

AMERICAN BATTLE MONUMENTS COMMISSION

Fiscal Year 2026

Annual Financial Report



Local cadets hand floral bouquets to members of the official party May 24, 2026, during the Memorial Day ceremony at Meuse-Argonne American Cemetery.



Danielle Millian, superintendent at Meuse-Argonne American Cemetery lays a wreath on behalf of ABMC May 24, 2026, during the cemetery's Memorial Day ceremony.



Members of the U.S. Army firing detail stand at attention May 24, 2026, during the Memorial Day ceremony at Meuse-Argonne American Cemetery.

On the cover:
A U.S. Navy bugler plays taps May 25, 2026, during the Memorial Day ceremony at Sicily-Rome American Cemetery.

Secretary Message

As another fiscal year comes to a close, and speaking on behalf of the dedicated employees whose tireless work continues on the timeless and honored traditions of the American Battle Monuments Commission (ABMC), I am honored to present our Fiscal Year (FY) 2026 Agency Financial Report. This report demonstrates ABMC's commitment to fiscal transparency and responsibility as we uphold our purpose; to fulfill the vision of our first chairman, General of the Armies John J. Pershing, that "time will not dim the glory of their deeds."

In FY 2026, ABMC continued to maintain a steadfast focus on the highest standards of care and maintenance for our 26 American military cemeteries and 30 monuments and memorials around the world. For 103 years, ABMC has operated as the lead U.S. Government agency responsible for honoring the service and sacrifice of America's armed forces, primarily through our military cemeteries, monuments, and memorials overseas. This mission continues today.

We do so by tending the graves and memorials of our fallen servicemembers buried and memorialized overseas. We preserve the stories of their deeds and the endeavors of those that fought at their side; the courageous actions which gave freedom for generations to come. Accordingly, we embrace a new enduring aspect of our mission and continue to share the stories of sacrifice by America's servicemembers with the American public and the world through education and outreach.

Significant FY 2026 efforts of note include the launch of a new flower program, allowing Americans to place floral arrangements at a headstone or the commemorative inscription on the Walls of the Missing to honor a fallen servicemember. In partnership with Operation Benjamin, a U.S. based 501 (c) 3, ABMC hosted a multi-national event at our Meuse-Argonne American Cemetery commemorating replacement of Latin Cross headstones with Stars of David for Jewish soldiers whose faith was mistakenly identified as part of ABMC's Fallen Servicemembers Religious Heritage Restoration program. As we do each year, we hosted numerous commentative events, including Memorial Day and Veterans Day ceremonies and the celebration of the 82nd anniversary of the 1944 D-Day Landings at the Normandy American Cemetery. At each of these events, we graciously hosted WWII veterans, next of kin, and distinguished guests whose presence reflect our nation honors the service and sacrifice of the hundreds of thousands of American servicemembers who rest peacefully within hallowed ground, or in unknown graves.



A spray of red, white, and blue flowers lies on a wreath stand after the 82nd anniversary of D-Day at Normandy American Cemetery June 6, 2026.



World War II veterans arrive May 24, 2026, for the Memorial Day ceremony at Netherlands American Cemetery.



Members of the Operations and Maintenance team at Meuse-Argonne American Cemetery place a Star of David headstone during a ceremony in partnership with Operation Benjamin June 2, 2026. During the ceremony five headstones were changed from Latin crosses to Stars of David to reflect the service members' religious heritage



ABMC Chairman, retired U.S. Army Gen. Michael X. Garrett leads a ground-breaking Feb. 17, 2026, marking the beginning of a major renovation project at the historic WWII Pointe du Hoc Ranger Monument.

ABMC continued to refine its website platform to support new educational and historical research content for those unable to visit ABMC's cemeteries, monuments, and memorials in person. These digital resources include our Burial and Memorialization electronic Directory, the premiere authoritative source for WWI and WWII servicemember records (WeRemember), as well as the continued launch of ABMC 360s - digital and interactive renderings of our cemeteries. ABMC also launched an online collections catalog as part of its WePreserve initiatives.

None of these accomplishments would be possible without the resources and support provided to ABMC by the Administration and Congress.

The Presidentially appointed Commissioners and I have had the privilege of participating in many of the events highlighted in this report. At each of these events, I shared an observation that is dear to me: the character of a nation can be determined by the way it remembers and cares for its war dead.

At these site visits and commemorative events, and through the resources provided to fund our worldwide operations, our nation's leaders and representatives reflect the heart and soul of the American people. As Americans, we have not forgotten and will never forget the sacrifice made for our freedoms and the freedoms of others.

Finally, thanks to the Herculean efforts of our finance team, I am pleased to announce the Agency received its 28th consecutive unmodified audit opinion from an independent public accounting firm for the FY 2026 financial statement audit. This audit signifies that ABMC's financial statements are fairly presented in all material aspects. With this achievement in mind, ABMC continues to strive for financial management excellence, and I offer my sincere thanks to ABMC's finance team for leading the agency in its stewardship over taxpayer dollars.

Robert J. Dalessandro
Acting Secretary



VIPs honor the U.S. flag during the 82nd anniversary of D-Day at Normandy American Cemetery June 6, 2026.



The official party sits to the side of the chapel May 25, 2026, during the Memorial Day Ceremony at Cambridge American Cemetery.

Management's Discussion and Analysis (MDA)

For The Fiscal Year Ended September 30, 2026

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 2026 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 16 foreign countries, the U.S. Commonwealth of the Northern Mariana Islands, the Midway Atoll, and the British dependency of Gibraltar. The Commission's World War I, World War II, and Mexico City cemeteries are closed to future burials except for the remains of U.S. war dead discovered in World War I and II battle areas.

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

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

The Commission's mission statement:

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



U.S. and French flags mark each grave at Normandy American Cemetery in honor of the 82nd anniversary of D-Day June 6, 2026.

During fiscal year 2026, the Commission continued to ensure that its commemorative cemeteries and memorials remain fitting shrines to those who have served our nation in uniform since America's entry into World War I.

Organizational Structure

The Commission's organizational structure for fiscal year 2026 is shown in Figure 1.

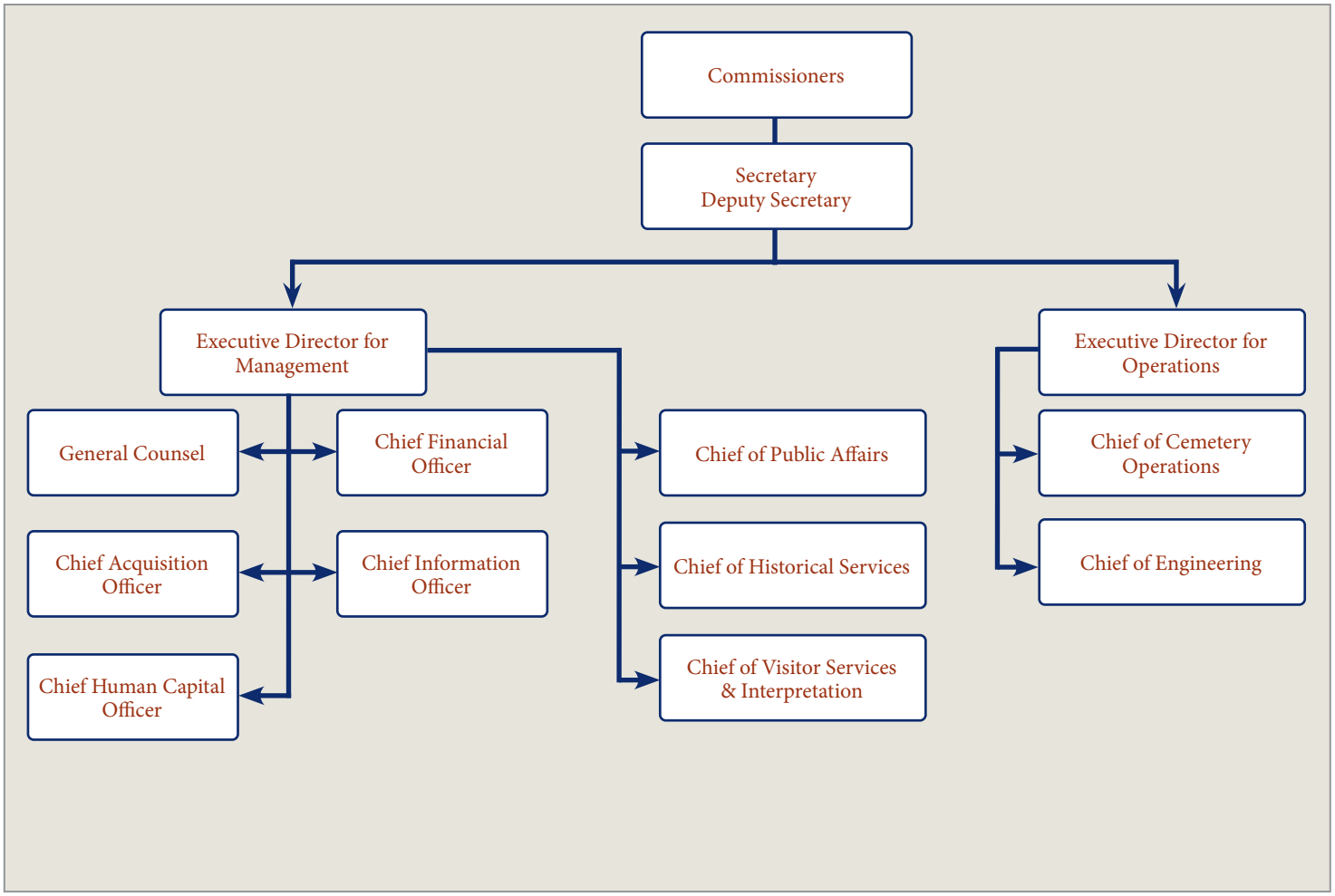


Figure 1: The Commission's Organizational Structure

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

The Commission maintains two administrative offices in Arlington, VA and Paris, France. For fiscal year 2026, the Commission had a total of 482 full-time equivalent (FTE) positions.



World War II veterans attend the 82nd anniversary of D-Day at Normandy American Cemetery June 6, 2026.

Operations Management

Operations management activities in fiscal year 2026 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 2026, the Commission received $110,000,000 from appropriations in its Salaries and Expenses account. The Commission's Foreign Currency Fluctuations Account appropriation for fiscal year 2026 contained "such sums as may be necessary" language. Figure 2 shows how the Commission obligated funding from its Salaries and Expenses account, by object class.

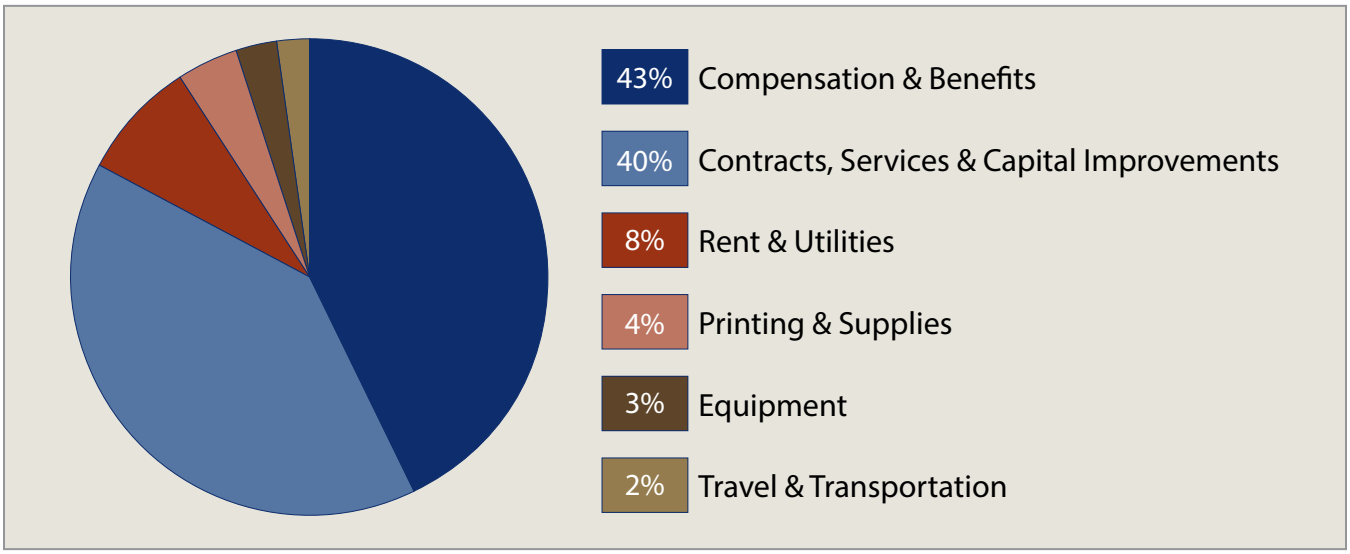


Figure 2: Fiscal Year 2026 Obligations by Object Class

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

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

Care and maintenance of these resources requires exceptionally intensive labor at the Commission's cemeteries and memorials. Compensation and benefits consumed approximately 43% of the Commission's fiscal year 2026 spending, while the remaining 57% supported engineering, maintenance, horticulture, education, interpretation, services, supplies and other administrative costs critical to its operations.

Performance Highlights

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

ABMC will remain the nation's preeminent standard of excellence for the care and maintenance of America's overseas military cemeteries, monuments, and memorials with a continual focus of honoring the service and sacrifice of America's armed forces.

Strategic objectives are as follows:

- ABMC commemorative cemeteries and federal memorials are maintained and preserved to an exceptional standard commensurate with the sacrifices they honor.
- ABMC will manifest its core mission by seeking opportunities to restore, preserve, and/or establish commemorative monuments and memorials in the U.S. and overseas.

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

ABMC will identify innovative methods for educational outreach to expand recognition of the service and sacrifice of America's armed forces.

Strategic objectives are as follows:

- ABMC will explore innovative education, interpretive, and visitor access methods as a means of ensuring the continued relevance of ABMC's commemorative efforts.
- ABMC will work with inter-agency and public partners to expand awareness and outreach of service-related honor and sacrifice of America's armed forces.
- ABMC will maintain state of the art visitor centers that inform, preserve, and honor the sacrifices and service of the American armed forces in an array of multi-sensory formats.

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



Visitors stand at the grave of Sgt. William G. Aubut May 24, 2026, during Memorial Day events at Netherlands American Cemetery.

ABMC will foster connections and opportunities through partner agencies and non-governmental organizations that enhance a broader appreciation for the service and sacrifice of America's armed forces with national and international audiences.

Strategic objectives are as follows:

- ★ Through partnerships with organizations and non-governmental organizations, such as the American Battle Monuments Foundation, ABMC will develop history-based, innovative outreach programs that combine advanced information sharing techniques with novel approaches to educational programs.
- ★ ABMC will take deliberate action to reach Americans at home and those traveling or living abroad to inform them of the service and sacrifice of America's armed forces by expanding outreach efforts with patriotic organizations, travel-related services, the media, and academic and educational entities.

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

ABMC will align its business operations, including governance, people, systems, processes, and technology, to support the cross-cutting delivery of its mission.

Strategic objectives are as follows:

- ★ ABMC will actively seek out and embrace innovative approaches that help ABMC overcome the challenges associated with geographic separation and foster genuine professional collaboration embracing "One ABMC, One Mission."

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



ABMC Chairman, retired U.S. Army Gen. Michael X. Garrett speaks at a ground-breaking Feb. 17, 2026, marking the beginning of a major renovation project at the historic WWII Pointe du Hoc Ranger Monument in France.



Visitors stand at the gravesite of 1st Lt. Hubert T. Bauman II May 24, 2026, after the Memorial Day ceremony at Netherlands American Cemetery.



Maj. Gen. Akshai M. Gandhi, U.S. European Command; ABMC Commissioner John Freeman; Warren A. Stephens, U.S. Ambassador to the United Kingdom; and His Majesty's Lord Lieutenant of Cambridgeshire Julie Spence, cut the ribbon dedicating the visitor center at Cambridge American Cemetery May 25, 2026, after the launch of the redesigned exhibit.

Financial Analysis

Table of Key Measures

Dollars in Millions	2026	2025
Gross Program Costs	$ 118.01	$ 107.45
Less Earned Revenue	0.56	0.28
Net Cost of Operations	$ 117.45	$ 107.17
Assets		
Fund Balance with Treasury	$ 210.93	$ 195.25
Cash and Foreign Accounts	0.05	0.18
Accounts Receivable and Employee Advances	0.02	0.01
General Property and Equipment, Net	0.86	0.71
Lessee Right-To-Use-Assets, Net	18.48	19.36
Other	0.92	0.66
Total Assets	$ 231.26	$ 216.17
Liabilities		
Accounts Payable	$ 7.29	$ 6.24
Lessee Lease Liabilities	19.47	20.10
Other Liabilities	6.32	5.43
Total Liabilities	$ 33.08	$ 31.77
Net Position (Assets minus Liabilities)	$ 198.18	$ 184.40

Budgetary Resources

The 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 2026 fiscal year, the Commission had total budgetary resources of $280.5 million compared to $271.7 million in FY 2025. Budget authority consisting of appropriations received decreased $28.6 million to a level of $130.1 million from $158.7 million in fiscal year 2025.

Net Outlays reflect the actual cash disbursed against previously established obligations. For fiscal year 2026, the Commission had net outlays of $114.5 million. Net outlays were $103.4 million in fiscal year 2025.

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, 2026, 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 1,700 acres. This land is provided to the Commission through host nation agreements for permanent use as cemeteries and memorials.

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 2026 financial audit.

The financial statements are prepared to report the financial position, financial condition, and results of operations, consistent with the requirement of 31 U.S.C. § 3515(b). The statements are prepared from records of Federal entities in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

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, 2026 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.



U.S. service members hand floral wreaths to members of the official party who then placed the wreaths in front of the Walls of the Missing May 25, 2026, during the Memorial Day ceremony at Cambridge American Cemetery.



U.S. Navy Lt. Arthur Rose, a 107-year-old World War II veteran, reads a letter June 6, 2026, during the 82nd anniversary of D-Day at Normandy American Cemetery. Rose wrote to his family in the days following the historic D-Day landing in 1944.

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 reapportionment, 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 2026.

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.



ABMC Chairman, retired U.S. Army Gen. Michael X. Garrett provides remarks May 24, 2026, at the Memorial Day ceremony at Netherlands American Cemetery.

Prompt Payment Act

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

Government Charge Card Abuse Prevention Act

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

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

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

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

The agency last submitted its FISMA report on October 28, 2026 in compliance with OMB Memorandum M-17-05, Fiscal Year 2016-2017 Guidance on Federal Information Security and Privacy Management Requirements. In its submission, the Commission reported significant improvements toward meeting the 2026 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 2026 (see Independents Auditor's Report on page 15).

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 2026 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.



U.S. service members act as wreath bearers May 25, 2026, during the Memorial Day ceremony at Cambridge American Cemetery.

Fiscal Year 2026

Financial Statements and Notes

Harper, Rains, Knight & Company

Independent Auditors' Report

Chairman and Acting Secretary
American Battle Monuments Commission

Report on the Audit of the Financial Statements

Opinion

In accordance with the Accountability of Tax Dollars Act, we have audited the financial statements of the American Battle Monuments Commission (ABMC). ABMC's financial statements comprise the consolidated balance sheets as of September 30, 2026 and 2025, and the related consolidated statements of net cost and changes in net position and statement of budgetary resources for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, ABMC's financial statements present fairly, in all material respects, ABMC's financial position as of September 30, 2026 and 2025, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ABMC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS, GAGAS and OMB Bulletin No. 24-02 will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB Bulletin No. 24-02, we:

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

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

Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of ABMC's financial statements as of and for the year ended September 30, 2026, in accordance with GAGAS, we considered ABMC's internal control relevant to the financial statement audit as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ABMC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ABMC's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

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

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

Report on Internal Control over Financial Reporting (continued)

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

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

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

Our tests of compliance with these selected provisions of applicable laws, regulations, and contracts, and grant agreements disclosed no instances of noncompliance for the year ended September 30, 2026, that would be reportable under GAGAS or OMB Bulletin No. 24-02. We caution that noncompliance may occur and not be detected by these tests.

***Purpose of the Other Reporting Required by* Government Auditing Standards**

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* is solely to describe the scope of our testing of internal control and compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of ABMC's internal control or compliance. These reports are an integral part of an audit performed in accordance with GAGAS and OMB Bulletin No. 24-02 in considering the entity's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

Harper, Rains, Knight & Company, P.A.

November 16, 2026
Washington, DC

Consolidated Balance Sheets

As of September 30, 2026 and 2025
(in dollars)

	2026	2025
Assets		
Intragovernmental Assets		
Fund balance with Treasury (Note 2)	$ 210,930,517	$ 195,250,185
Other (Note 6)	27,950	44,486
Total Intragovernmental Assets	210,958,467	195,294,671
Other than Intragovernmental Assets		
Cash and Other Monetary Assets (Note 3)	53,118	178,089
Accounts Receivable, Net (Note 4)	14,978	10,597
Property, Plant, and Equipment, Net (Note 5)	861,686	709,860
Lessee Right-To-Use Lease Assets, Net (Note 5)	18,483,907	19,359,920
Other (Note 6)	891,428	615,729
Total Other than Intragovernmental Assets	20,305,117	20,874,195
Total Assets	$ 231,263,584	$ 216,168,866
Heritage assets (Note 7)		
Liabilities (Note 17)		
Intragovernmental Liabilities		
Accounts Payable	$ 71,947	$ 112,828
Other (Note 8)	107,885	139,807
Total Intragovernmental Liabilities	179,832	252,635
Other than Intragovernmental Liabilities		
Accounts Payable	7,216,862	6,121,861
Lessee Lease Liabilities (Note 9)	19,470,767	20,099,963
Other Liabilities (Note 8)	6,213,475	5,290,062
Total Other than Intragovernmental Liabilities	32,901,104	31,511,886
Total Liabilities	$ 33,080,936	$ 31,764,521
Net Position		
Unexpended appropriations-Funds from Other than Dedicated Collections	200,509,361	186,205,793
Cumulative Results of Operations-Funds from Dedicated Collections	752,194	1,234,853
Cumulative Results of Operations-Funds from Other than Dedicated Collections	(3,078,907)	(3,036,301)
Total Net Position	$ 198,182,648	$ 184,404,345
Total Liabilities and Net Position	$ 231,263,584	$ 216,168,866

The accompanying notes are an integral part of these statements.

Consolidated Statements of Net Cost

For the Years Ended September 30, 2026 and 2025
(in dollars)

	2026	2025
Gross Program costs:		
Operations and Maintenance:		
Gross Costs	$ 118,007,247	$ 107,448,550
Less: Earned Revenue	556,575	277,506
Net Cost of Operations	$ 117,450,672	$ 107,171,044

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Position

For the Years Ended September 30, 2026 and 2025
(in dollars)

	2026	2025
Unexpended Appropriations:		
Beginning Balance	$ 186,205,793	$ 131,665,757
Budgetary Financing Sources:		
Appropriations Received	130,000,000	158,630,000
Appropriations Used	(115,696,432)	(104,089,964)
Net Change in Unexpended Appropriations	14,303,568	54,540,036
Total Unexpended Appropriations	200,509,361	186,205,793
Cumulative Results from Operations:		
Beginning Balance (includes Funds from Dedicated Collections of $1,234,853 in FY 2026 and $1,353,807 in FY 2025 (Combined Totals) - (Note 16)	$ (1,801,448)	$ (127,453)
Appropriations Used	115,696,432	104,089,964
Donations and Forfeitures of Cash and Cash Equivalents	93,218	73,163
Imputed Financing (Note 13)	1,135,757	1,333,922
Net Cost of Operations (includes Funds from Dedicated Collections of $575,877 in FY 2026 and $192,117 in FY 2025 (Combined Totals) - (Note 16)	(117,450,672)	(107,171,044)
Net Change in Cumulative Results of Operations	$ (525,265)	$ (1,673,995)
Total Cumulative Results of Operations (includes Funds from Dedicated Collections of $752,194 in FY 2026 and $1,234,853 in FY 2025 (Combined Totals) - (Note 16)	(2,326,713)	(1,801,448)
Net Position	$ 198,182,648	$ 184,404,345

The accompanying notes are an integral part of these statements.

Combined Statements of Budgetary Resources

For the Years Ended September 30, 2026 and 2025
(in dollars)

	2026	2025
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	$ 150,413,139	$ 113,024,162
Appropriations (Discretionary and Mandatory)	130,093,218	158,703,163
Total Budgetary Resources	$ 280,506,357	$ 271,727,325
New Obligations and Upward Adjustments (Note 14)	$ 165,819,825	$ 126,597,478
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	114,061,745	144,257,217
Exempt from Apportionment, Unexpired Accounts	624,787	872,630
Unobligated Balance, End of Year (Total)	114,686,532	145,129,847
Total Budgetary Resources	$ 280,506,357	$ 271,727,325
Outlays, Net (Total) (Discretionary and Mandatory)	114,537,856	103,388,888
Agency Outlays, Net (Discretionary and Mandatory)	$ 114,537,856	$ 103,388,888

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

For the Years Ending September 30, 2026 and 2025
(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.

OMB Circular A-136, signed on May 29, 2026, restored the comparative statements requirement for FY 2026.

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 16 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 maintains two administrative offices in Arlington, VA and 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 18.4 percent of base pay to this retirement system. For FERS-RAE employees, the Commission withholds 3.1 percent of base pay and as employer contributes 16.5 percent of base pay to this retirement system. For FERS-FRAE employees, the Commission withholds 4.4 percent of base pay and as employer contributes 16.5 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 2026, FERS employees could contribute up $24,500 ($32,500 if at least age 50 and $35,750 for ages 60-63) on a tax-deferred basis to TSP, which the Commission matches up to 4 percent of base pay. 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, 2026, and 2025 are available and were as follows:

Status of Fund Balance with Treasury	2026	2025
Unobligated Balance Available	$ 114,686,532	$ 145,129,847
Obligated Balance not yet Disbursed	96,297,103	50,298,427
Non-Budgetary FBWT	(53,118)	(178,089)
Total	$ 210,930,517	$ 195,250,185

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, 2026, and 2025 amounted to $53,118 and $178,089, respectively.

Note 4. Accounts Receivable, Net

The gross balance of accounts receivable was $14,978 and $10,597 at September 30, 2026, and 2025, respectively. The accounts receivable is primarily for employee debts, which the Commission anticipates are fully collectible. These items may be reported to the Department of the Treasury, Treasury Offset Program if not collected within prescribed collection terms.

Note 5. General Property and Equipment

Non-capitalized assets, such as general property and equipment acquisitions with an aggregate cost basis of $50,000 or less and all acquisitions of heritage assets, totaling $1,834,075, were expensed by the Commission as of September 30, 2026. In comparison, $1,472,511 was expensed as of September 30, 2025.

As discussed in Note 9, the Commission recognized right-to-use lease assets totaling $23,550,418 as of September 30, 2026, and $22,042,289 as of September 30, 2025. These assets are amortized over the life of the leases, with amortization of these lease costs of $5,066,511 as of September 30, 2026, and $2,682,369 as of September 30, 2025.

General property and equipment as of September 30, 2026, and 2025:

Category	2026 Cost	2026 Accumulated Depreciation	2026 Net	2025 Cost	2025 Accumulated Depreciation	2025 Net
Buildings, Improvements, and Renovations	$ 923,460	$ (687,237)	$ 236,223	$ 923,460	$ (656,455)	$ 267,005
Equipment	3,644,025	(3,018,562)	625,463	3,362,149	(2,919,294)	442,855
Leasehold Improvements	1,876,939	(1,876,939)	-	1,876,939	(1,876,939)	-
	$ 6,444,424	($ 5,582,738)	$ 861,686	$ 6,162,548	($ 5,452,688)	$ 709,860

Category	2026 Cost	2026 Accumulated Amortization	2026 Net	2025 Cost	2025 Accumulated Amortization	2025 Net
Right to Use Lease Asset	$ 23,550,418	$ (5,066,511)	$ 18,483,907	$ 22,042,289	$ (2,682,369)	$ 19,359,920
	$ 23,550,418	$ (5,066,511)	$ 18,483,907	$ 22,042,289	$ (2,682,369)	$ 19,359,920

Note 6. Other Assets

Other assets as of September 30, 2026, and 2025:

	2026	2025
Prepaid Rent	$ 891,428	$ 615,729
Prepaid Goods & Services	27,950	44,486
Total Other Assets	$ 919,378	$ 660,215

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 2026 were as follows:

	Cemeteries	Federal Memorials	Non-Federal Memorials
Beginning of Year 10-1-25	26	31	8
Number Acquired, Fiscal Year 2026	-	-	-
Number Withdrawn, Fiscal Year 2026	-	1	-
As of 9-30-26	26	30	8

Note 8. Other Liabilities

Other liabilities as of September 30, 2026 and 2025:

Intragovernmental Liabilities:	2026	2025
Accrued Salaries and Benefits	$ 107,885	$ 139,807
	$ 107,885	$ 139,807

Other than Intergovernmental Liabilities:	2026	2025
Accrued Salaries and Benefits	$ 2,292,339	$ 1,505,746
Unfunded Deferred Rent Liability	1,364,742	1,239,188
Unfunded Leave	2,556,394	2,545,128
	$ 6,213,475	$ 5,290,062

These liabilities are all classified as current with the exception of deferred rent liability, of which $222,512 is current.

Note 9. Lease Liabilities

The Commission has no capital leases. The Commission's Arlington, Virginia, Office is rented under a 10-year operating lease expiring in July 2027. In December 2024, the Commission's overseas office renewed leased office space in downtown Paris, France under a 9-year operating lease expiring in November 2033. Lease payments for 20 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 should its personnel no longer require these quarters.

Federal reporting entities are required to report a right-to-use lease asset and a lease liability for non-intragovernmental, non-short term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement. The Commission's lease agreements for its overseas offices and living quarters are subject to this standard as operating leases. As part its agreement with the U.S. State Department, the Commission recognizes its allocated share of the U.S. State Department's housing pool liabilities and is presented with its lease liabilities. All other leases are considered intragovernmental leases and are not required to be reported under SFFAS 54. The Commission recognized lease liabilities of $23,550,418 utilizing a discount rate of 4.23% as implemented under SFFAS 54.

Future lease payments due on these operating lease liabilities as of September 30, 2026, are as follows:

Fiscal Year	Principal	Interest	Total Payments
2027	$ 2,625,045	$ 786,120	$ 3,411,165
2028	2,584,441	677,409	3,261,850
2029	2,545,876	567,018	3,112,894
2030	2,505,365	458,414	2,963,779
2031	2,480,246	351,424	2,831,670
2032-2036	5,955,269	533,985	6,489,254
2037-2041	406,639	134,427	541,066
2042-2046	211,472	62,910	274,382
2047-2051	123,747	22,355	146,102
2052-2057	32,667	2,446	35,113
Total	$ 19,470,767	$ 3,596,508	$ 23,067,275

Future lease payments due on the Commission's intragovernmental operating leases as of September 30, 2026, are as follows:

Fiscal Year	
2027	$ 826,388
2028	–
2029	–
2030	–
2031	–
After 5 Years	–
Total	$ 826,388

As of September 30, 2026, rent expenses for all operating leases amounted to $987,587.

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 year.

Budget and Accrual Reconciliation
As of September 30, 2026 and 2025
(in dollars)

	FY2026			FY2025		
	Intra-governmental	With the public	Total FY 2026	Intra-governmental	With the public	Total FY 2025
Net Cost	$ 26,799,277	$ 90,651,395	$ 117,450,672	$ 27,748,084	$ 79,422,960	$ 107,171,044
Components of Net Cost That Are Not Part of Net Outlays:						
Property, plant, and equipment depreciation	-	(191,322)	(191,322)	-	(375,550)	(375,550)
Property, plant, and equipment disposal & revaluation	-	6,624	6,624	-	5,500	5,500
Right-to-use lease assets	-	(876,013)	(876,013)	-	12,538,685	12,538,685
Increase/(Decrease) in assets:						
Accounts receivable	-	4,382	4,382	-	(738)	(738)
Other assets	(16,537)	275,699	259,162	(8,322)	(137,543)	(145,865)
(Increase)/Decrease in liabilities:						
Accounts payable	40,881	(1,095,001)	(1,054,120)	50,348	(814,452)	(764,104)
Salaries and benefits	31,923	(786,593)	(754,670)	(61,122)	(59,044)	(120,166)
Leasee lease liabilities	-	629,196	629,196	-	(13,249,264)	(13,249,264)
Other liabilities (Unfunded leave, unfunded FECA, actuarial FECA)	131,872	(268,693)	(136,821)	(84,183)	(508,281)	(592,464)
Other financing sources:						-
Federal employee retirement benefit costs paid by OPM and imputed to the agency	(1,135,757)	-	(1,135,757)	(1,333,922)	-	(1,333,922)
Total Components of Net Cost That Are Not Part of the Net Outlays	**(947,618)**	**(2,301,721)**	**(3,249,339)**	**(1,437,201)**	**(2,600,687)**	**(4,037,888)**
Components of Net Outlays That Are Not Part of Net Cost:						
Acquisition of capital assets	-	336,523	336,523	-	255,732	255,732
Total Components of Net Outlays That Are Not Part of Net Cost	-	336,523	336,523	-	255,732	255,732
Net Outlays	**$ 25,851,659**	**$ 88,686,197**	**$ 114,537,856**	**$ 26,310,883**	**$ 77,078,005**	**$ 103,388,888**

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 September 30, 2026, and 2025 were as follows:

Schedule of Fiduciary Activity

	2026	2025
Investment earnings (losses)	$ (79,329)	$ 794,037
Increases (decreases) in fiduciary fund balances	(79,329)	794,037
Fiduciary net assets, beginning of year	4,320,786	3,526,749
Fiduciary net assets, end of year	$ 4,241,457	$ 4,320,786

Fiduciary Net Assets

Investments	$ 4,241,457	$ 4,320,786
Total Fiduciary Assets	$ 4,241,457	$ 4,320,786

Note 12. Commitments and Contingencies

As of September 30, 2026, the Commission had commitments of $86.7 million from undelivered orders as a result of open contracts and purchase orders, $39.1 million of which was federal and $47.6 million was non-federal. In comparison, the Commission had commitments of $42.4 million from undelivered orders as a result of open contracts and purchase orders as of September 30, 2025, $1.2 million of which was federal and $41.2 million was non-federal.

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, 2026, the Commission incurred $3.69 million of pension and ORB costs, $1,135,757 of which was imputed. For September 30, 2025, the Commission incurred $2.65 million of pension and ORB costs, $1,333,922 of which was imputed.

Note 14. New Obligations and Upward Adjustments

Direct and Reimbursable new obligations, by apportionment category, incurred as of September 30, 2026 and 2025 are:

Apportionment Categories of New Obligations and Upward Adjustments	2026	2025
Budgetary resources	$ 280,506,357	$ 271,727,325
Total outlays	114,537,856	103,388,888
Category A New Obligations and Upward Adjustments	36,321	582,811
Category B New Obligations and Upward Adjustments	165,423,827	125,661,965
Exempt from Apportionment	359,677	352,702
Total New Obligations and Upward Adjustments	$ 165,819,825	$ 126,597,478

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, 2025, is shown in the following tables. A reconciliation is not presented for the period ended September 30, 2026, since the President's Budget for this period has not been issued by Congress.

(Dollars in millions)	President's Budget FY 2025 actual as of 9/30/25	Statement of Budgetary Resources FY 2025 as of 9/30/25
Budgetary resources	$271	$272
Total obligations incurred	127	127
Total outlays	103	103

The differences between the President's 2025 budget and the Combined Statement of Budgetary Resources for 2025 are shown below:

(Dollars in millions)		Budgetary Resources	Obligations	Outlays
As reported on the Combined Statement of Budgetary Resources for FY 2025		$272	$127	$103
Audit adjustments not included in the President's Budget	(a)	(1)	–	–
As reported in the President's Budget for FY 2025		$271	$127	$103

(a) Audit adjustments included in the Statement of Budgetary Resources were not included in the President's Budget.

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, 2026, were as follows:

	WWII Memorial Fund	Other	Total
Assets:			
Fund Balance with Treasury	$ 278,478	$ 772,025	$ 1,050,503
Total Assets	$ 278,478	$ 772,025	$ 1,050,503
Liabilities:			
Accounts Payable	$ 41,454	$ 256,855	$ 298,309
Total Liabilities	$ 41,454	$ 256,855	$ 298,309
Net Position:			
Cumulative Results of Operations	$ 237,024	$ 515,170	$ 752,194
Total Net Position	$ 237,024	$ 515,170	$ 752,194
Total Liabilities and Net Position	$ 278,478	$ 772,025	$ 1,050,503
Cumulative Results of Operations:			
Beginning Balances	$ 302,864	$ 931,989	$ 1,234,853
Total Financing Sources (Non-Exchange)	17,218	76,000	93,218
Net Cost of Operations	83,058	492,819	575,877
Cumulative Results of Operations:	$ 237,024	$ 515,170	$ 752,194
Unexpended Appropriations:			
Beginning Balance	-	-	-
Total Budgetary Financing Resources	-	-	-
Total Unexpended Appropriations	-	-	-
Net Position	$ 237,024	$ 515,170	$ 752,194

Funds from dedicated collections balances as of September 30, 2025, were as follows:

	WWII Memorial Fund	Other	Total
Assets:			
Fund Balance with Treasury	$ 311,676	$ 1,027,263	$ 1,338,939
Total Assets	$ 311,676	$ 1,027,263	$ 1,338,939
Liabilities:			
Accounts Payable	$ 8,812	$ 95,274	$ 104,086
Total Liabilities	$ 8,812	$ 95,274	$ 104,086
Net Position:			
Cumulative Results of Operations	$ 302,864	$ 931,989	$ 1,234,853
Total Net Position	$ 302,864	$ 931,989	$ 1,234,853
Total Liabilities and Net Position	$ 311,676	$ 1,027,263	$ 1,338,939
Cumulative Results of Operations:			
Beginning Balances	$ 350,629	$ 1,003,178	$ 1,353,807
Total Financing Sources (Non-Exchange)	8,163	65,000	73,163
Net Cost of Operations	55,928	136,189	192,117
Cumulative Results of Operations:	$ 302,864	$ 931,989	$ 1,234,853
Unexpended Appropriations:			
Beginning Balance	-	-	-
Total Budgetary Financing Resources	-	-	-
Total Unexpended Appropriations	-	-	-
Net Position	$ 302,864	$ 931,989	$ 1,234,853

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

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

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

	2026	2025
Intragovernmental:		
Accounts Payable	$ 71,947	$ 112,828
Other	107,885	139,807
Total Intragovernmental	179,832	252,635
Public:		
Accounts Payable	7,216,862	6,121,861
Unfunded Annual Leave	2,556,394	2,545,128
Unfunded Deferred Rent	1,364,742	1,239,188
Leasee Lease Liabilities	19,470,767	20,099,963
Other	2,292,339	1,505,746
Total Other than Intergovernmental	32,901,104	31,511,886
Total Liabilities	33,080,936	31,764,521
Total Liabilities Not Covered by Budgetary Resources	23,391,903	23,884,279
Total Liabilities Covered by Budgetary Resources	9,689,033	7,880,242
Total Liabilities	$ 33,080,936	$ 31,764,521

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.

Lease liabilities-The amount recorded as lease liabilities 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

September 30, 2026
(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 $10.4 million in fiscal year 2026 and $5.3 million in fiscal year 2025. No deferred maintenance backlog existed as of September 30, 2026 and 2025.

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, 2026, the Commission has identified 20 maintenance, repair, and improvement projects, with an estimated cost of $1.02 million, scheduled to be performed in fiscal year 2027, subject to available funding.



A contract construction team removes the Pointe du Hoc Ranger Monument to be stored during renovations at the historic WWI battle site.

Schedule of Heritage Assets

26 Cemeteries

September 30, 2026
(Unaudited)

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

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

**Acquired by Executive Order from the War Department.

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

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

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

Schedule of Heritage Assets

30 Federal Memorials, Monuments, and Markers

September 30, 2026

(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
Battle of the Bulge Monument	Bastogne, Belgium				WWII
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
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
Sommepy Monument	Sommepy, France			15.0	WW I
Souilly Marker	Souilly, France				WW I
Tours Monument	Tours, France			0.5	WW I
Utah Beach Monument	Sainte Marie-du-Mont, France			0.5	WW II
Western Naval Task Force Marker	Casablanca, Morocco				WW II
XI Amphibious Force Marker	Dartmouth, United Kingdom				WW II
Subtotal for Memorials		0	33,832	368.9	
Subtotal for Cemeteries		139,742	60,322	1,322.9	
Grand Total		**139,742**	**94,154**	**1,691.8**	

Schedule of Heritage Assets

8 Nonfederal Memorials

September 30, 2026
(Unaudited)

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



Meuse-Argonne Superintendent Danielle Millian speaks during the opening of the Operation Benjamin headstone change ceremony June 2, 2026.

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**
Total Material Weaknesses	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**	**Reassesed**	**Ending Balance**
Total Material Weaknesses	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**	**Reassesed**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0	0

Compliance with Federal Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance: Unmodified[1]						
Non-Compliance	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassesed**	**Ending Balance**
Total Non-Compliances	0	0	0	0	0	0

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

Payment Integrity

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

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

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

Program Review

The ABMC has only one program for budget purposes. FY 2026 appropriated funding for the program is $110.0 million in appropriations. All 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 2026 the ABMC non-Federal payments were $38.9 million (vendor disbursements and non-federal accounts payable) and payroll was $44.3 million for a combined total of $83.2 million. PIIA defines "significant" as either (1) improper payments that exceed both $10 million and 1.5 percent of program disbursements; or (2) improper payments in excess of $100 million. Significant improper payments in ABMC's program needed to exceed both $1.3 million (1.5 percent improper payment rate) and $10 million of all non-Federal payments and payments to Federal employees. The improper payments identified by ABMC in FY 2026 are beneath the defined thresholds for significant improper payment reporting.

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

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

Improper Payments Strategy

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

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

Do Not Pay (DNP) Initiative

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

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

	Number of payments reviewed for improper payments	Dollars of payments reviewed for improper payments	Number of payments stopped	Dollars of payments stopped	Number of improper payments reviewed and not stopped	Dollars of improper payments reviewed and not stopped
Reviews with the DMF only	All agency payments submitted to shared service provider	$38.9M[2]	0	0	0	0
Reviews with all other databases[3]	All agency payments submitted to shared service provider	$38.9M	0	0	0	0

[2] $38.9M was cash disbursements paid to non-Federal vendors. Any resulting matches are provided to the OCFO for determination of payment.

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

Recapture of Improper Payments Reporting

The PIIA 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 2026.

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 2026.

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 2027.

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
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	6. Defines objectives and risk tolerances 7. Identifies, analyzes, and responds to risk 8. **Assesses fraud risk** 9. Identifies and analyzes and responds to change	10. Designs control activities 11. Selects and develops general controls for the system 12. Deploys and implements control activities	13. Uses relevant, quality information 14. Communicates internally 15. Communicates externally	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 $15,000 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.



Visitors walk through the rows of headstones to deliver flowers to a gravesite May 24, 2026, during the Memorial Day events at Netherlands American Cemetery.

AMERICAN BATTLE MONUMENTS COMMISSION

"Time will not dim the glory of their deeds."

GENERAL OF THE ARMIES JOHN J. PERSHING

American Battle Monuments Commission
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