



United States  
General Accounting Office  
Washington, D.C. 20548

Accounting and Information  
Management Division

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November 26, 1997

The Honorable Alfonse M. D'Amato  
Chairman  
The Honorable Paul S. Sarbanes  
Ranking Minority Member  
Committee on Banking, Housing, and Urban Affairs  
United States Senate

The Honorable James A. Leach  
Chairman  
The Honorable Henry B. Gonzalez  
Ranking Minority Member  
Committee on Banking and Financial Services  
House of Representatives

Subject: Commemorative Coin Program: Women in Military Service for  
America Memorial Foundation, Inc.

Section 303 of Public Law 103-186 required that we perform a one-time audit of the use of commemorative coin surcharge proceeds received by the Women in Military Service for America Memorial Foundation, Inc. The Foundation, incorporated in 1985, constructed the Women in Military Service for America Memorial at Arlington National Cemetery to honor women who have served in the armed services. Title II of Public Law 103-186, the United States Veterans Commemorative Coin Act of 1993, provided that the Foundation use the surcharge proceeds from the sale of commemorative coins to create, endow, and dedicate the Memorial. The Foundation plans to manage the Memorial, including adding names to a registry of women who have served in the military. The Foundation also carried out a related project to restore the main gate of Arlington National Cemetery, which is adjacent to the Memorial.

We determined that the Foundation received about \$2,752,000 in surcharge proceeds from the U.S. Mint from October 1994 through April 1996. The Foundation's financial statements were audited for calendar years 1994 through 1996 by an independent public accounting firm. Those statements showed that the Foundation's total revenues from all sources were about \$18.8 million.

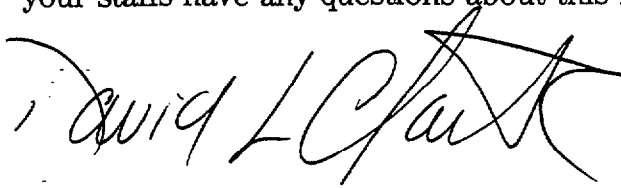
The Foundation established a variety of accounts to record its expenses, but was not required to and did not separately account for its use of surcharge proceeds. Instead, the Foundation combined surcharge proceeds with other revenue and charged expenses against the combined revenue account. According to the President of the Foundation, the Foundation spent an estimated \$11.3 million through July 1997 to build the Memorial. As a result, neither we nor the Foundation could determine specifically how the Foundation used its surcharge proceeds to create, endow, and dedicate the Memorial. Section 5134 of Title 31, United States Code, as amended by Public Law 104-208, addressed this issue with provisions that now require future coin surcharge recipients to (1) separately account for the receipt and expenditure of coin surcharge proceeds and (2) obtain annual financial audits by an independent public accounting firm until all surcharge proceeds are expended or placed in trust.<sup>1</sup>

In conducting our work, we obtained direct confirmations from the U.S. Mint of the amount of surcharge proceeds transferred to the Foundation. We also reviewed the Foundation's accounting for the surcharge proceeds, traced to source documents certain transactions related to constructing the Memorial, and verified that certain expenditures were related to the Memorial. We also reviewed minutes of the Board of Director's meeting related to surcharge proceeds. At the conclusion of our work, we provided a draft of this letter to the President of the Foundation for comment. She raised no objections to the contents of our report. She agreed that the Foundation was not required to separately account for surcharge proceeds. She added, though, that she was confident that surcharge proceeds were expended for authorized purposes. The Foundation President's letter is reprinted in the enclosure. Our audit was performed from July 1997 through October 1997 in accordance with generally accepted government auditing standards.

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<sup>1</sup>Section 529 of the Treasury, Postal Service, and General Government Appropriations Act, 1997, as enacted by Section 101(f) of Public Law 104-208, the Omnibus Consolidated Appropriations Act, 1997, repealed Section 303 of Public Law 103-186, effective September 30, 1996.

Copies of this letter are being sent to interested parties and will be made available to others on request. Please contact me at (202) 512-9489 if you or your staffs have any questions about this letter.

A handwritten signature in black ink, appearing to read "David L. Clark". The signature is fluid and cursive, with a large, stylized initial "D" and "C".

David L. Clark  
Director, Audit Oversight  
and Liaison

Enclosure

COMMENTS FROM THE WOMEN IN MILITARY SERVICE  
FOR AMERICA MEMORIAL FOUNDATION, INC.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.

Dept. 560  
Washington, DC 20042-0560



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November 19, 1997

Mr. Gene L. Dodaro  
Assistant Comptroller General  
U. S. General Accounting Office  
441 G St. NW  
Washington, DC 20548

Subj: Draft Report on Women In Military Service For America Memorial Foundation  
Use of Commemorative Coin Proceeds

Dear Mr. Dodaro,

Thank you very much for providing a copy of your draft report for our review and comment.

As stated in your report, the Foundation was not required to separately account for our use of surcharge proceeds. At the time we began to receive the proceeds of the sale, we discussed establishing a separate account to record revenue and to show expenses paid with those monies. Because of the additional workload required to do this, and since there was no requirement to do so, we elected not to do it. The fact that we spent \$11.3 million through July 1997, have continued to spend for the construction and successful dedication of the Memorial on October 18th, should be evidence in itself that all funds received from the United States Mint from sale of the Commemorative Coins were used for the purposes intended by Public Law 103-186 -- and as I am totally confident they were.

Sincerely,

Wilma L Vaught  
Brigadier General, USAF, Ret  
President

(911747)

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