



U.S. OFFICE OF PERSONNEL MANAGEMENT
OFFICE OF THE INSPECTOR GENERAL
OFFICE OF AUDITS

Final Audit Report

Subject:

AUDIT OF COMMUNITY HEALTH CHARITIES 2008 COMBINED FEDERAL CAMPAIGN ARLINGTON, VIRGINIA

Report No. 3A-CF-00-10-036

Date: April 4, 2011

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Office of the
Inspector General

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

AUDIT REPORT

**AUDIT OF COMMUNITY HEALTH CHARITIES
2008 COMBINED FEDERAL CAMPAIGN
ARLINGTON, VIRGINIA**

Report No. 3A-CF-00-10-036

Date: April 4, 2011

A handwritten signature in black ink, appearing to read "Michael R. Esser".

Michael R. Esser
Assistant Inspector General
for Audits



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

Office of the
Inspector General

EXECUTIVE SUMMARY

AUDIT OF COMMUNITY HEALTH CHARITIES 2008 COMBINED FEDERAL CAMPAIGN ARLINGTON, VIRGINIA

Report No. 3A-CF-00-10-036

Date: April 4, 2011

The Office of the Inspector General has completed an audit of the 2008 Combined Federal Campaign (CFC) activities of the Community Health Charities (CHC) Federation. CHC served as a national federation during the 2008 CFC. Our main objective was to determine if CHC's activities as a federation were in compliance with Title 5, Code of Federal Regulations, Part 950 (5 CFR 950), including the responsibilities of national and international federations. The audit identified two instances of non-compliance with the regulations (5 CFR 950) governing the CFC.

The following findings represent the results of our audit work as of the date of this report.

ADMINISTRATIVE EXPENSES

- **Expenses Understated in Annual Report** **Procedural**

CHC did not accurately report the membership dues and/or service charges received from its member agencies.

DISTRIBUTION OF FUNDS

- **CHC Local Affiliates Overcharged Administrative Fees** **\$142,852**

Three of the eight CHC local affiliates reviewed did not comply with the member agency administrative fee limitation set by the CHC national office. As a result, CHC member agencies participating in the 2008 CFC were overcharged a total of \$142,852 in administrative fees.

ELIGIBILITY

Our review of CHC's federation and member agency eligibility showed that it complied with the applicable provisions of 5 CFR 950.

GOVERNANCE STRUCTURE

Our review of CHC's governance structure showed that it complied with the applicable provisions of 5 CFR 950.

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I. INTRODUCTION AND BACKGROUND

INTRODUCTION

This report details the findings and conclusions resulting from our audit of the 2008 Combined Federal Campaign (CFC) activities of the Community Health Charities (CHC) Federation. The audit was performed by the Office of Personnel Management's (OPM) Office of the Inspector General (OIG), as authorized by the Inspector General Act of 1978, as amended.

BACKGROUND

The CFC is the sole authorized fund-raising drive conducted in Federal installations throughout the world. In 2008, it consisted of 242 separate local campaign organizations located throughout the United States, including Puerto Rico, the Virgin Islands, and foreign assignments. The Combined Federal Campaign Operations (CFCO) at OPM has the responsibility for management of the CFC. This includes publishing regulations, memoranda, and other forms of guidance to Federal offices and private organizations to ensure that all campaign objectives are achieved.

The CFCs are conducted by a Local Federal Coordinating Committee (LFCC) and administered by a Principal Combined Fund Organization (PCFO). The LFCC is responsible for organizing the local CFC, deciding on the eligibility of local voluntary organizations, electing and supervising the activities of the PCFO, and acting upon any problems relating to a voluntary agency's noncompliance with the policies and procedures of the CFC. The PCFO is responsible for training employee key-workers and volunteers; preparing pledge cards and brochures; distributing campaign receipts; submitting to an extensive and thorough audit of its CFC operations by an Independent Certified Public Accountant in accordance with generally accepted auditing standards; cooperating fully with the OIG audit staff during audits and evaluations; responding in a timely and appropriate manner to all inquiries from participating organizations, the LFCC, and the Director of OPM; and consulting with federated groups on the operation of the local campaign.

National federations are responsible for administering applications for their membership, acting as a fiscal agent for their members, and making sure that donor designations are honored. Organizations are prohibited from using consultants in their CFC operations to perform policy-making or decision-making functions. To participate in the CFC, a federation consents to allow the Director of OPM complete access to its CFC records, as well as its members' CFC records. A federation must have 15 or more member agencies that meet eligibility requirements contained in 5 CFR 950.202 and 950.203. After obtaining status as a national federation, it must re-establish eligibility each year and certify and/or demonstrate that its members meet all eligibility requirements expressed in 950.301(e). The Director may elect to review and accept or reject the national federation's eligibility certifications made on behalf of its members. The Director may request additional information from the federation at his discretion.

Executive Orders No. 12353 and No. 12404 established a system for administering an annual charitable solicitation drive among Federal civilian and military employees. Title 5 Code of Federal Regulations Part 950 (5 CFR 950), the regulations governing CFC operations, sets forth

ground rules under which charitable organizations receive Federal employee donations. Compliance with these regulations is the responsibility of the PCFO and LFCC. Management of the PCFO is also responsible for establishing and maintaining a system of internal controls.

All findings from our previous audit of CHC (Report Number 3A-CF-00-01-085, dated October 15, 2001), covering the 1998 and 1999 campaign years, have been satisfactorily resolved.

The initial results of our audit were discussed with CHC officials during an exit conference held on June 11, 2010. A draft report was provided to CHC on October 29, 2010 for review and comment. CHC's response to the draft report was considered in preparation of this final report and is included as an Appendix.

II. OBJECTIVES, SCOPE, AND METHODOLOGY

OBJECTIVES

The primary purpose of our audit was to determine if CHC was in compliance with 5 CFR 950, including the responsibilities of national and international federations. Our audit objectives for the 2008 campaign year were:

Administrative Expenses

- Determine if CHC has agreements in place with the member agencies concerning the amount of dues/fees/expenses to be charged.
- Determine if CHC charges its member agencies any additional dues/fees/expenses other than that prescribed by the agency agreement.
- Verify that dues/fees/expenses are accurately reported.

Distribution of Funds

- Determine if CHC's procedures for processing and tracking receipts are reasonable.
- Determine if CFC's disbursement policy is reasonable and that the initial distributions to member agencies were timely for the 2008 campaign.
- Determine if CHC's deposited amounts agree to the check amounts in the audited PCFO records.
- Determine if CHC is maintaining CFC financial records and interest-bearing bank accounts separate from other internal organization records and bank accounts.
- Determine if checks written to agencies agree with the amounts on CHC's distribution list and that all checks were timely and distributed in accordance with the regulations.
- Determine if the total funds received by CHC were properly disbursed and all campaign funds were accounted for.

Eligibility

- Determine the adequacy of CHC's review of applications for membership in the Federation and compliance with the eligibility regulations (5 CFC 950.301, 202, and 203).
- Determine if CHC's member application review process complies with the requirements contained in 5 CFR 950.301, 202, and 203.
- Determine the extent to which CHC requires membership applications to comply with the requirements in the regulations.

Governance Structure

- Determine compliance with 5 CFR 950.203 by reviewing CHC's bylaws, board of directors appointment and termination dates, board minutes, ethics policy, conflict of interest statements, and the most recent IRS 990 form.

SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

The audit covered campaign year 2008. CHC served as a national CFC Federation for the 2008 campaign, during which it received donations totaling \$21,047,090 for its member agencies. The audit fieldwork was conducted at CHC's offices from May 24 through 28, 2010, and June 10 through 11, 2010. Additional audit work was completed at our Washington, D.C. and Cranberry Township, Pennsylvania offices.

In conducting the audit we relied to varying degrees on computer-generated data. Our review of a sample of campaign expenses and supporting data, a sample of pledge card entries, and the distribution of campaign contributions and related bank statements, verified that the computer-generated data used in conducting the audit was reliable. Nothing came to our attention during our review of the data to cause us to doubt its reliability.

We considered the campaign's internal control structure in planning the audit procedures. We gained an understanding of the management procedures and controls to the extent necessary to achieve our audit objectives. We relied primarily on substantive testing rather than tests of internal controls. The audit included tests of accounting records and such other auditing procedures as we considered necessary to determine compliance with 5 CFR 950.

To accomplish our objectives for administrative expenses we judgmentally selected eight CHC state affiliates for review. Specifically, we selected the following:

- Three state affiliates (Illinois, New York and Virginia) which had the largest number of member agencies located in that state;
- Three state affiliates (Tennessee, Georgia, and Texas) which had the member agencies with the highest designations; and
- The two remaining Washington, D.C. metropolitan area affiliates not previously selected (Maryland and Washington, D.C.).

The role played by the state affiliates in the overall structure of this national federation includes:

- Helping to publicize and promote the participation of the Member health charities;
- Helping to establish eligibility for participation in the Campaign;
- Working with the participating charities to develop their local strategies for the Campaign; and
- Helping to effect and track the disbursements to the Member health charities.

Consequently, we reviewed the disbursements from CHC to their state affiliates and from the state affiliates to their member agencies to determine if the administrative expenses withheld

were in accordance with the affiliate's agreements with CHC and if the expenses were properly reported in the CHC Annual Report.

In regards to our objectives concerning CHC's distribution of funds, we accomplished the following:

- We reviewed CHC's policies and procedures for receiving, recording, and distributing funds, and
- We reviewed CHC's documentation supporting campaign expenses, cash receipts, and cash disbursements.

To determine if CHC was in compliance with the regulations regarding member eligibility we reviewed CHC's eligibility policies and procedures and its application review materials to verify that all regulation requirements were included in its review.

To complete our governance structure objectives, we reviewed CHC's By-Laws, Mission Statement, Articles of Incorporation, membership requirements, Code of Ethics, Board of Director's minutes and IRS form 990 to determine if CHC was in compliance with the regulation's public accountability standards (5 CFR 950.203).

The samples mentioned above, that were selected and reviewed in performing the audit, were not statistically based. Consequently, the results could not be projected to the universe since it is unlikely that the results are representative of the universe taken as a whole.

III. AUDIT FINDINGS AND RECOMMENDATIONS

A. ADMINISTRATIVE EXPENSES

1. Expenses Understated in Annual Report

Procedural

The administrative expenses withheld by CHC and its local affiliates from the distributions to its member agencies greatly exceeded the administrative expense percentages reported in CHC's Annual Report.

5 CFR 950.301 (e) (2) (iii) states that the annual report must include an accurate description of the federation's membership dues and/or service charges received by the federation from the charitable organizations participating as members. The information must clearly present the amounts raised, the sources of contributions, the cost of fundraising, and how costs are recovered from donations.

CHC's 2008 Annual Report indicated that operating expenses recovered from amounts distributed to its member agencies typically averaged less than four percent of the amounts distributed. However, our review of eight local affiliates' distributions to the member agencies found that an average operating expense of 16.42 percent was withheld from the amounts sent to the member agencies.

As part of our review, we requested and received distribution schedules for the eight local affiliates to determine the amount of operating expenses withheld from CFC monies distributed to CHC's member agencies. As part of the distribution process, CHC does not send monies received directly to the member agencies. Instead monies received are sent to its 36 local affiliates, of which 2.25 percent is returned to CHC from each affiliate to cover its operating expenses. CHC then allows its local affiliates to withhold up to 13.75 percent additionally (not to exceed a total of 16 percent) from the amount it sends to each local affiliate before the monies are sent to the member agencies.

The CFC regulations permit the organizing and operating entity which incurs expenses in relation to operating the campaign to reimburse itself for those reasonable expenses from the campaign funds received from donors prior to their distribution to member charities. CHC is that organizing and operating entity for the purpose of their member charities and is, by regulation, entitled to reimbursement for its expenses incurred for the 2008 CFC campaign. Additionally, CHC's local affiliates work for the member charities to help publicize and promote the participation of the member charities. However, the 2009 CHC Annual Report (the report that encompasses the 2008 campaign) did not reflect the total expense percentage withheld by both CHC at the national level and by its local affiliates, and therefore did not report accurately the administrative expenses withheld in full.

As a result of not accurately reporting the operating expenses withheld from the amounts distributed to its member agencies, potential donors might be misled to believe more of their donated dollars will reach the desired charity.

CHC's Comments:

CHC disagrees with the finding. However, it stated that it understands the point made in the finding and the need to address the issue. CHC states that it is willing to amend its Annual Reports, to both reflect the administrative expense of the national organization and of the Affiliates.

OIG Comments:

We accept CHC's response and corrective action. We request that the CFCO ensure that Annual Reports for the current and future campaigns accurately report the total expense percentage withheld.

Recommendation 1

We recommend that the CFCO follow-up with CHC to ensure that its annual reports for current and future campaigns properly reflect the administrative expense of the national organization and of its local affiliates.

B. DISTRIBUTION OF FUNDS

1. CHC Local Affiliates Overcharged Administrative Fees \$142,852

CHC did not have proper controls in place to ensure that its local affiliates did not withhold more administrative fees than its agreements with the affiliates allow. As a result, the disbursements to the member agencies of the CHC CFC federation were reduced by \$142,852.

CHC's agreements with its local affiliates state that withholdings for operating charges may not exceed 16 percent of funds received by the affiliates from CHC.

Federations, such as CHC, are responsible for administering the applications for their membership, acting as fiscal agents for their members, and making sure donor designations are honored. CHC distributes CFC receipts to its local affiliates for further distribution to the member agencies headquartered in that state. The local affiliates are permitted to deduct operating charges from the CFC receipts prior to sending the funds to the member charities. Additionally, the local affiliate must pay CHC 2.25 percent of the campaign receipts per a revenue sharing agreement with CHC. Because the withholding limitation of 16 percent is inclusive of the 2.25 percent paid to CHC, the state affiliates are left with a maximum of 13.75 percent for their operating charges.

We reviewed the disbursements and withholdings for eight local affiliates to determine if the amount of operating charges withheld by the local affiliate exceeded 16 percent. We found that three of the eight local affiliates (National Capital Area, Georgia, and Texas) did not comply with the limitation set by CHC. As a result, CHC member agencies participating in the 2008 Combined Federal Campaign were overcharged a total of \$142,852 in operating charges.

CHC's Comments:

CHC disagrees with the finding and the recommendation that \$142,852 be disbursed to the member agencies of the 2008 campaign. CHC states that the member charities of the local affiliates in question, operating through their Boards of Directors, authorized their affiliates to use those additional amounts to develop their capacity for fundraising, tracking, and disbursing CFC and other funding for the member charities.

OIG Comments:

We disagree with CHC's opinion that because the respective local affiliate Boards of Directors recommended additional spending for charitable expenses that those additional expenses withheld from the disbursement of CFC funds was allowable. CHC's agreements between it and its local affiliates state that in no case should an affiliate deduct more than 16 percent from the CFC funds received from CHC. This language clearly establishes a threshold for administrative fees of 16 percent per affiliate, which was exceeded by the affiliates in question.

Additionally, Recommendation four of the draft audit report requested that CHC review the administrative fees charged by its remaining state affiliates and required the affiliates to reimburse member agencies all fees retained that exceeded the 16 percent of operating charges set in its affiliate membership agreements. However to date, CHC has not provided any evidence to support that it performed this analysis. Therefore, we request that CHC provide that information to the CFCO for review, and if any other local affiliates withheld more than 16 percent, that those funds be returned to the CFC member agencies as well.

Recommendation 2

We recommend that the CFCO direct CHC to properly disburse \$142,852 to the member agencies of the 2008 campaign.

Recommendation 3

We recommend that the CFCO direct CHC to implement procedures to ensure that its local affiliates comply with the administrative fee limitations set forth in its CHC affiliate membership agreement.

Recommendation 4

We recommend that the CFCO require CHC to review the administrative fees charged by its remaining state affiliates and require the affiliates to reimburse member agencies all fees retained that exceed the 16 percent operating charge set in its CHC affiliate membership agreements.

C. ELIGIBILITY

Our review of CHC's federation and member agency eligibility showed that it complied with the applicable provisions in 5 CFR 950.

D. GOVERNANCE STRUCTURE

Our review of CHC's governance structure showed that it complied with the applicable provisions in 5 CFR 950.

IV. MAJOR CONTRIBUTORS TO THIS REPORT

Special Audits Group

██████████, Auditor-In-Charge

██████████, Auditor

██████████, Senior Team Leader

██████████, Senior Team Leader

██████████, Group Chief, ██████████

December 1, 2010

Office of Personnel Management
Office of the Inspector General
Attention: [REDACTED]
1900 E Street N.W. Room 6400
Washington, DC 20415-1100

Dear [REDACTED]

The following is our informal, initial comments in response to the OPM IG draft report detailing the results of its audit of the Combined Federal Campaign (CFC) operations at Community Health Charities of America (CHC) for the 2008 Campaign. I want to thank you for granting the extension until December 31 as the due date for our response. As you requested, we are however sharing with you our comments a month earlier in order to enable you to begin your evaluation now. We would be glad to hear and respond to any questions or concerns you may have about our comments, as these are our preliminary thoughts in informal form and we want to make sure our points are fully helpful.

First, we appreciate being able to respond to the Report in draft form. I am committed to having CHC address the points in your Report with the utmost of care and consideration. In fact, for a number of the issues and recommendations in the draft, we've already taken action.

Let me also note that we are justifiably proud of our Federation's long and productive history with the Campaign which dates back to 1957.

As you may know, Community Health Charities of America (CHC) is comprised of some of the largest and most respected health charities in the nation including St. Jude Children's Research Hospital, Susan G. Komen for the Cure, American Cancer Society, and the American Diabetes Association. The charities have established and operate CHC through National CHC and through regional CHC Affiliates in order to achieve more effectiveness and efficiency in their CFC and other operations. The annual support from generous Federal donors is critical to the achievement of the missions of these charities, which offer millions of Americans hope for cures, care, and compassion.

We recognize that CHC may be different from other entities participating in the CFC. CHC was founded, and is mainly governed, by our Member charities, both at the national and affiliate (state) levels. On a national level, our 57 Member charities annually nominate and elect our board of directors and empower them to approve our annual budget and performance objectives. The same governing arrangement is in place at the CHC Affiliate level locally.

Each Member charity is entitled and required to participate in the Council of Member Charities, a standing committee in our governance structure. The Council of Member Charities, comprised of a designated representative from each Member charity, concerns itself with all matters related to the relationship between CHC and its Members and serves as a forum for updating Members regarding CHC activities and for collectively exploring ways to fulfill their individual missions in partnership with CHC. We furnish our Members with annual financial statements that are audited in accordance with Generally Accepted Auditing Standards (GAAS) by an independent certified public accounting firm. Members serve on all standing committees, including our finance and audit committees and on all special task forces. The point here is that our Member charities essentially govern CHC at the national and Affiliate levels, and participate through CHC in public and private sector workplace giving campaigns.

Our Federation is also somewhat unique in that the funds raised by CHC National in public and private sector campaigns are disbursed to our national Member charities through the thirty-seven Affiliates. Our Affiliates play the primary role in linking federal employees with their local health charities and services. While the CHC National Office is the organizing, operating, and overseeing entity for the national CFC Campaign, the CHC Affiliates are the “boots on the ground” who help publicize and promote the participation of the Member health charities, and help meet the requirements of the CFC regarding local services by responding to requests for health information, services, PCFO inquiries, and assist in helping to establish eligibility for participation in the Campaign.

With regard to the Affiliates, they put an extensive amount of effort into the campaign, as they work with the participating charities to develop their local strategies for the campaign, coordinating and organize the efforts to publicize the health-related missions of the various charities within CHC, conduct public presentations about the purposes, accomplishments, and needs of our health charities, and help to effect and track the disbursements to our Member health charities.

As requested, our intention is to address the recommendations in the draft report. We noted that the findings found our organization in compliance with eligibility provisions of the Campaign and with our governance structure. Two areas however, pertaining to administrative expenses and distribution of funds, were the subject of recommendations in the report.

A. ADMINISTRATIVE EXPENSES

We respectfully disagree with the finding regarding the publication of the CHC administrative expenses. National CHC is a 501(c) 3 corporation, separate from our independently incorporated Affiliates. Our administrative expenses are identified on our IRS Form 990 and subsequently in our Annual Report. It was our intent and desire to accurately report the financial facts as officially presented on the CHC National IRS Form 990.

We understand the point in your Report and to address this issue, we are willing to amend our 2009 Annual Report, and all future Annual Reports, to both reflect the administrative expense of the national organization and of the Affiliates. Our amended Annual Report will reflect an administrative expense of 2.25% withheld by the National Office and the additional 13.75% administrative expenses that can be withheld by our Affiliates for the national CFC campaign.

As noted above with regard to the Affiliates, they put an extensive amount of effort into the campaign. In accordance with your recommendation, we are willing to amend the 2009 Annual Report and all future Annual Reports to present the total administrative expenses withheld for the national CFC Campaign by including both the CHC National Office expense and the sum total of the withholding from our Affiliates.

Recommendation 1

As explained above, we fully concur with the recommendation and as stated above are willing to amend our 2009 Annual Report and all future Annual Reports to reflect the total administrative expenses. All future Annual Reports would reflect the total administrative expenses by aggregating both the CHC National Office and CHC Affiliates.

To further address this issue as reflected in the concerns you've raised in your recommendations, we have already undertaken action internally to ensure that these points are made clear throughout CHC National and all the Affiliates, and have undertaken additional procedures to enable us to more closely monitor the administrative expenses for the Campaign.

At the end of our last fiscal year, Community Health Charities of America established four regional Service Centers around the country to standardize more efficient accounting and distribution functions. The CHC Service Centers utilize a central financial database managed by the National Office. Standard business rules and internal controls govern the accounting and distribution systems for the National Office and 19 Affiliates currently integrated into the Service Centers. The balance of our Affiliates (17) will be transitioning into the CHC Service Centers by next fiscal year. Affiliates will be able to readily produce the required financial information necessary for their local governing boards and regulatory authorities in accordance with the affiliation agreement with the National Office, including distribution and administrative policies. This will provide a mechanism for this office to further ensure the accurate calculation of administrative expenses.

B. DISTRIBUTION OF FUNDS

Recommendation 2

We respectfully disagree with the statement that CHC 'did not have proper controls in place to ensure that it's local Affiliates did not withhold more administrative fees than its agreements with the Affiliates allow' and disagree with the recommendation that \$142,852 be disbursed to the Affiliate Member agencies of the 2008 campaign.

Specifically, you note that upon review of eight CHC Affiliates, three (National Capital Area, Georgia, and Texas) had administrative expenses higher than authorized by CHC and recommend that the additional amounts be disbursed to the Member charities.

Actually, the Member charities of the three CHC Affiliates, operating through their Boards of Directors, authorized their Affiliates to use those additional amounts to develop their capacity for fundraising, tracking, and disbursing CFC and other funding for the Member charities. These Affiliate Member charities were not deprived of these amounts and this was not an issue about lack of control. The amounts were used and applied according to how the Affiliates' charities wanted them to be used – to improve their CFC and other funding efforts.

As the charities in these Affiliates authorized and directed the use of those funds it does not seem accurate to say that the charities were 'overcharged' anything or that those amounts – spent for the charities' benefit as the charities directed – should now also be disbursed to them.

However, we would respectfully propose that, in the future, we be clearer as to whether this is an overall CHC National limit, or a limit on each Affiliate. We would further propose to reinforce such limits by written communication to the Affiliates' Boards of Directors emphasizing the importance of not making local increases to the administrative expenses and directing the newly established CHC Service Centers to monitor the Affiliates to provide further improved tracking and enforcement of the self-imposed limits by real-time identification and adjustment of such expenses.

This will be part of our more detailed disclosure that includes the activities of the Affiliates. In the meantime, other actions, such as the implementation of several centralized service centers and more carefully stated and applied controls will lead to further improved tracking and enforcement of the self-imposed limits.

Recommendation 3

As outlined above, we have instituted new administrative procedures through our CHC regional Service Centers that will enable better procedures to monitor and enforce our internal policies and limits on administrative expenses for all public and private sector campaigns, including the CFC Campaign.

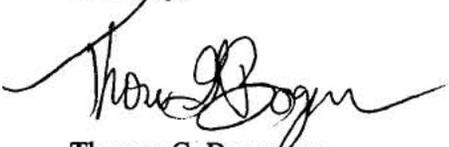
Recommendation 4

Again, as stated above, we have already instituted far-reaching steps that address this recommendation directly and effectively. Full implementation of this transition to regional CHC Service Centers is underway and will be achieved by next fiscal year as another system to help ensure accurate administrative expenses.

With regard to 2008, we have already voluntarily reviewed all our Affiliates and have determined that the administrative fees were on average, nation-wide, within the level of the operating charge set in the CHC affiliate membership agreements.

Thank you again for the opportunity to provide this initial response to this draft report and I hope that you will agree that we have addressed your concerns adequately. I look forward to hearing from your office in response to these draft comments for a mutually agreeable resolution for all of these issues in support of this incredibly important charitable campaign and the millions of individuals who benefit from this expression of federal employee generosity.

Sincerely,



Thomas G. Bognanno
CEO and President
Community Health Charities of America