



AMERICAN BATTLE MONUMENTS COMMISSION



Fiscal Year 2020 Annual Financial Report



The partial remains of 1st Lieutenant Loren Hintz are escorted for burial at Florence American Cemetery. Lieutenant Hintz's P-47 was shot down in Italy in World War II and his found remains were buried at Florence cemetery. In 2016, his aircraft, dog tags and additional partial remains were recovered at his crash site. On November 16, 2019, the recovered remains were buried with full military honors at his Florence cemetery gravesite.

On the cover:

Netherlands American Cemetery



Letter from the Secretary

Fiscal Year 2020 was unlike any year the Commission has experienced since the Second World War, as we responded, along with our fellow citizens of the world, to a pandemic crisis the likes of which we had not seen since the Spanish Flu Pandemic of 1918. The impact of the Covid-19 virus is well documented, and it continues to affect the world's health and economies as this letter is written.

ABMC, like most Federal agencies, went into a maximum telework status in mid-March and our cemeteries and memorials were closed to visitation. Work crews were not allowed on the grounds, leaving it to our superintendents, most of whom live within the cemeteries, to perform basic grounds maintenance tasks. They performed exceptionally well during a period of high stress and uncertainty, maintaining the sites in caretaker status until work crews were again able to report for duty on a limited basis in early summer.

A few cemeteries – Corozal American Cemetery in Panama, Mexico City National Cemetery, and Clark Veterans Cemetery and Manila American Cemetery in the Philippines – remained closed until early fall, with Manila still closed as we moved into FY 2021. Throughout the crisis, ABMC leadership stayed in close contact with U.S. Embassy country teams and adhered to the guidance and restrictions imposed by host governments. The health and safety of our people was and will remain our highest priority.

While we regret very much having to close our commemorative sites to visitors, ABMC staffs worldwide rarely missed a beat in sustaining our systems and processes. Not since World War II had ABMC cemeteries been closed to visitors on Memorial Day, but our public affairs and overseas operations teams adjusted, sharing the stories of service and sacrifice through live-stream coverage of virtual Memorial Day ceremonies and social media postings that kept these historic sites and heroes in the public's consciousness – a truly exemplary fulfillment of the promise of our first Chairman, General of the Armies John J. Pershing, that “time will not dim the glory of their deeds.”

While Covid-19 influenced greatly the second half of the fiscal year, the first six months saw many notable events and achievements. In the first quarter of FY 2020 we dedicated our two newest visitor centers, at Manila American Cemetery in the Philippines and at the Lafayette Escadrille Memorial Cemetery outside Paris, France.

The Manila visitor center was dedicated in October 2019 on the 75th Anniversary of General Douglas MacArthur's return to the Philippines. Manila cemetery is our only commemorative cemetery in the Pacific; the new visitor center tells the story of America's historic relationship with the Philippines and the expansive campaigns of World War II in the Southwest Pacific. An old caretaker's cottage on the grounds of the Lafayette Escadrille Memorial Cemetery was converted into a visitor center and dedicated on Armistice Day, November 11, 2019. It tells the story of the Americans who flew with the French before the U.S. entered World War I; these trailblazing pilots were America's first combat aviators to whom the U.S. Air Force traces its lineage.

One of the more memorable and heart-warming events of the year took place at Florence American Cemetery in Italy. This story began 75 years ago when a P-47 flown by 1st Lieutenant Loren Hintz was shot down near



William M. Matz



A veteran of the Battle of the Bulge is escorted into Luxembourg American Cemetery for the December 2019 commemoration of the 75th Anniversary of the largest battle fought by the U.S. Army in the Second World War.

Bologna, Italy, on his 66th mission. His family chose to have his recovered remains buried at what would become Florence American Cemetery. But the story did not end there. In July 2016, after 16 years of research led by his grandson Hans Wronka, Lieutenant Hintz's aircraft and dog tags, and partial remains, were recovered when the crash site was excavated. At the family's request, on November 16, 2019, Lieutenant Hintz's additional partial remains were buried with full military honors at his Florence cemetery gravesite, this time with his daughter Gretchen, son Martin, and grandchildren and great grandchildren present to remember and honor him.

In December 2019, we celebrated the 75th Anniversary of the Battle of the Bulge, the largest World War II battle fought by the U.S. Army. The four-day commemoration weekend opened and closed at Luxembourg American Cemetery. The culminating ceremony on Monday, December 16 was attended by the King and Queen of Belgium; the Grand Duke of Luxembourg; the Prime Minister of Belgium; Speaker of the U.S. House of Representatives Nancy Pelosi; U.S. Secretary of Defense Mark Esper; U.S. Chairman of the Joint Chiefs of Staff Mark Milley, and many other Allied dignitaries.

Another memorable ceremony was held at Manila American Cemetery in February 2020, when the Latin Cross headstones marking the graves of five Jewish-American soldiers were replaced with Star of David headstones, correcting errors that had persisted for nearly 75 years. The ceremony was made possible by inquiries from the relatives of the soldiers and with historical research and support from Operation Benjamin, a U.S. based organization whose mission is to ensure that Jewish American soldiers are buried under headstones that correctly reflect their faith. The soldiers honored were 1Lt. Robert S. Fink, Pvt. Allan C. Franken, Sgt. Jack Gilbert, Pvt. Arthur Waldman, and Pvt. Louis Wolf. These young men left their families, the comfort of their homes and their faith communities, to answer their nation's call. We might never know how the errors to their narratives were made, but on that February day the errors were erased.

Two notable events closed out the fiscal year in late September. On September 20, 2020, I was privileged to participate in a scaled down Liberation Day Concert at Netherlands American Cemetery, to remember the 76th Anniversary of the liberation of the Netherlands during World War II. Covid-19 relegated the event to "virtual" status, but livestream coverage of the concert brought the event to home audiences in the Netherlands and the U.S. Three days later, on September 23, 2020, we were honored to host all of the U.S. ambassadors in Europe at Luxembourg American Cemetery for a tour and wreath-laying. The ambassadors had gathered for a Chiefs of Mission Summit; their visit was the largest single gathering of ambassadors at an ABMC cemetery.

Our ability to fully execute our responsibilities in the telework environment we have faced since March has been dependent in large measure on the effectiveness of our IT systems and processes. In the technological environment, FY 2020 was a pivotal year for us, as we began an overhaul of the agency's IT infrastructure to remove technology bottlenecks and transition our systems and processes to a secure environment in the Cloud. This modernization initiative has put ABMC on a path towards continuous technological improvement. As the fiscal year ended, we were well underway toward completion of an agency-wide IT transformation.

As always, I would be remiss if I did not acknowledge the ongoing and bipartisan resourcing support we continue to receive from the Administration and the Congress. In addition to providing essential support to all of our programs, the funding provided in FY 2020 allowed us to continue a system-wide refurbishment of the battle monuments under our care, ensuring that they appropriately honor the sacrifice they commemorate. Their visits to our sites and participation in our commemorative events provide important insights to our operations and requirements, as we strive daily to honor the service and sacrifice made by so many for freedom loving peoples around the world.

It has been a challenging but rewarding year for those of us privileged to be part of this Commission's noble and sacred mission. Within these pages we present the Commission's financial statements and performance results for the year ending September 30, 2020.

William M. Matz



Participants in the Battle of the Bulge 75th Anniversary commemoration at Luxembourg American Cemetery included (from right) ABMC Secretary William Matz, ABMC Chairman David Urban, Chairman of the Joint Chiefs of Staff Mark Milley, Speaker of the House of Representatives Nancy Pelosi, and Secretary of Defense Mark Esper.



U.S. Ambassador to the Philippines Sung Y. Kim places a visitation stone on a new Star of David headstone at Manila American Cemetery. In February 2020, ABMC hosted the formal ceremonial replacement of Latin Cross headstones marking the graves of five Jewish U.S. soldiers buried with Star of David headstones.



Management's Discussion and Analysis

Mission and Organization

ABMC's Mission Statement

As the preeminent guardian of America's overseas commemorative cemeteries and memorials, the American Battle Monuments Commission honors the service of the armed forces by designing, constructing, maintaining and operating permanent American cemeteries, and establishing, maintaining, and approving designs of memorials, monuments, and markers where America's armed forces have served beyond our borders.



Brookwood American Cemetery

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 2020 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; 30 federal memorials, monuments, and markers; and eight nonfederal memorials. Three memorials are located

in the United States; the remaining memorials and all of the Commission's cemeteries are located in 17 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 the three 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 2020, 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.

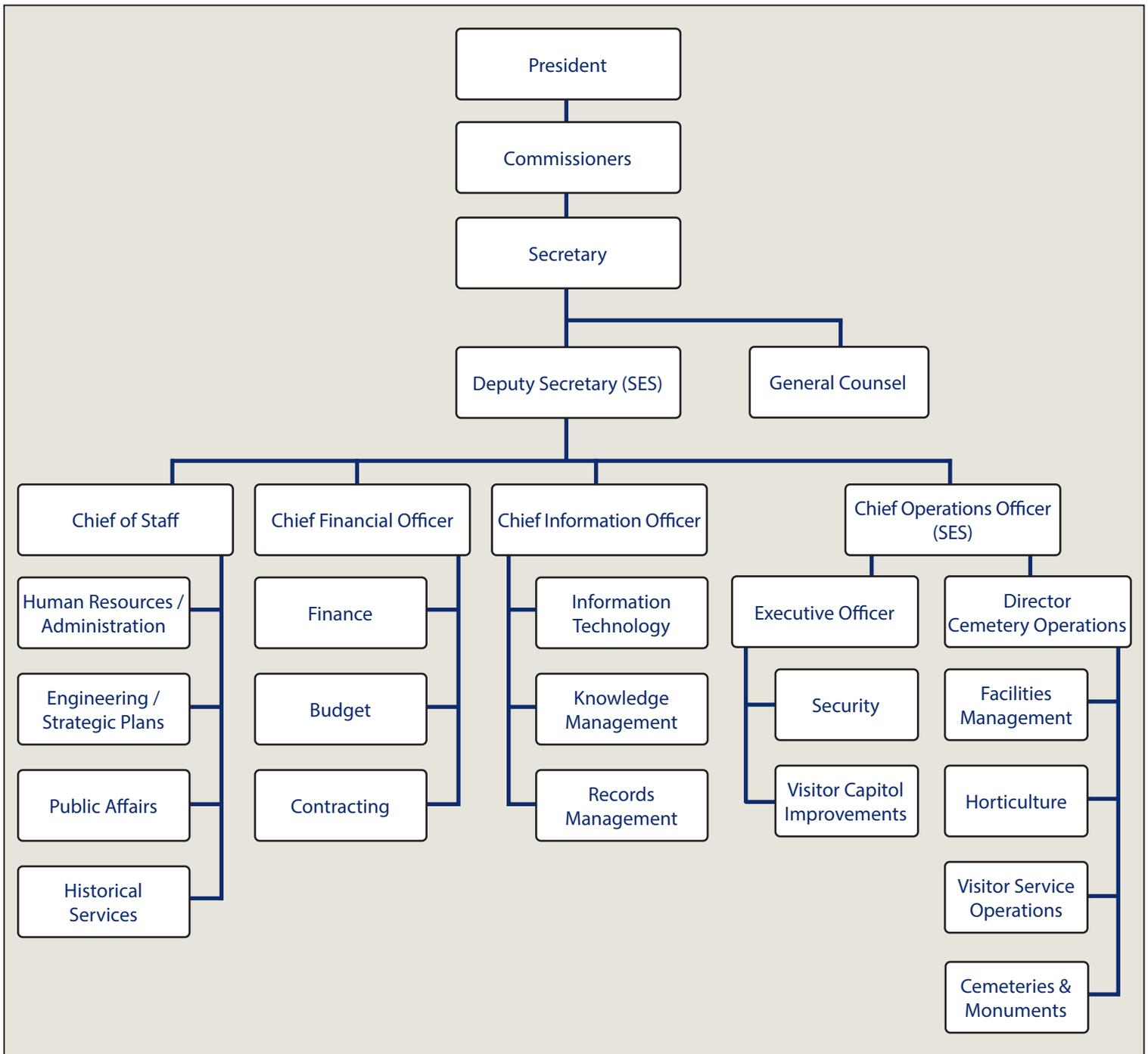


Figure 1: The Commission's Organizational Structure

Organizational Structure

The Commission's organizational structure for fiscal year 2020 is shown in Figure 1.

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. During inspection visits to Commission cemeteries, they observe, inquire about, comment upon, and make recommendations on any and all aspects of Commission operations. The Commission's daily operations are directed by an Executive Level Secretary who is assisted by a Deputy Secretary.

The Commission's headquarters is in Arlington, Virginia and an Overseas Operations Office is located in Paris, France. For fiscal year 2020, the Commission had a total of 463 full-time equivalent (FTE) positions.



Management's Discussion and Analysis

Operations Management

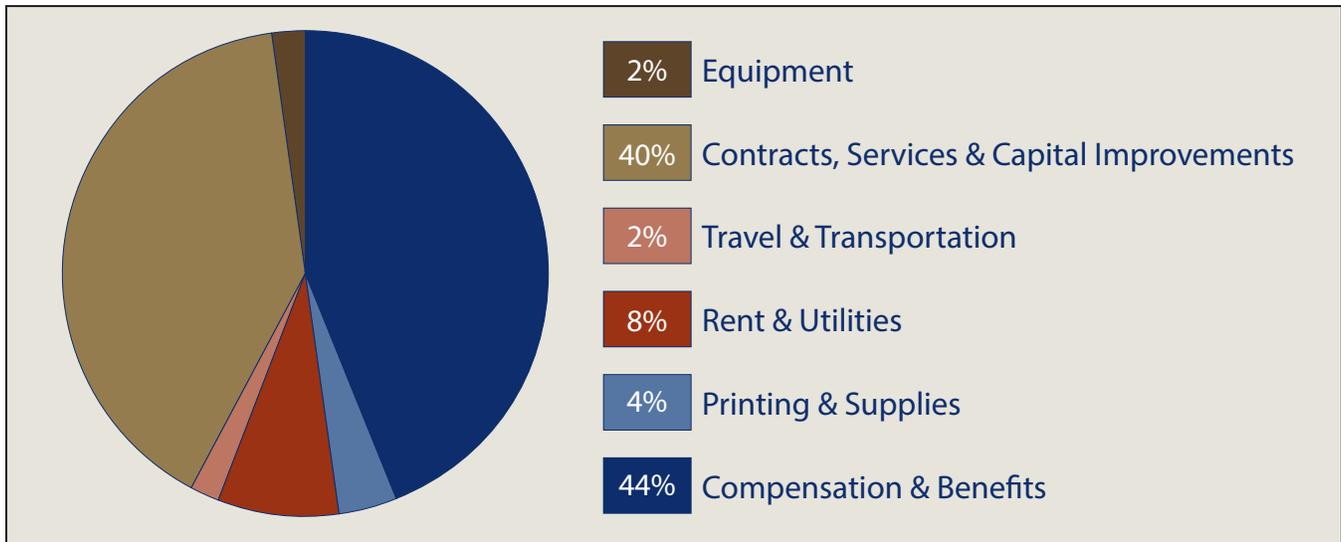


Figure 2: Fiscal Year 2020 Obligations by Object Class

Operations management activities in fiscal year 2020 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 2020, the Commission received \$84,100,000 from appropriations in its Salaries and Expenses account. The Commission's Foreign Currency Fluctuations Account appropriation for fiscal year 2020 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.

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 44% of the Commission's fiscal year 2020 spending, while the remaining 56% supported engineering, maintenance, horticulture, logistics, interpretation, services, supplies and other administrative costs critical to its operations.



Management's Discussion and Analysis

Performance Highlights

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

Focus Area 1: Operational Enhancement

The American Battle Monuments Commission (ABMC) is the guardian of America's overseas commemorative cemeteries and memorials. In this role, we carry out a noble mission to honor the service of United States armed forces. We do this by maintaining our commemorative sites to an exceptional standard and by telling the story of those we honor. As an independent federal agency, ABMC has a global presence with a culturally diverse workforce. As such, there are inherent challenges associated with operational aspects, including internal communications amplified by dissimilar languages, work processes, cultural multiplicity, leadership and management effectiveness, common standards, and training requirements. It is imperative that these challenges are transformed into opportunities and strengths in order for us to not only continue to fulfill our mission, but to enhance our operational efficiency and effectiveness as guardians of America's overseas commemorative cemeteries and memorials.

A strategic priority of ABMC is to achieve operational enhancements through several key objectives, as follows:

- ★ Improve internal communications agency-wide;
- ★ Tell the story;
- ★ Clarify and formalize the roles and responsibilities of headquarters and overseas counterparts;
- ★ Institute an internal control program;
- ★ Improve, streamline, standardize and clarify administrative, financial, and procurement procedures;
- ★ Sustain equal employment opportunity mandates; and,
- ★ Establish an innovation review board.

The collective result of these objectives offers a number of benefits: They generate common expectations, standards, and lexicon; encourage innovations; create a culture of transparency, ownership, shared knowledge, collaboration, and sense of team; re-affirm shared values; improve stewardship of resources; and enhance the visitor experience. The agency continues to make significant progress toward meeting operational enhancement goals within the next fiscal year.

Focus Area 2: Security, Safety, and Welfare

As a globally dispersed organization featuring a culturally diverse staff, the challenges of the twenty-first century command our attention to a rapidly evolving and unpredictable security environment. Threats to our personnel, visitors, cemeteries, memorials and facilities range from those with a low probability but high severity (ex: acts of terrorism that could shut down facilities and result in loss of life), to those with high probability but low severity (ex: a network virus that temporarily interrupts communications and services). These threats can manifest themselves from both external and internal sources. The most important priority is the security, safety and welfare of our employees and our visitors. Conditions and maintenance of our offices, grounds, equipment, and facilities, with an emphasis on safe working procedures, all influence the welfare of our workforce, which in turn impacts our effectiveness.

The agency's strategic goal is to create a secure and safe environment that promotes the welfare of our people, thereby generating a workforce unencumbered with associated concerns, and focused on efficient and effective mission execution and service through the following objectives:

- ★ Conduct an agency-wide threat assessment;
- ★ Prepare an emergency management and disaster preparedness plan; and
- ★ Complete the planning and execution for relocation of the Overseas Operations Office.

While security, safety, and welfare are leadership responsibilities, they demand the full engagement by the entire ABMC workforce. This Focus Area places these entities in the forefront of concerns as a strategic imperative. As a result, a mixture of specific technical and administrative measures, combined with common sense and awareness, will ensure that security, safety and welfare are paramount considerations woven into every aspect, effort, plan, and activity undertaken by our staff. This will result in a work environment of confidence, mutual support, and effectiveness. Preliminary results show that ABMC is on track to meet targets within the next fiscal year.

Focus Area 3: Knowledge Management

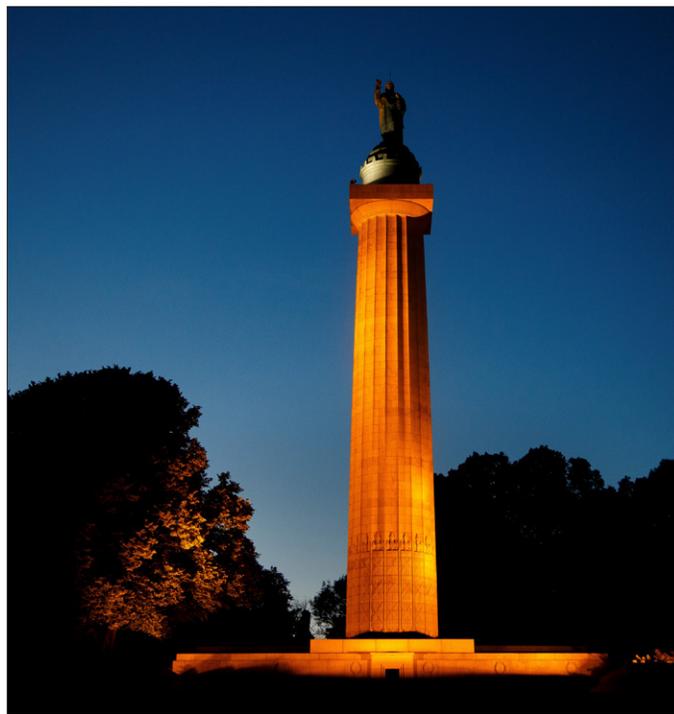
Knowledge Management is a concept that facilitates an integrated approach to identifying, retrieving, evaluating, and sharing an enterprise's tacit (what people know) and explicit (documentary) information. First, the Knowledge Management process focuses on the people and the institutional culture by creating and fostering an environment of sharing and collaboration throughout the entire ABMC workforce. Second, it encourages the transformation of processes into systems that will better support the ABMC mission. Third, it promotes the use of smart technologies to empower ABMC personnel to produce more effective results.

ABMC's strategy is to align the Commission with state-of-the-art knowledge management initiatives by leveraging twenty-first century best practices and technologies to transform our culture, products, services and information into an asset of more value and relevance to the global community. The route to a successful implementation of a Knowledge Management environment requires significant changes in the overall processes and culture of an organization. The Knowledge Management Maturity Model (KMMM) shall analyze the complete scope of key areas of knowledge management, such as organizational environment, culture, technology and strategy. ABMC will develop a KMMM report to define the agency's current position and future direction. We will work towards conducting knowledge audits to identify, quantify and measure knowledge assets within the agency to determine effective processes and systems. The agency continues to work towards achieving its goals for Knowledge Management.

Focus Area 4: Collections and Preservation

ABMC is the guardian of America's overseas commemorative cemeteries and memorials. Inherent in this mission is the care and accountability of not only the cemeteries, memorial structures, and landscapes themselves, but also the Commission's collection – the full spectrum of material culture associated with ABMC and its operations over the past 97 years. In the course of meeting agency duties, ABMC is adding to the historic record by maintaining its cemeteries and monuments, constructing new visitor center facilities, keeping an administrative record, actively collecting specific objects and artifacts in support of visitor education and enhanced scholarship, and maintaining cultural resources including historic structures, cultural landscapes, and archeological features. The Collections & Preservation Directorate was established to preserve ABMC's tangible history so that we can better tell the stories of those we honor.

ABMC is well known for its impeccable maintenance of cemeteries, memorials, architectural elements, and their associated designed landscapes. This directorate extends that same standard of excellence to the long-term protection and preservation of agency cultural resources, including: material culture, document and photographic collections, cultural landscapes, archeological features, and historic structures throughout ABMC-managed cemeteries and memorials, the



Montfaucon Monument

Arlington Headquarters, and the Overseas Operations Office. The strategic direction for ABMC Collections & Preservation is informed by legal mandates, field-oriented operational needs, input from the Superintendents Leadership Council, and agency priorities as defined by the Commissioners, Secretary, Deputy Secretary and Chief Operations Officer.

The agency's strategic goal is to identify, evaluate, document, and preserve ABMC collections, cultural landscapes, archeological features, and historic structures so that the Commission can have better access to its past, inform present and future decisions, and provide physical and intellectual access to its collections to facilitate telling the compelling stories of those who are commemorated at ABMC sites. ABMC will establish an interim collections storage solution, develop a comprehensive strategy for long-term storage, and increase collaboration with professionals of various disciplines. The Commission met all FY 2020 goals for collections and preservation.

Focus Area 5: Training and Development

ABMC is staffed with a professional and dedicated workforce characterized by an array of disciplines, skills, and experiences. The depth and variety of expertise and knowledge is an invaluable resource which must be leveraged to meet the global demands of the twenty-first century, while continuing to render the highest honor in the execution of our mission. Long-term sustainability and continuing relevance of the American Battle Monuments Commission rests ultimately on our people. This mandates the continued professional development of a diverse and talented workforce encompassing a broad range of skills, knowledge, and abilities.

The agency will establish civilian training and development as an enduring priority within ABMC that encompasses all training areas: mandatory annual training, supervisory development, functional training, career program training, leader development programs and self-development opportunities. Leaders and employees alike must make civilian training and professional development a top priority. Every leader must take a personal role in their professional development and the professional development of those they supervise. The benefits that ABMC will work to achieve include:

- ★ Develop and implement a training and professional development program management system;
- ★ Establish and conduct leader and manager developmental training;
- ★ Develop and implement structured training programs for locally engaged staff in the cemeteries;
- ★ Develop and implement cultural awareness training/ education; and
- ★ Develop an agency-wide human capital plan.



Wall of the Missing at Brittany American Cemetery

A professional and skilled workforce is achieved and sustained by an organizational commitment to training and professional development. Such a program must position for success an intellectually agile, flexible, and innovative culture that adheres to the highest standards of professionalism and the values of the American Battle Monuments Commission. The agency is on track to meet its goals for training and development.



Lorraine American Cemetery



Aisne-Marne American Cemetery



Lafayette Escadrille Memorial Cemetery



Bellicourt Monument



Management's Discussion and Analysis

Financial Analysis

Assets

The Consolidated Balance Sheet reflects total assets of \$116.7 million at the end of fiscal year 2020, a decrease of \$2.8 million from the \$119.5 million at the end of fiscal year 2019. The Fund Balance with Treasury line item decreased by \$2.4 million, which is attributable to a general decrease in balances. The Commission's assets reflected in the Consolidated Balance Sheet were as follows:

Assets by Type

	2020	%	2019	%
Fund Balance with Treasury	\$ 114,102,894	97%	\$ 116,534,243	97%
Cash and Foreign Accounts	21,253	0%	8,944	0%
Accounts Receivable and Employee Advances	30,374	0%	54,463	0%
General Property and Equipment, Net	1,849,072	2%	2,227,576	2%
Other	710,046	1%	643,827	1%
Total Assets	\$116,713,639	100%	\$119,469,053	100%

Liabilities

The Commission's Consolidated Balance Sheet reflects total liabilities of \$14.0 million at the end of fiscal year 2020, a \$0.5 million increase from the previous year's total liabilities of \$13.5 million. Liabilities are categorized as intragovernmental liabilities or liabilities held with the public. Intragovernmental liabilities totaled \$1.1 million in fiscal year 2020 compared to \$0.5 million in fiscal year 2019. Liabilities held with the public totaled \$12.9 million in fiscal year 2020 compared to \$13.0 million in fiscal year 2019. The composition of the Commission's liabilities was as follows:

Liabilities by Type

	2020	%	2019	%
Accounts Payable	\$ 6,999,188	50%	\$ 6,793,339	50%
Other Liabilities	6,983,286	50%	6,729,549	50%
Total Liabilities	\$ 13,982,474	100%	\$ 13,522,888	100%



Normandy American Cemetery Wall of the Missing

Net Position

The Commission's Consolidated Balance Sheet and Consolidated Statement of Changes in Net Position reflect a Net Position of \$102.7 million at the end of fiscal year 2020, a 3% decrease from the \$105.9 million net position in fiscal year 2019. 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 2020 was \$88.4 million. This represents a decrease of \$7.1 million from the Commission's net cost of operations of \$95.5 million in fiscal year 2019. The decrease is mainly attributable to the Commission not having a major visitor center construction project underway in 2020.

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 2020 fiscal year, the Commission had total budgetary resources of \$169.3 million, which represents a 2% increase from fiscal year 2019 levels of \$165.8 million. Budget authority of \$84.8 million consisted of appropriations received. The Commission incurred obligations totaling \$90.3 million in fiscal year 2020 compared with fiscal year 2019 obligations incurred of \$83.9 million. The increase was mainly due to an information technology modernization effort undertaken by the Commission.

Net Outlays reflect the actual cash disbursed against previously established obligations. For fiscal year 2020, the Commission had net outlays of \$87.2 million, compared to \$97.8 million in net outlays in fiscal year 2019, a decrease of 11%.

During fiscal year 2020, the world experienced 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 2020 responding to Covid-19.

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, 2020, the Commission had 26 cemeteries, 30 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.



Management's Discussion and Analysis

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 2020 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, 2020 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 2020.

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 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 29, 2020 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 progress made toward meeting the 2020 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.

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 2020 (see Independent Auditors' Report on page 17).

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 2020 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 2020

Financial Statements and Notes



Independent Auditors' Report

Chairman and Secretary
American Battle Monuments Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the American Battle Monuments Commission (ABMC). ABMC's financial statements comprise the balance sheets as of September 30, 2020 and 2019, and the related statements of net cost and changes in net position, and combined statements of budgetary resources, for the fiscal years then ended; and the related notes to the financial statements.

Management's Responsibility

ABMC's management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; (2) preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with accounting principles generally accepted in the United States of America; (3) 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 (4) maintaining effective internal control over financial reporting, including 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the auditors' assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider

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Auditors' Responsibility (continued)

internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Financial Statements

In our opinion, ABMC's financial statements present fairly, in all material respects, ABMC's financial position as of September 30, 2020 and 2019, 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.

Other Matters

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 be presented to supplement the financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the RSI and 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 section contains 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. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements.

Other Information (continued)

The Letter from the Secretary and Other Accompanying Information section has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

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, 2020, in accordance with U.S. generally accepted government auditing standards and OMB Bulletin 19-03, *Audit Requirements for Federal Financial Statements*, we considered the entity's internal control over financial reporting 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 the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the entity's internal control over financial reporting. We did not consider all internal controls relevant to operating objectives as broadly established by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to preparing performance information and ensuring efficient operations. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses.

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 in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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, noncompliance with which would have a direct and material effect on the financial statements. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards and OMB Bulletin 19-03, *Audit Requirements for Federal Financial Statements*. We caution that noncompliance may occur and not be detected by these tests.

Compliance and Other Matters (continued)

Management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the entity.

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to the entity that have a direct effect on the determination of material amounts and disclosures in the entity's financial statements and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to ABMC.

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2020 that would be reportable under U.S. generally accepted government auditing standards or OMB Bulletin 19-03, *Audit Requirements for Federal Financial Statements*. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to ABMC. Accordingly, we do not express such an opinion.

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* section is solely to describe the scope of our testing of internal control and compliance and the result 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 U.S. generally accepted government auditing standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hoyou, Raino, Knight & Company, P.A.

November 13, 2020



Consolidated Balance Sheets

As of September 30, 2020 and 2019
(in dollars)

	2020	2019
Assets:		
Intragovernmental:		
Fund balance with Treasury (Note 2)	\$ 114,102,894	\$ 116,534,243
Total intragovernmental	114,102,894	116,534,243
Cash and other monetary assets (Note 3)	21,253	8,944
Accounts receivable, net (Note 4)	30,374	54,463
General property and equipment, net (Note 5)	1,849,072	2,227,576
Other (Note 6)	710,046	643,827
Total Assets	<u>\$ 116,713,639</u>	<u>\$ 119,469,053</u>
Stewardship PP&E (Note 7)		
Liabilities (Note 17):		
Intragovernmental:		
Accounts payable	\$ 778,250	\$ 179,098
Other (Note 8)	337,501	309,809
Total intragovernmental	<u>1,115,751</u>	<u>488,907</u>
Accounts payable	6,220,938	6,614,241
Other (Note 8)	6,645,785	6,419,740
Total Liabilities	<u>13,982,474</u>	<u>13,522,888</u>
Net Position:		
Unexpended appropriations-All Other Funds	102,925,934	105,223,617
Cumulative results of operations-Funds from Dedicated Collections	2,694,076	3,010,058
Cumulative results of operations-All Other Funds	<u>(2,888,845)</u>	<u>(2,287,510)</u>
Total Net Position	<u>\$ 102,731,165</u>	<u>\$ 105,946,165</u>
Total Liabilities and Net Position	<u>\$ 116,713,639</u>	<u>\$ 119,469,053</u>

The accompanying notes are an integral part of these statements.



Consolidated Statements of Net Cost

For the Years Ended September 30, 2020 and 2019
(in dollars)

	2020	2019
Gross Program costs:		
Operations and Maintenance:		
Gross costs	\$ 89,195,689	\$ 97,994,910
Less: earned revenue	756,848	2,487,450
Net cost of operations	<u>\$ 88,438,841</u>	<u>\$ 95,507,460</u>

The accompanying notes are an integral part of these statements.



Consolidated Statements of Changes in Net Position

For the Years Ended September 30, 2020 and 2019
(in dollars)

	2020	2019
Unexpended Appropriations:		
Beginning Balance	\$ 105,223,617	\$ 95,106,547
Budgetary Financing Sources:		
Appropriations Received	84,100,000	104,000,000
Appropriations Used	<u>(86,397,683)</u>	<u>(93,882,930)</u>
Total Budgetary Financing Sources	<u>(2,297,683)</u>	<u>10,117,070</u>
Total Unexpended Appropriations	<u>102,925,934</u>	<u>105,223,617</u>
Cumulative Results from Operations:		
Beginning Balance (includes Funds from Dedicated Collections of \$3,010,058 in FY 2020 and \$3,644,932 in FY 2019 (Combined Totals) - (Note 16)	\$ 722,548	\$ 1,065,100
Budgetary Financing Sources:		
Appropriations used	86,397,683	93,882,930
Donations and forfeitures of cash and cash equivalents	660,746	707,253
Other Financing Sources (Non-Exchange):		
Imputed financing (Note 13)	<u>463,095</u>	<u>574,725</u>
Total Financing Sources (includes Funds from Dedicated Collections of \$660,746 in FY 2020 and \$707,253 in FY 2019 (Combined Totals) - (Note 16)	87,521,524	95,164,908
Net Cost of Operations (includes Funds from Dedicated Collections of \$976,728 in FY 2020 and \$1,342,127 in FY 2019 (Combined Totals) - (Note 16)	<u>(88,438,841)</u>	<u>(95,507,460)</u>
Net Change	(917,317)	(342,552)
Cumulative Results of Operations (includes Funds from Dedicated Collections of \$2,694,076 in FY 2020 and \$3,010,058 in FY 2019 (Combined Totals) - (Note 16)	<u>(194,769)</u>	<u>722,548</u>
Net Position	<u>\$ 102,731,165</u>	<u>\$ 105,946,165</u>

The accompanying notes are an integral part of these statements.



Combined Statements of Budgetary Resources

For the Years Ended September 30, 2020 and 2019
(in dollars)

	2020	2019
Budgetary Resources:		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 84,496,358	\$ 61,064,427
Appropriations (discretionary and mandatory)	84,760,745	104,707,253
Total budgetary resources	<u>\$ 169,257,103</u>	<u>\$ 165,771,680</u>
Status of Budgetary Resources:		
New obligations and upward adjustments (Note 14)	\$ 90,300,651	\$ 83,880,793
Unobligated balance, end of year:		
Apportioned, unexpired accounts	77,133,989	80,047,725
Exempt from apportionment, unexpired accounts	1,822,463	1,843,162
Total unobligated balance, end of year (total)	<u>78,956,452</u>	<u>81,890,887</u>
Total budgetary resources	<u>\$ 169,257,103</u>	<u>\$ 165,771,680</u>
Outlays, Net:		
Outlays, net (total) (discretionary and mandatory)	87,179,787	97,775,487
Agency outlays, net (discretionary and mandatory)	<u>\$ 87,179,787</u>	<u>\$ 97,775,487</u>

The accompanying notes are an integral part of these statements.



Notes to Consolidated Financial Statements

For the Years Ended September 30, 2020 and 2019
(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 30 federal memorials, monuments, and markers (herein collectively referred to as memorials). Three 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 2020, FERS employees could contribute up to \$19,500 (\$26,000 if at least age 50) on a tax-deferred basis to TSP, which the Commission matches up to 4 percent of base pay. For 2020, CSRS employees may also contribute up to \$19,500 (\$26,000 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.

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, 2020 and 2019 are available and were as follows:

Status of Fund Balance with Treasury	2020	2019
Unobligated Balance:		
Available	\$ 77,133,989	\$ 80,047,725
Unavailable	1,822,463	1,843,162
Obligated Balance not yet Disbursed	35,167,695	34,652,300
Non-Budgetary FBWT	(21,253)	(8,944)
Total	\$ 114,102,894	\$ 116,534,243

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, 2020 and 2019 were as follows:

	2020	2019
Imprest Cash Funds	\$ -	\$ 928
Foreign Bank Accounts	21,253	8,016
	<u>\$ 21,253</u>	<u>\$ 8,944</u>

Note 4. Accounts Receivable

The gross balance of accounts receivable was \$103,169 and \$151,128 at September 30, 2020 and September 30, 2019, respectively. The Commission has a pledge from a living trust valued at \$72,795 as of September 30, 2020 and \$96,665 as of September 30, 2019. However, due to the uncertainty of time and amount when the pledge is collected, the Commission has elected to fully allow for this balance until such time as the receivable can be collected. 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 \$1,809,891 were expensed by the Commission as of September 30, 2020. In comparison, \$2,055,730 was expensed as of September 30, 2019.

General property and equipment as of September 30, 2020 and 2019 is as follows:

Category	2020			2019		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Buildings, Improvements, and Renovations	\$ 923,460	\$ 502,545	\$ 420,915	\$ 923,460	\$ 471,763	\$ 451,697
Equipment	3,897,453	3,654,731	242,722	3,966,150	3,612,794	353,356
Leasehold Improvements	1,876,939	691,504	1,185,435	1,876,939	454,416	1,422,523
	<u>\$ 6,697,852</u>	<u>\$ 4,848,780</u>	<u>\$ 1,849,072</u>	<u>\$ 6,766,549</u>	<u>\$ 4,538,973</u>	<u>\$ 2,227,576</u>

Note 6. Other Assets

Other assets as of September 30, 2020 and 2019 were as follows:

	2020	2019
Prepaid Rent	\$ 710,046	\$ 643,827
Total Other Assets	<u>\$ 710,046</u>	<u>\$ 643,827</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 2020 were as follows:

	Cemeteries	Federal Memorials	Non-Federal Memorials
Beginning of Year 10-1-19	26	30	8
Number Acquired, Fiscal Year 2020	-	-	-
Number Withdrawn, Fiscal Year 2020	-	-	-
As of 9-30-20	<u>26</u>	<u>30</u>	<u>8</u>

Note 8. Other Liabilities

Other liabilities as of September 30, 2020 and 2019 were as follows:

Intragovernmental Liabilities:	2020	2019
Accrued Salaries and Benefits	\$ 337,501	\$ 309,809
	<u>\$ 337,501</u>	<u>\$ 309,809</u>
Public Liabilities:	2020	2019
Accrued Salaries and Benefits	\$ 1,015,576	\$ 1,054,492
Unfunded Separation Pay Liability	307,560	295,896
Unfunded Deferred Rent Liability	2,551,856	2,994,291
Unfunded Annual Leave	2,770,793	2,075,061
	<u>\$ 6,645,785</u>	<u>\$ 6,419,740</u>

These liabilities are all classified as 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 \$307,560 as of September 30, 2020, and \$295,896 as of September 30, 2019.

Note 9. Lease Agreements

The Commission has no capital leases. The Commission's Arlington, Virginia, Headquarters 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, 2020, are as follows:

Fiscal Year	
2021	\$ 2,924,032
2022	2,932,729
2023	2,941,687
2024	2,950,913
2025	2,960,416
After 5 Years	1,841,091
Total	<u>\$ 16,550,868</u>

Lease payments for 17 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, 2020, rent expenses for all operating leases amounted to \$3,339,541. For September 30, 2019, rent expense for all operating leases was \$2,766,597.

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, 2020 and 2019 (in dollars)					
	FY2020			FY2019		
	Intra- governmental	With the public	Total	Intra- governmental	With the public	Total
Net Cost	\$ 22,213,725	\$ 66,225,116	\$ 88,438,841	\$ 19,143,633	\$ 76,363,827	\$ 95,507,460
Components of Net Cost That Are Not Part of Net Outlays:						
Property, plant, and equipment depreciation	-	(370,872)	(370,872)	-	(363,339)	(363,339)
Property, plant, and equipment disposal & revaluation	-	4,462,269	4,462,269	-	2,902,237	2,902,237
Other	-	(4,459,762)	(4,459,762)	-	(2,869,202)	(2,869,202)
Increase/(decrease) in assets:						
Accounts receivable	-	(24,089)	(24,089)	-	(32,164)	(32,164)
Other assets	-	66,219	66,219	-	643,827	643,827
(Increase)/decrease in liabilities:						
Accounts payable	(599,152)	393,303	(205,849)	529,494	2,125,659	2,655,153
Salaries and benefits	(229,627)	240,852	11,225	61,057	(165,779)	(104,722)
Other liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	122,771	(387,733)	(264,962)	(27,314)	(182,396)	(209,710)
Other financing sources:						
Federal employee retirement benefit costs paid by OPM and imputed to the agency	(463,095)	-	(463,095)	(574,725)	-	(574,725)
Total Components of Net Cost That Are Not Part of Net Outlays	(1,169,103)	(79,813)	(1,248,916)	(11,488)	2,058,843	2,047,355
Components of Net Outlays That Are Not Part of Net Cost:						
Acquisition of capital assets	-	(10,138)	(10,138)	-	220,672	220,672
Total Components of Net Outlays That Are Not Part of Net Cost	-	(10,138)	(10,138)	-	220,672	220,672
Net Outlays	\$ 21,044,622	\$ 66,135,165	\$ 87,179,787	\$ 19,132,145	\$ 78,643,342	\$ 97,775,487

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, 2020 and 2019 were as follows:

Schedule of Fiduciary Activity

	2020	2019
Investment earnings (losses)	\$ (128,602)	\$ (31,214)
Increases (decreases) in fiduciary fund balances	(128,602)	(31,214)
Fiduciary net assets, beginning of year	2,943,696	2,974,910
Fiduciary net assets, end of year	<u>\$ 2,815,094</u>	<u>\$ 2,943,696</u>

Fiduciary Net Assets

	2020	2019
Fiduciary Assets		
Investments	\$ 2,815,094	\$ 2,943,696
Total Fiduciary Assets	<u>\$ 2,815,094</u>	<u>\$ 2,943,696</u>

Note 12. Commitments and Contingencies

As of September 30, 2020, the Commission had commitments of \$26.8 million from undelivered orders as a result of open contracts and purchase orders. In comparison, the Commission had commitments of \$26.5 million from undelivered orders as a result of open contracts and purchase orders as of September 30, 2019.

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, 2020, the Commission incurred \$2.36 million of pension and ORB costs, \$463,095 of which was imputed. For September 30, 2019, the Commission incurred \$2.23 million of pension and ORB costs, \$574,725 of which was imputed.

Note 14. New Obligations and Upward Adjustments

Direct and Reimbursable new obligations, by apportionment category, incurred as of September 30, 2020 and September 30, 2019 are:

Apportionment Categories of New Obligations and Upward Adjustments	FY2020	FY2019
Budgetary resources	\$ 169,257,103	\$ 165,771,680
Total outlays	87,179,787	97,775,487
Category A New Obligations and Upward Adjustments	6,033,709	4,766,152
Category B New Obligations and Upward Adjustments	83,479,247	77,949,589
Exempt from Apportionment	787,695	1,165,052
Total New Obligations and Upward Adjustments	\$ 90,300,651	\$ 83,880,793

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, 2019 is shown in the following tables. A reconciliation is not presented for the period ended September 30, 2020, since the President's Budget for this period has not been issued by Congress.

(Dollars in millions)	President's Budget FY 2019 actual as of 9/30/19	Statement of Budgetary Resources FY 2019 as of 9/30/19
Budgetary resources	\$166	\$166
Total obligations incurred	84	84
Total outlays	98	98

The differences between the President's 2019 budget and the Combined Statement of Budgetary Resources for 2019 are shown below:

(Dollars in millions)	Budgetary Resources	Obligations	Outlays
As reported on the Combined Statement of Budgetary Resources for FY 2019	\$166	\$84	\$98
As reported in the President's Budget for FY 2019	\$166	\$84	\$98

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, 2020, were as follows:

	WWII Memorial Fund	Other	Total
Assets:			
Fund Balance with Treasury	\$ 1,671,282	\$ 1,565,322	\$ 3,236,604
Total Assets	\$ 1,671,282	\$ 1,565,322	\$ 3,236,604
Liabilities:			
Accounts Payable	\$ 445,602	\$ 96,926	\$ 542,528
Total Liabilities	\$ 445,602	\$ 96,926	\$ 542,528
Net Position:			
Cumulative Results of Operations	\$ 1,225,680	\$ 1,468,396	\$ 2,694,076
Total Net Position	\$ 1,225,680	\$ 1,468,396	\$ 2,694,076
Total Liabilities and Net Position	\$ 1,671,282	\$ 1,565,322	\$ 3,236,604
Cumulative Results of Operations:			
Beginning Balances	\$ 1,728,429	\$ 1,281,629	\$ 3,010,058
Total Financing Sources (Non-Exchange)	19,246	641,500	660,746
Net Cost of Operations	521,995	454,733	976,728
Cumulative Results of Operations:	\$ 1,225,680	\$ 1,468,396	\$ 2,694,076
Unexpended Appropriations:			
Beginning Balance	-	-	-
Total Budgetary Financing Resources	-	-	-
Total Unexpended Appropriations	-	-	-
Net Position	\$ 1,225,680	\$ 1,468,396	\$ 2,694,076

Funds from dedicated collections balances as of September 30, 2019, were as follows:

	WWII Memorial Fund	Other	Total
Assets:			
Fund Balance with Treasury	\$ 2,186,755	\$ 1,401,759	\$ 3,588,514
Total Assets	\$ 2,186,755	\$ 1,401,759	\$ 3,588,514
Liabilities:			
Accounts Payable	\$ 458,326	\$ 120,130	\$ 578,456
Total Liabilities	\$ 458,326	\$ 120,130	\$ 578,456
Net Position:			
Cumulative Results of Operations	\$ 1,728,429	\$ 1,281,629	\$ 3,010,058
Total Net Position	\$ 1,728,429	\$ 1,281,629	\$ 3,010,058
Total Liabilities and Net Position	\$ 2,186,755	\$ 1,401,759	\$ 3,588,514
Cumulative Results of Operations:			
Beginning Balances	\$ 2,798,223	\$ 846,709	\$ 3,644,932
Total Financing Sources (Non-Exchange)	57,009	650,244	707,253
Net Cost of Operations	1,126,803	215,324	1,342,127
Cumulative Results of Operations:	\$ 1,728,429	\$ 1,281,629	\$ 3,010,058
Unexpended Appropriations:			
Beginning Balance	-	-	-
Total Budgetary Financing Resources	-	-	-
Total Unexpended Appropriations	-	-	-
Net Position	\$ 1,728,429	\$ 1,281,629	\$ 3,010,058

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 United States
90 th Infantry Division	507 th Parachute Infantry Regiment	Pointe Du Hoc
1 st Division Memorial Association	5 th Division Association	Society of American Military Engineers
1 st Engineer Special Brigade	5 th Engineer Special Brigade	State of Missouri
29 th Infantry Division Association	6 th Engineer Special Brigade	State of Tennessee
2 nd Division Association	American Overseas Memorial Day	Subsidies Fund
30 th Infantry Division Association	Commemorative Fund	Theodore Roosevelt Association
316 th Infantry Division Association	Commonwealth of Pennsylvania	Vietnam Veterans Plaque
351 st Bomb Group Monument	Flower Fund	
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

	2020	2019
Intragovernmental:		
Accounts Payable	\$ 778,250	\$ 179,098
Other	337,501	309,809
Total Intragovernmental	1,115,751	488,907
Public:		
Accounts Payable	6,220,938	6,614,241
Unfunded Separation Pay	307,560	295,896
Unfunded Annual Leave	2,770,793	2,075,061
Unfunded Deferred Rent	2,551,856	2,994,291
Other	1,015,576	1,054,492
Total Liabilities	13,982,474	13,522,888
Total Liabilities Not Covered by Budgetary Resources	5,630,210	5,365,248
Total Liabilities Covered by Budgetary Resources	8,352,264	8,157,640
Total Liabilities	<u>\$ 13,982,474</u>	<u>\$ 13,522,888</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, 2020
(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 \$4.8 million in fiscal year 2020 and \$3.5 million in fiscal year 2019. No deferred maintenance backlog existed as of September 30, 2020 and 2019.

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, 2020, the Commission has identified 20 maintenance, repair, and improvement projects, with an estimated cost of \$5.3 million, scheduled to be performed in fiscal year 2021, subject to available funding.



World War II Medal of Honor Recipient Lieutenant Colonel Leon Vance is among the 5,127 war dead memorialized on the Wall of the Missing at Cambridge American Cemetery.



Statement of Heritage Assets

26 Cemeteries

As of September 30, 2020
(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	5,156	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	8,956	0	20.4	***
Corozal American Cemetery	Panama City, Panama	5,548	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	19	11.1	****WWI
Lorraine American Cemetery	St. Avold (Moselle), France	10,481	444	113.5	WW II
Luxembourg American Cemetery	Luxembourg City, Luxembourg	5,070	371	50.5	WW II
Manila American Cemetery	Luzon, Philippines	16,795	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	8,298	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	850	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	7,844	3,095	77.0	WW II
Somme American Cemetery	Bony (Aisne), France	1,844	333	14.3	WW I
Suresnes American Cemetery	Suresnes, France	1,559	974	7.5	WW I/II
Subtotal for Cemeteries		139,610	60,338	1,326.0	

*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.



Statement of Heritage Assets

30 Federal Memorials, Monuments, and Markers

As of September 30, 2020
(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 Ampibious Force Marker	Dartmouth, United Kingdom				WW II
Subtotal for Memorials		0	33,832	368.9	
Subtotal for Cemeteries		139,610	60,338	1,326.0	
Grand Total		139,610	94,170	1,694.9	



Statement of Heritage Assets

8 Nonfederal Memorials

As of September 30, 2020

(Unaudited)

<u>Name</u>	<u>Location</u>	<u>War</u>
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



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 *Improper Payments Information Act of 2002* (IPIA) as amended by the *Improper Payments Elimination and Recovery Act of 2010* (IPERA) and the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA), Office of Management and Budget (OMB) Circular A-136, and Appendix C of OMB Circular A-123, M-15-02, *Requirements for Effective Estimation and Remediation of Improper Payments*.

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 2020 appropriated funding for the program is \$84.1 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 2020 the ABMC non-Federal payments were \$29.2 million (vendor disbursements and non-federal accounts payable) and payroll was \$36.0 million for a combined total of \$65.2 million. IPERA 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 \$1.0 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 2020 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 IPERA Act of 2010 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	\$28.8M ²	0	0	0	0
Reviews with all other databases ³	All agency payments submitted to shared service provider	\$28.8M	0	0	0	0

² \$28.8M 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 IPERA Act of 2010 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 2020.

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 2020.

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 2021.

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 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.



Meuse-Argonne American Cemetery



AMERICAN BATTLE MONUMENTS COMMISSION

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GENERAL OF THE ARMIES JOHN J. PERSHING

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