CAPITOL CONCERTS

Audit of the Receipt and Use of 1999 Funding

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September 25, 2000

The Honorable Trent Lott
Majority Leader
United States Senate

The Honorable Tom Daschle
Minority Leader
United States Senate

The Honorable Mitch McConnell
Chairman
Committee on Rules and Administration
United States Senate

The Honorable Christopher Dodd
Ranking Minority Member
Committee on Rules and Administration
United States Senate

Since 1981, the National Park Service (NPS) has sponsored an annual series of National Symphony Orchestra (NSO) concerts on the Capitol grounds. Since then, the annual concert series, which is currently funded with a combination of federal and private funds, has grown significantly in terms of size, scope, popularity, and cost.

Putting on each of the concerts involves (1) obtaining funding, (2) determining each concert's artistic program, (3) arranging for performing artists, talent, and production staff, (4) producing the concert, and (5) for the Memorial Day and July 4th concerts, arranging for the
television broadcast of the concerts. NPS,¹ NSO,² and Capital Concerts, Inc. (CCI)³ each played a major role in carrying out these activities for the 1999 concert series.

As sponsor for the 1999 concert series, NPS entered into a licensing agreement with the Architect of the Capitol that established general conditions governing the use of the Capitol grounds for the three concerts. Through a cooperative agreement, NPS provided NSO with federal funding to support the production of the three 1999 concerts. Most of the federal funding provided by NPS was transferred to NPS from an appropriation to the Department of the Army that was available to support the concerts.

In exchange for the federal funding, NSO agreed to perform at the three concerts and assumed responsibility for producing and promoting them, including television production of the Memorial Day and July 4th concerts. NSO contracted with CCI on a reimbursable basis for concert production and television broadcast services for the 1999 Memorial Day and July 4th concerts as part of a multiyear contract. CCI used funding provided by NSO and funds raised from broadcasting fees, concert-related grants, donations, and other income to support its production and broadcast efforts on the 1999 Memorial Day and July 4th concerts. NSO also retained responsibility for planning and producing the artistic program and performing at the 1999 Labor Day concert.

NPS, NSO, and CCI used funding received for the 1999 concert series to pay their concert-related costs. In general, the concert-related costs incurred by

¹The Congress authorized NPS, a bureau of the Department of the Interior, through House Concurrent Resolution 133 (May 21, 1981), to annually sponsor a series of NSO concerts on the Capitol grounds. NPS has had a long history of involvement with the orchestra dating back to its founding.

²The NSO Association of Washington, D.C. is a year-round symphony orchestra, which is affiliated with the John F. Kennedy Center for the Performing Arts in Washington, D.C. Under terms of the affiliation, the Kennedy Center provides NSO with fund-raising, sales, marketing, public affairs, accounting operations, and administrative support (other than that directly associated with the NSO artistic operations).

³In 1997, CCI was incorporated in Washington, D.C., as an unaffiliated nonprofit corporation to provide creative solutions for educational and cultural problems through the use of the arts, public television, and collaborative activities by providing educational programs and cultural events for the country. In 1998, Pathmakers Inc., a nonprofit organization incorporated in Pennsylvania for the purpose of education and civil projects was merged with CCI. The production and broadcast of the annual Memorial Day and July 4th concerts have been major activities of each organization.
the three organizations included fees and related expenses paid for artistic
talent and production staff, vendor payments for a wide variety of concert-
related contract services, and organizational support and administration
costs related to supporting the 1999 concert series.

To assist you in your role in overseeing the concert series held on the
Capitol grounds, you asked that we audit the funding and costs associated
with the 1999 concert series. Specifically, you asked that we verify the
receipt and use of funds derived from concert-related federal grants and
private fund-raising activities to pay for the 1999 Memorial Day, July 4th,
and Labor Day concerts. To satisfy your request, we obtained and reviewed
supporting documentation and related accounting records for each
organization’s receipt and use of concert-designated funding. Our
verification procedures included (1) comparing the amounts recorded in
each entity’s accounting records to the amounts reflected in the supporting
documentation, (2) examining the adequacy and completeness of the
supporting documentation, and (3) examining the classification and timing
of each receipt and use in relation to the 1999 concerts. See the “Objective,
Scope, and Methodology” section for more details.

Results in Brief

Through the application of our procedures at each organization, we
verified all the receipt and use information separately identified and
tracked in each organization’s system of records. With the exception of
certain administrative and oversight costs of NSO, which are described
further below, the receipts and uses we verified represented all the known
receipts and uses of funding specifically designated for support of the 1999
concerts.

In summary, our verification work at NPS, NSO, and CCI disclosed the
following.

- Of the total $3.9 million in funding designated for support of the 1999
concert series, $2.5 million (or 64 percent) was provided by federal
sources. The remaining $1.4 million (or 36 percent) was provided by
public broadcasting fees and grants, private donations, and other
income.
- Of the amount NSO received, it retained $100,000 in concert-related
funding and used that full amount plus an additional $7,010 from
appropriations available to support the general operations of the NSO’s
National Capital Region for a total of $107,010 in concert-related
funding.
• Of the amount NSO received, it retained $681,900 in concert-related funding and used $680,564 to support the 1999 concert series. The $1,336 in remaining concert-related receipts was available to NSO to offset other operating costs. We were unable to verify NSO's costs related to administering concert-related grants and contracts and overseeing NSO rehearsal and concert activities on the Capitol grounds. NSO officials advised us that their operating practices do not require that NSO separately track and prepare supporting documentation for the salary and related benefit costs for staff involved in administering grants and contracts and in overseeing NSO's activities on the Capitol grounds. Without cost information that has been tracked and supported with adequate documentation, we could not apply our verification procedures, and the actual amount of these costs is unknown.

• CCI received and retained $3,155,437 in concert-related funding and used $2,846,727 to support the 1999 Memorial Day and July 4th concerts. The $308,710 in remaining concert-related receipts for 1999 represented an increase in CCI's net assets. The increase in net assets for 1999, along with CCI's $733,084 in unrestricted net assets that existed at the start of 1999, remains available to fund future activities of CCI, including but not limited to the production and broadcast of future Memorial Day and July 4th concerts.

Further details on the results of our verification work at NPS, NSO, and CCI are presented in the schedule of receipts and uses of funding for the 1999 concert series with applicable explanatory notes in appendix I. The schedule presents, in separate columns and by type of receipt and use of concert-related funding, the amounts we verified as attributable to each organization. The schedule also contains a memorandum total column, which combines the receipts and uses of 1999 concert-related funding for the three organizations. However, the accounting for receipts and uses of concert-related funding applicable to each organization is separate, and any remaining receipts of one organization are not available to offset or otherwise fund an excess of uses over receipts by another organization.

Objective, Scope, and Methodology

The objective of our audit was to identify and verify the receipt and use of funding specifically designated for support of the 1999 concerts, which was derived from federal funds and private fund-raising activities. We performed our work at NPS, NSO, and CCI, the only organizations known to have received and used funding specifically designated for the support of the 1999 concerts.
To achieve our objective, we met with officials from each organization and discussed the specific nature and characteristic of their organization’s receipt and use of concert-related funding. Also, we discussed with these officials the manner in which they record and track concert-related receipt and use activity in their respective systems of records. Based on the understanding gained, we developed verification procedures that we applied to each organization’s receipts and uses of 1999 concert-related funding. Our approach to verifying each organization’s receipt and use of concert-related funding was essentially the same, though the specific procedures applied at each organization were tailored to the specific types of receipts and uses and the underlying system of record in which the receipts and uses were documented and tracked.

The information and documentation needed to verify individual receipts and uses of concert-related funding varied depending on the type of receipt and use as well as each organization’s accounting and documentation procedures. For each type of receipt and use activity, we identified the universe of receipt or use transactions recorded in the organization’s system of records. For each concert-related receipt and use identified, we

- obtained and reviewed the available supporting documentation,
- compared the amounts supported by the documentation to the amounts recorded in the organization’s system of records,
- examined the adequacy and completeness of the supporting documentation, and
- reviewed the classification and timing of each receipt and use to determine its relationship to the three 1999 concerts.

When we had questions concerning either the supporting documentation or the amounts recorded in an organization’s system of records, we followed up with officials for the organization and, when appropriate, suggested adjustments to their handling of the recorded amounts.

Given that none of the organizations had overall responsibility for and/or access to each other’s receipt and use information, we developed a schedule with accompanying explanatory notes that displays each organization’s receipt and use of 1999 concert-related funds. The schedule also displays the combined total for the three organizations. Our objective, in developing the schedule, was to consistently present the various types and related amounts of each organization’s receipt and use of 1999 concert-related funding.
To help ensure the completeness and accuracy of the schedule and explanatory notes and to gain concurrence from each organization with the presentation of its information, we provided each organization with a copy of its schedule and the applicable note text. We asked each organization to review the form and content of the overall schedule and note presentation as well as the dollar amounts and note text applicable to its own receipt and use of concert-related funding. Also, from each organization's management, we obtained applicable audit-related representations including representations related to the sources and completeness of concert-related funding, the existence and nature of related-party transactions, the availability of books and records, and the schedule and note presentation of receipt and use of concert-related funding. In conducting our audit, we complied with applicable provisions of generally accepted government auditing standards. We performed our audit from January 7, 2000, through July 14, 2000.

Comments From NPS, NSO, and CCI

To help ensure the accuracy and completeness of 1999 concert-related information applicable to each organization, we provided officials of NPS, NSO, and CCI with a draft of our report for their review and comment. In commenting on the draft, these officials said that they agreed with the report's presentation of their organizations' roles in supporting the 1999 concerts and receipt and use of 1999 concert-related funds. NPS and NSO made no further comments. In addition to providing oral comments on the report's presentation of its 1999 concert-related information, CCI provided written comments on various concert-related matters that it wished to emphasize. CCI's written comments have been reprinted in appendix II. As the matters raised in CCI's written comments were beyond the scope of our audit, which involved the verification of funds received and used in support of the 1999 concert, we did not verify them.

We are sending copies of the report to the Regional Director of the National Park Service's National Capital Region, the President of the National Symphony Orchestra Association, and the President of the Board of
Directors of Capital Concerts, Inc. Copies will be made available to others upon request. Should you or your staffs have any questions concerning our audit, please contact me or John Reilly, Assistant Director, on (202) 512-9508.

Linda M. Calbom
Director, Corporate Audits
and Standards
### 1999 Capitol Concert Series
Schedule of Receipt and Use of Concert Related Funds

<table>
<thead>
<tr>
<th>Receipts (note 1)</th>
<th>NPS</th>
<th>NSO</th>
<th>CCI</th>
<th>Memorandum Total (See note 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal grant funds, net</td>
<td>$100,000</td>
<td>$681,900</td>
<td>$1,721,100</td>
<td>$2,503,000</td>
</tr>
<tr>
<td>Public broadcasting fees and grants</td>
<td>925,000</td>
<td>925,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations and other income</td>
<td>509,337</td>
<td>509,337</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>$100,000</td>
<td>$681,900</td>
<td>$3,155,437</td>
<td>$5,937,337</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses (note 2)</th>
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<th></th>
<th></th>
<th></th>
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<tr>
<td><strong>Concert Events</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>$27,936</td>
<td>$241,753</td>
<td>$1,230,472</td>
<td>$1,500,161</td>
</tr>
<tr>
<td>Talent and artists</td>
<td>431,397</td>
<td>514,142</td>
<td>945,539</td>
<td></td>
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<tr>
<td>Promotion and public relations</td>
<td>7,414</td>
<td>265,694</td>
<td>263,108</td>
<td></td>
</tr>
<tr>
<td>Audience management and support</td>
<td>59,243</td>
<td>53,470</td>
<td>112,713</td>
<td></td>
</tr>
<tr>
<td><strong>Total Concert Events</strong></td>
<td>$87,179</td>
<td>$680,564</td>
<td>$2,053,776</td>
<td>$2,621,521</td>
</tr>
</tbody>
</table>

| Organizational Support and Administration |       |       |         |                               |
| Employee compensation and benefits      | $19,831 | $0 | $594,261 | $614,092                 |
| Office operations                       | 117,294 | 117,294 |         |                               |
| Professional services                   | 64,456 | 64,456 |         |                               |
| Travel, meals, and lodging              | 16,938 | 16,938 |         |                               |
| **Total Organizational Support and Administration** | $19,831 | $0 | $792,249 | $812,780                 |

| Total Uses                              | $107,010 | $680,564 | $2,846,727 | $3,634,301                 |

<table>
<thead>
<tr>
<th>Excess of Receipts Over Uses (Uses Over Receipts) (note 3)</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($7,010)</td>
<td>$1,336</td>
<td>$306,710</td>
<td>$303,036</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this schedule.
### 1999 Capitol Concert Series

**Notes to the Schedule of Receipt and Use of Concert Related Funds**

The accompanying schedule presents the receipt and use of funding provided to the National Park Service (NPS), National Symphony Orchestra (NSO), and Capital Concerts, Inc. (CCI) for the support of the 1999 NSO concert series on the West Lawn of the Capitol grounds. NPS, NSO, and CCI were the principal organizations involved in planning, carrying out, and overseeing the annual concert series. The following notes provide a description of the general nature and composition of the various types of receipts and uses of concert-related funding, the extent to which concert-related funds were sufficient to cover concert-related uses, and related parties.

#### Note 1: Receipts

The 1999 concert series was supported by a combination of federal and private funding. All of the concert-related funding received by NPS and NSO was derived from federal sources designated for the support of the concert series. To support its work on the 1999 Memorial Day and July 4th concerts, CCI received funds derived from federal grants as well as funds provided through broadcast fees and grants, private donations, and other income.

a. **Federal Grant Funds, Net**—Federal grant funding to support the 1999 concerts was provided by the Department of the Army, NPS, and the National Endowment for the Arts (NEA). The Army provided $1.9 million through the transfer of fiscal year 1999 appropriated funds made available to support the Memorial Day and July 4th concerts. NPS combined the $1.9 million received from the Army with $553,000 of its own funds that had been designated for use in supporting the concerts. NPS retained $100,000 of the combined $2,453,000 available to NPS to fund its concert-related support costs and awarded a grant of $2,353,000 to NSO to produce the three 1999 concerts—including the broadcasting of the Memorial Day and July 4th concerts.

Of the $2,353,000 in grant funds it received, NSO retained $681,900 to fund its orchestra-related costs and reimbursed CCI $1,671,100 for its costs associated with producing and broadcasting the Memorial Day and July 4th concerts. The reimbursements were made pursuant to a multiyear contract between NSO and CCI that provided for reimbursing CCI for concert-related costs. Under its grant agreement with NPS and contract with CCI, NSO retained responsibility for planning and staging the 1999 Labor Day concert. In addition to the federal grant funds made available by NPS, CCI applied for and received a $50,000 grant from NEA for use in supporting the 1999 Memorial Day and July 4th concerts. In the schedule, federal grant funds are presented as the net amount received by each organization.

b. **Public Broadcasting Fees and Grants**—CCI received a total of $925,000 in broadcast-related fees and grants from the Public Broadcasting Service (PBS)
Appendix I
Schedule and Notes for the 1999 Capitol
Concert Series

and the Corporation for Public Broadcasting (CPB). CCI received $600,000 in fees from PBS to license the broadcast of the Memorial Day and July 4th concerts to PBS stations. CCI also received a $325,000 grant from CPB to support the production and broadcast of the 1999 Memorial Day and July 4th concerts.

c. Donations and Other Income—CCI received a total of $509,337 in donations and other income to support the 1999 Memorial Day and July 4th concerts. CCI received a total of $465,000 in donations from four private sector donors to support its work on the 1999 Memorial Day and July 4th concerts. Of the $465,000, $375,000 represented donated funds and $90,000 represented in-kind donations of commercial airline ticket vouchers that were used for directly related concert travel by performers and directors. In addition to donations, CCI also received $44,337 in interest and other income, which was available to help support the two concerts.

Note 2: Uses

Amounts received by NPS, NSO, and CCI were used to pay specific concert-related costs and organizational support and administration costs associated with the concert series.

Concert Event—Concert event costs are those costs that by their nature, can be tied directly to one or more of the three 1999 concerts.

a. Production—Production-related costs represent the costs of equipment, personnel, supplies, and services necessary to set up, direct, and broadcast the concerts. Production-related costs include, but are not limited to, the costs of (1) setting up and taking down the stage, lighting, and sound systems, (2) providing the cameras, TV broadcasting equipment, Jumbotron screen, and technical crews to operate the various systems and equipment, and (3) travel, meals, and lodging for production-related crew and staff.

b. Talent and Artists—Talent and artist-related costs represent the cost of performing talent and artists. Specifically, talent and artist-related costs include the cost of (1) salaries, related benefits, travel, meals, and lodging for talent and artists, (2) musical scores and arrangements, copyists, musical library expenses, and copyright fees, and (3) dressing room, wardrobe, hair, and makeup.

c. Promotion and Public Relations—Promotion and public relations costs represent the cost incurred to promote the three 1999 concerts, including the television broadcast of the Memorial Day and July 4th concerts. NSO's promotion and advertising costs were mainly limited to newspaper advertising. CCI's promotion and advertising costs represented amounts paid to hire firms to promote the two televised concerts and cater postconcert receptions. The promotion services provided by the public relations firm included coordinating all national and top 100 market publicity, developing a press kit package and media
Appendix I
Schedule and Notes for the 1999 Capitol
Concert Series

advisory for rehearsals, scheduling talent interviews and radio spots prior to the
events, and developing and promoting a Web site.

d. Audience Management and Support—Audience management and support
costs represent amounts paid by NPS and CCI to provide on-site assistance to
those attending the public concerts and rehearsals held on the Capitol grounds.
In addition to sponsoring the three concerts, NPS played a major role in
supporting the concerts and rehearsals by providing park rangers to direct and
assist concert and rehearsal audiences. NPS also arranged for ambulance
services and portable toilets. CCI hired contractors to assist in site security,
manage invitations and guest lists, and provide on-site staff to assist in crowd
management and guest seating.

Organizational Support and Administration—Organizational support and
administration costs represent those costs that by their nature, could not be tied directly
to individual concerts, but related to administering, managing, and overseeing the three
1999 concerts. Because the 1999 Memorial Day and July 4th concerts constituted the
only substantive projects or programs undertaken by CCI during 1999, all of CCI’s
general and administrative expenses were classified as organizational support and
administration costs of those concerts.

e. Employee Compensation and Benefits—NPS separately tracked the time and
related salary and benefit costs associated with its administrative support for the
NSO grant and its managerial oversight of NPS on-site activities for the concerts
and rehearsals. However, as a matter of internal operating practice, NSO did not
separately track the time and related salary and benefit costs associated with its
administrative support (for its NPS grant or its contract with CCI) and oversight of
orchestra-related activities on the Capitol grounds.

CCI’s employee compensation and related benefits accounted for 75 percent of
its 1999 organizational support and administrative costs, which is heavily
concentrated in payments to three key employees. The balance of CCI’s 1999
employee compensation and benefits consists of salaries for three other
employees, parking and other benefits for all employees, and CCI’s share of
payroll taxes for all six employees in 1999.

The table below summarizes employee compensation and benefits for key and
other employees.
Table 1: CCI Salaries and Benefits

<table>
<thead>
<tr>
<th>Salary and benefits</th>
<th>Executive producer</th>
<th>Coordinating producer</th>
<th>Producer</th>
<th>Other employees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$150,000</td>
<td>$111,690</td>
<td>$45,400</td>
<td>$53,750</td>
<td>$360,840</td>
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<tr>
<td>Retirement benefits*</td>
<td>147,500</td>
<td>13,961</td>
<td>5,675</td>
<td></td>
<td>167,136</td>
</tr>
<tr>
<td>Insurance benefits</td>
<td>18,754</td>
<td>3,411</td>
<td>6,038</td>
<td></td>
<td>28,203</td>
</tr>
<tr>
<td>Car allowance</td>
<td>6,500</td>
<td></td>
<td></td>
<td></td>
<td>8,500</td>
</tr>
<tr>
<td>Employee salaries and benefits</td>
<td>$324,754</td>
<td>$129,062</td>
<td>$57,113</td>
<td>$53,750</td>
<td>$564,679</td>
</tr>
<tr>
<td>Taxes and other benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCI total salaries, benefits, and taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$594,261</td>
</tr>
</tbody>
</table>

*Retirement benefits include CCI’s contributions to a retirement plan for all qualified employees and to a deferred compensation plan established for CCI’s executive producer on March 30, 1996. CCI contributed 12.5 percent of qualifying employees' base salaries to a 403(b)-retirement plan. CCI established the executive producer's deferred compensation plan pursuant to section 457 (f) of the Internal Revenue Service Code. The amount of retirement benefits paid on behalf of the executive producer by CCI includes $128,750 contributed to the deferred compensation plan in 1999. Earnings, during 1999, on the invested assets of the deferred compensation plan have not been included in the retirement benefit amount. As reported by the plan administrator for the year ended December 31, 1999, the cumulative value of the deferred compensation plan since its inception in 1996 was $476,095. However, this amount did not include adjustments, made subsequent to December 31, 1999, to correct for certain prior year errors.

f. **Office Operations**—Office operations represent the costs associated with maintaining CCI’s general office operations and include, but are not limited to, rent, insurance, depreciation, amortization, telephone service, office supplies, postage, equipment maintenance, trade publications, bank fees, and trade and professional organization memberships.

g. **Professional Services**—Professional services represent amounts paid for management consulting services; bookkeeping, independent audit, and advisory services; and legal consultation and advice.

h. **Travel, Meals, and Lodging**—Travel, meals, and lodging costs represent the amounts paid for general purpose business-related trips for CCI employees and members of its Board of Directors.
Note 3: Excess of Receipts Over Uses (Uses Over Receipts)

As discussed separately below, the accounting of each organization's receipt and use of concert-related funding, as reflected in the schedule, results in either an excess of receipts over uses or of uses over receipts. While the schedule contains a memorandum total column, which is intended to summarize the overall receipt and use of funding for the 1999 concert series, each organization's accounting for its receipt and use of concert-specific funding is separate, and any excess of receipts over uses by any organization is not available to offset or otherwise fund any excess of uses over receipts experienced by another organization.

a. NPS—The $7,010 in excess uses over receipts reflected the fact that the $100,000 retained by NPS (from the $2,453,000 in concert-related grant funds under its control) was not sufficient to fully fund NPS' costs. Funding for the additional $7,010 in costs was provided through the use of NPS 1999 appropriations for operation of the National Park System, which was available to support the general operations of its National Capital Region.

b. NSO—The $1,336 in excess receipts over uses reflected the fact that NSO receipts exceeded the concert-related costs separately tracked in its accounting records. This increase in NSO's net assets from its work on the three 1999 concerts was available to fund other NSO expenses or activities. In this regard, as discussed in note 2e, NSO does not separately track certain concert costs associated with the administration of its grant with NPS and contract with CCI or its managerial oversight of orchestra-related on-site activities.

c. CCI—The $308,710 excess of receipts over uses reflected the fact that CCI received more funding than it used to plan, produce, and broadcast the 1999 Memorial Day and July 4th concerts. This increase in CCI's net assets for 1999, along with $733,084 that CCI reported in unrestricted net assets at the start of 1999, remains available to fund future activities of CCI, including but not limited to the production and broadcast of future Memorial Day and July 4th concerts.

Note 4: Related Parties

The following notable relationships of common control existed with respect to the 1999 concert series.

a. The president of CCI's Board of Directors, who, in that capacity, received no salary or benefits, was also employed as CCI's executive producer. As executive producer, the individual received a salary and benefits in 1999, which are separately disclosed in note 2e.

b. CCI employed the son of CCI's president of the Board of Directors part time as producer. The producer received a salary and benefits in 1999, which are separately disclosed in note 2e.
c. CCI's treasurer, who is also an officer of CCI, received no salary or benefits in that position but did receive payments for consulting services provided to CCI. The amount paid to the treasurer has been included as part of payments for professional services.
Comments From Capital Concerts, Inc.

Jerry Colbert  
President  
July 21, 2000

Ms. Linda L. Calbom  
Director, Corporate Audits and Standards  
U. S. General Accounting Office

Dear Ms. Calbom:

This is to verify that we agree with the information presented in the draft report. The following are a few items we would like to emphasize:

♦ CCI’s unrestricted net assets also serve the important purpose of establishing funds that can be and have been used for various contingencies, such as overtime and extraordinary costs due to adverse weather conditions and the necessity to reschedule the concert, and the loss of private and other donor support.

♦ The deferred compensation plan was established, in part, to recognize that in the dozen or so early years of concert effort, no funds were available by predecessor organizations for the purpose of implementing any type of retirement program, and the Executive Producer’s salary compensation was annually $25,000 for the concerts.

♦ The Producer’s compensation was developed and paid at the same market rates for comparable television production efforts for which he worked on CBS and other networks.

♦ Lastly, we note that performer, director and other production work is contracted by CCI at scale or substantially less than the prevailing market rate. Through significant fee/service cost reductions, many people contribute to the success of the shows because they believe in the patriotic intent of the productions. We are gratified that an array of talent, on stage and behind the scenes, graciously contribute to the nation’s Memorial Day and Fourth of July celebrations.

Sincerely,

Jerry Colbert  
President, Capital Concerts

409 South Capitol Street, S.W., Suite 404, Washington, D.C. 20003
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