

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



# Department of Veterans Affairs

*Review of  
the Allegation Concerning  
Information Presented in  
the Deputy Secretary's  
Official Biography*

February 19, 2015  
15-02101-143

# ACRONYMS

AD	Active Duty
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
OIG	Office of Inspector General
USO	United Service Organizations, Inc.
VA	Department of Veterans Affairs
WI&I	Wounded, Ill and Injured

**To Report Suspected Wrongdoing in VA Programs and Operations:**

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**E-Mail: [vaoighotline@va.gov](mailto:vaoighotline@va.gov)**

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# TABLE OF CONTENTS

Executive Summary .....	i
Results and Recommendations .....	1
Allegation      Does the Official Biography of the Deputy Secretary Present Accurate and Transparent Information?.....	1
Conclusion .....	3
Appendix A      Official Biography, VA Deputy Secretary.....	4
Appendix B      List of USO Programs Active in 2008 and 2013 .....	5
Appendix C      Report Distribution .....	6



## EXECUTIVE SUMMARY

On December 3, 2014, the Office of Inspector General received an allegation that the official biography of Mr. Sloan Gibson, Deputy Secretary for the U.S. Department of Veterans Affairs does not present accurate and transparent information. The allegation focused on the information available on VA's Web site relating to Mr. Gibson's accomplishments during the period 2008–2013, when he held a leadership role at the United Service Organizations, Inc. (USO). Specifically, the complainant questions the methodology used to calculate net fundraising, which in turn questions the source of funds enabling dramatic growth in USO programs and facilities.

Using USO's publically available audited financial statements and program lists from 2008 through 2013, we did not substantiate the allegation.

VA OIG does not have oversight authority over the USO. Although congressionally chartered, the USO is a nonprofit, private organization, and not a Government agency. Without access to internal financial documents, we could not test the reliability, accuracy, or completeness of the documents received from the complainant.

We focused our review specifically on the accuracy of the statement, in the Deputy Secretary's official biography that "During his five years at the USO, net fundraising grew 90 percent, enabling dramatic growth in programs and facilities supporting our forward-deployed men and women, military families, as well as our wounded, ill, and injured Service members, their families, and the families of the fallen." The official biography is included at Appendix A of this report.

Based on our review of the financial statements, we calculated reasonable, comparable percentages as contained within the official biography. Additionally, we identified a dramatic increase in programs from 2008–2013. In conclusion, we found no physical or testimonial evidence to question the accuracy of the statements made in the VA Deputy Secretary's official biography. Thus, we are not making a recommendation to change the information in the Deputy Secretary's official biography.

A handwritten signature in black ink that reads "Linda A. Halliday".

LINDA A. HALLIDAY  
Assistant Inspector General  
for Audits and Evaluations

## RESULTS AND RECOMMENDATIONS

### **Allegation**      **Does the Official Biography of the Deputy Secretary Present Accurate and Transparent Information?**

We received an allegation that the official biography of Mr. Sloan Gibson, Deputy Secretary for the U.S. Department of Veterans Affairs did not present accurate and transparent information. The allegation focused on Mr. Gibson's accomplishments during the period 2008–2013, when he held a leadership role at the United Service Organizations, Inc. (USO).

The official biography notes "During his five years at the USO, net fundraising grew 90 percent, enabling dramatic growth in programs and facilities supporting our forward-deployed men and women, military families, as well as our wounded, ill, and injured Servicemembers, their families, and the families of the fallen." Specifically, the complainant questions the methodology used to calculate net fundraising, which in turn questions the source of funds enabling dramatic growth in programs and facilities."

#### ***What We Did***

We reviewed audited financial statements, Internal Revenue Service tax filings, and supporting documentation provided by the complainant. Tax code and accounting principles differ—we could not reconcile the differences without access to USO's proprietary financial data and thus did not rely on the information in the tax filings to draw our conclusion. We used publically available information related to select line items in the financial statements, attributable to what we could reasonably identify as fundraising revenues and related expenses.

Table 1 illustrates the line items selected from the USO financial statements that we used to calculate net fundraising for the period from 2008 through 2013. We extracted the section, "Public Support," from the USO's Statement of Activities and Changes in Net Position for this time frame.

**Table 1. Data From USO's Audited Financial Statements**

<b><u>Public Support</u></b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Corporate, foundation and individual giving	\$ 9,259,700	\$ 13,095,464	\$ 19,792,891	\$ 29,501,369	\$ 30,316,628	\$ 35,847,831
Public appeals/direct response	48,892,489	55,440,997	63,233,798	61,564,019	65,205,612	70,580,270
United Way, CFC and other federated	<u>1,644,168</u>	<u>1,988,080</u>	<u>2,270,221</u>	<u>2,106,253</u>	<u>1,875,369</u>	<u>1,718,856</u>
Total "Public Support" Revenue (A)	\$ 59,796,357	\$ 70,524,541	\$ 85,296,910	\$ 93,171,641	\$ 97,397,609	\$ 108,146,957
Fundraising expenses (B)	<u>14,740,641</u>	<u>16,780,672</u>	<u>22,831,954</u>	<u>20,141,409</u>	<u>20,911,693</u>	<u>24,064,579</u>
<i>OIG Calculated</i> Net fundraising (A) – (B) = C	<u><b>\$ 45,055,716</b></u>	<u><b>\$ 53,743,869</b></u>	<u><b>\$ 62,464,956</b></u>	<u><b>\$ 73,030,232</b></u>	<u><b>\$ 76,485,916</b></u>	<u><b>\$ 84,082,378</b></u>

Source: USO official website: <http://www.uso.org/financial-statements.aspx>

Public Support excludes revenue from grants and sponsorships; contributed materials, facilities, and services; and USO Center revenue. It also excludes the remaining revenue categories of investment income (or loss), and rental and other income.

We calculated a net fundraising ratio as follows. We deducted the fundraising expenses from total Public Support revenue for 2008 and 2013 and calculated the percentage change in these net figures.

Additionally, we compared the listing of USO programs available to military members in 2008, with the number and type of programs offered in 2013. The programs are categorized into two specific groups: the Wounded, Ill, and Injured (WI&I) programs and Active Duty (AD) programs.

**What We Found**

Using USO's publically available audited financial statements and program lists from 2008 through 2013, we did not substantiate the allegation.

Our review of USO's audited financial statements support an increase of approximately 87 percent in net fundraising. For our review, rounding up to 90 percent for use in an official biography represents a minimal difference (three percentage points) on the accuracy of the statement. Thus, we concluded the information presented in the Deputy Secretary's official biography is reasonably accurate on this matter.

Based on our review of the USO's financial statements, we identified increases in donations, from both donors, as well as Federal grants. We could not evaluate the relationship of net fundraising growth to program growth without access to proprietary USO financial data and sources. Based solely on the growth in the number of programs, the USO has experienced a "dramatic growth in programs and facilities."

We noted the change in the number of WI&I programs alone, was an increase of approximately 429 percent, while the number of AD programs grew 125 percent. Table 2 identifies the changes in the number of USO programs from 2008 and 2013; the specific programs are listed in Appendix B.

**Table 2. Growth in the Total Number of USO Programs From 2008 and 2013**

Total WI&I Programs		Total AD Programs	
2008	2013	2008	2013
7	37	12	27

*Source: USO*

Further, from 2008 through 2013, USO opened 35 new locations and assumed operations of three former Chartered Centers (comprising seven additional locations). By the end of 2013, USO was operating at 80 locations around the world. Based on our review, USO has experienced a "dramatic growth in programs and facilities."

## **Conclusion**

Based on our review of the financial statements, we calculated reasonable, comparable percentages as contained within the official biography. Additionally, we were able to identify a dramatic increase in programs from 2008 through 2013. In conclusion, we found no physical or testimonial evidence to question the accuracy of the statements made in the VA Deputy Secretary's official biography. Thus, we are not making a recommendation to change the information in the Deputy Secretary's official biography.

## Appendix A Official Biography, VA Deputy Secretary

From the VA Internet Web page:

*"Sloan D. Gibson was nominated by President Obama to serve as the Deputy Secretary of Veterans Affairs, and he was confirmed by the Senate on February 11, 2014. Mr. Gibson also served as Acting Secretary of the Department of Veterans Affairs from May 30 to July 30, 2014.*

*Prior to joining VA, Mr. Gibson served as President and Chief Executive Officer of the United Services Organizations (USO), which has been lifting the spirits of American Servicemembers and their families for more than 73 years. During his five years at the USO, net fundraising grew 90 percent, enabling dramatic growth in programs and facilities supporting our forward-deployed men and women, military families, as well as our wounded, ill, and injured Servicemembers, their families, and the families of the fallen.*

*Before joining the USO, Mr. Gibson spent more than 20 years in banking in Charlotte, NC; Atlanta, GA; Nashville, TN; and Birmingham, AL. In 2004, he retired from AmSouth Bancorporation, a New York Stock Exchange-traded corporation, where he served as vice chairman and chief financial officer. During his tenure as CFO, AmSouth was added to the S&P 500. Mr. Gibson also has a long history of service and leadership with a variety of nonprofit organizations. In 2002, Mr. Gibson chaired the United Way campaign in Central Alabama, which raised more than \$30 million.*

*Mr. Gibson is the son of an Army Air Corpsman who served as a B-17 tail-gunner during World War II, later earning his commission in the U.S. Air Force. He is also the grandson of a World War I Army Infantryman who was wounded while serving in the 3rd Infantry Division at the Second Battle of the Marne.*

*A 1975 graduate of the United States Military Academy at West Point, Mr. Gibson earned both Airborne and Ranger qualifications and served as an infantry officer in the U.S. Army. He earned a Masters in Economics from the University of Missouri in Kansas City and a Masters in Public Administration from the John F. Kennedy School of Government at Harvard University.*

*Deputy Secretary Gibson has been married for 32 years and has two grown children."*

## Appendix B List of USO Programs Active in 2008 and 2013

This USO list identifies specific “programs and facilities supporting our forward-deployed men and women, military families, as well as our wounded, ill, and injured Service members, their families, and the families of the fallen.”

2008 WI&I Programs		2013 WI&I Programs		2008 AD Programs		2013 AD Programs	
Collaboration/Partnership:		Collaboration/Partnership:		Collaboration/Partnership:		Collaboration/Partnership:	
	Ride2Recovery			Grant Program (Inclusive of \$250,000 Disney funding)		The Little Champs	
	Rivers of Recovery			Trevor Romain		Trevor Romain WYATW Tour and Deployment Kits	
	NASCAR Trip					Stronger Families Seminars	
	Vail Veterans Program					Rivers of Recovery Active Duty Trips	
	Game On Resiliency Program					Afghanistan Language Program	
	Project Sanctuary					Sesame Workshop	
	NMFA - Healing Adventures					Game On Resiliency Program - AGR	
	Trevor Romain WW Programs for Kids and Parents and Taking Care of You Kits, Memory Boxes					NASCAR Family Reunion	
	Armed Services YMCA Camps for WII and Families					Full Circle Home	
	Stronger Families Workshops for WII Couples					Rocketlife (Photo Book Program)	
	Sesame Workshop					AspenPointe Peer Navigator Pilot	
	TAPS					USO/Hire Heroes USA Workshop and COD	
	Snowball Express					Pro vs. G.I. Joe	
	Wreaths Across America					GTMO Sponsorship of Fireworks	
	IVMF - Operation Jumpstart Entrepreneurship Program					Blue Sky Foundation -T3	
	Wyakin Warrior Foundation					Arena Stage Performance for Military Families	
	USO/Hire Heroes USA Transition Workshop and COD					Our Military Kids	
	Aspen Pointe Peer Navigator Program					Project Sanctuary	
	Aspen Pointe Art Therapy Program - Ft Carson					What to Expect Baby Showers	
	Renovating Hope						
	Team Red White and Blue						
	Walking With The Wounded (PH&R)						
	Project Healing Waters						
	Honor the Warrior Ride						
	Our Military Kids						
	IAVA Gala						
	Choice Center (PTSD Study)						
	Georgetown Univ Franchising Cert						
	Warrior Writers Program						
	Gary Sinise SMART Homes						
<b>0</b>		<b>30</b>		<b>2</b>		<b>19</b>	
2008 WI&I Programs		2013 WI&I Programs		2008 AD Programs		2013 AD Programs	
USO 2008 Organic Programs:		USO 2013 Organic Programs:		USO 2008 Organic Programs:		USO 2013 Organic Programs:	
Operation USO Outing	W and FC Center Outings	United Through Reading	USO2GO	Mobile USOs (3)	OUCP	Holiday Boxes	
USO Connect with Care	Warrior Games and Trial Support	USO in a Box	Tiny Tots	Sesame Street	Field Program Support	OPH (USO METRO Wash/Balt)	
USO Comfort Packages	USO W and FC Day Room/Command Support	OPH	MEGS	OPH	United Through Reading	Entertainment Program (Xboxes, Playstations, games, etc.)	
USO Day Room	Warrior Care Packs	OUCP (USO METRO Wash/Balt)		OMC			
USO Emergency Fund	USO Caregivers Conference	Expeditionary Programming		USO2GO (Pilot)			
Van/Shuttle Bus	USO WW Emergency Grant Funds for WW	USO2GO (Pilot)		Entertainment Program (Xboxes, Playstations, games, etc.)			
OPH-OEC Phone Cards	Jon Stewart Outings (USO METRO NY)						
<b>7</b>	<b>7</b>	<b>10</b>	<b>8</b>				
<b>Total 2008 WI&amp;I</b>	<b>Total 2013 WI&amp;I</b>	<b>Total 2008 AD</b>	<b>Total 2013 AD</b>				
<b>7</b>	<b>37</b>	<b>12</b>	<b>27</b>				

## **Appendix C Report Distribution**

### **VA Distribution**

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Affairs, and Related Agencies  
House Committee on Oversight and Government Reform  
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Senate Appropriations Subcommittee on Military Construction, Veterans  
Affairs, and Related Agencies  
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