement of Assurance from the Chair

I, Maria Lombardo, Chair of the Christopher Columbus Fellowship Foundation, state and assure that to the best of my knowledge:

1. The financial data included in this report is reliable and complete.
2. Pursuant to 31 U.S.C. 3512(c), (d) (commonly referred to as the *Federal Managers' Financial Integrity Act*), we have reviewed the effectiveness of the organization's internal controls in achieving the following objectives:
 - a. Reliability of financial reporting: Transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements and supplementary information in accordance with generally accepted accounting principles for Federal entities and assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
 - b. Compliance with applicable laws and regulations: Transactions are executed in accordance with laws governing the use of budget authority; other laws and regulations that could have a direct and material effect on the financial statements and any other laws, regulations, and government-wide policies identified in applicable OMB guidance.
3. The controls in place on September 30, 2013, and during the Fiscal Year then ended; provide reasonable assurance that the foregoing objectives are met.
4. There are no material weaknesses or significant deficiencies to report.
5. There have been no changes to internal controls subsequent to September 30, 2013, or other factors that might significantly affect the effectiveness of internal control.

Maria Lombardo, Chair



Christopher Columbus Fellowship Foundation

PART I: MANAGEMENT'S DISCUSSION AND ANALYSIS

Mission

The Christopher Columbus Fellowship Foundation was established by Congress in 1992 through Public Law 102-281 to “encourage and support research, study, and labor designed to produce new discoveries in all fields of endeavor for the benefit of mankind.” The Foundation seeks to nurture and recognize pioneering individuals and programs which reflect the visionary spirit and pioneering heritage of Christopher Columbus. The Foundation is authorized to award fellowships to outstanding individuals to encourage discovery. Recipients shall be known as “Columbus Scholars.” Recipients of the fellowships may be selected directly, by contract or through a nationwide competition.

Organizational Structure Overview

Board of Trustees

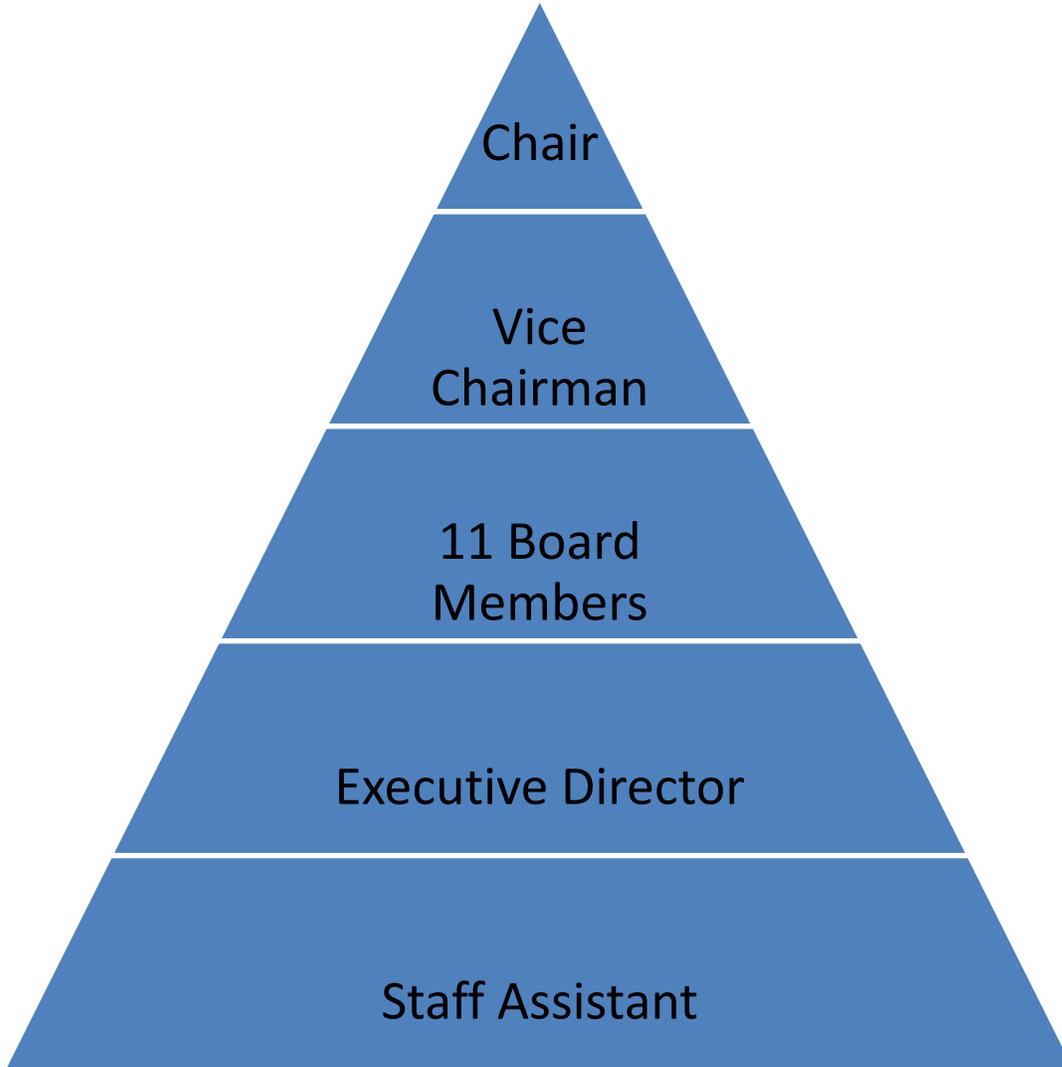
Public Law 102-281 designates that the Foundation be governed by a 13-member Board of Trustees serving six-year terms. Board members are appointed by the President in consultation with the following:

- 1) 5 members appointed by the President
- 2) 2 members nominated by the President pro tempore of the Senate
- 3) 2 members nominated by Senate Minority Leader
- 4) 2 members nominated by Speaker of the House
- 5) 2 members nominated by House Minority Leader

The Chair and Vice Chair of the Foundation are designated by the President from among the members appointed to the Board.

The Board designates the programs to be sponsored each year and makes awards presentations at the various awards ceremonies. The Board judges the Nominations and ultimately selects the winners of each award. The Board normally meets twice a year in conjunction with awards presentations.

Christopher Columbus Fellowship Foundation
Organization Chart



Daily operations of the Foundation are handled by a two-person staff--the Executive Director and Staff Assistant.

Executive Director

The Executive Director is appointed by the Board, and serves as the chief executive officer and is responsible for the day-to-day operations of the Foundation, subject to the supervision and direction of the Board. The Executive Director develops and implements all facets of the Foundation's programs; processes all payments; handles other administrative duties including correspondence and inquires from the public regarding the Foundation's programs; and represents the Foundation at various meetings and conferences throughout the year.

Staff Assistant

The Staff Assistant handles the financial reporting and audit requirements; manages designated awards programs; handles web management and provides other administrative and clerical support.

Foundation Goals

In 2013, the Foundation continually targeted and monitored outstanding innovations and research being conducted around the country. The Foundation developed awards programs encouraging and honoring Americans working on the front lines of research and development and education. The programs sponsored by the Foundation are constantly changing and evolving as new discoveries and technological breakthroughs by American innovators and educators emerge throughout the country.

The Foundation's goal is to raise awareness and honor the “cutting edge” research being conducted by Americans around the country whether in schools, universities, companies or government labs, as well as community service. The Foundation currently strives to promote science education and research, agriscience, community service and honors scientists, educators and students. Americans across the country are working on countless innovations, and the Foundation takes on the challenge of finding and honoring this American ingenuity. New programs are continually being developed as the needs of the country evolve and change.

The Foundation's awards programs often start at the grassroots with students. It is imperative to introduce our youth--both boys and girls--to the power and importance of science, technology, engineering and math (STEM) by making instruction and learning interesting and hands-on, not just lessons from a textbook. This is the type of experience the Foundation encourages and presents to students. The Foundation promotes the scientific method of: 1) ask a question, 2) do background research, 3) construct a hypothesis, 4) test by experimentation, 5) analyze data and draw a conclusion and 6) communicate the results.

The Foundation does not have the monetary resources to fund all the incredible research it finds around the country. However, the goal of every Foundation award program is to encourage and highlight the work of America's innovative leaders, educators and students. Receiving recognition from a Federal government agency contributes stature and validation of the honorees' work, and often leads to additional funding allowing the research and development to continue. Six teams of middle school students have received United States Patents due to their involvement in the *Christopher Columbus Awards* program. This recognition and encouragement plays a vital role in the United States' continual role as a world leader.

Strategies to Achieve Goals

Each awards competition offered by the Foundation is a unique opportunity for Americans “in all walks of life” to improve the quality of life for all U.S. citizens through their innovative ideas. The Foundation takes on the challenge to locate and encourage these individuals and companies. The Foundation issues a Call for Nominations/Entries for each competition.

1. Publicize the competitions nationwide.
 - Develop relationships with nationwide magazines, newspapers, and appropriate associations to promote the competitions.
2. Provide a network by which the recipients can pursue the development and funding of their inventions and innovations.
 - Develop relationships with entities aligned with the particular theme of an awards program and open avenues for collaboration.
 - Develop a relationship with the U.S. Patent and Trademark Office.
3. Promote science, technology, engineering and math (STEM) in middle and high schools across the nation to instill in the youth of America the importance these subjects play in their own lives, as well as to ensure the United States remains a global leader.
 - Work with the U.S. Department of Education, education departments in each State, as well as middle and high schools around the country.
 - Work with governors' offices around the country.
 - Promote middle school program and positive aspects of community service.
 - Develop a relationship with Americorp.
4. Work with Federal government agencies, government laboratories, colleges, universities, secondary and middle schools, companies and corporations.
 - Develop relationships with each of the above mentioned entities to encourage Nominations/Entries.
 - Work with local universities such as Syracuse, Cornell and Rochester Institute of Technology, and expand countrywide to other universities.
5. As a Federal government agency, the Foundation continues to be an integral partner with other Federal and non-Federal agencies and associations in setting long-term goals for encouraging innovation and science education.
 - Attend and participate in National conferences on science education, and continue to be a leader and dissemination point for “cutting edge” information on inventions, innovation and science education.

Program Performance Overview

The Foundation sponsored two prestigious awards in 2013 as follows:

- *Christopher Columbus Awards*
- *Agriscience Awards*

With over 17 years of experience in developing and administering national competitions, the Foundation has the expertise and systems in place to administer all aspects of the two awards programs listed above. In 1992 the United States Congress established the Christopher Columbus Fellowship Foundation with the mission of seeking out, encouraging and supporting research that will produce new discoveries and innovations in all fields of endeavor. This mandate is accomplished through the sponsorship and administration of competitions that reward American ingenuity.

The Foundation confidently and efficiently administered the two competitions to present cash awards to advance the research, development, demonstration and commercial application of each project. The goal of each competition is to encourage new innovations and provide incentive for American individuals and/or companies in diverse fields such as science, technology, agriscience, education and community service to sustain the status of the United States as a global leader in these fields.

For each program, the Foundation conducts a nationwide application solicitation; promotes and advertises all phases of each competition; and develops the Nomination forms and related materials such as Procedures and Criteria using successful systems and practices already in place. The Foundation receives most Nominations online on a secure website. The Foundation solicits Evaluators to serve on the national Evaluation Committees to assess the Nominations. The overall goal is to receive Nominations from all 50 States for each of the two programs.

AWARDS PROGRAMS

Christopher Columbus Awards

In 2013, the Foundation sponsored the 17th Annual *Christopher Columbus Awards* program which challenges teams of middle school students to explore opportunities for positive change in their communities. Teams of three or four middle school students and adult coaches identify community issues and use the scientific process to solve them. The areas of students' concerns are diverse.

The awards program has attracted over 20,000 'everyday' students from all across the United States, and appeals to educators who are increasingly looking to develop critical thinking skills in students while meeting State and Federal standards. The program:

- encourages STEM Initiatives - President's Educate to Innovate
- teaches the scientific method while solving everyday problems
- is a cross-curricular activity that meets the National Science Education Standards
- helps address the performance gap in U.S. science education by encouraging critical thinking skills and team problem solving in all students
- introduces hands-on discovery learning
- addresses the service learning aspect of many current curricula
- encourages community service

Christopher Columbus Awards (cont'd)

The program attracts many students who may not typically enter a science competition. More than half of the entrants are girls, and more than a fourth are from diverse ethnic and cultural backgrounds, statistics which are higher than those of most science competitions.

For the third consecutive year, the Foundation was invited to have a winning student team at the White House Science Fair. The 2012 Gold Medal winning team developed the *Incrediveyor!*, a grocery checkout belt made of hydrophobic, Teflon-coated glass fiber fabric that is continuously sanitized.

This year, eight Finalist teams and their coaches attended National Championship Week, where they took part in National Judging and the **Christopher Columbus Academy**, a custom-designed educational program conducted by scientists, engineers and educators at Walt Disney World® in Orlando, Florida.

Finalist teams compete for prizes including Gold Medals, cash prizes and the **\$25,000 Columbus Foundation Community Grant**. Each member of two Gold Medal winning teams receives \$2,000. The grant provides seed money to implement the team's community solution. In 2013, the Foundation also presented a team with the Chairman' Award.

The two **Gold Medal winners** in the 2013 *Christopher Columbus Awards* program were:

- **S.L.I.D.E.: Solar Light Indicating Danger Ecologically** - Four team members from Roan Mountain, Tennessee, found that on a hot day, playground equipment could become hot enough to cause second to third-degree burns. The team developed S.L.I.D.E., a solar-powered warning system designed to detect surface temperature and to visually alert playground visitors when the surface becomes dangerously hot.
- **The Biodiesel Weasels** – Four team members from Federal Height, Colorado, were concerned about the price of fuel for their school busses. The team developed a biodiesel fuel that would “top off” the fuel tanks of the busses, and reduce the transportation costs.

\$25,000 Columbus Foundation Community Grant winning team:

- **Zero Waste Team** – A team of three students from Hockessin, Delaware, found that Delaware's landfills are almost full to capacity. The team developed an outreach program consisting of residential curbside composting, business composting and composting education.

Special Chairman's Award:

Occasionally, the Foundation honors an outstanding team with the special Chairman's Award, and the award was presented this year.

- **Flame On!** – A team of three students from Whiteface, Texas, redesigned a roofing shingle that contains polymers to help reduce a rooftop's flammability to frequent wildfires.

Christopher Columbus Awards (cont'd)

Other past winners have included:

- Team of Native American girls who built a study hall on the Crow Indian Reservation in Montana out of straw bales;
- Team of students from Pennsylvania who developed a video/motion sensor device to deter motorists from trying to illegally pass stopped school buses;
- Another team from Pennsylvania developed a handheld grocery scanner that quickly deciphers food labels to detect whether the item contains allergens such as dyes or nuts;
- Team from West Branch, Iowa, felt there was an environmental hazard caused by used oil filters being disposed of in household trash. They developed an awareness campaign to educate the public about the dangers of placing used oil filters in landfills. Proper disposal is now Iowa State law thanks to the students' efforts in working with elected State officials.

Other examples of return on investment for this program include six teams who have received United States Patents and provisional Patents on their ideas. A majority of students who have participated in the program have gone on to major in science in college as a result of becoming involved in the program. A complete list of past winners can be found on the website below.

The **Christopher Columbus Awards** program is sponsored by the Christopher Columbus Fellowship Foundation and is endorsed by the Association of Middle Level Education and the National Association of Secondary School Principals. Please visit: www.christophercolumbusawards.com for more information on the program.

The 2012-2013 budget was as follows:

Program Management	\$154,089
National Championship Week	<u>72,653</u>
Total	\$226,742

Agriscience Awards

Agriculture is the bedrock of American life, and is vital to our sustained security and relief from foreign market dependency. The umbrella of agriculture includes the production of plants, animals and related supplies, mechanics, products processing and marketing. According to the National FFA, approximately 21 million Americans work in agriculture (farming). Agriscience careers include botanists, food scientists, geneticists, microbiologists, quality assurance specialists, research technicians, soil scientists, water quality specialists and veterinarians, to name a few.

In 2013, the Foundation presented the Fourth Annual **Agriscience Awards** in partnership with the American Farm Bureau Federation. The Foundation sponsored four monetary **Agriscience Awards** totaling \$17,000 to recognize United States citizens including a scientist, educator and students who are judged to promote and exemplify excellence in agriscience.

Agriscience Awards (cont'd)

\$10,000 Distinguished Agriscience Scientist Award

Michael P. Doyle, Ph.D., Regents Professor and Director, Center for Food Safety, University of Georgia, Griffin, GA, was awarded a *\$10,000 Distinguished Agriscience Scientist Award*.

A native of Madison, Wisconsin, Dr. Doyle received his B.S., M.S., and Ph.D. degrees from the University of Wisconsin-Madison in bacteriology/food microbiology. From 1977 to 1980 he was senior project leader of corporate microbiology at Ralston Purina Company, and from 1980 to 1991 he advanced from assistant professor to Wisconsin Distinguished Professor of Food Microbiology, Food Research Institute, University of Wisconsin-Madison. He is an active researcher in the area of food safety and security and works closely with the food industry, government agencies, and consumer groups on issues related to the microbiological safety of foods.

\$5,000 Agriscience Educator Award

Sara Clark grew up in Waycross, Georgia, working in a commercial greenhouse. She has taught agricultural education for over 20 years and motivates secondary school students to develop their personal interest from the many fields of Agriscience. She provides opportunities and facilitates the learning process by providing an environment that encourages students to explore.

On any given day, her room will have at least 10 students after school creating surveys to determine vegetable buying preferences of teachers, to practicing livestock evaluation oral reasons. By encouraging students to be independent learners and setting high expectations, she says it is truly amazing to witness their discoveries as they unfold. Sonoraville High School's Agriscience student body has won many State and national FFA CDEs through the implementation of inquiry-based learning, teaching others, and self-directed learning.

Sara earned her Bachelor, Masters, and Specialist degrees in Agricultural Education from the University of Georgia. Last year, she completed her Ph.D. in Agricultural Education from Auburn University and completed research concerning correlation of secondary agricultural education students' science achievement to number of agricultural education courses passed.

Agriscience Awards (cont'd)

\$1,000 Agriscience Student Award

Jillian Drake's agriscience research has concentrated on the plant pathogen 'Candidatus Liberibacter' which causes severe diseases in citrus and solanaceous crops, such as tomato, potato and pepper. She has worked at the USDA Agricultural Research Service's National Clonal Germplasm Repository for Citrus & Dates in Riverside, CA, under the supervision of Dr. Manjunath Keremane, Dr. Chandrika Ramadugu and Dr. Richard Lee. Jillian completed multi-year projects researching new methods of disease detection and the role of bacteriophage in disease expression for this pathogen. As this bacterium is non-culturable, it requires DNA analysis for its detection, and through her research Jillian was able to validate a new method of DNA extraction of the psyllid vector which was more efficient and less costly, while maintaining sensitivity. Additionally, Jillian was able to determine that lytic bacteriophage appears to increase disease virulence within plants infected with this pathogen.

Jillian plans to continue her research at the USDA-ARS laboratory on this pathogen, and intends to continue her agriscience research. She will be attending college in the Fall. She plans on pursuing a degree in bioengineering, specifically relating to topics in agricultural science, with the hope of attaining an advanced degree and pursuing agricultural research for a career.

\$1,000 Agriscience Student Award

In 7th grade, **Kellie Einck** started researching xylitol as a science fair project, with the hope of becoming a dentist. Her 7th and 8th grade years were spent determining xylitol's anti-carcinogenic properties.

After becoming more aware of current affairs and the growing alternative fuels dilemma, Kellie moved on to making cellulosic ethanol in 9th grade. In 10th grade, she took an animal science class and watched a video lecture on ruminant digestion, and made a connection between ethanol fermentation and ruminant digestion. A ruminant animal has four stomach compartments; in the rumen, material is broken down by bacteria and microorganisms then ferment before passing into the next compartment. Kellie saw this as an opportunity to improve efficiency in the ethanol industry. She constructed an artificial rumen from PVC pipe, a rotisserie and an aquarium heater.

During the first year using the artificial rumen, she used *Streptococcus Gallolyticus* as the hydrolyzer to break down the sugar bonds. After fermentation within the rumen, the liquids were distilled and sent to Little Sioux Corn Processors' ethanol plant in Marcus, Iowa for HPLC analysis to determine ethanol, water and denaturant concentration. With results being less than hoped for, she moved to using a whole bacteria sample directly from rumen of bovine rather than one strain of bacteria. HPLC results showed improvement. In the future, Kellie hopes to pinpoint the perfect combination of bacteria strains for optimum fermentation and improve her artificial rumen.

Agriscience Awards (cont'd)

AWARDS PROGRAM BUDGETS

<i>Christopher Columbus Awards</i>	\$226,742
<i>Agriscience Awards</i>	18,336
Winners' Travel	<u>3,659</u>
	\$ 21,995
TOTAL	\$248,737

POLICY AND FUNDING PRIORITIES

The Foundation's main policy is to encourage and promote American innovation in multiple areas. The Foundation furthers President Obama's goals of **economic growth** by encouraging and rewarding new discoveries in agricultural research. The funds bestowed by the Foundation on innovative Americans oftentimes leads to additional funding and recognition for the research as well as for the recipients. The Foundation makes an **investment in the future** by encouraging and rewarding middle and high schools students during a critical developmental stage in their lives. Students at this age are constantly coming to crossroads—which direction their future should take—and the Foundation presents positive and exciting experiences which allow them to present their ideas to adults and be taken seriously. The Foundation has testimonials from students, parents and teachers that laud the Foundation's programs for presenting vital and positive programs that change the lives of these students forever. The programs fortify the students' desire to achieve in everything they pursue, and reinforces their understanding of the need for community service.

PROGRAMMATIC INCREASES OR ANOMALIES

The Foundation requested \$676,000 in funding for FY 2013. However, the Foundation received funding of \$426,462, which is \$149,654 less than the amount received in 2012.

FINANCIAL PERFORMANCE OVERVIEW

As of September 30, 2013, the financial condition of the Christopher Columbus Fellowship Foundation is sound. The accompanying financial statements have been prepared in conformity with the hierarchy of accounting principles approved by the Federal Accounting Standards Advisory Board and the Office of Management and Budget Circular A-136, Financial Reporting Requirements.

SOURCES OF FUNDS

In FY 2013, the Foundation received a Congressional appropriation to support its programs and other collections. The Foundation received a no-year appropriation that may be used, within statutory limits, for operating expenditures. The appropriated budget authority for FY 2013 was \$426,462.

The Foundation has \$549,863 remaining in its trust fund maintained with the U.S. Treasury. The Foundation uses the General Services Administration (GSA) as its accounting and payroll service provider. GSA also assists the Foundation in preparing its financial statements, along with financial reports due to OMB.

AUDIT RESULTS

The Foundation received an unqualified audit opinion of FY 2013 financial operations. There were no material internal control weaknesses or instances of substantial noncompliance with relevant laws and regulations that could have a material impact on the financial statements.

FINANCIAL STATEMENTS

The financial statements summarize the financial activity and financial position of the Foundation in FY 2013. The financial statements and notes appear in Part III, Financial Section.

The principal financial statements have been prepared to report the financial position and results of operations of the Foundation, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the Foundation in accordance with GAAP for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used 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.

MANAGEMENT CONTROLS, SYSTEMS AND COMPLIANCE

The Accountability of Tax Dollars Act (ATDA) requires Federal agencies to provide an annual statement of assurance regarding management controls and financial systems. The statement of assurance is provided in the Statement of Assurance from the Chair at the beginning of the Performance and Accountability Report. This statement was based on the review and consideration of internal analyses, reconciliations and the independent auditor's opinion on the Foundation's financial statements.

PROMPT PAYMENT ACT

The Prompt Payment Act requires Federal agencies to make timely payments to vendors, including any interest penalties for late invoice payments. In FY 2013, the Foundation did not pay any interest penalties on invoices processed.

ACCOUNTABILITY OF TAX DOLLARS ACT (ATDA)

The Accountability of Tax Dollars Act (ATDA) requires Federal agencies to report on agency substantial compliance with Federal financial management system requirements, Federal accounting standards, and the U.S. Government Standard General Ledger. Under this law, the agency head is required to assess and report on whether these systems comply with ATDA on an annual basis. In assessing compliance with ATDA, the Foundation adheres to ATDA implementation guidance provided by OMB and considers the results of annual financial statement audits and any other information available. Based on all of the information considered, the Executive Director has determined that the Foundation is compliant with ATDA requirements.

IMPROPER PAYMENTS INFORMATION ACT

The Improper Payments Information Act (PL 107-300) defined requirements to reduce improper/erroneous payments made by the Federal government. OMB also has established specific reporting requirements for agencies with programs that possess a significant risk of erroneous payments and for reporting on the results of recovery auditing activities. A significant erroneous payment as defined by OMB guidance is an annual payment in a program that exceeds both 2.5 percent of the program payments and \$10 million.

The Foundation has not identified any programs where significant erroneous payments have occurred within the agency. The agency will continue to review programs on an annual basis to determine if any significant erroneous payments exist.

PART II: PERFORMANCE SECTION

The Foundation confidently and efficiently administers competitions to present cash awards to advance the research, development, demonstration and commercial application of each program. The goal of each competition is to encourage new innovations and provide incentive for American individuals and/or companies in diverse fields such as science, technology, agriscience, education and community service to sustain the status of the United States as a global leader in these fields.

For each program, the Foundation conducts a nationwide nomination solicitation; promotes and advertises all phases of each competition; and develops the Nomination forms and related materials such as Procedures and Criteria using successful systems and practices already in place. The Foundation receives most Nominations online on a secure website. The Foundation solicits Evaluators to serve on the national Evaluation Committees to assess the Nominations. The overall goal is to receive Nominations from all 50 States for each of its programs.

Performance by Strategic Goals

1. Each award competition offered by the Foundation is a unique opportunity for innovative Americans “in all walks of life” to improve the quality of life for all U.S. citizens. The Foundation takes on the challenge to locate and encourage these individuals and companies.

The Foundation issues a Call for Nominations/Entries for each competition through online and mail solicitations, publications and word of mouth. The Foundation’s goal is to receive Nominations/Entries from all 50 States for each competition. Staff promotes the programs to area schools and local universities as well as nationwide.

Nominations for all competitions will be received online beginning in 2014.

2. Work with Federal government agencies, government laboratories, colleges, universities, secondary and middle schools, companies and corporations.

The staff continually develops relationships with each of the above mentioned entities to encourage Nominations/Entries for each of its programs.

3. *Publicize the competitions nationwide.*

The staff continues to develop relationships with nationwide magazines, newspapers, and appropriate associations and government agencies to promote the competitions. This assists in promoting the competitions nationwide.

4. *Provide a network by which the recipients can pursue the development and funding of their inventions and innovations.*

The Foundation would like to become more involved in assisting award recipients in taking their innovation to the next level, facilitate a partnership with potential sponsors and open avenues for collaboration.

5. *Promote STEM education in middle and high schools across the nation to instill in the youth of America the importance these subjects play in their own lives, as well as to ensure the United States remains a global leader.*

Work with the U.S. Department of Education, Department of Education in each State, as well as middle and high schools around the country. The Foundation's *Christopher Columbus Awards*, designed exclusively for middle school students, promotes community service as well as STEM initiatives. The *Agriscience Awards* honor high school educators as well as high school students who exemplify excellence in the study of agriscience.

6. *As a Federal government agency, the Foundation continues to be an integral partner with other Federal and non-Federal agencies and associations in setting long-term goals for encouraging innovation and STEM education.*

The staff would like to attend and participate in more National conferences on STEM education, and continue to be a leader and dissemination point for "cutting edge" information on inventions, innovation and STEM education.



THE CHRISTOPHER COLUMBUS FELLOWSHIP FOUNDATION

GENERAL/TRUST FUND

**FY 2013
FINANCIAL STATEMENTS**

CHRISTOPHER COLUMBUS FELLOWSHIP FOUNDATION

CONSOLIDATED BALANCE SHEET

As of September 30, 2013 and 2012

		2013	2012
Assets:			
Intragovernmental:			
Fund Balance With Treasury	(Note 2)	\$ 570,714	\$ 681,636
Total Intragovernmental		570,714	681,636
Total Assets		\$ 570,714	\$ 681,636
Liabilities:			
Intragovernmental:			
Accounts Payable	(Note 3)	\$ 19	\$ 490
Other:	(Note 4)		
Employee Benefits		519	501
Total Intragovernmental		538	991
Liabilities With the Public:			
Accounts Payable	(Note 3)	17,580	292
Accrued Funded Payroll and Leave		2,719	2,641
Employer Contributions and Payroll Taxes Payable		14	30
Unfunded Leave		18,616	17,205
Total Liabilities With the Public		38,929	20,168
Total Liabilities		\$ 39,467	\$ 21,159
Net Position:			
Cumulative Results of Operations - Other Funds		531,247	660,477
Total Net Position		531,247	660,477
Total Liabilities and Net Position		\$ 570,714	\$ 681,636

*FY 2012 Amounts may be off by a dollar due to rounding.

The accompanying notes are an integral part of these statements.

**CHRISTOPHER COLUMBUS FELLOWSHIP FOUNDATION
CONSOLIDATED STATEMENT OF NET COST**

For the Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Program Costs:		
CCFF:		
Gross Costs	578,418	651,312
Net Program Costs	578,418	651,312
Net Cost of Operations	\$ 578,418	\$ 651,312

*FY 2012 Amounts may be off by a dollar due to rounding.

The accompanying notes are an integral part of these statements.

CHRISTOPHER COLUMBUS FELLOWSHIP FOUNDATION

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the Years Ended September 30, 2013 and 2012

	2013	2012
Cumulative Results of Operations:		
Beginning Balances	\$ 660,477	\$ 714,727
Budgetary Financing Sources:		
Appropriations Used	426,462	573,762
Non-exchange Revenue	115	116
Other Financing Resources (Non-Exchange):		
Imputed Financing	22,611	23,184
Total Financing Sources	449,188	597,062
Net Cost of Operations (+/-)	578,418	651,312
Net Change	(129,230)	(54,250)
Cumulative Results of Operations	\$ 531,247	\$ 660,477
Unexpended Appropriations:		
Beginning Balances	\$	\$ 123,762
Budgetary Financing Sources:		
Appropriations Received	450,000	450,000
Other Adjustments	(23,538)	
Appropriations Used	(426,462)	(573,762)
Total Budgetary Financing Sources	(23,990)	(123,762)
Net Position	\$ 531,247	\$ 660,477

*FY 2012 Amounts may be off by a dollar due to rounding.

The accompanying notes are an integral part of these statements.

CHRISTOPHER COLUMBUS FELLOWSHIP FOUNDATION

COMBINED STATEMENT OF BUDGETARY RESOURCES

For the Years Ended September 30, 2013 and 2012

	<u>2013</u> <u>Budgetary</u>	<u>2012</u> <u>Budgetary</u>
BUDGETARY RESOURCES		
Unobligated balance brought forward, October 1	\$ 666,491	\$ 824,431
Recoveries of prior year unpaid obligations (unobligated balances)	1,123	7,874
Unobligated balance from prior year budget authority, net	667,614	832,305
Appropriations (discretionary and mandatory)	853,039	1,026,232
Spending authority from offsetting collections		2,560
Total budgetary resources	<u>\$ 1,520,653</u>	<u>\$ 1,861,096</u>
 STATUS OF BUDGETARY RESOURCES		
Obligations incurred	(Note 7) \$ 970,790	\$ 1,194,605
Exempt from apportionment	549,863	666,491
Unobligated balance brought forward, end of year	549,863	666,491
Total budgetary resources	<u>\$ 1,520,653</u>	<u>\$ 1,861,096</u>
 CHANGE IN OBLIGATED BALANCE		
Unpaid obligations, brought forward, October 1 (gross)	\$ 15,145	\$ 43,323
Obligations incurred	970,790	1,194,605
Outlays (gross) (-)	(963,961)	(1,214,908)
Recoveries of prior year unpaid obligations (-)	(1,123)	(7,874)
Unpaid obligations, end of year	(Note 8) 20,851	15,145
Obligated balance, start of year (net)	<u>\$ 15,145</u>	<u>\$ 43,323</u>
Obligated balance, end of year (net)	<u>\$ 20,851</u>	<u>\$ 15,145</u>
 BUDGET AUTHORITY AND OUTLAYS, NET		
Budget authority, gross (discretionary and mandatory)	\$ 853,039	\$ 1,028,792
Actual offsetting collections (discretionary and mandatory) (-)		(2,560)
Budget authority, net (discretionary and mandatory)	853,039	1,026,232
Outlays, gross (discretionary and mandatory)	963,961	1,214,908
Actual offsetting collections (discretionary and mandatory) (-)		(2,560)
Outlays, net (discretionary and mandatory)	<u>\$ 963,961</u>	<u>\$ 1,212,348</u>
Distributed offsetting receipts (-)	426,462	576,116
Agency outlays, net (discretionary and mandatory)	<u>\$ 537,499</u>	<u>\$ 636,233</u>

*FY 2012 Amounts may be off by a dollar due to rounding.

The accompanying notes are an integral part of these statements.

Christopher Columbus Fellowship Foundation
Notes to Financial Statements
September 30, 2013 and 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Christopher Columbus Fellowship Foundation (“The Foundation”) is an independent agency of the Executive Branch of the United States Government. The Foundation was established in 1992 to encourage and support research, study, and labor designed to produce new discoveries in all fields of endeavor, with an emphasis on nurturing and recognizing pioneering individuals and programs that reflect the visionary spirit and pioneering heritage of Christopher Columbus. The Foundation is governed by a Board of Trustees appointed by the President of the United States.

In 1992 Americans celebrated the 500th anniversary of the discovery of the Americas, and the United States Congress joined in the commemoration by passing Public Law 102-281, the Christopher Columbus Quincentenary Coins and Fellowship Foundation. The initial funding for the Christopher Columbus Foundation was derived from the sale of three denominations of specially minted coins sold by the United States Mint from August 1992-June 1993. The coin sales surcharges constituted the Foundation's endowment thus establishing a living legacy of explorer Christopher Columbus. The Foundation is responsible for managing this endowment. The Foundation also receives interest income from the trust fund assets, Congressional appropriations, and private donations. The reporting entity consists of the Foundation and the associated Trust Fund established at the U.S. Treasury.

The Foundation continually targets and monitors outstanding innovations and research being conducted around the country throughout the year. The Foundation developed awards programs to encourage and honor these efforts including science and agriscience education and community service. The programs sponsored by the Foundation are constantly changing and evolving as new discoveries and technological breakthroughs by American innovators and educators emerge throughout the country.

The Foundation's goals are to raise awareness and honor the “cutting edge” research being conducted by Americans around the country, whether in schools, universities, companies or government labs and to encourage community service. The Foundation currently strives to promote science and agriscience education, research, community service and honor educators.

Basis of Presentation

These financial statements have been prepared from the accounting records of the Foundation in accordance with generally accepted accounting principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB), and the form and content for entity financial statements specified in Office of Management and Budget (OMB) Circular A-136, “Financial Reporting Requirements.” GAAP for Federal entities is the hierarchy of accounting principles prescribed in Statement of Federal Financial Accounting Standards (SFFAS) 34, “The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards issued by the Financial Accounting Standards Board.”

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

OMB Circular No. A-136 requires agencies to prepare principal statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources. The balance sheet presents, as of September 30, 2013, amounts of future economic benefits owned or managed by the Foundation (assets), amounts owed by the Foundation (liabilities), and amounts which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within the Foundation and other reporting entities. The Statement of Budgetary Resources reports an agency's budgetary activity.

Due to the way federal accounting works, the Statement of Budgetary Resources is reported on a combined basis as opposed to the consolidated basis of the proprietary statements. Therefore, the reporting effect is to show the appropriations received line of the Statement of Budgetary Resources as being doubled. All other effects of the inter fund transfer eliminate between the general fund and the trust fund due to the consolidated basis of the proprietary financial statements.

Basis of Accounting

Transactions are recorded on the accrual accounting basis of accounting in accordance the standards used in the preparation of the accompanying financial statements, which are issued by the Federal Accounting Standards Advisory Board and represent accounting principles generally accepted in the United States of America for U.S. government entities. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to the receipt or payment of cash.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Budgets and Budgetary Accounting

The Foundation follows standard federal budgetary accounting policies and practices in accordance with OMB Circular A-11, "Preparation, Submission, and Execution of the Budget," dated June 2008. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. For Fiscal Years (FY) 2013, 2012, 2011, 2010, 2009, and 2008, Congress provided the Foundation with no-year appropriations to incur obligations in support of agency programs. The Foundation is accountable for these appropriations, which

Christopher Columbus Fellowship Foundation
Notes to Financial Statements
September 30, 2013 and 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

carryover if not expended. The Foundation recognizes budgetary resources as assets when cash (funds held by Treasury) is made available through warrants and when spending authority from the offsetting collection is incurred.

Revenues and Other Financing Sources

The Foundation has a general fund and a trust fund, which includes a receipt account that receives an inter fund transfer. The Foundation receives an annual appropriation from Congress, interest income, and private donations that may be used, within statutory limits, for operating and capital expenditures. Appropriations are recognized as revenues as the related program or administrative expenses are incurred. Inter fund transactions effect the financial presentation and disclosure. Appropriations are recorded in the general fund and are then transferred to the receipt account of the trust fund.

Other financing sources for the Foundation consist of imputed financing sources which are costs financed by other federal entities on behalf of the Foundation, as required by SFFAS No. 5, “Accounting for Liabilities of the Federal Government.” In certain instances, operating costs of the Foundation are paid out of funds appropriated to other federal agencies. In accordance with SFFAS 5, all expenses of a federal entity should be reported by that agency regardless of whether the agency will ultimately pay those expenses. Amounts for certain expenses of the Foundation, which will be paid by other federal agencies, are recorded in the Statement of Net Cost. A related amount is recognized in the Statement of Changes in Net Position as an imputed financing source. The Foundation records imputed expenses and financing sources for employee retirement plan contributions, group term life insurance, and health benefit costs, which are paid by the Office of Personnel Management (OPM).

Personnel Compensation and Benefits

Salaries and wages of employees are recognized as accrued payroll expenses and related liabilities as earned. These expenses are recognized as a funded liability when accrued. Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefit costs. An unfunded liability is recognized for earned but unused annual leave, since from a budgetary standpoint, this annual leave will be paid from future appropriations when employees use the leave. The amount accrued is based upon current pay rates for employees. Sick leave and other types of leave that are not vested are expensed when used and no future liability is recognized for these amounts.

The Foundation’s employees participate in one of three retirement programs, which include the Civil Service Retirement System (CSRS), the Federal Employees Retirement System (FERS), which became effective on January 1, 1987, or the Federal Employees Retirement System-- Revised Annuity Employee (FERS-RAE), which became effective January 1, 2013. The Foundation and its employees both contribute to these systems. The Foundation funds a portion of the benefits under CSRS, FERS, and FERS-RAE and makes the necessary payroll

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Personnel Compensation and Benefits (continued)

withholdings. However, it does not report assets associated with these benefit plans in accordance with SFFAS 5.

For CSRS employees, the Foundation contributes an amount equal to 7.0% of the employees' basic pay to the plan. For FERS employees, the Foundation contributes an amount equal to 11.9% of the employees' basic pay to the plan. For FERS-RAE employees, the Foundation contributes an amount equal to 9.7% of the employees' basic pay to the plan.

OPM is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employees government-wide, including the Foundation's employees. The Foundation has recognized an Imputed Cost and Imputed Financing Source for the difference between the estimated service cost and the contributions made by the Foundation and its covered employees. The estimated cost of pension benefits is based on rates issued by OPM.

All employees are eligible to participate in the Thrift Savings Plan (TSP). The TSP is a defined contribution retirement plan intended to supplement the benefits provided under CSRS and FERS. For FERS employees, the Foundation contributes an amount equal to 1% of the employee's basic pay to the TSP and matches employee contributions up to an additional 4%. CSRS employees receive no matching contribution from the Foundation.

Employees are entitled to participate in the Federal Employees Group Life Insurance (FEGLI) Program. Participating employees can obtain "basic life" term life insurance, with the employee paying two-thirds of the cost and the Foundation paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. OPM administers the FEGLI program and is responsible for the reporting of related liabilities. Each fiscal year, OPM calculates the U.S. Government's service cost for the post-retirement portion of basic life coverage. Because the Foundation's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Foundation has recognized the entire service cost of the post-retirement portion of basic life coverage as an Imputed Cost and Imputed Financing Source.

Assets and Liabilities

Intra-governmental assets and liabilities arise from transactions between the Foundation and other Federal entities.

Funds with the U.S. Treasury comprise the majority of assets on the Foundation's balance sheet. All other assets result from activity with non-federal sources.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets and Liabilities (continued)

Liabilities represent amounts that are likely to be paid by the Foundation as a result of transactions that have already occurred. The accounts payable portion of liabilities consists of amounts owed to federal agencies and commercial vendors for goods, services, and other expenses received but not yet paid.

Liabilities covered by budgetary or other resources are those liabilities of the Foundation for which Congress has appropriated funds, or funding is otherwise available to pay amounts due.

Fund Balance with Treasury

The U.S. Department of the Treasury (Treasury) processes the Foundation's receipts and disbursements. Fund Balance with Treasury is the aggregate amount of the Foundation's accounts with Treasury for which the Foundation is authorized to liquidate obligations, pay funded liabilities, and make expenditures. The fund balance is increased through the receipt of non-expenditure Treasury warrants for appropriations, interest income, private donations, positive non-expenditure transfers, and other expenditure inflows of funds. The fund balance is reduced through non-expenditure Treasury Warrants for rescissions, negative non-expenditure transfers, disbursements, and other expenditure cash outflows of funds.

General Property, Plant and Equipment, Net

Property, plant, and equipment (PP&E) have been defined in the Federal Government as tangible items owned by the Federal Government and having an expected useful life of greater than two years. The following policies will be effective for PP&E:

PP&E will be reported at acquisition cost.

The capitalization threshold will be established at \$5,000 for assets with a useful life of two or more years.

For bulk purchases, items will be capitalized when the individual useful lives are at least two years and have an aggregate value of \$100,000 or more.

Acquisitions of PP&E that do not meet the capitalization criteria will be recorded as operating expenses. General PP&E consists of items that are used by the Foundation to support its mission.

Depreciation on these assets is calculated using the straight-line method. Depreciation begins the month after the asset is placed in service.

Christopher Columbus Fellowship Foundation
Notes to Financial Statements
September 30, 2013 and 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Property, Plant and Equipment, Net (continued)

Useful lives are as follows:

Equipment -	4 years
Furniture -	4 years

Maintenance, repairs and minor renovations are expensed as incurred. Expenditures that materially increase values, change capacities or extend useful lives are capitalized.

The costs of any leasehold improvements financed with the Foundation's appropriated funds will be capitalized if the total cost exceeds \$25,000. Construction costs will be accumulated as "construction in-progress" until completion and then transferred and capitalized as a "leasehold improvements." Leasehold improvements are depreciated over the lesser of 7 years or the remaining life of the underlying lease.

Internal use software development and acquisition costs of \$25,000 will be capitalized as "software development-in-progress" until the development stage is completed and the software is successfully tested. At acceptance, "software development-in-progress" costs are reclassified as "internal use software" and amortized using the straight-line method over an estimated useful life of 4 years. Purchased commercial software that does not meet the capitalization criteria will be expensed. Enhancements that do not add significant new capability or functionality will be expensed.

Prepaid and Deferred Charges

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

Liabilities

Liabilities represent amounts expected to be paid as the result of a transaction or event that has already occurred. Liabilities covered by budgetary resources are liabilities incurred which are covered by realized budgetary resources as of the balance sheet date. Available budgetary resources include new budget authority, spending authority from the offsetting collections, recoveries of unexpired budget authority through downward adjustments of prior year obligations, and unobligated balances of budgetary resources at the beginning of the year. Unfunded liabilities are not considered to be covered by such budgetary resources. Examples of unfunded liabilities are actuarial liabilities for future Federal Employees' Compensation Act (FECA) payments and annual leave. The Government, acting in its sovereign capacity, can abrogate liabilities arising from other than contracts.

Christopher Columbus Fellowship Foundation
Notes to Financial Statements
September 30, 2013 and 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingencies

The criteria for recognizing contingencies for claims are (1) a past event or exchange transaction has occurred as of the date of the statements; (2) a future outflow or other sacrifice of resources is probable; and (3) the future outflow or sacrifice of resources is measurable (reasonably estimated). The Foundation recognizes material contingent liabilities in the form of claims, legal action, administrative proceedings and environmental suits that have been brought to the attention of legal counsel, some of which will be paid by the Treasury Judgment Fund. It is the opinion of management and legal counsel that the ultimate resolution of these proceedings, actions and claims, will not materially affect the financial position or results of operations.

Net Position

Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent amounts of budget authority to include unobligated or obligated balances not rescinded or withdrawn. Cumulative results of operations is comprised of the following: (1) the difference between revenues and expenses, (2) the net amount of transfers of assets in and out without reimbursement, and (3) donations, all since inception of the fund(s).

NOTE 2 – FUND BALANCE WITH TREASURY

The Foundation's Fund Balance with Treasury is derived from the remainder of funds from coin sale surcharges described in Note 1, investment interest revenue, appropriations, and private donations. The table below displays the composition of Fund Balance with Treasury. Since the Trust Fund is invested in cash and cash equivalents (U.S. Treasury debt instruments with maturities of three months or less), there is no specific line item for investments.

	2013	2012
A. Fund Balance with Treasury		
Trust Fund (Investment & Cash)	\$ 570,714	\$ 681,636
Total (Investment & Cash)	\$ 570,714	\$ 681,636
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	549,863	666,491
2) Obligated Balance not yet Disbursed	20,851	15,145
Total	\$ 570,714	\$ 681,636

Christopher Columbus Fellowship Foundation
Notes to Financial Statements
September 30, 2013 and 2012

NOTE 3 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities of the Foundation are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2013, the Foundation showed liabilities covered by budgetary resources of \$20,851 and liabilities not covered by budgetary resources of \$18,616. As of September 30, 2012, the Foundation showed liabilities covered by budgetary resources of \$3,954 and liabilities not covered by budgetary resources of \$17,205.

As of September 30, 2013, liabilities covered by budgetary resources was composed of Accounts Payable \$17,599, Accrued Funded Payroll and Leave \$2,719, and Employer Contributions and Payroll Taxes Payable \$533. As of September 30, 2012, liabilities covered by budgetary resources was composed of Accounts Payable \$782, Accrued Funded Payroll and Leave \$2,641, and Employer Contributions and Payroll Taxes Payable \$531.

	<u>2013</u>	<u>2012</u>
With the Public		
Other	\$ 18,616	\$ 17,205
Total liabilities not covered by budgetary resources	18,616	17,205
Total liabilities covered by budgetary resources	<u>20,851</u>	<u>3,954</u>
Total Liabilities	<u>\$ 39,467</u>	<u>\$ 21,159</u>

NOTE 4 – OTHER LIABILITIES

As of September 30, 2013, other liabilities with the public consisted of Accrued Funded Payroll and Leave of \$2,719, Unfunded Leave in the amount of \$18,616, and employer contributions and payroll taxes payable – TSP of \$14. Other Intragovernmental liabilities consist of employer contributions and payroll taxes payable \$519. As of September 30, 2012, other liabilities with the public consisted of Accrued Funded Payroll and Leave of \$2,641, Unfunded Leave in the amount of \$17,205, and employer contributions and payroll taxes payable – TSP of \$30. Other Intragovernmental liabilities consist of employer contributions and payroll taxes payable \$501.

	<u>With the Public</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2013	Other Liabilities	18,616	2,733	\$21,349
2012	Other Liabilities	17,205	2,671	\$19,876

	<u>Intragovernmental</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2013	Other Liabilities		519	\$519
2012	Other Liabilities		501	\$501

Christopher Columbus Fellowship Foundation
Notes to Financial Statements
September 30, 2013 and 2012

NOTE 5 - LEASES

The Foundation leases office space at 110 Genesee Street in Auburn, New York. The lease was entered into in February 2000, and had an original expiration date of April 2003. The original lease contained two subsequent options to extend the lease. These were exercised in May 2003 and May 2005, and each option extended the lease for two years. In April 2007, the Foundation negotiated another option and the lease was extended for two years. In February 2009, the Foundation negotiated a one year extension with the option to extend the lease for one additional year. In January 2011, the Foundation negotiated a one year lease extension (May 10, 2011 – April 30, 2012) with the option to extend for one year. In 2013, the Foundation extended the lease through December 2013 with no increase to the monthly payments.

The Foundation leases a copier. The lease was entered into in April 2009 and has a 60-month term. The following is a schedule of minimum lease payments required by the lease:

<u>Fiscal Year Ended</u>	<u>Minimum Lease Payments</u>
September 30, 2013	2,064
September 30, 2014	1,032
	<u>\$ 3,096</u>

NOTE 6 – INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs are those of goods/services purchased from a federal entity.

	<u>Total 2013</u>	<u>Total 2012</u>
Program A		
Intragovernment costs	65,276	104,795
Public costs	513,142	546,516
Total Program A	<u>578,418</u>	<u>651,312</u> *

*Rounding

NOTE 7 – APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Apportionment is a plan, approved by OMB, to spend resources provided by one of the annual appropriations acts, a supplemental appropriations act, a continuing resolution, or a permanent law (mandatory appropriations). Resources are apportioned by Treasury Account Fund Symbol (TAFS). The apportionment identifies amounts available for obligation and expenditure. It specifies and limits the obligations that may be incurred and expenditures made (or makes other limitations, as appropriate) for specified time periods, programs, activities, projects, objects, or

Christopher Columbus Fellowship Foundation
Notes to Financial Statements
September 30, 2013 and 2012

**NOTE 7 – APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED
(CONTINUED)**

any combination thereof. An apportioned amount may be further subdivided by an agency into allotments, suballotments, and allocations.

All of the Foundation’s obligations incurred are considered direct. None are reimbursable. Obligations incurred for the Foundation include both Category B apportionments and obligations exempt from apportionment, as defined by OMB Circular A-11, and reported on the Foundation’s latest SF 132. Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories. The direct obligations against the Foundation’s appropriated funds are Category B. The direct obligations for the Foundation’s trust fund are exempt from apportionment. The table below presents the distribution of obligations incurred by apportionment category for the fiscal years ended September 30, 2013 and 2012.

	Total 2013	Total 2012
Direct		
Category A	426,462	
Category B		576,116
Exempt From Apportionment	544,328	618,489
Total Obligations	\$970,790	\$1,194,605

*Rounding

NOTE 8 – UNDELIVERED ORDERS AT THE END OF THE PERIOD

Undelivered orders represent the value of goods and services ordered and obligated that have not been received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred. The amount of Unpaid Obligated Balance, Net, End of Period includes obligations relating to Undelivered Orders (good and services contracted for but not yet received at the end of the year) and Accounts Payable (amounts owed at the end of the year for goods and services received).

	Undelivered Orders	Accounts Payable	Unpaid Obligated Balance, Net
2013	\$ -	\$ 20,851	\$ 20,851
2012	\$ 11,191	\$ 3,954	\$ 15,145

Christopher Columbus Fellowship Foundation
Notes to Financial Statements
September 30, 2013 and 2012

NOTE 9 – RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET

Budgetary resources obligated are obligations for personnel, goods, services, benefits, etc. made by the Foundation in order to conduct operations or acquire assets. Other (i.e., non-budgetary) financing resources are also utilized by the Foundation in its program (proprietary) operations. For example, spending authority from offsetting collections and recoveries are financial resources from the recoveries of prior year obligations (e.g., the completion of a contract where not all the funds were used) and refunds or other collections (i.e., funds used to conduct operations that were previously budgeted). An imputed financing source is recognized for future federal employee benefits costs incurred for the Foundation employees that will be funded by OPM. Changes in budgetary resources obligated for goods, services, and benefits ordered but not yet provided represents the difference between the beginning and ending balances of undelivered orders (i.e., good and services received during the year based on obligations incurred the prior year represent a cost of operations not funded from budgetary resources). Resources that finance the acquisition of assets are budgetary resources used to finance assets and not cost of operations (e.g., increases in accounts receivables or capitalized assets). Financing sources yet to be provided represents financing that will be provided in future periods for future costs that are recognized in determining the net cost of operations for the present period. Specifically, financing sources equal the difference between the opening and ending balances of Liabilities Not Covered by Budgetary Resources. Finally, components not requiring or generating resources are costs included in the net cost of operations that do not require resources (e.g., depreciation and amortized expenses of assets previously capitalized).

A reconciliation between budgetary resources obligated and net cost of operations (i.e., providing an explanation between budgetary and financial (proprietary) accounting) is as follows (note: in prior years this information was presented as a separate financial statement (the Statement of Financing)):

	FY 2013	FY 2012
Budgetary Resources Obligated	\$970,790	\$1,194,605
Spending Authority from Recoveries and Offsetting Collections	1,123	10,434
Distributed Offsetting Receipts	(426,462)	(576,116)
Imputed Financing from Costs Absorbed by Others	22,611	23,184
Changes in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	(11,191)	(19,877)
Other Resources or Adjustments to Net Obligated Resources That Do Not Affect Net Cost of Operations		(200)
Financing Sources Yet to be Provided	1,411	(4)
Net Cost of Operations	\$578,418	\$651,312

Christopher Columbus Fellowship Foundation
Notes to Financial Statements
September 30, 2013 and 2012

NOTE 10 – RESTATEMENT

Statement of Federal Financial Accounting Standards (SFFAS) 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds* amends SFFAS 27, *Identifying and Reporting Earmarked Funds*, by:

- changing the term "earmarked funds" to "funds from dedicated collections.”
- modifying the definition of a fund from dedicated collections by clarifying that at least one source of funds external to the federal government must exist for a fund to qualify as a fund from dedicated collections, and
- adding an explicit exclusion for any fund established to account for pensions, other retirement benefits, other postemployment or other benefits provided for federal employees (civilian and military).

Based on the revised definition, the Foundation, which receives the majority of its funding from Federal appropriations and did not receive a material amount of funding in FY 2013 that meets the revised definition. There is no cumulative effect on the Foundation's net position, since the funds are transferred to the Trust Fund and captured under cumulative results of operations. Therefore, the primary change to the financial statements is in the presentation. The Foundation's restated amounts on the principal statements and notes specific to FY 2012 to eliminate any reference to Earmarked Funds.

NOTE 11 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after the balance sheet date as of September 30, 2013 and through December 10, 2013, the date the financial statements were available for release. Based upon this evaluation, the Foundation has determined that no subsequent events have occurred which require disclosure in the financial statements.

Independent Auditor's Report

November 27, 2013

Independent Auditor's Report

Foundation Chair and Executive Director
Christopher Columbus Fellowship Foundation
Auburn, NY

Report on the Financial Statements

We have audited the accompanying financial statements of the Christopher Columbus Fellowship Foundation (“the Foundation”), which comprise the consolidated balance sheets as of September 30, 2013 and 2012, the related consolidated statements of net cost and changes in net position, and combined budgetary resources for the years then ended, and the related notes to the financial statements (hereinafter referred to as “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 U.S. generally accepted accounting principles; 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.

Auditors' 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. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 14-02 require that we plan and perform the audit 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 auditors' judgment, including the assessment of the risk 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 Foundation'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 on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Christopher Columbus Fellowship Foundation as of September 30, 2013 and 2012, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis section be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic 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 the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic 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 basic financial statements as a whole. The Chairperson's message and other information sections of the Foundation's *Performance and Accountability Report* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

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

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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 14-02. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 14-02.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

Chortek LLP

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Washington, DC