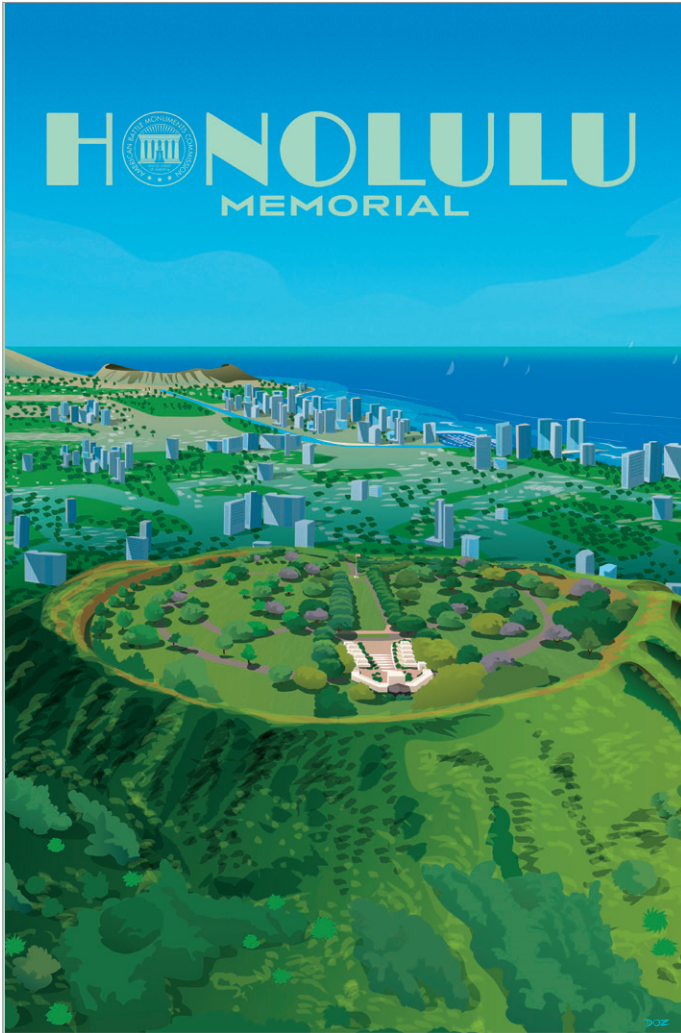




AMERICAN
BATTLE
MONUMENTS
COMMISSION

Fiscal Year 2023
Annual Financial Report



Two of a series of vintage posters created to mark the Centennial Anniversary of the American Battle Monuments Commission.

On the cover: Brittany American Cemetery, France



Letter from the Secretary

I am humbled by the tremendous honor given to me by the President to serve the American people as Secretary of the American Battle Monuments Commission (ABMC). This year was the Centennial Anniversary of ABMC's founding in 1923. For the past 100 years ABMC held the sacred and noble mission of honoring the service and sacrifice of America's armed forces around the world. It is a mission we look forward toward continuing to deliver for the American people and humanity in the next 100 years.

INTRODUCTION – BUILDING AN EDUCATION AND VISITOR CENTRIC AGENCY

At ABMC we have the privilege of both recognizing the past sacrifice of American servicemembers and delivering their stories into the future. As Secretary, I am proud to lead a wonderful agency with an amazing workforce and humble charge from the American people. I am committed to completing the transformation of ABMC from a grieving and mourning agency to a visitor centric agency that always honors American military service as the central core goal of our agency. At the same time, we will continue to prioritize the over 4,000 next of kin that continue to visit their loved ones at ABMC cemeteries worldwide. The process of changing ABMC culture and philosophy, but never its mission, started this year and will continue into future years.

This year, the agency initiated the process of reorganizing the management structure of ABMC. This is the first major management reorganization of the agency since the Cold War. This reorganization was done after conducting an independent outside climate survey and engaging a third-party personnel organizational consultant. Multiple consultations and meetings throughout the year were conducted with all agency personnel to help craft the ultimate agency reorganization outline over this past year.

SUMMARY OF THIS PAST YEAR EVENTS

The agency started our centennial this year with a kickoff at the National Archives, where we released our centennial film that showcases a behind the scenes look at ABMC and the work that goes into keeping our sacred American military sites at a world setting standard.

Centennial events continued throughout the year with multiple agency commissioners serving as hosts for the agency. These events included presentations at the Disabled American Veterans of America annual convention in Atlantic City, the World War I Museum in Kansas City, the World War II Museum in New Orleans, and the National D-Day Memorial in Bedford, Virginia.

For Veterans Day 2022, the agency hosted multiple events at our sites around the world, including a major event at our Manila American Cemetery. I was honored to host both the U.S. Ambassador and the Chairman of the Joint Chiefs of Staff for the Philippines to pay homage to both America's servicemembers and U.S.-Philippine relations.



ABMC Secretary
Charles K. Djou

In January 2023 ABMC held its first guides symposium in Bayeux, France. This symposium connected our agency's visitor hosts and shared best practices from leading international visitor centers. The guides were afforded an opportunity to visit and share experience at ABMC's Normandy American Cemetery, the agency's most visited site.

For the agency's 100th birthday in March 2023, we illuminated all of the headstones, at dusk, at ABMC's Normandy, Suresnes, and North Africa cemeteries. This historic event gave humble tribute to our service members who gave the last full measure of devotion.

The agency also held a senior leader symposium in Washington D.C. in April 2023. This gathering was done at the Smithsonian American Art Museum (SAAM) and brought together the agency's senior leadership from both the D.C. and Paris offices in one location for the first time in the agency's history.

ABMC was pleased to partner with SAAM this year to publish a centennial coffee book, 'Time Will Not Dim,' that chronicles and memorializes the agency's 100 years of honoring America's servicemembers. This is a pathbreaking partnership that yielded a historic publication. This was the first time SAAM worked with another Federal agency on a major book production. ABMC looks forward toward building on this initial work to develop more programs with the Smithsonian in the future.

In May 2023, we hosted major Memorial Day events globally at our sites. These ceremonies included most of our agency's commissioners and paid homage to American service and sacrifice.



ABMC Secretary Charles Djou (right) welcomes ABMC's new Chairman, General Michael Garrett, U.S. Army (Ret.).

Our agency welcomed a new commission chairman on August 1, 2023. U.S. Army General (ret.) Michael X. Garrett became the 12th chair of the commission following in the illustrious footsteps of multiple great American leaders who chaired ABMC through its 100-year history. He is ABMC's first African American chairman.

In September 2023, ABMC was honored that three of our agency's sites, Aisne-Marne American Cemetery, Meuse-Argonne American Cemetery and St. Mihiel American Cemetery were awarded recognition as World Heritage sites by the United Nations Educational, Scientific and Cultural Organization (UNESCO). The UNESCO World Heritage sites are designated as the world's most important sites for historic, cultural, or scientific recognition by humanity. The world's most famous landmarks are recognized as UNESCO World Heritage sites and ABMC is proud to be the custodians of three such sites.

AGENCY RE-ORGANIZATION

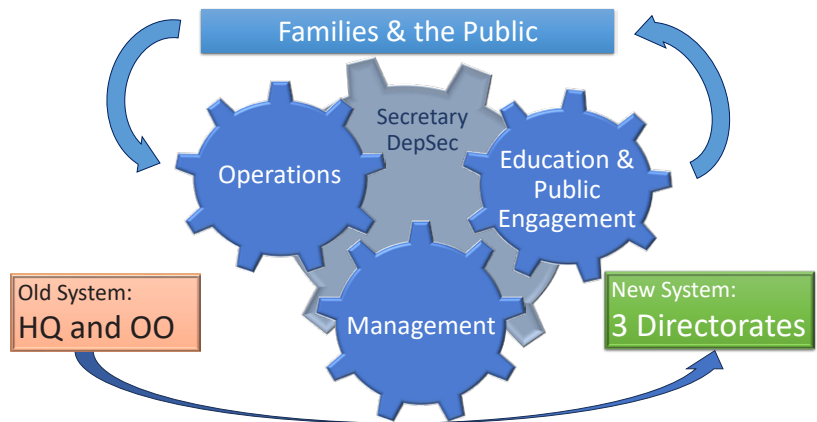
At the end of the fiscal year, we adopted a new structure that will carry ABMC and its mission into the future. The agency is now organized under three directorates, (1) Operations, (2) Education and Public Engagement, and (3) Management. Each directorate is managed by an Executive Director, all of whom report to the Secretary and Deputy Secretary. We eliminated the old management construct of a Headquarters in D.C. and Overseas Operations Office in Paris. The agency also more clearly identified the Secretary as the agency's Chief Executive Officer and the Deputy Secretary as the Chief Operating Officer, a structure more consistent with the leading non-profit organizations and civilian Federal government departments.

These new directorates share the exact same agency mission of honoring American military service. But each directorate will have a different method of achieving this common agency objective.

- The Operations Directorate will address the maintenance and upkeep of the agency's cemeteries and memorials to the highest standards in the world. ABMC is proud of its honored traditions and timeless beauty. The Operations Directorate forms the heart of the agency, preserving this tradition and beauty. As ABMC transforms into an education and visitor centric agency, the Operations Directorate's focus will be on welcoming visitors and next of kin to our sites as ABMC has done for the past century and looks forward to doing for another century.

- The Education and Public Engagement Directorate centers the agency's efforts to spread the stories of American service and sacrifice. This Directorate is the agency's future. The Education Directorate will focus on reaching out to the public to share our nation's service members' incredible stories of military service. The Education Directorate will prioritize creativity, innovation, and meeting visitors where they are.
- The Management Directorate will serve as the support arm for the Operations and Education Directorates. This Directorate will focus on managing the agency, meeting our regulatory responsibilities, and complying with all mandates from the Federal government to allow our agency to blossom. The Management Directorate's focus will be on making the agency an efficient and effective independent Federal agency.

As ABMC Secretary, a top priority for me is continuing toward making this agency a more cooperative and collaborative place to work. I am focused on improving both trust and communication across a challenging diverse geographic workplace. Our agency has sites spread across 17 countries with major administrative offices in Paris and Washington D.C. In Fiscal Year 2023 I worked with the agency's senior managers to improve agency information sharing. This is an effort that will continue into 2024 and beyond.



CONCLUSION

Every day ABMC reminds Americans and humanity about the terrible cost of war in young human lives. But ABMC also serves to inspire the world about the amazing blessing of liberty and the price the American people are willing to pay to preserve it. This agency serves as a reminder that the United States will stand up to aggression, fight back when attacked, and displace dictators who threaten the American way of life.

Over the next several pages, we present our financial statements and performance results for the fiscal year ending September 30, 2023. I am humbled to work with the wonderful ABMC staff and eagerly look forward to ABMC's next century.

Charles K. Djou



Management's Discussion and Analysis (MDA)

For The Fiscal Year Ended September 30, 2023

ABMC's Mission Statement

The American Battle Monuments Commission, the preeminent guardian of America's commemorative military cemeteries and memorials worldwide, honors the achievements of the U.S. armed forces by preserving their legacy of service and sacrifice.



Brookwood American Cemetery, England

Mission

The American Battle Monuments Commission (the Commission) — guardian of America's overseas commemorative cemeteries and memorials — honors the service, achievements and sacrifice of the United States armed forces. Since 1923, the Commission has executed this mission by (1) commemorating the achievements and sacrifices of America's armed forces through the erection and maintenance of suitable memorial shrines in the U.S. when authorized by Congress and where they have served overseas since April 6, 1917; (2) designing, constructing, operating, and maintaining permanent American military burial grounds in foreign countries; and (3) controlling the design and construction on foreign soil of U.S. military memorials, monuments, and markers by other U.S. citizens and organizations, both public and private, and encouraging their maintenance. The Commission's fiscal year 2023 appropriation supported its continued commitment to the worldwide responsibilities that flow from this mission.

In performance of its mission, the Commission administers, operates, and maintains 26 permanent American military cemeteries; 32 federal memorials, monuments, and markers; and eight nonfederal memorials. Four memorials are located

in the United States; the remaining memorials and all of the Commission's cemeteries are located in 16 foreign countries, the U.S. Commonwealth of the Northern Mariana Islands, the Midway Atoll, and the British dependency of Gibraltar. The Commission's World War I, World War II, and Mexico City cemeteries are closed to future burials except for the remains of U.S. war dead discovered in World War I and II battle areas.

In addition to grave sites, the World War I and II cemeteries, together with three of the memorials on U.S. soil, commemorate by name on Tablets of the Missing those U.S. service members who were missing in action or lost or buried at sea during the First and Second World Wars and the Korean and Vietnam Wars.

The Commission also administers trust funds to (1) build memorials authorized by Congress, but financed primarily from private contributions, commemorative coin proceeds, and investment earnings; and (2) maintain and repair nonfederal war memorials with private contributions.

During fiscal year 2023, the Commission continued to ensure that its commemorative cemeteries and memorials remain fitting shrines to those who have served our nation in uniform since America's entry into World War I.

Organizational Structure

The Commission's organizational structure for fiscal year 2023 is shown in Figure 1.

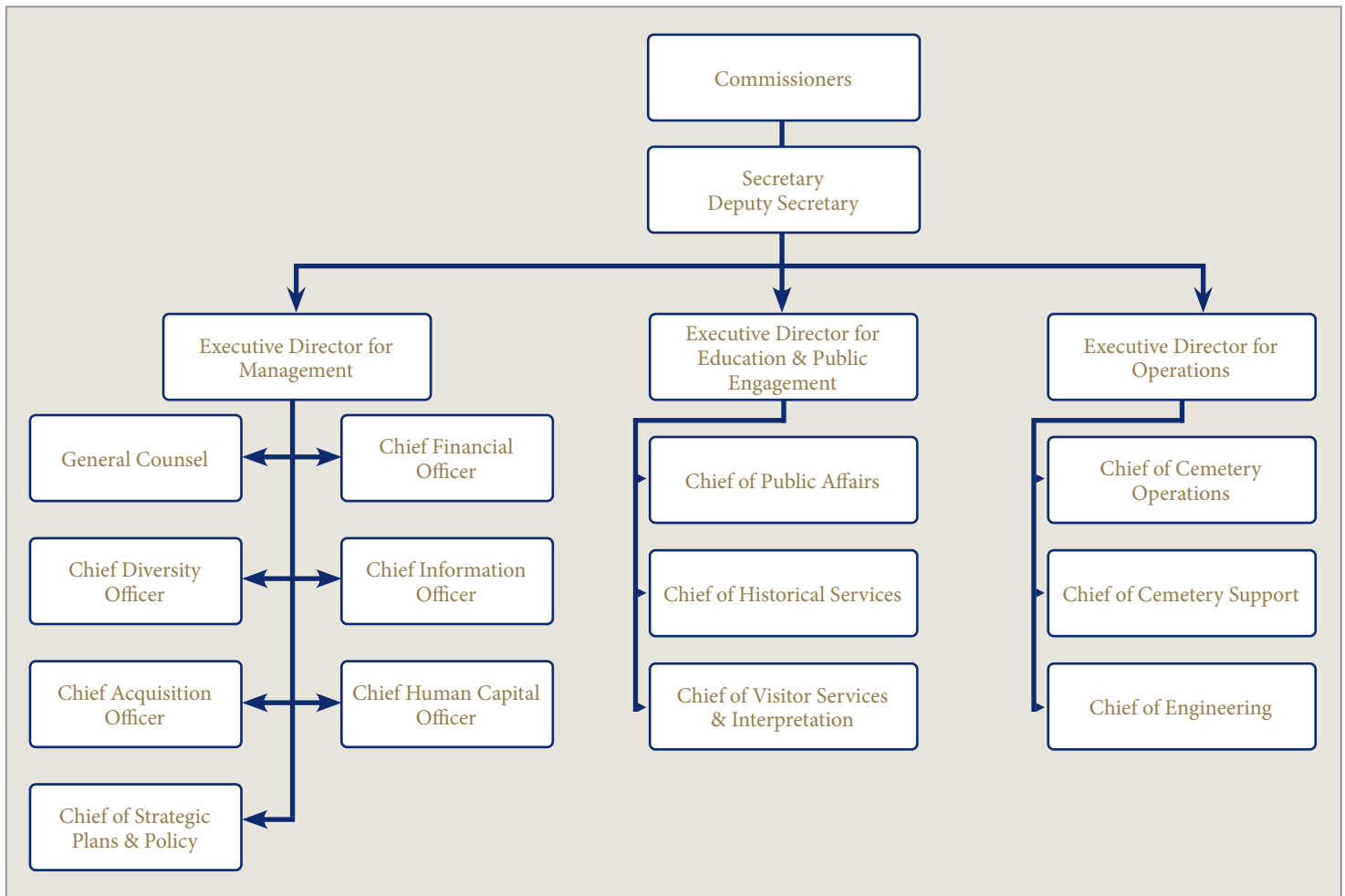


Figure 1: The Commission's Organizational Structure

The Commission's policy-making body consists of a Board of Commissioners comprised of up to 11 members appointed by the President of the United States for an indefinite term and who serve without pay. However, the members of the Commission may receive reimbursement for actual expenses related to the work and travel of the Commission. The commissioners establish policy and ensure proper staff functioning in carrying out the mission of the Commission. The Commission's daily operations are directed by an Executive Level Secretary who is assisted by a Deputy Secretary.

The Commission maintains two administrative offices in Arlington, Virginia, and Paris, France. For fiscal year 2023, the Commission had a total of 472 full-time equivalent (FTE) positions.



ABMC Commissioner Matthew Jones lays a wreath in honor of the war dead at the 2023 Memorial Day ceremony at Normandy American Cemetery, France.



Operations Management

Operations management activities in fiscal year 2023 focused on funding salaries and benefits, service fees, scheduled maintenance and repairs, supplies, materials, spare parts, replacement of uneconomically repairable equipment, and capital improvements.

For fiscal year 2023, the Commission received \$87,500,000 from appropriations in its Salaries and Expenses account. The Commission's Foreign Currency Fluctuations Account appropriation for fiscal year 2023 contained "such sums as may be necessary" language. Figure 2 shows how the Commission obligated funding from its Salaries and Expenses account, by object class.

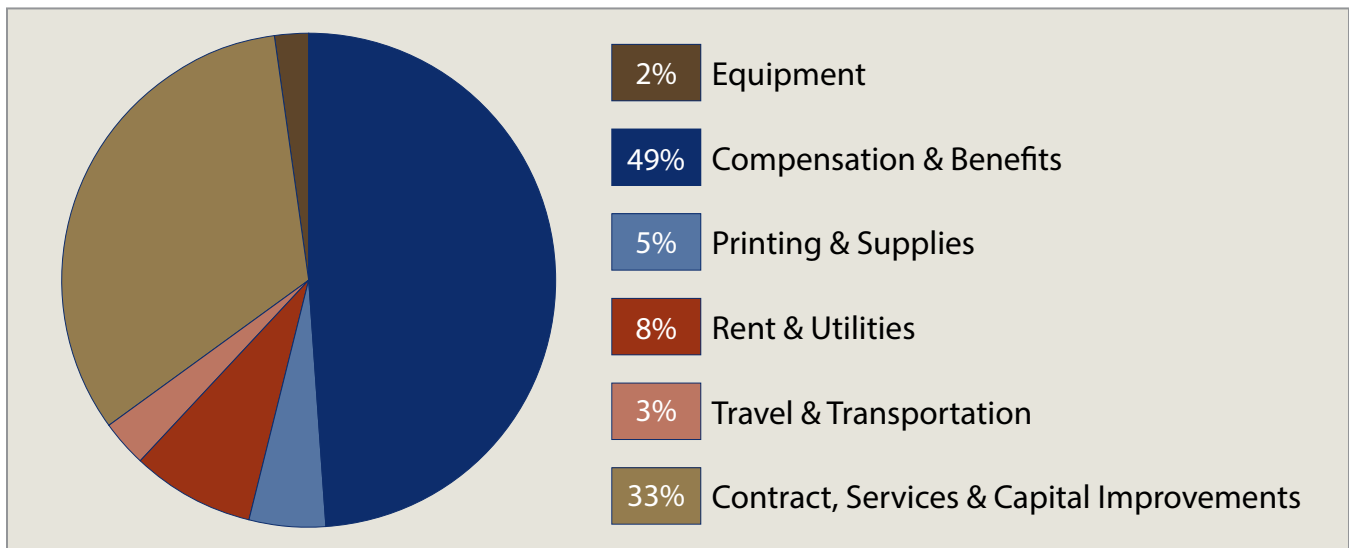


Figure 2: Fiscal Year 2023 Obligations by Object Class

The Commission has received funding for engineering, maintenance and horticulture programs that make the Commission's facilities among the most beautiful memorials in the world. These shrines to America's war dead require a formidable annual program of maintenance and repair of facilities, equipment, and grounds.

The Commission prioritizes the use of its engineering, maintenance and horticulture funds carefully to ensure the most effective and efficient utilization of its available resources. This care includes the upkeep of graves and headstones, memorial structures within and external to the cemeteries, visitor facilities, quarters for assigned personnel, roads and paths, and ornamental landscaping and fine lawns, all on approximately 1,700 acres of land.

Care and maintenance of these resources requires exceptionally intensive labor at the Commission's cemeteries and memorials. Compensation and benefits consumed approximately 49% of the Commission's fiscal year 2023

spending, while the remaining 51% supported engineering, maintenance, horticulture, logistics, interpretation, services, supplies and other administrative costs critical to its operations.



Newly installed exhibits in the Netherlands American Cemetery visitor center that will be dedicated in December 2023.



Performance Highlights

An overview of ABMC's strategic goals and a brief discussion of ABMC's results by strategic goal follows.

ABMC will remain the preeminent standard of excellence for maintaining America's overseas military cemeteries and iconic memorials and will work with relevant stakeholders to identify new opportunities to establish memorials in the U.S. and overseas that honor post-Korean War service and sacrifice.

Strategic objectives are as follows:

- ★ ABMC commemorative cemeteries and federal memorials are maintained and preserved to an exceptional standard commensurate with the sacrifices they honor.
- ★ ABMC will manifest its core mission by seeking opportunities to establish memorials in the U.S. and overseas to honor the post-Korean War service and sacrifice of America's armed forces.

The agency continues to make significant progress toward meeting these objectives within the next fiscal year.

ABMC will work with interagency and public partners to capture the evolving nature of service-related sacrifice as a means of ensuring the continued relevance of our commemorative efforts.

Preliminary results show that ABMC is on track to meet targets within the next fiscal year.



ABMC Historian Ben Brands, ABMC Secretary Charles Djou, ABMC Commissioner Raymond Kemp, and Vicente Lim, associate director of visitor services at Manila American Cemetery (l-r), aboard the USS Midway in San Diego, Calif., for a September 19, 2023, screening of the ABMC Centennial Film.



ABMC Commissioner Flo Groberg, National World War I Museum Vice President of Collections and Senior Curator Christopher Warren, and ABMC Historian Mike Knapp (l-r) respond to audience questions at the museum screening of ABMC's Centennial Film in Kansas City, Missouri, on May 12, 2023.

ABMC will identify innovative methods and connections that reflect our broader recognition of sacrifice and expand national and international audiences' appreciation for the service of America's armed forces.

Strategic objectives are as follows:

- ★ ABMC will develop history-based, innovative outreach programs that combine advanced information sharing techniques with novel approaches to educational programs. Targeted programming will facilitate the education of domestic and international audiences of all ages through easy-to-use web sites, video documentaries, and written stories. Key audiences and historically underserved groups will be identified, and specialized materials and strategies will be developed to reach and inform those groups.
- ★ ABMC will establish state of the art visitor centers that both respect the diversity and dignity of our fallen while informing, preserving, and honoring the sacrifices and service of all American armed forces. Each center will provide information and interpretation in an array of multi-sensory formats.



Screening of the ABMC Centennial Film at the National World War II Museum in New Orleans, La., on June 2, 2023.

- ★ ABMC will establish unique partnership opportunities to expand both domestic and international understanding of the service and sacrifice of our armed forces. ABMC will take deliberate action to reach Americans travelling or living abroad by partnering with organizations that provide services to travelers. ABMC will redouble foreign and domestic outreach efforts through partnerships with the military, patriotic organizations, travel-related services, the media, and academic and educational entities.

The agency continues to work towards achieving its goals for these objectives.

ABMC will sustain its mission effectiveness by recruiting, developing, and retaining a diverse, professional, and passionate workforce.

Strategic objectives are as follows:

- ★ ABMC will aggressively pursue the mandate of the President's executive orders on equity, diversity, inclusion, and accessibility, striving toward a workforce that reflects the full diversity of the American people and ensuring that public servants at all levels have an equal opportunity to succeed and lead.
- ★ ABMC will develop and retain an impassioned, ardent, and educated workforce.
- ★ ABMC will foster an environment of fairness, opportunity, mutual respect, and cultural tolerance in which everyone in the workforce is valued and treated fairly and courteously.

The Commission continues to make progress towards meeting the goals for this area.



Filming an interview for the ABMC Centennial Film at Meuse-Argonne American Cemetery, France.



ABMC's Centennial Book, *Time Will Not Dim*, on display in the Smithsonian American Art Museum (SAAM) gift shop. ABMC partnered with SAAM to publish the book, which highlights the art and architecture of ABMC commemorative sites.



The Army Color Guard posting the colors at the May 2023 Memorial Day ceremony at Henri-Chapelle American Cemetery, Belgium.



Chief of Staff of the Army James C. McConville places a flower on the casket of an unknown World War I soldier interred at Oise-Aisne American Cemetery in France on June 7, 2023.



An Army casket team folds the U.S. flag over the unknown soldier's casket.



Financial Analysis

Assets

The Consolidated Balance Sheet reflects total assets of \$86.0 million at the end of fiscal year 2023, a decrease of \$16.4 million from the \$102.4 million at the end of fiscal year 2022. The Fund Balance with Treasury line item decreased by \$16.4 million, which is attributable to expenditures related to construction of a new service area at Brittany American Cemetery, stabilization of sinkholes at the Suresnes American Cemetery, construction of new restrooms at Lorraine American Cemetery and Normandy American Cemetery, a new irrigation system at St. Mihiel American Cemetery and design plans related to the construction of the Honolulu Visitor Center. The Commission's assets reflected in the Consolidated Balance Sheet were as follows:

Assets by Type

| | 2023 | % | 2022 | % |
|--|---------------------|-------------|----------------------|-------------|
| Fund Balance with Treasury | \$ 83,979,073 | 98% | \$ 100,402,921 | 98% |
| Cash and Foreign Accounts | 207,332 | 0% | 100,764 | 0% |
| Accounts Receivable and Employee Advances | 19,234 | 0% | 15,329 | 0% |
| General Property and Equipment, Net | 1,064,925 | 1% | 1,258,297 | 1% |
| Other | 707,874 | 1% | 617,695 | 1% |
| Total Assets | \$85,978,438 | 100% | \$102,395,006 | 100% |

Liabilities

The Commission's Consolidated Balance Sheet reflects total liabilities of \$12.9 million at the end of fiscal year 2023, a \$1.0 million increase from the previous year's total liabilities of \$11.9 million. Liabilities are categorized as intragovernmental liabilities or liabilities held with the public. Intragovernmental liabilities totaled \$0.7 million in fiscal year 2023 compared to \$0.7 million in fiscal year 2022. Liabilities held with the public totaled \$12.1 million in fiscal year 2023 compared to \$11.3 million in fiscal year 2022. The composition of the Commission's liabilities was as follows:

Liabilities by Type

| | 2023 | % | 2022 | % |
|--------------------------|----------------------|-------------|----------------------|-------------|
| Accounts Payable | \$ 8,051,982 | 63% | \$ 6,052,637 | 51% |
| Other Liabilities | 4,822,348 | 37% | 5,864,726 | 49% |
| Total Liabilities | \$ 12,874,330 | 100% | \$ 11,917,363 | 100% |

Net Position

The Commission's Consolidated Balance Sheet and Consolidated Statement of Changes in Net Position reflect a Net Position of \$73.1 million at the end of fiscal year 2023, a 19% decrease from the \$90.5 million net position in fiscal year 2022. The decrease is mainly attributable to the decrease in Fund Balance with Treasury. Net Position is the sum of Unexpended Appropriations and Cumulative Results of Operations.

Net Costs

The Commission's total net cost of operations for fiscal year 2023 was \$105.8 million. This represents an increase of \$10.7 million from the Commission's net cost of operations of \$95.1 million in fiscal year 2022. The increase is mainly attributable to a general increase in costs related to large scale projects underway such as the new Brittany American Cemetery service area, new restrooms at Lorraine and Normandy American Cemeteries, and design related to the construction of the Honolulu Visitor Center.

Budgetary Resources

The Consolidated Statement of Budgetary Resources provides information on how budgetary resources were made available to the Commission for the year and the status of these resources at fiscal year-end. For the 2023 fiscal year, the Commission had total budgetary resources of \$147.0 million, which represents a 2% decrease from fiscal year 2022 levels of \$150.0 million. Budget authority of \$87.6 million consisted of appropriations received. The Commission incurred obligations totaling \$103.0 million in fiscal year 2023 compared with fiscal year 2022 obligations incurred of \$93.2 million. The increase was mainly due to construction of a new service area at Brittany American Cemetery, stabilization of sinkholes at the Suresnes American Cemetery, construction of new restrooms at Lorraine American Cemetery and Normandy American Cemetery, a new irrigation system at St. Mihiel American Cemetery and design plans related to the construction of the Honolulu Visitor Center.

Net Outlays reflect the actual cash disbursed against previously established obligations. For fiscal year 2023, the Commission had net outlays of \$103.9 million, compared to \$93.8 million in net outlays in fiscal year 2022, an increase of 11%.

During fiscal year 2023, the world continued to experience the effects of the worst global pandemic in more than a century. While Congress provided stimulus funds to agencies to assist with the financial impact of coronavirus disease 2019 (Covid-19), the Commission did not receive any stimulus funds. The Commission has not experienced a significant financial impact during fiscal year 2023 responding to Covid-19.



Columns depicting American units that fought in the Battle of the Bulge after restoration by ABMC at the former Mardasson Monument in Bastogne, Belgium.

Heritage Assets

Heritage assets are property, plant and equipment that are unique for one or more of the following reasons: historical or natural significance; cultural, educational, or artistic importance; or significant architectural characteristics.

Heritage assets are significant to the mission of the Commission, which is to design, construct, and maintain historical cemeteries and memorials. The Commission presents its heritage assets in three categories: cemeteries, federal memorials, and nonfederal memorials. Through September 30, 2023, the Commission had 26 cemeteries, 32 federal memorials and 8 nonfederal memorials. Presently, nearly 140,000 U.S. war dead and others are interred in these cemeteries. Commemorated individually by name on stone tablets at the cemeteries and federal memorials are over 94,000 war dead, whose remains were not recovered. The cemeteries and federal memorials encompass nearly 1,650 acres. This land is provided to the Commission through host nation agreements for permanent use as cemeteries and memorials.



Statements and Controls

Financial Statements and Limitations

The Commission is required to obtain an independent audit of its financial statements under the Accountability of Tax Dollars Act of 2002. The Commission has selected Harper, Rains, Knight and Company to conduct its fiscal year 2023 financial audit.

The financial statements have been prepared to report the financial position and results of operations of the Commission, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the Commission in accordance with generally accepted accounting principles for federal entities and the formats prescribed by the Office of Management and Budget, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the understanding that the Commission is a component of the U.S. Government, a sovereign entity.

Management Assurances: Systems, Controls, Legal Compliance

Federal Managers' Financial Integrity Act (FMFIA)

The Commission is cognizant of the importance of, and need for, management accountability and responsibility as the basis for quality and timeliness of program performance, mission accomplishment, productivity, cost-effectiveness, and compliance with applicable laws. It has taken management actions to ensure that the annual evaluation of these controls is performed in a conscientious and thorough manner according to Office of Management and Budget regulations and guidelines and in compliance with 31 U.S.C. 3512 (c), (d), commonly known as the Federal Manager's Financial Integrity Act (FMFIA). The objectives of the Commission's internal management control policies and procedures are to provide reasonable assurance that

- ★ obligations and costs are in compliance with applicable law;
- ★ funds, property, and other assets are safeguarded against waste, loss, unauthorized use, and misappropriation;
- ★ revenue and expenditures applicable to agency operations are promptly recorded and accounted for; and
- ★ programs are efficiently and effectively carried out in accordance with applicable laws and management policy.

Based on its evaluation, the Commission concluded that there is reasonable assurance that its internal control over effectiveness and efficiency of operations as of September 30, 2023 was operating effectively and met the objectives of both Sections 2 and 4 of the FMFIA. The reasonable assurance concept recognizes that the cost of internal controls should not exceed the benefits expected to be derived and that the benefits reduce the risk of failing to achieve stated objectives.

Anti-Deficiency Act

The Anti-Deficiency Act prohibits federal employees from:

- ★ making or authorizing an expenditure from, or creating or authorizing an obligation under, any appropriation or fund in excess of the amount available in the appropriation or fund unless authorized by law;
- ★ involving the government in any obligation to pay money before funds have been appropriated for that purpose, unless otherwise allowed by law;
- ★ accepting voluntary services for the United States, or employing personal services not authorized by law, except in cases of emergency involving the safety of human life or the protection of property; and
- ★ making obligation or expenditure in excess of an apportionment or reappportionment, or in excess of the amount permitted by agency regulations.

The agency implemented effective internal controls to track commitments, and ensured managers are knowledgeable about the current year's appropriations and budget to ensure compliance. The agency did not have any Anti-Deficiency Act violations during FY 2023.

Pay and Allowance System for Civilian Employees as provided in 5 U.S.C. Chapters 51-59

The Pay and Allowance System for Civilian Employees requires employees to be paid at the appropriate rates established by law, including general pay increases. The Commission ensures that pay and allowances for agency employees are appropriately administered and executed in accordance with laws, regulations, and agency policies.

Prompt Payment Act

The Prompt Payment Act of 1982, as amended, provides government-wide guidelines for establishing due dates on commercial invoices and provides for interest payment on invoices paid late.

Government Charge Card Abuse Prevention Act

The Government Charge Card Abuse Prevention Act requires establishing and maintaining safeguards and internal controls for the charge card program.

The Commission assessed the charge card program as directed by the guidance provided in OMB Circular A-123 Appendix B, OMB Memorandum M-12-12 *Promoting Efficient Spending to Support Agency Operations*, and OMB Memorandum M-13-21 *Implementation of the Government Charge Card Abuse Prevention Act of 2012*. The agency continues to review and update its policies to help prevent improper payments and deter misuse of cards.

Federal Information Security Management Act of 2002, as amended by the Federal Information Security Modernization Act of 2014

The Federal Information Security Management Act of 2002 (FISMA 2002) requires each federal agency to establish and maintain an information security program for all non-national security information and information systems. To further improve cybersecurity and clarify oversight responsibilities, Congress passed the Federal Information Security Modernization Act of 2014 (FISMA 2014). FISMA 2014 is intended to address the increasing sophistication of cybersecurity attacks, promote the use of automated security tools with the ability to continuously monitor and diagnose the security posture of federal agencies, and provide for improved oversight of federal agencies' information security programs.

The agency last submitted its FISMA report on October 28, 2023 in compliance with OMB Memorandum M-17-05, *Fiscal Year 2016-2017 Guidance on Federal Information Security and Privacy Management Requirements*. In its submission, the Commission reported significant improvements toward meeting the 2023 FISMA metrics. The agency continues to work towards strengthening its information security program.

Digital Accountability and Transparency (DATA) Act

The Digital Accountability and Transparency Act of 2014 is intended to make Federal spending data more accessible, searchable, and reliable. The U.S. Department of the Treasury (Treasury) and OMB are leading the government-wide implementation of the DATA Act.

The Commission was successful in uploading its data into the data broker by the reporting deadline. The agency has continued to review and reconcile its procurement and accounting data to ensure that we will successfully meet the quarterly filing requirements.



Belgian children at the Ardennes American Cemetery Memorial Day ceremony in May 2023.

Accountability of Tax Dollars Act

ATDA requires the preparation of financial statements by the federal agencies that were exempted by the Chief Financial Officers Act of 1990. OMB Circular A-136, Financial Reporting Requirements, enables agencies to produce a consolidated Performance and Accountability Report or a separate Agency Financial Report. The Commission chose to produce an Agency Financial Report. This report meets the requirements of the Act.

The Commission's financial statements are audited each year. The Commission received an unmodified opinion for FY 2023 (see Independents Auditor's Report on page 16).

Future Effects, Risks, and Uncertainties

Changes in the rate of exchange for foreign currencies have a significant impact on the Commission's day-to-day operations. In order to insulate the Commission's annual appropriation against major changes in its purchasing power, legislation was enacted in 1988 (codified in 36 U.S.C. 2109) to establish a Foreign Currency Fluctuation Account in the U.S. Treasury. The Commission closely monitors fluctuations between the U.S. dollar and various foreign currencies as its budget is disproportionately affected by foreign currency fluctuation. Legislation was enacted which included "such sums as may be necessary" language for the Commission's fiscal year 2023 FCFA appropriation. This allows the Commission to preserve its purchasing power against a suddenly falling U.S. dollar against the euro. With this language the Commission will continue to estimate and report its FCFA requirements as it has in the past. However, when a need arises where the amount forecast by the Commission for this account is insufficient, the Commission will submit an adjusted estimate to the Office of Management and Budget, and then to the Congress.

Overall, by maintaining close scrutiny of the Commission's obligation status, as well as monitoring and distributing the Foreign Currency Fluctuation Account balance, the Commission reduces its overall future financial risk to continued operations.



Fiscal Year 2023
Financial Statements and Notes



Independent Auditors' Report

Chairman and Secretary
American Battle Monuments Commission

Report on the Audit of the Financial Statements

Opinion

In accordance with the Accountability of Tax Dollars Act, we have audited the financial statements of the American Battle Monuments Commission (ABMC). ABMC's financial statements comprise the consolidated balance sheets as of September 30, 2023, and 2022, and the related consolidated statements of net cost, changes in net position, and combined statements of budgetary resources for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, ABMC's financial statements present fairly, in all material respects, ABMC's financial position as of September 30, 2023, and 2022, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-01 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ABMC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

ABMC's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with accounting principles generally accepted in the United States of America; preparing and presenting other information included in documents containing the audited financial statements and auditors' report, and ensuring the consistency of that information with the audited financial statements and the RSI; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB Bulletin No. 24-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ABMC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the Management's Discussion and Analysis and Required Supplementary Information (collectively RSI) be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB who considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of (1) inquiries of management about the methods of preparing the RSI and (2) comparing the information for consistency with management's responses to the auditors' inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on ABMC's financial statements. The information in the Letter from the Secretary and Other Accompanying Information sections contain a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of ABMC's financial statements as of and for the year ended September 30, 2023, in accordance with GAGAS, we considered ABMC's internal control relevant to the financial statement audit as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ABMC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ABMC's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of ABMC's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

Report on Internal Control over Financial Reporting (continued)

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether ABMC's financial statements are free from material misstatement, we performed tests of its compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, that have a direct effect on the determination of material amounts and disclosures in ABMC's financial statements, and to perform certain other limited procedures, but not for the purposes of expressing an opinion on ABMC's compliance with applicable laws, regulations, contracts, and grant agreements. Accordingly, we do not express such an opinion. We did not test compliance with all laws, regulations, contracts, and grant agreements applicable to ABMC. ABMC management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the entity.

Our tests of compliance with these selected provisions of applicable laws, regulations, and contracts, and grant agreements disclosed no instances of noncompliance for the year ended September 30, 2023, that would be reportable under GAGAS or OMB Bulletin No. 24-01. We caution that noncompliance may occur and not be detected by these tests.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* is solely to describe the scope of our testing of internal control and compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of ABMC's internal control or compliance. These reports are an integral part of an audit performed in accordance with GAGAS and OMB Bulletin No. 24-01 in considering the entity's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

Hopewell, Raines, Knight & Company, P.A.

November 9, 2023
Washington, DC



Consolidated Balance Sheets

**As of September 30, 2023 and 2022
(in dollars)**

| | 2023 | 2022 |
|---|----------------------|-----------------------|
| Assets: | | |
| Intragovernmental: | | |
| Fund balance with Treasury (Note 2) | \$ 83,979,073 | \$ 100,402,921 |
| Total intragovernmental | 83,979,073 | 100,402,921 |
| Cash and other monetary assets (Note 3) | 207,332 | 100,764 |
| Accounts receivable, net (Note 4) | 19,234 | 15,329 |
| General property and equipment, net (Note 5) | 1,064,925 | 1,258,297 |
| Other (Note 6) | 707,874 | 617,695 |
| Total Assets | \$ 85,978,438 | \$ 102,395,006 |
| Stewardship PP&E (Note 7) | | |
| Liabilities (Note 17): | | |
| Intragovernmental: | | |
| Accounts payable | \$ 666,452 | \$ 434,677 |
| Other (Note 8) | 69,034 | 216,930 |
| Total intragovernmental | 735,486 | 651,607 |
| Accounts payable | 7,385,530 | 5,617,960 |
| Other (Note 8) | 4,753,314 | 5,647,796 |
| Total Liabilities | 12,874,330 | 11,917,363 |
| Net Position: | | |
| Unexpended appropriations-All Other Funds | 73,951,170 | 91,428,631 |
| Cumulative results of operations-Funds from Dedicated Collections | 1,250,801 | 1,716,906 |
| Cumulative results of operations-All Other Funds | (2,097,863) | (2,667,894) |
| Total Net Position | \$ 73,104,108 | \$ 90,477,643 |
| Total liabilities and net position | \$ 85,978,438 | \$ 102,395,006 |

The accompanying notes are an integral part of these statements.



Consolidated Statements of Net Cost

**For the Years Ended September 30, 2023 and 2022
(in dollars)**

| | 2023 | 2022 |
|-----------------------------|-----------------------|----------------------|
| Gross Program costs: | | |
| Operations and Maintenance: | | |
| Gross costs | \$ 106,168,996 | \$ 95,303,393 |
| Less: earned revenue | 384,129 | 238,169 |
| Net cost of operations | <u>\$ 105,784,867</u> | <u>\$ 95,065,224</u> |

The accompanying notes are an integral part of these statements.



Consolidated Statements of Changes in Net Position

For the Years Ended September 30, 2023 and 2022

(in dollars)

| | 2023 | 2022 |
|--|----------------------|----------------------|
| Unexpended Appropriations: | | |
| Beginning Balance | \$ 91,428,631 | \$ 98,342,934 |
| Budgetary Financing Sources: | | |
| Appropriations Received | 87,500,000 | 87,500,000 |
| Appropriations Used | (104,977,461) | (94,414,303) |
| Total Budgetary Financing Sources | <u>(17,477,461)</u> | <u>(6,914,303)</u> |
| Total Unexpended Appropriations | <u>73,951,170</u> | <u>91,428,631</u> |
| Cumulative Results from Operations: | | |
| Beginning Balance (includes Funds from Dedicated Collections of \$1,716,906 in FY 2023 and \$2,019,790 in FY 2022 (Combined Totals) - (Note 16) | \$ (950,988) | \$ (991,369) |
| Budgetary Financing Sources: | | |
| Appropriations used | 104,977,461 | 94,414,303 |
| Donations and forfeitures of cash and cash equivalents | 77,439 | 202,615 |
| Other Financing Sources (Non-Exchange): | | |
| Imputed financing (Note 13) | <u>833,893</u> | <u>488,687</u> |
| Total Financing Sources (includes Funds from Dedicated Collections of \$77,439 in FY 2023 and \$202,615 in FY 2022 (Combined Totals) - (Note 16) | 105,888,793 | 95,105,605 |
| Net Cost of Operations (includes Funds from Dedicated Collections of \$543,544 in FY 2023 and \$505,499 in FY 2022 (Combined Totals) - (Note 16) | <u>(105,784,867)</u> | <u>(95,065,224)</u> |
| Net Change | 103,926 | 40,381 |
| Cumulative Results of Operations (includes Funds from Dedicated Collections of \$1,250,801 in FY 2023 and \$1,716,906 in FY 2022 (Combined Totals) - (Note 16) | <u>(847,062)</u> | <u>(950,988)</u> |
| Net Position | <u>\$ 73,104,108</u> | <u>\$ 90,477,643</u> |

The accompanying notes are an integral part of these statements.



Combined Statements of Budgetary Resources

For the Years Ended September 30, 2023 and 2022
(in dollars)

| | 2023 | 2022 |
|--|-----------------------|-----------------------|
| Budgetary Resources: | | |
| Unobligated balance from prior year budget authority, net (discretionary and mandatory) | \$ 59,420,044 | \$ 62,265,302 |
| Appropriations (discretionary and mandatory) | 87,577,438 | 87,702,614 |
| Total budgetary resources | <u>\$ 146,997,482</u> | <u>\$ 149,967,916</u> |
| Status of Budgetary Resources: | | |
| New obligations and upward adjustments (Note 14) | \$ 102,972,156 | \$ 93,215,758 |
| Unobligated balance, end of year: | | |
| Apportioned, unexpired accounts | 42,908,804 | 55,572,732 |
| Exempt from apportionment, unexpired accounts | 1,116,522 | 1,179,426 |
| Total unobligated balance, end of year (total) | <u>44,025,326</u> | <u>56,752,158</u> |
| Total budgetary resources | <u>\$ 146,997,482</u> | <u>\$ 149,967,916</u> |
| Outlays, Net: | | |
| Outlays, net (total) (discretionary and mandatory) | 103,894,719 | 93,796,746 |
| Agency outlays, net (discretionary and mandatory) | <u>\$ 103,894,719</u> | <u>\$ 93,796,746</u> |

The accompanying notes are an integral part of these statements.



Notes to Consolidated Financial Statements

For the Years Ended September 30, 2023 and 2022
(in dollars)

Note 1. Significant Accounting Policies

A. Basis of Presentation

The accompanying consolidated financial statements present the financial position, net cost of operations, changes in net position, and budgetary resources of the American Battle Monuments Commission (the Commission) in conformity with U.S. generally accepted accounting principles as used by the federal government. There are no intra-entity transactions to be eliminated. Certain assets, liabilities, and costs have been classified as intragovernmental throughout the financial statements and notes. Intragovernmental is defined as transactions made between two reporting entities within the federal government.

B. Reporting Entity and Funding Sources

The Commission is an independent agency within the executive branch of the federal government and was created by the Act for creation of the American Battle Monuments Commission, March 4, 1923, 67 P.L. 534; 42 Stat. 1509; 67 Cong. Ch. 283, the current provisions of which are now codified in 36 U.S.C. Chapter 21. The Commission's mission is to commemorate the sacrifices and achievements of U.S. armed forces where they have served overseas since April 6, 1917, the date of the United States entry into World War I, and at locations within the United States and North America when directed by the Congress. The Commission designs, administers, constructs, operates, and maintains 26 American military cemeteries and 32 federal memorials, monuments, and markers (herein collectively referred to as memorials). Four of the memorials are located in the United States while all of the cemeteries and the remaining memorials are located on foreign soil in 17 foreign countries, the Marianas, Midway Atoll and Gibraltar. The Commission is also responsible for maintaining 8 nonfederal memorials with funds received from the memorials' sponsors. The Commission is headquartered in Arlington, Virginia. Field operations are conducted through an office located in Paris, France.

The Commission also had responsibility for designing and constructing the National World War II Memorial located on the Mall in Washington, D.C. In accordance with 40 U.S.C. 8906(b), the Commission deposited funds into a separate Treasury account to offset the memorial's costs of perpetual

maintenance. On November 1, 2004, the Commission signed an agreement with the National Park Service to formally transfer the National World War II Memorial to the Service for its future care and maintenance. The Commission is responsible for remaining funds residing in a trust fund in the U.S. Treasury to be used solely to benefit the World War II Memorial for other than routine maintenance expense.

Commission programs are funded primarily through appropriations available without fiscal year limitation (no-year). The Commission also administers several trust funds established to: (1) build memorials authorized by the Congress, but which are funded primarily by private contributions, commemorative coin sales proceeds, and investment earnings; and (2) maintain and repair certain nonfederal war memorials.

C. Basis of Accounting

The Commission's proprietary accounts (assets, liabilities, equity, revenue, and expenses) are maintained on the accrual basis, where appropriated funds are accounted for by appropriation year; operating expenses are recorded as incurred; and depreciation is taken on property, and equipment not otherwise classified as heritage assets. Commission budgetary accounts are maintained on a budgetary basis, which facilitates compliance with legal constraints and statutory funds control requirements. The functional budget classification is Veterans' Benefits and Services.

D. Fund Balance with Treasury

The Commission's cash receipts and disbursements are processed by the U.S. Treasury. Fund balances with Treasury are composed of appropriated general funds, appropriated foreign currency fluctuation funds, and trust funds. The Fund balance with Treasury is the aggregate amount for which the Commission is authorized to make expenditures and pay liabilities.

E. Foreign Currency

The Commission's overseas offices maintain accounts of foreign currencies to be used in making payments in foreign countries. Amounts are recorded at a standard budget rate in U.S. dollars and a gain or loss recognized when paid in foreign currency. Appropriated monies are transferred to/from the Commission's Foreign Currency Fluctuation Account to fund

net currency gains/losses. Cash accounts in foreign currencies are reported at the U.S. dollar equivalent using the Treasury exchange rate in effect on the last day of the fiscal year.

F. Contributions and Revenue Recognition

The Commission recognizes unrestricted contributions or unconditional promises to give as revenue in the period of the initial pledge when sufficient verifiable evidence of the pledge exists. Conditional promises to give are recorded as revenue when the condition has been met. Unconditional promises to give may be temporarily restricted or permanently restricted. Temporarily restricted promises to give are released from restriction when the conditions have been met. Permanently restricted promises to give are recorded as revenue in the period donated; however, donors generally allow only the earned income to be used for general or specific purposes. In-kind contributions of goods and services are recognized at fair value by the Commission at the time the goods are received, or the services are performed. Multiyear contributions due over a period of time are discounted to their present value based upon the short-term Treasury interest rate.

G. Operating Materials and Supplies

The Commission has determined that operating materials and supplies located at its cemeteries are not significant amounts and that it is more cost beneficial to record them on the purchase method of accounting whereby items are expensed as purchased rather than when consumed. Consequently, the Commission reports no operating materials or supplies inventories.

H. General Property and Equipment

General property and equipment are composed of real and personal property. Related purchases exceeding \$50,000 are capitalized and depreciated on a straight-line basis over the useful life of the item, which for (1) personal property is considered to be 5 years, and (2) real property is considered to be 30 years. Purchases of general property and equipment of \$50,000 or less are expensed in the period of acquisition.

I. Heritage Assets

Heritage assets are assets possessing significant cultural, architectural, or aesthetic characteristics. The Commission considers its cemeteries and federal memorials, monuments, and markers acquired through purchase or donation to be non-collection heritage assets. Heritage assets acquired through purchase or donation are accounted for in the Commission's property records and are not presented in the balance sheet. Withdrawals of heritage assets are recorded upon formal agreement with recipients. Additional disclosure on individual heritage asset cemeteries and memorials are found in the Schedules of Heritage Assets presented as unaudited other information. Cemetery land is owned by the foreign countries in which cemeteries are located and is provided to the United States in perpetuity.

J. Employee Benefits

The Commission's civilian U.S. nationals hired after December 31, 1983 are covered by the Federal Employees' Retirement System (FERS), which was implemented on January 1, 1984. The Commission's civilian U.S. nationals hired on or before December 31, 1983, could elect to transfer to FERS or remain with the Civil Service Retirement System (CSRS). For FERS employees, the Commission withholds .80 percent of base pay and as employer contributes 16 percent of base pay to this retirement system. For Federal Insurance Contribution Act (FICA) tax and Medicare, the Commission withholds 6.2 percent from FERS employees' earnings. In addition, the Commission contributes 7.65 percent and remits the total amount to the Social Security Administration. The Commission withholds 7.00 percent of base pay plus 1.45 percent for Medicare from CSRS employees' earnings and as employer contributes 7.00 percent of base pay plus 1.45 percent for Medicare. These deductions are then remitted to the Office of Personnel Management (OPM) and the Social Security Administration. OPM is responsible for government wide reporting of FERS and CSRS assets, accumulated plan benefits, and unfunded liabilities.

On April 1, 1987, the federal government instituted the Thrift Saving Plan (TSP), a retirement savings and investment plan for employees covered by FERS and CSRS. The Commission contributes a minimum of 1 percent of FERS employees' base pay to TSP. For 2023, FERS employees could contribute up to \$22,500 (\$30,000 if at least age 50) on a tax-deferred basis to TSP, which the Commission matches up to 4 percent of base pay. For 2023, CSRS employees may also contribute up to \$22,500 (\$30,000 if at least age 50) on a tax-deferred basis; however, they receive no matching contribution from the Commission. Retirement and other benefits for the Commission's foreign national employees are paid by the Commission in accordance with the provisions of 10 host nation agreements negotiated by the U.S. Department of State.

Annual leave is accrued as earned, and the resulting unfunded liability is reduced as leave is taken. Separation pay is provided in certain countries according to host nation agreements. Separation pay is accrued as earned, and the resulting unfunded liability is reduced when paid to the foreign national leaving the employ of the Commission. Each year balances in the accrued separation pay and annual leave accounts are adjusted to reflect current pay rates. To the extent that current or prior year appropriations are not available to fund annual leave and separation pay, funding will be obtained from future financing resources. Sick leave and other types of unvested leave are expensed when incurred.

K. Program Costs

Program costs are broken out into two categories - “Intragovernmental” and “With the Public”. Intragovernmental costs are costs the Commission incurs through contracting with other federal agencies for goods and/or services, such as rent paid to U.S. Department of State, payroll processing services received from the Interior Business Center (IBC), and costs for retirement and other benefits paid by OPM. With the Public costs are costs the Commission incurs through contracting with the private sector for goods or services, payments for employee salaries, depreciation, annual leave and other non-Federal entity expenses.

L. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported

amount of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the amount of revenues and expenses reported during the reporting period. Actual results could differ from those estimates.

M. New Accounting Standard

In April 2018, the Federal Accounting Standards Advisory Board (FASAB) issued Statement of Federal Financial Accounting Standards 54: Leases (SFFAS 54), which among other things, requires lessees to (1) recognize operating leases as lease assets and lease liabilities on the balance sheet and (2) disclose key information about significant leasing arrangements. This new accounting standard will be effective for the Commission's FY2024 financial statements. While the required changes are prospective, the overall impact has not yet been determined.

Note 2. Fund Balance with Treasury

All undisbursed accounts balance with the U.S. Treasury, as reflected in the Commission's records, as of September 30, 2023 and 2022 are available and were as follows:

| Status of Fund Balance with Treasury | 2023 | 2022 |
|--------------------------------------|---------------|----------------|
| Unobligated Balance: | | |
| Available | \$ 44,025,326 | \$ 55,572,732 |
| Unavailable | - | 1,179,426 |
| Obligated Balance not yet Disbursed | 40,161,079 | 43,751,527 |
| Non-Budgetary FBWT | (207,332) | (100,764) |
| Total | \$ 83,979,073 | \$ 100,402,921 |

Note 3. Cash and other Monetary Assets

Outside the United States, the Commission makes payments in U.S. and foreign currencies through imprest cash funds and Treasury-designated depository commercial bank accounts, which as of September 30, 2023 and 2022 were as follows:

| | 2023 | 2022 |
|-----------------------|------------|------------|
| Foreign Bank Accounts | \$ 207,332 | \$ 100,764 |
| | \$ 207,332 | \$ 100,764 |

Note 4. Accounts Receivable

The gross balance of accounts receivable was \$19,234 and \$15,329 at September 30, 2023 and September 30, 2022, respectively. The accounts receivable is primarily for employee debts which the Commission anticipates are fully collectible. These items may be reported to the Department of the Treasury, Treasury Offset Program if not collected within prescribed collection terms.

Note 5. General Property and Equipment

Non-capitalized assets, such as general property and equipment acquisitions with an aggregate cost basis of \$50,000 or less and all acquisitions of heritage assets, totaling \$1,006,311 were expensed by the Commission as of September 30, 2023. In comparison, \$913,355 was expensed as of September 30, 2022.

General property and equipment as of September 30, 2023 and 2022 is as follows:

| Category | 2023 | | | 2022 | | |
|--|---------------------|--------------------------|---------------------|---------------------|--------------------------|---------------------|
| | Cost | Accumulated Depreciation | Net | Cost | Accumulated Depreciation | Net |
| Buildings, Improvements, and Renovations | \$ 923,460 | \$ 594,891 | \$ 328,569 | \$ 923,460 | \$ 564,109 | \$ 359,351 |
| Equipment | 3,063,940 | 2,801,758 | 262,182 | 3,637,758 | 3,450,073 | 187,685 |
| Leasehold Improvements | 1,876,939 | 1,402,765 | 474,174 | 1,876,939 | 1,165,678 | 711,261 |
| | <u>\$ 5,864,339</u> | <u>\$ 4,799,414</u> | <u>\$ 1,064,925</u> | <u>\$ 6,438,157</u> | <u>\$ 5,179,860</u> | <u>\$ 1,258,297</u> |

Note 6. Other Assets

Other assets as of September 30, 2023 and 2022 were as follows:

| | 2023 | 2022 |
|--------------------|-------------------|-------------------|
| Prepaid Rent | \$ 688,324 | \$ 617,695 |
| Prepaid Equipment | 17,750 | - |
| Prepaid Training | 1,800 | - |
| Total Other Assets | <u>\$ 707,874</u> | <u>\$ 617,695</u> |

Note 7. Heritage Assets

Heritage assets are significant to the mission of the Commission to design, construct, and maintain historical cemeteries and memorials. The Commission presents its heritage assets in three categories: cemeteries, federal memorials, and nonfederal memorials. Changes in heritage assets for fiscal year 2023 were as follows:

| | Cemeteries | Federal Memorials | Non-Federal Memorials |
|------------------------------------|------------|-------------------|-----------------------|
| Beginning of Year 10-1-22 | 26 | 32 | 8 |
| Number Acquired, Fiscal Year 2023 | - | - | - |
| Number Withdrawn, Fiscal Year 2023 | - | - | - |
| As of 9-30-23 | <u>26</u> | <u>32</u> | <u>8</u> |

Note 8. Other Liabilities

Other liabilities as of September 30, 2023 and 2022 were as follows:

| Intragovernmental Liabilities: | 2023 | 2022 |
|-----------------------------------|---------------------|---------------------|
| Accrued Salaries and Benefits | \$ 69,034 | \$ 216,930 |
| | <u>\$ 69,034</u> | <u>\$ 216,930</u> |
| Public Liabilities: | 2023 | 2022 |
| Accrued Salaries and Benefits | \$ 731,095 | \$ 936,709 |
| Unfunded Separation Pay Liability | 108,017 | 222,047 |
| Unfunded Deferred Rent Liability | 1,233,816 | 1,668,223 |
| Unfunded Annual Leave | 2,680,386 | 2,820,817 |
| | <u>\$ 4,753,314</u> | <u>\$ 5,647,796</u> |

These liabilities are all classified as current with the exception of deferred rent liability, of which \$410,205 is current.

Under a host nation agreement, the Commission's Italian employees earn separation pay for each year of service with the Commission. The Commission recognized an unfunded liability for separation pay for these employees of \$108,017 as of September 30, 2023, and \$222,047 as of September 30, 2022.

Note 9. Lease Agreements

The Commission has no capital leases. The Commission's Arlington, Virginia, office is rented under a 10-year operating lease expiring in July 2027. In November 2017, the Commission's overseas office moved to leased office space in downtown Paris, France under a 9-year operating lease expiring in September 2025. Future minimum payments due on these operating leases as of September 30, 2023, are as follows:

| Fiscal Year | |
|---------------|---------------------|
| 2024 | \$ 3,549,095 |
| 2025 | 3,558,598 |
| 2026 | 1,014,704 |
| 2027 | 826,388 |
| 2028 | - |
| After 5 Years | - |
| Total | <u>\$ 8,948,785</u> |

Lease payments for 15 living quarters leases for the benefit of the Commission's Office of Overseas Operations, are made through the International Cooperative Administrative Support Services (ICASS) program with the U.S. State Department. These leases are on a month-to-month basis and the Commission has no obligation for future payments associated with these leases.

As of September 30, 2023, rent expenses for all operating leases amounted to \$3,740,243. For September 30, 2022, rent expense for all operating leases was \$3,625,627.

Note 10. Reconciliation of Net Cost of Operations to Budget

The reconciliation, referred to as the Budget and Accrual Reconciliation (BAR), requires a reconciliation of the net outlays on a budgetary basis and the net cost of operations during the period.

| | Budget and Accrual Reconciliation As of September 30, 2023 and 2022 (in dollars) | | | | | |
|---|--|--------------------|----------------|------------------------|--------------------|---------------|
| | FY2023 | | | FY2022 | | |
| | Intra- governmental | With the public | Total | Intra- governmental | With the public | Total |
| Net Cost | \$ 22,480,853 | \$ 83,304,014 | \$ 105,784,867 | \$ 22,391,947 | \$ 72,673,277 | \$ 95,065,224 |
| Components of Net Cost That Are Not Part of Net Outlays: | | | | | | |
| Property, plant, and equipment depreciation | - | (265,203) | (265,203) | - | (358,869) | (358,869) |
| Property, plant, and equipment disposal & revaluation | - | 4,053,668 | 4,053,668 | - | 3,579,955 | 3,579,955 |
| Other | - | (3,951,093) | (3,951,093) | - | (3,563,215) | (3,563,215) |
| Increase/(decrease) in assets: | | | | | | |
| Accounts receivable | - | 3,904 | 3,904 | - | (3,196) | (3,196) |
| Other assets | - | 90,179 | 90,179 | - | (87,916) | (87,916) |
| (Increase)/decrease in liabilities: | | | | | | |
| Accounts payable | (231,774) | (1,767,570) | (1,999,344) | 130,968 | (1,365,428) | (1,234,460) |
| Salaries and benefits | (114,677) | 468,186 | 353,509 | 146,070 | (34,664) | 111,406 |
| Other liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA) | 87,082 | 601,786 | 688,868 | (2,686,754) | 3,363,373 | 676,619 |
| Other financing sources: | | | | | | |
| Federal employee retirement benefit costs paid by OPM and imputed to the agency | (833,893) | - | (833,893) | (488,687) | - | (488,687) |
| Total Components of Net Cost That Are Not Part of Net Outlays | (1,093,262) | (766,143) | (1,859,405) | (2,898,404) | 1,530,040 | (1,368,364) |
| Components of Net Outlays That Are Not Part of Net Cost: | | | | | | |
| Acquisition of capital assets | - | (30,743) | (30,743) | - | 99,886 | 99,886 |
| Total Components of Net Outlays That Are Not Part of Net Cost | - | (30,743) | (30,743) | - | 99,886 | 99,886 |
| Net Outlays | \$ 21,387,591 | \$ 82,507,128 | \$ 103,894,719 | \$ 19,493,543 | \$ 74,303,203 | \$ 93,796,746 |

Note 11. Fiduciary Activities and Net Assets

Fiduciary activities are the collection or receipt, and the management, protection, accounting, investment and disposition by the Federal Government of cash or other assets in which non-Federal individuals or entities have an ownership interest that the Federal Government must uphold.

Fiduciary cash and other assets are not assets of the Federal Government and accordingly are not recognized on the balance sheet.

The Scottish Widows Defined Benefit Scheme was established by a Trust Deed, which authorized the Commission to collect contributions on behalf of beneficiaries, foreign service national employees of the Commission's two cemeteries in England. Fiduciary assets as of September 30, 2023 and 2022 were as follows:

Schedule of Fiduciary Activity

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Investment earnings (losses) | \$ 208,815 | \$ (277,026) |
| Increases (decreases) in fiduciary fund balances | 208,815 | (277,026) |
| Fiduciary net assets, beginning of year | 2,921,023 | 3,198,049 |
| Fiduciary net assets, end of year | <u>\$ 3,129,838</u> | <u>\$ 2,921,023</u> |

Fiduciary Net Assets

| | 2023 | 2022 |
|------------------------|---------------------|---------------------|
| Fiduciary Assets | | |
| Investments | \$ 3,129,838 | \$ 2,921,023 |
| Total Fiduciary Assets | <u>\$ 3,129,838</u> | <u>\$ 2,921,023</u> |

Note 12. Commitments and Contingencies

As of September 30, 2023, the Commission had commitments of \$31.3 million from undelivered orders as a result of open contracts and purchase orders, \$4.7 million of which was federal and \$26.6 million was non-federal. In comparison, the Commission had commitments of \$36.5 million from undelivered orders as a result of open contracts and purchase orders as of September 30, 2022, \$4.5 million of which was federal and \$32.0 million was non-federal. All commitments from undelivered orders are unpaid.

Note 13. Imputed Financing

The Commission imputes financing for retirement and other benefits paid by OPM. The Commission recognized these expenses and related imputed financing in its financial statements.

A portion of pension and other retirement benefits (ORB) expense is funded by an imputed financing source to recognize the amount of pension and ORB unfunded liabilities assumed by OPM. These costs are computed in accordance with cost factors provided by OPM. As of September 30, 2023, the Commission incurred \$3.22 million of pension and ORB costs, \$833,893 of which was imputed. For September 30, 2022, the Commission incurred \$2.58 million of pension and ORB costs, \$488,687 of which was imputed.

Note 14. New Obligations and Upward Adjustments

Direct and Reimbursable new obligations, by apportionment category, incurred as of September 30, 2023 and September 30, 2022 are:

| Apportionment Categories of New Obligations and Upward Adjustments | 2023 | 2022 |
|--|----------------|----------------|
| Budgetary resources | \$ 146,997,482 | \$ 149,967,916 |
| Total outlays | 103,894,719 | 93,796,746 |
| Category A New Obligations and Upward Adjustments | 3,379,092 | 3,685,376 |
| Category B New Obligations and Upward Adjustments | 99,393,769 | 89,316,013 |
| Exempt from Apportionment | 199,295 | 214,369 |
| Total New Obligations and Upward Adjustments | \$ 102,972,156 | \$ 93,215,758 |

Note 15. Budgetary Resource Comparisons to the Budget of the United States Government

Statement of Federal Financial Accounting Standards No. 7, "Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting", calls for explanations of material differences between amounts reported in the Statement of Budgetary Resources and the actual balances published in the Budget of the United States Government (President's Budget). Information from the President's Budget and the Combined Statement of Budgetary Resources for the period ended September 30, 2022 is shown in the following tables. A reconciliation is not presented for the period ended September 30, 2023, since the President's Budget for this period has not been issued by Congress.

| (Dollars in millions) | President's Budget FY 2022 actual as of 9/30/22 | Statement of Budgetary Resources FY 2022 as of 9/30/22 |
|----------------------------|--|---|
| Budgetary resources | \$150 | \$150 |
| Total obligations incurred | 93 | 93 |
| Total outlays | 94 | 94 |

The differences between the President's 2022 budget and the Combined Statement of Budgetary Resources for 2022 are shown below:

| (Dollars in millions) | Budgetary Resources | Obligations | Outlays |
|--|---------------------|-------------|---------|
| As reported on the Combined Statement of Budgetary Resources for FY 2022 | \$150 | \$93 | \$94 |
| As reported in the President's Budget for FY 2022 | \$150 | \$93 | \$94 |

Note 16. Funds from Dedicated Collections

The Commission had responsibility for designing and constructing the National World War II Memorial located on the Mall in Washington, DC. In accordance with 40 U.S.C 8906(b), the Commission deposited \$6.6 million into a separate Treasury account to offset the memorial's costs of perpetual maintenance. On November 1, 2004, the Commission signed an agreement with the National Park Service to formally transfer the National World War II Memorial to the Park Service for its future care and maintenance. The Commission is responsible for remaining funds residing in a trust fund in the U.S. Treasury to be used solely to benefit the World War II Memorial for other than routine maintenance expense.

Funds from dedicated collections balances as of September 30, 2023, were as follows:

| | WWII Memorial Fund | Other | Total |
|--|-----------------------|-------------------|---------------------|
| Assets: | | | |
| Fund Balance with Treasury | \$ 407,435 | \$ 881,437 | \$ 1,288,872 |
| Total Assets | <u>\$ 407,435</u> | <u>\$ 881,437</u> | <u>\$ 1,288,872</u> |
| Liabilities: | | | |
| Accounts Payable | \$ 10,456 | \$ 27,615 | \$ 38,071 |
| Total Liabilities | <u>\$ 10,456</u> | <u>\$ 27,615</u> | <u>\$ 38,071</u> |
| Net Position: | | | |
| Cumulative Results of Operations | \$ 396,979 | \$ 853,822 | \$ 1,250,801 |
| Total Net Position | <u>\$ 396,979</u> | <u>\$ 853,822</u> | <u>\$ 1,250,801</u> |
| Total Liabilities and Net Position | <u>\$ 407,435</u> | <u>\$ 881,437</u> | <u>\$ 1,288,872</u> |
| Cumulative Results of Operations: | | | |
| Beginning Balances | \$ 531,248 | \$ 1,185,658 | \$ 1,716,906 |
| Total Financing Sources (Non-Exchange) | 30,154 | 47,285 | 77,439 |
| Net Cost of Operations | 164,423 | 379,121 | 543,544 |
| Cumulative Results of Operations: | <u>\$ 396,979</u> | <u>\$ 853,822</u> | <u>\$ 1,250,801</u> |
| Unexpended Appropriations: | | | |
| Beginning Balance | - | - | - |
| Total Budgetary Financing Resources | - | - | - |
| Total Unexpended Appropriations | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Position | <u>\$ 396,979</u> | <u>\$ 853,822</u> | <u>\$ 1,250,801</u> |

Funds from dedicated collections balances as of September 30, 2022, were as follows:

| | WWII Memorial Fund | Other | Total |
|---|-----------------------|---------------------|---------------------|
| Assets: | | | |
| Fund Balance with Treasury | \$ 646,911 | \$ 1,315,722 | \$ 1,962,633 |
| Total Assets | \$ 646,911 | \$ 1,315,722 | \$ 1,962,633 |
| Liabilities: | | | |
| Accounts Payable | \$ 115,663 | \$ 130,064 | \$ 245,727 |
| Total Liabilities | \$ 115,663 | \$ 130,064 | \$ 245,727 |
| Net Position: | | | |
| Cumulative Results of Operations | \$ 531,248 | \$ 1,185,658 | \$ 1,716,906 |
| Total Net Position | \$ 531,248 | \$ 1,185,658 | \$ 1,716,906 |
| Total Liabilities and Net Position | \$ 646,911 | \$ 1,315,722 | \$ 1,962,633 |
| Cumulative Results of Operations: | | | |
| Beginning Balances | \$ 770,714 | \$ 1,249,076 | \$ 2,019,790 |
| Total Financing Sources (Non-Exchange) | 73,615 | 129,000 | 202,615 |
| Net Cost of Operations | 313,081 | 192,418 | 505,499 |
| Cumulative Results of Operations: | \$ 531,248 | \$ 1,185,658 | \$ 1,716,906 |
| Unexpended Appropriations: | | | |
| Beginning Balance | - | - | - |
| Total Budgetary Financing Resources | - | - | - |
| Total Unexpended Appropriations | - | - | - |
| Net Position | \$ 531,248 | \$ 1,185,658 | \$ 1,716,906 |

In addition to the World War II Memorial, the Commission maintains other funds which consist of the following:

| | | |
|---|---|--|
| 1-5 Field Artillery | 3 rd Division Association | Lafayette Escadrille Memorial |
| 147 th Engineer Monument | 4 th Division Association | National Guard Association of the |
| 90 th Infantry Division | 507 th Parachute Infantry Regiment | United States |
| 1 st Division Memorial Association | 5 th Division Association | Pointe Du Hoc |
| 1 st Engineer Special Brigade | 5 th Engineer Special Brigade | Society of American Military Engineers |
| 29 th Infantry Division Association | 6 th Engineer Special Brigade | State of Missouri |
| 2 nd Division Association | American Overseas Memorial Day | State of Tennessee |
| 30 th Infantry Division Association | Commemorative Fund | Subsidies Fund |
| 316 th Infantry Division Association | Commonwealth of Pennsylvania | Theodore Roosevelt Association |
| 351 st Bomb Group Monument | Flower Fund | Vietnam Veterans Plaque |
| 381 st Bomb Group Monument | Generic Private Memorials | |
| 398 th Bomb Group Monument | Korean War Veterans Fund | |

The federal government does not set aside assets to pay future benefits or other expenditures associated with funds from dedicated collections. The dedicated cash receipts collected from the public into the fund are deposited in the U.S. Treasury, which uses the cash for general government purposes. Treasury securities are issued to the Commission as evidence of its receipts. Treasury securities are an asset to the Commission and a liability to the U.S. Treasury. Because the Commission and the U.S. Treasury are both parts of the government, the assets and liabilities offset each other from the standpoint of the government as a whole. For this reason, they do not represent an asset or a liability in the U.S. government-wide financial statements. Treasury securities provide the Commission with authority to draw upon the U. S. Treasury to make future expenditures. When the Commission requires redemption of these securities to make expenditures, the government finances those expenditures out of accumulated cash balances, by raising tax or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the government finances all other expenditures.

Note 17. Liabilities Not Covered by Budgetary Resources

A. Intragovernmental and Public Liabilities

| | 2023 | 2022 |
|--|----------------------|----------------------|
| Intragovernmental: | | |
| Accounts Payable | \$ 666,452 | \$ 434,677 |
| Other | 69,034 | 216,930 |
| Total Intragovernmental | <u>735,486</u> | <u>651,607</u> |
| Public: | | |
| Accounts Payable | 7,385,530 | 5,617,960 |
| Unfunded Separation Pay | 108,017 | 222,047 |
| Unfunded Annual Leave | 2,680,386 | 2,820,817 |
| Unfunded Deferred Rent | 1,233,816 | 1,668,223 |
| Other | 731,095 | 936,709 |
| Total Liabilities | <u>12,874,330</u> | <u>11,917,363</u> |
| | | |
| Total Liabilities Not Covered by Budgetary Resources | 4,022,219 | 4,711,087 |
| Total Liabilities Covered by Budgetary Resources | <u>8,852,111</u> | <u>7,206,276</u> |
| Total Liabilities | <u>\$ 12,874,330</u> | <u>\$ 11,917,363</u> |

B. Other Information

Liabilities not covered by Budgetary Resources:

Actuarial FECA Liability-The amount recorded by employer agencies for the actuarial present value of future Federal Employees' Compensation Act benefits provided to Federal employees or their beneficiaries as a result of work-related deaths, disability, or occupational disease.

Liability for Non-Entity Assets-The amount of non-entity assets held in a General Fund receipt account or other Treasury Account Symbol for transfer to other entities.

Other Unfunded Employment Related Liability-Amounts of unfunded employment related liabilities not otherwise classified above that will be funded by future years' budgetary resources. Include the unfunded liability for unemployment for Federal employees in this account.

Unfunded Leave-The amount recorded by an employer agency for unpaid leave earned that the employee is entitled to upon separation and that will be funded by future years' budgetary resources.

Liabilities covered by Budgetary Resources: Liabilities are considered covered by budgetary resources if they are to be funded by permanent indefinite appropriations, which have been enacted and signed into law and are available for use as of the balance sheet date, provided that the resources may be apportioned by OMB without further action by the Congress and without a contingency having to be met first. Examples are Accounts Payable, Disbursements in Transit, Accrued Funded Payroll and Leave, Withholdings Payable, and Employer Contributions and Payroll Taxes Payable.



Required Supplementary Information

As of September 30, 2023
(Unaudited)

Maintenance, Repairs, and Improvements

The following unaudited information is required supplementary information on deferred maintenance and the condition of real property at Commission cemeteries and memorials:

Deferred maintenance is maintenance that was not performed when it should have been or was scheduled to be and that, therefore, is put off or delayed for a future period. Maintenance and repairs performed on real property consisting of land improvements, buildings, and memorials totaled \$6.8 million in fiscal year 2023 and \$7.8 million in fiscal year 2022. No deferred maintenance backlog existed as of September 30, 2023 and 2022.

In addition to condition assessment surveys, the Commission uses a Project Prioritization Methodology with a “plot area out” focus to identify current and future maintenance and repair projects at cemeteries and memorials in order to maintain real property in an acceptable condition. These surveys are reviewed and updated at least annually by the Commission’s engineering staff. In addition, engineering projects identified improvements in cemetery irrigation, drainage, roads, parking areas, and buildings. As of September 30, 2023, the Commission has identified 37 maintenance, repair, and improvement projects, with an estimated cost of \$61.653 million, scheduled to be performed in fiscal year 2024, subject to available funding.



Two of a series of vintage posters created to mark the Centennial Anniversary of the American Battle Monuments Commission.



Schedule of Heritage Assets

26 Cemeteries

As of September 30, 2023
(Unaudited)

| Name | Location | Interred | Memorialized | Acres | War |
|--|-----------------------------|----------------|---------------|----------------|------------|
| Aisne-Marne American Cemetery | Belleau (Aisne), France | 2,289 | 1,060 | 42.5 | WW I |
| Ardennes American Cemetery | Neupre, Belgium | 5,197 | 463 | 90.5 | WW II |
| Brittany American Cemetery | St. James (Manche), France | 4,404 | 500 | 27.9 | WW II |
| Brookwood American Cemetery | Brookwood, England | 468 | 564 | 4.5 | WW I |
| Cambridge American Cemetery | Cambridge, England | 3,811 | 5,127 | 30.5 | WW II |
| Clark Veterans Cemetery | Angeles City, Philippines | 8,877 | 0 | 17.3 | *** |
| Corozal American Cemetery | Panama City, Panama | 5,528 | 0 | 16.0 | * |
| Epinal American Cemetery | Epinal (Vosges), France | 5,251 | 424 | 48.6 | WW II |
| Flanders Field American Cemetery | Waregem, Belgium | 368 | 43 | 6.2 | WW I |
| Florence American Cemetery | Florence, Italy | 4,392 | 1,409 | 70.0 | WW II |
| Henri-Chapelle American Cemetery | Henri-Chapelle, Belgium | 7,985 | 450 | 57.0 | WW II |
| Lafayette Escadrille Memorial Cemetery | Marnes-la-Coquette, France | 51 | 3 | 11.1 | ****WWI |
| Lorraine American Cemetery | St. Avold (Moselle), France | 10,481 | 444 | 113.5 | WW II |
| Luxembourg American Cemetery | Luxembourg City, Luxembourg | 5,072 | 371 | 50.5 | WW II |
| Manila American Cemetery | Luzon, Philippines | 16,978 | 36,286 | 152.0 | WW II |
| Meuse-Argonne American Cemetery | Romagne (Meuse), France | 14,246 | 954 | 130.5 | WW I |
| Mexico City National Cemetery | Mexico City, Mexico | 1,563 | 0 | 1.0 | ** |
| Netherlands American Cemetery | Margraten, Holland | 8,289 | 1,722 | 65.5 | WW II |
| Normandy American Cemetery | Colleville-sur-Mer, France | 9,375 | 1,557 | 172.5 | *****WW II |
| North Africa American Cemetery | Carthage, Tunisia | 2,841 | 3,724 | 27.0 | WW II |
| Oise-Aisne American Cemetery | Fere-en-Tardenois, France | 6,012 | 241 | 36.5 | WW I |
| Rhone American Cemetery | Draguignan, Var, France | 852 | 294 | 12.5 | WW II |
| St. Mihiel American Cemetery | Thiaucourt, Meurthe, France | 4,153 | 284 | 40.5 | WW I |
| Sicily-Rome American Cemetery | Nettuno, Italy | 7,855 | 3,095 | 77.0 | WW II |
| Somme American Cemetery | Bony (Aisne), France | 1,844 | 333 | 14.3 | WW I |
| Suresnes American Cemetery | Suresnes, France | 1,560 | 974 | 7.5 | WW I/II |
| Subtotal for Cemeteries | | 139,742 | 60,322 | 1,322.9 | |

*Acquired by Executive Order as a result of the Panama Canal Treaty.

**Acquired by Executive Order from the War Department.

*** Acquired by the Dignified Burial and Other Veterans' Benefits Improvement Act (Public Law 112-260).

**** Acquired from the Lafayette Escadrille Memorial Foundation as authorized by Public Law 114-227.

***** 1 individual from WWI interred at Normandy American Cemetery.



Schedule of Heritage Assets

32 Federal Memorials, Monuments, and Markers

As of September 30, 2023
(Unaudited)

| Name | Location | Interred | Memorialized | Acres | War |
|---------------------------------|----------------------------------|----------------|---------------|----------------|--------------------------|
| East Coast Memorial | New York City, NY | | 4,611 | 0.8 | WW II |
| Honolulu Memorial | Honolulu, HI | | 28,808 | 1.0 | WW II/Korean/ Vietnam |
| West Coast Memorial | San Francisco, CA | | 413 | 1.3 | WW II |
| Audenarde Monument | Audenarde, Belgium | | | 0.4 | WW I |
| Bellicourt Monument | St. Quentin, France | | | 1.8 | WW I |
| Brest Naval Monument | Brest, France | | | 1.0 | WW I |
| Cabanatuan Memorial | Luzon, Philipines | | | | WW II |
| Cantigny Monument | Cantigny, France | | | 0.4 | WW I |
| Chateau-Thierry Monument | Chateau-Thierry, France | | | 58.9 | WW I |
| Chaumont Marker | Chaumont, France | | | | WW I |
| Dartmouth Monument | Dartmouth, United Kingdom | | | | WW II |
| Gibraltar Naval Monument | Gibraltar | | | 0.1 | WW I |
| Guadalcanal Memorial | Guadalcanal | | | 0.5 | WW II |
| Kemmel Monument | Ypres, Belgium | | | 0.2 | WW I |
| Korean War Monument | Busan, Korea | | | | Korean |
| Marine Monument Belleau Wood | Aisne, France | | | 199.6 | WW I |
| Midway Monument | Midway Island | | | | WW II |
| Montfaucon Monument | Montfaucon, France | | | 9.6 | WW I |
| Montsec Monument | Thiaucourt, France | | | 47.5 | WW I |
| New Zealand Memorial | Wellington, New Zealand | | | | WW II |
| Papua Marker | Port Moresby, New Guinea | | | | WW II |
| Pointe du Hoc Ranger Monument | St. Laurent-sur-Mer, France | | | 29.8 | WW II |
| Saipan Monument | Saipan, Northern Mariana Islands | | | | WW II |
| Santiago Surrender Tree | Santiago, Cuba | | | | Sp American |
| Sommepey Monument | Sommepey, France | | | 15.0 | WW I |
| Souilly Marker | Souilly, France | | | | WW I |
| Tours Monument | Tours, France | | | 0.5 | WW I |
| Utah Beach Monument | Sainte Marie-du-Mont, France | | | 0.5 | WW II |
| Western Naval Task Force Marker | Casablanca, Morocco | | | | WW II |
| XI Amphibious Force Marker | Dartmouth, United Kingdom | | | | WW II |
| Battle of the Bulge Memorial | Bastogne, Belgium | | | | WWII |
| World War I Memorial | Washington, DC | | | | WWI |
| Subtotal for Memorials | | 0 | 33,832 | 368.9 | |
| Subtotal for Cemeteries | | 139,742 | 60,322 | 1,322.9 | |
| Grand Total | | 139,742 | 94,154 | 1,691.8 | |



Schedule of Heritage Assets

8 Nonfederal Memorials

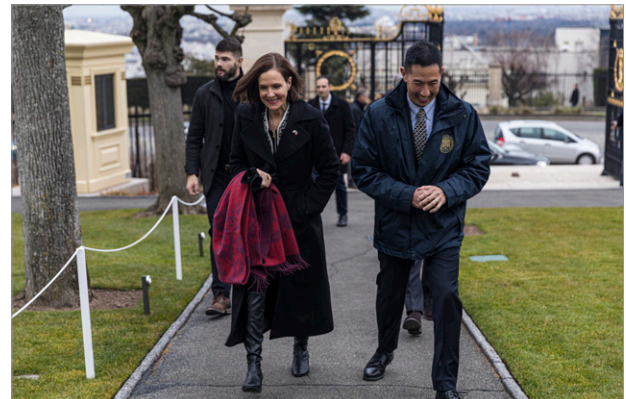
As of September 30, 2023

(Unaudited)

| Name | Location | War |
|--|----------------------------------|-------|
| 29th Infantry Division Memorial | Vierville-sur-Mer, France | WW II |
| 30th Infantry Division Memorial | Mortain, France | WW II |
| 6th Engineering Special Brigade Memorial | Vierville-sur-Mer, France | WW II |
| 351st Bomb Group Memorial | Oundle, England | WW II |
| 147th Engineer Battalion Monument | Englesqueville-la-Percee, France | WW II |
| 507th Parachute Infantry Regiment Memorial | Amfreville, France | WW II |
| 398th Bomb Group Memorial | Herdfordshire, England | WW II |
| 381st Bomb Group Monument | Ridgewell, England | WW II |



First Lady of the United States Jill Biden (right) and Brigitte Macron with Cemetery Associate Emilie Castel and Superintendent Anthony Barclay during the First Lady's visit to Brittany American Cemetery on July 26, 2023.



U.S. Ambassador to France Denise Bauer and ABMC Secretary Charles Djou arrive for a ceremony at Suresnes American Cemetery, France, in March 2023.



A visitor walks through the burial plot at Ardennes American Cemetery, Belgium.



A Star of David headstone illuminated at Suresnes American Cemetery, France, on March 4, 2023, the Centennial Anniversary of the establishment of ABMC by Congress.



Other Accompanying Information

Summary of Financial Statement Audit and Management Assurances

| Table 1: Summary of Financial Statement Audit | | | | | |
|---|-------------------|-----|----------|--------------|----------------|
| Audit Opinion: Unmodified | | | | | |
| Restatement: No | | | | | |
| Material Weaknesses | Beginning Balance | New | Resolved | Consolidated | Ending Balance |
| <i>Total Material Weaknesses</i> | 0 | 0 | 0 | 0 | 0 |

| Table 2: Summary of Management Assurances | | | | | | |
|--|-------------------|-----|----------|--------------|------------|----------------|
| Effectiveness of Internal Control over Financial Reporting (FMFIA § 2) | | | | | | |
| Statement of Assurance: Unmodified | | | | | | |
| Material Weaknesses | Beginning Balance | New | Resolved | Consolidated | Reassessed | Ending Balance |
| <i>Total Material Weaknesses</i> | 0 | 0 | 0 | 0 | 0 | 0 |

| Effectiveness of Internal Control over Operations (FMFIA § 2) | | | | | | |
|---|-------------------|-----|----------|--------------|------------|----------------|
| Statement of Assurance: Unmodified | | | | | | |
| Material Weaknesses | Beginning Balance | New | Resolved | Consolidated | Reassessed | Ending Balance |
| <i>Total Material Weaknesses</i> | 0 | 0 | 0 | 0 | 0 | 0 |

| Compliance with Federal Financial Management System Requirements (FMFIA § 4) | | | | | | |
|--|-------------------|-----|----------|--------------|------------|----------------|
| Statement of Assurance: Unmodified¹ | | | | | | |
| Non-Compliance | Beginning Balance | New | Resolved | Consolidated | Reassessed | Ending Balance |
| <i>Total Non-Compliances</i> | 0 | 0 | 0 | 0 | 0 | 0 |

¹ The Commission uses a federal shared services provider, the Department of Interior's (DOI), Interior Business Center (IBC), for financial systems.

Payment Integrity

The information presented in this report complies with guidance provided in the *Payment Integrity Information Act of 2019 (PIIA)* and Office of Management and Budget (OMB) Circular A-136, and Appendix C of OMB Circular A-123.

The guidance requires agencies to assess every Federal program and dollar for improper payment risk, measure the accuracy of payments annually, and initiate program improvements to ensure payment errors are reduced. On November 20, 2009, *Executive Order 13520 – Reducing Improper Payments and Eliminating Waste in Federal Programs*, was issued for the purpose of intensifying efforts to eliminate payment error, waste, fraud, and abuse in the major programs administered by the Federal government, while continuing to ensure that the right people receive the right payment for the right reason at the right time. The supporting website, <https://paymentaccuracy.gov/>, contains the following information.

- Current and historical rates and amounts of improper payments for Federal agencies.
- Why improper payments occur.
- What agencies are doing to reduce and recover improper payments.

Program Review

The ABMC has only one program for budget purposes. The FY 2023 appropriated funding for the program is \$87.5 million in appropriations. All of the agency's transactions are for employee payroll and benefits, intra-governmental and non-Federal transactions.

The ABMC does not maintain its own financial management system, but uses a shared service provider to process all accounting transactions to include payroll and benefits. The IBC is subject to external audit in accordance with the Standards for Attestation Engagements (SSAE) 18, *Attestation Standards: Clarification and Recodification*. The OCFO examines the SSAE 18 audit results annually to determine if the shared service provider's internal controls are operating effectively and evaluates the internal controls required to supplement the shared service provider's controls as outlined in the SSAE 18.

Intra-governmental transactions, accounts payables, and payments to agency employees are reviewed as part of the agency's internal control program under OMB Circular A-123, Appendix A, *Internal Control over Financial Reporting* and Appendix C, *Requirements for Effective Estimation and Remediation of Improper Payments*.

Based on OMB Circular A-123, Appendix C, Part I.A.9 Step 1, all programs and activities were reviewed to identify those that were susceptible to significant improper payments. For FY 2023 the ABMC non-Federal payments were \$42.1 million (vendor disbursements and non-federal accounts payable) and payroll was \$41.4 million for a combined total of \$83.5 million. PIIA defines "significant" as either (1) improper payments that exceed both \$10 million and 1.5 percent of program disbursements; or (2) improper payments in excess of \$100 million. Significant improper payments in ABMC's program needed to exceed both \$1.3 million (1.5 percent improper payment rate) and \$10 million of all non-Federal payments and payments to Federal employees. The improper payments identified by ABMC in FY 2023 are beneath the defined thresholds for significant improper payment reporting.

In addition, the following risk factors, likely to contribute to improper payments, were applied to ABMC's appropriated funds.

1. Any new programs or activity in the agency.
2. Complexity of the activity with respect to correct payment amounts.
3. Volume of payments made annually.
4. Whether payment decisions were made outside the agency.
5. Recent major changes in activity funding, authority, practice or procedures.
6. Level, experience, and quality of training for personnel responsible for certifying that payments are accurate.
7. Inherent risks of improper payments due to the nature of agency operations.
8. Significant deficiencies in the audit reports.
9. Results from prior improper payment work.

Improper Payments Strategy

The PIIA requires agencies to conduct payment recapture audits with respect to each program and activity of the agency that expends \$1 million or more annually, if conducting such audits would be cost-effective. The ABMC addresses proper management of payments by:

- preventing payment errors through documented processes and internal controls;
- detecting overpayment and underpayments through control testing; and
- establishing a process with the U.S. Treasury (Treasury Offset Program) to recapture overpayments when identified.

Do Not Pay (DNP) Initiative

The OCFO reviews the System for Award Management (SAM) database prior to each acquisition award to ensure the vendor is registered to do business with the Federal government. For post award payments, the IBC sends the weekly payee file to the Treasury’s DNP Business Center for continuous monitoring. The data sources currently used are listed below.

- Death Master File (DMF).
- Systems for Awards Management-Exclusion Records – Private.
- List of Excluded Individuals/Entities (LEIE).
- System for Award Management (SAM) Entity Registration Records, Private.

| | Number of payments reviewed for improper payments | Dollars of payments reviewed for improper payments | Number of payments stopped | Dollars of payments stopped | Number of improper payments reviewed and not stopped | Dollars of improper payments reviewed and not stopped |
|---|--|--|----------------------------|-----------------------------|--|---|
| Reviews with the DMF only | All agency payments submitted to shared service provider | \$41.4M ² | 0 | 0 | 0 | 0 |
| Reviews with all other databases ³ | All agency payments submitted to shared service provider | \$41.4M | 0 | 0 | 0 | 0 |

² \$41.4M was cash disbursements paid to non-Federal vendors. Any resulting matches are provided to the OCFO for determination of payment.

³ Databases are 1) Systems for Awards Management-Exclusion Records – Private; 2) List of Excluded Individuals/Entities (LEIE); and 3) System for Award Management (SAM) Entity Registration Records, Private.

Recapture of Improper Payments Reporting

The PIIA replaced the recovery auditing program contained in the National Defense Authorization Act of 2002. It requires agencies to conduct recovery audits with respect to each program and activity of the agency that expends \$1 million or more annually, if conducting such audits would be cost-effective.

Once the OCFO has identified an improper payment with a non-Federal vendor, it is ABMC's policy to aggressively correct the improper payment. Upon research and analysis of supporting documentation the vendor is contacted for resolution (underpayment to the agency). If it is an ongoing contract, the OCFO will offset the amount to be recovered on the next billing. For all other contracts the vendor is contacted and a receivable is established for collection. If the vendor does not provide payment the debt is entered into the Treasury Offset Program. If an improper payment is identified as an overpayment to the ABMC the vendor is promptly paid.

The table below summarizes improper payments (in millions) identified during FY 2023.

| Reason for Improper Payment | Overpayment | Underpayment | Total Amount Overpayment Recaptured | Total Amount Underpayment Paid |
|---|-------------|--------------|-------------------------------------|--------------------------------|
| Failure to verify vendor invoice amount | \$0 | \$0 | \$0 | \$0 |
| Administrative processing | 0 | 0 | 0 | 0 |
| Total | \$0 | \$0 | \$0 | \$0 |

The following table summarizes cumulative improper payments (in millions) through FY 2023.

| Reason for Improper Payment | Overpayment | Underpayment | Total Amount Overpayment Recaptured | Total Amount Underpayment Paid |
|---|-------------|--------------|-------------------------------------|--------------------------------|
| Failure to verify vendor invoice amount | \$0 | \$0 | \$0 | \$0 |
| Administrative processing | 0 | 0 | 0 | 0 |
| Total | \$0 | \$0 | \$0 | \$0 |

The recovery rate of employee overpayments is expected to be between 40 percent and 50 percent and a recovery rate of 100 percent is expected for employee underpayments for FY 2024.

Fraud Reduction

OMB Circular A-123 and the GAO Green Book calls for agencies to adhere to leading practices for managing fraud risk. Standards now require agencies to take a closer look at fraud risks (GAO principle 8 shown below) and identify fraud risk factors and programs with increased susceptibility for fraud.

| Control environment | Risk assessment | Control activities | Information & communication | Monitoring activities |
|--|--|---|--|--|
| <ol style="list-style-type: none"> 1. Demonstrates commitment to integrity and ethical values 2. Exercises oversight responsibilities 3. Establishes structure, authority, and responsibility 4. Demonstrates commitment to competence 5. Enforces accountability | <ol style="list-style-type: none"> 6. Defines objectives and risk tolerances 7. Identifies, analyzes, and responds to risk 8. Assesses fraud risk 9. Identifies and analyzes and responds to change | <ol style="list-style-type: none"> 10. Designs control activities 11. Selects and develops general controls for the system 12. Deploys and implements control activities | <ol style="list-style-type: none"> 13. Uses relevant, quality information 14. Communicates internally 15. Communicates externally | <ol style="list-style-type: none"> 16. Performs ongoing monitoring activities 17. Evaluates issues and remediates deficiencies |

COSO Framework of Internal Control

The following financial controls are in place to prevent potential fraud, waste and abuse within the government purchase card program.

- The purchase card has a limit of \$10,000 per cardholder.
- Purchase card policies are published defining the roles and rules of the program. The policies are reviewed and updated periodically.
- The Purchase Card Coordinator conducts reviews and audits of cardholder statements and supporting documentation.
- Any purchases that are deemed suspect are referred to the agency Head of Contracting.

Government travel cards issued to ABMC employees are not deemed a fraud risk as the travel card account is the cardholder's financial responsibility and not the agency's. Travel card usage by an individual cardholder is reviewed monthly by the OCFO for any suspected misuse.

The Office of Human Resources and the Office of Finance are reviewing internal controls, processes and procedures to identify possible areas for fraud within payroll processing.



A luminary event, with each headstone illuminated by a candle, was held on March 4, 2023 at Suresnes American Cemetery in France to mark ABMC's Centennial Anniversary.



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