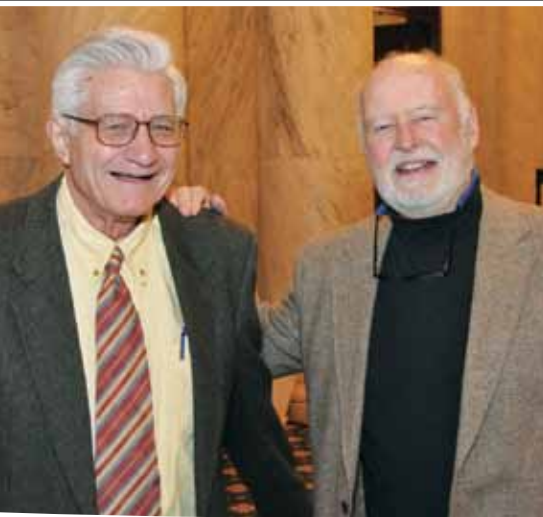




2008 Annual Report

Project On Government Oversight



POGO

Letter from the Chairman of the Board



Dear Friends,

I am proud to have served on POGO's Board now for 16 years. In that time, I have watched the organization grow from a tiny, tough, and scrappy government watchdog to a significant good government force in Washington—but one that is still tough and scrappy.

POGO declared 2008 the year of government accountability, and our staff worked hard to pursue that goal. We held federal contractors accountable, advocated for protections for whistleblowers so they can hold their employers accountable, and shined the spotlight on agencies that are doing their jobs poorly (or not at all). In addition, POGO has been leading workshops on Capitol Hill that bring experienced investigators to train congressional staffers in the art of effective investigations, oversight, and accountability.

Along the way, POGO has bumped up against many entrenched powerful interests that have benefited from the status quo. It turns out, oil companies, military contractors, and mega-financial institutions don't always appreciate the transparency and good governance principles we promote. Some of those battles would have scared off other organizations—but POGO does not get intimidated. Instead, we meet our foes head on, and responsibly and strategically pursue the goals of good government until we win. And as government accountability is gaining popularity in Washington, I am grateful that POGO is there to continue shining a light into the dark corners that need it most.

We on the POGO Board are also grateful that you are interested in the organization's work. Without such strong supporters and contributors, POGO could not be effective in making our government work to benefit all of us. Thank you.

David B. Hunter

A handwritten signature in black ink that reads "David Hunter". The signature is written in a cursive, slightly slanted style.

Chairman, Board of Directors

"The Project On Government Oversight has been an essential partner for those of us who are working to improve accountability and efficiency in the federal government. POGO's work has helped expose existing problems as well as provided resources in crafting viable solutions. Simply said, they're making sure the government is more accountable to the people so that we can all work together to make it work better. I'm all for that."

– Senator Claire McCaskill (D-MO)

About POGO

The Project On Government Oversight (POGO) is an independent nonprofit that, for twenty-seven years, has investigated and exposed corruption and other misconduct in order to achieve a more effective, accountable, open, and ethical federal government.



POGO has earned a solid reputation for uncovering deep-rooted systemic problems which threaten the integrity of the federal government. By working effectively with whistleblowers and expert insiders, and conducting in-depth investigations, POGO is able to provide accurate and reliable information, findings, and recommendations that are trusted by policymakers, the media, and the public. In fact, policymakers frequently adopt and implement our recommendations to fix the systemic problems originally investigated by POGO. We are further able to advance public policy improvements because we have built solid bi-partisan relationships with congressional allies and senior agency officials, and have engaged in an aggressive public education program.

In POGO's continuous drive to create positive systemic reform, we not only focus on problems in government policies but also on problems with the government's oversight and accountability infrastructures. If those structures can be made healthy, it is far more likely that the integrity of the government can be ensured. From offering such programs as monthly training sessions for congressional staff in the art of investigations, to working to strengthen both the independence and accountability of the Inspectors General system, POGO is tirelessly working toward a more effective, accountable, open, and ethical federal government.



How POGO Works

- **IDENTIFY** systemic corruption or other misconduct in the federal government
- Launch independent **INVESTIGATIONS**
- Work with whistleblowers, insiders, and other knowledgeable individuals to **RESEARCH AND CONFIRM** findings
- Recommend common-sense solutions for **POSITIVE CHANGE**
- **INFORM PUBLIC** of findings
- Work with government officials to initiate systemic policy **IMPROVEMENTS**
- Continue to demand a more **ACCOUNTABLE** federal government

Accomplishments and Progress in 2008

Effective: Government agencies should fully accomplish their mission.

- Issued report revealing the failures of the Department of Interior's Royalty-In-Kind (RIK) program, which has failed in its responsibility to collect billions in revenues owed to the federal government. In response to the issues raised by our report, Senators Robert Menendez (D-NJ) and Bill Nelson (D-FL) and Representative Carolyn Maloney (D-NY) introduced legislation to provide much-needed reforms to the RIK program. The new administration is also reviewing the problems with the RIK program raised by our report.
- Nuclear Regulatory Commission issued final rules preventing excessive overtime for nuclear security officers based on POGO's recommendations in our 2002 investigative report, *Nuclear Power Plant Security: Voices from Inside the Fences*.
- Inspector General investigation launched in response to POGO's report regarding the Air Force's weakening of its CSAR-X helicopter requirements. As a result of the exposé, the Air Force instituted new policies to better track and oversee changes to requirements.

Accountable: Federal officials and contractors should be held accountable if they do not operate in the public's interest.

- Revamped Federal Contractor Misconduct Database (FCMD) and updated information on top 100 government contractors and their instances of misconduct. Congress passed legislation requiring the creation of a database based on POGO's FCMD.
- Issued a report highlighting the lack of independence of some Inspectors General. Congress passed legislation that incorporated many of POGO's recommendations.
- Exposed Air Force plans to build "Comfort Capsules," which would take funds from troops in order to provide luxury accommodations for brass. (This was even featured on *The Colbert Report* as "The Word" of the day!) Plans to build additional capsules were scrapped.

"The Project on Government Oversight helps taxpayers and the public interest by investigating and exposing government misconduct and mismanagement. POGO also makes a difference by teaching others how to investigate. The bigger government gets, the more important it becomes to keep a watchful eye on government programs and the taxpayers' money."

– Senator Chuck Grassley (R-IA)



Open: Government information and operations should be presumed to be publicly available, and should only be withheld in the cases of genuine security, privacy, or commercial proprietary needs.

- Revealed secretive Department of Justice (DOJ) grantmaking that allowed for cronyism because of the lack of transparency. POGO's report led to new grants being posted online.
- Released report on the government's inadequate transparency surrounding pandemic flu vaccine preparations.
- Senate passed legislation requiring all follow-on contracts for major weapons systems to be identified as earmarks, in an effort spearheaded by Senator John McCain (R-AZ) and supported by POGO.
- In cooperation with allies, stripped anti-oversight provision from bailout legislation, and added some transparency provisions into the Troubled Assets Relief Program (TARP).

Ethical: Government officials should be free from conflicts of interest that undermine the integrity of their decisions.

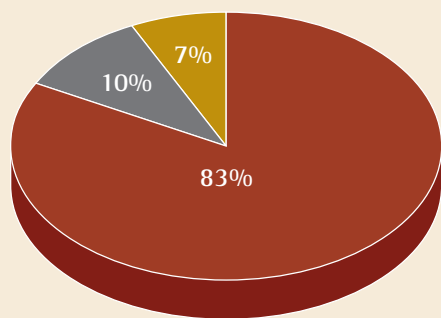
- Released internal Office of Special Counsel document revealing personal and political agenda driving head of agency. The Special Counsel was forced to resign.
- Exposed sweetheart deal in which former Attorney General John Ashcroft was appointed to serve as corporate monitor by his former DOJ subordinate.

“Thank you so much, POGO, for helping us secure legal victory after a federal judge wrongfully tried to shut us down. We’re so proud of you for coming to our rescue like that!”

– Julian Assange, WikiLeaks

Statement of Activities

A commitment we will always keep to our supporters—large and small—is that we practice what we preach. We diligently search for ways to both stretch our dollars and expand our impact.



- Program Services
- Development
- Administrative

Statement of Activities for the Year Ended December 31, 2008*

REVENUE & SUPPORT		
	Grants	\$1,282,225
	Contributions	100,975
	Investment Income	-265,905
	Volunteer Services	32,593
	Publications and Other Income	1,120
	TOTAL REVENUE & SUPPORT	1,151,008
EXPENSES		
PROGRAM SERVICES		
	Contract Oversight Investigations	273,024
	Nuclear Weapons Security Investigations	197,451
	Inspector General Investigations	174,412
	Congressional Oversight	158,897
	Energy and Natural Resources Investigations	126,171
	Public Health Investigations	106,225
	Defense and National Security Investigations	99,791
	Nuclear Power Security Investigations	65,017
	Whistleblower Investigations	62,610
	State POGO	58,234
	Direct Lobbying	13,638
	TOTAL PROGRAM SERVICES	1,335,470
SUPPORTING SERVICES		
	Development	163,929
	Administrative	118,882
	TOTAL SUPPORTING SERVICES	282,811
	TOTAL EXPENSES	\$1,618,281

*Audited

“As a long-time supporter of POGO, I am increasingly surprised and enthused by the huge amount of excellent work it is able to do with so little money. It is one of the premier watchdog organizations in the country and, now, needed more than ever. The White House, the Administration, and the federal government must be held accountable. No one does it better than POGO. It delivers an enormous bang for the buck.”

– Pablo Eisenberg, Senior Fellow, Georgetown University Public Policy Institute

Supporters in 2008

In order to preserve our independence, POGO does not accept contributions from the government, unions, corporations, or anyone with a financial stake in the outcomes of our investigations.



Foundations

Anonymous (2)

The Arca Foundation

Francis Beidler Foundation

Harold and Stephanie Bronson
Fund of the Liberty Hill
Foundation

Carnegie Corporation of New York

Cavallo Foundation

Connect US Fund of
Tides Foundation

Colombe Foundation

C.S. Fund

The Ford Foundation

The Fund for Constitutional
Government

The David B. Gold Foundation

The Herb Block Foundation

Helfrich Family Fund

HMJS Marks Fund of The
Community Foundation for
the National Capital Region

The William and Flora
Hewlett Foundation

Robert & Ardis James Foundation

The Lawrence Foundation

The John D. and Catherine T.
MacArthur Foundation

The New-Land Foundation, Inc.

Open Society Institute

Park Foundation

The Pew Charitable Trusts

The Purple Lady/Barbara J.
Meislin Fund

Ploughshares Fund

Revenue Watch Institute

Rockefeller Family Fund

The Scherman Foundation, Inc.

William B. Wiener, Jr. Foundation



Major Donors

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Alida R. Messinger
George Miller and Janet McKinley

Accountable Circle \$1,000-\$9,999

Dinah K. and J. Alexander Bodkin
Herman S. Caldwell, Jr.
Harriett M. Crosby
Stephen D. and Georganna Daley
Edith Everett
Louis Fisher

Clifford & Garde, LLP
David B. Hunter and
Margaret B. Bowman
Dr. Kent Nickell
Dina Rasor and Thomas Lawson
Nithi and Jing Vivatrat

Open Circle \$500-\$999

Michael Barrett
Derek S. Brammerich
Mike Hansen*
Cyrus Mehri and Robin Anne Floyd
Kenneth F. Mountcastle Jr.
Catherine James Paglia and
Louis J. Paglia
Laron D. and Jana E. Robinson
Edwin Rothschild
Timothy E. Strinden

Ethical Circle \$250-\$499

Ryan Alexander and Geoffrey Fettus
Danielle Brian and Peter D. H. Stockton
David B. Burnham and Joanne Omang
Heidi L. Davidz*
Dr. Robert Grant Drake
Martin L. and Sandra G. Eisenman

Dr. Harvey Fernbach
Thomas Flynn
Sandra Jaquith, Esq.
Paul C. Light
Chris Pabon and Melissa Booth
Edward R. Richardson
Dr. Dennis W. Rowe and
Dr. Susan K. Stewart
A. Bryan and Carolyn W. Siebert
Col. Glenn Walp
Michael A. Weinstein

Watchdog Circle \$100-\$249

Anonymous (4)
Paul Atkinson
Richard Ball
Henry and Caroline C. Banta
Gary D. Bass and Suzanne L. Feurt
Brent F. Blackwelder
Lisa and Aaron Bonds
Catherine A. and Gerod Bonhoff
Sidney E. and Elka R. Booth
Cyril Bouteille
Joseph Carson
Barbara and Irwin Connor
Kent C. Cooper and
Patricia Ann O'Connor
Marthena Cowart*

"Being a lifelong activist, I can only afford to contribute to a select group of non-profit organizations across the country—VERY few inside the Beltway. POGO consistently makes the cut because they consistently deliver an outstanding level of results and aren't intimidated by any of the "big boys"—political or corporate. I will continue to donate to these fine folks, as their work is critical to salvaging the Republic."

– Craig Williams, Director, Chemical Weapons Working Group and 2006 Goldman Environmental Prize Recipient for North America

Sue Ann and Ted Crosby
Nancy Eichler
Stefan Fernandez
Mark J. Franti
Pamela Gerden
Neva Goodwin
John R. Henson
Bob and Gretchen Hunter
Caleb Jackson
Scott A. Jenson
Laura Kopelson
Kristin E. Kornemann
Jamie Kucab
Irene B. Labriola
Jill Lancelot

Frances Lehman
Maureen Lorenzetti
Steven Loucel
Donna M. Martin
Margaret S. Maurin
Ed McCallum
Danielle McGurrin
Deborah Duff Milenkovitch
Mort and Anita Mintz
Jack Mitchell
James Mitchell
Mike Occhicone
Margot O'Toole and Peter Brodeur
Richard G. and Sarah Pritzlaff
Genevieve M. and Dr. Ned S. Rasor

Keith and Pam Rutter
Alan Schulman*
Elizabeth Schulman and
David H. Kamens*
Franklin R. and Carolyn G. Silbey
Ken Sleeman
John F. Sopko and Nancy Lubin
Hubert Sparks
Robert A. and Marjory Spier
Karen K. Timm
Karen and Derek J. Vander Schaaf
Mariquita Vitzthum
Armen Vonortas
Wesley P. Wheat
Anne B. Zill

POGO also extends thanks to the many contributors who gave between \$1 and \$99 in 2008—we deeply appreciate all of our generous supporters. You are truly the foundation of our organization. If we somehow neglected to acknowledge you here, please let us know and accept our regrets.

POGO accepts limited contributions from law firms, capping each at less than 1% of POGO's operating budget. POGO also accepts employee-directed contributions from individuals who donate through their companies.

* Member of the Monthly Giving Club. It's easy to support POGO on a monthly basis, and every donation makes a difference for our programs.

Recognition



Congratulations to Scott Amey for your ten years at POGO. From intern to General Counsel (and a lot in between), POGO is so much stronger because of your work and dedication to the mission of the organization.

“POGO is one of Washington’s keystone groups when it comes to making the federal government more transparent and accountable.”

– Ellen Miller, Co-founder and Executive Director of the Sunlight Foundation

POGO People



POGO Board of Directors

David Hunter, Chair
Lisa Baumgartner Bonds, Ph.D.,
Vice-Chair
Dina Rasor, Treasurer and Founder
Ryan Alexander
Henry Banta
David Burnham
Michael Cavallo
Charles Hamel
Janine Jaquet
Morton Mintz
Anne Zill

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Anne Bartley
Patricia Derian
Professor Myron Peretz Glazer
Wade Greene
Representative Steven Horn (R-CA, Ret.)
Catherine James Paglia
Lawrence Korb
Conrad Martin
George Perkovich
Vice Admiral Jack Shanahan (Ret.)
Professor Charles Tiefer

POGO Staff

Danielle Brian, Executive Director
Scott Amey, General Counsel
Marthena Cowart, Director
of Communications
Beth Daley, Director of Investigations
Danielle Downing, Program Editor
Ingrid Drake, Investigator and
COTS Director
Abby Evans, Development Associate
Ned Feder, M.D., Staff Scientist
Neil Gordon, Investigator
Beverley Lumpkin, Investigator
Chris Pabon, Director of Development
Keith Rutter, Director of Operations
Pam Rutter, Web Manager
Michael Smallberg, Investigator
and Blog Editor
Mandy Smithberger, National
Security Investigator
Peter Stockton, Senior Investigator
Jake Wiens, Investigator

"I have been impressed by the commitment to fairness, integrity, and good government that motivates POGO to do its good work. POGO is an effective and important organization."

– Robert L. Gallucci, Former Ambassador-at-Large, Department of State



Spotlight on Volunteers

Paul Chassy, Ph.D., J.D.

I was first introduced to POGO while attending a lecture for retirees at Johns Hopkins University given by Danielle Brian, POGO's executive director. I was immediately smitten with Danielle's description of the work they were doing at POGO, so I contacted them to see if they could use someone with my background in a volunteer capacity. We met and discussed a number of possible ongoing projects with which I might be of service.

One of these projects was POGO's database of government contractor misconduct, and I helped analyze the data and identify critical cases and trends of misconduct that merited further exposure and possible legislative action. Having worked most of my career in one or another facet of the federal government, I recognize the need to expose the government's failure to hold contractor's accountable for meeting the highest standards when providing goods and services to the government at taxpayers' expense.

I've since been assisting in POGO's investigation of whether the federal government is inappropriately outsourcing service activities and functions that are inherently governmental. The challenge of investigating, analyzing, and crafting recommendations in an area so vital to the integrity of the government is what motivates me to devote so much of my retirement time volunteering at POGO and for the public interests that it supports.

Thank you

Former Board member Marjorie Sims; former staff members Lauren Robinson and Nick Schwellenbach; fellow John Pruett; and interns Kelli Baldwin and Sebastian Ramirez-Brunner.

"Scores of our members in the working media have investigated government waste, fraud, and abuse with the help of whistleblowers who first turned to POGO. What IRE members like best about POGO is that its only agenda is to expose corruption regardless of ideological slant or party affiliation."

– James V. Grimaldi, Pulitzer Prize Recipient and Member of the Board of Directors, Investigative Reporters and Editors

POGO

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